



**Notice of Convocation of
the 92nd 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 92nd 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.

This fiscal period was also marked with parts supply restrictions due to continued semiconductor shortage. But to produce and deliver as many cars as possible to our customers, we have promoted various initiatives across the entire value chain such as evolving our company-wide activities (e.g., flexibly adjusting our production plans) and implementing sales tactics such as improving price policies and sales structure, reducing cost, etc. As a result, we were able to increase our revenue and profit. Revenue grew to 3.7745 trillion yen (37.5% yoy increase) and operating profit grew to 267.5 billion yen (195.7% yoy increase). In light of this, we have decided to increase shareholder dividends by 10 yen per share for both the interim and year-end dividends compared to the forecast at the beginning of the fiscal year, as well as repurchase and retire up to 40 billion yen of treasury stock to improve capital efficiency.

Regarding the production of BEVs*, we have announced our "Strategic Reorganization of Domestic Production" in May 2022. Now, one year later, we are preparing to increase the production capacity of the Yajima Plant from the initially planned 100,000 units per year to 200,000 units by around 2026 to build a production system that can better flexibly respond to regulatory and market trends. Moreover, our production capacity for 2028 and beyond (including the Oizumi Plant to be newly established) is expected to be around 400,000 units. Our target global sales for 2026 is 200,000 units. By the end of 2026, we plan to have a lineup of 4 BEV models by newly launching 3 BEVs in addition to Solterra, a model jointly developed by Toyota Motors that is already in the market.

Since being inaugurated as the President in 2018, we have been navigating a turbulent business environment (e.g., recovery of trust from inappropriate incidents related to final vehicle inspections; business continuity during the COVID-19 crisis; ongoing supply issues for semiconductors and other parts). However, we have persevered by focusing on our missions of strengthening corporate governance, reforming product quality and organizational culture, strengthening relationship with Toyota Motors, and improving the value of the SUBARU brand. My endeavor has been to responsibly pass the management baton to my successor. As there have been signs of improvement in our corporate and profit structures, we have deepened our discussions at the Executive Nomination Meeting that is also participated by our outside directors during the past year, and have resolved and announced our decision, during the Board of Directors meeting in March 2023, to inaugurate a new President.

Mr. Osaki, who is scheduled to be the next president, possesses all the qualities in light of the "ideal CEO image" defined by Subaru. Although I plan to step back from the front lines of execution after the conclusion of this Ordinary General Meeting of Shareholders, I, as the Chairman, plan to thoroughly watch over and support the new president and provide full support to our new system.

We hope to have a continued support from our shareholders.

Tomomi Nakamura
Representative Director, President and CEO



Tomomi Nakamura

Atsushi Osaki

* Battery Electric Vehicle

(Securities Code: 7270)

June 1, 2023

(Start date of electronic provision measures: May 23, 2023)

SUBARU CORPORATION

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

Notice of Convocation of the 92nd Ordinary General Meeting of Shareholders

To our Shareholders:

You are cordially invited to attend the 92nd Ordinary General Meeting of Shareholders of Subaru Corporation (the “Company”), to be held as set forth below.

Upon convening the General Meeting of Shareholders, the Company has taken measures for the electronic provision of information contained in the reference documents for the General Meeting of Shareholders, etc. (matters subject to measures for the electronic provision of information) and it is posted as “Notice of Convocation of the 92nd Ordinary General Meeting of Shareholders” on each of the following websites on the internet. Please access any of those websites to view the information.

Company Website

<https://www.subaru.co.jp/en/ir/stock/meeting.html>

Website for materials for General Meeting of Shareholders

<https://d.sokai.jp/7270/teiji/>

The website of Tokyo Stock Exchange (TSE Listed Company Information Service)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

In the above Tokyo Stock Exchange website, search by the issue name (company name) “Subaru” or the ticker code “7270,” and select “Basic Information” and then “Document for public inspection/PR information” to view the information.

Shareholders who are not attending the meeting in person may exercise their voting rights in advance via the Internet or in writing and they are kindly requested to do so by 6:00 p.m. on Tuesday, June 20, 2023, 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 21, 2023 (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	
3 Purposes	Matters for Reporting	<ol style="list-style-type: none">1. 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 92nd fiscal period (April 1, 2022 to March 31, 2023)2. Report on non-consolidated financial statements for the 92nd fiscal period (April 1, 2022 to March 31, 2023)
	Matters for Resolution	Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings Proposal No. 2: Election of Eight (8) Directors of the Board Proposal No. 3: Election of One (1) Corporate Auditor Proposal No. 4: Election of One (1) Substitute Corporate Auditor

[Translation for Reference and Convenience Purposes Only]

4 Exercise of Voting Rights	<p>[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 20, 2023 (Japan time).</p> <p>[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 20, 2023 (Japan time).</p> <p>[Matters for Acknowledgment] In case that there is no indication of approval or disapproval for each proposal on the returned Voting Form, the vote will be regarded as having indicated approval for proposals made by the Company. 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.</p> <p>[To Institutional Investors] An electronic voting platform is available as a method for exercising a vote right.</p>
5 Other matters concerning General Meeting of Shareholders	<p>The documents being delivered also serves as the documents stating the matters subject to measures for the electronic provision of information delivered in response to request for documents. Among the matters subject to measures for the electronic provision of information, the following matters are not stated in the concerned documents in accordance with relevant laws and regulations and the provisions of Article 15 of the Articles of Incorporation of the Company. Instead, such matters are posted on the Company's website, etc. on the Internet as “Matters Omitted in the Documents Accompanying the Notice of Convocation of the 92nd Ordinary General Meeting of Shareholders.” The concerned documents, therefore, are part of documents being audited by Corporate Auditors and Accounting Auditors upon preparation of Audit Report.</p> <p>[1] “Main Businesses,” “Major Places of Business, Etc.,” “Main Lenders,” “Basic Approach to Corporate Governance,” “Summary of Company Organizational Bodies and Key Meetings,” “Policy and Procedures on Nomination of Candidates for Directors and Corporate Auditors,” “Outside Directors and Corporate Auditors,” “Summary of Contract for Limitation of Liability,” “Summary of Directors and Officers Liability Insurance,” “Summary of Evaluation of the Effectiveness of the Board of Directors,” “Information on Shares Issued by the Company,” “Information on Shares Held by the Company,” “Company Framework and Policies,” and “Accounting Auditors” of Business Report</p> <p>[2] “Consolidated Statements of Financial Position,” “Consolidated Statements of Income,” “Consolidated Statement of Changes in Equity,” and “Notes to Consolidated Financial Statements” of Consolidated Financial Statements</p> <p>[3] “Non-consolidated Balance Sheet,” “Non-consolidated Statements of Income,” “Statement of Changes in Net Assets,” and “Notes to Non-consolidated Financial Statements” of Financial Statements</p> <p>[4] “Accounting Audit Report on Consolidated Financial Statements,” “Accounting Audit Report on Non-consolidated Financial Statements,” and “Board of Corporate Auditors’ Report” of Audit Report</p> <p>In preparing the audit report, Corporate Auditors audited [1], [2] and [3] above in addition to Business Report described in this document, and Accounting Auditors audited [2] and [3].</p> <p>Company Website https://www.subaru.co.jp/en/ir/stock/meeting.html Website for materials for General Meeting of Shareholders https://d.sokai.jp/7270/teiji/ Tokyo Stock Exchange Website https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show</p> <p>In case amendments are made to the matters subject to measures for the electronic provision of information, details of the amendments will be posted on the above websites.</p>

[To Institutional Investors]

[ICJ, Inc.’s electronic voting platform is available as a method for exercising a voting right.](#)

Deadline for exercising voting rights: No later than 6:00 p.m., Tuesday, June 20, 2023

REFERENCE DOCUMENTS FOR THE EXERCISE OF VOTING RIGHTS

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

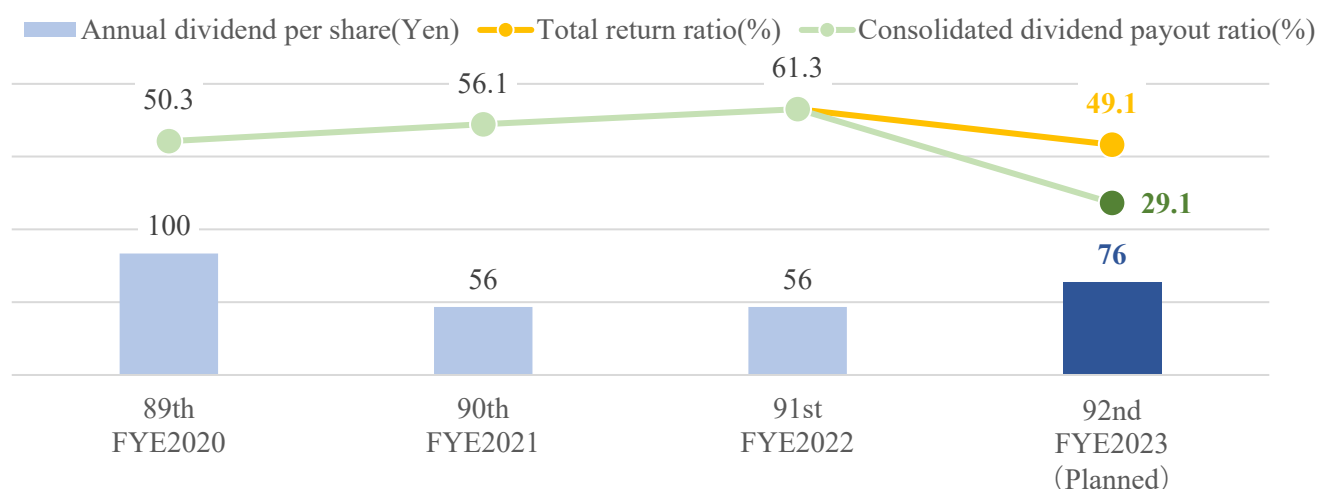
As for the appropriation of surplus for the year under review, it is proposed as follows.

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 Company decides the amount of dividend for each fiscal year based on the policy of consolidated dividend payout ratio of 30% to 50% by taking into account various conditions.

The Company would like to propose the dividends for the 92nd fiscal period in the manner described below, taking into account the financial results for the fiscal year under review, future business development, and management environment among other factors, in accordance with its most recent 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>¥38 per share of the Company's common stock</p> <p>Total dividends: ¥29,160,508,704</p> <p>The total annual dividend for the year under review would be ¥76 per share including the paid interim dividend of ¥38 per share</p>
3. Effective Date	June 22, 2023

(Reference) Trends of Dividends



Notes: The total payout ratio includes the acquisition and amortization of 40 billion yen worth of treasury stock. For details, please refer to the timely disclosure "Notice Regarding Repurchase and Cancellation of Own Shares" dated May 11, 2023.
https://www.subaru.co.jp/news-en/2023_05_11_183340/

Proposal No. 2 Election of Eight (8) 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 a total of eight (8) Directors of the Board, five (5) inside directors and three (3) outside directors, be elected, a reduction of one inside director for improving corporate governance and enabling flexible decision making.

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	Candidate for reelection Atsushi Osaki Male	Director, Executive Vice President	13 of 13 meetings (100%)	2 years
2	Candidate for reelection Fumiaki Hayata Male	Director, Executive Vice President	13 of 13 meetings (100%)	2 years
3	Candidate for reelection Tomomi Nakamura Male	Representative Director, President	13 of 13 meetings (100%)	5 years
4	Candidate for reelection Katsuyuki Mizuma Male	Director, Executive Vice President	13 of 13 meetings (100%)	2 years
5	New candidate Tetsuo Fujinuki Male	Executive Vice President	-	-
6	Candidate for reelection Outside Independent Yasuyuki Abe Male	Outside Director	13 of 13 meetings (100%)	4 years
7	Candidate for reelection Outside Independent Miwako Doi Female	Outside Director	13 of 13 meetings (100%)	3 years
8	New candidate Outside Independent Fuminao Hachiuma Male	-	-	-

Notes:

1. The candidates have no special interest relationships with the Company.
2. 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.
3. Each candidate other than new candidates 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>Atsushi Osaki (April 19, 1962)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1998 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</p> <p>Apr. 2021 Executive Vice President Chief General Manager, Subaru Manufacturing Division</p> <p>Jun. 2021 Director, Executive Vice President, Chief General Manager, Subaru Manufacturing Division</p> <p>Apr. 2023 Director, Executive Vice President (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i></p> <p>-</p> <p><i>(Significant Positions Concurrently Held)</i></p> <p>Director, Subaru of Indiana Automotive, Inc. (SIA)</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i></p> <p>Mr. Atsushi Osaki has abundant experience and knowledge acquired through extensive service at the Company and the Group 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, strongly expecting him to supervise management considering interests of all stakeholders and exhibit leadership in promoting initiatives for creating new Subaru in the new era.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i></p> <p>13 of 13 meetings (100%)</p>	23,422 shares


Note: 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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2	 <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. (SIA)</p> <p>Jun. 2021 Director, Executive Vice President, Chief General Manager, Overseas Sales & Marketing Division 1 Chairman & CEO, Subaru of Indiana Automotive, Inc. (SIA)</p> <p>Apr. 2023 Director, Executive Vice President (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Secretarial Office, Human Resources Dept., sales, marketing</p> <p><i>(Significant Positions Concurrently Held)</i> Director, Subaru USA Holdings Inc. Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)</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 mainly in procurement, sales & marketing, and corporate planning, and overseas operation 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 sales and marketing of the entire Group both in Japan and overseas.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> 13 of 13 meetings (100%)</p>	10,256 shares


Note: 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>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 Vice President, Chief General Manager, Strategy Development Division, General Manager, Corporate Planning Department</p> <p>Apr. 2013 Vice President, Senior General Manager, Subaru Global Marketing Division Senior General Manager, Subaru Overseas Sales & Marketing Division 1 Senior General Manager, Subaru Overseas Sales & Marketing Division 2</p> <p>Apr. 2014 Senior Vice President Chief General Manager, Subaru Overseas Sales & Marketing Division 1 Chairman & CEO, Subaru of America, Inc. (SOA)</p> <p>Apr. 2016 Executive Vice President, Chief General Manager, Subaru Overseas Sales & Marketing Division 1 Chairman & CEO, Subaru of America, Inc. (SOA)</p> <p>Apr. 2018 Executive Vice President</p> <p>Jun. 2018 Representative Director President & CEO (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Aerospace Company, Quality</p> <p><i>(Significant Positions Concurrently Held)</i> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA) Representative Director and Chairman, Japan Aircraft Development Corporation</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Tomomi Nakamura has abundant experience and knowledge acquired through extensive service at the Company and the Group 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 drove forward strengthening of corporate governance, quality enhancement, corporate culture reforms, the alliance with Toyota Motor Corporation, and enhancement of Subaru brand value under the “STEP” mid-term management vision. We are nominating him to serve as Director again, expecting him to supervise management taking all stakeholders’ interests into account to achieve sustainable growth of the Group.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> 13 of 13 meetings (100%)</p>	40,733 shares


Note: 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
4	 <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><u>(Main fields of responsibilities in the Company)</u> Finance & Accounting Dept.</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru USA Holdings Inc. Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA) Vice Chairman, Subaru of China Ltd.</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> 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, as well as financial affairs and accounting. 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><u>(Attendance at the Board of Directors meetings during the year under review)</u> 13 of 13 meetings (100%)</p>	15,894 shares

Note: 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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5	 <p>Tetsuo Fujinuki (August 30, 1963)</p> <p>New candidate</p> <p>Male</p>	<p>Apr. 1986 Joined the Company</p> <p>Jan. 2010 Deputy General Manager, 1st Vehicle Research & Experiment Department, Subaru Engineering Division 1</p> <p>Apr. 2019 Vice President, Senior General Manager, Engineering Division 1</p> <p>Aug. 2019 Vice President, Chief General Manager, Engineering Management Division, Senior General Manager, Engineering Division 1, Chief General Manager, Technical Research Center</p> <p>Apr. 2020 Vice President, CTO, Chief General Manager, Engineering Management Division, Chief General Manager, Technical Research Center</p> <p>Apr. 2021 Senior Vice President, CTO, Chief General Manager, Engineering Division, Chief General Manager, Technical Research Center</p> <p>Apr. 2023 Executive Vice President, CTO (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Engineering Division, Technical Research Center, CTO Strategy Office</p> <p><i>(Significant Positions Concurrently Held)</i> Director, Subaru Tecnica International Inc. Director, Subaru Techno Corporation Director, Subaru Research & Development Inc. (SRD)</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Tetsuo Fujinuki has abundant experience and knowledge acquired through extensive service at the Company and the Group mainly in the field of technology. In order to realize the Group's sustainable growth, we are newly nominating him to serve as Director, expecting him to supervise management considering interests of all stakeholders and properly implement planning of overall manufacturing strategy including future technology, manufacturing, and procurement.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> -</p>	11,403 shares

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6	 <p>Yasuyuki Abe (April 17, 1952)</p> <p>Candidate for reelection</p> <p>Outside</p> <p>Independent</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> <p><u>(Significant Positions Concurrently Held)</u> Outside Director, HOYA Corporation</p>	5,200 shares

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6	<p>Yasuyuki Abe (April 17, 1952)</p> <p>Candidate for reelection</p> <p>Outside</p> <p>Independent</p> <p>Male</p>	<p>[Continued from the previous page]</p> <p><u><i>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</i></u></p> <p>As Representative Director and Senior Executive Operating Officer of Sumitomo Corporation, Mr. Yasuyuki Abe has been involved in management in both a supervisory and executorial 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><i>(Attendance at the Board of Directors meetings during the year under review)</i></u></p> <p>13 of 13 meetings (100%)</p>	<p>5,200 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, Paragraph 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, Paragraph 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
7	 <p>Miwako Doi (June 2, 1954)</p> <p>Candidate for reelection</p> <p>Outside Independent</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

[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, Paragraph 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, Paragraph 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.
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.

[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>Fuminao Hachiuma (December 8, 1959)</p> <p>New Candidate</p> <p>Outside</p> <p>Independent</p> <p>Male</p>	<p>Apr. 1983 Joined Ajinomoto Co., Inc.</p> <p>July 1998 President, PT AJINOMOTO SALES INDONESIA</p> <p>Jul. 2008 Director and Vice President, America Ajinomoto, Inc.</p> <p>Jun. 2013 Executive Officer, Ajinomoto Co., Inc.</p> <p>Jun. 2015 Managing Executive Officer, Ajinomoto Co., Inc.</p> <p>Jun. 2015 Representative Director, President, J-OIL MILLS, INC.</p> <p>Jun. 2016 Representative Director, President, J-OIL MILLS, INC.</p> <p>Apr. 2022 Director, J-OIL MILLS, INC.</p> <p>June 2022 Retired from Director, J-OIL MILLS, INC.</p> <p><u>(Significant Positions Concurrently Held)</u> None applicable</p> <p><u>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</u> Mr. Fuminao Hachiuma has abundant experience and knowledge acquired through his involvement in management in a broad range of fields including overseas business at Ajinomoto Co., Inc. and its group companies as well as promotion of strengthening of corporate governance and management reform of J-OIL MILLS, INC. as Representative Director and President. We are nominating him as a candidate for Outside Director, expecting him to provide sufficient advice and supervision regarding management in general from an independent position as Outside Director of the Company.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> -</p>	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, Paragraph 1 of the Companies Act. Based on this provision, if Mr. Fuminao Hachiuma is appointed as a Director in this Annual General Meeting of Shareholders, 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, Paragraph 1 of the Companies Act.
2. Mr. Fuminao Hachiuma meets the criteria for Independent Director set forth by the Tokyo Stock Exchange, and the Company plans to designate him as 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.

Proposal No. 3 Election of One (1) Corporate Auditor

The terms of office of Corporate Auditors Mr. Shigeru Nosaka and Ms. Kyoko Okada will expire at the conclusion of this Ordinary General Meeting of Shareholders. It is hereby proposed that one (1) Corporate Auditor be elected. The proposal has been approved by the Board of Corporate Auditors. The candidate for Corporate Auditor is as follows.

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
 <p>Yasumasa Masuda (February 27, 1957)</p> <p>New candidate</p> <p>Outside</p> <p>Independent</p> <p>Male</p>	<p>Apr. 1980 Joined Fujisawa Pharmaceutical Co., Ltd. (current Astellas Pharma Inc.)</p> <p>June 2008 Corporate Executive, Vice President, Corporate Finance & Control, Astellas Pharma Inc.</p> <p>Jun. 2011 Corporate Executive, Vice President, Corporate Finance & Control, and Chief Financial Officer (CFO), Astellas Pharma Inc.</p> <p>Apr. 2012 Corporate Executive, Vice President, and Chief Financial Officer (CFO), Astellas Pharma Inc.</p> <p>June 2012 Senior Corporate Executive, Senior Vice President and Chief Financial Officer (CFO), Astellas Pharma Inc.</p> <p>Apr. 2017 Senior Corporate Executive, Senior Vice President and Assistant to President, Astellas Pharma Inc.</p> <p>June 2017 Independent Non-Executive, Deloitte Touche Tohmatsu LLC</p> <p>Jun. 2018 Independent Non-Executive, Deloitte Tohmatsu LLC</p> <p>Jun. 2018 Outside Director, Olympus Corporation</p> <p>Jun. 2021 Outside Director, Chairman of the Audit Committee, Olympus Corporation (to the present)</p> <p><i>(Significant Positions Concurrently Held)</i> Outside Director, Chairman of the Audit Committee, Olympus Corporation</p> <p><i>(Reasons for nominating the candidate for Corporate Auditor)</i> Mr. Yasumasa Masuda has experience in corporate planning and served as CFO at Astellas Pharma Inc. and has deep insight in overall management with focus on financial and accounting. He has also served as Independent Non-Executive at Deloitte Tohmatsu LLC and Outside Director and Chairman of the Audit Committee at Olympus Corporation, giving him a broad perspective and a high level of insight. Based on his background, broad experience and high-level insight as described above, we expect that he will appropriately perform his duties as an Outside Corporate Auditor of the Company from an independent standpoint, and have newly nominated him as a candidate for Outside Corporate Auditor.</p>	<p>0 shares</p>

[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, Paragraph 1 of the Companies Act. Based on this provision, if Mr. Yasumasa Masuda is appointed as the Corporate Auditor in this Annual General Meeting of Shareholders, 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, Paragraph 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 Mr. Yasumasa Masuda is appointed as a Corporate Auditor, he will be included in the list of insured under the insurance contract. The insurance contract will expire in the middle of his term of office, and the Company intends to renew the contract with similar terms and conditions.
3. Mr. Yasumasa Masuda meets the criteria for Independent Director set forth by the Tokyo Stock Exchange, and the Company plans to designate him 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.

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

At the commencement of the 92nd Ordinary General Meeting of Shareholders, the resolution on the election of the Substitute Auditor, made at the 91st Ordinary General Meeting of Shareholders held on June 22, 2022, 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>Outside</p> <p>Independent</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>

[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, Paragraph 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, Paragraph 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 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.

[Translation for Reference and Convenience Purposes Only]

(Reference)

Structure of the Board of Directors and Board of Corporate Auditors after approval of Proposals No. 2 and 3

If Proposals No. 2 and 3 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 as well as Board of Corporate Auditors meeting following this Ordinary General Meeting of Shareholders.

The total eight Directors will include three independent Outside Directors (37.5%), 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 12 Directors and Corporate Auditors will include three females (25%).

Notes: 1. ◎ and ○ indicate attendance of the chairman and other members, respectively.

2. The list below does not cover the entire scope of knowledge held by the Directors and Corporate Auditors.

Reasons for selection	Experience, insight, and leadership required for making important strategic decisions
Definition of experience	Experience of serving as top management of a listed company
Required skills	Business management (executive experience)

	Name	Title at the Company	Gender	Total years of service	Board of Directors	Board of Corporate Auditors	Executive Nomination Meeting	Executive Compensation Meeting
Director	Atsushi Osaki	Representative Director, President (CEO)	Male	2 years	○		○	○
	Fumiaki Hayata	Representative Director, Deputy President	Male	2 years	○			
	Tomomi Nakamura	Director, Chairman	Male	5 years	◎		◎	◎
	Katsuyuki Mizuma	Director, Executive Vice President (CFO, CRMO)	Male	2 years	○			
	Tetsuo Fujinuki	Director, Executive Vice President (CTO)	Male	New candidate	○			
	Yasuyuki Abe	Independent Outside Directors	Male	4 years	○		○	○
	Miwako Doi	Independent Outside Directors	Female	3 years	○		○	○
	Fuminao Hachiuma	Independent Outside Directors	Male	New candidate	○		○	○
Corporate Auditors	Yoichi Kato	Standing Corporate Auditor	Male	2 years	○	◎		
	Hiromi Tsutsumi	Standing Corporate Auditor	Female	3 years	○	○		
	Yuri Furusawa	Independent Outside Corporate Auditor	Female	1 year	○	○		
	Yasumasa Masuda	Independent Outside Corporate Auditor	Male	New candidate	○	○		

[Translation for Reference and Convenience Purposes Only]

Promotion of business strategies for accelerating responses to major transformation					Strengthening of management infrastructure that supports the Company's sustainable growth		
Experience and track record as an officer in charge of each business division					Knowledge, experience, and competency as an officer in charge of a field or employee with experience in highly specialized operations		
Promotion of business strategies					Strengthening of management infrastructure		
Technology/ development	Manufacturing/ purchase	Sale/marketing	Global	IT/digital	Business administration/ financial/ accounting	Legal affairs/ compliance/ risk management	Human capital/ labor
●	●					●	●
	●	●	●		●		
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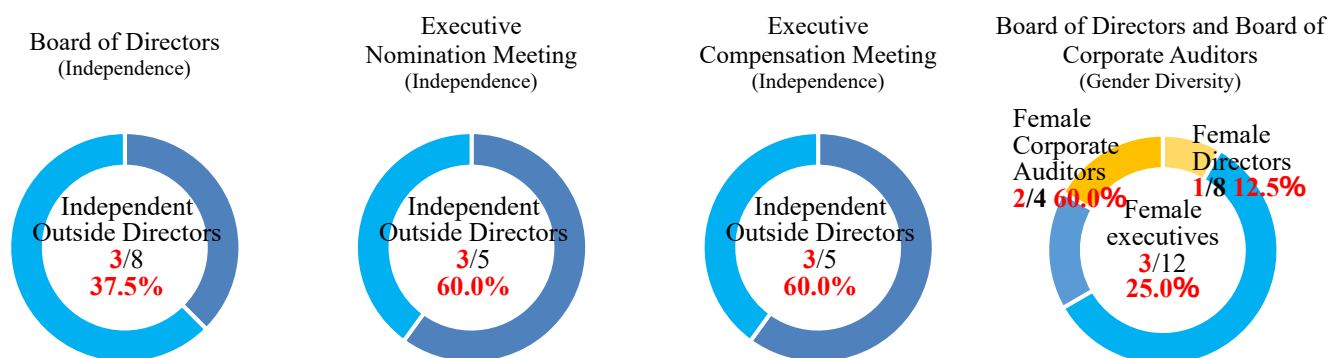
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(Reference) Data on Corporate Governance Code

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%	45
		Proportion of restricted stock units	20–25%	
Principle 4-8	Effective use of independent Outside Directors	Proportion of independent Outside Directors	3/8 (37.5%)* ¹	21
Principle 4-10 [1]	Establishment of an independent Executive Nomination Meeting	Proportion of independent Outside Directors	3/5 (60.0%)* ¹	
		Establishment of an independent Executive Compensation Meeting	3/5 (60.0%)* ¹	
Principle 4-11	Prerequisites for ensuring the effectiveness of the Board of Directors and Board of Corporate Auditors	Proportion of female Directors	1/8 (12.5%)* ¹	
		Proportion of female Corporate Auditors	2/4 (50.0%)* ¹	
		Evaluation of the Effectiveness of the Board of Directors	Implemented since FYE2016	*3



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, 1,962 million yen* ²	*4
Principle 2-4 [1]	Ensure diversity in the appointment of core personnel, etc.	Number of female managers	27* ²	37
		Number of non-Japanese managers	3* ²	
		Number of managers employed in mid-career	175 persons* ²	
Principle 2-5	Whistle blowing	Number of cases reported to the whistle blowing system	270 cases* ²	*5

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

*2: As of March 31, 2023

*3: Please refer to p. 4 of Matters Omitted in Documents Accompanying the Notice of Convocation of the 92nd Ordinary General Meeting of Shareholders.

*4: Please refer to p. 8 of Matters Omitted in Documents Accompanying the Notice of Convocation of the 92nd Ordinary General Meeting of Shareholders.

*5: Please refer to p. 13 of Matters Omitted in Documents Accompanying the Notice of Convocation of the 92nd Ordinary General Meeting of Shareholders

Report on non-consolidated financial statements for the 92nd fiscal period

(April 1, 2022 to March 31, 2023)

1. Matters concerning the status of SUBARU GROUP

(1) Progress and Results

In fiscal 2022, the global economy showed a recovery trend as the impact of the spread of the COVID-19 infection gradually decreased. Meanwhile, the situation continues to be unstable given the prolonged uncertainties over the Russia-Ukraine situation, acceleration of inflation reflecting rising energy costs and the like, sudden foreign exchange fluctuation caused by interest rate policies of various countries, and financial crises in the U.S. and Europe.

Under such circumstances, we, at the Subaru Group, steadily pushed forward reforms with focus on “corporate culture reform,” “quality enhancement,” and “evolution of the Subaru difference”—the priority initiatives under the medium-term management vision “STEP.” Further, we implemented initiatives for ensuring profits in company-wide efforts to produce and deliver as many vehicles as possible to our customers, while promoting various measures throughout the value chain such as improvement of pricing policies and sales mix as well as cost reduction.

In the current consolidated fiscal year, revenue increased by 1,029.9 billion yen (37.5%) to 3,774.5 billion yen owing to the increase in unit sales, improvement in pricing policies and sales mix, and revenue contribution from foreign exchange fluctuation.

Despite surging raw material costs and an increase in SG&A expenses, operating profit increased by 177.0 billion yen (195.7%) to 267.5 billion yen, profit before tax rose by 171.4 billion yen (160.2%) to 278.4 billion yen, and profit for the year attributable to owners of parent increased by 130.4 billion yen (186.3%) to 200.4 billion yen on a year-on-year basis owing to the revenue increase.

	Amount of money (Millions of Yen)	Change (%)
Revenue	3,774,468	37.5
Operating Profit	267,483	195.7
Profit before tax	278,366	160.2
Profit for the period attributable to owners of parent	200,431	186.3



Impreza



Crosstrek

[Translation for Reference and Convenience Purposes Only]

(Automobile Division)

Overall automobile demand in the United States, our mainstay market, was approximately 14.2 million units, roughly unchanged from the previous fiscal year. Total automobile demand in Japan increased by around 4% to approximately 4.35 million units.

Under such business environment, despite production constraints caused by shortage of semiconductor supply throughout the year, production increased year on year by 147,000 units (20.3%) as we strived to minimize the impact by flexibly adjusting the production plan.

Demand for SUBARU vehicles was strong primarily in the U.S., which is our mainstay market, and overseas and domestic unit sales increased year on year by 108,000 units (16.8%) to 753,000 units and by 10,000 units (11.4%) to 100,000 units, respectively. This resulted in an increase in combined overseas and domestic unit sales by 118,000 units (16.1%) to 852,000 units.

Revenue increased by 1,013.1 billion yen (37.8%) to 3,690.6 billion yen due to profit contribution from foreign exchange fluctuation, an increase in unit sales, and improvement in pricing policies and sales mix, as mentioned earlier. Despite surging raw material costs and an increase in SG&A expenses, due to the increase in revenue, segment profit increased by 170.7 billion yen (184.5%) to 263.3 billion yen.

Consolidated Unit Sales in the Fiscal Year Ended March 2023

	Unit sales (in 10 thousand units)	Change (in 10 thousand units)	Change (%)
Total in Japan	10.0	1.0	11.4
Passenger cars	8.1	0.9	11.7
Minicars	1.9	0.2	10.3
Total Overseas	75.3	10.8	16.8
North America	63.5	8.0	14.3
Europe	2.3	0.8	54.8
Australia	4.4	1.1	32.2
China	1.0	(0.4)	(26.8)
Other regions	4.1	1.3	49.2
Total	85.2	11.8	16.1



Forester



Outback

[Translation for Reference and Convenience Purposes Only]

(Aerospace Division)

Revenue increased by 16.7 billion yen (26.9%) to 79.0 billion yen due to deliveries of components for Boeing 777, P-1 maritime patrol aircraft and the like and an increase in production of components for transport aircraft C-2. Segment loss improved year-on-year by 4.9 billion yen (70.3%) to a loss of 2.1 billion yen.

The Aerospace Division, which was affected by the COVID-19 pandemic, will continue with the structural reforms, and aim to realize growth with the three pillars of defense demand, civil aviation demand, and helicopters given the recovery in demand for civil aviation aircraft, the formulation of the Defense Buildup Program, and strong orders for utility helicopters UH-2 and SUBARU BELL 412EPX.



UH-2 utility helicopter

(Other Businesses)

Revenue increased by 0.1 billion yen (2.8%) to 4.9 billion yen. Segment profit increased by 1.5 billion yen (30.9%) to 6.3 billion yen.

(In Japanese yen in million except for percentage change from the previous year)

By Business Segment	Revenue				Segment Profit			
	91st FYE2022	92nd FYE2023	Change	Percentage Change	91st FYE2022	92nd FYE2023	Change	Percentage Change
Automobile Div.	2,677,465	3,690,551	1,013,086	37.8	92,541	263,261	170,720	184.5
Aerospace Div.	62,291	79,019	16,728	26.9	(7,005)	(2,082)	4,923	70.3
Other	4,764	4,898	134	2.8	4,782	6,261	1,479	30.9
Adjustments	-	-	-	-	134	43	(91)	(67.9)
Total	2,744,520	3,774,468	1,029,948	37.5	90,452	267,483	177,031	195.7

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		89th FYE 2020	90th FYE 2021	91st FYE 2022	92nd (Current) FYE2023
Revenue	(Millions of yen)	3,344,109	2,830,210	2,744,520	3,774,468
Operating profit	(Millions of yen)	210,319	102,468	90,452	267,483
Profit for the period attributable to owners of parent	(Millions of yen)	152,587	76,510	70,007	200,431
Ratio of operating profit to revenue	(%)	6.3	3.6	3.3	7.1
Profit for the year attributable to owners of parent for the period per share, basic	(Yen)	198.99	99.77	91.28	261.33
Total assets	(Millions of yen)	3,293,908	3,411,712	3,543,753	3,944,150
Total equity	(Millions of yen)	1,720,123	1,786,383	1,901,019	2,109,947
Ratio of equity attributable to owners of parent to total assets	(%)	52.0	52.1	53.4	53.3
Equity attributable to owners of parent per share	(Yen)	2,233.76	2,318.17	2,465.41	2,739.27
Ratio of profit to equity attributable to owners of parent (ROE)	(%)	9.0	4.4	3.8	10.0
Price earnings ratio	(Times)	10.42	22.09	21.34	8.09
Operating activities	(Millions of yen)	210,134	289,376	195,651	503,759
Investing activities	(Millions of yen)	(25,844)	(272,174)	(179,723)	(336,813)
Financing activities	(Millions of yen)	(15,818)	13,966	(98,502)	(122,307)
Cash and cash equivalents	(Millions of yen)	858,966	907,326	883,074	979,529

Note: Profit for the year attributable to owners of parent 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

The Company has set forth its corporate principles 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 was stipulated in 2011.

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 corporate statement. We recognize that we must have 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 in 2017, when we announced our new company name of 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	- Launch “Make-a-Subaru” Initiative	- Target 5% share in the U.S. - Steady growth in each region	- Initiatives to create new technologies and businesses

[Translation for Reference and Convenience Purposes Only]

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 five years since its announcement 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.

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 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.

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

In the Automobile Division, we were forced to adjust production through suspension of plants’ operations due to the global semiconductor shortage that occurred in the second half of 2020 as a significant business risk. At this point, the production volume is showing a recovery trend, as we implemented company-wide activities including strengthening of supply chain management system, promotion of switching to alternative parts, review of product specs, and transfer of parts between models and plants among other efforts. However, some of the parts including semiconductors procured from business partners still face supply risk, which we consider as a serious management risk. We will continue to push forward such initiatives in company-wide efforts led by procurement and manufacturing departments to offer as many products as possible to our customers as soon as possible.

We also consider as challenges the worsening of profitability resulting from soaring prices of raw materials such as steel as well as those of energy used for manufacturing, and will implement initiatives for ensuring profits without delay.

As for the impact of the Russia-Ukraine situation, we do not have local production in the affected region and the scale of local sales is considerably small. We, therefore, anticipate the current situation to have limited impact on the Company. We will continue to pay close attention to the situation including other geopolitical risks.

Further, cyber-attacks, which have been increasing globally in recent years, have become a threat to supply chain and they carry the risk of developing into situations such as suspension of parts supply and plant operations in addition to the risk of leakage of personal information held by the Group including its dealers. We will work to improve the level of cyber security measures that include not only the Group but also its business partners.

In the Aerospace Division, we have been strengthening logistics functions and supply chain management such as organizational change in response to risks such as worsening of profitability caused by soaring prices of raw materials and issues in supply chain.

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

[Translation for Reference and Convenience Purposes Only]

[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 section below, 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.

● Corporate Culture Reform

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. In particular, continuing from the previous fiscal year, we pursued measures to expand the initiative to change the mindset of the management layer to include all employees, so as to change their mindset and behavior, through implementation of “Dialogue with President” and “External Dialogue,” which invite management leaders of companies in other industries. We also newly launched an activity called “Team-Window” in the current fiscal year. In the activity, general employees chosen as representatives of each division get together on a regular basis and receive explanation regarding major topics of the moment such as management policy and information regarding other divisions, and return to their workplaces and spread the information in their own words, thereby enhancing understanding and permeation of key information of the company. In addition to spreading information using the existing management line, the members chosen as the representatives of divisions laterally share information in easy-to-understand language within their divisions, which deepen individual understanding of information and lead to changes in individual employees’ mindset and behaviors.

Further, spontaneous company-wide communication cutting across various departments and job positions have been continuously taking place by utilizing IT tools and other means, which is helping in revitalizing the organization.

We are also continuing to operate the new personnel system and open-call job rotation, thereby further permeating a mechanism for employees to independently realize their career visions.

Going forward, we will aim to bridge individual growth to organizational growth, while further improving employee engagement through job achievements and sense of accomplishment.

● Quality enhancement

We are advancing efforts for quality enhancement, which started in 2018, in the following three key domains.

The first one is “Thorough implementation of Quality First mindset and reinforcement of the organizational efforts and structure.” We have been further enhancing individual employees’ quality awareness by continuously implementing awareness-raising and review activities to improve company-wide quality awareness such as continued implementation of Quality Caravan to introduce actual cases of defects and measures to prevent recurrence.

The second one is “Execution quality enhancement,” which aims to prevent the spread of defects in the mass production stage. This field includes swiftly taking measures to solve the defects that have occurred in market. In the current fiscal year, we continued to strive to shorten the time it takes to make improvements through measures such as enhancement of the QA lab facilities to strengthen capacity of defect investigation and expansion of the scope of parts traceability. Starting in August 2022, the new final vehicle inspection facility for conducting stricter final vehicle inspection began operations. We plan to expand it to other production lines.

The third one is “Innate Quality enhancement,” which starts in the upstream of new model development, covering from initial studies to business partners. We strengthened the authority of employees in charge of development to ensure quality all the way from the very start of development down through component logistics and production.

Through these initiatives, the number of cases and vehicles repaired in market and the total quality-related costs have been declining steadily. In 2023, we introduced new model Crosstrek, in which we incorporated the above three quality enhancement activities. The Group will continue to pursue realization of quality that makes our customers smile in the era of changes including accelerating shift towards electric vehicles by relentlessly stepping up our efforts for quality enhancement.

[Translation for Reference and Convenience Purposes Only]

● Evolution of the Subaru difference

We will enhance technologies that support “Enjoyment and Peace of Mind,” the value the Company 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.”

Towards achieving zero fatal traffic accidents, following the 2020 market introduction of “EyeSight X,” Subaru’s advanced driver assistance system, we, in 2022, announced the addition of a wide-angle single-lens camera, which enhances the recognition capability of EyeSight, on the Outback for the North American Market as well as for the new model Crosstrek and Impreza for the Japanese market to enhance prevention and safety functions. We will further improve the driver assistance system to avoid and mitigate accidents, and reduce at-fault traffic accidents. We will also strongly drive forward initiatives for achieving zero fatal traffic accidents by adding technologies such as AACN*² for accidents caused by other vehicles.

For contribution to a carbon-free society, we are making preparations to enhance the BEV*³ production capacity of Yajima Plant, where in-house production of BEVs is scheduled to start around 2025 as announced in May 2022, from the initial 100,000 vehicles per year to 200,000 vehicles per year in 2026 by building a structure that can respond more flexibly to the regulatory trends and market conditions. The move is expected to enable BEV production capacity of 400,000 vehicles a year from 2028 onwards together with the Oizumi Plant, where BEV production facilities will be newly constructed.

The Group aims to sell 200,000 BEVs a year globally in 2026. In addition to “SOLTERRA,” which was launched in 2022, the Group plans to introduce three more BEV models in the SUV category to enhance the SUV lineup, which is our strength.

To realize products with Subaru difference and market competitiveness while responding to the rapid changes, we have been striving to switch to a company-wide optimal development system. In April 2023, CTO*⁴ and CTO Strategy Office were made independent from Engineering Management Division with the aim of formulating engineering strategy in an environment that maintains sufficient distance from practical operations and is closer to management. They will also develop an overall manufacturing strategy including manufacturing and procurement beyond future technologies

[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, we introduced to the market “SOLTERRA,” which was developed by combining the two companies’ strengths, and are steadily preparing for the start of production of vehicles installed with the next-generation e-BOXER, which adopts the Toyota Hybrid System, in 2025.

Moreover, we are participating in the Super Taikyu Series from the 2022 season 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.

*² Advanced Automatic Collision Notification

*³ Battery Electric Vehicle

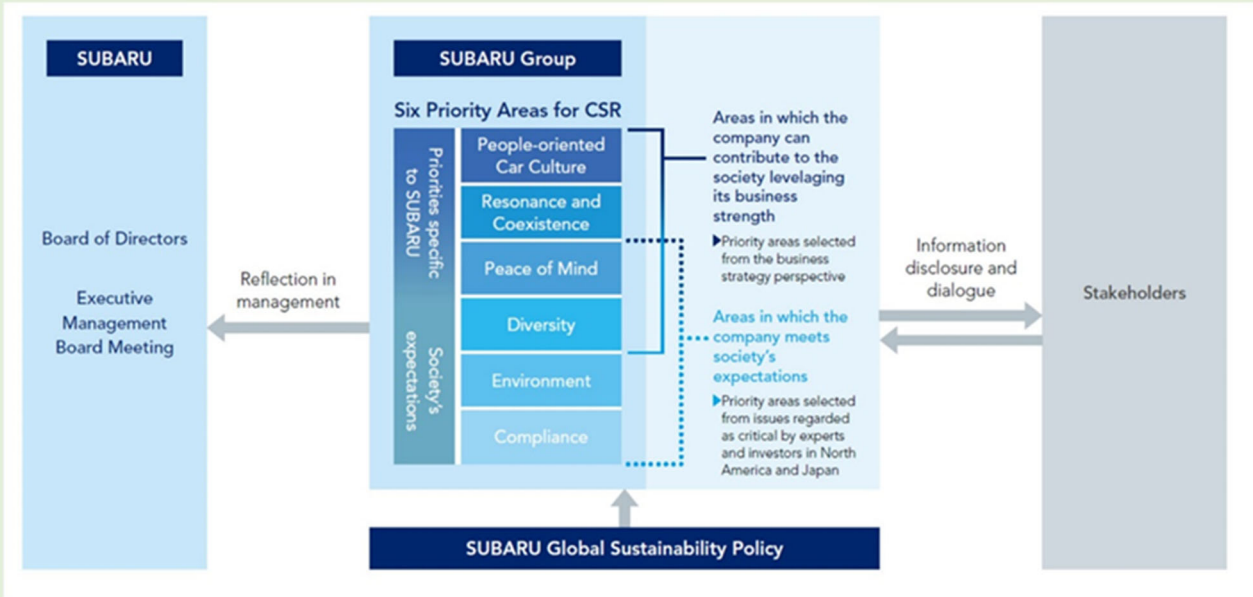
*⁴ Chief Technology Officer

*⁵ 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 “delivering happiness to all,” 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.














Refer to the link below for Subaru Global Sustainability Policy.

https://www.subaru.co.jp/en/csr/subaru_csr/philosophy.html

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

By clarifying visions for 2025 regarding the Group’s Six Priority Areas for CSR, Subaru will reinforce its efforts in each priority area to achieve the goal of “delivering happiness to all” and make positive contributions toward achieving the SDGs.

Six Priority Areas for CSR	Vision for 2025	Contribution to SDGs
People-oriented Car Culture	Become a company that enriches people’s lives and minds as a partner.	 
Resonance and Coexistence	Become a company that is widely trusted by, resonates and coexists with society.	 
Peace of Mind	Become a company that provides the utmost peace of mind to all stakeholders.	
Diversity	Promote businesses that create diverse forms of market values while respecting the diverse values of all people.	 
Environmental Technologies	Cherish and protect the global environment – the earth, the sky and nature – through Group- wide activities.	 
Compliance	Act in good faith and become a company that is trusted by and resonates with society.	 

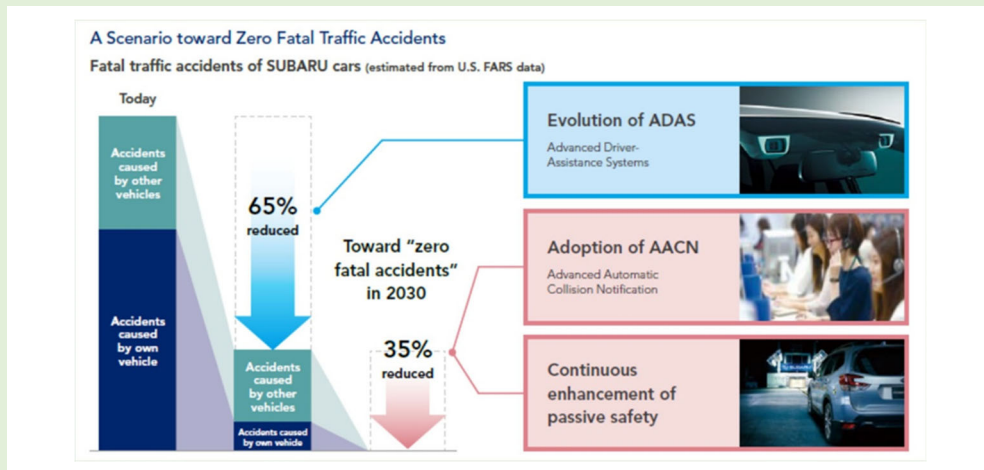
3. Actions toward Zero Fatal Accidents in 2030

Subaru has laid out a goal of achieving zero fatal accidents*¹ in 2030, and 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.

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



Subaru Earns Five IIHS Awards for 2023 Model Lineup

Now it has 69 models with *Top Safety Pick+*; the largest cumulative number since 2013 as a single brand

Some of our 2023 models sold in the U.S., our mainstay market, received five 2023 safety awards from the Insurance Institute for Highway Safety (IIHS) of the US, three of which were 2023 *Top Safety Pick+* (TSP+) awards and two were 2023 *Top Safety Pick* (TSP) awards.

With the three 2023 TSP+ awards added, Subaru has received a cumulative total of 69 *Top Safety Pick+* awards since its introduction in 2013, which is more than those won by any domestic U.S. brand*².

*2 As of February 2023

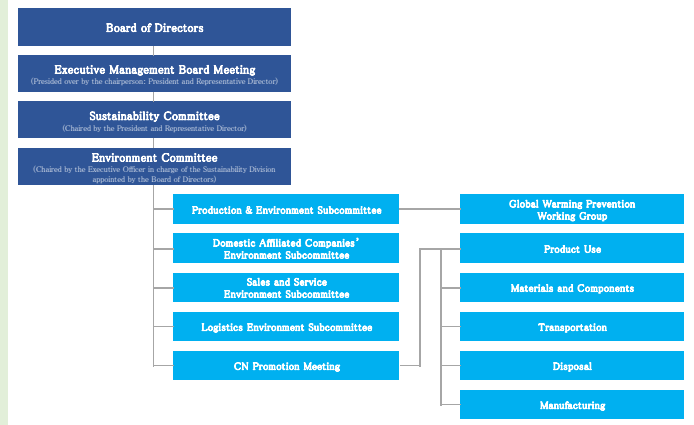
Models with 2023 TSP+	Awards Received	
Ascent	6 consecutive years	TSP+
SOLTERRA (Models manufactured from November 2022 or later)	First time	TSP+
Outback	15 consecutive years	TSP
Models with 2023 TSP	Awards Received	
Legacy	18 consecutive years	TSP
FORESTER	17 consecutive years	TSP

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

4. Climate change-related initiatives

(1) Management System

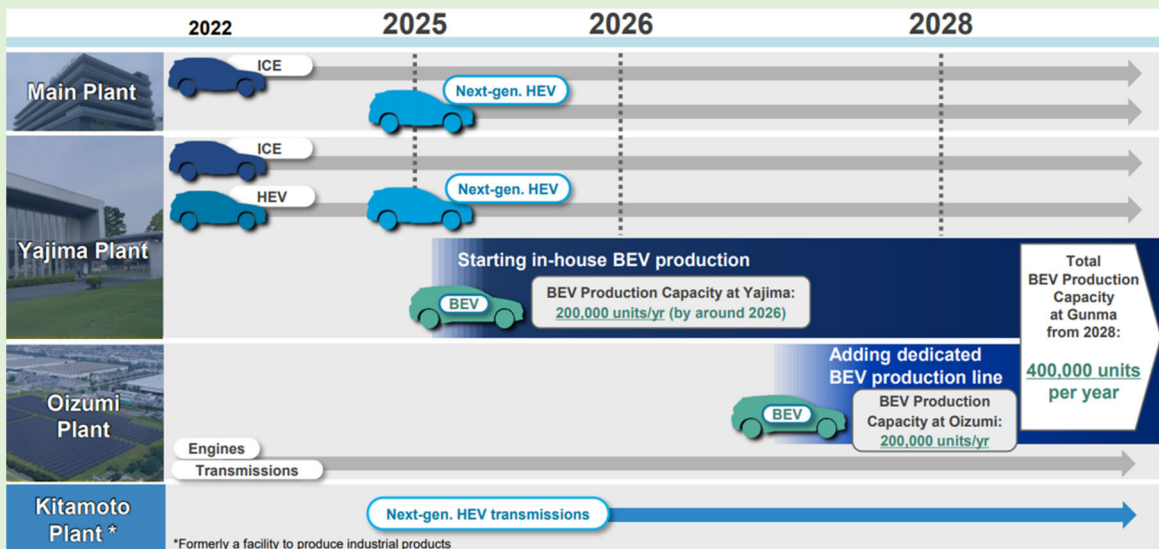
Subaru has established the Environment Committee, which discusses measures from broad and medium- to long-term perspectives that accommodate environmental standards required by future societies, and evaluates the progress of related implementations and achievements. Management of climate change-related activities is included in the responsibilities of the environmental management structure, and major issues are reported to the Board of Directors via the Sustainability Committee. In addition, in order to contribute to the realization of a decarbonized society through the reduction of CO₂ emissions throughout the life cycle of our business activities, Subaru has designated departments in charge of the five areas of “product use,” “materials and components,” “transportation,” “disposal,” and “manufacturing” from FYE2022. The Company operates cross-company forums aimed at the reduction of CO₂ emissions throughout the life cycle, and these efforts are overseen by the Environment Committee as initiatives to achieve carbon neutrality.



(2) Strategy

Subaru recognizes that climate change is one of the most critical issues as it pursues the manufacture of environmentally responsible automobiles, and recognize climate change-related transition risks in policy and regulation, technology, markets, and other items. We believe that the key to promoting Subaru’s electrification strategy is to provide product value meeting the expectations of customers while assessing the convenience of BEVs*³, including customer requirements and changes in preferences and values, as well as for infrastructure and the changes in markets and regulations toward a decarbonized society. In order to further expand the lineup of EV models and production of own BEV in the future, SUBARU is implementing a strategic restructuring of its domestic production system and plans to invest 250.0 billion yen over five years starting from FYE2024. We will work on building a production system that allows us to flexibly change the production ratios of BEVs, hybrid vehicles, and gasoline vehicles while closely monitoring environmental restrictions and market trends. We will drive forward product development and building of production system based on the idea of “flexibility and expandability” to ensure customer satisfaction and enable us to expand production straightaway when we reach a stage where the future becomes more certain.

*3 Battery Electric Vehicle



(3) Medium- to Long-term Goals (Vision and Milestones)

In order to contribute to a decarbonized society, Subaru has set long-term goals (long-term vision) for 2050 and medium-term goals (milestones) for around 2030, regarding the product (Scope 3) and production phases (Scope 1 and 2).

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)

(4) Endorsement of the Task Force on Climate-related Financial Information Disclosure (TCFD) Recommendations

Subaru considers climate change-related initiatives as one of the most important issues and has been disclosing information related to climate change. The Company endorsed the TCFD Recommendations in April 2023.

See TCFD Content Index (<https://www.subaru.co.jp/en/csr/tcfid/>) for Subaru's information disclosure regarding the disclosure items recommended by TCFD.



5. Actions to Protect Human Rights

The Group established its Human Rights Policy*⁴ in FYE2021 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 implemented 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 Group will continue to promote risk mitigation by steadily pursuing countermeasures for key risks in particular for the Subaru Group that were identified in the process. The Company is also extending 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.

*⁴ Refer to the following link for Subaru's Human Rights Policy.
https://www.subaru.co.jp/en/csr/social/human_rights.html

[Translation for Reference and Convenience Purposes Only]

(4) Employees (as of March 31, 2023)

[1] SUBARU Group

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automobile Division	34,247	(7,455)	651	(-183)
Aerospace Division	2,716	(217)	-29	(-89)
Other Businesses	558	(412)	-11	(-6)
Total	37,521	(8,084)	611	(-278)

Note: 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	15,941	230	39.5	16.2
Female	1,287	37	36.9	14.7
Total	17,228	267	39.3	16.1

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automobile Division	15,115	(5,287)	350	(26)
Aerospace Division	2,113	(161)	-83	(-97)
Total	17,228	(5,448)	267	(-71)

Note: 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. We have introduced a new personnel system, education program, and open-call job rotation to offer opportunities for employees to independently learn and take on challenges.

In January 2015, we 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.

<Promoting active roles for female employees>

Subaru has traditionally positioned assistance for balancing work and childcare as an important initiative, and has been operating at a level higher than that required by laws with respect to various systems such as childcare leave and short working hours. Further, in nurturing female employees in managerial posts, with support for career development at the core, 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 FYE2023, 27 out of 1,084 employees in managerial posts were female. Specific measures include promotion of Women's Leadership Program (WLP), which engages with each and every female employee aiming to become managerial staff and offer guidance and education appropriate for each individual, and conducting various trainings for charting a career that is uniquely one's own. In the fiscal year under review, we also held a Director's Forum, a meeting for interacting with female directors, with the aim of spurring the success of female managers. Further, we are also developing a corporate culture that promotes female participation and establishment of workplace environment through female leader training and unconscious bias training, primarily for superiors.

<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 88 foreign national employees in the company as of the end of FYE2023. There are three 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 carry out promotion and human resource distribution without discrimination.

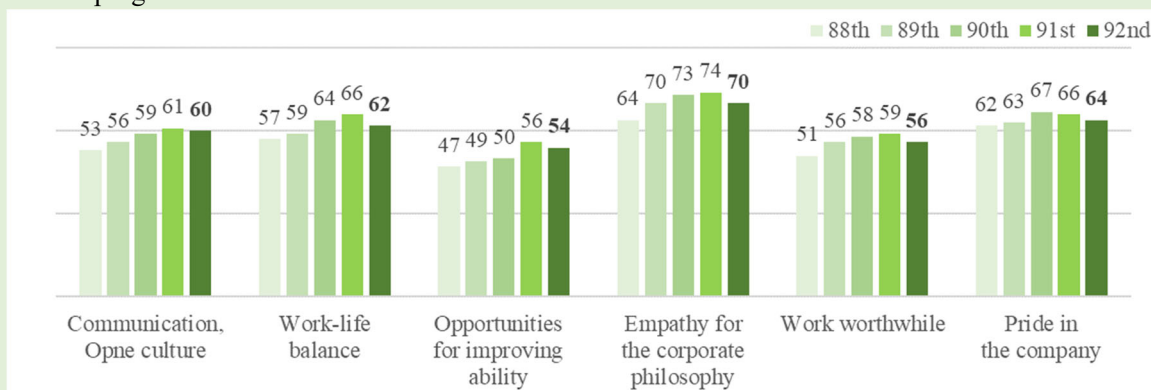
<Mid-career hires>

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 FYE2023, 4,171 were mid-career hires and 175 of them were in managerial positions. Further, 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 promote mid-career hires so as to bring in new wisdom and values to improve the corporate value.

[2] Employee survey

Subaru counts corporate culture reform as one of the Issues to Be Addressed (pp. 28–32) and has been implementing various initiatives. Based on the human resource development policy and policy for development of workplace environment (p. 37), 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 is showing in the results of the employee attitudes survey, and has been incorporating the result of the employee attitudes survey as part of remunerations of executive officers from FYE2023 (the 92nd fiscal period; see pp. 45–46).

We have been conducting the employee attitudes survey since FYE2018 and 17,049 full-time employees (97.2%) responded to the survey in FYE2023, posting a record high response rate for the third year in a row. The scores showed a declining trend in general compared with the previous fiscal year as unstable operating conditions persisted in the global economy, affected by the uncertainties in the business environment and the parts supply issues primarily of semiconductors. We will continue to strive to improve the corporate values and achieve sustainable growth of the company by linking the growth of individual employees to the growth of the organization primarily through efficient operation of the newly introduced personnel system and enhancement of the educational programs.



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

Based on the Subaru Global Sustainability Policy, Subaru Corporation formulated its Health Declaration*1 and has been engaged in health promotion activities. In recognition of these activities, the Company 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*2 administered by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (public-private health promotion organization) for the third consecutive year. We will continue to accelerate efforts to improve the health of employees and their family members.



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

*2 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.

[Translation for Reference and Convenience Purposes Only]

(5) Status of Principal Subsidiaries, Etc. (as of March 31, 2023)

[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 USA Holdings Inc.	US	USD 869,757,000	100.0%	Provision of corporate services to US subsidiaries
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
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

[Translation for Reference and Convenience Purposes Only]

Name	Address	Capital stock	Holding Ratio of Voting Rights	Main Businesses
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
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%	Development and operation of the Group's IT systems

Note: As of end of March 2023, there are 73 consolidated subsidiaries including the above 27 companies, and 10 equity method affiliates.

[2] Other

In 2005, the Company agreed to sign a business alliance agreement with Toyota Motor Corporation and has been strengthening the alliance in stages. As of the end of March 2023, Toyota held 153,600,000 shares (20.2% of the common stock issued [excluding treasury shares] by the Company) 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 BEVs* “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 introduced the models to the market in 2022.

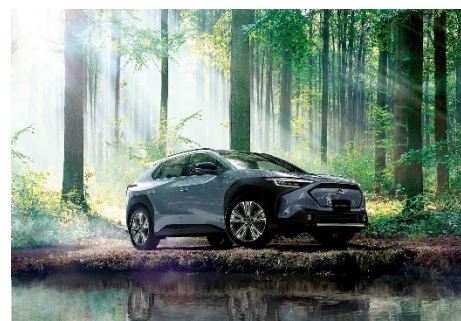
In order to survive this once-in-a-century profound transformation period faced by the automobile industry, the two companies will bring together their respective strengths by, for instance, expanding the use of the Toyota Hybrid System in Subaru models, cooperating in the domain of connected vehicles,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

*Battery Electric Vehicle



Left: GR86

Right: SUBARU BRZ



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

[Translation for Reference and Convenience Purposes Only]

(6) Capital Expenditures

The amount of capital expenditures incurred by the Group during the current fiscal year was 122.8 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.

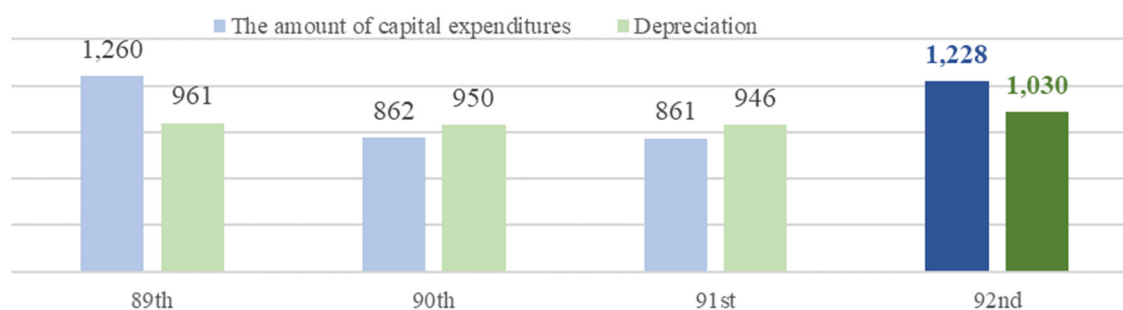
By Business Segment	Amount of Expenditures (in million yen)	Descriptions of Facilities	Funding Method
Automobile Division	118,539	Automobile production, R&D, and selling facilities	Own funds and borrowing
Aerospace Division	3,636	Aircraft production facilities	Same as above
Other Businesses	665	Welfare facilities, etc.	Same as above
Total	122,840	-	-

Notes:

1. The above amounts do not include consumption tax, etc.
2. There was no retirement or sale of important facilities, except for the retirement or sale of ordinary facilities for replacement purposes.
3. In addition to the above, the Automobile Division invested 2.6 billion yen to acquire business assets such as vehicles for lease.
4. Capital expenditures by business segment

The Automobile Division incurred capital expenditures of 59.0 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 44.6 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 3.6 billion yen, which was mainly invested into the production facilities for new businesses and improvement of workplace environment at Subaru Corporation.



(7) Status of Fund Procurement

- [1] The Company took out long-term loans totaling 30.0 billion yen in the fiscal year under review.
- [2] The Company has entered into a commitment line agreement totaling 198.5 billion yen.

[Translation for Reference and Convenience Purposes Only]

2. Directors and Corporate Auditors

(1) Name of Directors and Corporate Auditors (as of March 31, 2023)

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	Secretarial Office Human Resources Dept.	-
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) Representative Director, Japan Aircraft Development Corporation (appointed in June 2022)
Director, Executive Vice President	Katsuyuki Mizuma	CFO (Chief Financial Officer) CRMO (Chief Risk Management Officer) Finance & Accounting Dept.	Director, Subaru USA Holdings Inc. (appointed in April 2022) 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	Director, Subaru of Indiana Automotive, Inc. (SIA)
Director, Executive Vice President	Fumiaki Hayata	Overseas Sales & Marketing Div. 1	Director, Subaru USA Holdings Inc. (appointed in April 2022) 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, HOYA Corporation

[Translation for Reference and Convenience Purposes Only]

Title	Name	Main fields of responsibilities in the Company	Significant Positions Concurrently Held
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. (retired in May 2022)
Outside Directors (independent) [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Miwako Doi	-	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.
Standing Corporate Auditor [Chairman of the Board of Corporate Auditors]	Yoichi Kato	-	-
Standing Corporate Auditor	Hiromi Tsutsumi	-	Corporate Auditor, Ichitan Co., Ltd. Corporate Auditor, Tokyo Subaru Inc.
Outside Corporate Auditors (independent)	Shigeru Nosaka	-	Corporate Auditor, dotD, Inc. (retired in March 2023) Advisor, AI Dynamics Inc. Japan (retired in December 2022)
Outside Corporate Auditors (independent)	Kyoko Okada	-	Outside Audit & Supervisory Board Member, Daio Paper Corporation Outside Director, JACCS CO., LTD. Outside Audit & Supervisory Board Member, NEC Corporation (appointed June 2022)
Outside Corporate Auditors (independent)	Yuri Furusawa	-	Outside Audit & Supervisory Board Member, Kubota Corporation

[Translation for Reference and Convenience Purposes Only]

Notes:

1. Corporate Auditor Yuri Furusawa was elected and appointed at the 91st Ordinary General Meeting of Shareholders held on June 22, 2022.
2. 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 HOYA Corporation, for which Mr. Yasuyuki Abe concurrently serves as an outside director. 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., for which he concurrently serves as outside director, and PARCO CO., LTD., for which he used to concurrently serve 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.
3. Corporate Auditors Shigeru Nosaka, Kyoko Okada, and Yuri Furusawa are outside statutory auditors as prescribed in Article 2, Item 16 of the Companies Act. The Company has no significant transaction with dotD, Inc., for which Mr. Shigeru Nosaka used to concurrently serve as corporate auditor, and AI Dynamics Inc. Japan, for which he used to concurrently serve as advisor. The Company has no significant transaction with JACCS CO., LTD., for which Ms. Kyoko Okada concurrently serves as outside director, as well as Daio Paper Corporation and NEC Corporation, for which she concurrently serves as outside audit and supervisory board member. The Company has no significant transaction with Kubota Corporation, for which Ms. Yuri Furusawa concurrently serves as outside audit and supervisory board member.
4. Corporate Auditor Shigeru Nosaka long served in the accounting and finance divisions of Oracle Corp. Japan, and has significant knowledge in finance and accounting.
5. Corporate Auditor Kyoko Okada long served in CSR and corporate culture divisions at Shiseido Co, Ltd., and has significant knowledge in these areas.
6. Corporate Auditor 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, and has significant knowledge in these areas.
7. The Company has reported Directors Yasuyuki Abe, Natsunosuke Yago, and Miwako Doi, as well as Corporate Auditors Shigeru Nosaka, Kyoko Okada, and Yuri Furusawa as independent officers to the Tokyo Stock Exchange. They meet 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.
8. Key responsibilities of the directors as of April 1, 2023 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	-
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 (Chief Financial Officer) CRMO (Chief Risk Management Officer) Finance & Accounting Dept.
Director, Executive Vice President	Tetsuo Onuki	Representative Director, President, SUBARU TECHNO CORPORATION
Director, Executive Vice President	Atsushi Osaki	-
Director, Executive Vice President	Fumiaki Hayata	Secretarial Office, Human Resources Dept., sales, marketing

(2) Policy and Procedure for Determination of Compensation for Directors

[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 March 3, 2022. 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 consists 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, 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 (PSUs), in which the number of shares granted is linked to the degree to which target business results are achieved. Consolidated return on equity (ROE), a key financial indicator in the mid-term strategy, as well as employee engagement as a non-financial indicator will be adopted as KPIs for PSUs. 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 (the single fiscal year that includes the date on which units are granted), 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]

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
			PSU	RS		
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 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, annual performance-linked bonuses, and restricted stock compensation (includes phantom stock), and 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.

*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%).

(Reference) Compensation System for Directors (Representative Director President and CEO)

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

[Translation for Reference and Convenience Purposes Only]

[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 pertaining to the provisions of the said resolution was eight (including two outside directors). By a resolution passed at the 91st Ordinary General Meeting of Shareholders on June 22, 2022, 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 (excluding outside directors and non-resident directors) pertaining to the provisions of the said resolution was five.

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 pertaining to the said resolution was four.

[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] 4). 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 four times in the fiscal period under review. The body verified the Directors' compensation system introduced in the fiscal year under review and discussed the executive compensation level using external research data. It also made decisions on matters such as performance-linked compensation levels for Directors (except for Outside Directors) based on performance evaluation, and the amount of monetary compensation claims for individuals regarding restricted stock units.

[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		
				PSU	RS	
Directors (of which Outside Directors)	9 (3)	293 (38)	147 (-)	23 (-)	58 (-)	521 (38)
Corporate Auditors (of which Outside Corporate Auditors)	5 (3)	85 (29)	- (-)	- (-)	- (-)	85 (29)

Note: The restricted stock compensation in the above table includes the cost of phantom stock granted to non-residents.

[Translation for Reference and Convenience Purposes Only]

[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, decides the annual performance-linked bonuses for Directors based on the consolidated profit before tax for FYE2023 by setting a compensation table in which the higher his/her position is, the more closely his/her compensation is linked to annual performance. In addition, in order to facilitate the achievement of the Group's medium- and long-term strategy targets, the Company has adopted the Performance Share Units (PSU), in which the number of shares granted is linked to the degree of achievement of the targets for key financial indicator (ROE) and non-financial indicator (employee engagement), for a portion of the restricted stock compensation to be granted as non-monetary compensation. Annual performance-linked bonuses and restricted stock compensation are not granted to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

The table below shows the results of key performance indicators (KPIs) used to calculate the annual performance-linked bonus amounts and the number of PSUs granted 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 profit before tax	278.4 billion yen
ROE	10.0%
Employee engagement indicator improvement points	-3 points

[6] Details of non-monetary compensation

Details of Restricted Stock Compensation Plan and the grant status of the restricted stock units are provided in “(5) Status of the Company’s shares granted to directors as consideration for the execution of duties in the fiscal period under review (p.7),” “3. Information on Shares Issued by the Company,” of Matters Omitted in the Documents Accompanying the Notice of Convocation of the 92nd Ordinary General Meeting of Shareholders and the above [1] 2 (3).