

ANNUAL REPORT 2018



SUZUKI MOTOR CORPORATION

Contents

A Message from the Management	2
Financial Highlights	4
Year in Review	6
Automobiles	6
Motorcycles	8
Marine, etc.	10
ESG Information	11
Environmental Initiatives	11
CSR Policy	13
Corporate Governance	14
Directors, Auditors and Officers	14
Corporate Governance Issues	15
Risks in Operations	16
Financial Section	18
Company Outline	48

A Message from the Management

Thank you very much for your continued support.

Management results of FY2017

With respect to the management environment of the Group for FY2017, the economy is recovering moderately as a whole. On the other hand, there are concerns about the influence of the US tariff policy, uncertainties about prospects for the economy of China and developing countries in Asia, and others. In India, an important market for the Group, the economy is expanding mainly owing to increase of domestic consumption. Also in Japan, the economy is recovering moderately on the back of various measures introduced by the government.

Under these circumstances, the consolidated net sales of the fiscal year (April 2017 to March 2018) increased by ¥587.7 billion (18.5%) to ¥3,757.2 billion compared to the previous fiscal year. The Japanese domestic net sales increased by ¥79.2 billion (7.6%) to ¥1,116.7 billion year-on-year mainly owing to increase in automobile sales. The overseas net sales increased by ¥508.5 billion (23.8%) to ¥2,640.5 billion year-on-year mainly owing to increase in automobile and motorcycle sales in markets including India and Europe.

In terms of the consolidated income, the operating income increased by ¥107.5 billion (40.3%) to ¥374.2 billion year-on-year mainly owing to improvement in profit in Asia, Japan, and Europe. The ordinary income increased by ¥96.1 billion (33.5%) to ¥382.8 billion year-on-year. The net income attributable to shareholders of the parent increased by ¥55.7 billion (34.9%) to ¥215.7 billion year-on-year.

Basic policies for profit distribution

Under the Mid-Term Management Plan SUZUKI NEXT 100 (from FY2015 to FY2019), the Company prioritises investment for growth, and set the dividend payout ratio target to 15% or more.

The Company was able to achieve the FY2019 net sales target of ¥3,700 billion and operating income margin target of 7% in the fiscal year, which is ahead of schedule. On the other hand, improvement of shareholders' equity ratio remains an important issue.

Taking the above into consideration, the Company applied the dividend payout ratio target of 15% to the annual dividends, which became ¥74.00 per share, up by ¥30.00 per share from the previous fiscal year, and to the year-end dividends, which became ¥44.00 per share.

The annual dividends of ¥74.00 per share is the eighth consecutive increase in annual dividends.

Outstanding issues

The automobile industry is undergoing a period of great transformation. In such transformation, it is necessary to open up the future in long-term outlook by imaging the targeted aspect of 10 years and 15 years ahead, and tracing back to the present to think about what should be done from now.

In or around 2030, there is possibility that India would grow up to be a market of 10 million units. If we are to maintain the current market share of 50%, Suzuki would become 5 million units. Suppose the other markets would be 2 million units, Suzuki as a whole would be 7 million units. This is rather a theoretical figure than a target, but Suzuki will challenge toward the future growth.

Also, we believe that fulfilling India would lead to fulfilling other markets through globally expanding the models developed for India.

But still, this is a total frontier for the Company, which would be more than double the present size. The management and every single one of our employees need to change the way of thinking and effectively distribute management resources of people, goods, and capital.

By that means, the activity toward this long-term outlook is a challenge that dedicates future of Suzuki without extension.

Amidst such conditions, the Group is addressing the following issues.

■ Quality

The quality problem remains unchanged as the most important issue for the Company.

Customer safety and security is the top priority for the Group, and we are working to develop and produce high-quality products which customers can use safely and securely and to provide after-sales services.

In the future, while accurately ascertaining the quality needs of customers, the Group will maintain a high level of quality awareness in all departments and will continue to make the utmost effort to ensure that customers can use our products safely and securely.

■ Products and R&D

As for products, along with continuing to introduce unique products with value exceeding customer expectations, with 2030 in mind, we need to efficiently set development models while the sales units continue to expand.

As for environmental problems, we not only need to boost the extension of conventional technologies but initiatives for new technologies as well. Along with making of small cars and development of high-efficiency powertrain which Suzuki excels in, we will proactively make efforts in expansion and strengthening of hybrids and new development of EVs.

Further, we will also work on safety technology and information communications technology such as connected technology.

■ Production

As for production, the Group will work to construct Safety First and optimal global production system. In India, in particular, we will proactively work on strengthening production system of Gujarat Plant and battery plant from the Make in India point of view, which is an initiative promoted by the Government of India.

■ Sales and Service

The Group will reinforce the sales network and service network globally.

In India, in particular, although we currently have acquired the majority share in the passenger car sector, we would like to secure the majority share even in 2030. We will proactively deal with ways to realise this in detail.

■ Automobile Business

The Group has positioned Japan at the centre of global automobile development, the base of production.

Our strategy for products in this sector is to concentrate on the mini vehicle, A, and B segments to match the growing compact car market worldwide.

As for our regional strategy, we will continue to reinforce our operation base with a focus on Asia, such as Japan, India, Indonesia, and Pakistan.

■ Motorcycle Business

While focussing on the 150cc and up, backbone, and sport categories, the Group is strengthening the consistency of the Suzuki brand by ranging the series from large engine displacement motorcycles to small engine displacement motorcycles.

Other reforms include reinforcing the scooter category in the growing market of India, improving operation rate by expanding ASEAN-produced models within and outside the market, and consolidating development, production, and sales at the Hamamatsu Plant. The Group will aim to maintain its profitable structure through continuously remaining vigilant with such management reforms.

■ Marine Business

The Group will reinforce and expand its large four-stroke outboard lineup and cultivate the business and leisure markets to build the world's top four-stroke outboard brand under the brand slogan "THE ULTIMATE 4-STROKE OUTBOARD."

■ Further ESG (Environmental, Social, and Governance) Initiatives

As for environment, the Group will apply the Suzuki Environmental Plan 2020 and work for the development and adoption of environmental technologies and to reduce CO₂ emissions.

As for society, we will actively work on product safety and quality, contribution to the community, investment in people, development of human resources, and work safety, so that we can respond to expectations by the stakeholders.

As for governance, we will advance our corporate governance and compliance systems and strengthen our initiatives on management systems and legal compliance.

The Group will actively take on environmental, social, and governance issues and strive to become a group worthy of the love and confidence of customers around the world.

With respect to the case in August 2018 where emission and fuel consumption sample testing result that should be made invalid was treated as valid data, we would like to offer our sincere apologies for the concern this matter has caused to our customers and business partners. We will make efforts in preventive measures through fulfilling checking structure and carrying out thorough employee education.

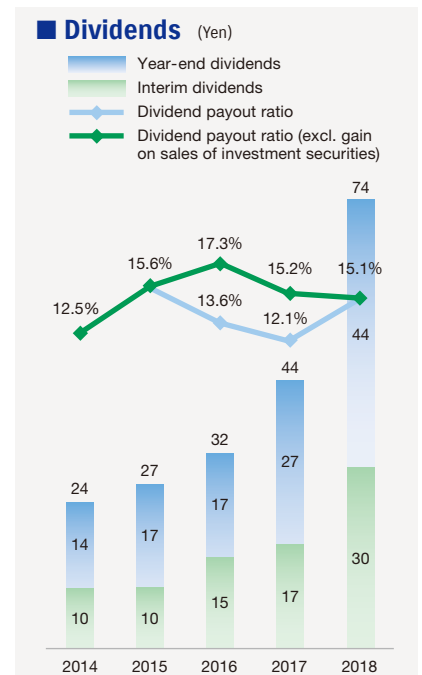
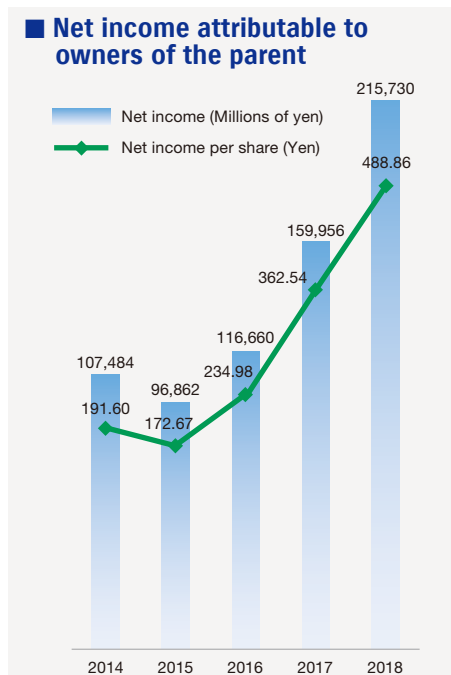
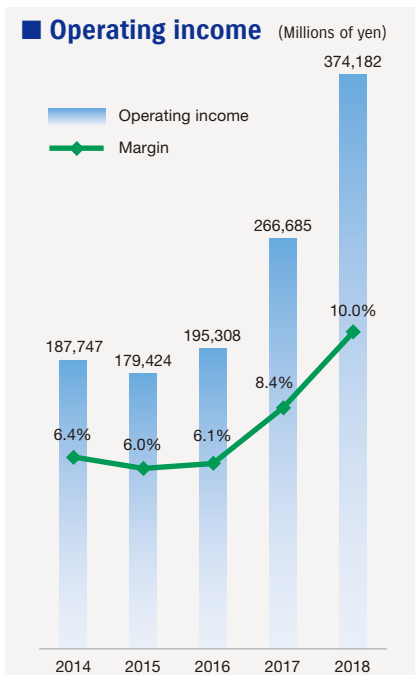
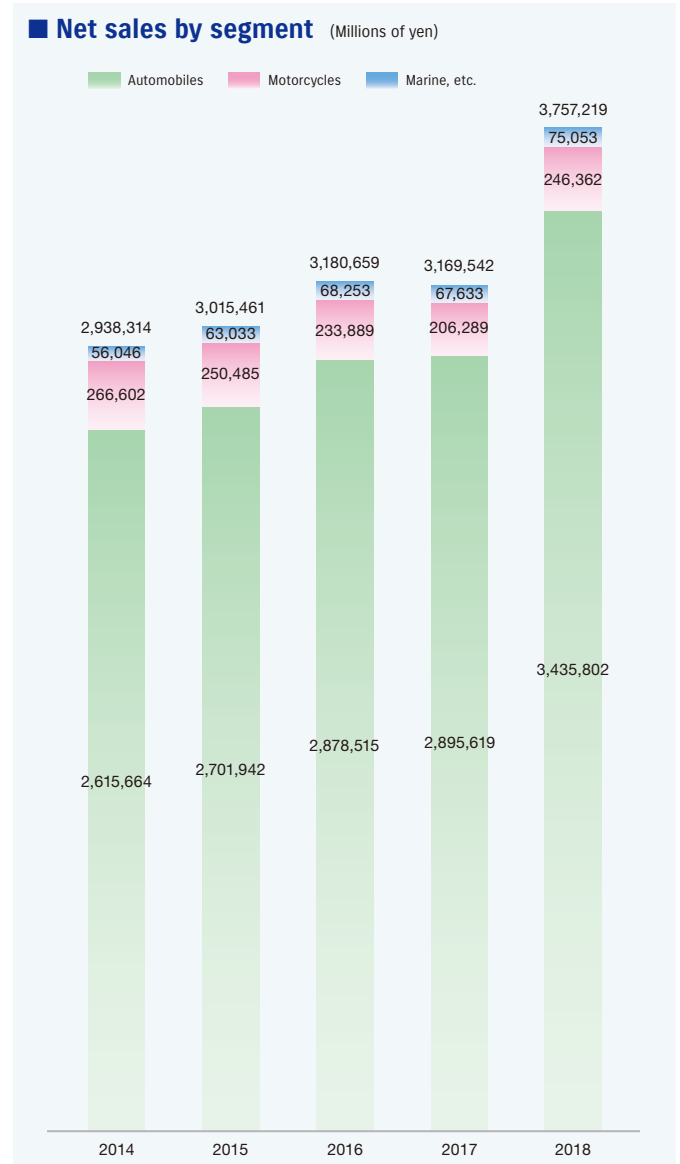
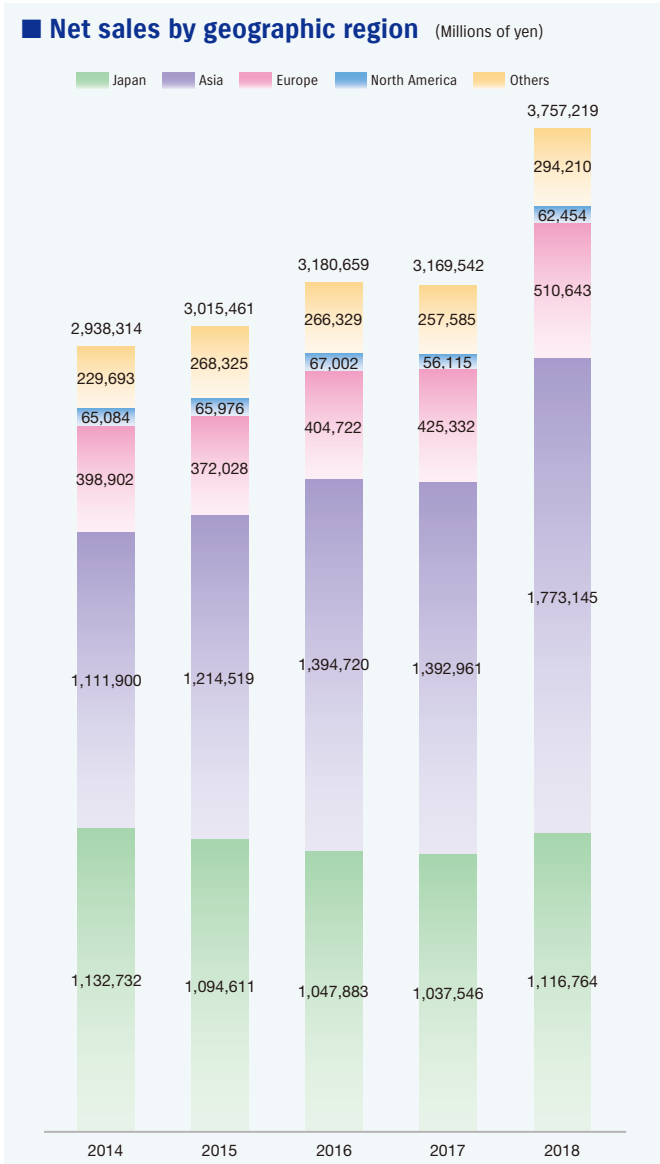
As mentioned before, the activity toward the long-term outlook is a challenge that dedicates future of Suzuki without extension. The Company as a whole will make efforts toward this initiative.

We look forward to the continued support and encouragement of our shareholders and investors.

*Representative Director and President
Toshihiro Suzuki*

Financial Highlights

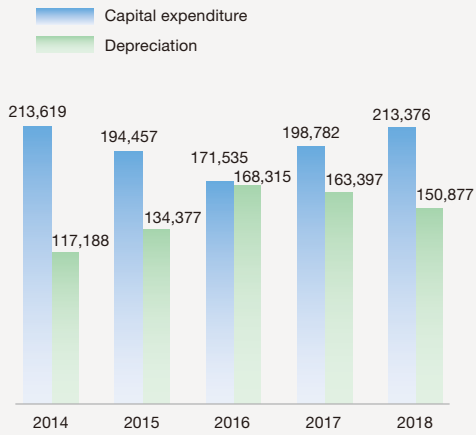
Years ended 31 March



Years ended 31 March

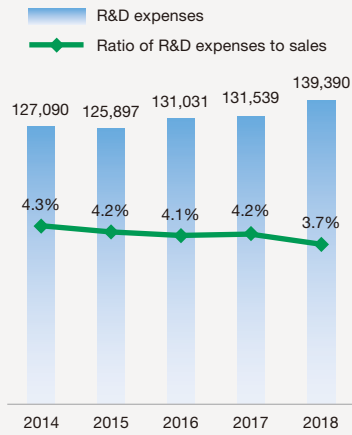
Capital expenditure/Depreciation

(Millions of yen)

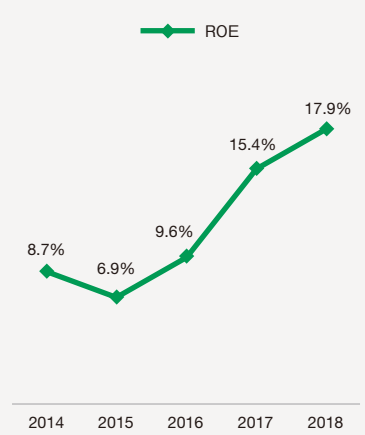


R&D expenses

(Millions of yen)

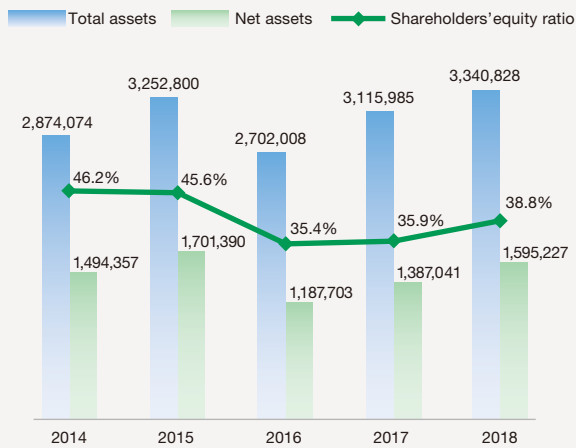


ROE



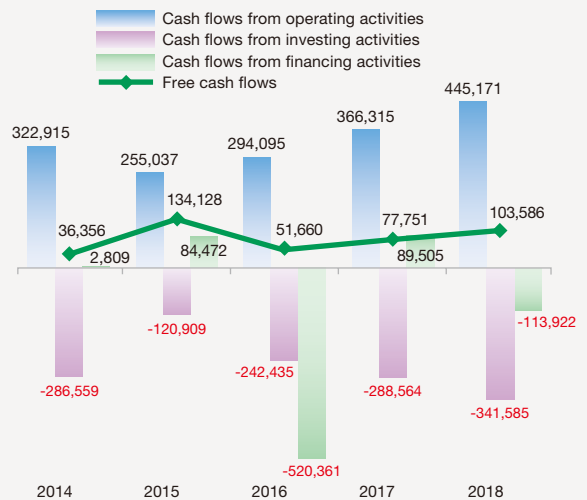
Total assets/Net assets/Shareholders' equity ratio

(Millions of yen)



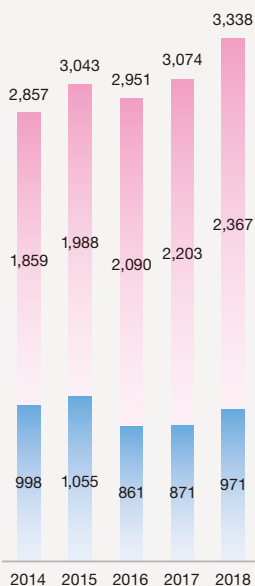
Cash flows

(Millions of yen)



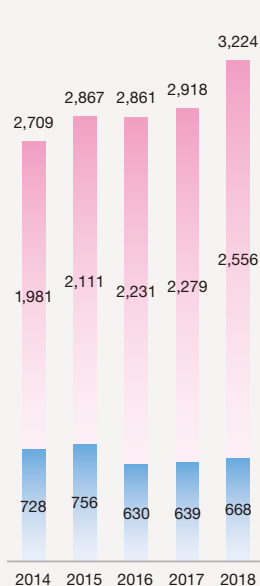
Automobile production

(Thousand units)



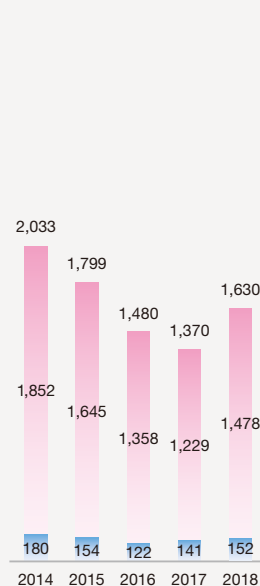
Automobile sales

(Thousand units)



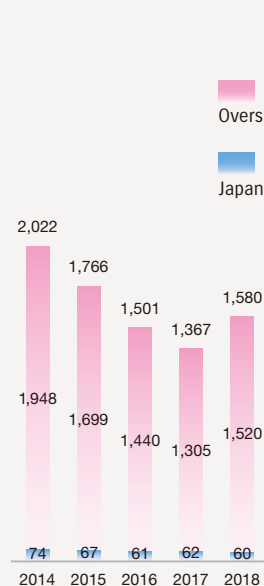
Motorcycle production (ATV included)

(Thousand units)



Motorcycle sales (ATV included)

(Thousand units)



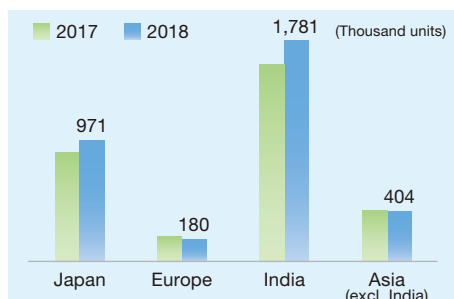
Year in Review

* Sales units are based on Suzuki research on outside datas.

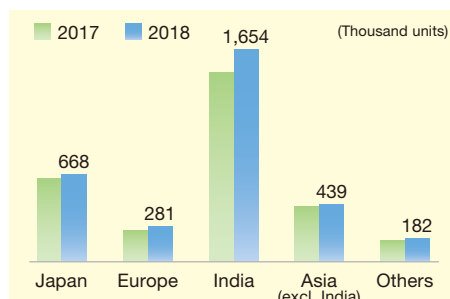
Automobiles

Years ended 31 March

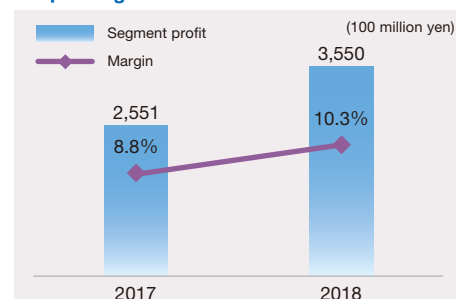
Production units



Sales units



Operating results of automobile business



Suzuki's Worldwide Manufacturing and Sales

Total overseas automobile production for FY2017 increased by 7.4% year-on-year to 2,367,000 units. Worldwide production, including Japan, also increased by 8.6% year-on-year to 3,338,000 units.

Sales of automobiles in overseas market increased by 12.1% year-on-year to 2,556,000 units, while total global sales, including Japan, also increased by 10.5% year-on-year to 3,224,000 units.

Operating Results by Segment

The Japanese domestic automobile net sales increased year-on-year mainly owing to sales contribution of new models Spacia and XBEE launched in December 2017, in addition to WagonR and Swift launched in the previous fiscal year. The overseas automobile net sales increased year-on-year mainly owing to increase in sales in markets including India, which launched the new Dzire and Swift, as well as Europe. Consequently, the net sales of the automobile business increased by ¥540.2 billion (18.7%) to ¥3,435.8 billion year-on-year. The operating income increased by ¥100.0 billion (39.2%) to ¥355.0 billion year-on-year mainly owing to improvement in profit in Asia, Japan and Europe.

Japanese Market

1. Overview of the Japanese Automobile Market

Total domestic automobile sales volume in FY2017 increased for the second consecutive fiscal year by 119,000 units (2%) from 5,078,000 units in the previous fiscal year to 5,197,000 units.

Sales of minivehicles led the whole market with an increase of 8% year-on-year to 1,859,000 units, owing to the success of full-model change of main models by each company, despite the decrease in standard and small vehicles by 1% year-on-year to 3,338,000 units.

2. Suzuki Sales

Suzuki's domestic automobile sales in FY2017 increased for the second consecutive fiscal year by 5% year-on-year to 668,000 units.

Suzuki's sales of minivehicles increased for the first time in three fiscal years by 5% year-on-year to 556,000 units, mainly owing to the full-model change of the all-new Spacia. Suzuki's sales of standard and small vehicles increased for the third consecutive fiscal year by 5% year-on-year to a record-high of 112,000 units. The key drivers of that growth were the all-new Swift Sport launched in September and the all-new crossover wagon XBEE launched in December 2017.

3. Suzuki Topics in FY2017

- Swift Hybrid installed with hybrid system was introduced to the Swift compact car series in July, and full-model change of the Swift Sport was launched in September 2017. And in November 2017, the Swift series received the 2018 JRC Car of the Year award for the third consecutive generation model.
- Full-model change of the all-new Spacia and Spacia Custom minicars were launched in December 2017.
- All-new XBEE compact passenger car was launched in December 2017.



Swift Sport
(launched in September 2017)



Spacia
(launched in December 2017)



Spacia Custom
(launched in December 2017)



XBEE
(launched in December 2017)

Overseas Markets

1. Overview of Suzuki's Main Overseas Automobile Markets

New car sales (total market of passenger and commercial vehicles) in India increased in FY2017 by 10% year-on-year to 4,144,000 units, while new car sales in Europe increased by 2% year-on-year to 20,820,000 units.

As for other countries and areas, new car sales in Indonesia increased by 4% year-on-year to 1,107,000 units, Pakistan increased by 18% year-on-year to 247,000 units, Oceania in total increased by 5% year-on-year to 1,387,000 units, and Latin America in total increased by 9% year-on-year to 6,047,000 units, while the Middle East in total decreased by 8% year-on-year to 2,235,000 units, and Africa in total decreased by 4% year-on-year to 1,188,000 units.

2. Suzuki Sales

Suzuki's overseas automobile sales volume in FY2017 increased by 12% year-on-year to 2,556,000 units. Suzuki's sales in India increased by 15% year-on-year to a record-high 1,654,000 units owing mainly to strong demand for models including the Baleno, Vitara Brezza, and Dzire, as well as launching of the all-new Swift. Suzuki's sales in Europe increased by 15% year-on-year to 281,000 units owing to launching of the all-new Swift and Ignis, in addition to strong demand for other lineup of models.

As for other countries and areas, Suzuki's sales in Indonesia increased by 24% year-on-year to 114,000 units, Pakistan increased by 23% year-on-year to 139,000 units, Oceania in total increased by 3% year-on-year to 27,000 units, Latin America in total increased by 14% year-on-year to 117,000 units, the Middle East in total increased by 29% year-on-year to 16,000 units, and Africa in total decreased by 6% year-on-year to 21,000 units.

3. Suzuki Topics in FY2017

- The all-new Swift was unveiled to the overseas market for the first time at the Geneva Motor Show in March 2017 and subsequently started sales in the overseas market. The all-new Swift is produced in and exported from Japan, India, and Thailand.
- In April 2017, Suzuki's Hungarian subsidiary Magyar Suzuki Corporation achieved accumulated production of 3 million units. Up until now, cars produced in Hungary have been exported to more than 100 countries and regions worldwide.
- The all-new Swift was selected as TOP3 of the 2018 World Urban Car category at the World Car Awards in March 2018. This is the second consecutive year for Suzuki's model to be selected as TOP3 following the Ignis in 2017.

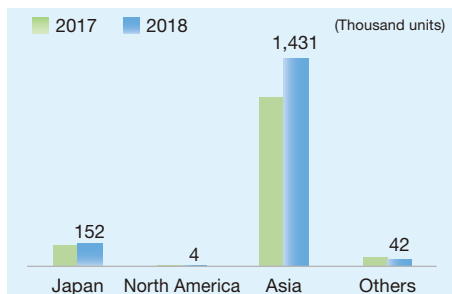


Swift (unveiled for overseas market in March 2017)

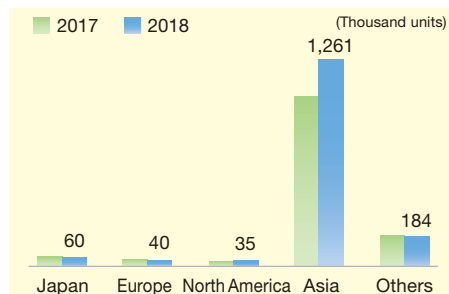
Motorcycles

Years ended 31 March

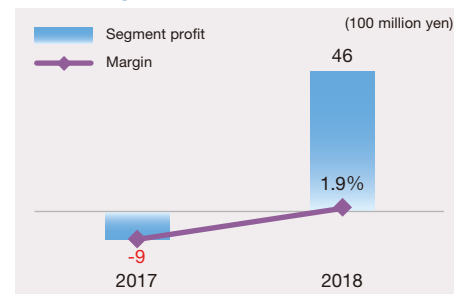
Production units (ATV included)



Sales units (ATV included)



Operating results of motorcycle business



Suzuki's Worldwide Manufacturing and Sales

Total overseas motorcycle production (including ATVs) in FY2017 increased by 20.2% year-on-year to 1,478,000 units. Worldwide production, including production in Japan, also increased by 19.0% year-on-year to 1,630,000 units.

Sales of motorcycles (including ATVs) in overseas market increased by 16.4% year-on-year to 1,520,000 units, while total global sales, including Japan, also increased by 15.5% year-on-year to 1,580,000 units.

Operating Results by Segment

The net sales increased by ¥40.1 billion (19.4%) to ¥246.4 billion year-on-year mainly owing to sales contribution of scooters in India and large displacement models in developed countries. The operating loss of ¥0.9 billion in the previous fiscal year improved to an operating income of ¥4.6 billion.

Japanese Market

1. Overview of Japanese Motorcycle Market

The total domestic motorcycle sales (factory shipments) of the four Japanese manufacturers in FY2017 increased by 2% year-on-year to 349,000 units. Sales of models with engine displacements of 126cm³ and higher were up 29% year-on-year at 97,000 units. Sales of models with engine displacements up to 125cm³ were down 5% year-on-year at 252,000 units. While there are structural concerns of poor demand in the domestic market such as aging of users and decrease in younger population, it is assumed that last-minute demand of models which were discontinued due to environmental restrictions, and launching of new models raised the level of demands.

2. Suzuki Sales

Suzuki's domestic sales (factory shipments) in FY2017 were flat on the year at 60,000 units. Sales of models with engine displacements of 126cm³ and higher were up 73% year-on-year to 14,000 units. Sales of models with engine displacements up to 125cm³ were down 11% year-on-year to 46,000 units. Models with engine displacements between 126cm³ and 250cm³ largely grew by 121% to 9,000 units owing to launch of new models GSX250R and V-Strom 250. On the other hand, models with engine displacements of up to 125cm³ fell year-on-year owing to decrease of models due to environmental restrictions.

3. Suzuki Topics in FY2017

- Japan specification model of Suzuki's flagship supersport bike, the all-new GSX-R1000R ABS, was launched in July 2017. With the concept of No.1 Sportbike, by thoroughly reviewing the fundamental design and adopting technologies developed in MotoGP, it underwent its first full-model change in eight years, and Japan-specification model was launched for the first-time ever.
- GSX250R and V-Strom 250 received the 2017 Good Design Award in October 2017. They were valued for having different concepts and designs while sharing the common platform.



GSX-R1000R ABS (launched in July 2017)



GSX250R (launched in April 2017)



V-Strom 250 (launched in July 2017)

Overseas Markets

1. Overview of Suzuki's Main Overseas Motorcycle Markets

Sales of motorcycles in Europe in FY2017 decreased by 8% year-on-year to 961,000 units. Sales of motorcycles (including ATVs) in North America also decreased by 2% year-on-year to 777,000 units.

Sales in the six key ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, Malaysia, and Cambodia) increased by 5% year-on-year to 13,146,000 units. Sales in China decreased by 1% year-on-year to 7,796,000 units. Sales in India increased by 15% year-on-year to 20,193,000 units.

2. Suzuki Sales

Suzuki's overseas motorcycle sales in FY2017 increased by 16% year-on-year to 1,520,000 units.

Sales in Europe decreased by 11% year-on-year to 40,000 units, but North America increased by 11% year-on-year to 35,000 units.

Sales in the six key ASEAN countries increased by 12% year-on-year to 296,000 units, China increased by 9% year-on-year to 392,000 units, and India increased by 43% year-on-year to 501,000 units.

3. Suzuki Topics in FY2017

- Full-model change of motocross bike RM-Z450 was announced in July 2017.
- New standard model SV650X ABS was unveiled at EICMA (Milan Show) held in Milan, Italy in November 2017.
- New 125cm³ scooter BURGMAN STREET produced by Suzuki Motorcycle India was unveiled at the Auto Expo held in India in February 2018.
- New 125cm³ scooter SWISH produced by Tai Ling Motor was announced in Taiwan in March 2018.
- In its motorsport activities, Suzuki participated in the MotoGP class of the Road Racing Grand Prix with a new team structure. Also, the all-new supersport bike GSX-R1000 made excellent results worldwide. It won at the Isle of Man TT, achieved champions of superbike championships in the US and Australia, and ended second overall in Japan superbike championship and Endurance World Championship.



RM-Z450 (unveiled for overseas market in July 2017)



SV650X ABS (unveiled for overseas market in November 2017)



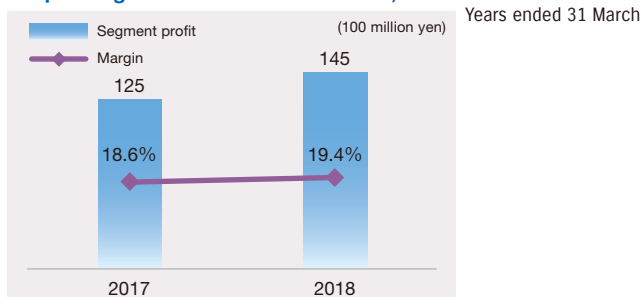
BURGMAN STREET (unveiled in India in February 2018)



SWISH (unveiled in Taiwan in March 2018)

Marine, etc.

Operating results of marine business, etc.



Operating Results by Segment

The net sales increased by ¥7.4 billion (11.0%) to ¥75.0 billion year-on-year mainly owing to sales contribution of new outboard motor DF350A in North America and Europe. The operating income increased by ¥2.0 billion (15.9%) to ¥14.5 billion year-on-year.

Overview of Marine Products

Suzuki's domestic outboard motor sales in FY2017 decreased by 2% year-on-year in volume terms and were flat on the year in net terms. Suzuki's export sales increased by 9% year-on-year in volume terms and by 17% year-on-year in net terms. This is owing to sales contribution of models including the new outboard motor DF350A mainly in North America and Europe. Suzuki's four-stroke outboard motors range from the DF2 (the lowest-power model, which delivers 2PS) to the DF350 (the highest-power model, which delivers 350PS). The Company produces small models in Thailand and larger models in Japan.

Suzuki Topics in FY2017

- DF350A outboard (maximum output 350PS) equipped with new technologies including the contra-rotating propellers was unveiled in June 2017. It won National Marine Manufacturers Association's Innovation Award in September 2017. Plus, DF325A (maximum output 325PS) equipped with technologies common with the DF350A was unveiled in January 2018. DF325A has the maximum output in Suzuki's lineup of outboards with regular petrol as its fuel.
- New outboard motor DF100B, the lightest model in the 100-horsepower class was unveiled in September 2017.



DF350A
(unveiled in June 2017)

ESG Information

Environmental Initiatives

As a manufacturer of automobiles, motorcycles, marine, and other items, Suzuki acts in consideration of the environment at all product stages from development to disposal.

In product development, our environmental initiatives include improving fuel economy, reducing exhaust emissions, developing next-generation vehicles, and acting in consideration of recycling. In manufacturing, our efforts include reducing global CO₂ emissions, reducing energy requirements, and promoting the use of alternative energy sources. In distribution, we focus on improving the operational efficiency and energy efficiency of transportation and on promoting the 3Rs (Reduce, Reuse and Recycle). In marketing, we promote environmental management among our dealers and strive to ensure proper disposal of end-of-life products. We also pursue environmental initiatives that are not directly related to our products. For instance, we promote energy savings and green purchasing in our offices, give our workers environmental education, and support social action programs in local communities.

Suzuki Environmental Plan 2020

The Company newly established and announced the Suzuki Environmental Plan 2020 presenting the direction and initiatives of business operations relating to the environment up to FY2020. New goals were set, including a 28% reduction in CO₂ emissions due to automobile use by 2020^{*1} and a 10% reduction in CO₂ emissions from all production centres of the Suzuki Group, in Japan and overseas, by 2020^{*2}.

We believe that our most important task is to seriously recognise effects to environment generated from our business operations, develop products that carefully consider environment and promote business operations that reduce environmental effects. To accomplish this, we are working on Suzuki Environmental Plan 2020 with Team Suzuki involving domestic and overseas affiliates to build the base for 2020, which is the 100th anniversary of foundation, and for the next 100 years, following the 4 themes listed below.

*1 Compared with FY2005.

*2 Compared with FY2010.



The details of the Suzuki Environmental Plan 2020 are available in the Suzuki CSR & Environmental Report. The report features ESG (environmental, social, and governance) initiatives and data receiving increased attention from stakeholders, including the environment, human rights, labour, and compliance.

Suzuki CSR & Environmental Report: <http://www.globalsuzuki.com/corporate/environmental/report/>

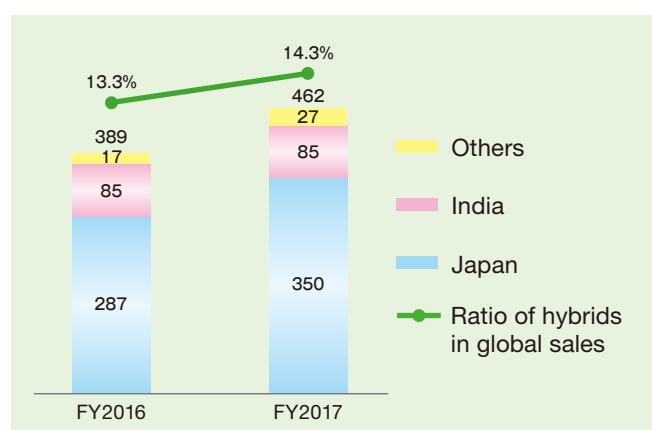
Introduction of Electrification

Suzuki promotes reduction of CO₂ emissions by introducing mild hybrid technology to compact/mini passenger cars and hybrid technology adopting Suzuki's original AGS mechanism.

Also, in order to reduce CO₂ emissions furthermore and realise zero emissions in future, we promote the development of compact EVs suitable for daily life.

Sales units of models equipped with hybrid system (Thousand units)

	FY2016		FY2017	
	Global automobile sales units	Of which hybrids	Global automobile sales units	Of which hybrids
Japan	639	287	668	350
India	1,445	85	1,654	85
Others	835	17	902	27
Total	2,918	389	3,224	462



* Hybrids include mild hybrid, S-ENE CHARGE, and SHVS.

* Hybrid sales units of Others are units exported from Japan and India.

Lineup of models equipped with hybrid system

Mini: WagonR/WagonR Stingray, Hustler, Spacia/Spacia Custom

Compact: Solio/Solio Bandit, Swift, XBEE, Baleno, Ignis, Ciaz, Ertiga, S-CROSS

* Depending on the market, there are models that are not equipped with hybrid system.

Topics

- In April 2017, Suzuki, Toshiba Corporation, and Denso Corporation reached basic agreement on establishing a joint venture company for production of automotive lithium-ion battery packs in India, and signed the agreement. Subsequently, a ceremony for the cornerstone-laying of a lithium-ion battery plant was held in September. The battery pack manufacturing joint venture by the three companies will realise stable supply of lithium-ion battery packs in India in the course of promoting sustainable cars in the country and will contribute to "Make in India" initiative by the Government of India.
- In November 2017, the Company and Toyota Motor Corporation agreed to consider a cooperative structure with the aim of introducing electric vehicles into the Indian market around 2020. Further, in March 2018, the companies came to a basic agreement to mutually supply hybrid vehicles and other products in the Indian market. Both companies will continue to consider further cooperation with the goal of attaining a society of sustainable mobility.

CSR Policy

Structure for promoting CSR

At the Executive Committee meetings attended by Representative Directors and Directors and Managing Officers concerned, issues, policies, and measures concerning CSR activities are discussed. Along with the management, the Company as a whole, aims to promote viable CSR activities.

Steps in defining materiality (key issues) in CSR activities

We have defined the materiality (key issues) in CSR activities of the Suzuki Group, led by the departments in charge of CSR including corporate planning departments (Corporate Communications and Corporate Management/IR) and environmental departments, using the following steps.

Steps in defining materiality in CSR activities

Step 1	Extract issues based on GRI guidelines, etc.
Step 2	Departments in charge of CSR organise and discuss issues extracted, and decide their significance for the Suzuki Group
Step 3	Decide significance for the stakeholders through meetings with ESG investors and environmental NGOs
Step 4	Define materiality and decide their priority from two axis: significance for the Suzuki Group and for the stakeholders
Step 5	Check their compliance with the mid-term management plan

The defined materiality is shown in the following matrix. Based on this materiality, the Company will work on the CSR activities and review it periodically.

Significance for the Stakeholders	Extremely High	<ul style="list-style-type: none"> Occupational health and safety Traffic safety Environmental conservation Respect for human rights Supply chain management 	<ul style="list-style-type: none"> Enhancement of product quality (development, production, sales, and service) Reduction of CO₂ emissions Development and popularisation of environmental technologies Development and popularisation of safety technologies Corporate governance and compliance Stable growth of sales and income
	High	<ul style="list-style-type: none"> Effective use of resources (raw materials, energy, and water) Diversity Educational support Contribution to the local communities 	<ul style="list-style-type: none"> Enhancement of corporate value Nurturing of human resources Stable labour/management relations Enforcement of risk management
		High	Extremely High
Significance for the Suzuki Group			

SDGs and CSR activities of the Suzuki Group

Sustainable Development Goals (SDGs), which were adopted by the United Nations in September 2015, aims to realise better international society by setting 17 goals in society, economy, and environment to be worked on by 2030 and make efforts for their solutions. All entities including corporations and all persons in all countries and regions are required to take necessary actions. The Suzuki Group supports SDGs and will actively take responsibilities in goals that we can contribute in their achievements through our CSR activities.



Corporate Governance

Directors, Auditors and Officers

(as of 1 July 2018)

[Representative Directors]

Representative Director and Chairman (Chairman of the Board of Directors)	Osamu Suzuki	
Representative Director and Vice Chairman	Yasuhito Harayama	Supporting Chairman
Representative Director and President	Toshihiro Suzuki	

[Directors]

Director and Senior Technical Executive	Osamu Honda	
Director and Managing Officer	Masahiko Nagao	Managing Officer in charge of Human Resources, and Executive General Manager, Corporate Planning Office
	Hiroaki Matsuura	Executive General Manager, Manufacturing
Director (Outside Director)	Masakazu Iguchi	
	Sakutaro Tanino	

* Masakazu Iguchi and Sakutaro Tanino are the outside directors as stipulated in Article 2, Item 15 of Companies Act of Japan.

[Audit & Supervisory Board Members]

Audit & Supervisory Board Member (full-time)	Kunio Nakamura	
	Eiji Mochizuki	
Audit & Supervisory Board Member (Outside)	Norio Tanaka	
	Yasuhiro Yamazaki	
	Nobuyuki Araki	

* Norio Tanaka, Yasuhiro Yamazaki and Nobuyuki Araki are the outside audit & supervisory board members as stipulated in Article 2, Item 16 of Companies Act of Japan. Yasuhiro Yamazaki is a full-time audit & supervisory board member.

[Executive Vice President]

Executive Vice President	Kenichi Ayukawa	Managing Director and CEO, Maruti Suzuki India Ltd.
--------------------------	------------------------	---

[Senior Managing Officers]

Senior Managing Officer	Ichizo Aoyama	President, Automotive Electronics Power Private Limited
	Toshiaki Hasuike	Executive General Manager, Automobile Engineering

[Managing Officers]

Managing Officer	Kazuho Hakamata	Production & Purchasing, and Engineering, PT. Suzuki Indomobil Motor (Indonesia)
	Masato Kasai	Managing Officer, Environment Engineering Group, Vehicle Regulations and Engineering Administration
	Taisuke Toyoda	Executive General Manager, Finance
	Keiichi Asai	President, Chongqing Changan Suzuki Automobile Co., Ltd. (China)
	Shuji Oishi	Deputy Executive General Manager, Global Automobile Marketing
	Kazuki Yamaguchi	President, Suzuki Motor Sales Kinki Inc.
	Shigeyuki Yamamura	Managing Officer in charge of Human Resources Development
	Toshiaki Suzuki	Executive General Manager, Domestic Marketing I, Domestic Marketing
	Hidenori Yamashita	Deputy Executive General Manager, Manufacturing
	Kinji Saito	Executive General Manager, Global Automobile Marketing
	Ichiro Onishi	Executive General Manager, Customer Quality Assurance and Service
	Keiji Miyamoto	Executive General Manager, Domestic Marketing II, Domestic Marketing
	Kazuhiro Ayabe	Executive General Manager, Purchasing
	Shinichi Imaizumi	Deputy Executive General Manager, Domestic Marketing
	Naoki Suzuki	Managing Officer in charge of Engineering, Corporate Planning Office
	Kazunobu Hori	Managing Officer in charge of Engineering Human Resources
	Katsuhiro Kato	Executive General Manager, Automobile Product & Cost Planning
	Shigeo Yamagishi	Executive General Manager, Vehicle Regulations and Engineering Administration
	Yoshikazu Ozawa	Managing Officer based in Maruti Suzuki India Limited (India Human Resources Management)
	Yasuharu Osawa	Division General Manager, Marine Operations
	Satoshi Uchida	Deputy Executive General Manager, Motorcycle Operations, and President, Suzuki Motorcycle India Private Limited
	Shigetoshi Torii	Deputy Executive General Manager, Manufacturing
	Masayuki Fujisaki	Managing Officer in charge of Partnership Promotion, Corporate Planning Office

Corporate Governance Issues

1. Basic policy on corporate governance

Through fair and efficient corporate activities, the Company always intends to be trusted by all our stakeholders including shareholders, customers, partner companies, local communities and employees, and to be a continuously growing company, while making a further contribution to the international community. In order to realise that intention, the Company considers that the enhancement of the corporate governance is one of the most important issues for proper corporate management and is aggressively taking various kinds of measures.

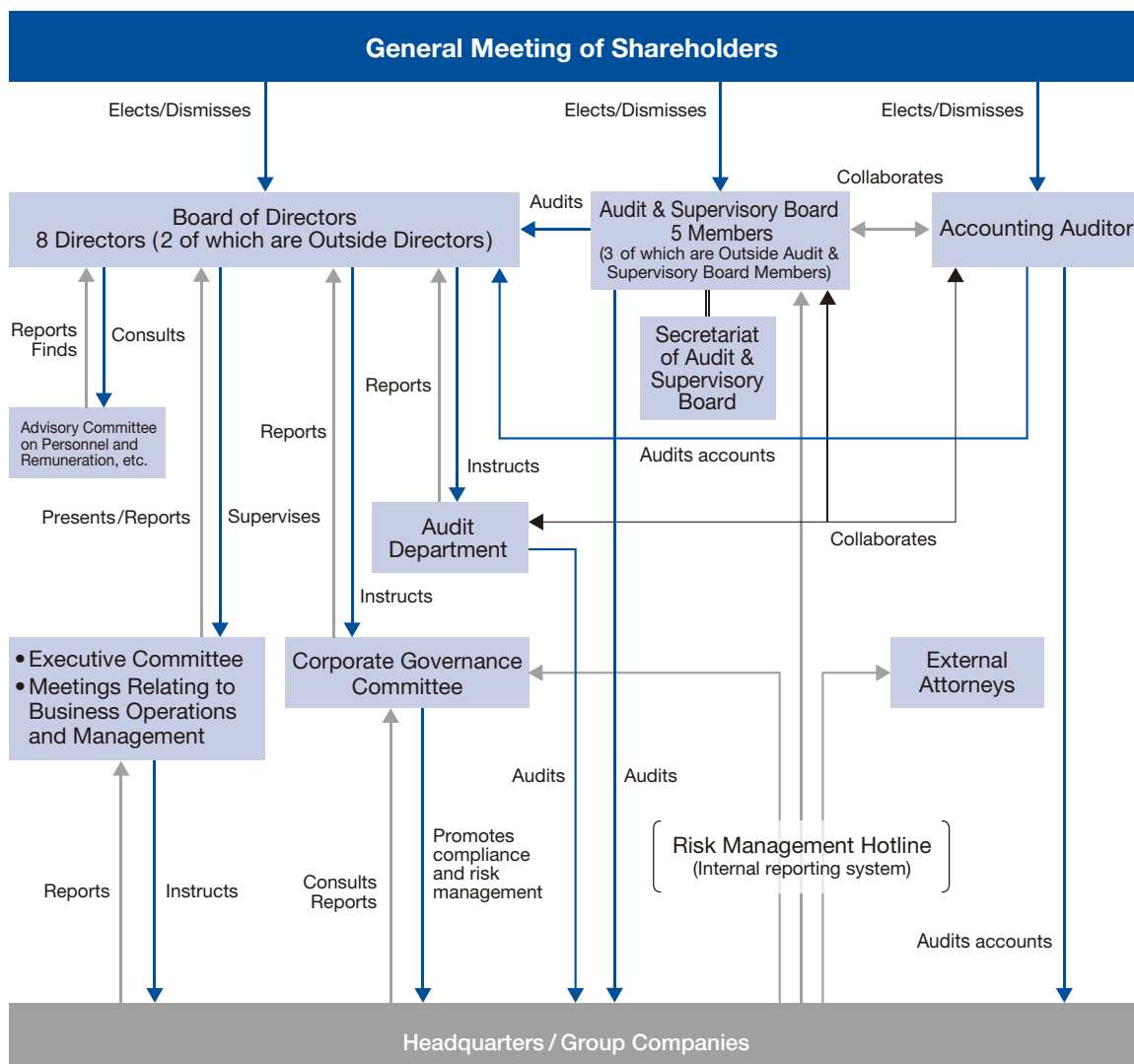
Also, in order to be trusted further by society and stakeholders, we disclose information quickly in fair and accurate manner prescribed in laws and regulations and actively disclose information that we concluded is beneficial to understand the Company. We will further enhance the transparency of the Company.

2. Corporate Governance System

With the Audit and Supervisory System as the basis, the Company is making efforts in strengthening the corporate governance system through initiatives including selection of highly independent Outside Directors, and establishment of Advisory Committee on selection of candidates for Directors and on remuneration, etc.

For details of the Company's corporate governance system, please refer to the Corporate Governance Report.

<http://www.globalsuzuki.com/ir/library/governance/pdf/report.pdf>



Risks in Operations

Risks that may affect the management results, stock price and financial situation of the Group include the followings. Forward-looking statements in this section are based on our conclusions as of the end of FY2017.

1. Risk relating to markets

■ Change in economic situations, demand fluctuation in the markets

The long term economic slowdown, world economic deterioration and financial crisis, and the reduced buying motivation of the consumers may lead to a substantially reduced demand for the products of the Group including automobiles, motorcycles and outboard motors. They may also adversely affect the performance and financial conditions of the Group.

In addition, we conduct businesses around the world, and our dependency on the overseas manufacturing plants especially in the emerging countries of the Asian regions has been increasing over the years. The unexpected situation in these markets such as the rapid change in the economic situations may adversely affect the performance and financial conditions of the Group. Further, unexpected change or new application of tax systems, financial policies and others in each country may also adversely affect the performance and financial conditions of the Group.

■ Severer competitions with other companies

We are facing competitions with rival companies in every global market where we conduct our businesses. As the automobiles and motorcycles industries in the world are globalised further, competitions may get harder. Competitions with other companies include various aspects such as product quality, safety, price, environmental performance, as well as efficiency of product development and manufacturing system, establishment of sales and service systems and sales finance.

We will make further efforts for maintaining and improving our competitive edges, but there may be risks that impede our competitive advantages.

2. Risk relating to business

■ New product development and launching abilities

It is very important for an automobile and motorcycle manufacturer to grasp correctly the customer needs and environment surrounding cars and to develop and launch to the market new attractive products that satisfy the customers in a timely manner. It has become more important than ever to grasp the customer needs that rapidly change and environment surrounding cars, such as the reduced demands caused by domestic and overseas economic slowdown, the increased interest in the environmental performance and the rapid spread of cars loaded with advanced technology.

Besides, launching of new products will require abilities of specific product development, development capability of advanced technology toward the future, and further abilities of continually manufacture products, in addition to appropriately understanding customer needs and environment surrounding cars.

However, even if we are able to grasp correctly the customer needs and environment surrounding cars, we may not be able to develop new products matching the customer needs in a timely manner on account of technical abilities, procurement of parts, production capabilities, securities of superior human resources and other factors. If we are unable to launch products matching the customer needs to the market in a timely manner, the sales share and sales may be reduced, which may adversely affect the performance and financial conditions of the Group.

■ Change in product prices and purchase prices, dependence on specific suppliers

Various factors including insufficient supply or price rise of specific parts and raw materials, unstable economic conditions, revisions of import regulations and harder price competition may rapidly change the product prices and purchase prices of the Group. There is no guarantee that such rapid price change does not last long or such change does not occur in the markets where there have not been such changes so far. Rapid changes in product prices and purchase prices may adversely affect the performance and financial positions of the Group in any market where we conduct our businesses.

In addition, the procurement of some of the parts has been limited to specific suppliers on account of technical abilities, quality, and price competitiveness. If we are unable to obtain the parts continuously and stably on account of unforeseeable accidents of the suppliers, it may adversely affect the performance and financial conditions of the Group.

■ Business development in various countries in the world

We have been conducting our businesses in various countries in the world, and in some of the countries, we conduct joint ventures with local companies in accordance with local laws or other requirements. These businesses are restricted by various legal and other regulations in each country (including those related to tax, tariff, overseas investment and fund transfer to the home country). Any changes to such regulations, or management policies or management environment of the joint venture partners may adversely affect the performance and financial conditions of the Group.

■ Fluctuations of exchange rates and interest rates

We export automobiles, motorcycles, outboard motors and related parts to various countries in the world from Japan. In addition, we export those products and parts from the overseas manufacturing plants to multiple other countries. The ratio of the overseas sales has reached 70 percent of consolidated sales for the current consolidated fiscal year. As the Group depends heavily on the overseas manufacturing plants located mainly in emerging countries, it is susceptible to fluctuations in the foreign currencies. Also, since the Group procures a major part of fund in Japan where interest rates continue to be low, it is susceptible to changes in the interest rates.

We take hedging measures such as forward exchange contracts and decentralisation of production sites to optimise the production system globally to reduce the risks of exchange rates and interest rates fluctuations, but it is impossible to hedge every risk. The currencies appreciation in main production countries against other currencies may adversely affect the performance and financial conditions of the Group. On the other hand, by transferring production sites to other countries, it may result in opportunity losses that the Group can no longer benefit from foreign exchange gain in export even when the currency of its local country weakens.

Further, rapid increase of interest rates in Japan may adversely affect the performance and financial conditions of the Group.

■ Government regulations

Various legal regulations are applied to the automobiles, motorcycles and outboard motor industries in relation to the emission level of emission gas, mileage, noises, safety and contaminated material emission level from the manufacturing plants. These regulations may be revised, in many cases strengthened. Expenses to comply with these regulations may largely affect the performance of the Group.

In addition, many governments determine the imposition of tariffs, price control regulations and exchange control regulations. The Group is paying expenses to comply with these regulations and will expect to continue bearing them.

We may pay more expenses depending on the establishment of new laws or changes of existing laws. Further, unexpected changes or new application of tax systems and economic measures of each country may adversely affect the performance and financial conditions of the Group.

■ Quality assurance

We place the top priority on the product safety and make efforts to establish the quality assurance system from development to sales. We buy insurance for the product liability, but there are risks not covered by insurance. The occurrence of large expenses for a large-scale recall to ensure safety of the customers may adversely affect the performance and financial conditions of the Group.

■ Alliance with other companies

We conduct various alliance activities with automobile manufacturer around the world and other companies such as for research and development, manufacturing, sales and finance, but factors that cannot be controlled by the Group such as situations inherent to the alliance partners may adversely affect the performance and financial conditions of the Group.

■ Dependency on information technology

We create, process and stock information in the form of electronic data in all areas of the business activities such as design and development, production, marketing and accounting. The Group's products are also equipped with a variety of electronic control systems, which control vehicles and mounted equipment. While safety measures have been taken on the said items, infrastructure failure such as power shutoff and attacks by computer hacker and viruses may occur. If the group's operation is interrupted, and data is destroyed or lost, and leakage of confidential information takes place, it may adversely affect the performance and financial conditions of the Group.

■ Leakage of information

We have adopted a structure to prevent leakage of personal information of inside and outside of company and confidential information related to the Group's management, operation and technology, etc. But if such information is leaked or used without due authorisation attributable to unexpected circumstances, the Group may be subject to legal demand, lawsuit, indemnity liability and obligation to pay a fine, and this may adversely affect the performance and financial conditions of the Group.

■ Compliance

We have established a compliance system to prevent violation of laws and regulations and respond quickly to various issues related to compliance. Nevertheless, if we detect a fact of violation of laws or inappropriate response to compliance issues due to unexpected circumstances, the Group's social credibility may be affected seriously, which may adversely affect the performance and financial conditions of the Group.

■ Protection of intellectual property

We have stocked intellectual property such as technology and knowhow to distinguish its products with those of competitors, and have taken measures to protect such property and to prevent infringement of intellectual property rights by a third party. Nonetheless, if the Group's intellectual property is infringed unlawfully, or if the Group is pointed out by a third party to have infringed intellectual property rights and faces lawsuit or asked to terminate manufacturing and marketing of its products and to pay indemnity, it may adversely affect the performance and financial conditions of the Group.

■ Legal proceedings

We may become a party to lawsuits and other legal proceedings in the course of our business activities. In the case where any judgments disadvantageous to us are made in such legal proceedings, it may adversely affect the performance and financial conditions of the Group.

■ Influences of natural disasters, epidemics, wars, terrorism and strikes, etc.

In Japan, we are exposed to a variety of risks such as natural disasters including earthquake, typhoon and flood and unexpected accident. Especially, the Group's major facilities including head office, R&D sites and major manufacturing plants are concentrated in the Tokai region where occurrence of periodic massive earthquakes is highly probable.

We have taken various preventive measurements such as quake-resistant measures for buildings and facilities, fire preventive measures, establishment of BCP (Business Continuity Plan), purchases of earthquake insurances and others to minimise the influences of damage by natural disasters such as Tokai and Tonankai Earthquake. But, occurrences of any Tokai and Tonankai Earthquake may adversely affect the performance and financial condition of the Group largely.

We also conduct businesses around the world and are exposed to number of risks relating to our overseas operations. These risks around the world are natural disasters, epidemics, wars, terrorism, strikes, and various matters attributable to unstable political and social situation and difficulties, etc. These unexpected events may delay or suspend the purchase of raw materials and parts, manufacturing, sales of products, and provision of logistics and services. If such delay or suspension caused by any of these factors occur or prolong, it may adversely affect the performance and financial conditions of the Group.

Further, there are various risks other than those mentioned above, and what have been stated in this section does not represent all the risks of the Group.



Way of Life!

SUZUKI MOTOR CORPORATION

300 Takatsuka-Cho,
Minami-Ku, Hamamatsu-shi,
Shizuoka, Japan 432-8611
<http://www.globalsuzuki.com>