



SUBARU

**Notice of Convocation of
the 91st Ordinary General Meeting of
Shareholders**

SUBARU CORPORATION

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 91st Ordinary General Meeting of Shareholders of Subaru Corporation. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

CEO's message

Firstly, I would like to express my sincere gratitude for your support.

During the fiscal period, Subaru suspended operations and made production adjustments at its domestic and overseas production bases due to the ongoing global shortage of semiconductors and other factors. Under these circumstances, we have made company-wide efforts to maintain operations and generate profits by changing our operation plan in response to the ever-changing supply environment of parts and by implementing highly efficient sales operations. Although operating income decreased from the previous fiscal period due factors such as soaring raw material prices and a decrease in sales volume resulting from a decline in production, demand for Subaru vehicles remained strong, especially in the U.S., a key market, and we received many back orders at distribution sites. In the next fiscal period, we will strive to meet the expectations of these customers by producing and selling as many vehicles as possible and recovering our financial position to the level of the fiscal year ended March 2020, the year before the COVID-19 pandemic.

We have established a CO₂ reduction roadmap with the aim of making contributions to the realization of carbon neutrality in 2050. As one of our efforts, we introduced our first global BEV* "SOLTERRA" to the market in May of this year. We have received high acclaims at test-drive events held for automotive journalists worldwide, and we strongly feel that the "SUBARU difference" can be enhanced even in the electric vehicle era. In addition, in the U.S., we started taking advance orders in February and have already received pre-orders from a large number of customers. We will continue to listen carefully to feedback from customers who have purchased our vehicles, and incorporate this feedback into our future BEV strategies.

Although it is currently difficult to precisely identify the timing of the large-scale transition to BEVs that is expected to arrive in the future, we have decided to strategically reorganize our domestic production system to ensure that we can respond to this change. We are considering starting in-house production of BEVs targeting around 2025, and adding a specialized BEV production line after 2027 to increase the number of models and units. During the transition period to BEVs, we will establish a flexible system that can also produce gasoline and hybrid vehicles to achieve even more highly efficient BEV production, with the aim of improving our business performance. And by continuing to provide products which satisfy our customers while carefully monitoring trends in market and environmental regulations as well as the convenience of BEVs, including infrastructure, we will strive to achieve both the creation of a sustainable society and the sustainable growth of our company in order to "Delivering happiness to all," our ideal vision. We hope you will continue to have high expectations for SUBARU in the future.

I would like to ask for our shareholders' continued support.



Tomomi Nakamura

Representative Director, President and CEO

*: Battery Electric Vehicle

SUBARU CORPORATION

1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan

Notice of Convocation of the 91st Ordinary General Meeting of Shareholders

To our Shareholders:

You are cordially invited to attend the 91st Ordinary General Meeting of Shareholders of Subaru Corporation (the “Company”), to be held as set forth below.

In view of the need for preventing the infection from spreading and protecting their health and safety, we ask our shareholders to exercise their voting rights in advance in writing or via the Internet and refrain from attending this General Meeting of Shareholders.

Shareholders who exercise their voting rights in advance via the Internet or in writing are kindly requested to do so by 6:00 p.m. on Tuesday, June 21, 2022, after reviewing the reference documents for the General Meeting of Shareholders described below.

Sincerely,

Tomomi Nakamura,

Representative Director, President and CEO

1 Date	10 a.m., Wednesday, June 22, 2022 (Reception will start at 9 a.m.)				
2 Venue	Ebisu Subaru Building, 1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan EVENT SPACE EBIS303, Event Hall on the third floor *Please note that the venue is different from that of last year. Please refer to the "Map of the Venue of the General Meeting of Shareholders" at the end of this document to confirm the location of the venue.				
3 Purposes	<table><tr><td>Matters for Reporting</td><td>Business report, consolidated financial statements, and reporting of results of audits on consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the 91st fiscal period (April 1, 2021 to March 31, 2022) Report on non-consolidated financial statements for the 91st fiscal period (April 1, 2021 to March 31, 2022)</td></tr><tr><td>Matters for Resolution</td><td>Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings Proposal No. 2: Partial Amendments to the Articles of Incorporation Proposal No. 3: Election of Nine (9) Directors of the Board Proposal No. 4: Election of One (1) Corporate Auditor Proposal No. 5: Election of One (1) Substitute Corporate Auditor Proposal No. 6: Determination of Compensation for Granting Restricted Stock to Directors</td></tr></table>	Matters for Reporting	Business report, consolidated financial statements, and reporting of results of audits on consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the 91st fiscal period (April 1, 2021 to March 31, 2022) Report on non-consolidated financial statements for the 91st fiscal period (April 1, 2021 to March 31, 2022)	Matters for Resolution	Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings Proposal No. 2: Partial Amendments to the Articles of Incorporation Proposal No. 3: Election of Nine (9) Directors of the Board Proposal No. 4: Election of One (1) Corporate Auditor Proposal No. 5: Election of One (1) Substitute Corporate Auditor Proposal No. 6: Determination of Compensation for Granting Restricted Stock to Directors
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4 Exercise of Voting Rights	[Exercise of Voting Rights by Mail] Please indicate your vote for or against each of the proposals on the enclosed voting form, and return the form to the Company so that it arrives no later than 6:00 p.m., Tuesday, June 21, 2022 (Japan time). [Exercise of Voting Rights via the Internet] Please access the “Website for the exercise of voting rights (https://soukai.mizuho-tb.co.jp/)” designated by the Company. This site is provided in Japanese only. Once on the site, please enter the Voting Code and the Password provided on the right-hand side of the enclosed voting form and follow the instructions on screen to complete your vote for or against each of the proposals no later than 6:00 p.m., Tuesday, June 21, 2022 (Japan time). [Matters for Acknowledgment] In case the voting rights are exercised in duplicate via the form and on internet, exercise of voting rights on the internet will be deemed to be the effective vote. In case the voting right is exercised multiple times via the internet, the last exercise shall be deemed to be the effective vote. [To Institutional Investors] An electronic voting platform is available as a method for exercising a vote right.				

[Translation for Reference and Convenience Purposes Only]

5 Other matters concerning General Meeting of Shareholders	<p>Of the documents that must be provided regarding this Notice of Convocation, the following items are posted on the Company website in accordance with legal requirements and provisions of Article 15 of the Articles of Incorporation.</p> <p>[1] “Accounting Auditors” of Business Report [2] “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” of Consolidated Financial Statements [3] “Statement of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” of Financial Statements</p> <p>As with the attachments to this notice, Corporate Auditors audited the [1], [2] and [3] above, and the Accounting Auditors audited the [2] and [3] above.</p> <p>Company Website https://www.subaru.co.jp/en/ir/stock/meeting.html</p> <p>In case amendments are made to reference documents for the meeting of general shareholders, business report, consolidated financial statements and/or non-consolidated financial statements, such information will be posted in the Company website.</p>
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- From the standpoint of providing information promptly, the details herein have been uploaded to our website prior to the mailing hereof

[To Institutional Investors]

ICJ, Inc.’s electronic voting platform is available as a method for exercising a voting right.

Deadline for exercising voting rights: 6 p.m., Tuesday, June 21, 2022

Information on Live Online Broadcast

The General Meeting of Shareholders will be broadcast live over the Internet to our shareholders, enabling them to watch the Meeting from their own home or other location. Please access our website from your personal computer, smartphone, or any other device and enter your ID and password.

Broadcast date

From 10:00 a.m. on Wednesday, June 22, 2022 to the closing of the General Meeting of Shareholders

Attention

- Under the Companies Act, viewing a live broadcast of the General Meeting of Shareholders via the Internet will not be deemed regarded as attendance at the Meeting, and shareholders viewing the Meeting online will not be entitled to ask questions or exercise their voting rights on the day of the Meeting. Shareholders who intend to participate in the Meeting remotely are kindly requested to exercise their voting rights in advance via the Internet or in writing.
- We expressly request remote participants to refrain from photographing, audio recording, or video recording the live broadcast, or posting it to social media without our consent.
- Depending on the computer environment and internet connection, certain audio or visual issues may occur.
- Please note in advance that, while we will pay attention not to include attending shareholders in the camera’s view, they may sometimes be caught on camera against our intention.

Company Website <https://www.subaru.co.jp/ir/stock/live/>

For the ID and password, please see the convocation notice (booklet) sent by mail.

REFERENCE DOCUMENTS FOR THE EXERCISE OF VOTING RIGHTS

Proposal No. 1 Approval of the Proposed Appropriation of Retained Earnings

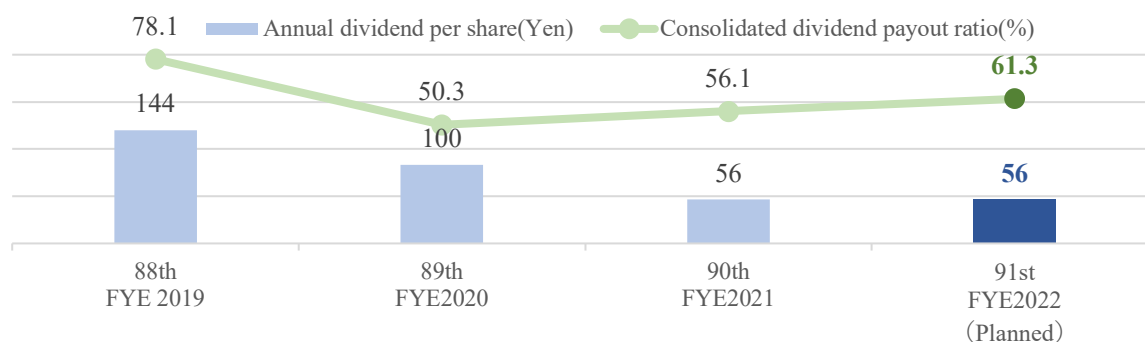
As for the appropriation of surplus for the year under review, it is proposed as follows.

The Company positions the return to shareholders as an important managerial issue and have adopted performance linked approach based on continuous and stable dividend payouts, taking into account the business performance, investment plans, and business environment for each fiscal period.

The global pandemic of COVID-19 and the worldwide semiconductor shortage continue to exert a significant impact on the Company's production, sales, and other business activities. As a result of considering, from a comprehensive perspective, this unpredictable business environment, future fund demands, and other factors, we decided to appropriate retained earnings in the manner described below, as per the latest dividend forecast.

1. Type of Dividend	Cash
2. The Matters Regarding the Assignment of the Dividend Property to Shareholders and the Total Amount Thereof	<p>¥28 per share of the Company's common stock</p> <p>Total dividends: ¥21,485,177,588</p> <p>The total annual dividend for the year under review would be ¥56 per share including the paid interim dividend of ¥28 per share.</p>
3. Effective Date	June 23, 2022

(Reference) Trends of Dividends



Notes: The Company has adopted the International Financial Reporting Standards (IFRS) instead of the previously used Japanese standards since the 89th fiscal period. Accordingly, the consolidated dividend payout ratio of the 88th fiscal period is shown in accordance with the IFRS.

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

The amended provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the "Act Partially Amending the Companies Act" (Law No. 70 of 2019) will take effect on September 1, 2022. The Company proposes to amend the Company's Articles of Incorporation as follows to prepare for the introduction of the electronic provision of materials for General Meeting of Shareholders.

- (1) The proposed amendment regarding Article 15, Item 1 shall establish a provision that the Company shall take measures for the electronic provision of information contained in the reference documents for the General Meeting of Shareholders, etc.
- (2) The proposed amendment regarding Article 15, Item 2 shall establish a provision to limit the scope of matters to be included in the documents to be delivered to Shareholders who have made a request for the delivery of documents.
- (3) The provision for the disclosure via the Internet of reference documents for the General Meeting of Shareholders, etc. and the deemed provision of such documents (Article 15 of the current Articles of Incorporation) shall be deleted as it will no longer be necessary.
- (4) In accordance with the establishment and deletion of the above, supplementary provisions regarding the effective date, etc. shall be established.

2. Details of the amendment

Details of the amendments are as follows.

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed amendments
<p>Chapter 3, General Meeting of Shareholders <u>(Disclosure via the Internet of reference documents for the General Meeting of Shareholders, etc. and the deemed provision of such documents)</u> <u>Article 15</u> <u>The Company may, when convening a General Meeting of Shareholders, be deemed to have provided to the Shareholders information concerning reference documents for the General Meeting of Shareholders, business report or matters to be included or shown in the financial statements and the consolidated financial statements by disclosing such information via the Internet in accordance with the applicable Ordinance of the Ministry of Justice.</u></p> <p>(To be newly established)</p>	<p>Chapter 3, General Meeting of Shareholders</p> <p>(To be deleted)</p> <p><u>(Measures for electronic provision, etc.)</u> <u>Article 15</u> <u>1 The Company shall, when convening a General Meeting of Shareholders, take measures for the electronic provision of information contained in the reference documents for the General Meeting of Shareholders, etc.</u> <u>2 The Company may not include in the document to be delivered to shareholders who have made a request for documents by the record date for voting rights all or part of the matters specified by the applicable Ordinance of the Ministry of Justice for which measures for the electronic provision of information are taken.</u></p>

[Translation for Reference and Convenience Purposes Only]

Current Articles of Incorporation	Proposed amendments
<p>(To be newly established)</p>	<p><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="804 259 1433 517">1. <u>The amendments to Article 15 of the Articles of Incorporation shall take effect on September 1, 2022 (hereinafter, “the date of enforcement”), the date of enforcement of amended provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Law No. 70 of 2019).</u> <li data-bbox="804 517 1433 775">2. <u>Notwithstanding the provisions of the preceding item, Article 15 of the Articles of Incorporation (disclosure via the Internet of reference documents for the General Meeting of Shareholders, etc. and the deemed provision of such documents) shall remain in force for the General Meetings of Shareholders held on dates within six months from the effective date.</u> <li data-bbox="804 775 1433 931">3. <u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from the date of enforcement or three months have elapsed from the date of the Shareholders Meeting in the preceding item, whichever is later.</u>

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Proposal No. 3 Election of Nine (9) Directors of the Board

The terms of office of all nine (9) Directors of the Board will expire at the conclusion of this Ordinary General Meeting of Shareholders. It is hereby proposed that nine (9) Directors of the Board be elected.


The Company nominates as the candidates for Directors individuals who have abundant experience, superior abilities and knowledge, and high expertise appropriate for a Director of the Company in order to realize our vision, effective corporate governance, sustainable growth, and corporate value improvement for the medium and long term. To ensure fairness and transparency in decisions on executive appointments, the Executive Nomination Meeting, in accordance with inquiries from Board of Directors, submits to the Board of Directors proposals on the nomination of officers sufficiently deliberated on and approved by its members, a majority of which is accounted for by independent outside directors. These personnel matters are decided by resolution of the Board of Directors. Candidates for the position of Director of the Board are as follows:

No.	Name	Current title in the company	Attendance at the Board of Directors meetings for the year	Tenure as Director
1	Reelection Tomomi Nakamura Male	Representative Director, President & CEO	13 of 13 meetings (100%)	4 years
2	Reelection Kazuo Hosoya Male	Director, Chairman	13 of 13 meetings (100%)	3 years
3	Reelection Katsuyuki Mizuma Male	Director, Executive Vice President	10 of 10 meetings (100%)	1 year
4	Reelection Tetsuo Onuki Male	Director, Executive Vice President	13 of 13 meetings (100%)	4 years
5	Reelection Atsushi Osaki Male	Director, Executive Vice President	10 of 10 meetings (100%)	1 year
6	Reelection Fumiaki Hayata Male	Director, Executive Vice President	10 of 10 meetings (100%)	1 year
7	Reelection Outside Independent Yasuyuki Abe Male	Outside Director	13 of 13 meetings (100%)	3 years
8	Reelection Outside Independent Natsunosuke Yago Male	Outside Director	13 of 13 meetings (100%)	3 years
9	Reelection Outside Independent Miwako Doi Female	Outside Director	13 of 13 meetings (100%)	2 years

Notes:

1. The candidates have no special interest relationships with the Company.
2. The attendance of Katsuyuki Mizuma, Atsushi Osaki and Fumiaki Hayata at Board of Directors meetings during the year under review covers only their attendance at Board of Directors meetings held after their appointment on June 23, 2021.
3. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
4. Each candidate is currently a Director of the Board, and the Company has entered into a directors and officers liability insurance contract with an insurance company, under which these candidates are included in the list of insured persons. The insurance policy covers compensation for damages and legal expenses to be borne by the insured in cases when they receive a claim for damages as a result of their wrongful acts conducted in their capacity as directors and officers. However, there are certain liabilities that are not covered under the policy, such as those arising from actions performed knowing that it is a violation of law. The insurance premiums are fully borne by the Company, and the insured persons are not required to pay the premiums in real terms. When their appointment is approved, each of the candidates will be included in the list of insured persons under the insurance contract. The insurance contract will expire in the middle of each candidate's term of office, and the Company intends to renew the contract with similar terms and conditions.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
1	 <p>Tomomi Nakamura (May 17, 1959)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1982 Joined the Company</p> <p>Jun. 2004 General Manager, Marketing Planning Department, Subaru Japan Sales & Marketing Division</p> <p>Apr. 2011 Vice President, Senior General Manager, Strategy Development Division</p> <p>Jun. 2011 General Manager, Corporate Planning Department Vice President, Chief General Manager, Strategy Development Division</p> <p>Apr. 2013 General Manager, Corporate Planning Department Vice President, Senior General Manager, Subaru Global Marketing Division</p> <p>Senior General Manager, Subaru Overseas Sales & Marketing Division 1</p> <p>Apr. 2014 Senior General Manager, Subaru Overseas Sales & Marketing Division 2 Senior Vice President Chief General Manager, Subaru Overseas Sales & Marketing Division 1</p> <p>Apr. 2016 Chairman & CEO, Subaru of America, Inc. (SOA) Executive Vice President Chief General Manager, Subaru Overseas Sales & Marketing Division 1</p> <p>Apr. 2018 Chairman & CEO, Subaru of America, Inc. (SOA)</p> <p>Jun. 2018 Executive Vice President Representative Director President & CEO (to the present)</p> <p style="text-align: right;">[Continued to the next page]</p>	35,419 shares

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
1	Tomomi Nakamura (May 17, 1959) Candidate for reelection Male	<p>[Continued from the previous page]</p> <p><u>(Main fields of responsibilities in the Company)</u> Aerospace Company, Quality</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Tomomi Nakamura has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in sales & marketing, corporate planning, and overseas operation areas. After assuming the post of Representative Director of the Board and President in June 2018, Mr. Nakamura worked out the “STEP” mid-term management vision in which the Group aims to gain the sympathy and confidence of customers through the provision of “Enjoyment and Peace of mind” and has led the key initiatives of “corporate culture reforms,” “Quality enhancement” and the “Evolution of the Subaru difference.” We are nominating him as a Director candidate again as, under his leadership, steady execution of reforms has been promoted toward achieving the goals of “Become a brand that is ‘different’ from others by enhancing distinctiveness,” “Engage in business activities that resonate with customers by putting them center- stage,” and “Fulfill corporate social responsibilities by contributing to diversifying social needs” in the Vision for 2025, thereby expecting that the Group’s sustainable growth will be realized.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 13 of 13 meetings (100%)</p>	35,419 shares

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

[Translation for Reference and Convenience Purposes Only]


No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
2	 <p>Kazuo Hosoya (July 29, 1957)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1982 Joined the Company</p> <p>May 2006 General Manager, Corporate Planning Department</p> <p>Jan. 2009 Senior General Manager, Subaru Japan Sales & Marketing Division</p> <p>Jun. 2010 President, Tokyo Subaru Inc.</p> <p>Apr. 2012 Vice President General Manager, Human Resources Department</p> <p>Apr. 2014 Senior Vice President General Manager, Human Resources Department General Manager, Career Support Office</p> <p>Apr. 2015 President, Subaru Bloom Co. Ltd Senior Vice President Chief General Manager, Subaru Japan Sales & Marketing Division</p> <p>Apr. 2016 Executive Vice President Chief General Manager, Subaru Japan Sales & Marketing Division</p> <p>Mar. 2018 Retired from Executive Vice President</p> <p>Apr. 2018 President, Tokyo Subaru Inc.</p> <p>Dec. 2018 Retired from President of Tokyo Subaru Inc.</p> <p>Jan. 2019 Deputy President, Chief General Manager, Subaru Manufacturing Division Chief General Manager, Gunma Plant</p> <p>Jun. 2019 Representative Director, Deputy President, Chief General Manager, Subaru Manufacturing Division Chief General Manager, Gunma Plant</p> <p>Apr. 2020 Representative Director, Deputy President, Chief General Manager, Subaru Manufacturing Division</p> <p>Apr. 2021 Representative Director, Chairman</p> <p>Jun. 2021 Director, Chairman (to the present)</p> <p style="text-align: right;">[Continued to the next page]</p>	21,729 shares

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
2	<p>Kazuo Hosoya (July 29, 1957)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>[Continued from the previous page]</p> <p><u>(Main fields of responsibilities in the Company)</u> Secretarial Office, Human Resources Dept.</p> <p><u>(Significant Positions Concurrently Held)</u> None applicable</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Kazuo Hosoya has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in human resources, corporate planning, sales & marketing, and manufacturing areas. We are nominating him as a Director candidate again expecting him to supervise management taking all stakeholders' interests into account and further promote the organizational culture reform, for the increasingly important aim of fostering management personnel and further improvement of corporate governance to achieve sustainable growth of the Group.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 13 of 13 meetings (100%)</p>	<p>21,729 shares</p>


Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
3	 <p>Katsuyuki Mizuma (April 3, 1960)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1984 Joined The Industrial Bank of Japan, Ltd</p> <p>Apr. 2012 Executive Officer General Manager of Asia & Oceania Division</p> <p>Apr. 2014 Managing Executive Officer, Head of Asia & Oceania excl. East Asia</p> <p>Oct. 2015 Managing Executive Officer of Mizuho Financial Group, Inc. (Concurrent post)</p> <p>Apr. 2016 Joined the Company Senior Vice President Senior General Manager, Subaru Overseas Sales &Marketing Division 2</p> <p>Apr. 2017 Senior Vice President Chief General Manager, Overseas Sales &Marketing Division 2</p> <p>Apr. 2018 Executive Vice President Chief General Manager, Overseas Sales &Marketing Division 1 Chief General Manager, Overseas Sales &Marketing Division 2</p> <p>Apr. 2020 Executive Vice President Chief General Manager, Overseas Sales &Marketing Division 2</p> <p>Apr. 2021 Executive Vice President, CFO, & CRMO</p> <p>Jun. 2021 Director, Executive Vice President, CFO and CRMO (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Finance & Accounting Dept.</p> <p><i>(Significant Positions Concurrently Held)</i> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA) Director, Subaru USA Holdings Inc. Vice Chairman, Subaru of China Ltd.</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Katsuyuki Mizuma has served in significant positions at a financial institution. After joining Subaru, he accumulated experience from a non-insider viewpoint in the area of overseas marketing as a whole, including our core North American market. In order to realize sustainable growth of the Group based on his abundant experience, broad knowledge, and expertise, we are nominating him as a Director candidate again, expecting him to supervise management considering interests of all stakeholders and properly enhance the entire Group's financial structure and corporate governance.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> 10 of 10 meetings (100%)</p>	12,215 shares


Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

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4	 <p>Tetsuo Onuki (November 15, 1960)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1984 Joined the Company</p> <p>Apr. 2006 General Manager, Subaru Product & Portfolio Planning Division, Design Department</p> <p>Sep. 2008 General Manager, Subaru Engineering Division, Body Design Department</p> <p>Apr. 2014 Vice President, Senior General Manager, Subaru Engineering Division General Manager, Subaru Engineering Division, Body Design Department</p> <p>Apr. 2016 Senior Vice President, Chief General Manager, Subaru Engineering Division 1 Chief General Manager, Subaru Technical Research Center</p> <p>Apr. 2018 Executive Vice President & CTO Chief General Manager, Engineering Management Division Chief General Manager, Engineering Division 1</p> <p>Jun. 2018 Director, Executive Vice President & CTO Chief General Manager, Engineering Management Division</p> <p>Apr. 2019 Director, Executive Vice President & CTO</p> <p>Apr. 2020 Director, Executive Vice President, Chief General Manager, Purchasing Division (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Purchasing Div. Product Planning Div.</p> <p><i>(Significant Positions Concurrently Held)</i> None applicable</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Tetsuo Onuki has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in technology and product planning areas. In order to realize sustainable growth of the Group, we are nominating him once again to serve as Director, expecting him to supervise management considering interests of all stakeholders, properly provide customers with enhanced value centering on “Enjoyment and Peace of Mind,” and bolster procurement strategies.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> 13 of 13 meetings (100%)</p>	20,353 shares


Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

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No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
5	 Atsushi Osaki (April 19, 1962) Candidate for reelection Male	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2007 General Manager, Subaru Product & Portfolio Planning Division</p> <p>Jun. 2011 General Manager, Engineering Administration Department Subaru Engineering Division</p> <p>Apr. 2016 Vice President, Senior General Manager, Subaru Quality Assurance Division</p> <p>Apr. 2017 Vice President, Chief General Manager, Subaru Quality Assurance Division</p> <p>Apr. 2018 Senior Vice President, Chief General Manager, Subaru Quality Assurance Division & CQO</p> <p>Jan. 2019 Senior Vice President Chief General Manager, Quality Assurance Division Chief General Manager, Customer Service Division & CQO</p> <p>Apr. 2019 Executive Vice President Chief General Manager, Quality Assurance Division & CQO</p> <p>Apr. 2020 Executive Vice President Chief General Manager, Quality Assurance Division & CQO Director of Total Quality Management Office</p> <p>Apr. 2021 Executive Vice President Chief General Manager, Subaru Manufacturing Division</p> <p>Jun. 2021 Director, Executive Vice President, Chief General Manager of Subaru Manufacturing Division (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Subaru Manufacturing Division</p> <p><i>(Significant Positions Concurrently Held)</i> Director, Subaru of Indiana Automotive, Inc. (SIA)</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Atsushi Osaki has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in the fields of technology, product planning, quality, customer service and manufacturing area. In order to realize the Group's sustainable growth, we are nominating him to serve as Director again, expecting him to supervise management considering interests of all stakeholders and properly enhance manufacturing strategy and quality.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> 10 of 10 meetings (100%)</p>	19,743 shares


Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
6	 <p>Fumiaki Hayata (March 18, 1964)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1986 Joined the Company</p> <p>Apr. 2007 General Manager, Purchasing Planning Department, Subaru Purchasing Division</p> <p>Apr. 2015 Vice President, Senior General Manager, Subaru Overseas Sales & Marketing Division 1 General Manager, North America Sales & Marketing Department</p> <p>Apr. 2017 Senior Vice President, General Manager, Corporate Planning Dept.</p> <p>Apr. 2019 Senior Vice President, Chief General Manager, Corporate Planning Department</p> <p>Apr.2020 Executive Vice President Chief General Manager, Overseas Sales &Marketing Division 1, Chairman & CEO, Subaru of Indiana Automotive, Inc.</p> <p>Jun. 2021 Director, Executive Vice President, Chief General Manager, Overseas Sales &Marketing Division 1 Chairman & CEO, Subaru of Indiana Automotive, Inc. (SIA) (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Overseas Sales & Marketing Div. 1</p> <p><i>(Significant Positions Concurrently Held)</i> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA) Director, Subaru USA Holdings Inc.</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Fumiaki Hayata has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in procurement, sales & marketing, and corporate planning areas. In order to realize the Group's sustainable growth, we are nominating him to serve as Director again, expecting him to supervise management considering interests of all stakeholders and properly enhance corporate governance of the entire Group, including overseas businesses.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> 10 of 10 meetings (100%)</p>	10,256 shares

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
7	 <p>Yasuyuki Abe (April 17, 1952)</p> <p>Candidate for reelection</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p> <p>Male</p>	<p>Apr. 1977 Joined Sumitomo Corporation</p> <p>Jun. 2002 President and Representative Director, Sumisho Electronics Co., Ltd. (current SCSK Corporation)</p> <p>Apr. 2005 President and Representative Director, Sumisho Information System Co., Ltd. (current SCSK Corporation)</p> <p>Jun. 2009 Representative Director and Managing Executive Officer, General Manager of Financial & Logistics Business Unit, Sumitomo Corporation</p> <p>Apr. 2010 Representative Director and Managing Executive Officer, General Manager of New Industry Development & Cross-Function Business Unit, Sumitomo Corporation</p> <p>Apr. 2011 Representative Director and Senior Executive Operating Officer, General Manager of New Industry Development & Cross-Function Business Unit and General Manager of Finance Department, Sumitomo Corporation</p> <p>Apr. 2013 Representative Director and Senior Executive Operating Officer, General Manager of Corporate Planning & Coordination Department, Sumitomo Corporation</p> <p>Jun. 2015 Advisor, Sumitomo Corporation</p> <p>Jun. 2016 Outside Corporate Auditor, Subaru Corporation</p> <p>Jun. 2018 Retired from Advisor to Sumitomo Corporation</p> <p>Jun. 2019 Retired from Outside Corporate Auditor, Subaru Corporation</p> <p>Jun. 2019 Outside Director, Subaru Corporation (to the present)</p>	4,800 shares

[Continued to the next page]


[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
7	<p>Yasuyuki Abe (April 17, 1952)</p> <p>Candidate for reelection</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p> <p>Male</p>	<p>[Continued from the previous page]</p> <p><u>(Significant Positions Concurrently Held)</u> Outside Director, HOYA Corporation Director, Chairman, WASEDA University Ventures, Inc. Advisor, ORANGE AND PARTNERS CO., LTD.</p> <p><u>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</u> As Representative Director and Senior Executive Operating Officer of Sumitomo Corporation, Mr. Yasuyuki Abe has been involved in management in both a supervisory and executional capacity, possesses extensive experience and knowledge in business management, and has an advanced understanding of the field of IT. Mr. Abe has served as the Company's independent outside corporate auditor for three years since June 2016. During this period, he audited execution of duties by directors and often made honest and truthful remarks to the management team appropriately and in a timely manner. As he has served as an Independent Outside Director since June 2019 and made beneficial proposals for the Company's management, we expect him to provide sufficient advice and supervision regarding management in general from an independent position as Outside Director of the Company, and thus proposed him again as a candidate for Outside Director.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 13 of 13 meetings (100%)</p>	<p>4,800 shares</p>

Notes:

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
2. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, the Company has concluded a contract for limitation of liability with Mr. Yasuyuki Abe which limits his liability for the compensation of damages to the amount stipulated in Article 425, Item 1 of the Companies Act. If his reelection as Director is approved in this Annual General Meeting of Shareholders, we intend to continue with the contract for limitation of liability concluded between him and the Company.
3. The Company designates Mr. Yasuyuki Abe as Independent Director as set forth by the Tokyo Stock Exchange. If his reelection is approved in this Annual General Meeting of Shareholders, the Company will continue the designation. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.

[Translation for Reference and Convenience Purposes Only]


No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
8	 <p>Natsunosuke Yago (May 16, 1951)</p> <p>Candidate for reelection</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p> <p>Male</p>	<p>Apr. 1977 Joined Ebara Corporation</p> <p>Jun. 2002 Executive Officer, Ebara Corporation</p> <p>Apr. 2004 Senior Executive Officer and General Manager of Precision Machinery Department, Ebara Corporation, Chairman and Representative Director, Ebara Precision Machinery Europe GmbH, Chairman and Representative Director, Ebara Technologies Inc., Chairman, Shanghai Ebara Precision Machinery Co., Ltd.</p> <p>Jun. 2004 Director, Ebara Corporation</p> <p>Apr. 2005 Director, Ebara Corporation, Chairman, Ebara Precision Machinery Taiwan Incorporated.</p> <p>Jun. 2005 Director and President of Precision Machinery Company, Ebara Corporation, Director, Fujisawa Plant</p> <p>Apr. 2006 Director and Managing Executive Officer and President of Precision Machinery Company, Ebara Corporation</p> <p>Apr. 2007 President and Representative Director, Ebara Corporation</p> <p>May 2007 President and Representative Director and General Manager of Internal Control Promotion Division, Ebara Corporation</p> <p>Jul. 2009 President and Representative Director and General Manager of Internal Control Division, Ebara Corporation</p> <p>Apr. 2013 Chairman of the Board, Ebara Corporation</p> <p>Mar. 2019 Retired from Chairman of the Board, Ebara Corporation</p> <p>Jun. 2019 Outside Director, Subaru Corporation (to the present)</p> <p><i>(Significant Positions Concurrently Held)</i> President, Ebara Hatakeyama Memorial Foundation Outside Director, J. FRONT RETAILING Co., Ltd. Outside Director, PARCO CO., LTD.</p> <p><i>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</i> Mr. Natsunosuke Yago served as President and Representative Director and Chairman of the Board at Ebara Corporation and has extensive experience and knowledge in business management. He has advanced knowledge of corporate internal control and governance. As he has served as an Independent Outside Director since June 2019 and made beneficial proposals for the Company's management based on his abundant experience, broad knowledge, and deep insight into corporate social responsibility, we expect him to provide sufficient advice and supervision regarding management in general from an independent position as an Outside Director of the Company, and thus proposed him again as a candidate for Outside Director.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> 13 of 13 meetings (100%)</p>	4,200 shares

[Translation for Reference and Convenience Purposes Only]

Notes:

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
2. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, the Company has concluded a contract for limitation of liability with Mr. Natsunosuke Yago which limits his liability for the compensation of damages to the amount stipulated in Article 425, Item 1 of the Companies Act. If his reelection as Director is approved in this Annual General Meeting of Shareholders, we intend to continue with the contract for limitation of liability concluded between him and the Company.
3. The Company designates Mr. Natsunosuke Yago as Independent Director as set forth by the Tokyo Stock Exchange. If his reelection is approved in this Annual General Meeting of Shareholders, the Company will continue the designation. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
9	 <p>Miwako Doi (June 2, 1954)</p> <p>Candidate for reelection</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p> <p>Female</p>	<p>Apr. 1979 Joined Research & Development Center, Tokyo Shibaura Electric Corporation (Toshiba Corporation)</p> <p>Jul. 2005 Senior Fellow, Human Centric Laboratory, Corporate Research & Development Center Toshiba Corporation</p> <p>Jul. 2006 Senior Fellow, Corporate Research & Development Center</p> <p>Jul. 2008 Chief Fellow, Corporate Research & Development Center</p> <p>Jun. 2014 Retired from Toshiba Corporation</p> <p>Jun. 2020 Outside Director, Subaru Corporation (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u> Auditor, National Institute of Information and Communications Technology (part-time) Executive Vice President, Tohoku University (part-time) Executive Director, Nara Institute of Science and Technology (part-time) External Director, Isetan Mitsukoshi Holdings Ltd. Outside Director, NGK Spark Plug Co., Ltd.</p> <p><u>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</u> Ms. Miwako Doi long worked for Toshiba Corp. for many years as researcher and supervisor in the area of information technology. As an expert of the area, she has made many achievements. In recognition of her high expertise and abundant experience and knowledge, she has been appointed to governmental advisory bodies. As she has served as an Independent Outside Director since June 2020 and made beneficial proposals to the Company's management for the generation of new innovation, we expect her to provide sufficient advice and supervision regarding management in general from an independent position as an Outside Director of the Company, and thus proposed her again as a candidate for Outside Director.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 13 of 13 meetings (100%)</p>	400 shares

Notes:

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
2. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, the Company has concluded a contract for limitation of liability with Ms. Miwako Doi which limits her liability for the compensation of damages to the amount stipulated in Article 425, Item 1 of the Companies Act. If her reelection as Director is approved in this Annual General Meeting of Shareholders, we intend to continue with the contract for limitation of liability concluded between her and the Company.

[Translation for Reference and Convenience Purposes Only]


3. The Company designates Ms. Miwako Doi as Independent Director as set forth by the Tokyo Stock Exchange. If her reelection is approved in this Annual General Meeting of Shareholders, the Company will continue the designation. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.
4. Ms. Miwako Doi was appointed as an External Director of Isetan Mitsukoshi Holdings Ltd. in June 2019, but its subsidiary, MI Card Co., Ltd., received from the Consumer Affairs Agency an order to take measures on July 8, 2019, and a surcharge payment order on March 24, 2020, for having made misleading representations regarding transactions of services for “MI Card Plus Gold,” a credit card supplied by the subsidiary, that fall under Article 5, Item 1 or Item 2 of the Act Against Unjustifiable Premiums and Misleading Representations. While she had regularly been making various proposals from the viewpoint of legal compliance at the Company's Board of Directors meetings as a Director, she has also been making, in the wake of the revelation of the incident, efforts to formulate measures to prevent the recurrence of such an incident in the Group, including the Company and its subsidiaries, to inform all employees of the incident and to strengthen employee education through deliberations at the Company's Board of Directors meetings.

Proposal No. 4 Election of One (1) Corporate Auditor

The Company proposes the election of one (1) Corporate Auditor to temporarily increase the number of Outside Corporate Auditors to ensure the continuity of the auditing system.

The proposal has been approved by the Board of Corporate Auditors.

The candidate for Corporate Auditor is as follows.

No.	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Corporate Auditors	Number of the Company's Shares Held
1	 Yuri Furusawa (July 22, 1963) New candidate Candidate for Outside Corporate Auditor Candidate for Independent Corporate Auditor Female	Apr. 1986 Joined the Ministry of Transport Dec. 2000 Administrator of Organization for Economic Co-operation and Development (OECD) Jul. 2004 Director for International Policy Planning, Ministry of Land, Infrastructure, Transport and Tourism Jul. 2006 Director for International Affairs and Crisis Management Division, Japan Coast Guard Jul. 2008 Counsellor, Cabinet Secretariat (Office of Assistant Chief Cabinet Secretary) Aug. 2011 Deputy General Manager of International Sales Department, Shiseido Company, Limited Jul. 2014 Assistant Vice-Minister for International Affairs, Ministry of Land, Infrastructure, Transport and Tourism Sep. 2015 Vice President of Japan Tourism Agency Jun. 2016 Councillor, Cabinet Secretariat, Cabinet Bureau of Personnel Affairs Jul. 2019 Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism Jul. 2019 Resigned from the Ministry of Land, Infrastructure, Transport and Tourism (to the present) <u>(Significant Positions Concurrently Held)</u> Outside Audit & Supervisory Board Member, Kubota Corporation <u>(Reasons for nominating the candidate for Corporate Auditor)</u> Ms. Yuri Furusawa has held key positions in the Ministry of Land, Infrastructure, Transport and Tourism, and has been involved in the promotion of workstyle reform, active participation by women and diversity in the Cabinet Secretariat, as well as in the overseas business development in the private sector, giving her a broad perspective and a high level of insight. Based on her background, broad experience and high-level insight as described above, we expect that she will appropriately perform her duties as an Outside Corporate Auditor of the Company from an independent standpoint, and have nominated her as a candidate for Outside Corporate Auditor.	0 shares

[Translation for Reference and Convenience Purposes Only]

Notes:

1. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, if Ms. Yuri Furusawa is appointed as the Corporate Auditor in this Annual General Meeting of Shareholders, the Company will conclude a contract for limitation of liability with her which limits her liability for the compensation of damages to the amount stipulated in Article 425, Item 1 of the Companies Act.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company. The insurance contract provides coverage for liability of an insured when a compensation claim is filed against the insured as a result of an improper act he/she committed utilizing his/her position, as well as other damages including litigation costs. However, there are certain liabilities that are not covered under the policy, such as those arising from actions performed knowing that it is a violation of law. The insurance premiums are fully borne by the Company, and the insured persons are not required to pay the premiums in real terms. If the appointment of Ms. Yuri Furusawa is approved, she will be included in the list of insured persons under the insurance contract. The insurance contract will expire in the middle of her term of office, and the Company intends to renew the contract with similar terms and conditions.
3. Ms. Yuri Furusawa meets the criteria for Independent Director set forth by the Tokyo Stock Exchange, and if her appointment is approved in this Annual General Meeting of Shareholders, the Company will designate her as the Independent Director as set forth by Tokyo Stock Exchange. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 5 Election of One (1) Substitute Corporate Auditor

At the commencement of the 91st Ordinary General Meeting of Shareholders, the resolution on the election of the Substitute Auditor, made at the 90th Ordinary General Meeting of Shareholders held on June 23, 2021, expires. Accordingly, the election of one (1) Substitute Outside Auditor is proposed in preparation for the event that the number of Corporate Auditors will be insufficient as required by law.

The candidate for the position of Substitute Auditor for Outside Corporate Auditor is as follows:

The validity of the resolution to be adopted at this Ordinary General Meeting of Shareholders regarding the election of Mr. Hirohisa Ryu shall expire at the opening of the first Ordinary General Meeting of Shareholders to be held after the said resolution is made, and can be nullified by resolution of the Board of Directors, with the consent of the Board of Corporate Auditors Meeting, only before he assumes office.

The proposal has been approved by the Board of Corporate Auditors Meeting.

Name (Date of Birth)	Biography, Significant Positions Concurrent Held, and Reasons for Nominating the Candidate for Substitute Corporate Auditor	Number of the Company's Shares Held
<p>Hirohisa Ryu (August 4, 1964)</p> <p>Candidate for Outside Substitute Corporate Auditor</p> <p>Candidate for Independent Substitute Corporate Auditor</p> <p>Male</p>	<p>Apr. 1994 Certified as an attorney and joined Tokyo Hatchobori Law Office.</p> <p>Apr. 2001 Assistant Chief of Financial Crisis Response Office, Planning and Management Division, Supervision Bureau of Finance Services Agency (under fixed-term contract).</p> <p>Apr. 2003 Returned to Tokyo Hatchobori Law Office.</p> <p>Apr. 2004 Partner at Tokyo Hatchobori Law Office (to the present)</p> <p>Jun. 2013 Outside Corporate Auditor, eGuarantee, Inc. (to the present)</p> <p>May 2017 Outside Auditor, Renown Incorporated</p> <p>Nov. 2020 Retired from Outside Auditor, Renown Incorporated</p> <p><u><i>(Reasons for nominating the candidate for Outside Substitute Corporate Auditor)</i></u></p> <p>With his long career as an attorney, and having worked as an outside corporate auditor and a fixed-term official of FSA, Mr. Hirohisa Ryu has both scholarly knowledge and practical experience regarding corporate legal affairs. Although he has no experience dealing directly with corporate management other than as an outside auditor, he has expert knowledge of corporate management acquired through his extensive hands-on experience in corporate legal, accounting and financial affairs. Based on the above, the Company concluded that he is capable as an Outside Corporate Auditor and should be able to fulfill the relevant duties appropriately if he takes office.</p>	<p>0 shares</p>

Notes:

1. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, if Mr. Hirohisa Ryu assumes office as the Corporate Auditor, the Company will conclude a contract for limitation of liability with him which limits his liability for the compensation of damages to the amount stipulated in Article 425, Item 1 of the Companies Act.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company. The insurance contract provides coverage for liability of an insured when a compensation claim is filed against the insured as a result of an improper act he/she committed utilizing his/her position, as well as other damages

[Translation for Reference and Convenience Purposes Only]

including litigation costs. However, there are certain liabilities that are not covered under the policy, such as those arising from actions performed knowing that it is a violation of law. The insurance premiums are fully borne by the Company, and the insured persons are not required to pay the premiums in real terms. If Mr. Hirohisa Ryu is appointed as a Corporate Auditor, he will be included in the list of insured under the insurance contract. If the insurance contract will expire in the middle of his term of office, the Company intends to renew the contract with similar terms and conditions.







3. After Mr. Ryu assumes office, the Company will register him as the Independent Auditor set forth by Tokyo Stock Exchange. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.

(Reference)

Structure of the Board of Directors and Board of Corporate Auditors after approval of Proposals No. 3 and 4









If Proposals No. 3 and 4 are approved without amendment, the structure of the Board of Directors and Board of Corporate Auditors will be as follows at the Board of Directors meeting following this Ordinary General Meeting of Shareholders. The total nine Directors will include three independent Outside Directors (33.3%), and the total five members of the Executive Nomination Meeting and the Executive Compensation Meeting will include three independent Outside Directors (60.0%). The total 14 Directors and Corporate Auditors will include four females (28.6%).

[Translation for Reference and Convenience Purposes Only]

	Board of Directors					
						
Name and attributes	Tomomi Nakamura (May 17, 1959) Male	Kazuo Hosoya (July 29, 1957) Male	Katsuyuki Mizuma (April 3, 1960) Male	Tetsuo Onuki (November 15, 1960) Male	Atsushi Osaki (April 19, 1962) Male	Fumiaki Hayata (March 18, 1964) Male
Planned positions, etc.	Representative Director, President	Director, Chairman	Director, Executive Vice President	Director, Executive Vice President	Director, Executive Vice President	Director, Executive Vice President
	CEO	Chairman of the Board	CFO			
	Member of the Executive Nomination Meeting	Chairman of the Executive Nomination Meeting	CRMO			
	Member of the Executive Compensation Meeting	Chairman of the Executive Compensation Meeting				
Total years of service	4 years	3 years	1 year	4 years	1 year	1 year
Number of the Company's Shares Held	35,419 shares	21,729 shares	12,215 shares	20,353 shares	19,743 shares	10,256 shares
Management (executive experience)	●					
Technology/development				●	●	
Manufacturing/purchase		●		●	●	●
Sale/marketing	●	●	●			●
Global	●		●	●		●
Financial affairs and accounting			●			
Legal affairs, compliance and risk management			●			
Human Resource Development and Diversity	●	●			●	
IT & DX						

Note: The list above does not cover the entire scope of knowledge held by the Directors and Corporate Auditors.

[Translation for Reference and Convenience Purposes Only]

				Board of Corporate Auditors			
							
Yasuyuki Abe (April 17, 1952) Male Independent Outside	Natsunosuke Yago (May 16, 1951) Male Independent Outside	Miwako Doi (June 2, 1954) Female Independent Outside	Yoichi Kato (September 14, 1959) Male	Hiromi Tsutsumi (April 25, 1957) Female	Shigeru Nosaka (September 12, 1953) Male Independent Outside	Kyoko Okada (July 26, 1959) Female Independent Outside	Yuri Furusawa (July 22, 1963) Female Independent Outside
Director	Director	Director	Standing Corporate Auditor	Standing Corporate Auditor	Corporate Auditor	Corporate Auditor	Corporate Auditor
Member of the Executive Nomination Meeting	Member of the Executive Nomination Meeting	Member of the Executive Nomination Meeting					
Member of the Executive Compensation Meeting	Member of the Executive Compensation Meeting	Member of the Executive Compensation Meeting					
3 years	3 years	2 years	1 year	2 years	3 years	3 years	New candidate
4,800 shares	4,200 shares	400 shares	11,129 shares	19,065 shares	1,600 shares	1,400 shares	0 shares
●	●						
	●	●					
	●						
				●		●	
●	●		●		●		●
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	●		●			●	●
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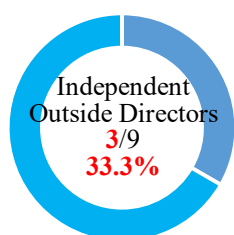
[Translation for Reference and Convenience Purposes Only]

(Reference) Data on Corporate Governance Code

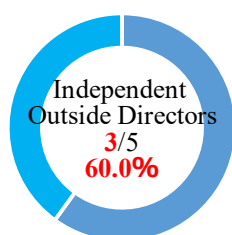
Matters concerning responsibilities of the Board of Directors, etc. (Page for reference)

Principle 4-2 [1]	Sound incentivization of director compensation	Proportion of performance compensation	40~45%*1	34
		Proportion of restricted stock units	20~25%*1	
Principle 4-8	Effective use of independent Outside Directors	Proportion of independent Outside Directors	3/9 (33.3%)*2	27
Principle 4-10 [1]	Establishment of an independent Executive Nomination Meeting	Proportion of independent Outside Directors	3/5 (60.0%)*2	
		Establishment of an independent Executive Compensation Meeting	Proportion of independent Outside Directors	
Principle 4-11	Prerequisites for ensuring the effectiveness of the Board of Directors and Board of Corporate Auditors	Proportion of female Directors	1/9 (11.1%)*2	
		Proportion of female Corporate Auditors	3/5 (60.0%)*2	
		Evaluation of the Effectiveness of the Board of Directors	Implemented since FYE2016	

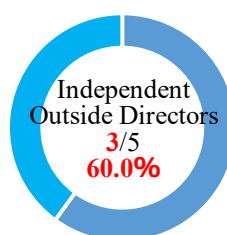
Board of Directors
(Independence)



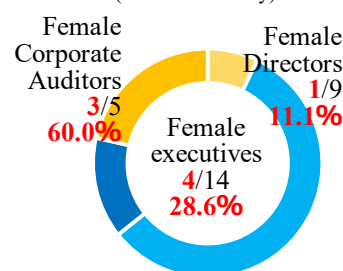
Executive Nomination Meeting
(Independence)



Executive Compensation Meeting
(Independence)



Board of Directors and Board of Corporate Auditors
(Gender Diversity)



The criteria for determining the independence of Outside Officers are posted on the Company's website on the Internet. Please refer to the attachment at the end of the "Corporate Governance Guidelines."
https://www.subaru.co.jp/en/outline/pdf/governance_guideline_e.pdf

Other matters (Page for reference)

Principle 1-4	Cross-shareholdings	Details of cross-shareholdings	2 issues, 1,592 million yen *3	58
Principle 2-4 [1]	Ensure diversity in the appointment of core personnel, etc.	Number of female managers	24 persons *3	51
		Number of non-Japanese managers	2 persons *3	
		Number of managers employed in mid-career	164 persons*3	
Principle 2-5	Whistle blowing	Number of cases reported to the whistle blowing system	214 cases*3	74

*1: After approval of Proposal No. 6 (percentage varies depending on officer position)

*2: After approval of Proposal No. 3 and Proposal No. 4

*3: As of March 31, 2022

Proposal No. 6 Determination of Compensation for Granting Restricted Stock to Directors

1. Reasons for the proposal and reasons for determining the compensation system is appropriate

The Company proposes to revise the “Restricted Stock Compensation Plan” (hereinafter, the “Stock Compensation Plan”), which has been in place since the 87th fiscal period (FYE2017), to add variable compensation (PSU*¹), in which the number of shares granted to Directors is linked to the degree of achievement of target business performance, for the purpose of providing them an incentive for sustained improvement of the Company’s corporate value for the medium and long term and further value sharing with the shareholders.

We have determined that this revision of the Stock Compensation Plan is appropriate as it is intended to accelerate the achievement of the key initiatives set forth in the “STEP” mid-term management vision and to motivate Directors to contribute to the achievement of the Group's business performance and the enhancement of its corporate value over the medium to long term by enhancing the performance-linked incentives for executive compensation and increasing the ratio of stock compensation to total compensation.

In revising the Stock Compensation Plan, the Company's Board of Directors, at a meeting held on March 3, 2022, decided the policy for determining details of compensation for individual directors for the 92nd fiscal period (FYE2022) (pages 33-34), subject to approval of this proposal without amendment at this General Meeting of Shareholders, based on the reports from the Executive Compensation Meeting, where the majority of its members are outside directors. The Company has determined that the content of this proposal is appropriate since it is necessary and reasonable for the granting of compensation to directors in accordance with the policy.

If Proposal No. 3, "Election of Nine (9) Directors," is approved at this General Meeting of Shareholders without amendment, five (5) Directors, excluding three (3) Outside Directors and one (1) non-resident Director will be eligible for the payment of compensation under the Stock Compensation Plan.

2. Details of Compensation and other matters under the Stock Compensation Plan

1. Persons to whom the system applies	Directors (excluding Outside Directors and non-resident officers)	
2. Total amount of monetary compensation to be paid for granting stock compensation	Up to 200 million yen per year. The 85th Ordinary General Meeting of Shareholders held on June 28, 2016 approved the amount of compensation, etc. to be paid to Directors for one year to be within 1.2 billion yen (including 200 million yen for Outside Directors), and monetary compensation for the grant of stock compensation shall be paid within this amount.	
3. Upper limit on the number of the Company's shares granted to Directors	The total number of shares in fixed compensation (RS* ²) and variable compensation (PSU) shall not exceed 150,000 shares per year. Based on the resolution of the Board of Directors, Directors shall wholly contribute the monetary compensation claim in the form of properties contributed in kind, and shall receive shares of the Company’s common stock through issuance or disposal. The paid-in amount per share will be determined by the Board of Directors based on the simple average closing price of the Company's common stock on the Tokyo Stock Exchange during the one-month period immediately preceding the date of the resolution of the Board of Directors.	
4. Method of calculation of the number of the Company's shares granted to Directors	Fixed compensation (RS)	Shares of the Company's common stock that are equivalent to a standard amount determined by taking into consideration the Company's business performance, the scope of each Director's responsibilities, and various other circumstances at a certain time of the year shall be granted.

*1: Performance Share Unit

*2 :Restricted Stock

[Translation for Reference and Convenience Purposes Only]

	Variable compensation (PSU)	<p>At a certain time of the year, the Company shall grant a number of units (1 unit = 1 share) that are equivalent to a standard amount determined by taking into consideration the Company's performance, the scope of each Director's responsibilities, and various other circumstances. After the business results for the evaluation period are determined, shares of the Company's common stock shall be granted in a number calculated by multiplying the number of units by a payment ratio (50% to 100%) that is determined in conjunction with the degree to which the business performance indicators have been achieved. In principle, shares shall not be granted to those who have resigned as Directors prior to the expiration of the evaluation period. However, in the event of retirement due to death or in the event that Executive Compensation Meeting recognizes a reason for granting shares, the Executive Compensation Meeting may determine a reasonable rate of payment (50% to 100%).</p> <p>*The evaluation period shall be the single fiscal year that includes the date on which units are granted.</p> <p>*Performance indicators shall be set as quantitative (financial) and qualitative (non-financial) indicators, and shall be reviewed in conjunction with the update of the medium-term management vision and management targets.</p>
5. Restricted transfer period	The period shall be from the date of grant until his/her retirement as Director. However, if he/she continues to serve as an executive officer after retiring as a Director, the restricted transfer period shall be extended until he/she retires from such executive officer's position.	

3. Restricted transfer agreement regarding the shares of the Company's stock to be granted to Directors

When issuing or disposing of shares of the Company's common stock under the Stock Compensation Plan, the Company and the Director shall enter into a restricted stock allotment agreement (hereafter, "allotment agreement") that generally includes the following details.

1. Directors shall not transfer the shares of the Company's common stock allocated to them under the allotment agreement (hereafter, "allotted shares"), use them to create a security interest, or otherwise dispose of them (hereafter, restrictions on transfer) during the period until they retire from office as Director (hereafter, the "restricted transfer period").
2. In principle, restrictions on transfer shall be lifted at the expiration of the restricted transfer period on condition that the Director continues to hold the position of Director during the period of execution of duties (from the date of issuance of shares or grant of units until the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year that includes the said date)
3. If a Director resigns before the expiration of the period of execution of duties, the Company shall naturally acquire the allotted shares without compensation, except in the case of resignation due to death or in the case where the resignation is justified by a resolution of the Board of Directors.
4. In the event of misconduct committed by an officer during the restricted transfer period, or in the event of the discovery of a material error in his/her track record on which shares were granted, the Company shall acquire all or part of the allotted shares without compensation, as determined by the Executive Compensation Meeting.
5. Notwithstanding the provisions of (1) above, in the event that a merger agreement in which the Company becomes a defunct company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other matters related to organizational restructuring, etc. is approved at a General Meeting of Shareholders of the Company, etc. during the period of execution of duties, the Company shall, by a resolution of the Board of Directors, lift the restriction on transfer of the allotted shares, the number of which shall be reasonably determined based on the period from the date on which the period of execution of duties begins to the date of approval of such organizational restructuring, etc., prior to the effective date of the said organizational restructuring, etc.
6. In the provision stipulated in (5) above, the Company shall naturally acquire without compensation the allotted shares for which the restriction on transfer has not yet been lifted as of the time immediately after the lifting of the restriction on transfer in accordance with the provision stipulated in (5) above.

*:If the proposal is approved without amendment, the Company plans to introduce a similar Stock Compensation Plan for executive officers.

[Translation for Reference and Convenience Purposes Only]

(Reference) Overview of the revision to the executive compensation system

1. Compensation structure after the revision

The composition of compensation for Representative Director President & CEO will amount to 45% in basic compensation, 30% in annual performance-linked bonuses, and 25% in restricted stock compensation (15% in variable compensation [PSU] + 10% in fixed compensation [RS]), when the key performance indicators laid out in STEP are achieved.

For outside directors, the Company pays only basic compensation as before.

■ Compensation System for Directors (excluding Outside Directors) before revisions

Fixed portion	Performance-linked portion	Long-term incentives
Basic compensation	Short-term performance-linked compensation	Restricted stock units

■ Compensation System for Directors (Representative Director President & CEO) after revisions

Fixed portion	Short-term incentives	Mid- and long-term incentives	
Basic compensation 45%	Annual performance-linked bonuses 30%	Restricted stock compensation	
		Variable compensation type (PSU) 15%	Fixed compensation type (RS) 10%
		financial	non-financial

2. Annual performance-linked bonuses (Short-term incentive)

Based on the consolidated profit before tax for the current fiscal year as a key performance indicator (KPI), a compensation table shall be prepared, in which the higher his/her position is, the more closely his/her compensation is linked to annual performance, and annual performance-linked bonuses shall be paid in cash at a certain time of the year. For Executive Vice Presidents, Senior Vice Presidents and Vice Presidents, specific amounts shall be determined by taking into consideration their annual performance and their contribution to human resource development, etc. Such compensation will not be paid to Outside Directors.

3. Restricted stock compensation (Mid- and long-term incentive)

The Company introduced a Restricted Stock Compensation Plan in the form of fixed compensation (RS) in FY2017.

In order to facilitate the achievement of the goals set forth in the Group's mid-term management vision, we have added variable compensation (PSU) in restricted stock units to form a compensation structure with a greater emphasis on stock compensation. The Key Performance Indicator (KPI) for variable compensation (PSU) will be reviewed to coincide with updates to mid-term management visions or management indicators. For this revision, consolidated ROE and employee engagement (employee satisfaction evaluation) will be adopted for quantitative (financial) evaluation and qualitative (non-financial) evaluation, respectively. Such compensation will not be paid to Outside Directors.

(Reference) The Policy for Determining Details of Compensation for Individual Directors for the 92nd fiscal period (FY2022)

1. Basic policy

As a basic policy, compensation for directors of the Company is determined in view of the following items: Compensation is at a level commensurate with the roles and responsibilities of directors and is appropriate, fair, and balanced.

The compensation structure is determined by giving consideration to providing motivation for sustained improvement in corporate performance and corporate value and securing excellent human resources.

Specifically, compensation for Directors, excluding Outside Directors, will consist of base compensation, annual performance-linked bonus, and compensation in restricted stock (for non-residents, phantom stock, instead of restricted stock). For outside directors, the Company pays only basic compensation in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position. The total amount of compensation for individual directors and the levels of each compensation item are set for every position depending on difference in responsibility by utilizing the research data compiled by outside specialized agencies.

2. Policy for determining the amount of monetary compensation excluding performance-linked compensation (hereinafter, the "Fixed Monetary Compensation"), performance-linked compensation, and non-monetary compensation (including the policy for determining the timing or conditions for granting such compensation)

(1) Policy for the Fixed Monetary Compensation

Directors receive the Fixed Monetary Compensation monthly as basic compensation. The amount for individual directors is determined based on their positions, taking into consideration elements such as the business environment.

(2) Policy for performance-linked compensation

Directors, excluding Outside Directors, shall receive annual performance-linked compensation by cash at a certain time of the year. The specific amount is determined according to a compensation table by position prepared based on the consolidated profit before tax for the current fiscal year as a key performance indicator (KPI).

In addition, in order to facilitate the achievement of the Group's medium- and long-term strategy targets, a portion of the restricted stock compensation to be granted as non-monetary compensation (see (3) below) will be set as Performance Share Units (hereafter, "PSUs"), in which the number of shares granted is linked to the degree to which target business results are achieved. To set KPIs for PSUs, consolidated return on equity, a key financial indicator in the mid-term strategy, as well as employee engagement as a non-financial indicator, will be adopted.

The Company will appropriately review the KPIs for annual performance-linked bonuses and PSUs based on changes in the environment and reports from the Executive Compensation Meeting.

(3) Policy for non-monetary compensation

The Company grants restricted stock units to Directors (excluding Outside Directors) for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders

A portion of the restricted stock compensation shall be granted as fixed compensation and the remainder as variable compensation, both of which shall be prohibited from being transferred during the term of office and the restriction on transfer shall be lifted upon retirement.

Restricted stock compensation in the form of fixed compensation (RS) shall be granted as shares of the Company's common stock that are equivalent to a standard amount determined by taking into consideration the Company's business performance, the scope of each Director's responsibilities, and various other circumstances at a certain time of the year.

At a certain time of the year, the Company shall grant restricted stock compensation in the form of fixed compensation (PSU) in a number of units (1 unit = 1 share) that are equivalent to a standard amount determined by taking into consideration the Company's performance, the scope of each Director's responsibilities, and various other circumstances. After the evaluation period, shares of the Company's common stock shall be granted in a number calculated by multiplying the number of units by a payment ratio (50% to 100%) that is determined in conjunction with the degree to which the target business performance indicators have been achieved.

[Translation for Reference and Convenience Purposes Only]

The total number of shares of the Company's common stock to be allocated to Directors as restricted stock compensation as part of RS and PSUs shall be limited to 150,000 shares per year. In addition, the Company and Directors shall enter into a restricted stock allotment agreement that includes an overview and provisions that state (1) Directors shall not, for a set period of time period during his/her term of office as an officer of the Company, transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock that have been allotted to them, and (2) the Company may acquire the said shares of its common stock without compensation if certain events occur.

Compensation for a Director who is a non-resident at the time of granting shares will be paid in the form of a phantom stock equivalent to the said stock compensation instead of restricted stock compensation, thereby being treated in accordance with the restricted stock allotment agreement.

3. Policy for determining the proportion of the Fixed Monetary Compensation, performance-linked compensation, and non-monetary compensation to the total amount of compensation, etc. for individual directors

The Company shall appropriately determine the proportion of compensation by type of directors excluding outside directors in reference to the compensation levels and compensation mix of companies of a similar scale to the Company or industry peers obtained through an external research company, and in consideration of factors such as the Company's overall salary level and social situations. The following proportions are generally used as rough standards (for performance-linked compensation, the proportions are those of the base amount).

	Breakdown				Rate	
	Basic compensation	Annual performance-linked Compensation	Restricted stock Compensation		President	Directors other than the President
			RS	PSU		
Fixed Monetary Compensation	●				45%	50%
Performance-linked Compensation		●		●	45%* ¹	40%* ²
Non-monetary Compensation			●	●	25%* ¹	20%* ²

The Company shall appropriately review the compensation level and compensation mix in consideration of the Company's business environment, as well as the situation of companies of a similar scale to the Company or industry peers, and other circumstances based on reports from the Executive Compensation Meeting.

4. Matters concerning the determination of details of compensation, etc. for individual directors

The Executive Compensation Meeting, by a resolution of and upon delegation by the Board of Directors, determines specific amounts of compensation, etc. of individual directors, following sufficient deliberation by its members including outside directors. Its authorities include the determination of specific amounts of basic compensation, annual performance-linked bonuses, and restricted stock compensation, and their payment schedule. For restricted stock units, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on decisions of the Executive Compensation Meeting.

With regard to revisions of the compensation system and other matters pertaining to compensation overall, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors.

To ensure transparency and effectiveness of the executive compensation determination process, the Executive Compensation Meeting shall, by a resolution of the Board of Directors, be structured so that the majority of its members are outside directors, and its chairman shall be appointed by a resolution of the Board of Directors.

(Supplementary Provisions)

This policy shall take effect at the conclusion of the 91st Ordinary General Meeting of Shareholders, provided that the proposal regarding the Stock Compensation Plan is approved at the 91st Ordinary General Meeting of Shareholders. These Supplementary Provisions shall be deleted on the effective date.

*1: Each of the performance-based compensation (45%) and non-monetary compensation (25%) includes restricted stock unit compensation (PSU) (15%).

*2: Each of the performance-based compensation (40%) and non-monetary compensation (20%) includes restricted stock unit compensation (PSU) (10%).

Attachments

Report on non-consolidated financial statements for the 91st fiscal period (April 1, 2021 to March 31, 2022)

1. Matters concerning the status of SUBARU GROUP

(1) Progress and Results

In fiscal 2021, the global economy showed a recovery trend thanks to the progress in vaccination against COVID-19. Meanwhile, the outlook continues to be unclear given the resurgence in COVID-19 infections with new variants, congestion in logistics as economic activities resumed, and worsening of the Russia-Ukraine situation.

Under such circumstances, we, at the Subaru Group, drove forward business activities while continuing with prevention of the infection and its spread. We promoted “corporate culture reform,” “quality enhancement,” and “evolution of the Subaru difference”—the priority initiatives under the medium-term management vision “STEP”—and announced the progress in the implementation of these initiatives in May 2021 while continuing to steadily push forward reforms.

In the current consolidated fiscal year, supply constraints of parts we procure from business partners continued due to the spread of the coronavirus in Southeast Asia during the second quarter period, in addition to the global shortage of semiconductors supply throughout the year, and we were affected by production adjustments and temporary suspensions at our Japanese and U.S. manufacturing plants. These led to a year-on-year decrease in revenue by 85.7 billion yen (3.0%) to 2,744.5 billion yen.

Despite curbs on sales incentives, decrease in warranty expenses, and profit contribution from foreign exchange fluctuation, operating profit decreased by 12.0 billion yen (11.7%) to 90.5 billion yen, profit before tax fell by 7.0 billion yen (6.1%) to 107.0 billion yen, and profit for the period attributable to owners of parent declined by 6.5 billion yen (8.5%) to 70.0 billion yen on a year-on-year basis due to the surging raw material costs and the decline in unit sales.



SOLTERRA

	Amount of money (Millions of Yen)	Change (%)
Revenue	2,744,520	(3.0)
Operating Profit	90,452	(11.7)
Profit before tax	106,972	(6.1)
Profit for the period attributable to owners of parent	70,007	(8.5)

[Translation for Reference and Convenience Purposes Only]

(Automobile Division)

In fiscal 2021, demand in the automobile industry was on a recovery track along with the economy. However, automobile production stagnated in various countries due to global shortage of semiconductor supply, which also affected sales. Overall automobile demand in the United States, our mainstay market, decreased from the previous fiscal year by about 4% to approximately 14.5 million units. Total automobile demand in Japan decreased by 9% to approximately 4.2 million units.

Under such business environment, supply constraints of parts procured from business partners continued and we also had to adjust production and temporarily suspend operations at our plants in the U.S. and Japan. Consequently, overseas and domestic unit sales decreased year on year by 114,000 units (15.0%) to 645,000 units and by 12,000 units (12.1%) to 89,000 units, respectively.

This resulted in a decrease in combined overseas and domestic unit sales by 126,000 units (14.7%) to 734,000 units. Revenue decreased by 60.0 billion yen (2.2%) to 2,677.5 billion yen. Segment profit decreased by 16.5 billion yen (15.2%) to 92.5 billion yen.



FORESTER



2022 Subaru Outback Wilderness (U.S. model)

Consolidated Unit Sales in the Fiscal Year Ended March 2022

	Unit sales (in 10 thousand units)	Change (in 10 thousand units)	Change (%)
Total in Japan	8.9	(1.2)	(12.1)
Passenger cars	7.3	(0.9)	(11.3)
Minicars	1.7	(0.3)	(15.5)
Total Overseas	64.5	(11.4)	(15.0)
North America	55.5	(10.6)	(16.0)
Europe/Russia	1.9	0.1	4.8
Australia	3.3	0.2	5.8
China	1.4	(1.1)	(43.4)
Other regions	2.3	0.0	0.6
Total	73.4	(12.6)	(14.7)

[Translation for Reference and Convenience Purposes Only]

(Aerospace Division)

Revenue fell by 25.4 billion yen (29.0%) to 62.3 billion yen due to fewer deliveries of Boeing 787 components in the midst of the growing COVID-19 pandemic. Segment loss improved year-on-year by 2.8 billion yen (28.6%) to a loss of 7.0 billion yen.

Under such a business environment, the Aerospace Company, continuing from the previous fiscal year, has been working as one team in efforts to strengthen its business structure. As a result of implementing these efforts, which include business structure downsizing and expense reduction, and temporary personnel transfer from the Aerospace Company and related entities to the Automotive Business Unit, some positive achievements have been seen to date. While preparing for aircraft demand, which will definitely recover, we will also work on rebuilding the business structure through measures such as expansion of the helicopter business



SUBARU BELL 412EPX (illustration)

(Other Businesses)

Revenue decreased by 0.3 billion yen (5.0%) to 4.8 billion yen. Segment profit increased by 1.7 billion yen (55.8%) to 4.8 billion yen.

(In Japanese yen in million except for profit ratio and percentage change from the previous period)

By Business Segment	Revenue				Segment Profit			
	90 th FYE2021	91 st FYE2022	Change	Change (%)	90 th FYE2021	FYE2022	Change	Change (%)
Automobile Div.	2,737,503	2,677,465	(60,038)	(2.2)	109,067	92,541	(16,526)	(15.2)
Aerospace Div.	87,693	62,291	(25,402)	(29.0)	(9,811)	(7,005)	2,806	28.6
Other Business	5,014	4,764	(250)	(5.0)	3,070	4,782	1,712	55.8
Adjustments	-	-	-	-	142	134	(8)	(5.6)
Total	2,830,210	2,744,520	(85,690)	(3.0)	102,468	90,452	(12,016)	(11.7)

Notes : 1.Revenue is the revenue from external customers.

2.Adjustment to segment profit refers to the elimination of intersegment transactions.

[Translation for Reference and Convenience Purposes Only]

(2) Status of Assets and Profit/Loss

Category		88th FYE 2019	89th FYE 2020	90th FYE 2021	91st (Current) FYE 2022
Revenue	(Millions of yen)	3,156,150	3,344,109	2,830,210	2,744,520
Operating profit	(Millions of yen)	181,724	210,319	102,468	90,452
Profit for the period attributable to owners of parent	(Millions of yen)	141,418	152,587	76,510	70,007
Ratio of operating profit to revenue	(%)	5.8	6.3	3.6	3.3
Profit for the period per share, basic	(Yen)	184.44	198.99	99.77	91.28
Total assets	(Millions of yen)	3,180,597	3,293,908	3,411,712	3,543,753
Total equity	(Millions of yen)	1,689,899	1,720,123	1,786,383	1,901,019
Ratio of equity attributable to owners of parent to total assets	(%)	52.9	52.0	52.1	53.4
Equity attributable to owners of parent per share	(Yen)	2,193.97	2,233.76	2,318.17	2,465.41
Ratio of profit to equity attributable to owners of parent (ROE)	(%)	8.5	9.0	4.4	3.8
Price earnings ratio	(%)	13.68	10.42	22.09	21.34
Operating activities	(Millions of yen)	250,732	210,134	289,376	195,651
Investing activities	(Millions of yen)	(190,119)	(25,844)	(272,174)	(179,723)
Financing activities	(Millions of yen)	(141,551)	(15,818)	13,966	(98,502)
Cash and cash equivalents	(Millions of yen)	702,328	858,966	907,326	883,074

Notes:

1. The Company has adopted the International Financial Reporting Standards (IFRS) instead of the previously used Japanese standards since the 89th fiscal period. For this reason, the figures for the 88th fiscal period have also been reclassified and stated in accordance with the IFRS.
2. Profit for the period per share, basic is calculated based on the average number of shares during the period, and basic share attributable to owners of parent is calculated based on the number of shares issued at the end of the period, excluding treasury stock.

(3) Issues That Must Be Addressed

In May 2021, we reported our progress in the medium-term management vision “STEP” and presented it as “STEP2.0.” Taking this opportunity, we consolidated the multiple corporate principles we had and revised them as follows:



Our corporate statement is “We aim to be a compelling company with a strong market presence built upon our customer-first principle.” This is what we set forth about 10 years ago.

The value the Group delivers to its customers is “Enjoyment and Peace of Mind.” This value statement was also established around the same time as the said corporate statement. We recognize that this is a value we must deliver to our customers to deepen the Subaru Difference, not influenced by the changes in the times or external environment and further enhance our brand.

Our vision is “Delivering happiness to all.” We established this vision five years ago, when we changed our company name to Subaru Corporation. This vision has come to us as watching what our customers do: we learned what Subaru should do from our customers.

We will raise the medium- to long-term corporate value by continuously growing the Automobile Division and Aerospace Division as a global brand.

“STEP” medium-term management vision

As the automobile industry undergoes major transformation, we need to identify the changes and respond to them with a sense of speed. The Group in July 2018 announced the medium-term management vision “STEP” with the aim of becoming a company that is trusted by and resonates with our customers through the provision of “Enjoyment and Peace of Mind.” and set forth the following three visions for 2025.

2025 Vision

- [1] Become a brand that is “different” from others by enhancing distinctiveness.
- [2] Engage in business activities that resonate with customers by putting them center-stage.
- [3] Fulfill corporate social responsibilities by contributing to diversifying social needs.

0	“Change the Culture” Corporate culture reforms	- Accelerate efforts to become “a company that does the right thing in the right way.” - Continuous efforts aimed at corporate culture reforms.		
		“Mono-zukuri” (Car-making)	Sales and service	New mobility domain
1	Enhance corporate quality	- <u>Quality reforms</u>	- Enhance quality at customer contact points	- Alliance enhancement
2	Build a strong brand	- More enjoyment, more peace of mind	- From “A car you can love” to “A car, a brand, and people you can love”	- Generate new value through connected car technologies
3	Sustainable growth based on focus strategy	- <u>Launch “Make-a-Subaru” initiative</u>	- Target 5% share in the U.S. - Steady growth in each region	- Initiatives to create new technologies and businesses

To realize the vision, we have been taking various initiatives primarily centered on “Corporate culture reform,” “Quality enhancement,” and the “Evolution of the Subaru difference.”

It has been about four years since the announcement of the “STEP” medium-term management vision in 2018, and we have been steadily making progress in these key initiatives.

For “Corporate culture reform,” we promoted activities focused on growth and development of individual employees and have moved on to a phase for strengthening engagement so that each employee can feel their growth and job satisfaction.

[Translation for Reference and Convenience Purposes Only]

For “Quality enhancement,” we consider high quality as the bedrock of the Subaru brand and the source of additional values. We are currently at a stage to deliver results of our quality enhancement including the responses to new technology and are driving forward such activities.

For “Evolution of the Subaru difference,” we further evolved technology that supports “Enjoyment and Peace of Mind” towards achievement of zero fatal traffic accident*¹ and contribution to a carbon-free society announced at the technology briefing in January 2020. We will continue to strengthen “Subaru difference” also in the age of electrification through utilization of all-wheel drive (AWD) control knowhow, our strength, in motor control and through other means.

We aim to become a brand that is “different” from others by enhancing distinctiveness through these initiatives and further deepening the relationship between Subaru and our customers.

The deep relationship with our customers is truly an asset to the Subaru brand, and we strongly realize that we must continue to enhance it.

We will be close to our customers’ lives and work together with them towards realization of an enjoyable, sustainable society. We envisioned “Delivering happiness to all” from the desire to be Subaru that wishes to bring smile to people, society, and even the earth.

Value Creation Process



*1: Fatal traffic accidents of Subaru drivers/passengers and pedestrians/cyclists Subaru cars collide with.

[Translation for Reference and Convenience Purposes Only]

[1] Implementation of the Business Continuity Plan (BCP)

At the onset of the COVID-19 pandemic, the Company established the Coronavirus Special Countermeasure Headquarters*² led by the CEO. At the same time, we continued with our business activities while ensuring the protection of our customers, business partners, and employees of the Group from infection as well as their safety under the overall supervision of the Chief Risk Management Officer (CRMO). We are still continuing with the necessary preventative measures for employees though we cannot foresee the end of the spreading infection. We are also prioritizing health and safety of our employees and their family members by grasping their health conditions, providing support to them, and offering workplace vaccination.

Further, we went ahead with the transition to alternate work arrangements for the new normal by strengthening the IT infrastructure and discontinuing the core time of the flex-time system. We pushed forward with workstyle reform also by introducing remote work with focus on administrative departments.

By offering new model announcements and other events online, we created opportunities for more customers to directly experience the value provided by Subaru while preventing the infection. We will continue to pay close attention to the COVID-19 infection situation and strive to ensure the safety of our stakeholders and further disseminate the Subaru brand's messages.

In the Automobile Division, we continue to consider the global semiconductor shortage that occurred in the second half of 2020 as a significant business risk. Moreover, the spread of COVID-19 in Southeast Asia disrupted supply of some parts we procure from business partners and we were forced to adjust production through suspension of plants' operations for several days and other means in January, April, September, and December 2021 as well as January and February 2022. We also had to stop operation of plants for two business days in March 2022 due to difficulties in supply of some parts caused by the earthquake that occurred on March 17, 2022 off the Fukushima Prefecture coast.

The parts supply condition continues to be unpredictable, and in response we are strengthening supply chain management system involving changes to duties of executive officers, promoting switching to alternative parts, reviewing product specs, and transferring parts between models and plants among other efforts. We will push forward such initiatives in company-wide efforts led by procurement and manufacturing departments to offer products to our customers as soon as possible.

In addition to the procurement issues described above, we also consider as challenges the worsening of profitability resulting from soaring prices of raw materials such as rare metals and steel, and will implement initiatives for ensuring profits without delay.

As for the impact of the recent Russia-Ukraine situation, we do not have any local production in the affected region. Also, we sell our products in these countries through local subsidiaries. In 2021, we sold about 5,000 units in Russia and about 500 units in Ukraine, and we anticipate the current situation to have limited impact on the Company. Meanwhile, we will continue to closely observe its impact on supply and costs of procured parts and raw materials used in our products.

In the Aerospace Division, continuing from last year, we have been strongly promoting secure employment through relocation of employees across divisions and reduction of fixed costs within the division in preparation for demand recovery in the future.

[2] Promotion of the "STEP" mid-term management vision

In May 2021, we made a progress report on the medium-term management vision "STEP," which we announced in July 2018. In the following pages, we will describe the achievements to date and the direction of future initiatives for "Corporate culture reforms," "Quality enhancement," and the "Evolution of the Subaru difference," which are key initiatives.

*²: Coronavirus Special Countermeasure Headquarters completed its mission at the end of March 2022 and we moved on to a management system in the era of "living together" with COVID-19, under which we take necessary countermeasures in regular business activities.

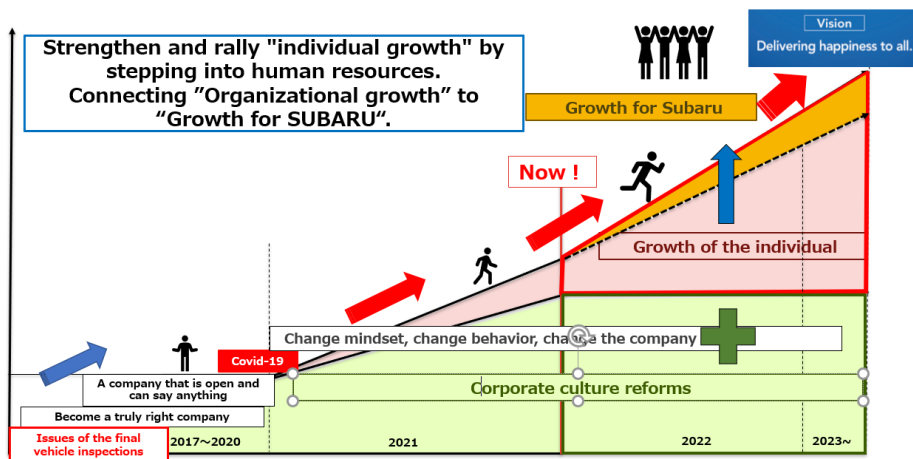
[Translation for Reference and Convenience Purposes Only]

● **Corporate Culture Reforms**

In the fiscal year under review, we continued to use “change mindset, change behavior, change the company” as our motto and drove forward the company-wide activities. Specifically, we implemented new initiatives of “dialogue with president” and “external dialogue,” which invite management leaders of other companies, in addition to the existing “officer speech relay” and “dialogue-with-general-managers relay” initiatives, company-wide activities in the third year, under activities aimed at changing the mindset of individual employees and leading to behavioral changes.

Through these activities, we increased the opportunities for employees to change their awareness and grow themselves through various dialogue events, etc. to know the outside world by sharing management issues.

Enhancement and utilization of IT tools, which was accelerated by the COVID-19 pandemic, provided a tailwind and is helping in revitalizing the organization by generating spontaneous company-wide communication cutting across various departments and job positions.



We have also introduced a new personnel system and open-call job rotation, thereby developing a mechanism for employees to independently realize their career visions. Going forward, we will aim to bridge individual growth to organizational growth, while further strengthening individual growth and employee engagement through job achievements and sense of accomplishment. To realize this, we will integrate “Corporate culture reforms” promoted by Corporate Planning Department and the workstyle reform and personnel strategy led by the Human Resources Department and strengthen the activities in concerted efforts.

● **Quality enhancement**

We are advancing efforts for quality enhancement in three key domains.

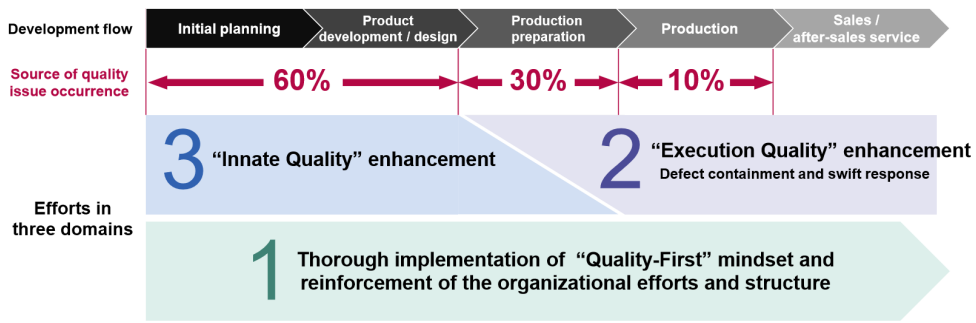
The first one is our base, “Thorough implementation of Quality First mindset and reinforcement of the organizational efforts and structure.” By re-defining our visions and carrying out company-wide educational and look-back activities through review of the quality policy and renewal of quality manuals, we encourage reform of quality awareness of individual employees.

The second one is “Execution quality enhancement,” which aims to prevent the spread of defects from the production preparation stage or later. This field includes swiftly taking measures to solve the defects that have occurred in market. We set up FAST*³, a quality improvement team, for strengthening quality assurance system in North America, which is our main market. We also plan to start operations of the new final vehicle inspection facility in FYE2023 onwards. Further, we will improve the response speed of quality improvement by establishing the QA lab to enhance capability to investigate defects and promoting strengthening of parts traceability.

The third one is “Innate Quality enhancement,” which revolutionizes the processes from initial studies to development, and design. We ensure quality all the way from the very start of development down through component logistics and production. We are also driving forward strengthening of authority of employees in charge of development and changes to development process.

*³: Fast Action & Solution Team

[Translation for Reference and Convenience Purposes Only]



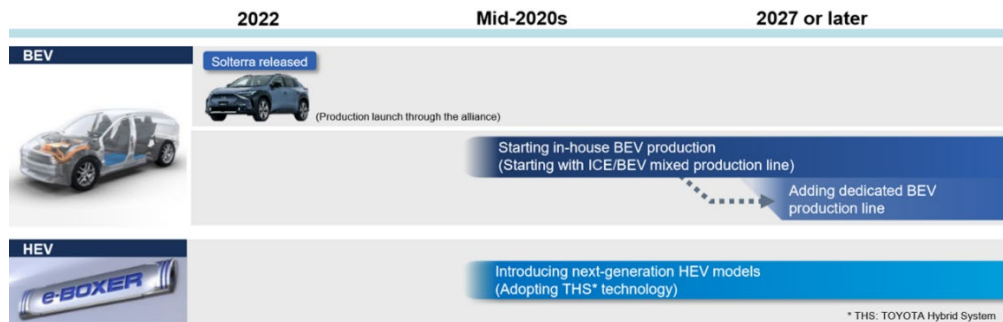
While we have made steady progress in these three areas, we are still at the halfway stage and have not been able to fully present the achievements to customers and dealers. High quality is the bedrock of the brand and the source of the added-value strategy. We will continue to strongly promote initiatives towards quality enhancement and aim to steadily produce results.

● Evolution of the Subaru difference

We will enhance technologies that support "Enjoyment and Peace of Mind," the value Subaru delivers to customers, in order to realize our goals of "zero fatal traffic accidents in 2030" and making "contribution to the creation of a carbon-free society" announced at the technology briefing in January 2020.

Towards achieving zero fatal traffic accidents, following the 2020 market introduction of "EyeSight X," Subaru's advanced driver assist system, we, in April 2022, announced the addition of a Wide-Angle Mono Camera, which enhances the functions of EyeSight enabling it to recognize a wider area, on the Outback for the North American Market. We will consider adopting it for other models and expanding the target markets. Subaru will continue to vigorously push forward initiatives towards achieving zero fatal traffic accidents.

For contribution to a carbon-free society, we had announced "SOLTERRA," the first of BEVs*4 Subaru plans to market globally, and began accepting orders for the model on May 12, 2022, in the Japanese market. We held test-driving events on snow of prototypes targeting the media of Japan, U.S., and Europe, and lots of people experienced the high affinity of motor-driven AWD and dynamic quality with Subaru difference. We plan to enhance the lineup of electric vehicles in the future and work on reorganization of plants to produce BEVs built in-house. The roadmap for establishing the production system is to start in-house production of BEVs around 2025 and increase supply capacity in stages.



We will strategically reorganize production in Japan for the expansion and acceleration of electrified vehicle development with the aims of

- Building a production structure that can flexibly respond to changing demand during the BEV transition period
- Improving BEV business profitability through highly efficient production

To cultivate, enhance, and accumulate the technology that enables realization of products with Subaru difference and maintain our competitiveness in the market into the future, we, in April 2021, switched, from development that was based on functional features such as bodies and power units, to a development system that organically combines values and features. This should allow more flexible response to future technologies as well as vehicle development from a company-wide perspective rather than vertically divided divisional optimization and model optimization.

*4: Battery Electric Ehicle

[Translation for Reference and Convenience Purposes Only]

[3] Enhancement of Alliances

Innovation surrounding the automobile industry has been accelerating and we are required to deal with the so-called CASE*⁵ field. We will flexibly respond to changes by strengthening and expanding collaboration with Toyota Motor Corporation (hereinafter referred to as “Toyota”) in such areas as electrification technologies, connected vehicles, and autonomous driving.

In particular, “SOLTERRA” was developed by combining the two companies’ strengths and manifests the shared vision—creation of ever-better cars.

We will also steadily drive forward installation of the next-generation e-Boxer, which integrates Toyota Hybrid System (THS), in multiple models.

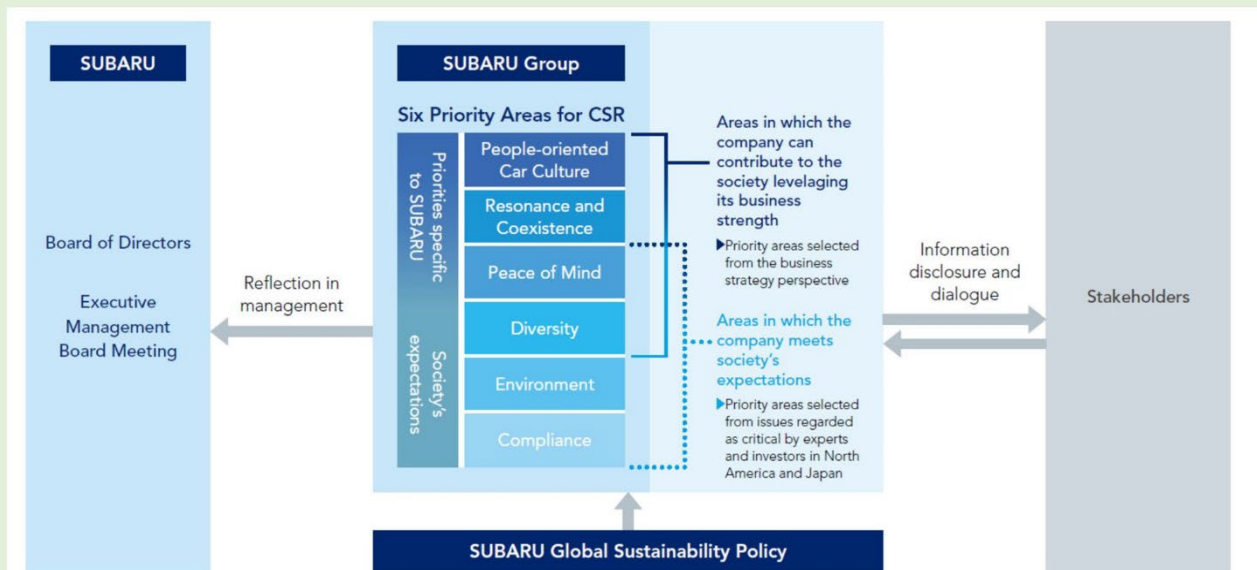
Moreover, we are participating in the Super Taikyu Series 2022 with a racing vehicle using carbon neutral fuel in an endeavor to expand options for utilizing internal-combustion engines. While promoting “creation of ever-better car with focus on motor sports” in cooperation with and by competing with Toyota, we are implementing activities aimed at nurturing engineers and realizing a carbon neutral society.

*⁵: CASE stands for cononnected, autonomous, shared, and electric.

(Reference) Efforts for Sustainable Growth of the Company and Increase in Medium- to Long-term Corporate Value

1. Sustainability of Subaru Group

In the medium-term management vision “STEP,” Subaru described its vision of becoming a company making people smile, guided by our corporate statement of “We aim to be a compelling company with a strong market presence built upon its customer-first principle.” To achieve this vision, we have adopted the “Six Priority Areas for CSR” approach and will continue to promote initiatives based on the Subaru Global Sustainability Policy and to fulfill our corporate social responsibilities, thereby providing “Enjoyment and Peace of Mind” to our customers and other stakeholders. As a true global company, the Group will contribute to the realization of an enjoyable, sustainable society, while aiming for sustainable growth propelled by the growth of each and every employee.



<Subaru Global Sustainability Policy>












We, Subaru Group*, are committed to sustainable business practices designed to promote harmony between people, society and the environment in the following ways:

1. Through our business activities, we will contribute to the resolution of various social issues, including the protection of the global environment, and to the creation of a sustainable society.
2. Respecting the quality and originality of our products, we will continue to provide Subaru's unique value using advanced technologies, and enrich the lives of all those involved with the Subaru Group.
3. As a good corporate citizen in the international community, we respect human rights, diverse values and individuality, and treat all stakeholders with sincerity in every interaction.
4. We strive to maintain and advance the workplace environment so that employees can work safely in peace, and with a sense of satisfaction.
5. We respect international rules and the laws and regulations of each country and region, as well as local culture and customs, and pursue fair and transparent corporate governance.
6. We make use of dialogue with stakeholders to management decisions, and disclose corporate information in a timely and proper manner.

*: Subaru Group includes Subaru Corporation and its all subsidiaries.

2. 2025 Vision for Six Priority Areas for CSR and Contribution to SDGs

The Company has clarified its Six Priority Areas for CSR based on the “Subaru Global Sustainability Policy.” We aim to step up efforts in each of these Areas to achieve our corporate philosophy, shifting “from a company making things to a company making people smile,” and contribute toward achieving the SDGs.

Six Priority Areas for CSR	Basic Concepts	Vision for 2025	Contribution to SDGs
People-oriented Car Culture	Subaru believes that a car is more than just a means of transport. Subaru will foster a sustainable mobility culture by providing customers with added value in the form of products and services which make the car a partner that enriches people’s lives and minds, while cherishing the human emotions of “Enjoyment and Peace of Mind”.	Become a company that enriches people’s lives and minds as a partner.	 
Resonance and Coexistence	Subaru will become a company that is trusted by, and resonates and coexists with both individual customers and society as a whole by engaging seriously with their voices through greater person-to-person communication.	Become a company that is widely trusted by, resonates and coexists with society.	 
Peace of Mind	Subaru will become a company that provides all stakeholders with the utmost peace of mind.	Become a company that provides the utmost peace of mind to all stakeholders.	
Diversity	The Subaru Group’s approach to promoting diversity has two key elements: offering products that respect diverse forms of market value, and respecting and reflecting the diverse values of all those who work for the Subaru Group.	Promote businesses that create diverse forms of market values while respecting the diverse values of all people.	 
Environmental Technologies	In order to pass on “The earth, the sky and nature,” Subaru’s fields of business, to future generations, we provide utmost care to the environment with our company-wide activities.	Cherish and protect the global environment – the earth, the sky and nature – through Group-wide activities.	 
Compliance	Subaru will become a company that operates in accordance with laws, regulations, and societal norms, ensuring that our focus on compliance as a priority permeates throughout and is practiced by all those who work for the Subaru Group.	Act in good faith and become a company that is trusted by and resonates with society.	 

3. Actions to Protect Human Rights

The Group established its Human Rights Policy* considering that respect for individual human rights and individuality is a key management challenge in achieving its corporate philosophy of “promoting harmony between people, society, and the environment” while contributing to the prosperity of society. Based on the policy, we are implementing a “human rights due diligence” program, which is aimed at identifying human rights risks in business scenes and developing/implementing countermeasures, starting with the personnel and procurement areas. The Company will also extend its human rights initiatives by urging its business partners and other parties involved in its operations, including its supply chain, to respect human rights based on this policy and carry out risk reduction measures. If a company commits an act with human rights issues, it not only results in loss of trust of customers but also damages its brand image, significantly affecting the business foundation, and therefore Subaru recognizes respecting human rights as a risk related to its industry and business operations.

* : For more information about the Human Rights Policy, visit our website (<https://www.subaru.co.jp/en/outline/pdf/HumanRightsPolicy.pdf>)

4. Environmental Actions

(1) Medium-term environmental plan Environment Action Plan 2030

We migrated to a new medium-term environmental plan in FYE2022. The plan consists of Environment Action Plan 2030 and other key environmental initiatives, and is formulated around two timelines that are aligned with environmental issues: The main feature of Environment Action Plan 2030 is that it has two types of goals—final milestone goals to be achieved by 2050 and moving targets that change according to the expectations of society. In the plan, we have also set the new target of proceeding with research and development with the goal of using recycled materials*¹ for more than 25% of the plastics used in new models*² released worldwide by 2030 to help address the global waste plastic problem.

We will make further contributions to realization of a sustainable society by sincerely facing expectations of both current and future generations through initiatives based on the new medium-term environmental plan.

(2) Climate change-related initiatives

While promoting recognition of risks and opportunities related to climate changes, Subaru has determined achieving carbon neutrality by around 2050 as the direction it should pursue and formulated a long-term vision, in addition to medium-term goals that serve as milestones for the long-term goals. The Environment Committee discusses and assess our climate change-related initiatives. The content of discussions at the committee is reported to the Sustainability Committee chaired by the Representative Director, President and then submitted or reported to the Executive Management Board Meeting and Board of Directors as necessary.

Category	Time frame	Target
Products (Scope 3)	2050	Reduce average well-to-wheel CO ₂ emissions from new vehicles (in operation) by 90% or more compared to 2010 levels
	Early 2030s	Apply electrification technologies to all SUBARU vehicles produced and sold worldwide
	Up to 2030	Make at least 40% of SUBARU global sales electric vehicles (EVs) or hybrid electric vehicles (HEVs)
Plants/Offices (Scopes 1 and 2)	FYE March 2051	Achieve carbon neutrality
	FYE March 2031	Reduce CO ₂ emissions by 30% compared with FYE March 2017 (total volume basis)

Subaru considers climate change-related initiatives as one of the most important issues and we will contribute to the realization of a carbon-free society through the reduction of CO₂ emissions from the entire life cycle of our business activities of raw material procurement, manufacturing, transport, use, and disposal for sustainable business activities.

See TCFD Content Index (<https://www.subaru.co.jp/en/csr/tcfd/>) for Subaru's information disclosure regarding the disclosure items recommended by the Task Force on Climate-related Financial Information Disclosure (TCFD).

*¹: Including material, chemical, and plastic recycling

*²: Excluding models supplied by OEMs

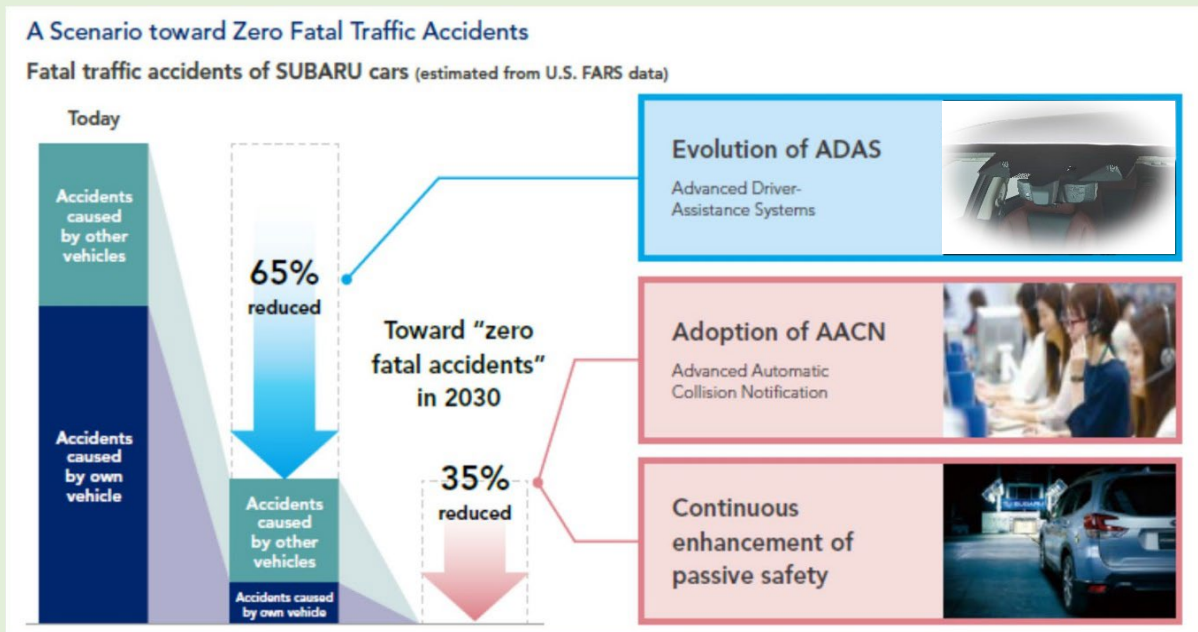
5. Actions toward Zero Fatal Accidents in 2030

Subaru has laid out a goal of achieving zero fatal accidents* in 2030. We believe that we can achieve it by realizing functions and performance that enable our customers to use our products with peace of mind at affordable prices, and by making them widespread in the market.

We are honing our technologies that support automobiles' fundamental functions, for example Subaru Global Platform and AWD technologies, to avoid accidents in an emergency, in addition to preventing accidents through further development of advanced driver-assistance systems such as the EyeSight, and further working on introduction of new technologies and services such as automatic accident reporting system.

We are committed to continuously advancing these technologies—Subaru's strengths—while enhancing safety in all situations by combining advanced sensing technologies with AI recognition ability.

* : Zero fatal traffic accidents of Subaru drivers/passengers and zero fatal collision accidents between pedestrians/cyclists and Subaru cars



Subaru Earns Six IIHS Award for 2022 Model Lineup — Now it has 61 models with *Top Safety Pick+*; the largest cumulative number since 2013 as a single brand—

Some of our 2022 models sold in the U.S., our mainstay market, received six 2022 safety awards from the Insurance Institute for Highway Safety (IIHS) of the US, four of which were 2022 *Top Safety Pick+* (TSP+) awards and two were 2022 *Top Safety Pick* (TSP) awards.

With the four 2022 TSP+ awards added, Subaru has received a cumulative total of 61 *Top Safety Pick+* awards since its introduction in 2013, which is more than those won by any other single brand*¹.

*1 As of February 2022

Models with 2022 TSP+	Awards Received
Crosstrek ^{*2} Hybrid	4 consecutive years TSP+
Legacy	17 consecutive years TSP
Outback	14 consecutive years TSP
Ascent	5 consecutive years TSP

Models with 2022 TSP	Awards Received
Impreza (5 doors) ^{*3}	15 consecutive years TSP
Crosstrek ^{*2,3}	10 consecutive years TSP

*2: Japanese name: SUBARU XV

*3: Models equipped with EyeSight and specific headlights

Only US-market models are considered for TSP award. Source: Results of research by Subaru of America and Subaru Canada

[Translation for Reference and Convenience Purposes Only]

(4) Employees (as of March 31, 2022)

[1] SUBARU Group

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automobile Division	33,596	(7,638)	912	(-824)
Aerospace Division	2,745	(306)	-88	(-241)
Other Businesses	569	(418)	16	(-14)
Total	36,910	(8,362)	840	(-1,079)

Notes: Number of employees refer to number of workers. Average annual number of contingent workers (seasonal staffs, casual workers, part-time workers, secondees from external parties, support staffs, guest engineers) are shown in brackets.

[2] Company

	Number of employees (persons)	Change from end of previous fiscal year (persons)	Average age	Average years of service
Male	15,711	424	39.2	16.1
Female	1,250	59	36.8	14.7
Total	16,961	483	39.1	16.0

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automobile Division	14,765	(5,261)	556	(-400)
Aerospace Division	2,196	(258)	-73	(-210)
Total	16,961	(5,519)	483	(-610)

Notes: Number of employees refer to number of workers. Average annual number of contingent workers (seasonal staffs, casual workers, part-time workers, secondees from external parties, support staffs, guest engineers) are shown in brackets.

(Reference)

[1] Concepts and initiatives regarding securing diversity of the core human resources

In order to enable employees who possess different personalities and values to demonstrate their individual abilities, the Group values all genders, nationalities, cultures, and lifestyles of employees and strives to create a comfortable workplace environment. Our subsidiaries and affiliates in Japan and abroad also are working on reflecting their respective business contents and characteristics of their regions.

<Human resource development policy and policy for development of workplace environment>

Subaru aims to develop human resources who act autonomously and lead changes and also is advancing development of corporate culture that encourage individual employees to think over their own career development and take on challenges and development of environment that allows diverse human resources to take active part. Starting with the fiscal year under review, we introduced a new personnel system, education program, and open-call job rotation to offer opportunities for employees to independently learn and take on challenges.

[Translation for Reference and Convenience Purposes Only]

We are also strengthening employees' resonance with Subaru and engagement, which are a source of sense of satisfaction and pride.

Key initiatives in FYE2022 (the fiscal year under review)		
	Initiatives	Results, impact, etc.
Introduction and operation of the new personnel system	Introduction of dual personnel system (for key management positions)	- Introduced with the aim of nurturing of selected employees, balanced treatment corresponding to performance, and active participation by human resources regardless of age or experience.
	Simplification of qualification levels for key management positions	- 69 of the selected employees were promoted. -Of them, 14 are in managerial positions with the youngest being 31 years old. - While there have been selective promotions in line with the intended effects, the level of understanding of the system and its operation in workplace vary.
	Introduction of specialist engineer system	- Introduced with the aim of improving technology that highlights Subaru difference. - While it contributes to improvement of motivation, but the effects are still limited.
Human resource development that encourages independence and taking on challenges.	Career Development Support Program	- Switched education system from the existing controlled development to autonomous development.
	Autonomous skill development programs	- Developed an environment that supports independent career development and individual growth (career training and interviews). - Enhanced support for skill development to improve self (on-demand education, etc.). *The score of "Opportunities for improving ability" in the employee attitudes survey is showing an improving trend.
	Open-call job rotation system	- Held twice a year, with the number of participating departments and applicants showing an increasing trend. - It contributes to autonomous career development. Recovery of workplaces from which employees move out has been an issue.

We also established the Diversity Promotion Office for employee-friendly workplace environment, human resource distribution enabling the right person in the right place, and human resource development so as to facilitate active participation by all human resources including female employees, mid-career hires, and foreign employees, and working on promotion to managerial positions.

<Promoting active roles for female employees>

Subaru has been nurturing female employees in managerial posts, held up by the two pillars of assistance for balancing work and childcare and support for career development. We aim to more than double the number of female employees in managerial positions by 2025 compared with the level in 2021. As of the end of FYE2022, 24 out of 1,113 employees in managerial posts were female. In human resource development, we share career plans with female employees aiming to become managerial staff as well as the goals and issues, and offer guidance and education appropriate for each individual. We are also developing a corporate culture that promotes female participation and establishment of workplace environment through female leader training and unconscious bias training.

<Foreign national employees>

The Group has been hiring human resources appropriate from the perspective of the policy of each base and business irrespective of their nationalities, and there are 87 foreign national employees in the company as of the end of FYE2022. There are two foreign national employees in managerial posts at manufacturing and engineering departments. We will continue to hire foreign nationals based on individual capabilities and quality and promote them to managerial positions without discrimination.

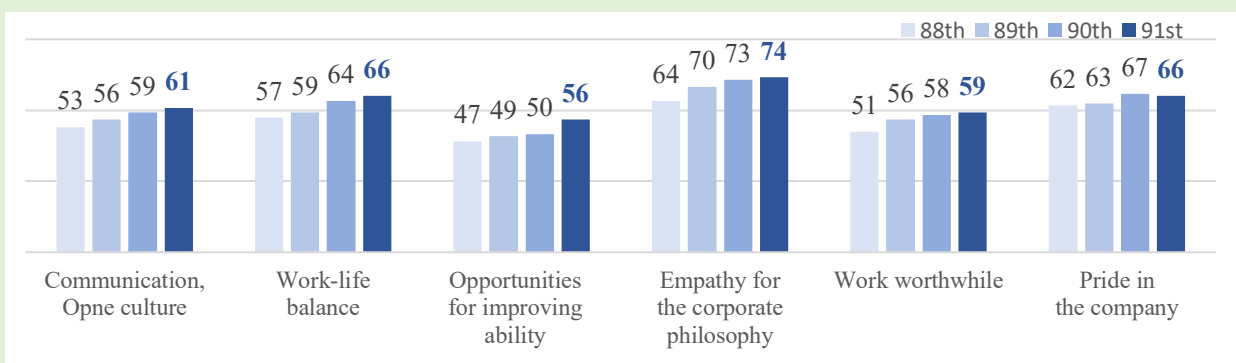
<Mid-career hires>

We have been actively going ahead with mid-career recruitment in recent years to respond to environmental changes and achieve sustainable growth. Of the full-time employees as of the end of FYE2022, 4,059 were mid-career hires and 164 of them were in managerial positions. In addition, we established SUBARU Lab, an AI development base, in Shibuya, which has a cluster of IT companies, in December 2020 as part of an initiative for enabling smooth and precise hiring of human resources required for AI development. We will continue to hire new graduates and mid-career human resources based on individual capabilities and quality and promote them to managerial positions without discrimination.

[2] Employee survey

Subaru counts corporate culture reform as one of the Issues to Be Addressed (pp. 39–44) and has been implementing various initiatives. Based on the human resource development policy and policy for development of workplace environment (p. 49), we have been also introducing a new personnel system and education programs to promote enhancement of growth of individuals. These initiatives have raised individual employees’ motivation and vitalized organizations. Subaru believes that the effect of the initiatives are showing in the results of the employee attitudes survey, and plans to incorporate the result of the employee attitudes survey as part of remunerations of executive officers from FYE2023 (the 92nd fiscal period; see pp. 30–34).

We have been conducting the employee attitudes survey since FYE2018 and 16,536 full-time employees (94.7%) responded to the survey in FYE2022. The scores showed an improving trend in general compared with the previous fiscal year, and the score regarding opportunities for improving ability rose dramatically, which is thought to be the effect of having introduced the new personnel system and educational programs. We recognize that what we need to address for achieving the company’s sustainable growth is to steadily improving corporate values by growing individual employees and raising their satisfaction levels.



[Translation for Reference and Convenience Purposes Only]

[3] Certified as Excellent Enterprise of Health and Productivity Management for the second consecutive year

Subaru Corporation was certified as an “Excellent Enterprise of Health and Productivity Management” in the large enterprise category under the Certified Health and Productivity Management Organization Recognition Program*¹ administered by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (public-private health promotion organization) for the second consecutive year.

Based on the Subaru Global Sustainability Policy, the Company announced its Health Declaration*² and has been engaged in health promotion activities. We will continue to accelerate efforts to improve the health of employees and their family members.

*1 : A system that honors small, medium, and large enterprises and other corporations that practice particularly excellent health management based on the health promotion initiatives led by Nippon Kenko Kaigi.

*2 : Please refer to our website (<https://www.subaru.co.jp/csr/social/resources/health.html>) for the details of the declaration.



[Translation for Reference and Convenience Purposes Only]

(5) Status of principal Subsidiaries, etc (as of March 31, 2022)

[1] Status of principal subsidiaries

Name	Address	Capital stock	Holding Ratio of Voting Rights	Main Businesses
Fuji Machinery Co., Ltd.	Gunma	480 Millions of yen	100.0%	Manufacture and sales of automotive parts
Ichitan Co., Ltd.	Gunma	480 Millions of yen	100.0%	Manufacture and sales of automotive parts
KIRYU INDUSTRY Co., Ltd.	Gunma	400 Millions of yen	100.0%	Manufacturing of repair parts for Subaru cars, Subaru vehicle rust prevention works, manufacture of Subaru custom-build cars, etc.
Subaru Logistics Co., Ltd.	Gunma	96 Millions of yen	100.0%	Shipping, land freight and warehousing of Subaru vehicles, etc.
H.B.C. Co., Ltd.	Kanagawa	490 Millions of yen	68.0%	Storing and shipping of Subaru vehicles
Hokkaido Subaru Inc.	Hokkaido	98 Millions of yen	100.0%	Sales of Subaru vehicles and components
Miyagi Subaru Inc.	Miyagi	80 Millions of yen	100.0%	Sales of Subaru vehicles and components
Niigata Subaru Inc.	Niigata	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Kanagawa Subaru Inc.	Kanagawa	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Chiba Subaru Inc.	Chiba	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Tokyo Subaru Inc.	Tokyo	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Nagoya Subaru Inc.	Aichi	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Osaka Subaru Inc.	Osaka	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Hiroshima Subaru Inc.	Hiroshima	92 Millions of yen	100.0%	Sales of Subaru vehicles and components
Fukuoka Subaru Inc.	Fukuoka	50 Millions of yen	100.0%	Sales of Subaru vehicles and components
Subaru Finance Co., Ltd.	Tokyo	2,000 Millions of yen	100.0%	Leasing and rental of Subaru vehicles; credit and financing related to Subaru vehicles
Subaru of Indiana Automotive, Inc. (SIA)	US	USD 794,045,000	100.0%	Purchasing of production parts for Subaru vehicles, sales of completed vehicles to Subaru of America Inc. (SOA) and others
Subaru of America, Inc. (SOA)	US	USD 241,000	100.0%	Sales of Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles and parts
Subaru Canada, Inc. (SCI)	Canada	CND 30,000,000	100.0%	Sales of Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles and parts
Subaru Europe N. V./S. A. (SE)	Belgium	EUR 87,504,000	100.0%	Sales of Subaru vehicles and components
Subaru of China Ltd. (SOC)	China	CNY 187,354,000	60.0%	Sales of Subaru vehicles and components

[Translation for Reference and Convenience Purposes Only]

Name	Address	Capital stock	Holding Ratio of Voting Rights	Main Businesses
North America Subaru Inc. (NASI)	US	USD 5,000	100.0%	Technical investigation for Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles in North America market, automobile related regulatory compliance in the US
Yusoki Kogyo K. K.	Aichi	100 Millions of yen	100.0%	Manufacture and sales of aircraft parts to Subaru
Fuji Aircraft Maintenance Co., Ltd.	Tokyo	30 Millions of yen	100.0%	Inspection, service and maintenance of aircrafts
Subaru Kohsan Co., Ltd.	Tokyo	675 Millions of yen	100.0%	Rental and management of real estate
SUBARU IT CREATIONS CORPORATIONS	Saitama	100 Millions of yen	100.0%	IT system development and operation for Subaru Group

Notes: As of end of March 2022, there are 73 consolidated subsidiaries including the above 26 companies, and 10 equity method affiliates.

[2] Other

In 2005, the Company agreed to sign a business alliance agreement with Toyota Motor Corporation (hereinafter referred to as “Toyota”) and has been strengthening the alliance in stages. As of the end of March 2022, Toyota held 153,600,000 shares in the Company. Similarly, the Company owned 44,868,000 shares in Toyota.

Since 2012, we have been manufacturing the sports cars “SUBARU BRZ” and “Toyota 86 (current GR86)” jointly developed with Toyota at our Gunma Plant. In addition, the Company receives OEM vehicle supplies from Daihatsu Motor Co, Ltd., a subsidiary of Toyota, which contributes to focusing our limited resources on development of models with higher profitability.

Moreover, under the shared slogan of creating “ever-better cars,” the two companies together developed “SOLTERRA” and “bZ4X,” electric vehicles that combine Toyota’s electrification technologies and the Company’s AWD technology through the enhancement of the business and capital tie-up in 2019, and we plan to introduce the models to the market in 2022.

In order to survive this once-in-a-century profound transformation period faced by the automobile industry, the two companies will bring together their respective strengths by, for instance, expanding the use of the Toyota Hybrid System in Subaru models, cooperating in the domain of connected vehicles, and ensuring technical collaboration in the field of autonomous driving, and effectively leverage the business and capital alliance.



Left: NEW “GR86” Right: NEW “SUBARU BRZ”



Jointly developed BEV; model name used by Subaru: “SOLTERRA”

[Translation for Reference and Convenience Purposes Only]

(6) Main Businesses (as of March 31, 2022)

By Business Segment	Main Products
Automobile Division	Legacy, Levorg, WRX, Impreza, SUBARU XV, Forester, ASCENT, SUBARU BRZ, Justy, Chiffon, Stella, Pleo, Sambar
Aerospace Division	Airplane, aerospace related machinery and components
Other Businesses	Real estate leasing

(7) Capital Expenditures

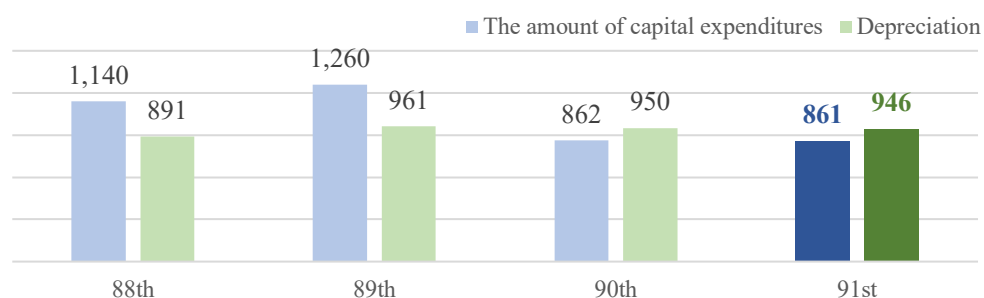
The amount of capital expenditures incurred by the Group during the current fiscal year was 86.1 billion yen. The main purposes of use include production, R&D or marketing in the Automotive Business Unit. Capital expenditures by business segment are stated below.

By Business Segment	Amount of Expenditures (in million yen)	Descriptions of Facilities	Funding Method
Automobile Division	79,441	Automobile production, R&D, and selling facilities	Own funds and borrowing
Aerospace Division	5,928	Aircraft production facilities	Same as above
Other Businesses	774	Welfare facilities, etc.	Same as above
Total	86,143	-	-

Notes:

- The above amounts do not include consumption tax, etc.
- There was no retirement or sale of important facilities, except for the retirement or sale of ordinary facilities for replacement purposes.
- In addition to the above, the Automobile Division invested 4.8 billion yen to acquire business assets such as vehicles for lease.
- Capital expenditures by business segment
The Automobile Division incurred capital expenditures of 43.3 billion yen, most of which was invested in production facilities for new products, R&D facilities, and improvement of quality and work environment of the Company. Furthermore, in Subaru of Indiana Automotive Inc. (SIA), the division incurred capital expenditures of 17.3 billion yen, a major part of which was invested in the production facilities for new products and improvement of quality and work environment. The Aerospace Division incurred capital expenditures of 5.9 billion yen, which was mainly invested into the production facilities for new businesses in Subaru Corporation.

Trends of the amount of capital expenditures and Depreciation



Notes: The Company has adopted the International Financial Reporting Standards (IFRS) instead of the previously used Japanese standards since the 89th fiscal period. Accordingly, the figures for the 88th fiscal period are also shown in accordance with the IFRS.

[Translation for Reference and Convenience Purposes Only]

(8) Major Places of Business, Etc. (as of March 31, 2022)

[1] Company

Name	Address
Head Office	Shibuya-ku, Tokyo
Tokyo Office	Mitaka-shi, Tokyo
Gunma Plant	Ota-shi, Gunma, Oizumi-machi, Oura-gun, Gunma
Utsunomiya Plant	Utsunomiya-shi, Tochigi; Handa-shi, Aichi
SUBARU Test & Development Center	Sano-shi, Tochigi; Bifuka-cho, Nakagawa-gun, Hokkaido

[2] Domestic Subsidiaries/Overseas Subsidiaries

Please refer to “(5) Status of principal Subsidiaries, etc”

(9) Status of Fund Procurement

[1] The Company took out long-term loans totaling 16.0 billion yen in the fiscal year under review, and issued a seventh-round of unsecured bonds worth 10.0 billion yen in December 2021.

[2] The Company has entered into a commitment line agreement totaling 198.5 billion yen.

(10) Main Lenders (as of March 31, 2022)

Lender	Amount of Borrowings (Million yen)
Mizuho Bank, Ltd.	57,500
Sumitomo Mitsui Banking Corporation	30,750
MUFG Bank, Ltd.	23,900
Sumitomo Mitsui Trust Bank, Limited	20,300
The Norinchukin Bank	13,000

[Translation for Reference and Convenience Purposes Only]

2. Information on Shares Issued by the Company (as of March 31, 2022)

- (1) **Common Stock Authorized** 1,500,000,000 shares
- (2) **Common Stock Issued** 769,175,873 shares (including 1,848,102 treasury shares)
- (3) **Number of Shareholders** 147,507 persons (down 3,860, or -2.6%)
- (4) **Major Shareholders (top 10)**

Name of shareholder	Number of shares held (in thousands)	Percentage of total shares held (%)
Toyota Motor Corporation	153,600	20.02
The Master Trust Bank of Japan, Ltd. (trust account)	112,370	14.64
Custody Bank of Japan, Ltd. (trust account)	37,844	4.93
BNYM TREATY DTT 15	16,759	2.18
MIZUHO SECURITIES ASIA LIMITED - CLIENT A/C	10,165	1.32
STATE STREET BANK WEST CLIENT - TREATY 505234	10,136	1.32
Mizuho Bank, Ltd.	10,078	1.31
JPMorgan Securities Japan Co., Ltd.	8,841	1.15
STATE STREET BANK AND TRUST COMPANY 505103	8,651	1.13
Sompo Japan Insurance Inc.	8,267	1.08

Notes:

1. Number of shares held is rounded off to the nearest thousand shares.
2. The percentage of total shares held is calculated based on the number of shares excluding treasury stock of 1,848,102 shares.

(5) Status of the Company's shares granted to Directors as consideration for the execution of duties in the fiscal period under review

The Company grants restricted stock units to Directors (excluding Outside Directors; hereinafter the same shall apply) for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders, and provides monetary compensation for that (hereinafter, "Restricted Stock Compensation Plan"). Based on the resolution of the Board of Directors, Directors shall wholly contribute the monetary compensation claim paid as above in the form of properties contributed in kind, and shall, in return, receive shares of the Company's common stock through issuance or disposal. In addition, for the issuance or disposal of shares of the Company's common stock, the Company and eligible directors shall enter into a restricted stock allotment agreement that includes provisions such as the one to restrict the transfer of the shares for three years after the date of allotment.

Details of stock units that the Company has granted under the Restricted Stock Compensation Plan are as follows.

Category	Number of shares	Grantees
Directors (excluding Outside Directors)	19,702	5
Outside Director	-	-
Corporate Auditors	-	-

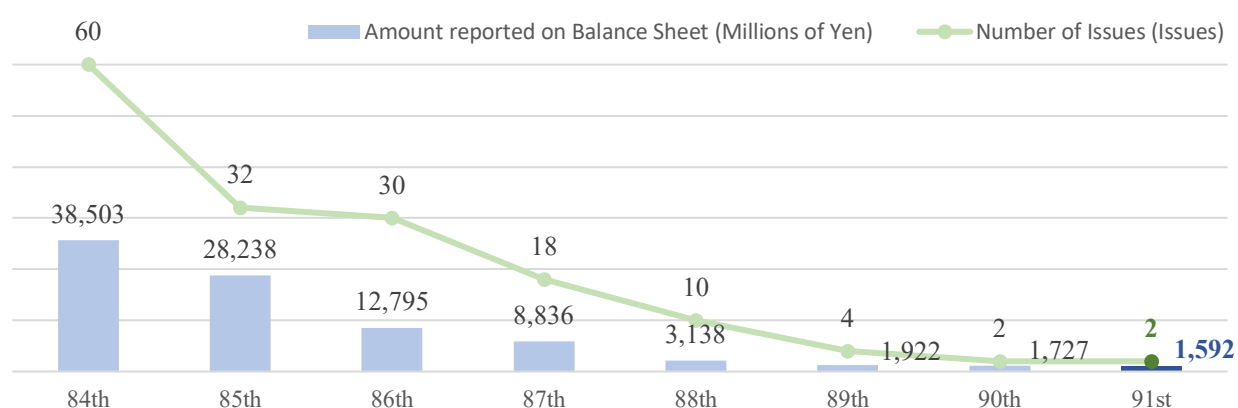
3. Information on Shares Held by the Company (as of March 31, 2022)

(1) Basic policy regarding cross-shareholdings

The Company holds discussions with the companies whose shares it holds as cross-shareholdings and the Board of Directors every year measures the benefits of holding them quantitatively using dividend payout ratio and capital cost using WACC and compares and verifies them. Based on the result, it continues with the cross-shareholdings only when it judges that they would qualitatively contribute to the medium- to long-term management and business strategies.

In accordance with the above policy, the Company has steadily reduced the number of listed stocks held as cross-shareholding. As a result, 60 issues held at the end of March 2015 decreased to 2 issues at the end of March 2021. At this point, the Company judges that retaining cross-shareholdings in the two issues for the reason described in (3) below, and it will continue to hold discussions with these companies at least once a year and the Board of Directors will evaluate and examine the cross-shareholdings every year and judge whether or not to retain them.

(2) Changes in the Number of Shares and Total Amount of Investment in Stock of Listed Companies Reported on the Balance Sheet Which Are Held Primarily for Strategic Purposes



(3) All Stocks Held Primarily for Strategic Purposes

Issues	90th	91st (Current)	Purpose of holding, impact of holding and reason for increase in number of shares	Does it own Subaru shares?
	Number of shares			
	Amount reported on the balance sheet (Millions of yen)			
The Gunma Bank, Ltd.	2,850,468	2,850,468	The Gunma Bank, a local bank of the area where the Company's main factory resides, is supporting not only the Company but also local supplier sites in Japan and abroad through its financial services. As the bank has been the Company's important partner, the Company will continue to hold the bank's shares to promote fair and smooth financial transactions.	Yes
	1,132	1,009		
Mizuho Financial Group, Inc.	372,097	372,097	The Mizuho Financial Group firms have been supporting the Company with financial transactions and other services. In particular, the Mizuho Bank has long been the Company's most important financial partner, providing support in a broad area of management. The Company will continue to hold the group's shares to promote fair and smooth transactions.	Yes
	595	583		

Notes:

1. The indication of whether the company has shareholdings in Subaru, in the case where the company is a holding company, reflects holdings by subsidiaries that Subaru mainly has dealings with (effective shareholdings).
2. The Company does not have investment shareholdings purely for investment purposes.

4. Directors and Corporate Auditors

(1) Basic Approach to Corporate Governance

The Company aims to become a company “Delivering happiness to all,” its vision, and is striving to strengthen corporate governance as one of the most important challenges for management in order to obtain the satisfaction and trust of all stakeholders through achievement of sustainable growth and improvement of medium- and long-term corporate value.

We aim to achieve efficient management by clearly separating management decision-making and oversight from business execution and increasing the speed of decision-making. Furthermore, through monitoring of business operations and advice provided by outside officers, we ensure appropriate management decision-making, oversight and business execution, and work to improve the systems for managing risks and ensuring compliance. To increase management transparency, we provide timely and appropriate disclosure of information.

(2) Company Organizational Bodies

As a corporate governance system, we have adopted a Board of Corporate Auditors system, in which Board of Directors and the Board of Corporate Auditors perform decision making and oversight of the execution of important business operations. The Board of Directors was comprised of nine members at the end of March 2022, of whom three were highly independent outside directors. The Board of Corporate Auditors is composed of four members, two of whom are highly independent outside corporate auditors. This system is designed to ensure soundness and efficiency of operations by enhancing effectiveness of monitoring of business operation through the involvement of highly independent outside directors and outside corporate auditors.

Regarding the system for the execution of business operations, important issues that require consultation with the Board of Directors are thoroughly discussed at the Executive Management Board Meeting, a preliminary consultation body for the Board of Directors which deliberates on company-wide management strategy and the execution of key business operations. In addition to employing an executive officer system and establishing Executive Meetings as decision making body for the business divisions, we have introduced an in-house company system for the Aerospace Division with the aim of clarifying responsibility and speeding up execution of business operations.

(3) Policy and procedures on nomination of candidates for Directors and Corporate Auditors

The Company believes that the composition and scale of the Board of Directors should strike a right balance of knowledge, experience, and ability as a whole necessary for the Company’s sustainable growth and improvement of medium- to long-term corporate values. We also believe that the composition of the Board of Directors should ensure substantial diversity by taking into consideration gender and internationalization.

As for the nomination policy for directors, internal directors are nominated based on comprehensive evaluation and judgment of experience, knowledge, and expertise in light of requirements for officers derived from the Company’s corporate philosophy and management strategy. Multiple outside directors are nominated from business executives and experts taking into account their experience, knowledge, and expertise. The number of directors is no more than 15 persons for internal and outside directors combined, as set forth by the Articles of Incorporation.

The Company has voluntarily set up an Executive Nomination Meeting in order to enhance the effective governance structure based on the existing organizational design. To ensure fairness and transparency in decisions on executive appointments, the Executive Nomination Meeting, in accordance with inquiries from Board of Directors, submits to the Board of Directors proposals on the nomination of candidates for directors and corporate auditors sufficiently deliberated on and approved by its members, more than half of them are independent outside directors. These personnel matters are decided by a resolution of the Board of Directors. The Executive Nomination Meeting in the fiscal period under review comprised of three outside directors and two internal directors, with its chairman being Director and Chairman Kazuo Hosoya. It met twice in the fiscal period under review and discussed matters such as the Company’s executive structure and appointments, the division of duties of executives, and the appointment of representatives of major consolidated subsidiaries.

Consent by the Board of Corporate Auditors is obtained for nomination of candidates for corporate auditors.

When nominating candidates for directors and corporate auditors, the Meeting briefs the Board of Directors on biography, posts and main fields of responsibilities in the Company, significant positions concurrently held, reasons for nominating the candidates for each nomination.

[Translation for Reference and Convenience Purposes Only]

(4) Name of Directors and Corporate Auditors (as of March 31, 2022)

Title	Name	Main fields of responsibilities in the Company	Significant Positions Concurrently Held
Director, Chairman [Chairman of the Board] [Chairman of the Executive Nomination Meeting] [Chairman of the Executive Compensation Meeting]	Kazuo Hosoya	Human Resources Dept. and Secretarial Office	-
Representative Director, President [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Tomomi Nakamura	CEO (Chief Executive Officer) Aerospace Company Quality	Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)
Director, Executive Vice President	Katsuyuki Mizuma	CFO (Chief Financial Officer) CRMO (Chief Risk Management Officer) Finance & Accounting Dept.	Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA) Vice Chairman, Subaru of China Ltd.
Director, Executive Vice President	Tetsuo Onuki	Purchasing Div. Product Planning Div.	-
Director, Executive Vice President	Atsushi Osaki	Manufacturing China Project Office	Director, Subaru of Indiana Automotive, Inc. (SIA)
Director, Executive Vice President	Fumiaki Hayata	Overseas Sales & Marketing Div. 1	Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)
Outside Directors (independent) [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Yasuyuki Abe	-	Outside Director of the Board, JVC KENWOOD Corporation (retired in June 2021) Outside Director, HOYA Corporation (appointed in June 2021) Advisor, ORANGE AND PARTNERS CO., LTD.
Outside Directors (independent) [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Natsunosuke Yago	-	President, Ebara Hatakeyama Memorial Foundation Outside Director, J. FRONT RETAILING Co., Ltd. Outside Director, PARCO CO.,LTD. (appointed in May 2021)

[Translation for Reference and Convenience Purposes Only]

Title	Name	Main fields of responsibilities in the Company	Significant Positions Concurrently Held
<p>Outside Directors (independent) [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]</p>	Miwako Doi	-	<p>Auditor, National Institute of Information and Communications Technology (part-time) Executive Vice President, Tohoku University (part-time) Executive Director, Nara Institute of Science and Technology (part-time) External Director, Isetan Mitsukoshi Holdings Ltd. Outside Director, NGK Spark Plug Co., Ltd.</p>
<p>Standing Corporate Auditor [Chairman of the Board of Corporate Auditors]</p>	Yoichi Kato	-	-
<p>Standing Corporate Auditor</p>	Hiromi Tsutsumi	-	<p>Corporate Auditor, Subaru Finance Co., Ltd. (retired in June 2021) Corporate Auditor, Ichitan Co., Ltd. (appointed in June 2021) Corporate Auditor, Tokyo Subaru Inc. (appointed in June 2021)</p>
<p>Outside Corporate Auditors (independent)</p>	Shigeru Nosaka	-	<p>Corporate Auditor, dotD, Inc. Advisor, AI Dynamics Inc. Japan</p>
<p>Outside Corporate Auditors (independent)</p>	Kyoko Okada	-	<p>Audit and Supervisory Board Member, NS Solutions Corporation (retired in June 2021) Outside Audit & Supervisory Board Member, Daio Paper Corporation Outside Director, JACCS CO., LTD. (appointed in June 2021)</p>

[Translation for Reference and Convenience Purposes Only]

Notes:

1. Directors Katsuyuki Mizuma, Atsushi Osaki, and Fumiaki Hayata were elected and appointed at the 90th Ordinary General Meeting of Shareholders held on June 23, 2021.
2. Directors Yasuyuki Yoshinaga and Yoichi Kato retired at end of their terms at the conclusion of the 90th Ordinary General Meeting of Shareholders held on June 23, 2021.
3. Corporate Auditor Akira Mabuchi retired from his position as of the conclusion of the 90th Ordinary General Meeting of Shareholders held on June 23, 2021.
4. Corporate Auditor Yoichi Kato was elected and appointed at the 90th Ordinary General Meeting of Shareholders held on June 23, 2021.
5. Directors Yasuyuki Abe, Natsunosuke Yago, and Miwako Doi are outside directors as prescribed in Article 2, Item 15 of the Companies Act. The Company has no significant transaction with JVC KENWOOD Corporation, for which Mr. Yasuyuki Abe used to concurrently serve as outside director, as well as HOYA Corporation, for which he concurrently serves as an outside director, or Orange and Partners Co., Ltd., for which he concurrently serves as advisor. The Company has no significant transaction with Ebara Hatakeyama Memorial Foundation, for which Mr. Natsunosuke Yago concurrently serves as president, as well as J. FRONT RETAILING Co., Ltd. and PARCO CO., LTD., for which he concurrently serves as outside director. The Company has no significant transaction with National Institute of Information and Communications Technology, for which Ms. Miwako Doi concurrently serves as auditor, Tohoku University, for which she concurrently serves as executive vice president, Nara Institute of Science and Technology, for which she concurrently serves as executive director, and Isetan Mitsukoshi Holdings Ltd. and NGK Spark Plug Co., Ltd., for which she concurrently serves as outside director.
6. Corporate Auditors Shigeru Nosaka and Kyoko Okada are outside statutory auditors as prescribed in Article 2, Item 16 of the Companies Act. The Company has no significant transaction with dotD, Inc. and AI Dynamics Inc. Japan for which Mr. Shigeru Nosaka concurrently serves as corporate auditor and advisor respectively. The Company has no significant transaction with NS Solutions Corporation, for which Ms. Kyoko Okada used to concurrently serve as outside auditor, as well as JACCS CO., LTD. and Daio Paper Corporation, for which she concurrently serves as outside director and outside audit and supervisory board member, respectively.
7. Corporate Auditor Shigeru Nosaka long served in the accounting and finance divisions of Oracle Corp. Japan, and has significant knowledge in finance and accounting.
8. Corporate Auditor Kyoko Okada long served in accounting and finance divisions at Shiseido Co, Ltd., and has significant knowledge in these areas.
9. The Company has reported Directors Yasuyuki Abe, Natsunosuke Yago, and Miwako Doi, as well as Corporate Auditors Shigeru Nosaka and Kyoko Okada as independent officers to the Tokyo Stock Exchange. They meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.
10. Key responsibilities of the directors as of April 1, 2022 are shown below.

Title	Name	Main fields of responsibilities in the Company
Director, Chairman [Chairman of the Board] [Chairman of the Executive Nomination Meeting] [Chairman of the Executive Compensation Meeting]	Kazuo Hosoya	Secretarial Office, Human Resources Dept.
Representative Director, President [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Tomomi Nakamura	CEO, Aerospace Company, Quality
Director, Executive Vice President	Katsuyuki Mizuma	CFO, CRMO, Finance & Accounting Dept.
Director, Executive Vice President	Tetsuo Onuki	Purchasing Div., Product Planning Dept.
Director, Executive Vice President	Atsushi Osaki	Subaru Manufacturing Division
Director, Executive Vice President	Fumiaki Hayata	Overseas Sales & Marketing Div. 1

[Translation for Reference and Convenience Purposes Only]

(5) Outside Directors and Corporate Auditors

Title	Name	Key activities and summary of duties performed in their expected roles
Outside Director	Yasuyuki Abe	Attended all of 13 Board of Directors meetings (attendance rate: 100%). Fulfilled his role as sound adviser on the Company's management, providing comments based on extensive experience and knowledge in business management and an advanced understanding of the field of IT, as well as abundant experience and insight he gained through his tenure as officer of a general trader where he was involved in management in both a supervisory and executorial capacity. He also served as a member of the Executive Nomination and Executive Compensation Meetings.
Outside Director	Natsunosuke Yago	Attended all of 13 Board of Directors meetings (attendance rate: 100%). Fulfilled his role as a sound adviser on the Company's management, providing comments based on abundant experience and broad knowledge as well as excellent insight on internal control and governance as he gained from his corporate management positions where he was involved in management in both a supervisory and executorial capacity. He also served as a member of the Executive Nomination and Executive Compensation Meetings.
Outside Director	Miwako Doi	Attended all of 13 Board of Directors meetings (attendance rate: 100%). Fulfilled her role as a sound adviser on the Company's management, providing comments based on her high expertise and knowledge gained from mainly her abundant experience and outstanding track record as a researcher and supervisor in the area of information technology. She also served as a member of the Executive Nomination and Executive Compensation Meetings.
Outside Corporate Auditor	Shigeru Nosaka	Attended all of 13 Board of Directors meetings (attendance rate: 100%) and all of 12 Board of Corporate Auditors meetings (attendance rate: 100%). Fully performed his auditing function, providing comments based on experience and knowledge he gained through his tenure as officer of a listed company, particularly broad experience and knowledge on accounting and finance in corporate activities.
Outside Corporate Auditor	Kyoko Okada	Attended all of 13 Board of Directors meetings (attendance rate: 100%) and all of 12 Board of Corporate Auditors meetings (attendance rate: 100%). Fully performed her auditing function, providing comments based on experience and knowledge she gained through her tenure as officer of a listed company, particularly broad experience and knowledge on CSR and corporate culture in corporate activities.

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

[Translation for Reference and Convenience Purposes Only]

(6) Summary of Contract for Limitation of Liability

The Company has executed a contract for limitation of damages under Article 423, paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the act with Outside Directors Yasuyuki Abe, Natsunosuke Yago, and Miwako Doi, and Corporate Auditors Yoichi Kato, Hiromi Tsutsumi, Shigeru Nosaka, and Kyoko Okada. The maximum liability for damages pursuant to such contract shall be the amount prescribed in Article 425, Paragraph 1 of the Act.

(7) Summary of Directors and Officers Liability Insurance

The Company has executed a directors and officers liability insurance policy under which directors, corporate auditors, executive officers, officers dispatched to other companies, and major employees under the Companies Act of the Company and its specified subsidiaries are the insured parties with an insurance company, as set forth in Article 430-3, paragraph 1 of the Companies Act. The insurance policy covers compensation for damages and legal expenses to be borne by the insured in cases when they receive a claim for damages as a result of their wrongful acts conducted in their capacity as directors and officers. However, to ensure appropriate execution of duties by directors and officers, there are certain liabilities that are not covered under the policy, such as those arising from actions performed in knowing violation of law. The premiums are fully paid by the Company and Hokuriku Subaru Inc. and there are no premiums actually paid by the insured.

(8) Summary of Evaluation of the Effectiveness of the Board of Directors

The Board of Directors periodically conducts analysis and evaluation on the effectiveness of the Board of Directors in accordance with the Corporate Governance Guideline, and reviews and implements improvement measures for the issues identified.

In the fiscal period under review, the BoD confirmed efforts to address issues recognized in the previous year, based on monitoring of points raised in the previous year's evaluation. It also gathered, analyzed, and evaluated views on issues for investigation based on changes in the business environment due to the COVID-19 pandemic.

[1] Evaluation and Analysis Methods (Timing of implementation: January 2022/respondents: 13 directors and corporate auditors)

Process 1	Process 2	Process 3
Third-party body conducts anonymous self-evaluation survey of directors and auditors	Third-party body aggregates and analyzes responses	BoD verifies and discusses report received from third-party body

[2] Evaluation Results

- The results confirmed that free and open discussion is conducted at BoD meetings, similar to the evaluation results through the previous fiscal year.
- It confirmed that the points identified as the strengths of the BoD, such as chair's leadership, responses to cross-shareholdings, and its size, have been inherited and continued as a mechanism.
- The score of the executive compensation system design, including incentive payments, which was an issue in the previous fiscal year, greatly improved given the active discussions on system revision.
- The evaluation of "discussion on strengthening governance" and "responses to social and environmental issues" improved, reflecting active discussions regarding the response to the revision of the Corporate Governance Code.
- The evaluation of "risk management system" declined, which is thought to be resulting from the supply chain disruption caused by semiconductor shortage, and we confirmed that the risk management system and operation has been appropriately developed.

[Translation for Reference and Convenience Purposes Only]

[3] Issues Recognized and Responded

Issues	Responses in the fiscal period under review
Enhancing discussion of medium- to long-term management strategy	The BoD held elaborate discussions upon presentation of “STEP2.0” for reporting the progress in the medium-term management vision. With the management social gathering* ¹ taking up the environmental portfolio as a theme, outside officers, in particular, were able to deepen their understanding of the Company’s business environment. As the trend of the automobile industry remains unclear and uncertain, the Company recognizes the necessity of further improving discussions of management strategy in terms of quality and quantity and it will continue to work on this issue.
Discussions on the executive compensation system design, including incentive payments	There were active discussions with outside officers’ presenting constructive opinions and it was revised into a compensation system linked to the medium-term management vision. The Executive Compensation Meeting will continue to discuss the issue to ensure that the executive compensation system functions as an appropriate incentive for the management.
Discussions on improvement of group governance	The group governance management system has been making steady progress every year including timely and appropriate reporting of important issues to the BoD. The BoD’s supervisory responsibility over group governance has been increasing and it will continue with regular monitoring so as to further strengthen the management system.

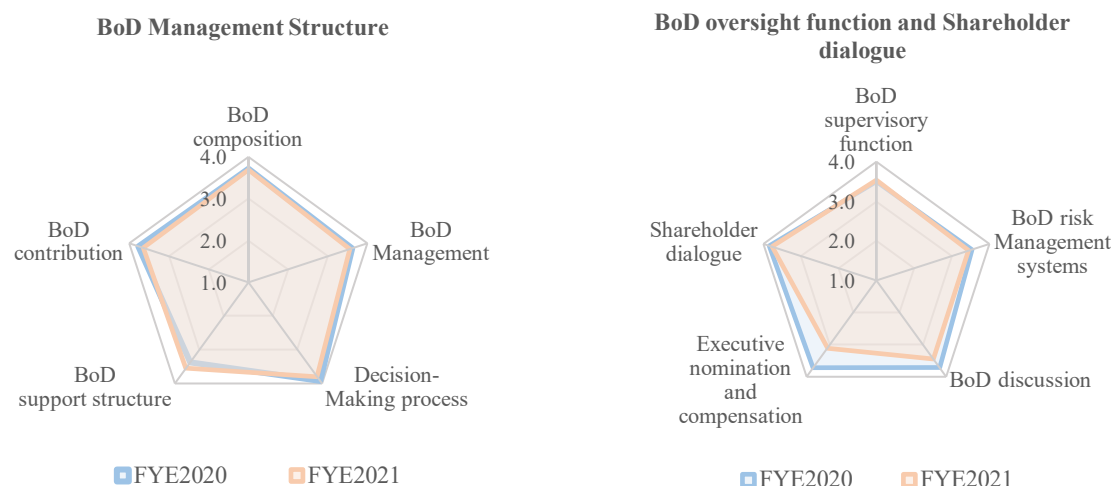
*1 A meeting held by directors and corporate auditors for exchanging opinions regarding important themes in the Company’s management. It does not require a resolution.

[4] Future Initiatives

- The BoD will continue to deepen discussions of the medium- to long-term management strategy and make efforts to improve the quality of such discussion.
- The BoD will enhance discussions for building a system to address newly confirmed risks such as semiconductor shortage.
- The BoD will strive to maintain and improve BoD effectiveness in the aim of continuing to enhance medium- to long-term corporate value and achieving sustainable growth.

[Translation for Reference and Convenience Purposes Only]

(Reference) Results of BoD Effectiveness Evaluation Questionnaire



(Reference) Questions used in BoD Effectiveness Evaluation Questionnaire

Category	Matters Examined		
1. BoD management structure			
[1] BoD composition	BoD size	BoD composition (proportion of inside and outside directors)	BoD composition (diversity and specialty)
[2] BoD management	frequency, duration, and distribution of meetings	Appropriateness of agenda	Quality and quantity of documents
	Timing of document distribution	Pre-meeting explanation	Content of explanations and reports
Decision-making process	Chair's leadership	Adequate discussion	
BoD support structure	Environment and systems for providing information	Provision of information to outside directors	Training of outside directors
	Training of inside directors		
[5] BoD contribution	Stance toward initiatives	Company-wide perspective	Mutual respect
	Diverse values	Stakeholder perspective	
2. BoD oversight function			
BoD supervisory function	Reporting systems	Supervision of management	
BoD risk Management systems	Risk management system	Subsidiary management system	Information-sharing on risks and risk response
	Systems for managing progress of response measures	Thorough awareness of compliance issues	
[3] BoD discussion	Discussion of management strategy	Discussion of capital policy	Discussion of cross-shareholdings
	Discussion on strengthening governance	Responses to social and environmental issues	
Executive nomination and compensation	Composition of Executive Nomination Meeting and Executive Compensation Meeting	Successor development	Incentive-based compensation
3. Shareholder dialogue			
Shareholder dialogue	Sharing shareholder and investor views	Enhancement of shareholder and investor dialogue	

For more information about the BoD Effectiveness Evaluation for the fiscal period under review, visit our website (https://www.subaru.co.jp/en/csr/pdf/governance_report_e.pdf).

For more information about the Company's Corporate Governance Guidelines, visit our website (https://www.subaru.co.jp/en/csr/pdf/governance_guideline_e.pdf).

[Translation for Reference and Convenience Purposes Only]

(9) Policy and Procedure for Determination of Compensation for Directors (the fiscal year under review [FYE2022])

[1] Matters Concerning the Policy for Determining Details of Compensation for Individual Directors

The Company deliberated and decided on the proposal of the policy for determining details of compensation for individual directors approved by the Executive Compensation Meeting at the Board of Directors meeting held on May 17, 2021. The Board of Directors has judged that the content of the compensations for individual directors for the fiscal year under review adhere to the decision policy, as the Executive Compensation Meeting has been delegated by the Board of Directors to decide the details of the compensations, and they have been decided after sufficient deliberations by the meeting members including outside directors.

Below is the summary of the decision policy regarding the content of compensation, etc. for individual directors.

1. Basic policy

As a basic policy, compensation for directors of the Company is determined in view of the following items:

- (1) Compensation is at a level commensurate with the roles and responsibilities of directors and is appropriate, fair, and balanced.
- (2) The compensation structure is determined by giving consideration to providing motivation for sustained improvement in corporate performance and corporate value and securing excellent human resources.

2. Composition of compensation

Compensation for Directors shall consist of base compensation, short-term performance-linked bonus, and compensation in restricted stock (for non-resident officers, phantom stock, instead of restricted stock). Compensations for outside directors and corporate auditors consist of base compensation alone taking into consideration their independent position and duties.

(1) Policy for the Fixed Monetary Compensation

Directors shall receive the Fixed Monetary Compensation monthly as basic compensation. The amount for individual directors shall be determined based on their positions, taking into consideration elements such as the business environment.

(2) Policy for performance-linked compensation

Directors receive short-term performance-linked compensation in cash at a certain time of the year. The specific amount will be determined according to a compensation table by position prepared based on the consolidated ordinary income for the current fiscal year as a key performance indicator (KPI), adjusted according to the matrix of combined ROE and improved shareholders' equity ratio, which are both performance indicators aligned with the Company's capital policy, and for non-director executive officers, taking into consideration personnel development and the business environment. The Company will review the KPI as needed based on changes in the environment and reports from the Executive Compensation Meeting.

(3) Policy for non-monetary compensation

The Company shall grant restricted stock units to directors for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders. Specifically, the Company shall grant monetary compensation claims to directors in consideration of the Company's business performance, responsibilities of each director, and other factors, and directors make in-kind contributions of such monetary compensation claims to receive shares of the Company's common stock. The maximum number of shares of the Company's common stock to be granted as restricted stock units is 100,000 per year (including those issued to executive officers). In addition, the Company and eligible officers shall enter into a restricted stock allotment agreement that includes an overview and provisions that state (1) eligible directors shall not, for a set period of time, transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock that have been allotted to them, and (2) the Company may acquire the said shares of its common stock without compensation if certain events occur.

For non-resident officers, the Company shall grant, instead of issuing restricted stock units, phantom stock equivalent to such units, and the stock shall also be treated in accordance with the restricted stock allotment agreement.

3. Policy for determining the proportion of the Fixed Monetary Compensation, performance-linked compensation, and non-monetary compensation to the total amount of compensation, etc. for individual directors

The Company shall appropriately determine the proportion of compensation by type of directors excluding outside directors in reference to the compensation levels and compensation mix of companies of a similar scale to the Company or industry peers obtained through an external research company, and in consideration of factors such as the Company's overall salary level and social situations. The Company shall also prepare compensation tables for short-term performance-linked compensation and restricted stock units by officer position. With regard to revisions of the compensation table, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors.

4. Matters regarding decision of compensations

The Executive Compensation Meeting, by a resolution of and upon delegation by the Board of Directors, determines specific amounts of compensation, etc. of individual directors, following sufficient deliberation by its members including outside directors. Its authorities include the determination of specific amounts of basic compensation, short-term performance-linked compensation, and restricted stock units (including a phantom stock plan) as well as their payment schedule. With regard to revisions of the compensation system and other matters pertaining to compensation overall, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors. The total amount of compensation for individual directors and the levels of each compensation item are set depending on their responsibilities, and whether he or she is an internal or outside director, by utilizing research data compiled by outside specialized agencies.

To ensure transparency and effectiveness of the executive compensation determination process, the Executive Compensation Meeting shall, by a resolution of the Board of Directors, be structured so that the majority of its members are outside directors, and its chairman shall be appointed by a resolution of the Board of Directors.

[2] Matters concerning the resolutions of the General Meetings of Shareholders on compensation, etc. for directors and corporate auditors

By a resolution passed at the 85th Ordinary General Meeting of Shareholders, held on June 28, 2016, the maximum total amount of annual compensation, etc., for directors is 1.2 billion yen (including 200 million yen for outside directors). The number of directors was eight (including two outside directors) at the end of the meeting. By a resolution passed at the 86th Ordinary General Meeting of Shareholders on June 23, 2017, the total amount of monetary compensation related to restricted stock units is required to be within the above maximum total and up to 200 million yen annually. The number of directors was six (excluding outside directors) at the end of the meeting.

By a resolution passed at the 75th Ordinary General Meeting of Shareholders, held on June 27, 2006, the maximum total amount of annual compensation, etc., for corporate auditors is 100 million yen. The number of corporate auditors was four at the end of the meeting.

[3] Status of the activities of Executive Compensation Meeting

The Company has set up an Executive Compensation Meeting, a voluntary committee, in order to enhance the effective governance structure based on the existing organizational design (the details of its authority are described in the above [1] 3). To ensure transparency and effectiveness of the executive compensation determination process, the Executive Compensation Meeting shall, by a resolution of the Board of Directors, be structured so that the majority of its members are outside directors, and its chairman shall be appointed by a resolution of the Board of Directors.

The Executive Compensation Meeting in the fiscal period under review comprised of three outside directors (Yasuyuki Abe, Natsunosuke Yago, and Miwako Doi) and two internal directors (Tomomi Nakamura and Kazuo Hosoya) and Kazuo Hosoya served as its chair.

The Executive Compensation Meetings were held seven times in the fiscal period under review. The body submitted a report on a proposed revision to a policy for determining the Directors' compensation structure and the content of their individual compensations, etc. It also made decisions on matters such as performance-linked compensation levels for directors (except for Outside Directors) and executive officers based on performance evaluation, and the amount of monetary compensation claims for individuals regarding restricted stock units.

[Translation for Reference and Convenience Purposes Only]

[4] Total Compensation for Directors and Corporate Auditors for the Fiscal Period

Category	Number of persons	Total compensation (millions of yen)			
		Basic compensation (paid in fixed monthly installments)	Short-term performance-linked compensation	Restricted stock compensation	
Directors (of which Outside Directors)	12 (3)	331 (38)	51 (-)	52 (-)	434 (38)
Corporate Auditors (of which Outside Corporate Auditors)	5 (2)	77 (21)	-(-)	-(-)	77 (21)

Notes:

1. Figures in the above table include three internal Directors and an internal Corporate Auditor who resigned before the last day of the fiscal period under review. At the end of the period, there were nine Directors, including three Outside Directors, and four Corporate Auditors, including two outside Corporate Auditors.
2. The restricted stock compensation in the above table includes the cost of phantom stock granted to non-residents.

[5] Matters regarding performance-linked remuneration

In “STEP2.0,” the progress report on the medium-term management vision announced on May 11, 2021, the Company announced it aims to maintain a ratio of shareholders’ equity to total assets of 50% and to aim a minimum ROE of 10%. In accordance with these goals, the Executive Compensation Meeting, upon authorization by the Board of Directors, decided short-term performance-linked compensation levels for Directors, using the consolidated ordinary income* for FYE2022 as the basis, making adjustment using the matrix of ROE and degrees of improvement in shareholders’ equity ratio. Short-term performance-linked compensation is not given to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

The table on the right shows the results of key performance indicators (KPIs) used to calculate the short-term performance-linked compensation corresponding to the financial results for the fiscal year under review (the calculation method is described in the above [1] 2 (2)).

Performance indicators	Results
Consolidated ordinary income*	111.5 billion yen
ROE	3.8%
Equity ratio	53.4% (up 1.3% from the previous period)

* As the Group started to voluntarily apply the IFRS from the 89th period, this is a figure converted to consolidated ordinary income under the Japanese standards.

[6] Details of non-monetary compensation

Details of Restricted Stock Compensation Plan and the grant status of the restricted stock units are provided in ““2. Information on Shares Issued by the Company,” “(5) Status of the Company’s shares granted to directors as consideration for the execution of duties in the fiscal period under review” (p.57), and “4. Directors and Corporate Auditors,” “(9) Policy and Procedure for Determination of Compensation for Directors,” “[1] Matters Concerning the Policy for Determining Details of Compensation for Individual Directors,” and “2. (3) Policy for non-monetary compensation plan” (p.67).

5. Company Framework and Policies

Framework for ensuring conformity of performance of duties by the directors to the laws and articles of incorporation, and other frameworks for ensuring appropriateness of a joint-stock company's business (as of March 31, 2022)

1. Framework to ensure that the performance of duties by the directors comply with the laws and articles of incorporation

Following framework shall be established as a preventative measure against illegal acts by directors:

- (1) Directors shall establish a framework for effective supervision of performance of duties by other directors and effective audits by the corporate auditors, through activities such as attendance of various meetings, review of approval forms, and receiving business reports from corporate vice presidents and employees by the directors and corporate auditors.
- (2) Establish rules regarding compliance and a framework for ensuring that Directors comply with laws, articles of incorporation and internal rules.
- (3) Establish whistle blowing system (Compliance Hotline) as internal reporting framework where violation of laws/articles of Incorporation by directors in performing their duties have been identified by executive officers/employees.
- (4) Conduct compliance related trainings by external experts for directors as necessary.
- (5) A director who identifies violation of laws/articles of incorporation by another director shall immediately report such violation to the Board of Corporate Auditors and Board of Directors, and implement corrective measures.

2. Establishment of other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a Stock Company and the business of the corporate group comprising of the stock company and its subsidiaries

(1) Structure concerning storage and management of information related to performance of duties of directors

- i. Establish internal rules on storage and management of minutes of the Board of Directors, approval forms, other documents related to performance of duties by directors, and other information, and appropriately store and manage such information in accordance with such rules and laws.

(2) Rules and other frameworks on management of risk of loss

- i. The Company shall work out rules regarding risk management and establish rules, manuals and guidelines corresponding to the business of each division to prevent risks from materializing or increasing.
- ii. Business-related risks shall be scrutinized by the directors and corporate vice presidents in accordance with certain approval rules, and the Corporate Planning Department shall lead the management by each division/company and shared corporate operation departments at the headquarters.
- iii. Establish a company-wide emergency communication network to ensure prompt response to emergencies and prevent spreading of losses.
- iv. To ensure appropriate risk management practice, establish a risk management and compliance committee to deliberate/discuss, decide, exchange/communicate information on significant risk management matters.

(3) Framework to ensure efficient performance of duties by Directors

- i. An executive officer system shall be implemented to delegate the business execution authorities of directors to corporate vice presidents. Chief Operating Officer (COO), or CEO if there is no COO, shall supervise the business execution. Chief Executive Officer (CEO) shall supervise the overall management.
- ii. Directors shall supervise the business execution of corporate vice presidents and employees by attending meetings and receiving regular business reports.
- iii. Discuss projects to be deliberated at the Board of Directors meeting in advance at Management Meetings (a preliminary consultation body for the Board of Directors to deliberate on company-wide business projects) and Executive Meetings (decision making body for each executive unit) to clarify issues for efficient deliberation at the Board of Directors meeting.
- iv. Board of Directors shall establish the medium- to long-term management goals, promote sharing of such goals, and periodically review the progress.
- v. Board of Directors shall periodically conduct self-evaluation and analysis, to ensure effective performance of roles and obligations of the directors both in terms of decision making and supervision over business execution.

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(4) System to ensure conformity of execution of operations of executive officers and employees with laws and articles of incorporation

- i. Establish rules on compliance and a framework to ensure that executive directors and employees comply with laws, the Articles of Incorporation and internal rules.
- ii. To promote compliance, establish a risk management and compliance committee to deliberate/discuss, decide, exchange/communicate information on significant compliance matters.
- iii. Structured education shall be conducted for executive directors and employees such as compliance lectures, to promote compliance awareness.
- iv. Establish a whistle blowing system (Compliance Hotline) as an internal reporting framework in case executive officer or employees identify illegal business acts, etc.
- v. Establish an independent audit department as an internal audit entity.

(5) Framework for securing appropriateness of business in corporate group

- i. In order to enhance the Group's brand value and its overall potential through sound operation of group subsidiaries, establish rules on subsidiary management, and manage/support subsidiaries mainly through the Company's department in charge of management of business or management of each subsidiary pursuant to such rules. At the same time, create a framework where subsidiaries are to make periodic reports as well as extraordinary reports as required on necessary matters to the Company.
- ii. The Company shall encourage its subsidiaries to establish rules tailored to each subsidiary's business characteristics, including rules on risk management, manuals, guidelines, etc. and build risk management systems corresponding to the characteristics of each subsidiary's business, to prevent risks from materializing or increasing.
- iii. The Company shall ensure efficiency of performance of duties by directors of subsidiaries by receiving business reports from subsidiaries pursuant to the rules on subsidiary management, and conducting preliminary discussions on business for significant matters, etc.
- iv. The Company shall establish Audit Department as an organization that performs internal audits, and perform periodic business audits for affiliates including subsidiaries and related companies, and extraordinary audits for necessary matters as required.
- v. The Company shall periodically convene Corporate Auditors of domestic affiliates and exchange opinions with the Company's Corporate Auditors to enhance audit functions at domestic affiliates.
- vi. The Company shall concurrently appoint executive officers and employees as Corporate Auditors of some of the domestic affiliates to enhance the audit function.
- vii. The Company shall apply the whistle blowing system (Compliance Hotline) in (4) above to domestic affiliates.
- viii. Overseas subsidiaries are to comply with the local laws, and follow a framework pursuant to this policy to the extent possible.

(6) Matters concerning an employee where Corporate Auditors request for an employee to support his/her duties

- i. In response to request by Corporate Auditors, one or more staffs shall be allocated from the Company's employees to support the duties of the Corporate Auditors.

(7) Matters related to securing independence of the employee from directors and effectiveness of instruction to the employee from Corporate Auditors

- i. In case such supporting staff is to be concurrently appointed to a position involving business execution, directors and executive units shall not intervene with the staff's performance of tasks supporting the Corporate Auditors; ensure the staff's independence from directors; and notify the Company's officers and employees that such supporting staff is to follow the instructions and orders of the Corporate Auditors.
- ii. Appointment of such supporting staff shall require consent by the Board of Corporate Auditors.

(8) Framework for reporting by directors, executive officers, and employees of the Company and its subsidiaries to the Company's Corporate Auditors; frameworks for other reports to the Company's Corporate Auditors; and the framework for securing effective audit by the Company's Corporate Auditors

- i. A system shall be established to ensure that the Company's Corporate Auditors can receive periodic reports on performance of duties from the directors, executive officers and employees of the Company or its subsidiaries.

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- ii. A system shall be established to ensure that the Company's Corporate Auditors can collect information on the status of performance of obligations relating to each business division, etc. by the directors, executive officers and employees of the Company and its subsidiaries.
- iii. Directors of the Company or its subsidiaries shall report to the Company's Corporate Auditors where matters that may cause significant damages to the Company, material violation of laws/articles of incorporation, or other material compliance matters occur.
- iv. Corporate Auditors of the Company may attend the Compliance Committee, which is an organizational body that deliberates/discusses, determines, exchange/communicate information on, important matters regarding risk management and compliance.
- v. The Company and its subsidiary's Representative Directors, Directors, or Accounting Auditors shall attend meetings to exchange opinions held by the Company's Corporate Auditor at the request of such Corporate Auditor.
- vi. A framework shall be established to ensure that the person reporting to the Company's Corporate Auditors shall not receive disadvantageous treatment for the reason of making the report in the preceding Item.
- vii. A framework shall be established with respect to procedures for advance payment or repayment of expenses arising from performance of duties of Corporate Auditors and processing or repayment of other expenses arising from performance of such duties, to enable smooth processing in accordance with the invoice, etc. from the Corporate Auditors.

At the Company, CRMO (Chief Risk Management Officer) is leading the corporate group-wide efforts to enhance risk management, working closely with Corporate Planning Department, which performs division-encompassing functions, and different divisions and companies, with professional support from company-wide shared corporate operations departments such as Risk Management & Compliance Office and Legal Department. Audit Department audits execution of tasks by each division and subsidiary in a planned manner.

Summary of operation of framework for securing appropriateness of business

1. Risk management

To prevent the increase and expansion of the Group risks, the CRMO (Chief Risk Management Officer) appointed by the Board of Directors heads risk management and compliance activities and reports to the Board of Directors. The Company recognizes risk management activities as one of top priorities for the execution of duties by Directors and their status has been appropriately deliberated at the Board of Directors meetings and other meetings.

As a system to promote risk management, the Company has appointed risk management officers (job grade of General Managers) for each department and established the Risk Management & Compliance Committee chaired by the CRMO to deliberate/discuss, decide, and exchange/communicate information on important matters.

Taking into consideration the group-wide Risk Management Policy formulated by CRMO, Risk Management Code of Conduct formulated by risk management officers, and its corporate characteristic, the Company has continued with the activities to control risks in normal times based on the Risk Map that summarizes priority issues from a company-wide perspective.

The Company also implemented a third-party evaluation regarding its risk management activities and held workshops on risk management methods among other measures with the aim of vitalizing its activities and improving effectiveness.

Key efforts regarding enhancement of risk management system

- From February 2020 to the end of March 2022, the Company established the “Coronavirus Special Countermeasure Headquarters” as a response to COVID-19 to collect and share relevant information within and outside the Company, and reviewed the effectiveness of its responses to emergency situations and responded to the situations. The Company has closed the Coronavirus Special Countermeasure Headquarters since then and moved on to a management system in the era of “living together” with COVID-19, under which we take necessary countermeasures in regular business activities.
- The Company has developed the Safety Confirmation System and other means based on the Emergency Response Basic Manual as the company-wide emergency contact system in preparation for information sharing in the case of disasters that might affect the Company.
- To address the issue of large-scale natural disasters, whose threats have been discussed especially in recent years and for which preparation has been strongly required, the Company has been conducting training sessions featuring business continuity in the event of a disaster.
- The Company strictly operates the Approval Rules in response to business-related risks. All approved items are reviewed and scrutinized by Directors and Corporate Auditors to confirm there are no issues.

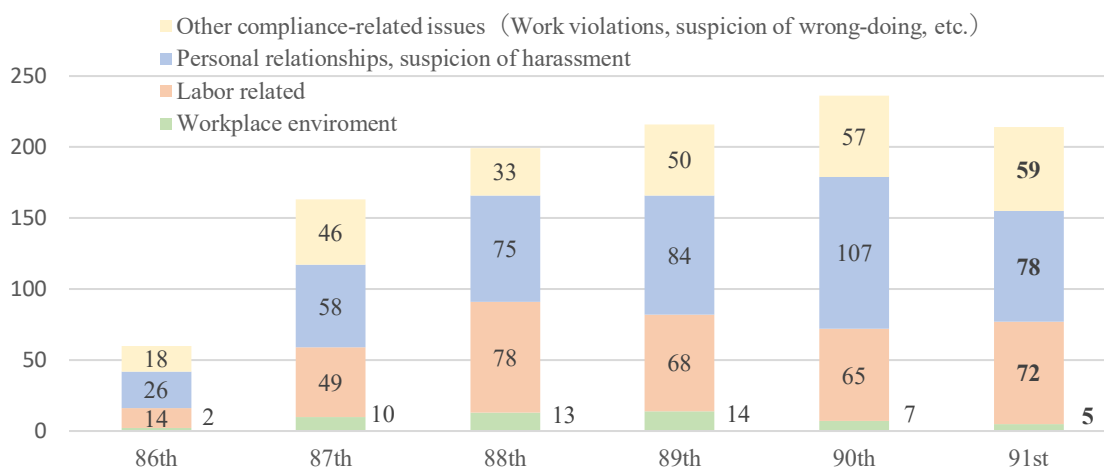
2. Situation of efforts to enhance compliance

To ensure all executives and employees of the Group comply with laws and regulations, the articles of incorporation, and internal rules, and act in accord with social ethics and norms, the Company is working to maintain and enhance the group-wide compliance system by establishing the Corporate Code of Conduct, Conduct Guidelines, and other rules, while setting up and operating various committees.

As a system to promote compliance within the Company, the CRMO is leading compliance activities, while the Risk Management & Compliance Committee formulates policies, deliberates/discusses, decides, and exchanges/communicates information on important matters, such as the activities of each department and the operation of the whistle blowing system, and reports these activities to the Board of Directors.

The Company and its subsidiaries appropriately and proactively operates the whistle blowing system they respectively have established to detect and solve problems that cannot be grasped with the reporting systems for regular operations. The increasing trend in the number of such systems being operated keeps in check the occurrence of problems and is showing results suitable for the purpose of improving self-cleaning and effectiveness of compliance.

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The Risk Management & Compliance Office manages these company-wide activities and works to promote compliance awareness throughout the Group, by creating and providing the Compliance Manual and conducting trainings in cooperation with relevant departments.

Key efforts to enhance the compliance system

- Enhancement of education system including video-based training and e-learning aimed at improving compliance literacy of all employees.
- Implement self-check of internal control at subsidiaries as well as the Company's divisions so that the companies can autonomously implement PDCA for legal compliance system throughout the Group.
- With respect to cases regarding the whistle blowing system and responses to them, carry out third-party evaluation by a lawyer, and build a mechanism to improve the reliability of the system and the ability to respond.

3. Securing efficient performance of duties

The Company has introduced an Executive Officer System with the aim of ensuring speedy business executions by the Directors through the delegation of business executions to the Executive Officers and supervising the Executive Officers by attending various meeting bodies and receiving periodic business reports. We position the president and other executive roles as executive officers, instead of directors, to clarify the roles and responsibilities assigned to directors and executive officers.

Significant matters requiring submission to the Board of Directors were deliberated at the Executive Meeting to deepen the discussion and discussion points that should be subjected to deliberation by the Board of Directors were clarified by sorting out discussion points and providing directionality. Deeper and efficient discussion at the Board of Directors meeting is being promoted by, for example, early distribution of materials and providing preliminary explanations.

Documents regarding performance of duties by the directors and other information is being stored and managed appropriately in accordance with the internal rules.

4. Securing appropriateness of business by the corporate group comprising of the Company and its subsidiaries

The Company is enhancing the audit and supervisory functions by appointing executive directors and employees of the Company to concurrently work as directors or Corporate Auditors of subsidiaries. In addition, the Company receives periodic and ad hoc reporting from subsidiaries through departments in charge of individual subsidiaries, has discussions where necessary, and issues that have significant impact on the Company are reported to the Executive Meeting.

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To ensure that business activities are carried out strictly in accordance with the Company-wide Subsidiary Management Rules, the subsidiaries' projects that should be subject to preliminary discussions with the Company and projects to be determined at the discretion of subsidiaries were distinguished. In addition, the information communication routes from subsidiaries to the Company were confirmed, and ongoing confirmation is being made on the establishment of rules at subsidiaries.

To further enhance these operations, the Company has integrated business-based management by departments in charge of subsidiaries and organization-based management to realize a system that further ensures the appropriateness of subsidiaries' businesses as a corporate group.

Furthermore, the Company's internal audit division performs business audits for the Company and its subsidiaries in accordance with the Internal Audit Rules. Their results are reported at the Executive Meeting, and corrective measures are implemented where necessary.

5. Securing effectiveness of Corporate Auditors' Audit

The Company has formulated rules to ensure the effectiveness of Corporate Auditors' audit (e.g., Standards for Corporate Auditor's Audit), developed a whistle blowing system, and established a framework where the Corporate Auditors can gather information from directors and employees in a timely and appropriate manner in case of matters that may cause significant damages to the Company, significant violation of laws/articles of incorporation, or other significant compliance matters. In addition, the framework ensures smooth performance of Corporate Auditors' duties by assigning employees independent from directors to support duties of Corporate Auditors and making them known to all employees. Also, we have added one assisting employee from the fiscal period under review to further enhance execution of duties by Corporate Auditors and increase support.

The Company's Corporate Auditors attend important meetings including the Board of Directors, Executive Management Board Meeting, and Risk Management & Compliance Committee meetings, and state their opinions as necessary. In addition, periodic interviews with directors and executive officers as well as on-site audits of key offices and subsidiaries are performed to confirm the status of establishment and operation of the internal control system.

Moreover, the Corporate Auditors receive monthly reports including the operational status of the whistle blowing system from Internal Audit Division, Legal Division, and Risk Management & Compliance Office, and reports on subsidiaries are received as necessary from departments in charge of managing the subsidiaries.

The Company also promotes close mutual collaboration under the three-pillar audit system by holding discussion meetings with corporate auditors of core subsidiaries and having information and opinion exchange with Accounting Auditors every quarter and whenever appropriate and with internal audit divisions as necessary.

The Company has also established a framework that can smoothly process invoices from the Corporate Auditors for expenses arising from performance of their duties.

[Translation for Reference and Convenience Purposes Only]

Consolidated Financial Statements

Consolidated Statements of Financial Position

(Unit: Millions of yen)

	FYE 2021 (as of March 31, 2021)	FYE 2022 (as of March 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	907,326	883,074
Trade and other receivables	341,907	337,387
Inventories	419,053	483,113
Income taxes receivable	19,820	18,331
Other financial assets	228,279	243,204
Other current assets	66,378	77,134
Subtotal	1,982,763	2,042,243
Assets held for sale	69	—
Total current assets	1,982,832	2,042,243
Non-current assets		
Property, plant and equipment	839,648	841,553
Intangible assets and goodwill	216,652	250,897
Investment property	24,282	21,942
Investments accounted for using equity method	10,177	10,828
Other financial assets	101,389	124,574
Other non-current assets	127,826	161,167
Deferred tax assets	108,906	90,549
Total non-current assets	1,428,880	1,501,510
Total assets	3,411,712	3,543,753

[Translation for Reference and Convenience Purposes Only]

(Unit: Millions of yen)

	FYE 2021 (as of March 31, 2021)	FYE 2022 (as of March 31, 2022)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	267,824	273,546
Financing liabilities	26,334	51,645
Other financial liabilities	61,282	69,624
Income taxes payable	2,908	4,685
Provisions	194,497	143,217
Other current liabilities	322,295	309,538
Total current liabilities	875,140	852,255
Non-current liabilities		
Financing liabilities	307,549	282,400
Other financial liabilities	78,528	81,848
Employee benefits liabilities	55,817	58,196
Provisions	89,954	95,448
Other non-current liabilities	210,491	267,530
Deferred tax liabilities	7,850	5,057
Total non-current liabilities	750,189	790,479
Total Liabilities	1,625,329	1,642,734
Equity		
Equity attributable to owners of parent		
Capital stock	153,795	153,795
Capital surplus	160,178	160,178
Treasury shares	(6,524)	(6,324)
Retained earnings	1,435,291	1,466,322
Other components of equity	34,995	116,818
Total equity attributable to owners of parent	1,777,735	1,890,789
Non-controlling interests	8,648	10,230
Total equity	1,786,383	1,901,019
Total liabilities and equity	3,411,712	3,543,753

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Income

(Unit: Millions of yen)

	FYE 2021 (April 1, 2020 to March 31, 2021)	FYE 2022 (April 1, 2021 to March 31, 2022)
Revenue	2,830,210	2,744,520
Cost of sales	(2,337,614)	(2,240,595)
Gross profit	492,596	503,925
Selling, general and administrative expenses	(279,867)	(303,136)
Research and development expenses	(104,157)	(103,587)
Other income	5,073	8,447
Other expenses	(11,057)	(13,887)
Share of profit (loss) of investments accounted for using equity method	(120)	(1,310)
Operating profit	102,468	90,452
Finance income	21,003	19,720
Finance costs	(9,517)	(3,200)
Profit before tax	113,954	106,972
Income tax expense	(36,634)	(36,376)
Profit for the year	77,320	70,596
Profit for the year attributable to		
Owners of parent	76,510	70,007
Non-controlling interests	810	589
Profit for the year	77,320	70,596
Profit for the year per share attributable to owners of parent		
Basic (yen)	99.77	91.28

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(Unit: Millions of yen)

	FYE2021 (as of March 31, 2021)	FYE2022 (as of March 31, 2022)
ASSETS		
I Current assets		
Cash and deposits	802,432	783,265
Accounts receivable-trade	202,168	181,865
Merchandise and finished goods	52,158	49,636
Work in process	52,853	65,145
Raw materials and supplies	39,426	47,946
Advance payments-trade	35,086	32,851
Prepaid expenses	4,758	4,707
Short-term loans receivable to subsidiaries and affiliates	63,880	36,102
Current portion of long-term loans receivable from subsidiaries and affiliates	19,000	12,500
Deposits paid	27,114	24,480
Accounts receivable-other	47,122	54,092
Other	24,397	22,682
Allowance for doubtful accounts	(3)	—
Total current assets	1,370,391	1,315,271
II Noncurrent assets		
1. Property, plant and equipment		
Buildings, net	96,798	99,626
Structures, net	17,574	17,952
Machinery and equipment, net	117,466	109,166
Vehicles, net	3,064	2,910
Tools, furniture and fixtures, net	10,582	10,581
Land	81,078	80,909
Construction in progress	23,631	33,547
Other, net	2,803	2,705
Total property, plant and equipment	352,996	357,396
2. Intangible assets		
Software	27,840	29,870
Other	40,365	56,165
Total intangible assets	68,205	86,035
3. Investments and other assets		
Investment securities	2,296	2,133
Stocks of subsidiaries and affiliates	228,020	250,523
Investments in capital of subsidiaries and affiliates	4,424	6,210
Long-term loans receivable	303	3
Long-term loans receivable from subsidiaries and affiliates	73,893	75,526
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	0
Prepaid pension cost	9,091	7,334
Deferred tax assets	116,017	104,065
Other	4,893	7,338
Allowance for doubtful accounts	(269)	(252)
Allowance for investment loss	—	(1,387)
Total investments and other assets	438,668	451,493
Total noncurrent assets	859,869	894,924
Total assets	2,230,260	2,210,195

[Translation for Reference and Convenience Purposes Only]

(Unit: Millions of yen)

	FYE2021 (as of March 31, 2021)	FYE2022 (as of March 31, 2022)
LIABILITIES		
I Current liabilities		
Notes payable-trade	311	240
Accounts payable-trade	170,288	160,796
Electronically recorded obligations-operating	20,643	15,910
Current portion of long-term loans payable	24,150	50,650
Lease obligations	1,408	1,519
Accounts payable-other	18,302	23,338
Accrued expenses	44,628	43,849
Income taxes payable	—	793
Advances received	30,635	43,177
Deposits received	393,242	377,435
Provision for bonuses	14,508	14,822
Provision for product warranties	147,845	90,704
Provision for vehicle environmental control	1,224	3,039
Provision for loss on construction contracts	7,033	5,535
Other	8,494	8,189
Total current liabilities	882,711	839,996
II Noncurrent liabilities		
Bonds payable	80,000	90,000
Long-term loans payable	226,550	191,900
Lease obligations	1,767	1,509
Provision for product warranties	77,616	77,902
Provision for vehicle environmental control	2,602	5,484
Provision for retirement benefits	346	55
Asset retirement obligations	16	16
Other	1,416	2,609
Total noncurrent liabilities	390,313	369,475
Total liabilities	1,273,024	1,209,471
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus		
Legal capital surplus	160,071	160,071
Total capital surplus	160,071	160,071
Retained earnings		
Legal retained earnings	7,901	7,901
Other retained earnings		
Reserve for reduction entry of land	1,341	1,341
General reserve	35,335	35,335
Retained earnings brought forward	599,108	625,901
Total retained earnings	643,685	670,478
Treasury stock	(6,524)	(6,324)
Total shareholders' equity	951,027	978,020
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	6,209	22,704
Total valuation and translation adjustments	6,209	22,704
Total net assets	957,236	1,000,724
Total liabilities and net assets	2,230,260	2,210,195

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statements of Income

(Unit: Millions of yen)

	FYE2021 (April 1, 2020 to March 31, 2021)	FYE2022 (April 1, 2021 to March 31, 2022)
I Net sales	1,580,950	1,499,898
II Cost of sales	1,432,225	1,322,969
Gross profit	148,725	176,929
III Selling, general and administrative expenses	201,106	225,184
Operating loss	(52,381)	(48,255)
IV Non-operating income		
Interest income	1,286	1,067
Dividends income	3,114	106,052
Foreign exchange income	5,987	14,889
Real estate rent	2,982	2,940
Gain on valuation of derivatives	—	1,391
Other	2,649	7,088
Total non-operating income	16,018	133,427
V Non-operating expenses		
Interest expenses	739	732
Depreciation	1,381	2,015
Loss on valuation of derivatives	6,748	—
Compensation expenses	—	2,349
Other	4,604	3,920
Total non-operating expenses	13,472	9,016
Ordinary income (loss)	(49,835)	76,156
VI Extraordinary income		
Gain on sales of noncurrent assets	190	240
Gain on sales of investment securities	133	—
Reversal of allowance for doubtful accounts	189	16
National subsidies	21	36
Other	56	12
Total extraordinary income	589	304
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3,572	4,639
Provision of allowance for investment loss	—	1,387
Other	19	73
Total extraordinary losses	3,591	6,099
Income (loss) before income taxes	(52,837)	70,361
Total income taxes	(14,179)	528
Income tax-current	(3,301)	(4,185)
Income taxes-deferred	(10,878)	4,713
Net income (loss)	(38,658)	69,833

[Translation for Reference and Convenience Purposes Only]

Audit Report

Accounting Audit Report on Consolidated Financial Statements

Independent Auditor's Report

May 13, 2022

To the Board of Directors of SUBARU CORPORATION:

KPMG AZSA LLC
Tokyo Office, Japan

Masakazu Hattori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Hasumi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shuji Yasuzaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated statements of financial position, the consolidated statements of income, the consolidated statement of changes in equity and the related notes of SUBARU CORPORATION (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

[Translation for Reference and Convenience Purposes Only]

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

[Translation for Reference and Convenience Purposes Only]

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

[Translation for Reference and Convenience Purposes Only]

Accounting Audit Report on Non-consolidated Financial Statements

Independent Auditor's Report

May 13, 2022

To the Board of Directors of SUBARU CORPORATION:

KPMG AZSA LLC
Tokyo Office, Japan

Masakazu Hattori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Hasumi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shuji Yasuzaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheets, the statements of income, the statements of changes in net assets and the related notes, and the accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of SUBARU CORPORATION. (“the Company”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

[Translation for Reference and Convenience Purposes Only]

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal

[Translation for Reference and Convenience Purposes Only]

control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Board of Corporate Auditors' Report

Audit Report

The Board of Corporate Auditors have prepared this Audit Report by analyzing the Audit Report prepared by the auditors concerning the performance of duties by the directors for the 91st fiscal period between April 1, 2021 and March 31, 2022, and report as follows.

1. The Corporate Auditors, and the Methods and Contents of Audit by the Board of the Corporate Auditors

- (1) The Board of the Corporate Auditors determined the audit policy and allocation of duties, received reports on the status and results of audits from each auditor, received reports on the status of performance of duties from directors, etc., and accounting auditors, and requested explanation where necessary.
- (2) In accordance with the standards for auditor's audit prescribed by the Board of the Corporate Auditors, each auditor attempted to communicate with the directors, internal control division and other employees, etc., following the audit policy and allocation of duties, etc., strove to gather information and establish audit environment, and performed the audit using the following methods.
 - (i) Participated in board of directors' meetings and other important meetings, received reports from the directors and employees, etc., on the status of performance of their duties, requesting explanations where necessary, inspected important approval documents, etc., and examined the status of the business and assets at the headquarters and major offices. With respect to subsidiaries, the Corporate Auditors sought communication and exchange of information with the directors and corporate auditors, etc., of the subsidiaries, and received reports on business from the subsidiaries where necessary.
 - (ii) With respect to the content of the board of directors' resolution concerning the establishment of the system prescribed in Article 100, Paragraphs 1 and 3 of the Enforcement Rule for the Company Act as necessary for securing the system to ensure that the performance of duties by the directors described in the Business report comply with the laws and articles of incorporation and appropriateness of the business of the corporate group comprising of the stock company and its subsidiaries, as well as the status of the system established based on the resolution of the board of directors' meeting (internal control system), the Corporate Auditors received periodic reports on the status of establishment and operation of such system, requested explanation and stated our opinions where necessary.
 - (iii) We monitored and reviewed that the accounting auditors maintained independence and performed appropriate audits and received reports from the accounting auditors on the status of performance of their duties, and requested explanation where necessary. We also received a notice from the Accounting Auditors that the "system to secure appropriate performance of duties" (matters listed in the Items of Article 131 of Company Calculation Rules) were established in accordance with the "Quality Control Standards for Audit" (October 28, 2005 Business Accounting Council), etc. and requested explanation where necessary.

Based on the above methods, we reviewed the Business Report and its supporting documents, Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statements of Comprehensive Income, Non-consolidated Statement of Changes in Net Assets, and Notes to Non-consolidated Financial Statements) and their supporting documents as well as Consolidated Financial Statements (Consolidated Statement of Financial Position, Consolidated Statements of Comprehensive Income, Consolidated Statement of Changes in Equity, and Notes to Consolidated Financial Statements).

[Translation for Reference and Convenience Purposes Only]

2. Audit Results

(3) Audit Result for the Business Report, etc.

- (i) The business report and its supporting documents correctly represent the status of the Company in accordance with the laws and the Articles of Incorporation.
- (ii) There were no unlawful acts or material facts in violation of laws or the Articles of Incorporation in relation to the performance of duties of the directors.
- (iii) We acknowledge that the resolutions of the Board of Directors with respect to the internal control system are appropriate. We have found no matters to point out for the description of Business Report and the execution of duties by Directors with respect to the internal control systems.

(4) Audit Results for the Non-consolidated Financial Statements and Supporting Documents

The methods and results of the audit by the accounting auditors KPMG AZSA LLC were appropriate.

(5) Audit Results for Consolidated Financial Statements

The methods and results of the audit by the accounting auditors KPMG AZSA LLC were appropriate.

May 13, 2022

SUBARU CORPORATION Board of Corporate Auditors
Standing Corporate Auditor Yoichi Kato
Standing Corporate Auditor Hiromi Tsutsumi
Outside Corporate Auditor Shigeru Nosaka
Outside Corporate Auditor Kyoko Okada

Shareholder Newsletter <Report on Online Briefing for Shareholders>

We held an online briefing for individual shareholders in March 2022. In this report, we will introduce the content of the presentation “Subaru’s Car Manufacturing in the electric vehicle era” given at the event.

What is “Subaru difference”?

Symmetrical AWD, BOXER engine, and EyeSight are not the Subaru difference as such, but are the means of embodying the Subaru difference.

With these technologies, we have been manufacturing cars with advantages such as vehicles enabling safe drive in extremely rough road surfaces and cars that do not tire out long-distance drivers so fast. And we have been delivering “Enjoyment and Peace of Mind” to customers through these technologies.

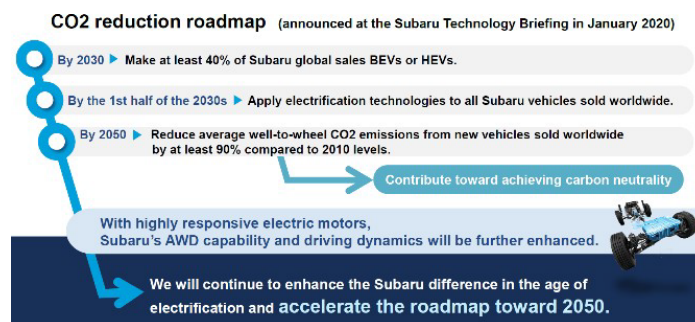
We believe that “enjoyment” is supported by “peace of mind” and we can deliver the enjoyment of driving a car, traveling by car, and a life with a car to our customers because our cars are safe and reliable and offer peace of mind.



Realization and strengthening of “Subaru difference”

It is easy to measure performance such as the power of an engine and the maximum speed in figures, but it has been difficult to quantitatively measure “peace of mind” and “enjoyment” till now. At Subaru, experienced engineers repeatedly have driven actual vehicles and developed such models over a long period of time instinctively.

Meanwhile, current automobile development requires automobile manufacturers to carry out parallel development of many technologies such as sophistication of control reflecting evolution of safety equipment and expansion of connected vehicle technologies over a short period of time. Under such circumstances, performances not measurable in figures tend to be abandoned. We would like to realize the “SUBARU difference” by enabling, as much as possible, the measurement of factors leading to “peace of mind” and “enjoyment,” which were difficult to quantify till now, and incorporate them into the development of various models.



Further, interests in achievement of carbon neutrality have grown rapidly, and Subaru has declared a roadmap for reduction of CO₂ emissions centered around electrification to contribute to the realization of a carbon-free society.

We will continue to measure the factors leading to “peace of mind” and “enjoyment,” and we would like to further strengthen the “SUBARU difference” also in the era of electrification.

[Translation for Reference and Convenience Purposes Only]

Subaru Driving Academy

Subaru does not have the job category of test drivers, who are dedicated to driving and evaluating developed vehicles, and evaluation of cars in the development stage is solely done by engineers.

By riding a car, they not only evaluate what is good or bad but also think theoretically what they felt while driving the car and incorporate it into the development. Subaru’s strength lies in the fact that instead of split this process, the same employees work consistently on it.

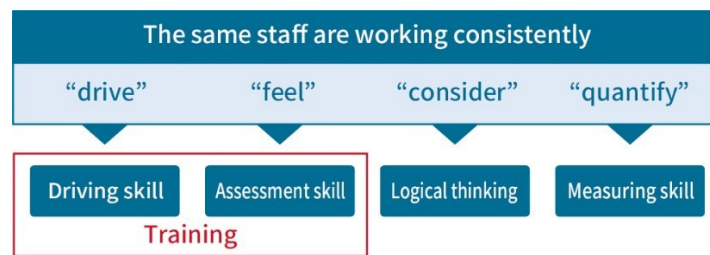
To make this process stronger, we established the Subaru Driving Academy to further hone the capability of engineers to ride, feel, think, and quantify and contribute to the creation of even-better cars.



In development sites, you frequently see the phenomenon, where, though you can clearly feel the difference upon riding and comparing multiple vehicles, it does not show up in figures with existing measuring methods.

To this end, Subaru Driving Academy is implementing training to clarify what to measure in order to show something that the driver felt as wrong or not good.

It is extremely important to pursue the mechanism with respect to the instinctive differences felt by the driver, without limiting to conventional measuring methods.



Our customers have evaluated that Impreza, which is installed with the Subaru Global Platform and named the “2016-2017 Japan Car of the Year,” has become remarkably more comfortable to drive.

The driving comfort quality of the Subaru Global Platform has been dramatically improved by a result of its engineers honing their senses to feel the difference through training, and then deeply pursued the mechanisms causing the difference, increased the factors numerically measurable, and incorporated them in development.

These strengths underpin “SUBARU difference” and the customers who resonate with us recognize the additional values. This will not change even with the advent of electrification era.



SOLTERRA

Subaru introduced “SOLTERRA” as the first BEV*1 it markets globally.

SOLTERRA was jointly developed with Toyota Motor Corporation. We also focused on expressing the Subaru difference in the process of creating a truly good car.



We would like to introduce an anecdote.

At a test driving session of a prototype, we faced the issue where, though the car was not bad, it somehow was not embodying the Subaru difference. However, we were soon able to identify the cause because we have the knowledge gained through the activities at the Subaru Driving Academy for “pursuing mechanisms deeply without being limited to conventional measuring methods.”

We proposed to change the specification of just one place of a suspension-related part, which is directly connected to driving comfort. When changing the specification of parts in general, we create the same parts with different specifications and choose the best one.

However, we made the proposal with just one specification based on the knowledge we had gained till then. The riding comfort improved as a result, our proposal was adopted and we were able to solve the issue.

This proposal was something that was hard to understand from the prevailing common sense perspective in automobile development, but it was an event where what we had accumulated resulted in success.

In addition to this, we adopted a new AWD system, in which separate motors are used to propel the front and back tires, so as to ensure that a person will feel it is unmistakably Subaru immediately upon riding the car, and poured all the knowledge possessed by Subaru into its control. It enabled the vehicle to use the grip of all four tires to the maximum extent and realized more stable driving. Further, we adopted X-MODE*2, which is Subaru’s AWD control system, and strengthened the road handling ability on rough roads.



*2 The driver can select the mode depending on the road surface condition, which supports smooth maneuvering on rough roads by appropriately controlling the driving force and brake of the four wheels leveraging the motor’s strong torque and quick response. Moreover, it is equipped with grip control that retains a certain vehicle speed at all times when driving on rough roads with irregular surface or on slippery roads. Vehicle speed can be chosen from five levels, which can be operated when going uphill as well as on flat land. It lets the driver focus on steering without worrying about adjusting the vehicle speed, providing a higher sense of security while driving on bad roads.

Subaru in the electric vehicle era

In the electric vehicle era, it is expected that standardization, in which automobile manufacturers use the same motor, battery, and other parts, will advance.

One might think that the standardization of parts would undermine a vehicle’s advantages, but we believe that electrification offers an opportunity to more clearly express the Subaru difference. This is because developing vehicles in the electric vehicle era with the knowledge Subaru has cultivated through the above mentioned

*1: **B**attery **E**lectric **V**ehicle

[Translation for Reference and Convenience Purposes Only]

activities including the Subaru Driving Academy has a high affinity with the motor-driven AWD control. And, we believe that the Subaru difference stands out even more because our strengths such as a car you can “drive with peace of mind on extremely rough road surfaces” even though it is built using the same parts as the cars manufactured by other companies.



Subaru will continue to pursue creation of cars in which our customers can find “Enjoyment and Peace of mind.” We will realize continued growth of the company and further improvement in corporate values by strengthening the relationship with customers who resonate with us even more.

[Topics]

Participating in a race using carbon-neutral fuels

Even as electrification advances, we will not narrow down the options for contributing to the realization of carbon-free society to one, but rather believe that it is necessary to manufacture cars by addressing the changes in the social environment and the needs of our customers. For this reason, we are participating in the Super Taikyu Series 2022 with a racing vehicle using carbon neutral fuel in an endeavor to expand the options for utilizing internal-combustion engines.

It is the first time for us to take on this challenge, which we also considered as a great opportunity for human resource development, and gathered young engineers as development members mainly from the Subaru Engineering Division. We drove forward the development of a race vehicle by repeatedly coming up with hypotheses and testing in short cycles, by going beyond the boundary of departments.

Toyota Motor Corporation also participated in the race, and though we lost in a five-hour endurance race by a gap of 1 minute, the fact that the members spontaneously shouted their disappointment meant that we gained a major harvest upon developing a culture of taking on challenges towards achieving a goal.



A video of this online briefing is available on the Company’s website.

<https://www.subaru.co.jp/ir/stock/event/>