

Subaru Corporation Concludes Positive Impact Finance Loan Agreement

Tokyo, February 27, 2024 - Subaru Corporation (Representative Director, President and CEO: Atsushi Osaki; “Subaru”) has entered into a positive impact finance syndicated loan agreement (with unspecified use of funds) with Sumitomo Mitsui Trust Bank, Limited (President and Representative Director: Kazuya Oyama; “Sumitomo Mitsui Trust Bank”) as the arranger.

Positive impact finance refers to financing agreements based on positive impact assessments made in accordance with the model framework established for financial instruments with unspecified use of funds aimed at operating companies, and in accordance with the Principles for Positive Impact Finance^{*1} established by the United Nations Environment Programme Finance Initiative (UNEP FI)^{*2}. The key feature of this type of finance is the holistic analysis and assessment of the environmental, social, and economic impacts of corporate activities and its aim of ongoing support for these activities, with the degree of contribution to the SDGs through corporate activities, products, and services used as KPIs, monitoring performed on the basis of publicly disclosed information, and support for activities achieved through engagement.


With regard to this assessment, a third-party opinion^{*3} has been obtained from the Japan Credit Rating Agency, Ltd. (President: Shokichi Takagi) regarding the assessment’s compliance with the Principles for Positive Impact Finance and the rationality of the assessment KPIs.







Subaru will continue to strive for sustainable growth while contributing to the creation of an enjoyable and sustainable society.


Agreement overview

Contract Date	February 27, 2024
Arranger/Agent	Sumitomo Mitsui Trust Bank
Amount	JPY 24.5 billion
Use of funds	Working capital
Lenders	Domestic financial institutions

Activities assessed as having an impact on achieving SDGs^{*4}

Theme	Content	Targets and indicators (KPIs)	SDGs
Contribution to a decarbonized society	Reductions of CO ₂ emissions	(a) Promote business activities that reduce environmental impacts Targets Reduction of CO ₂ emissions (Scope 1 & 2) by 60% in fiscal 2035 (vs. fiscal 2016), and carbon neutrality by fiscal 2050 Indicators (KPIs) CO ₂ emissions (Scope 1 & 2, total volume)	

		<p>basis)</p> <p>(b) Popularize vehicles that reduce environmental impacts</p> <p>Targets</p> <p>(1) Sales of 200,000 battery electric vehicles (BEVs) globally by the end of 2026, sales of 400,000 in the North American market in 2028, and 50% of total global sales to be BEVs in 2030</p> <p>(2) Equip all Subaru vehicles sold with electrification technology* by the first half of the 2030s</p> <p>*“Electrification technology” means technology used to increase the use of electric power, such as EV and HV</p> <p>Indicators (KPIs)</p> <p>(1) Sales of BEVs (North American market, global market) and BEVs as a percentage of new vehicles sold globally</p> <p>(2) Percentage of Subaru vehicles sold that are equipped with electrification technology</p>	
Creation of a recycling-based society	Contribute to the creation of a recycling-based society, and reduce waste	<p>Targets</p> <ul style="list-style-type: none"> - Use recycled materials for at least 25% of the plastics used in new models released globally by 2030 - Continue zero emissions (zero landfill waste either directly or indirectly) at both domestic and overseas production facilities <p>Indicators (KPIs)</p> <ul style="list-style-type: none"> - Percentage of recycled materials used for plastics in new models - Volume of landfill waste at both domestic and overseas production facilities 	
Making safe vehicles	Reduce traffic accidents	<p>Targets</p> <p>Reduce fatal road accidents to zero in 2030*</p> <p>* Achieve zero fatal road accidents among occupants of Subaru vehicles and people involved in collisions with Subaru vehicles, including pedestrians and cyclists</p> <p>Indicators (KPIs)</p> <p>Status of introduction to the market of technology aimed at reducing fatal road accidents</p>	 
Creation of workplace environments where everyone can make a meaningful contribution	Respect for diversity	<p>(a) Fostering female employee participation and engagement</p> <p>Targets</p> <p>(1) At least 10% of newly graduated engineers recruited every year to be female</p> <p>(2) Number of female managers in fiscal 2025 to be at least twice the fiscal 2021 level</p> <p>Indicators (KPIs)</p> <p>(1) Female engineers as percentage of newly recruited engineers</p> <p>(2) Number of female managers</p> <p>(b) Employee engagement</p> <p>Targets</p>	 

		Raise employee engagement score to 70% by fiscal 2025 Indicators (KPIs) Employee engagement score	
Supply chain management	Strengthening of sustainability throughout supply chain	Targets Promote initiatives for the respect of human rights in accordance with the Human Rights Policy, and expand them throughout the supply chain Indicators (KPIs) Status of supplier CSR/due diligence in accordance with OECD Due Diligence Guidance for Responsible Business Conduct	

- *1: A financial framework established by UNEP FI in January 2017 with a view to achieving the UN Sustainable Development Goals (SDGs). The framework requires companies to disclose key performance indicators (KPIs) for contributions to achieving the SDGs, and banks to assess the KPIs and provide finance based on assessed positive impacts, thus encouraging financed companies to increase positive impacts and decrease negative impacts from their activities. Financing banks, as responsible financial institutions, are required to monitor indicators to confirm effective continuance of positive impacts.
- *2: The United Nations Environment Programme (UNEP) is an executive body for implementing the “Human Environment Declaration” and the “International Environmental Action Programme,” established in 1972 as a subsidiary body to the United Nations system. UNEP FI represents a broad as well as close partnership between UNEP and more than 200 global financial institutions. Since its establishment in 1992, UNEP FI has been working in concert with financial institutions and policy/regulatory authorities to transform itself into a financial system that integrates economic development and ESG considerations.
- *3: Please refer to the Japan Credit Rating Agency, Ltd. website (<https://www.jcr.co.jp/en/>)
- *4: Based on assessment by Sumitomo Mitsui Trust Bank, Limited.