



INTEGRATED REPORT 2022



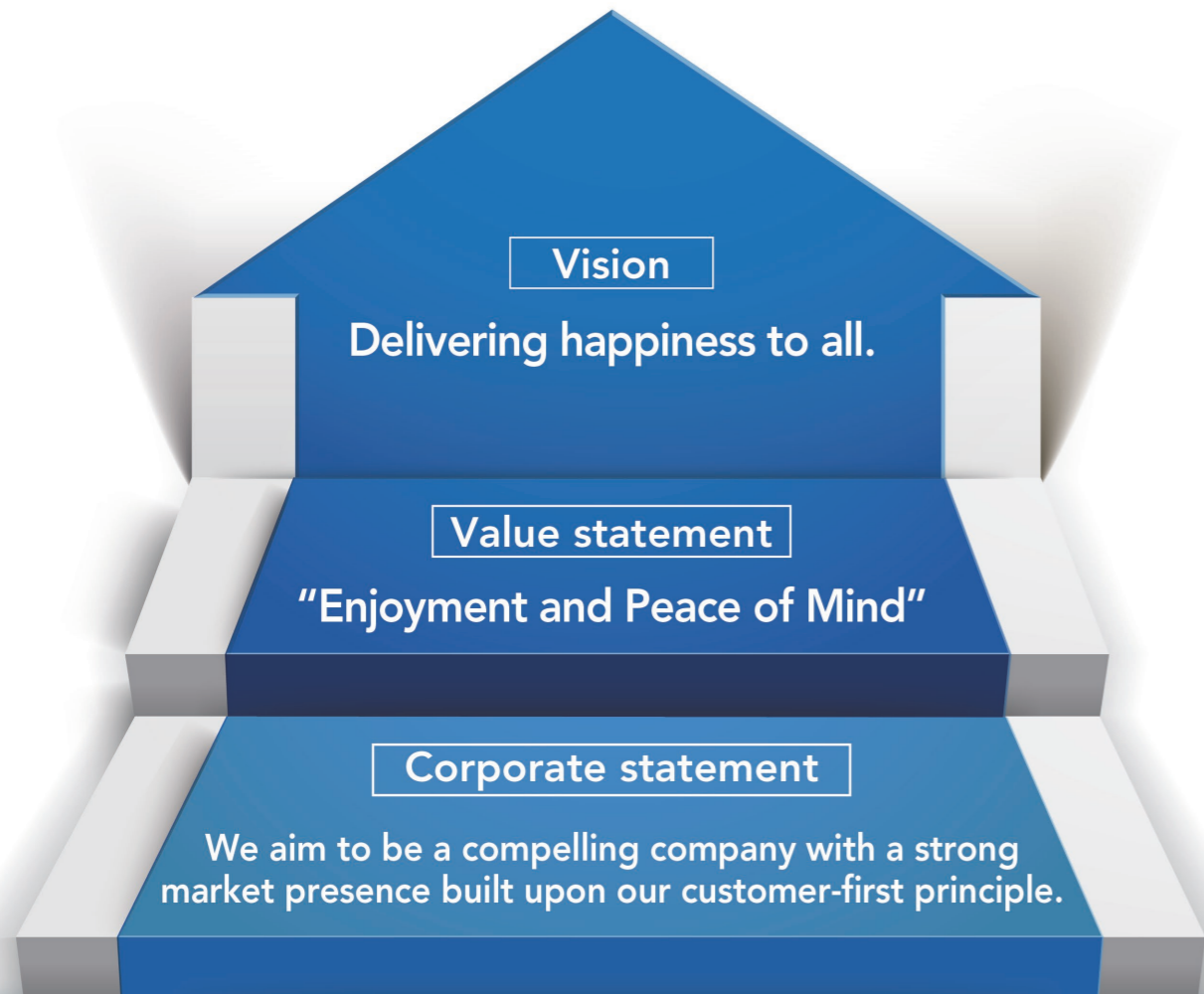
INTRODUCTION

Pursuing our Goal of "Delivering Happiness to All"

The SUBARU Group, by no means a large automaker, concentrates its limited management resources in pursuit of the value it provides to its customers, which is "Enjoyment and Peace of Mind." The customers who support us value SUBARU vehicles like lifestyle partners.

Together, we are marching ahead to make society better, inspiring our customers to say that SUBARU is "different." Our vision of becoming a company "Delivering happiness to all" is something that we have learned from the behavior of our customers, with whom we share deep relationships. We will put these customers who have nurtured the SUBARU brand first, and continue to pursue our goal of delivering happiness to people, society, and even the Earth.





On Publication

The SUBARU Group wants to achieve our vision of becoming a company “Delivering happiness to all.” By evolving our value statement “Enjoyment and Peace of Mind” we seek the sustainable growth of the SUBARU Group and the achievement of an enjoyable and sustainable society. In order for a broad set of stakeholders, including shareholders and investors, to better understand our approach, strengths, and business models that underlie these initiatives, we are working to enhance our integrated disclosure of financial and non-financial information.

In this Integrated Report 2022, we have provided even deeper disclosure of our value creation story by introducing specific initiatives and progress in the mid-term management vision “STEP” and the Six Priority Areas for CSR. We will continue to utilize this report as one of our tools for communicating with stakeholders, further enhancing our information disclosure going forward.

Disclaimer Regarding Forward-Looking Statements

Statements herein regarding plans, strategies, and other information that are not historical facts are assumptions, judgments and forecasts based on information available at the time of creation, and are subject to various risks and uncertainties. Actual results may differ materially from these statements due to changes in economic conditions surrounding the Company and its Group companies, fluctuations in demand and exchange rates, and other factors. Final investment decisions shall be made by investors themselves based on their own judgment and responsibility in light of the above factors. Please note that the parties providing the information in this report regarding the Company and its Group shall not be liable for any loss or damage incurred as a result of investment based on the information contained in this report.

Scope of Reporting

SUBARU CORPORATION

* In this report, the “SUBARU Group” and “the Group” refer to the SUBARU Group; “SUBARU” or “the Company” refers to SUBARU Corporation; “affiliated companies (affiliates)” refers to SUBARU’s subsidiaries in Japan and overseas, including dealerships in the Automotive Business; and “group companies” refers to SUBARU’s subsidiaries in Japan, excluding dealerships in the Automotive Business.

Reporting Period

April 1, 2021–March 31, 2022

* Some information provided may be from outside the reporting period.
* The departments, titles, etc. of the people introduced in this report are as of the time of writing.

Guidelines Referenced

Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation, Ministry of Economy, Trade and Industry
The International Financial Reporting Standards (IFRS) Foundation (formerly the Value Reporting Foundation)

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Information Disclosure System

Business and Financial Information

Sustainability Information

Integrated Report

To provide consolidated key information on the SUBARU Group and share our value creation story with a wide range of stakeholders, including shareholders and investors, we aim to communicate in an easy-to-understand manner for all of our stakeholders.

<https://www.subaru.co.jp/en/ir/library/annual-reports.html>

Annual Securities Report (Japanese version only)
<https://www.subaru.co.jp/ir/library/securities-reports.html>

Financial Report
<https://www.subaru.co.jp/en/ir/library/financial-reports.html>

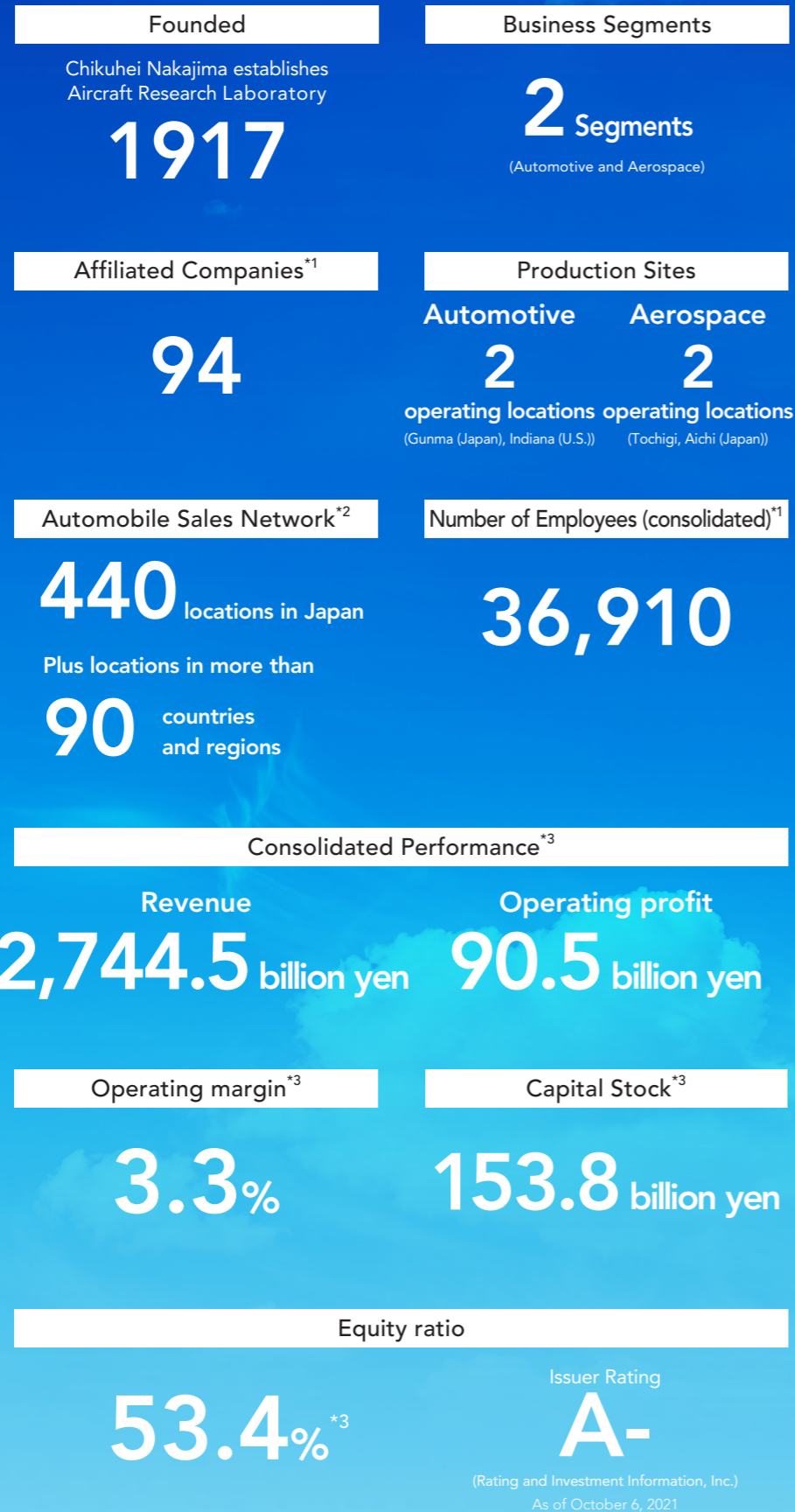
**Corporate Governance Guidelines/
Corporate Governance Reports (Japanese version only)**
<https://www.subaru.co.jp/en/csr/governance/corporate/>

Investor Relations Information Website
<https://www.subaru.co.jp/en/ir/>

Website: Sustainability & CSR
<https://www.subaru.co.jp/en/csr/>

At a Glance

Our Path to Today



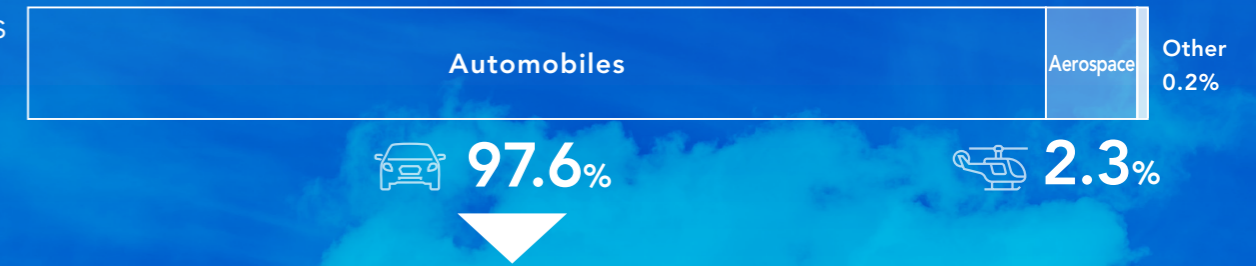
Performance and Financial Soundness



*1 As of March 31, 2022
 *2 As of April 1, 2022
 *3 Figures for FYE March 2022

Businesses

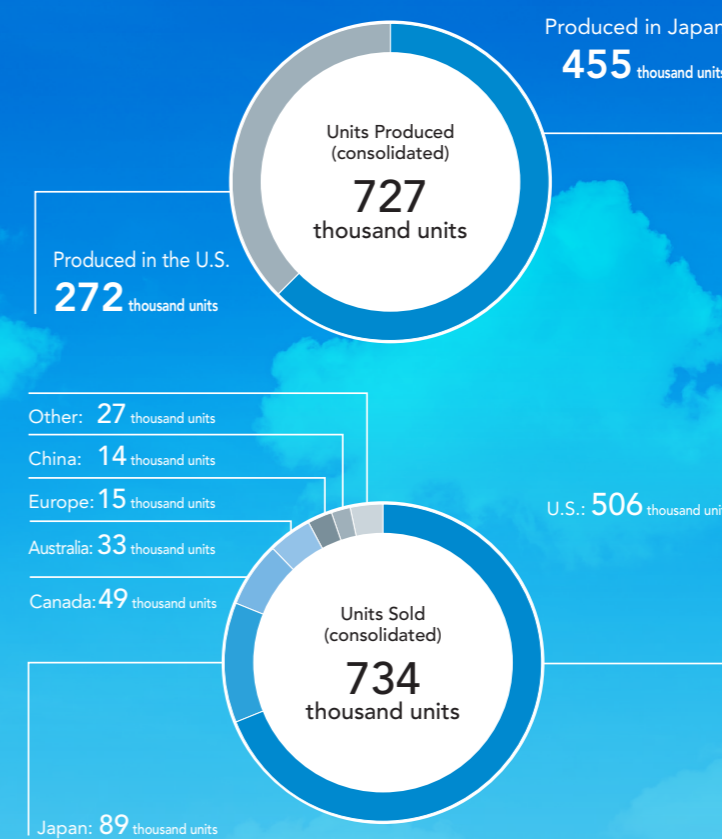
Composition of Sales



Industry Share^{*4}



Ratio by Region^{*3}



Automobile Category



*4 For 2021 (calendar year)

*5 Based on sales data from 2018 to 2021 (calendar years). Excludes OEM vehicles from other companies.

Message from the CEO

SUBARU will make steady progress towards becoming a company “Delivering happiness to all,” enriching people’s lives and minds as a partner to our customers and society.

Tomomi Nakamura
Representative Director, President and CEO

Profile

1982 Joined SUBARU and worked in the Japan Sales and Marketing Division, Global Marketing Division, and other units
2011 Vice President, Senior General Manager of Strategy Development Division and General Manager of Corporate Planning Department
2014 Senior Vice President, Chief General Manager of SUBARU Overseas Sales & Marketing Division 1, Chairman of SOA*
2016 Executive Vice President, Chief General Manager of SUBARU Overseas Sales & Marketing Division 1, Chairman of SOA
Representative Director, President and CEO since June 2018
* Subaru of America, Inc.



Current Economic Conditions and Performance Outlook for FYE March 2023

The unified SUBARU Group will work hard to deliver as many cars as possible to our customers.

More than two years have passed since the global outbreak of COVID-19. During this time, we at the SUBARU Group have taken a variety of actions to maintain our business activities while simultaneously protecting the health and safety of employees and their families. This includes shifting to a new normal for work arrangements, such as bolstering our IT infrastructure and abolishing mandatory core hours in the flex-time system. We also held online Premiere events of new vehicles, to create more opportunities for customers to directly come into contact with the value SUBARU provides. I commend these efforts that we have made to flexibly respond to changes in the environment and improve productivity and operational quality. Meanwhile, the aftershocks from the spread of COVID-19 continue to affect us in the short term. Adjustments to production at our plants have been unprecedented, driven by the impact from the shortage of

semiconductors throughout the year and supply chain stagnation due to the resurgence of COVID-19 in Southeast Asia and other regions.

With further impact from sharp rises in energy and raw material prices, in connection with the situation between Russia and Ukraine that emerged at the end of FYE March 2022, the balance between supply and demand remains uncertain.

Amid these circumstances, with extensive cooperation from our suppliers, we made advances in our BCP^{*1} efforts on the procurement side in FYE March 2022, expanding the scope of monitoring the degree of risk impact. On the manufacturing side, we have also made various efforts, such as flexibly adjusting production plans, in order to produce as many cars as possible despite parts supply constraints. On the sales side, we have been able to further bolster what was already a highly efficient sales operation by utilizing our “pipeline” inventory of units before they arrive at retailers. However in FYE March 2022, consolidated sales and profits declined, due to the decrease in automobiles sales volume resulting from reduced production by constraints on the parts supply, and to soaring raw material prices.

For our FYE March 2023 performance forecast, we aim to achieve 3,500 billion yen in revenue, up 27.5% year on year, and 200 billion yen in operating income, up 121.1% year on year. Thanks to strong demand, especially in the North American market, we expect to sell 940,000 units and will take on the challenge of producing 1 million units.

With continuing challenges in semiconductor supply, we see our performance through the first quarter of FYE March 2023 as largely in line with our plan. We believe it is important to make steady progress with a positive attitude, while maintaining a sense of urgency through the second half of the fiscal year. In July 2022, I attended the retailers' conference, in which all SUBARU retailers in the United States took part. Each and every local retailer there said to me, "More Cars!". It made me feel strongly that we have to satisfy those expectations as quickly as possible. Internally, I have also conveyed the message that we will work together relentlessly as a Group to produce and sell as many cars as possible, and we will work to restore our performance to the level of FYE March 2020, which was just before the COVID-19 pandemic.

*1 BCP: Business continuity plan

Progress in the Mid-term Management Vision "STEP"

I am seeing steady progress in the priority initiatives set forth in "STEP."

In May 2021, around three years after the mid-term management vision "STEP" was announced just following my appointment as President in 2018, we made a report to our stakeholders about our progress to date and our policy for initiatives going forward. This offered us an opportunity to integrate the several principles present at the time.

Our corporate statement is "We aim to be a compelling company with a strong market presence built upon our customer-first principle." With "Enjoyment and Peace of Mind" as the value the SUBARU Group provides to our customers, we will evolve the the SUBARU difference that is unwavering amid changing times and changing external environments, enhancing the strength of our brand. The phrase "Delivering happiness to all" was announced when we changed our company name from Fuji Heavy Industries Ltd. to SUBARU CORPORATION, and we learned it from our customers' behavior. Taking this opportunity, we defined this term as our "Vision".



With regard to the three priority initiatives in "STEP"—corporate culture reforms, quality enhancement, and evolution of the SUBARU difference—we are making steady progress thanks to continued actions as a unified Group under the slogan of "change mindset, change actions, change the company."

One of the most important topics here is quality enhancement, a persistent reform that we are pursuing first and foremost. Specifically, in January 2021, we established the "FAST"² quality improvement team in North America to quickly resolve any defects that may have occurred there. Furthermore, as part of efforts to prevent recurrence of improprieties relating to final vehicle inspections at the Gunma Plant, we have been establishing new final vehicle inspection buildings independent from production lines. One of the three new final inspection buildings has launched its operations as of August 2022. In addition, we will speed up our quality improvement by establishing "QA (Quality Assurance) Lab" to enhance our ability to investigate defects, and by strengthening parts traceability.

Although there is a trend toward improvement, such as a decrease in the number of defects and recalls on a global basis, our perception is that we have yet to show results to our customers and dealerships. For us, high quality is at the very root of the SUBARU brand, and is a source of added value. We will continue to push forward with further reforms, including the development of new technologies, so that we can show our customers and retailers real results.

*2 FAST: Fast Action & Solution Team

Contributions to Building a Decarbonized Society

As we evolve the SUBARU difference, we will accelerate activities towards electrification based on our roadmap.

Regarding environmental measures for sustainable growth, at the SUBARU technology briefing held in January 2020, we announced our commitment to "contribute to building a decarbonized society through our distinctive and technological innovations," and we are accelerating our efforts in our "CO₂ Reduction Roadmap". We have defined SUBARU's position in the era of electrification as "smart follower," as we have long been engaged in research and product development related to vehicle electrification technologies. Especially in the past year or two, market trends have changed rapidly, and we feel that U.S. retailers and our most valued customers are also rapidly becoming more interested in climate change issues and electric vehicles.

Deciding that the time was finally right, in May 2022, we launched our first global BEV³, the SOLTERRA. The SOLTERRA was jointly developed with Toyota Motor Corporation. The entire team, working together with a passion to build a better car, tackled its development by engaging in a number of frank, uncompromising discussions until they built a car that would satisfy. We have faced the opinion of many that with the coming of the electrification era, SUBARU difference could be lost. However, this vehicle has received many positive assessments from customers and automotive journalists in Japan and overseas, who say that the SUBARU difference is still present, even in a BEV.

This experience has given us confidence that we can make a car with the evolved SUBARU difference even in the era of electrification.



SUBARU's accumulated knowledge in all-wheel drive (AWD) has a strong affinity with electric motors, facilitating a further evolution of driving stability and reliability. Doing this without loss of SUBARU's core competencies, such as quality and safety, allows us to demonstrate the SUBARU difference even in BEVs. We will keep taking market feedback seriously, linking it to our future electrification strategy.

In parallel with these efforts, we have begun to strategically restructure our domestic production, so that we can respond to the market's transition to BEVs. We are targeting the launch of in-house production of BEVs at the Yajima Plant around 2025, and the additional launch of dedicated BEV production line at the Oizumi Plant in 2027 or later. At both of these plants, we will establish a high-efficiency, flexible production system. For this series of reorganizations, we plan to invest approximately 250 billion yen over the next five years.

While accelerating electrification, we also look for other ways of contributing to a decarbonized society, through internal combustion engines. Since March 2022, we participate in a Japanese racing series "Super Taikyu Series 2022", with a racing vehicle that runs on carbon-neutral fuel, produced by synthesizing components derived from carbon dioxide, hydrogen, biomass, etc.

*3 BEV: Battery electric vehicle

*Reforming Corporate Culture and Cultivating Talent,
the Driving Forces for Growth*

*We will link the growth of the individual to the growth
of the organization and enhance employee engagement.*

In this once-in-a-century period of revolutionary change in the automotive industry, our human resources are the key to turn environmental change into opportunity, and to carry out activities to carefully nurture relationships with our customers. Our organizational culture has undoubtedly changed over the past several years, and in order to encourage the growth of our human resources, we believe it is necessary to move to the next stage of our various measures toward corporate culture reforms, a priority initiative in "STEP," and link the growth of the individual to the growth of the organization.

In the last three years, we have increased opportunities for employee growth and behavioral change through various dialogue sessions aimed at sharing management issues and promoting understanding of the external business environment. With more employees voluntarily raising proposals, I feel an improvement in quality of the dialogues year by year. In FYE March 2023, the Human Resources Department and Corporate Planning Department will work together to accelerate efforts to boost the reforms.

In addition, more and more employees are raising thoughtful, considered proposals to their managers and senior executives. Regarding the strategic restructuring of our domestic production mentioned above, a group of young managers who are in line to lead SUBARU around 2025 to 2027 formed a team and constantly submitted proposals and held bi-weekly discussions with senior executives, helping guide the process to the public announcement in May 2022. A new virtuous cycle is emerging, that not only the traditional "top-down" way to propel measures, but also the growth of individuals who think and act autonomously, is changing corporate culture to increase company value.

We feel that employee engagement has improved with the introduction of a new personnel system in FYE March 2022, encouraging employees to independently develop their own careers and take on challenges. In order to overcome rapidly changing times, it is important to think independently. We will keep expanding the circle of revolutionaries who want to change our company, by supporting and motivating the employees who act to change.

In addition, after active discussions with outside directors, we revised the compensation system for internal

directors and executive officers to further motivate them to contribute to the achievement of priority initiatives set forth in "STEP" and to the enhancement of business performance and corporate value over the medium to long term. Specifically, we have decided to incorporate employee engagement (employee satisfaction evaluation) as a new non-financial evaluation indicator in the executive compensation system. More than ever, employees and senior executive management will work together to achieve sustainable growth for the SUBARU Group.

Toward Delivering Happiness to All

*We will further deepen our relationships with customers,
to achieve an enjoyable and sustainable society.*

In our Vision for 2025 within "STEP," we declare that we will "Become a brand that is 'different' from others by enhancing distinctiveness." In line with this vision, we will further deepen this relationship between SUBARU and our customers that makes us different from other brands. We do this because we see this relationship as an asset for the SUBARU Group and the SUBARU brand.

This vision of "Delivering happiness to all" is more than just a catchy slogan. When I look at pictures and videos posted on social media by SUBARU customers, I am always moved by the great number of smiling customers with their cars. In these social media posts, as well as in sales and after-sales service, we can see the distinctiveness and true strength of the SUBARU brand as told by our customers.

Also, especially in the U.S., our customers are noteworthy in that they have a high level of awareness about society and global resources, along with an interest in the safety and reliability of SUBARU vehicles. For customers who want to help those in need and to do more for society and the environment, SOA^{*4} and its retailers have been working since 2008 to meet their needs, providing a range of support for local communities through the Love Campaign for over 14 years.

We will continue to provide "Enjoyment and Peace of Mind" through our various efforts to enrich people's lives and minds, working to be a partner to our customers and society at large. With our aim to become a company delivering happiness to people, society, and even the Earth, we will strive for the sustainable growth of the SUBARU Group and the achievement of an enjoyable and sustainable society.

We look forward to the continued support of our stakeholders as we build the future of the SUBARU Group.

*4 SOA: Subaru of America Inc.



TOMOHI. NAKAMURA

Representative Director of the Board, President and CEO

SUBARU's History of Value Creation

We have always been ahead of the curve in using products exemplifying the SUBARU difference to respond to customer needs based in the context of the times. This has created strong relationships with our customers. In particular, we believe that the driver's universal value of safety is an unshakable strength felt by our customers in our continuous refinement of all kinds of technologies.

Period	To 1950	1950s	1960s and 1970s	1980s	and 1990s	Since 2000
Customer needs based in historical context		<ul style="list-style-type: none"> • Postwar reconstruction • National Car Concept 	<ul style="list-style-type: none"> • Rapid economic growth • Motorization 	<ul style="list-style-type: none"> • Leisure (skiing) boom 	<ul style="list-style-type: none"> • Motorsports boom 	<ul style="list-style-type: none"> • The 2008 'Lehman shock' economic downturn • Increasing safety awareness • Increasing environmental awareness
SUBARU's value provided through car manufacturing						
Technology embodying our safety concept						
Products						

Period	To 1950	1950s	1960s and 1970s	1980s	and 1990s	Since 2000
Customer needs based in historical context		<ul style="list-style-type: none"> • Desiring mobility • Desiring an affordable car 	<ul style="list-style-type: none"> • Desiring a car ride without worrying about the weather • Desiring family fun with a personal vehicle 	<ul style="list-style-type: none"> • Desiring leisure time with friends 	<ul style="list-style-type: none"> • Desiring to bond with cars • Desiring to manifest unique personality 	<ul style="list-style-type: none"> • Desiring car safety at all times • Desiring to do more for society and the environment
SUBARU's value provided through car manufacturing						
Technology embodying our safety concept						
Products						

Period	To 1950	1950s	1960s and 1970s	1980s	and 1990s	Since 2000
Customer needs based in historical context						
SUBARU's value provided through car manufacturing						
Technology embodying our safety concept						
Products						

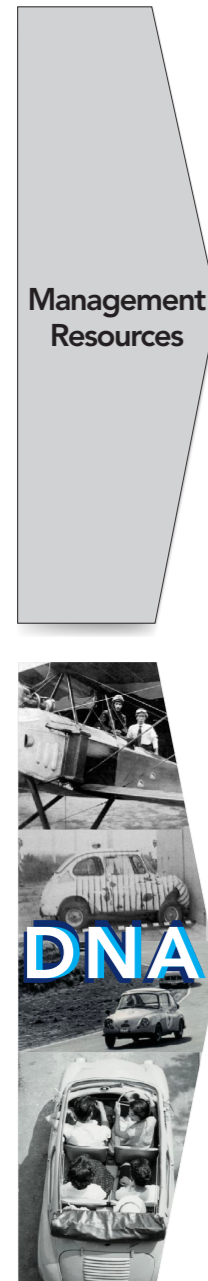
Period	To 1950	1950s	1960s and 1970s	1980s	and 1990s	Since 2000
Customer needs based in historical context						
SUBARU's value provided through car manufacturing						
Technology embodying our safety concept						
Products						

Note: The information above is mainly about the Japanese market.



Value Creation Process

With its DNA as an aircraft manufacturer, SUBARU continues to practice the human-oriented approach to Mono-zukuri, where it places top priority on safety. We hope to enrich people's lives and minds by providing product value that embodies the SUBARU difference in pursuit of safety and rough-road capability, and by continuing to meet the various expectations of our customers who share these values. Toward achieving our vision of becoming a company "Delivering happiness to all," we will link the growth of the individual (our employees) to the growth of the organization, further evolve "Enjoyment and Peace of Mind," the value we provide, deepen our relationships with customers, and achieve both sustainable growth for the SUBARU Group and the realization of a sustainable society.



The SUBARU Group's Unique Business Model

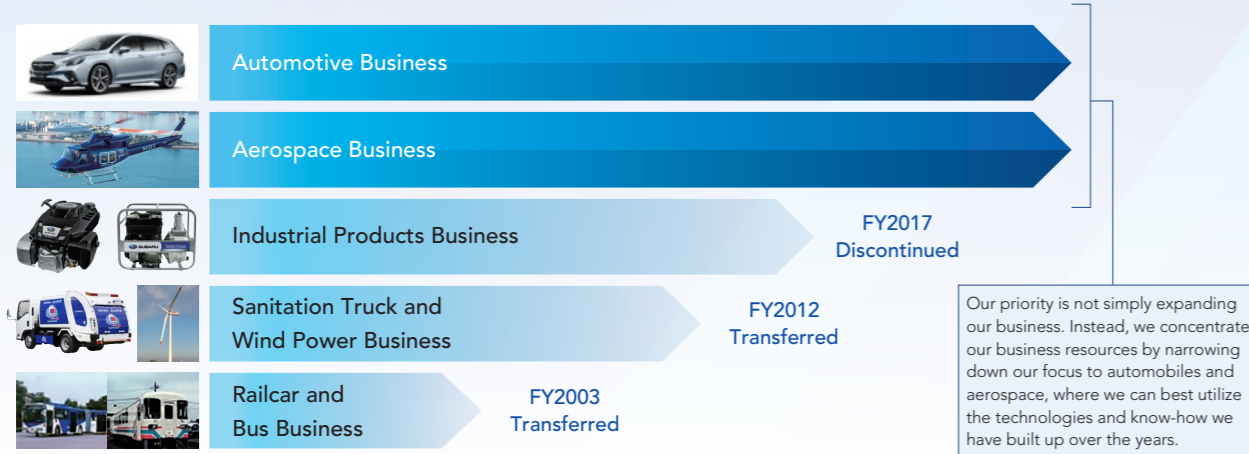
SUBARU is building a unique business model to achieve its vision of being a company "Delivering happiness to all". Instead of simply expanding our priorities in our business, products, markets, and development, we aim to achieve sustainable growth by selecting and concentrating our business resources in areas where we can best utilize the technologies and know-how that we have built up over the years as part of the human-oriented approach to Mono-zukuri which SUBARU has maintained throughout its history.

In our automotive business, for example, we select and focus on specific areas to provide enhanced functional value in the form of vehicle safety, durability, and superior handling. This allows us to offer value to our customers in the form of Enjoyment and Peace of Mind. As a result of these efforts, our customers see SUBARU vehicles as more than just a means of transport—they are an essential part of our customers' lifestyles.

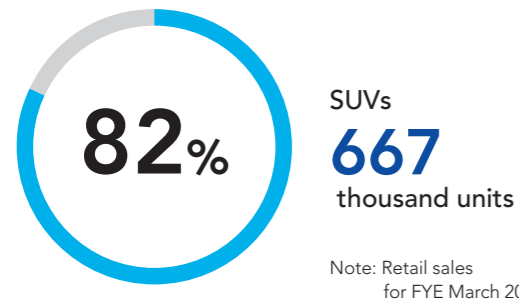
We will continue to meet our customers' expectations and make efforts to enrich people's lives. This will allow us to deepen our relationships with our customers and enhance the value of the SUBARU brand.

SUBARU's Selected Focus Areas

Business Focus Areas

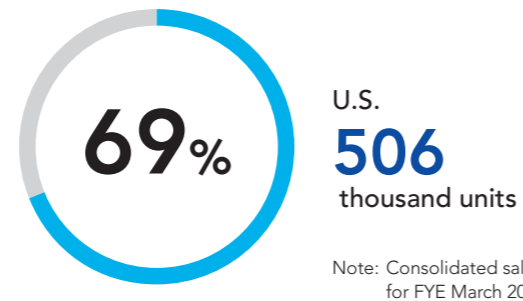


Product Focus



Development and production of minicars ended in 2012. Within our passenger car segment, we have focused on vehicles in the SUV category due to their versatility for both daily use and more active lifestyles.

Market Focus



Growth by focusing on the U.S. market, which matches SUBARU's car-making and the lifestyles of our customers, and by gaining further affinity toward SUBARU's initiatives.

Development Focus

Competitiveness

We focus on Enjoyment and Peace of Mind.

Collaboration

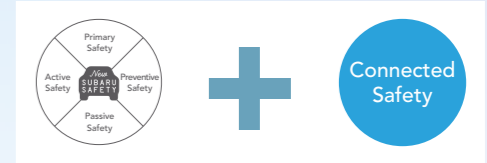
We effectively utilize partnerships to jointly develop vehicles instead of developing everything in-house.

Enhancing the Most Basic Functions of Our Vehicles to Provide "Enjoyment and Peace of Mind"

SUBARU, which has roots as an aircraft manufacturer, has constantly maintained a human-oriented approach to Mono-zukuri. Even in the midst of changing times, this approach has always been the core of our manufacturing philosophy, allowing us to create various unique and advanced technologies by continually taking on challenges that enrich the lives of our customers and society. Based on this human-oriented approach to Mono-zukuri, SUBARU will continue to enhance the basic functions of our vehicles—expanding our customers' freedom of movement—to provide customers with Enjoyment and Peace of Mind.

Ensuring driving safety from every perspective, from putting on your seat belt to unexpected situations

Ever since the SUBARU 360 popularized personal car ownership in Japan, the philosophy at SUBARU has been to give top priority to safety because people entrust their cars with their lives. The safety technologies that we continue to refine based on this philosophy are integrated into the concept of delivering All-Around Safety to customers whenever they ride in our vehicles, from when they put on their seat belts to unexpected situations. SUBARU's enhanced safety performance constantly receives the highest safety performance ratings from various third parties in and outside of Japan.



Development based on our customers' car use in the real world

At SUBARU, we place importance on being practical for our customers, which is why we build cars that match their lifestyles and changing needs. Examples include a touring wagon that combines a spacious luggage compartment with sporty driving performance, and a crossover SUV that combines off-road capability with everyday usability. Meticulous attention to materials, structure, and layout are factors that enhance the safety of the vehicle. This attention to detail enables us to make the frame thin and strong, which results in a high level of both driving visibility and passive safety performance.

Our vehicles are tested on our company's test track by taking into account various patterns of use by our customers. We also conduct numerous other tests in harsh environments around the world, including uphill driving, rough road handling, and towing. This allows us to collect a diverse array of performance data which we use to boost the reliability of our vehicles in the real world.



We aim for our cars to be easy to freely control for anyone in any environment

Unless the driver can control the car freely, they will not be able to drive with Enjoyment and Peace of Mind. The car must respond to the driver's control of the steering wheel without delay, move smoothly without any awkwardness, and never require steering adjustments when driving straight. This is the kind of car that SUBARU strives for when refining basic performance—a car that anyone can operate freely with peace of mind.

SUBARU does not have dedicated test drivers—that job is carried out by our engineers. Our engineers strive to achieve better basic performance by understanding the level of skills possessed by professional test drivers. This sharpens their ability to feel the difference between the ideal and reality, and theorize the mechanism behind that difference, which they can then reflect in the best possible design drawings.

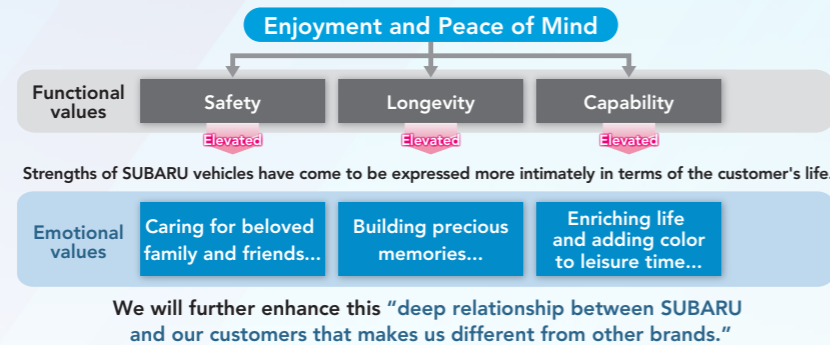
If our engineers cannot acquire the equipment they need to identify the source of any differences felt between the ideal and reality, they will create their own equipment to solve the problem.

By constantly making cars informed not just by hard data, but also by sensory aspects, we are able to exceed the expectations of our customers while accumulating unique theoretical knowledge and know-how.



Enhancing Relationships with Customers ~Creating the SUBARU difference for our customers~

We at SUBARU have worked to enhance the functionality of our vehicles, including safety and longevity, as part of our efforts to provide value in the form of "Enjoyment and Peace of Mind". Our customers tell us about their lifestyles, experiences, and affinity using words that describe their SUBARU vehicle as a part of their lives. Safety is one area where SUBARU has worked to elevate functional value into emotional value in our customers' minds, and our customers express this value as caring for beloved family and friends.



In the priority market of the U.S., we see many social media posts featuring images and videos of SUBARU vehicles with family members, friends, and pets in front of gorgeous backdrops. This shows us that our customers recognize our vehicles as more than just a means of transportation - they are an integral part of our customers' lifestyles and aspirations. Many of our customers tell us that they feel attached to our vehicles, and they feel that SUBARU is appealing because it is different to its competitors. This "difference" is truly an asset to the SUBARU brand. The deep relationship between SUBARU and our customers creates emotional value that makes us different from other brands, and we feel strongly that we must continue to enhance it.

We hope the "Enjoyment and Peace of Mind" that the SUBARU Group provides allows our customers to experience greater joy, fulfillment and attachment to our vehicles. This includes driving experiences that offer "Enjoyment and Peace of Mind", active lifestyles, memorable experiences with loved ones, and a deeper relationship between retailer staff and customers. We will also respond to new expectations from our customers to build a virtuous cycle that further develops our relationships and enhances the SUBARU brand.



Subaru of America, Inc. (hereinafter, "SOA"), which is the local sales management company for the U.S., and its participating retailers work together to make the world a better place all year round with our motto "Do the right things." Customers who share our values and actively support these activities will not be content with ensuring their own happiness. Instead, they are deeply concerned about society and global resources, and they are making the effort to act in an altruistic way, including helping those in need and want to improve society and the environment. In many cases, our customers become our teachers through the various activities we implement to improve society. These ongoing initiatives allow us to build stronger and deeper relationships with them.

We at SUBARU will continue to work with our retailers to be a trusted part of our customers' lives. Together with our customers, we will work to achieve an enjoyable and sustainable society.



Our goal of being More Than a Car Company®: SOA's Love Promise® Initiatives

SOA Launches Programs with Love as the Keyword

In the United States, a key SUBARU Group market, SOA has been conducting its Love Campaign since 2008. Every day, SOA receives messages from customers saying things like, "I love my SUBARU." What really stands out is that so many people use the word 'love' to express their feelings about their SUBARU. Launched with love as the keyword, the Love Campaign involves a variety of initiatives that are closely attuned to customer feelings and values. That approach is especially represented during the year-end holiday season by the Share the Love® campaign. Large discounts are the norm during the season, but the Share the Love® campaign gives customers who buy a SUBARU vehicle during this period the chance to have SUBARU donate on their behalf to a charity of their choice. This program is closely attuned to the sensibilities of customers who are committed to social contribution, and has been running for the 14 years since 2008.



SUBARU and its participating retailers donated more than \$227 million to over 1,700 hometown charities.

Evolution from Love Campaign to Love Promise – An Initiative That Makes Us More Than a Car Company

The Love Campaign began as a sales promotion initiative, and over the past 14 years has grown into a more significant activity that makes use of community networks built through collaboration with more than 630 retailers across the U.S.

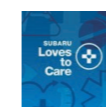
SOA and retailers are participating in the Love Promise Community Commitment based on a core belief in helping those in need through charitable efforts, and the concept that everyone connected with SUBARU should feel loved and respected. Focusing on initiatives in five areas of interest, we are making the world a better place through activities for the communities and regions that each retailer calls home. Specifically, in addition to the four organizations^{*1} that SOA partners with, retailers independently support community and regional organizations.

Love will guide SOA's aspirations to transcend what it means to be an automaker with programs to link customers, SUBARU vehicles, and life and lifestyles.

^{*1} SOA has partnerships with these four national charity partner beneficiaries: the ASPCA, Make-A-Wish, Meals on Wheels, and the National Park Foundation

Love Promise® Initiatives in Five Areas

SUBARU Loves to Care



Support for people battling illness

- Donated more than 230,000 blankets
- Gifted 31,000 arts and crafts kits
- Thousands of messages of hope written by SUBARU retailers and customers

SUBARU Loves to Help



Support for those in need of housing and food

- Donated approximately 150 million meals to those affected by COVID-19

SUBARU Loves the Earth



Activities to protect the Earth

- More than 7,000,000 pieces of hard-to-recycle trash like coffee cups and snack wrappers were given a new life as useful items such as benches at local schools

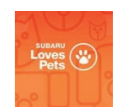
SUBARU Loves Learning



Support for education

- SUBARU and its retailers have supported the educations of more than 300,000 students nationwide

SUBARU Loves Pets



Animal welfare

- Support for 230,000 animals, including matching with foster families, rescue, and health care

U.S. Accolades for the SUBARU Brand

SOA programs, including Love Promise® initiatives with retailers and customers, rank highly in U.S. consumer brand evaluations for all industries and in U.S. customer satisfaction surveys. This has helped to enhance the SUBARU brand.



Forbes Halo 100
Forbes ranks SUBARU among the top 10 brands consumers love.



ACSI®
SUBARU has received top rating in numerous categories in the American Customer Satisfaction Index (ACSI) survey for the automobile industry.

- Safety: Ranked 1st (3 years in a row)^{*2}
- Driving performance: Ranked 1st^{*2}
- Service quality: Ranked 1st^{*2}
- Endurance: Ranked 1st (2 years in a row)^{*3}
- Production quality: Ranked 1st (2 years in a row)^{*3}
- Satisfaction 1st^{*2}

^{*2} Compared to all other measured mass-market automotive companies in the 2022 ACSI surveys of customers rating their own automobile. ACSI® is a registered trademark of ACSI, LLC.
^{*3} Compared to all other measured mass-market automotive companies in the 2022 ACSI surveys of customers rating their own automobile. The 1st rating is shared with one other automotive company.



- SUBARU Loves to Care
<https://www.subaru.com/our-commitment/love-promise/subaru-loves-to-care.html>
- SUBARU Loves to Help
<https://www.subaru.com/our-commitment/love-promise/subaru-loves-to-help.html>
- SUBARU Loves the Earth
<https://www.subaru.com/our-commitment/love-promise/subaru-loves-the-earth.html>

- SUBARU Loves Learning
<https://www.subaru.com/our-commitment/love-promise/subaru-loves-learning.html>
- SUBARU Loves Pets
<https://www.subaru.com/our-commitment/love-promise/subaru-loves-pets.html>

- U.S. Accolades for the SUBARU Brand
<https://www.subaru.com/vehicles/accolades.html>

Our Evolving Mid-term Management Vision

We aim to be a compelling company with a strong market presence built upon our customer-first principle. Under this corporate statement, we have worked to enhance the appeal of the SUBARU brand by offering customers "Enjoyment and Peace of Mind." We will work to achieve our vision of "Delivering happiness to all" by promoting our mid-term management vision "STEP."

2007–2010
Customer Satisfaction:
Our Customers Are Everything

At the time of announcement: Representative Director of the Board, President and CEO Ikuo Mori

2011–2013
Motion-V

At the time of announcement: Representative Director of the Board, President and CEO Yasuyuki Yoshinaga

2014–2017
Prominence 2020

At the time of announcement: Representative Director of the Board, President and CEO Yasuyuki Yoshinaga

2018–2025
STEP

Representative Director of the Board, President and CEO Tomomi Nakamura

Essential features

With the philosophy of "customers come first" at its core, focusing on improving profitability and investing in growth areas with management resources

Major challenges

- To provide a distinctive SUBARU experience for drivers and passengers
- To increase sales globally (Most important market: U.S.)
- To strengthen competitiveness in quality and cost
- To also grow through the business alliance with Toyota
- To grow the level of employee competence and so enhance the organization

Achievements

- Sharing the mindset of "customers come first" within the Group
- Globalization of products
- World's leading safety performance
- Expanding sales in U.S. (the most important market)
- Reform of profit structure by reducing costs

Issues

- Lowering sensitivity to foreign currency fluctuations
- Increasing sale in emerging countries including China
- Developing environmental technology and products
- Autonomy of three internal companies*
- Flexibility to adapt to changes in business environment

Management philosophy

Aiming to be a compelling company with a strong market presence built upon its customer-first principle

Five themes

- Guiding principle for all activities "Confidence in Motion" <Promote the brand strategy> "Provide value to customers and Enjoyment and Peace of Mind"
- With the basic philosophy of "customers come first," "Provide distinctive SUBARU experience"
- Strengthen sales force and the availability of automotive supply, "Accelerate sales expansion"
- Overhaul of cost structure and promote alliance with Toyota, "Solidify operational foundation"
- Back up concrete approaches for business, "Improvement in Management"

Achievements

- XUV/SUV strategy succeeded
- Boosted sales through U.S.-oriented product development
- Highly rated collision safety and EyeSight
- Cost reduction activities paid off
- Achieved low-incentive sales
- Achieved highly efficient production

Issues

- Compliance with future environmental regulations
- Production capacity shortages
- Responding to the needs of new customers
- Sensitivity to currency fluctuations

Management philosophy

Aiming to be a compelling company with a strong market presence built upon its customer-first principle

Reason for formulation

Pursue the goal of sustainable growth and development by boosting competitiveness and building a solid business platform at a new stage

Vision for 2020

Corporate vision
Not big in size, but a high-quality company with distinctive strengths

Specific goals

- No.1 for customer trust
- Strong brand
- Among the most profitable companies in the industry
- Vehicle sales of 1.1 million-plus units

Direction for mid-term management vision

Pursue added-value business
→ Enhancing the SUBARU brand

Increase tolerance to changes in the business environment
→ Building a strong business structure

Achievement

- Among the most profitable companies in the industry

Issues

- Strong brand
- Vehicle sales of 1.2 million-plus units
- No. 1 for customer trust

Corporate statement

We aim to be a compelling company with a strong market presence built upon our customer-first principle

Value statement

Enjoyment and Peace of Mind

Vision

Delivering happiness to all

Vision for 2025

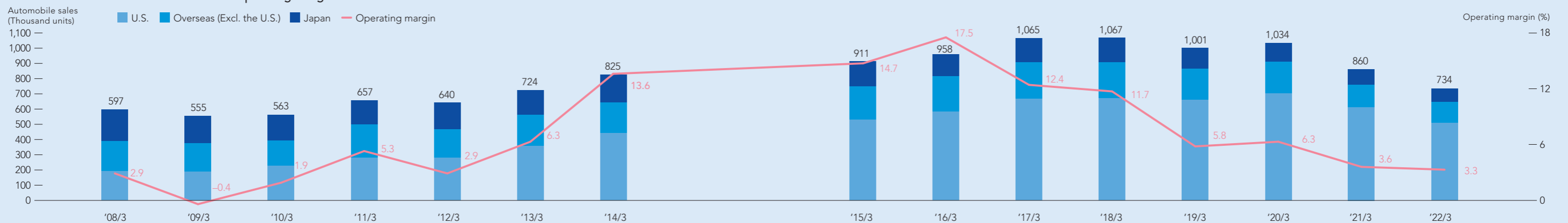
- Become a brand that is "different" from others by enhancing distinctiveness.
- Engage in business activities that resonate with customers by putting them center-stage
- Fulfill corporate social responsibilities by contributing to diversifying social needs.

Major challenges

- Corporate culture reforms
- Quality enhancement
- Evolution of the SUBARU difference

Note: A progress report on "STEP" was made in May 2021, and content was partially updated.

Consolidated Automobile Unit Sales and Operating Margin



Mid-term Management Vision "STEP": Overview

Creating the Mid-Term Management Vision

In July of 2018, we formulated our mid-term management vision "STEP," with the goal of building trust and resonating with customers by providing "Enjoyment and Peace of Mind." Then, in May 2021, we reported on our progress so far.

Background	<ul style="list-style-type: none"> Changes in the external environment Once-in-a-century changes in a mobility society 	<ul style="list-style-type: none"> Strains from the company's rapid growth Lacking fundamental corporate strength
Intentions in developing the mid-term management vision	<ul style="list-style-type: none"> Restore trust by cultivating fundamental corporate strength as soon as possible. Stay true to the brand principle of providing "Enjoyment and Peace of Mind" to our customers. Make SUBARU more than just a company that is trusted by, and resonates with, our customers. 	

Concept and Timeline



"STEP" is an acronym formed from the initial letters of Speed, Trust, Engagement, and Peace of Mind and Enjoyment, which are four important elements of the vision. The letter "T" is emphasized in the logo as SUBARU considers trust to be the most important element of all. The name also expresses the Company's determination to take "steady, strong steps" before a future jump over social changes.

Vision for 2025

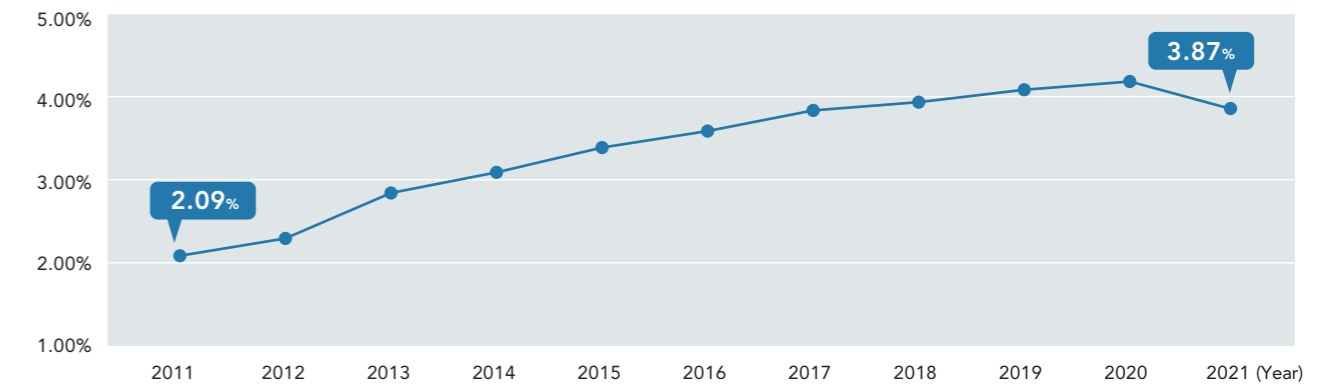
- 1 Become a brand that is "different" from others by enhancing distinctiveness.
- 2 Engage in business activities that resonate with customers by putting them center-stage.
- 3 Fulfill corporate social responsibilities by contributing to diversifying social needs.

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	Quality reforms	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

Market Strategy

We aim to maintain and expand our market share in each market by increasing the value we provide to our customers and enhancing the strength of our brand. In our priority market of the U.S., we are making progress toward a 5% market share.

Market share for SUBARU vehicles in the U.S.



Profit Direction and Capital Policy

- We aim for an industry-leading operating margin (8%).
- Capital expenditures and R&D expenditures will be steadily executed for initiatives aimed at enhancing the SUBARU difference.
 - Capital expenditures: In addition to recurring investment (3.5% to 4.0% of revenue), full-scale investment in reorganizing the domestic production system will begin in FYE March 2024 (250 billion yen over five years)
 - R&D expenditures: 120 billion yen level/year
- We aim for a ROE of at least 10% while ensuring a capital equity ratio of 50%.
- Our stance on shareholder returns remains unchanged.
 - Positioning dividends as the main form of return to shareholders with emphasis on stable, continuous returns. Based on the performance-linked approach, dividend payments will be determined considering the business performance of each fiscal year, investment plans, and the business environment. (Consolidated payout ratio: 30%–50%)
 - Conducting share repurchases flexibly in line with our cash flow.

Capital Policy

	ROE	At least 10% (target)
	Capital equity ratio	50% (minimum)
Shareholder returns	Consolidated payout ratio	30%–50%
	Share repurchases	Conduct flexibly

Mid-term Management Vision "STEP": Six Priority Areas for CSR

In mid-term management vision "STEP," which was developed in 2018, we at SUBARU envision becoming a company "Delivering happiness to all." To achieve this vision, we have adopted the "Six Priority Areas for CSR" and will 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. The SUBARU Group aspires to be a truly global company with sustainable growth driven by each and every one of its employees, and to contribute to the realization of an enjoyable, sustainable society.

SUBARU Group's Six Priority Areas for CSR

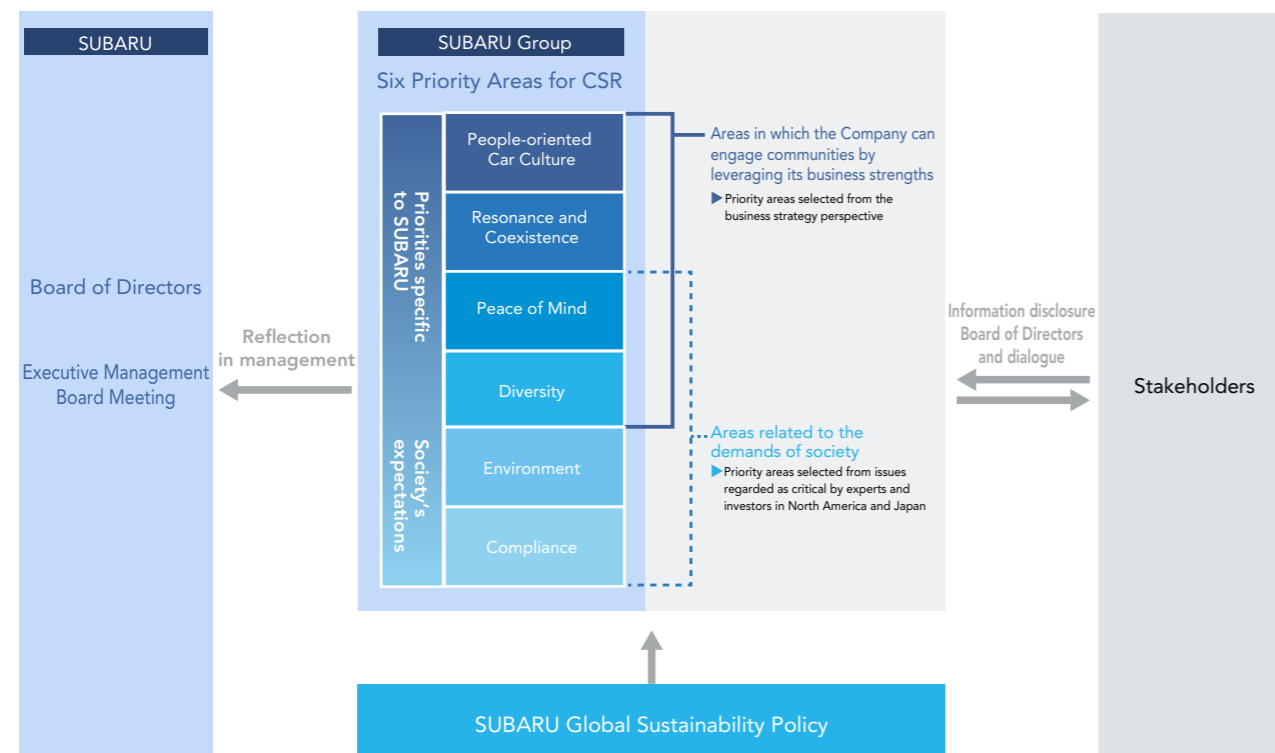
In accordance with SUBARU's mid-term management vision "STEP," the SUBARU Group established the Six Priority Areas for CSR: People-oriented Car Culture; Resonance and Coexistence; Peace of Mind; Diversity; Environment; and Compliance.

To select the priority areas, the SUBARU Group first identified 41 CSR priority topics for which social needs were high and then conducted a questionnaire among experts and investors in North America and Japan. The responses and opinions we received were used in an assessment and exploration of these areas from two perspectives: areas in which we can engage the community by leveraging our business strengths, and areas related to the demands of society. As a result, the SUBARU Group selected People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, and Diversity as the four areas where SUBARU could engage our communities by leveraging our business strengths, and Peace of Mind, Diversity, Environment, and Compliance as the four areas where the SUBARU Group could work to meet the demands of society.

Peace of Mind and Diversity appear in both categories, because Peace of Mind is an area in which society's needs and the strengths of the SUBARU Group's business coincide, while Diversity refers not only to diversity in the community, but also to diversity in a broad sense, including in the products that the SUBARU Group offers to customers.

In May 2021, SUBARU announced its progress report for mid-term management vision "STEP." Its priority areas in this vision are fundamentally unchanged. Based on the SUBARU Global Sustainability Policy, SUBARU will promote initiatives in the Six Priority Areas for CSR on a group-wide, global basis with the goal of becoming a company "Delivering happiness to all."

Reflecting SUBARU Group's Six Priority Areas for CSR in Management



SUBARU Global Sustainability Policy

Until recently, the SUBARU Group promoted various initiatives in line with its CSR Policy, revised in June 2009. However, to cope with changes in the social environment and in relationships with our stakeholders, we established the "SUBARU Global Sustainability Policy" in April 2020 as a guideline to be shared by all Group employees on a global basis. This Policy is applied to Subaru Corporation and all its subsidiaries.

SUBARU Global Sustainability Policy

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

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

Six Priority Areas for CSR: Visions for 2025 and Relevant SDGs

The Sustainable Development Goals (SDGs) for 2030 are development goals for achieving a sustainable future, and the SUBARU Group recognizes the importance of responding to these goals.

By clarifying visions for 2025 regarding the Group's Six Priority Areas for CSR, SUBARU will reinforce its efforts in each priority area and make positive contributions toward achieving the SDGs. Specifically, we acknowledge that the SUBARU Group's initiative to achieve a goal of zero fatal traffic accidents* by 2030 contributes to Target 3.6 of the SDGs: "By 2020, halve the number of global deaths and injuries from road traffic accidents."

* Reducing to zero the number of fatal accidents occurring while a driver or passenger is in a SUBARU vehicle and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle.

Six Priority Areas for CSR	Basic Concepts	Visions for 2025	Relevant SDGs
People-oriented Car Culture	SUBARU believes that a car is more than just a means of transport. SUBARU will foster a sustainable mobility culture by providing customers with added value in the form of products and services which make the car a partner that enriches people's lives and minds, while cherishing the human emotions of "Enjoyment and Peace of Mind."	Become a company that enriches people's lives and minds as a partner.	SDG 8 (Decent Work and Economic Growth), SDG 11 (Sustainable Cities and Communities)
Resonance and Coexistence	SUBARU will become a company that is trusted by, and resonates and coexists with, both individual customers and society as a whole by engaging seriously with their voices through greater person-to-person communication.	Become a company that is widely trusted by, resonates and coexists with society.	SDG 11 (Sustainable Cities and Communities), SDG 17 (Partnerships for Development)
Peace of Mind	SUBARU will become a company that provides all stakeholders with the utmost peace of mind.	Become a company that provides the utmost peace of mind to all stakeholders.	SDG 3 (Good Health and Well-being)
Diversity	The SUBARU Group's approach to promoting diversity has two key elements: offering products that respect diverse forms of market value, and respecting and reflecting the diverse values of all those who work for the SUBARU Group.	Promote businesses that create diverse forms of market values while respecting the diverse values of all people.	SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth)
Environment	In order to pass on "The earth, the sky and nature," SUBARU's fields of business, to future generations, we provide utmost care to the environment with our company-wide activities.	Cherish and protect the global environment—The earth, the sky and nature—through Group-wide activities.	SDG 13 (Climate Action), SDG 15 (Life on Land)
Compliance	SUBARU will become a company that operates in accordance with laws, regulations, and societal norms, ensuring that our focus on compliance as a priority permeates throughout and is practiced by all those who work for the SUBARU Group.	Act in good faith and become a company that is trusted by and resonates with society.	SDG 8 (Decent Work and Economic Growth), SDG 16 (Peace, Justice and Strong Institutions)

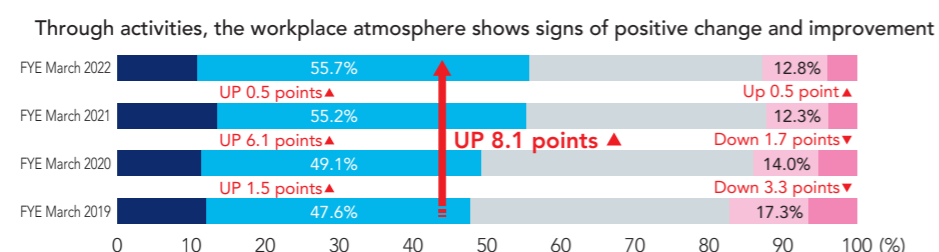
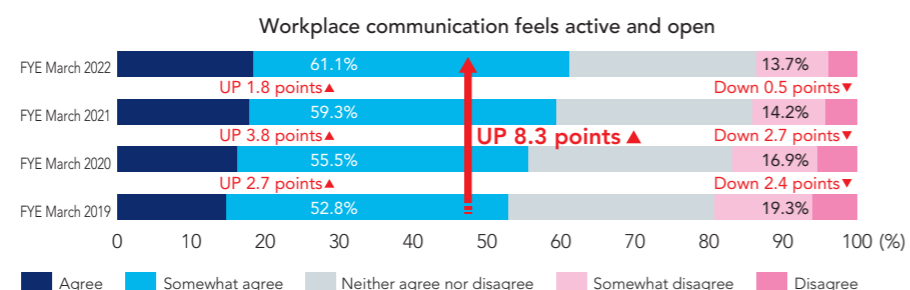
- Human Rights Policy
- Human Rights Policy Appendix
- Quality Policy
- Fundamental Procurement Policy
- SUBARU Supplier CSR Guidelines
- Responsible Mineral Procurement
- Green Procurement Guidelines
- SUBARU Environmental Policies
- SUBARU Guidelines on Biodiversity
- Social Contribution Policy

Mid-term Management Vision "STEP": Progress of Key Initiatives

Corporate Culture Reforms

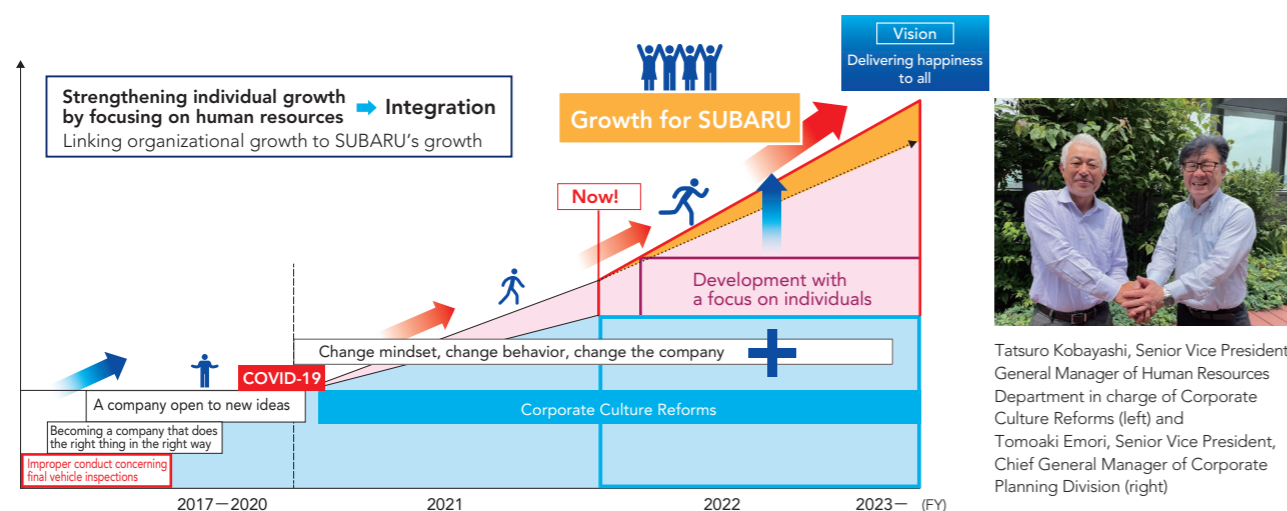
Based on our slogan for Corporate Culture Reforms, "Change mindset, change behavior, change the company," we have continuously held company-wide activities, including various dialogues to share information about business challenges and learn about businesses outside the Company. Specifically, from FYE March 2022 we launched our Dialogue with the President and External Dialogue, which management leaders from other companies are invited to. These are held in addition to the existing Officer Speech Relay and Dialogue with General Managers Relay that began in FYE March 2020. We are steadily increasing these activities to change the mindset of individual employees and their behavior. The enhancement and utilization of IT tools was accelerated by the COVID-19 pandemic, providing the momentum that is helping to revitalize the organization by generating spontaneous company-wide communication spanning a range of departments and job positions. As a result, employees are feeling the effects of these changes, with Employee Attitudes Survey scores for "openness in the workplace" showing continuous improvement for the fourth straight year.

FYE March 2022 Results of Employee Attitudes Survey on Corporate Culture Reforms (Response rate: 94.7%)



From Individual Growth to Organizational Growth: the Human Resources Department and Corporate Planning Department will work together to accelerate reforms

Now that employees have become accustomed to thinking and acting on their own volition, from FYE March 2022 onward, we are implementing Corporate Culture Reform activities focused on the growth and development of individual employees, and we will boost engagement so that each employee can feel their growth and job satisfaction. In FYE March 2023, we have integrated Corporate Culture Reforms, formerly led by the Corporate Planning Department, with Workstyle Reforms and our Personnel Strategy led by the Human Resources Department, and those 2 departments will work together to accelerate efforts to boost the reforms.



Quality Enhancement

SUBARU is pursuing Quality Enhancement initiatives as a key theme of its mid-term management vision, "STEP".

We are promoting activities in three areas to achieve Quality Enhancement: 1) Thorough implementation of a "Quality-First" mindset and reinforcement of organizational efforts and structure, 2) Execution Quality enhancement, and 3) Innate Quality enhancement. While we have made steady progress in these areas, we have not been able to fully present our achievements to customers and dealerships. High quality is the bedrock of the brand and the source of the added-value strategy. We will continue to proactively promote Quality Enhancement and aim to produce results in a consistent manner.

1. Thorough Implementation of a "Quality-First" Mindset and Reinforcement of Organizational Efforts and Structure

To establish the foundation for quality enhancement, we are reviewing our quality policy and renewing quality manuals to redefine SUBARU's vision. We are also carrying out ongoing company-wide educational and reflection activities, such as Quality Caravan events and activities to prevent lessons learned in the past from fading away, to encourage renewed quality awareness among individual employees.

2. Execution Quality Enhancement

This initiative aims to prevent the flow of defects downstream after the production preparation stage. We are promoting initiatives to rapidly implement measures to resolve defects that have occurred in the market, and improve the response speed of quality improvement. Specifically, we set up FAST*, a quality improvement team, to strengthen the quality assurance system and promote rapid issue resolution in North America. At the same time, we are working to establish the QA Lab at our Gunma Plant to enhance our ability to investigate the causes of defects, investigate defect trends using artificial intelligence (AI), and strengthen parts traceability.

* FAST: Fast Action & Solution Team

3. Innate Quality Enhancement

Innate Quality Enhancement involves reforming all processes from the initial planning stages to development and design. This allows us to ensure quality throughout the entire manufacturing process, from the earliest stages of development to production and distribution. Employees responsible for development will be given more authority and there will be a stronger focus on the use of stage gate project management for quality targets from the initial development stages. We are also changing development processes so that a project cannot proceed to the next stage until it has cleared the previous stage.

Accelerating Quality Enhancement in Three Areas, as a Top Priority

3 Innate Quality Enhancement

- Ensure quality from the very start of development down through component logistics and production
 - Fully check past issues in development, production, and suppliers
 - Identify changes in new parts and systems and prevent issues before they occur
- Clarify the quality responsibilities of the Project General Managers in charge of product development and enhance their authority
- Stricter development process where meeting criteria of each quality gate (checkpoint) is given top priority

2 Execution Quality Enhancement

- Construction of a new final vehicle inspection facility (partially operational as of August 2022)
- Swift response to quality issues
 - North American quality team FAST
 - Early detection of defect trends based on analysis using AI
 - Direct gathering of quality data via telematics systems
 - Early determination of the scope of affected parts with traceability systems
 - New QA Lab facility for enhancing our capability to investigate defects

1 Thorough Implementation of a Quality-First Mindset and Reinforcement of Organizational Efforts and Structure

- Redefine goals
 - Quality Policy revised for the first time in 25 years
 - Full revision of the quality manual
- Quality awareness, reflection activities
 - Quality Caravan events
 - Company-wide efforts to prevent lessons learned in the past from fading away
- Increase in personnel
 - Increase in Quality Assurance Division personnel by 50% over 3 years

TOPICS New Final Vehicle Inspection Building

At the Gunma Plant, we are reviewing processes and building and updating our Final Vehicle Inspection Buildings to implement more stringent final vehicle inspections. In August 2022, one of the three new final inspection buildings has launched its operations in Japan. Use of the facility will be expanded to other lines in the future. SUBARU will continue to strive to become the brand that is the preferred choice for our customers through quality that allows them to use our vehicles with peace of mind for many years to come.



For more information on Quality, visit:
https://www.subaru.co.jp/en/csr/social/quality_automobile.html

Evolution of the SUBARU Difference

SUBARU's Future Direction

Aim for zero fatal road accidents by 2030.

Contribute toward achieving a carbon-free society with SUBARU strengths and technological innovation.

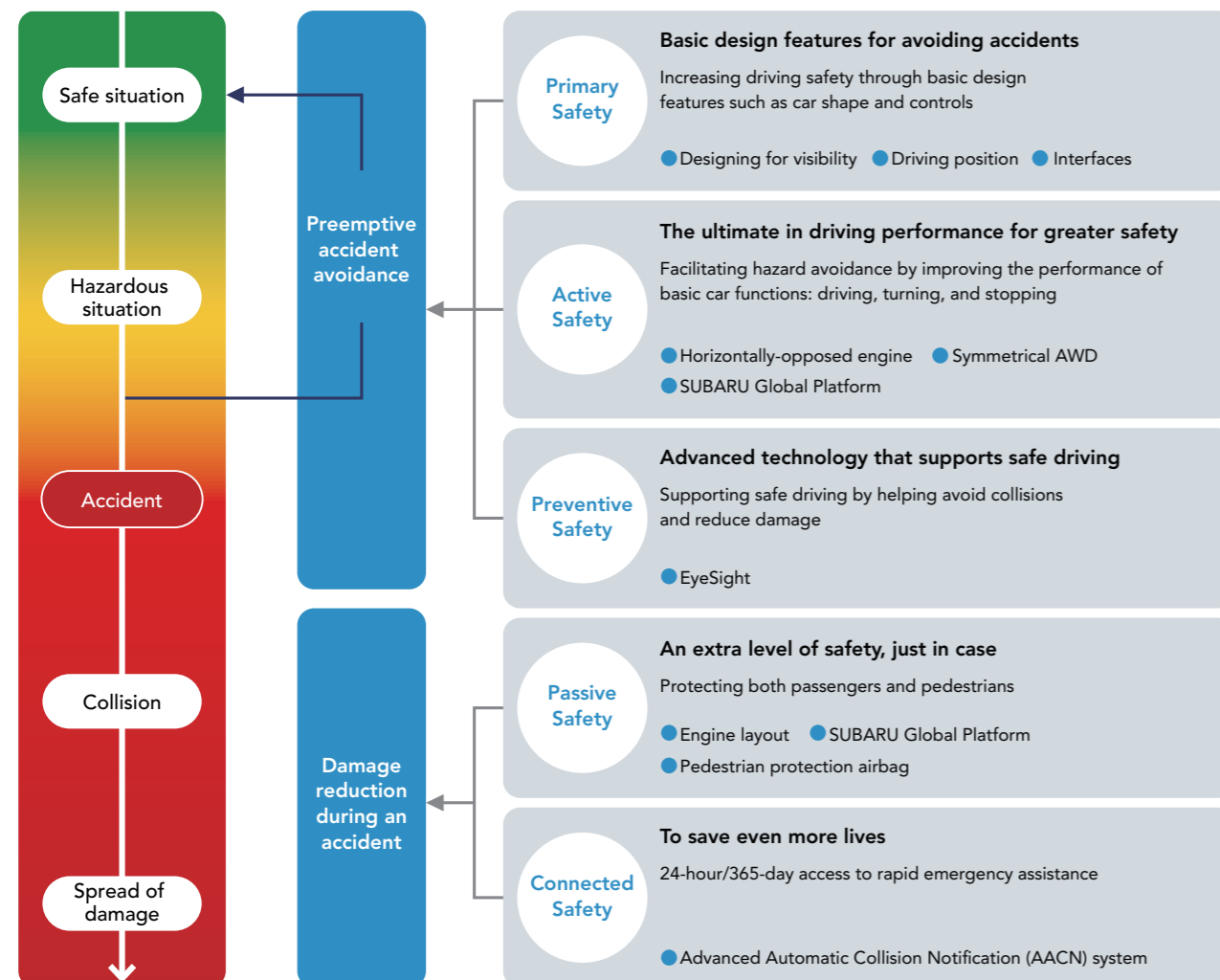
Further advance our technologies to deliver "Enjoyment and Peace of Mind." Maintain the SUBARU difference even in the age of vehicle electrification.

SUBARU's All-Around Safety

In our mid-term management vision "STEP" announced in 2018, we declared our goal of working toward zero-fatality road safety^{*1} by 2030, attaching particular importance to protecting lives.

SUBARU will enhance the safety performance of its cars from every perspective as we aim to achieve zero-fatality road safety by 2030. We will do this by making the four existing areas of Primary Safety, Active Safety, Preventive Safety, and Passive Safety even better, while also adding Connected Safety.

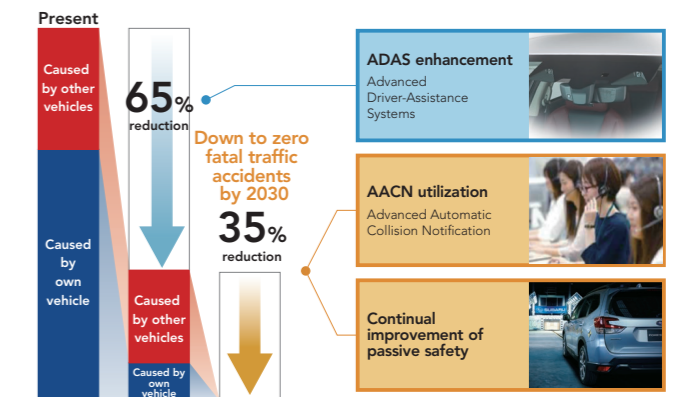
^{*1} Zero fatal road accidents occurring while a driver or passenger in a SUBARU vehicle and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle.



Following the domestic market launch of EyeSight X, which offers enhanced features that provide greater safety and comfort when traveling on roads specifically designated for automobiles, in 2022 we added a new wide-angle single-lens camera capable of recognizing objects in a wider area to our Outback model for North America. We will improve Advanced Driver Assistance Systems (ADAS) to further avoid and mitigate accidents, and reduce at-fault traffic accidents.

For no-fault accidents, we will aim to achieve zero-fatality road safety by 2030 by strengthening our existing four safety performance areas and adding Connected Safety in the form of our Advanced Automatic Collision Notification (AACN) system.

Plan to Achieve Zero-Fatality Road Safety



Car Assessments

SUBARU vehicles undergo safety performance testing and assessment by public organizations inside and outside of Japan, including JNCAP^{*2} in Japan, IIHS^{*3} in the U.S., Euro NCAP^{*4} in Europe, and ANCAP^{*5} in Australia, and have gained the highest rank of assessment in most of them.

In FYE March 2022, the new Legacy Outback won the JNCAP Five Star Vehicle Safety Performance 2021 Award, the highest rating in the JNCAP. This is the second consecutive year that we have earned this highest rating, following last year's win by the Levorg. At the IIHS, as of May 2022, six of SUBARU's 2022MY (model year) vehicles had won the organization's 2022 TOP SAFETY PICK+ (TSP+) Award, and two vehicles had won its 2022 TSP Award. In addition, SUBARU's Ascent and Forester were selected for the IIHS Seat Belt Reminder evaluation test, a program launched in March 2022. Both vehicles received the highest rating of "Good." Euro NCAP and ANCAP both gave the Outback a five-star rating in their 2021 assessments.

^{*2} JNCAP (Japan New Car Assessment Program): A car assessment program conducted by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety and Victim's Aid (NASVA)

^{*3} IIHS: Insurance Institute for Highway Safety

^{*4} Euro NCAP: European New Car Assessment Programme, a safety information disclosure program for automobiles in Europe

^{*5} ANCAP: Australasian New Car Assessment Program, a safety performance assessment program conducted since 1993 by an independent organization created by Australian and New Zealand transit authorities

Recent Awards

Model	Organization	Assessment
Legacy Outback	JNCAP, Japan	Vehicle Safety Performance JNCAP Best Award 2021 JNCAP Five Star Award 2021
2022 model year editions of the Crosstrek Hybrid, Legacy, Outback, Forester, Ascent, and BRZ (equipped with EyeSight) (as of May 2022) (U.S. models only)	IIHS, U.S.	2022 TSP+ Award ^{*6}
2022 model year editions of the Impreza (5-door) and Crosstrek (all equipped with EyeSight and specific headlights) (U.S. models only)	IIHS, U.S.	2022 TSP Award ^{*6}
Outback	Euro NCAP, Europe	2021 Five-star rating
Outback	ANCAP, Australia	2021 Five-star rating

^{*6} In the IIHS's publication of vehicle safety information, the TOP SAFETY PICK (TSP) Award is given to vehicles that earn the rating of "Good" for all test results including the Offset Frontal Test, the Driver-side Small Overlap Front Test, the Passenger-side Small Overlap Front Test, the Side Crash Test, the Rear Impact Test, and the Rollover Test and the rating of "Acceptable" or higher in the Headlight Evaluation, as well as the rating of "Advanced" or higher in the vehicle-to-vehicle and vehicle-to-pedestrian tests. In addition to these ratings, vehicles which have standard equipped headlights that are rated "Acceptable" or higher are awarded the TOP SAFETY PICK+ (TSP+) Award.

Contributing to the Achievement of a Carbon-Free Society by Further Enhancing the SUBARU Difference

SUBARU will contribute to a zero-carbon society by demonstrating the SUBARU difference through distinctiveness and technological innovation. Specifically, our plan is to ensure that at least 40% of SUBARU global sales are battery electric vehicles (BEVs)^{*7} and hybrid electric vehicles (HEVs) by 2030. We also aim to apply electric powertrain technology to all new SUBARU vehicles sold worldwide by the early 2030s. By 2050, we aim to reduce well-to-wheel^{*8} CO₂ emissions by 90% or more^{*9} compared to 2010 levels.

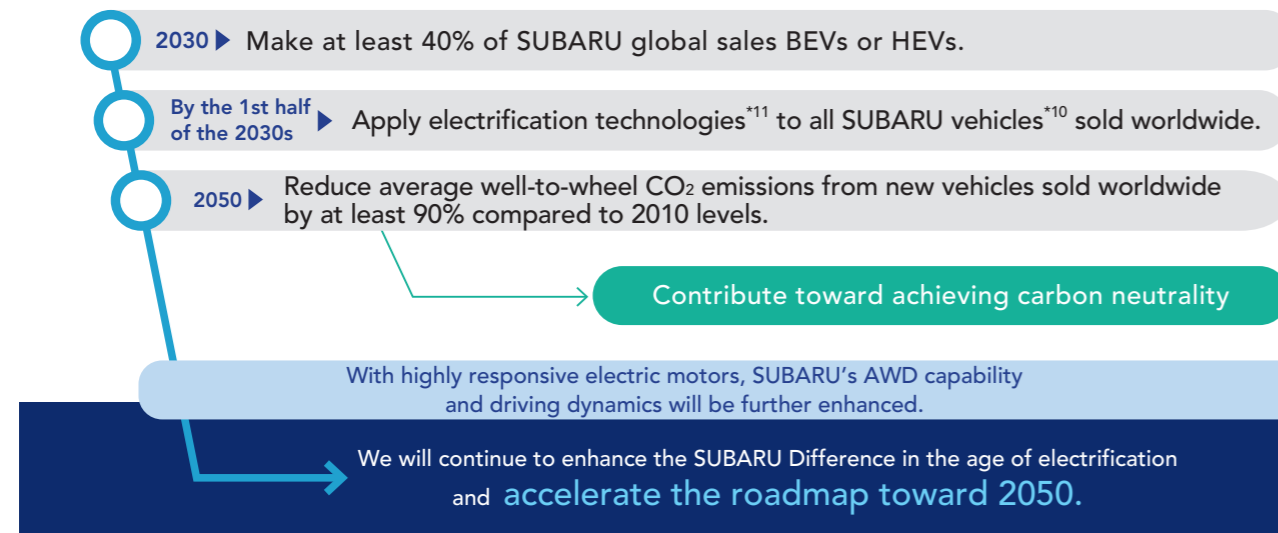
*7 BEV: Battery electric vehicle

*8 Well-to-Wheel: Approach to calculating CO₂ emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles

*9 Reducing total CO₂ emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world in 2050 by 90% or more relative to 2010 levels. Changes in the sales quantity due to changes in the market environment will be taken into consideration, while minor changes such as driving distance will not.

Environmental efforts with commitment to enhancing the SUBARU difference

CO₂ reduction roadmap



*10 Excluding models supplied by OEMs

*11 Refers to technology that boosts the use of electrical power, such as EVs and HEVs

New Model BEV—SOLTERRA

The SOLTERRA is SUBARU's first global BEV that is packed with "Enjoyment and Peace of Mind", carefully cultivated by our company over many years. Customers can choose this environmentally friendly and practical model with the same peace of mind as previous SUBARU vehicles.

This development project was carried out jointly with Toyota Motor Corporation (hereinafter, "Toyota"). During the process of creating a truly outstanding vehicle, both companies knew the SOLTERRA would serve as the foundation for future SUBARU BEV models, and made a firm commitment to create a BEV that would feel like any other SUBARU model to customers.

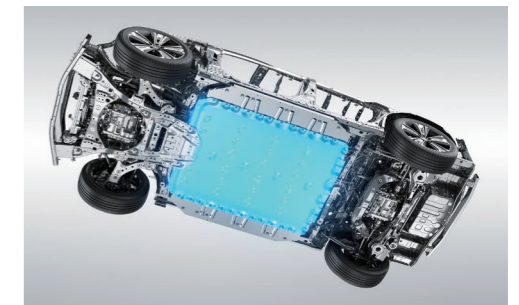
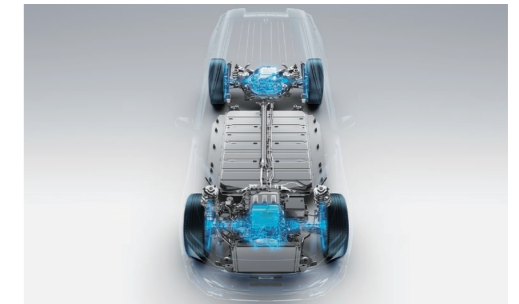
Under the motto, "Let's fight nice and friendly," both companies engaged on an equal footing. Rather than compromise, we held repeated discussions with Toyota's team, which, as a result, enabled us to fully realize SUBARU's unique approach to car manufacturing.



The AWD system, unique to BEVs, uses separate motors to drive the front and rear wheels. This system leverages technology built up by SUBARU over the years for exerting precise control of all four tires, and superior responsiveness and flexible front-rear power distribution afforded only by a motor. This achieves excellent driving stability that uses the gripping force of all four wheels to their maximum potential.

A notable feature of the newly developed e-SUBARU Global Platform is the partial integration of the battery in the frame, which achieves more strength and rigidity than ever before. This contributes to better handling stability and allows drivers to enjoy the driving quality of a SUBARU. The structural architecture efficiently absorbs collision energy to thoroughly protect not just the passengers, but also various electronic components.

At test driving events for automotive journalists held in Japan, the U.S., and Europe, many drivers said they were able to actually feel the SUBARU difference. Going forward, we will pay close attention to feedback from our customers and link it to our future BEV strategy.



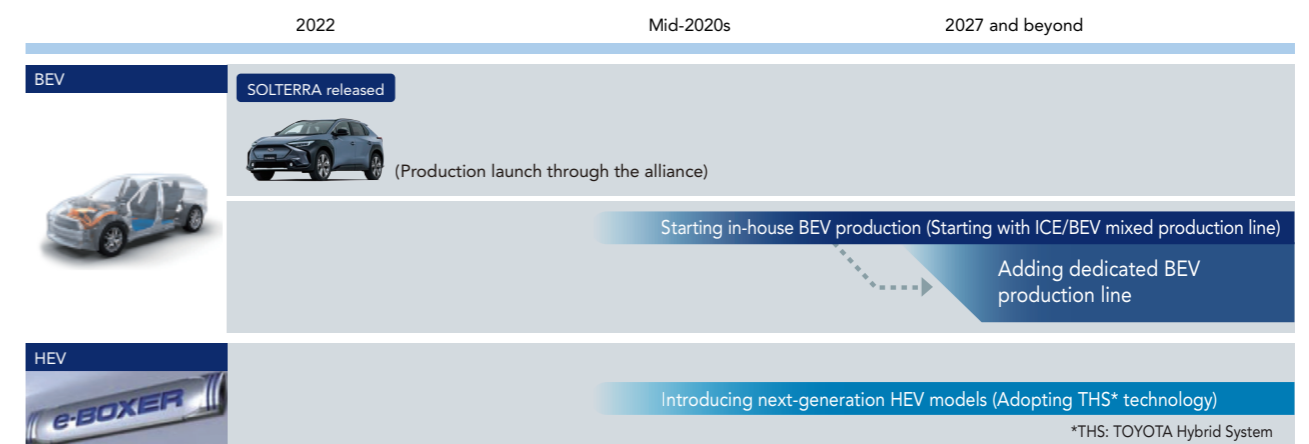
Reorganization Plan for Our Domestic Production System

Although it is difficult to precisely predict the timing of the large-scale transition to BEVs that is expected to arrive in the future, we are planning a strategic reorganization of our domestic production system to ensure that we can respond to this change. We are considering starting in-house production of BEVs (around 2025 is our target) and adding a specialized BEV production line after 2027 to increase the number of models and units. Additionally, we are steadily working to use the next-generation e-BOXER system, which uses the TOYOTA Hybrid System (THS), on our horizontally-opposed engine, in several models.

During the transition period to BEVs, we will establish a flexible system that can also produce gasoline and hybrid vehicles to achieve even more highly efficient BEV production, with the aim of improving our business performance.

We will continue to provide products which satisfy our customers while carefully monitoring trends related to the market and environmental regulations, as well as the convenience of BEVs, including infrastructure.

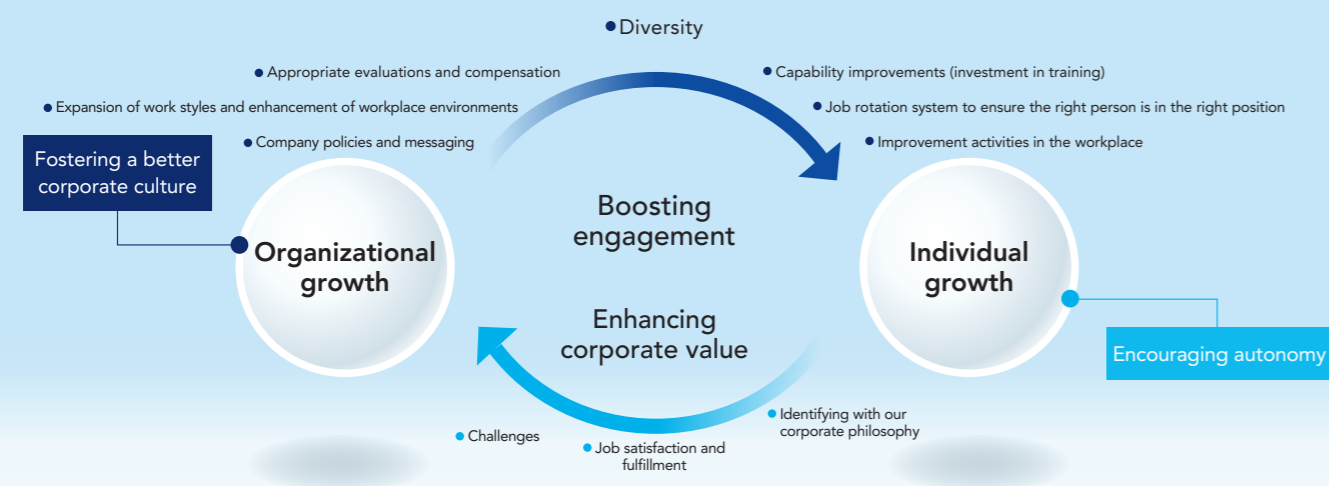
Strategic reorganization of domestic production for the expansion and acceleration of electrified vehicle development



Human Resource Development—from Individual Growth to Organizational Growth

We intend to achieve continued sustainable growth for the SUBARU Group amid a rapidly changing business environment. In order to do so, it is important to cultivate human resources who think and act individually in response to various changes.

We will boost employee engagement by promoting the training of human resources who will lead SUBARU in the future to fulfill our vision of “Delivering happiness to all”, and link individual growth to organizational growth.



SUBARU aims to train human resources who can act autonomously and play a leading role in creating change. We are also developing a corporate culture that encourages individual employees to develop their own careers and take on new challenges in an environment that allows diverse human resources to play an active role. Specific examples include the introduction of a new personnel system, training program, and open-call job rotation in FYE March 2022. These initiatives will raise each employee’s motivation and satisfaction, which will lead to greater employee engagement. We are also working to boost corporate value by achieving a deeper level of empathy with SUBARU’s philosophy of becoming a source of fulfillment and pride.

New Personnel System

In April 2021, we launched a new personnel system that encourages employees to take on new challenges.

The three points below outline our organizational ideals under the new personnel system. We will achieve the organizational cultural reforms promoted by our mid-term management vision “STEP”, and strive to change the mindsets and behaviors of our employees.

1. Employees who take on new challenges can grow and succeed

2. Evaluations and treatment are fair and commensurate with work

3. Human resources with a diverse set of abilities can succeed

<Main initiatives of the new personnel system>

We are promoting the following five actions as the main measures of the new personnel system:

- 1) Introduce a personnel system that enables faster promotions and personnel selection than before by focusing on results achieved by taking on challenges, rather than age or experience
- 2) Revise the pay system into a more dynamic scheme by discouraging seniority-based pay, encouraging pay rises by rising through ranks, and paying bonuses based on results
- 3) Introduce a specialist system aimed at boosting the technical capabilities and motivation of engineers
- 4) Introduce a new re-employment system that promotes the active participation of diverse human resources, including seniors, in active roles
- 5) Abolish the executive age limit for management-level personnel, and introduce a system that appoints them based on performance and ability

Human Resource Development that Encourages Employees to be Autonomous and take on New Challenges to Achieve their Goals

SUBARU promotes various initiatives where the ideal employee is defined as someone who continues to take on new challenges independently based on their affinity with SUBARU’s philosophy.

Career training and career support

We provide career training as an opportunity for each employee to take a look back at their career progression. They analyze their current strengths and weaknesses so they can develop their careers autonomously. Employees visualize and share where they want to be and what they want to achieve in the next three to 10 years using a career design sheet. We also offer career management training and career consultations for managers so that they can receive support for their career development from their workplaces and supervisors.

Autonomous skill development programs

SUBARU offers a range of programs to assist with business skill development for all employees, including regular employees and management-level personnel. Programs can be chosen according to the employee’s skill level and their reason for acquiring additional skills. We provide support to employees so that they can think independently and choose the skill development they need based on their personal career plan and their individual strengths and weaknesses. We are also proactively utilizing external seminars to increase opportunities to learn and connect with people outside the Company to gain new insights.

As a result of these efforts, the score for “Opportunities for improving abilities” in the Employee Attitudes Survey in FYE March 2022 improved significantly by more than six points compared to the previous fiscal year.

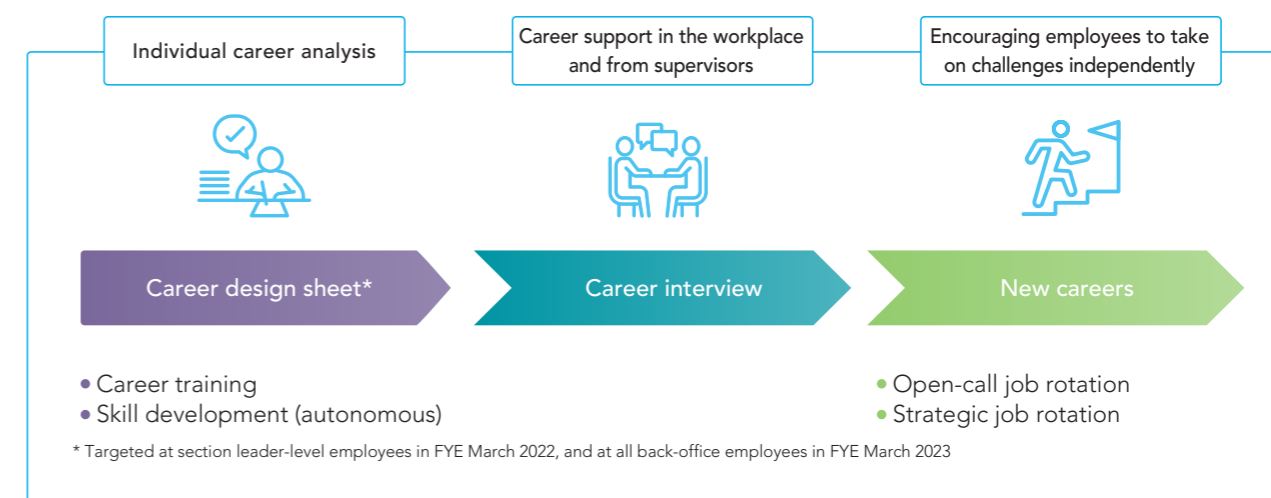
SUBARU offers training for selected managers and mid-level employees with the aim of continually fostering the next generation of managerial talent.

Open-call job rotation

SUBARU introduced an open-call job rotation system in FYE March 2022 as a scheme to support employees in developing their ideal careers. Many departments are already making use of this system. Employees can choose to apply for positions available in each department (open calls include job description, conditions, etc.) If both parties agree to the conditions of employment, the employee is transferred to their new position. This system leads to improved motivation as employees utilize their skills and acquire knowledge in new areas.

Each of these initiatives are promoted throughout the SUBARU Group, and are being carried out at affiliated companies around the world in accordance with regional characteristics.

Scheme for Autonomous Career Development and Career Support in the Workplace



Diversity Management

The SUBARU Group aims to continue creating the unique value provided by the SUBARU brand. To achieve this goal, SUBARU employees with a diverse range of individual characteristics and values need to be able to fully utilize their own unique talents. This is why SUBARU respects diversity in the form of gender, nationality, culture, and lifestyle, and strives to create a positive workplace environment for everyone. In addition, SUBARU's affiliated companies in Japan and overseas promote initiatives in accordance with the business domain of each company and regional characteristics. In January 2015, we established the Diversity Promotion Office to facilitate active participation by all human resources including female employees, mid-career hires, and foreign national employees. This office strives to create employee-friendly workplace environments, place the right human resources in the right positions, develop human resources, and facilitate promotions to managerial positions. The office recognizes that promoting active roles for female employees is a top priority. Efforts are being made to create work environments where all human resources can work in an enthusiastic manner. In 2020, we began holding regular online seminars by outside speakers on topics such as LGBT issues and the employment of people with disabilities. In 2021, we set up an external hotline for consultation about LGBT-related issues.

Empowerment of female employees

SUBARU is working to promote active roles for female employees by establishing Support for Balancing Work and Childcare and Support for Career Development as the two pillars of its action plan that will continue until March 2026. We are also supporting the health of female employees so that they can continue working throughout various life events. 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 March 2022, 24 of the 1,113 employees in managerial positions were women.

We also established the Women's Leadership Program (WLP) to develop our human resources. Female employees seeking managerial positions share their career plans, goals, and challenges, and the program then provides guidance and training tailored to each individual. We are working to empower women to develop their own unique careers, including providing training for female leaders by establishing a career training system for all women at our company, from young employees to managers. We are also holding health seminars for employees and their managers to promote better awareness about physical changes that women experience at particular ages and phases in their lives.

Through these efforts and unconscious bias training, we are working to develop a corporate culture and workplace environment that facilitates active participation by everyone, allowing each person to make the most of their individual abilities.

Foreign national employees

The SUBARU Group hires human resources best suited to the policies and business activities of each location, regardless of their nationality. SUBARU employs 87 foreign nationals as of the end of March 2022. There are two foreign national employees in managerial posts at manufacturing and engineering departments. We will continue to hire foreign nationals based on their individual capabilities and qualities, and promote them to managerial positions without discrimination.

Mid-career hires

SUBARU has been actively promoting mid-career recruitment in recent years to respond to changes in the business environment and achieve sustainable growth. There were 4,059 mid-career hires working as regular employees as of the end of March 2022, and 164 of them were in management positions. A total of 996 people were hired as mid-career recruits during the five-year period starting in 2017. In addition to active recruitment, we conduct regular surveys after the 1st, 3rd, 6th, and 12th month of employment, and provide follow-up support to mid-career hires after they join the Company. Follow-up support includes support and on-demand education provided by the HR department with cooperation from the workplace.

In addition, we established SUBARU Lab, an AI development base in Shibuya, Tokyo, where a cluster of IT companies are located, in December 2020 as part of an initiative to enable smooth and targeted hiring of human resources required for AI development. As of May 2022, nine people had been recruited as mid-career hires. We will continue to hire new graduates and mid-career human resources based on individual capabilities and qualities, and promote them to managerial positions without discrimination.

Please visit the Subaru website for details on human resources and diversity.
<https://www.subaru.co.jp/en/csr/social/resources/diversity.html>

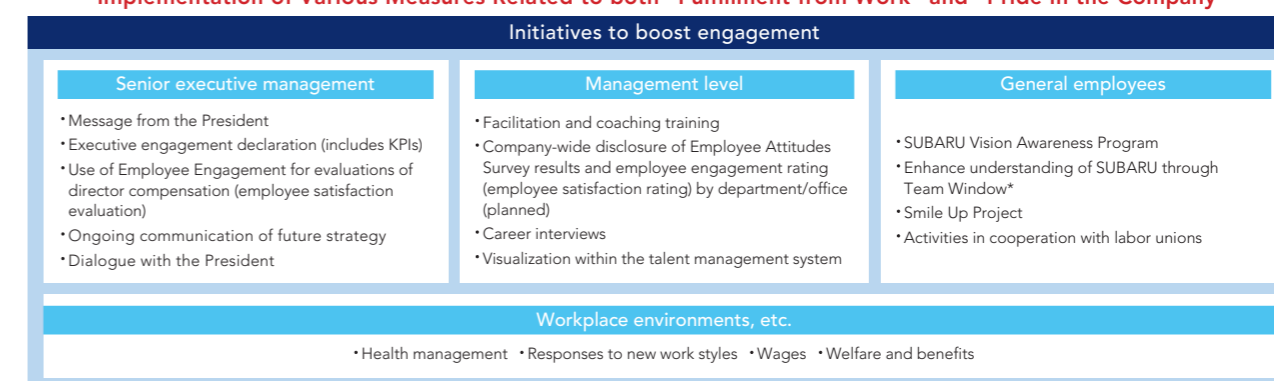
Efforts to Boost Employee Engagement

Employee engagement (employee satisfaction rating) is a rating in the Employee Attitudes Survey that reflects fulfillment from work and pride in the company. We are implementing various initiatives aimed at boosting this rating to 70% by 2025. From FYE March 2023, compensation for directors will be subject to an employee engagement rating (employee satisfaction rating) as a qualitative (non-financial) evaluation criterion.

Various Initiatives Aimed at an Employee Engagement Rating (Employee Satisfaction Rating) of 70% by 2025



Implementation of Various Measures Related to both "Fulfillment from Work" and "Pride in the Company"



*Team Window: An initiative for building a more robust organization by conveying information and facilitating discussion among members representing all departments

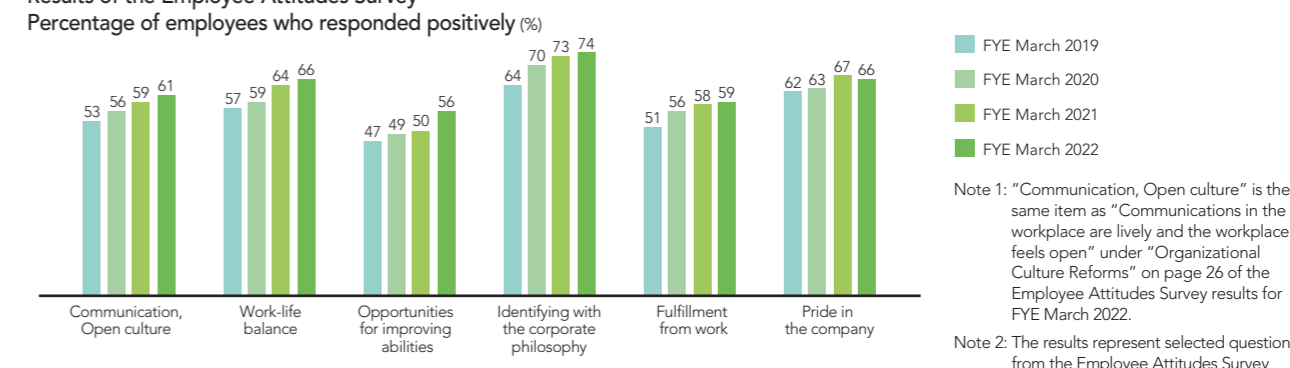
Employee Attitudes Survey

This survey has been conducted every year since FYE March 2018 with the purpose of creating a company where employees are happy and everyone can work in a vibrant and energetic atmosphere. It uses data to objectively understand changes in employee attitudes and changes in the workplace environment, while also gathering opinions from our employees.

After the improper conduct related to the final vehicle inspection issues in 2017, scores for items such as "Fulfillment from work" and "Pride in the company" dropped sharply. This is why we use the Employee Attitudes Survey to verify the effectiveness of our initiatives to change the corporate culture, enhance quality, and create workplace environments that are open to new ideas. The survey results are reported to senior executive management, and are also utilized to identify problems and formulate countermeasures at each of our workplaces.

In FYE March 2022, 16,536 people, 94.7% of all regular employees, responded to the survey. The scores showed an overall upward trend compared to FYE March 2021, and the score related to "Opportunities for improving abilities" rose dramatically as an effect of introducing the new personnel system and educational programs.

Results of the Employee Attitudes Survey



Promoting Health Management

To achieve its vision of a company that delivers happiness to all, SUBARU is promoting health management initiatives along with occupational health and safety activities so that all employees can maintain their health, well-being, and enthusiasm as they work, while also taking on challenges and achieving growth. SUBARU is implementing these actions based on the belief that the health of employees and their families is the foundation of all our business operations. SUBARU is also working on activities to provide a more comfortable working environment, such as supporting the physical and mental health of its employees as well as building a healthy organization and promoting flexible working styles.

SUBARU Health Declaration

Purpose

In pursuit of becoming a company “Delivering happiness to all” and based on our Global Sustainability Policy of “striving to maintain and advance the workplace environment so that employees can work safely in peace, and with a sense of satisfaction,” SUBARU CORPORATION, the Subaru Labor Union, and the Subaru Health Insurance Association jointly released the Health Declaration in October 2020 with the intent that the three parties work in unison toward health.

Health Declaration

To build happiness for our employees and their families, we need a foundation of mental and physical health. SUBARU works with its employees to promote health and preventive care, taking on the challenge of building workplaces full of smiles and enabling growth.

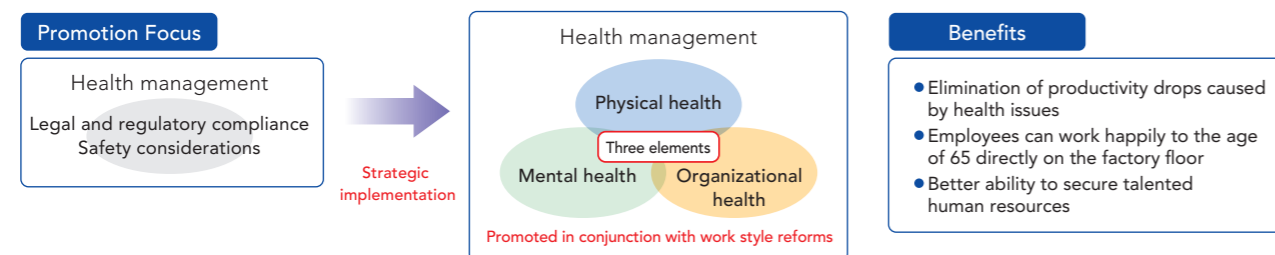
Representative Director, President and CEO, SUBARU CORPORATION Tomomi Nakamura
 Executive Chairman, Subaru Labor Union Minoru Yamagish
 President, Subaru Health Insurance Association Tatsuro Kobayashi

Established October 2020

Overview of SUBARU health management

SUBARU considers health improvement activities to be a management issue, and has reported on progress, issues, and measures related to health management at Board meetings since FYE March 2021. Throughout the year, we communicate this information to all employees using internal newsletters, and notices on measures to promote health. SUBARU, labor unions, and the health insurance labor union cooperate in perpetuating a plan-do-check-act (PDCA) cycle with employees by visualizing issues related to the three elements of health management: physical health, mental health, and organizational health.

Maintaining health boosts productivity, which leads to benefits such as employees' ability to continue working actively in the workplace, and the ability to secure talented human resources in the future. It also boosts employee engagement on both counts of work fulfillment and achieving a comfortable workplace, thereby fostering a healthy work culture.



Main initiatives for health management

Elements	Health policies and targets	Health issues	Key initiatives for FYE March 2023	Outcome index	Health management goals
Physical health	Regular health checkup rate: 100%	Priority prevention for those at high risk Physical training to enable work on the factory floor until age 65	<ul style="list-style-type: none"> Boosting rate of follow-up medical examinations and follow ups on medical examinations by providing medical records Implementing measures to reduce BMI (obesity index) (raising awareness through various seminars and the use of body composition scans) Measuring physical strength, and implementing exercise programs and taking measures to prevent musculoskeletal disorders Adding female-specific cancers to regular health check items, and providing support for the top five cancers Expanding online specific health guidance Promoting quit smoking seminars and subsidies for online smoking cessation clinics to achieve no smoking on premises by FYE March 2026 Offering well-balanced nutritional lunch meals low in calories and salt in all company cafeterias 	Reducing absenteeism	Attracts people through enthusiasm, and becomes the driving power of a healthy company (work fulfillment)
	Follow-up examination rate: 100%				
	Boosting the cancer screening rate				
	Specific health guidance rate: 20%				
Mental health	Strengthening of health guidance	Visualization of the employee's mental state Early detection, preventive action	<ul style="list-style-type: none"> Utilizing stress checks (Workplace Improvement Promotion Section), mental health surveys* (identifying personal characteristics and diagnosing employee mental health status) for management purposes *Currently being gradually introduced to back-office departments throughout the company Strengthening cooperation between supervisors, the employee experiencing health issues, and industrial health staff through various training and health activities 	Reducing presenteeism	Boosts work-life balance, and allows employees to concentrate on work (comfortable working environment)
	Reducing the percentage of smokers to 28%				
Organizational health	Responses to new work styles	Optimization of working hours Productivity enhancement Work-life balance/ securing time away from work	<ul style="list-style-type: none"> Implementation of hybrid work styles (working in conjunction with office reforms and creating opportunities for employees to gather and communicate) Re-emphasizing labor management 	Improving mental safety in the workplace	Fosters a healthy culture Corporate culture open to new ideas
	A corporate culture that encourages new challenges and new ideas	Ensuring psychological safety Strengthening communication	<ul style="list-style-type: none"> Creating comfortable workplaces through activities that praise, recognize, and show appreciation to employees Activities to revitalize informal communication Harassment prevention activities 		

Initiatives to prevent harassment

SUBARU is strengthening initiatives to prevent harassment and to promote workplace culture reforms as the foundation of a company that is open to new ideas. We conduct intensive awareness-raising activities to boost momentum for creating harassment-free workplaces, in conjunction with the No Workplace Harassment Month held every December by the Ministry of Health, Labour and Welfare. Specifically, we hold study sessions as part of our workplace management where opinions are exchanged and action statements are made about measures to prevent and mitigate power harassment.

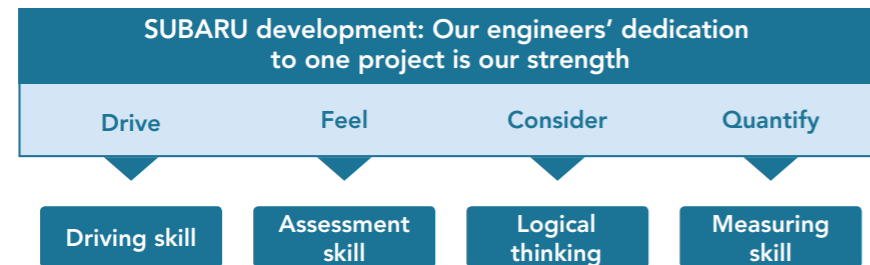
	Purpose	FYE March 2023 plan
Awareness-raising activities	<ul style="list-style-type: none"> Building awareness Sharing know-how Creating an environment where employees can identify issues and make corrections on a mutual basis 	<ul style="list-style-type: none"> Initiatives for the company-wide No Workplace Harassment Month (December) Study groups for each department and personal declarations Organizational declarations and employee behavior surveys Anger management training
Prevention and mitigation	<ul style="list-style-type: none"> Prevention by utilizing peer input Restoring order within the business 	<ul style="list-style-type: none"> Individual responses through the harassment consultation desk and compliance hotline

Handing Down and Enhancing the SUBARU Difference —Working with the Engineers of Tomorrow

SUBARU Driving Academy: Training engineers who can drive, feel, consider, and quantify

SUBARU does not employ dedicated test drivers because our engineers assess all of our cars in the development stage. Our engineers want to deliver products that make our customers satisfied, so they drive our cars while assessing sensory qualities that are difficult to express numerically, such as Enjoyment and Peace of Mind. They then reflect their observations in the design drawings after studying their observations theoretically.

SUBARU's strength comes from having the same engineer handle the entire process of driving, feeling, considering, and quantifying instead of dividing it among multiple staff. This is the purpose of the SUBARU Driving Academy (SDA). It exists to further refine these skills to allow the creation of even better cars.



Often, clear sensory differences felt by the driver do not show up in figures acquired using conventional measurement methods. At the SDA, we do not limit ourselves to conventional measurement methods. Instead, we focus on probing deeper into the mechanism behind the issue and what we can measure to identify the cause.

Drivers train to sharpen their senses so they can feel differences when driving. They then probe deeper into the mechanisms behind the differences they feel. This increases the number of elements that can be quantified numerically, and these elements are then incorporated into development.

By perpetuating this cycle, we can quantify elements that cause people to feel Enjoyment and Peace of Mind numerically. This expands the development of those elements beyond the realm of hardware and into the realm of control software development. The final result is a car that allows customers to feel the SUBARU difference, regardless of the model or type of power unit.

The SDA focuses on training engineers with these qualities in order to continue implementing SUBARU's unique approach to car-making. The SDA is comprised of members from various departments involved in development. Drivers at the SDA hone their assessment and management skills as they acquire the highest level of driving skills possible. They also work to establish car manufacturing that transcends organizational barriers.

SUBARU provides value to its customers in the form of Enjoyment and Peace of Mind. We believe we can achieve sustainable growth and further enhance our corporate value by building even stronger relationships with customers who feel an affinity with our pursuit of SUBARU's unique approach to car-making.



For more information on the SUBARU Driving Academy, please see the 91st Shareholders Report.
https://www.subaru.co.jp/ir/library/pdf/br/br_c91.pdf (Japanese version only)

Super Taikyu: Racing with Carbon-Neutral Fuels

SUBARU started participating in an endurance race, Super Taikyu^{*1} (S-Taikyu, *Super Endurance*) with a production vehicle modified for racing. The Team SDA Engineering BRZ CNF Concept aims to achieve carbon-neutral driving and expand carbon-neutral options. The project is intended to assist in developing the next generation of engineers. SUBARU races with the SUBARU BRZ using carbon-neutral fuels^{*2} (CN fuels).

SUBARU races in the ST-Q class, a special class open to automakers whose purpose is to develop technologies and vehicles that can provide feedback for production vehicles. As electrification advances, SUBARU is not limiting itself to a single option to contribute to the achievement of a zero-carbon society. We believe that our Company needs to manufacture cars that address changes in society and the environment, as well as the needs of our customers. The use of CN fuels increases the probability of being able to maintain the use of SUBARU's proprietary horizontally-opposed engine.



The development of racing vehicles focuses on training engineers who can oversee development of the entire vehicle, as well as the development of future technologies. The SDA draws members from various departments within the Engineering Headquarters. Many participants are younger employees in their third or fourth year at SUBARU. The development of racing vehicles proceeds at an incredibly fast pace, much faster than the development of regular mass produced vehicles. We hope that allowing our engineers to experience the speed of the verification process for racing vehicles will further enhance our human resource development.

SUBARU's automotive development is competing with both Japanese manufacturers and overseas manufacturers. Training engineers is essential to outperform the competition. It is also important for engineers to experience the disappointment of losing a race and understand how difficult it is to win. This helps to instill the fighting spirit they need to overcome challenges.

Toyota Motor Corporation (hereinafter, "Toyota") also races in the ST-Q class with the GR86, which was jointly developed with the BRZ. Racing includes elements of both collaboration and competition. We worked together with Toyota to develop body reinforcements for racing vehicles and a new fuel tank, and the GR86 has the same basic specifications as the BRZ. SUBARU equips its racing vehicles with EyeSight to aim for "zero fatal road accidents by 2030". EyeSight image data collected under harsh racing conditions will allow us to further enhance the recognition performance of EyeSight for production vehicles. On race day, both companies put everything they can into the race as they compete to claim victory. SUBARU uses motorsports to make even better cars, to attract new fans, and to develop human resources.



^{*1} An endurance race where race cars are built to specific regulations and divided into classes for competition. Vehicles include production vehicles modified for racing.
^{*2} The fuel that SUBARU will use for this race is manufactured by synthesizing carbon dioxide and hydrogen with other components partially derived from non-edible biomass to comply with JIS standards for gasoline.

SUBARU's Idea for a Digital Transformation Strategy



Takuji Dai

Executive Vice President
Chief Information Officer
Chief General Manager of
IT Strategy Division,
Senior General Manager of
Corporate Planning Division

SUBARU's unique digital transformation (DX) strategy has a firm foundation to respond to environmental changes.

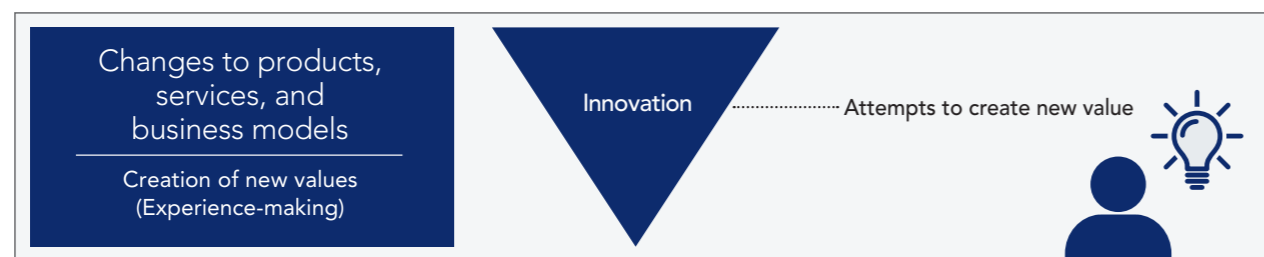
The automotive industry is undergoing a once-in-a-century upheaval that adds further complexity to car-making. Until now, automakers were tasked with the product planning, development, and manufacture of cars which were then distributed to dealerships. More recently, however, it has become possible to secure touchpoints with customers through the use of data and digital technologies.

It is generally said that consumer needs are shifting from goods to experiences. SUBARU provides products that have functional value backed by sound car-making and considers it important to strengthen relationships with customers through their experiences driving our cars. SUBARU's DX strategy utilizes data and digital technology to strengthen Mono-zukuri (car-making) while simultaneously facilitating the creation of experiences.

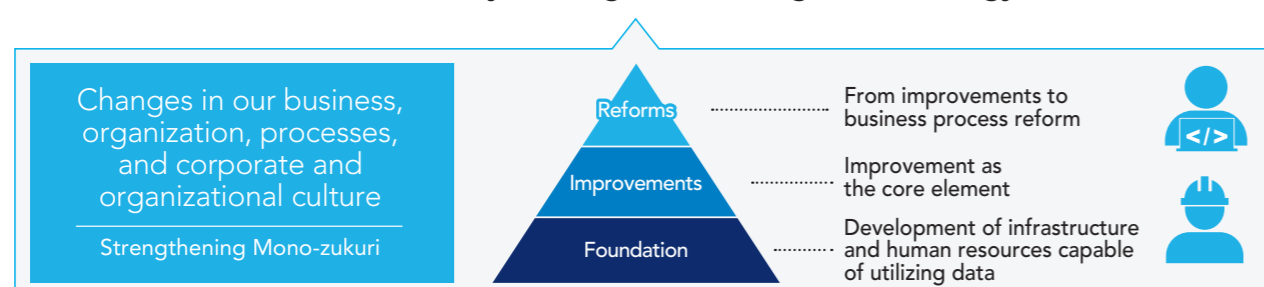
Our Common Goal is Strengthening Ties between SUBARU and our Customers

For a smaller car manufacturer like SUBARU to respond to the current upheaval in the automotive industry, we need to select and establish focuses in regard to the use of data and digital technology. As a result of these major changes, the vertical division of units by function (such as development, procurement, manufacturing, sales, and after-sales service) that worked well for car-making in the past is becoming obsolete. In response, we are changing the way business is conducted across the entire Company by establishing data systems and enabling everyone to share that data to facilitate changes to organizational culture in the future.

Setting common goals and implementing parallel initiatives



Strengthening ties between the SUBARU brand and customers by utilizing data and digital technology



SUBARU has many customers around the world wishing to enrich their lives by leading a lifestyle that includes a car. In response to these customers, we are working to establish data and digital-based "experience-making" for our customers as our new challenge. We are also working to enhance the value SUBARU provides to customers in the form of Enjoyment and Peace of Mind by strengthening our Mono-zukuri as described previously. Our common goal is to increase the number of customers who feel an affinity with our value statement, and deepen our relationships with these customers. In other words, the ultimate goal of all our initiatives is to deliver happiness to our customers.

Strengthening Mono-zukuri Using Data and Digital Technology

We have identified three major issues related to the development and production of cars.

The first is "process". Until now, we repeated a cycle where we designed parts, made prototypes, assembled those parts into a prototype for a single vehicle, and then evaluated it. However, this cycle is no longer sufficient to keep up with current development processes as they become more advanced and complex. We aim to streamline this process by using a digital twin that combines partial model-based development using data and digital technology in conjunction with real-world development.

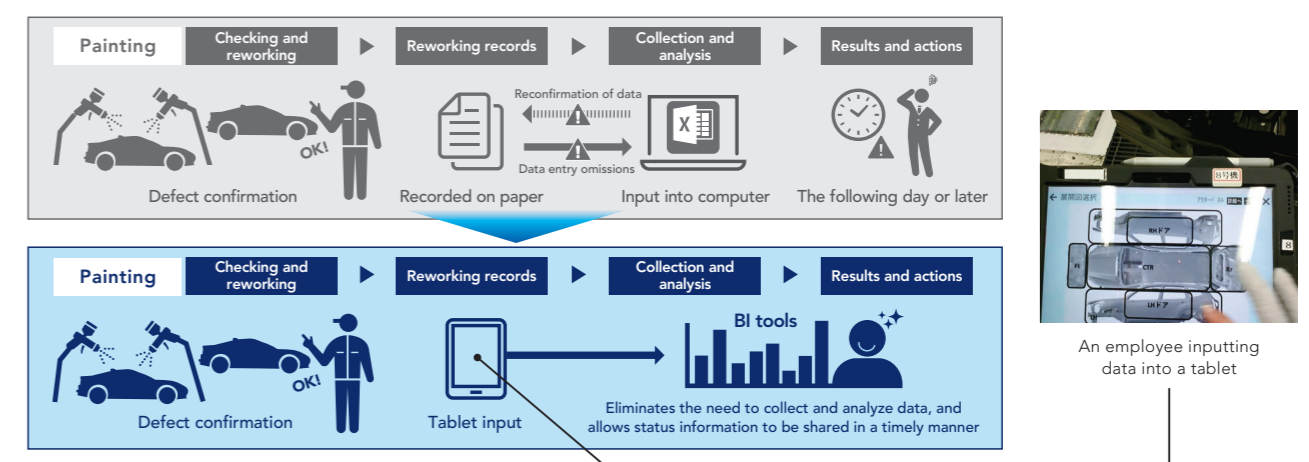
The second is "operations". The number of variations in models and power units, such as hybrids and BEVs^{*1}, is increasing. This, in turn, has increased the number of items that need to be managed by each department involved in Mono-zukuri. It is easy for these departments to focus on management as their goal, even though the original purpose of management was to make improvements. We need to promote a renewed focus on improvement activities that need to be done. To do so, it is important to establish data handling tools and skills to process a large number of control items and expand their use on-site.

For example, some manufacturing sites are implementing initiatives to use BI^{*2} tools. Until now, manufacturing processes included the creation of paper records on-site. These records were then entered into a computer manually.

We have changed this system to enable direct input into a tablet. Vehicle numbers, images, and records are input into a tablet on-site, and that data is managed in an integrated way. This has increased the speed at which supervisors can monitor and respond to trends, and the information linked to a single car can now be shared by the manufacturing site with various departments, such as production engineering, quality control, and development, in a timely manner.

*1 BEV: Battery electric vehicle

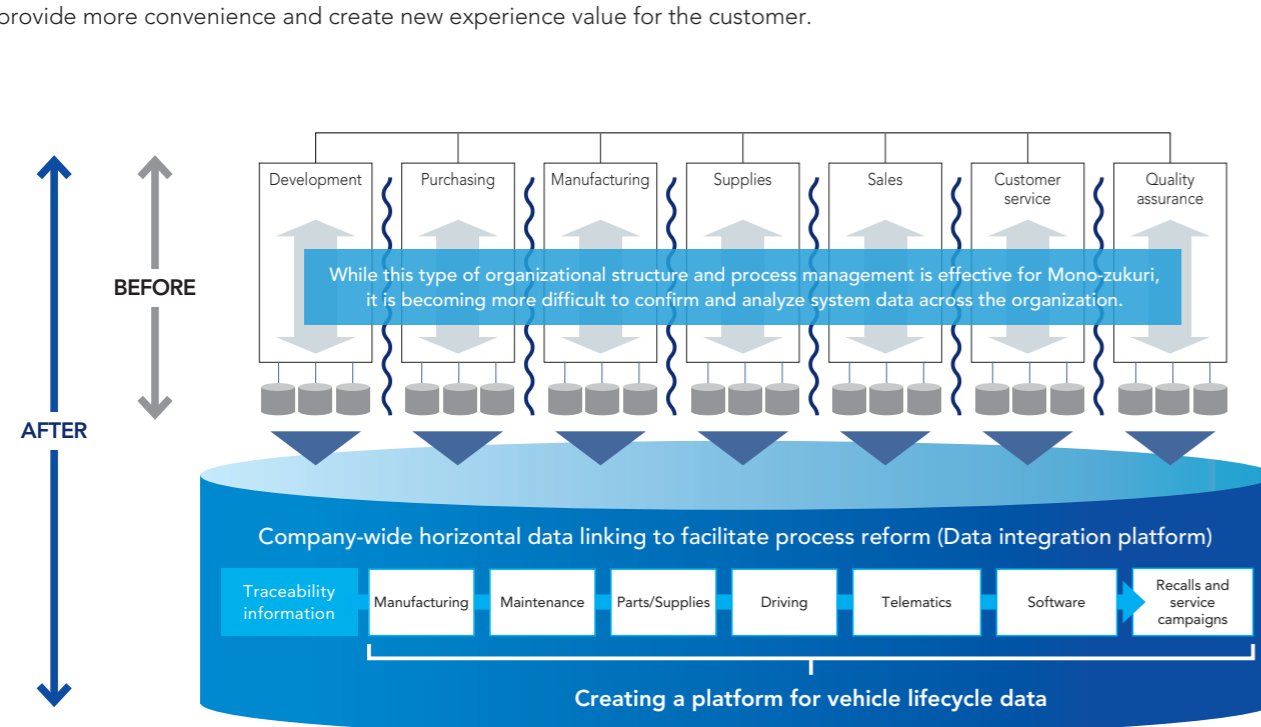
*2 Business Intelligence (BI): Software that can assist with management and work tasks by analyzing and visualizing a range of data maintained by the company



The third is "organization". The conventional structure for car manufacturing uses an organization with vertical, function-based divisions, such as for development, procurement, manufacturing, sales, and after-sales service, with development being handled as projects involving all divisions. Dividing the organization by function is very effective in terms of allowing own-process completion for individual processes. However, it is no longer suitable for new trends involving concurrent activities with external organizations and new business models such as connected services. In addition, each department and operation exists as an individual silo, making it difficult to share data across departments.

We believe that building a conventional integrated system under current conditions would not only require tremendous resources, it would also mean that we end up facing the same issues again when new business models appear. Rather than integrate the system, we opted to integrate data by building a company-wide data integration platform that shares data across departments and further advances Mono-zukuri.

One such initiative is Global Product Lifecycle Management (PLM). This system manages all information about each car, from development and production to after-sales maintenance. This makes it possible to understand the health condition of the car and allows us to promptly notify existing owners in the unlikely event of a problem with a model in the same series during the production stage. By facilitating access to data tracking the lifetime of each vehicle, we are working to provide more convenience and create new experience value for the customer.



Fostering DX Human Resources that Focus on Transforming Work On-Site

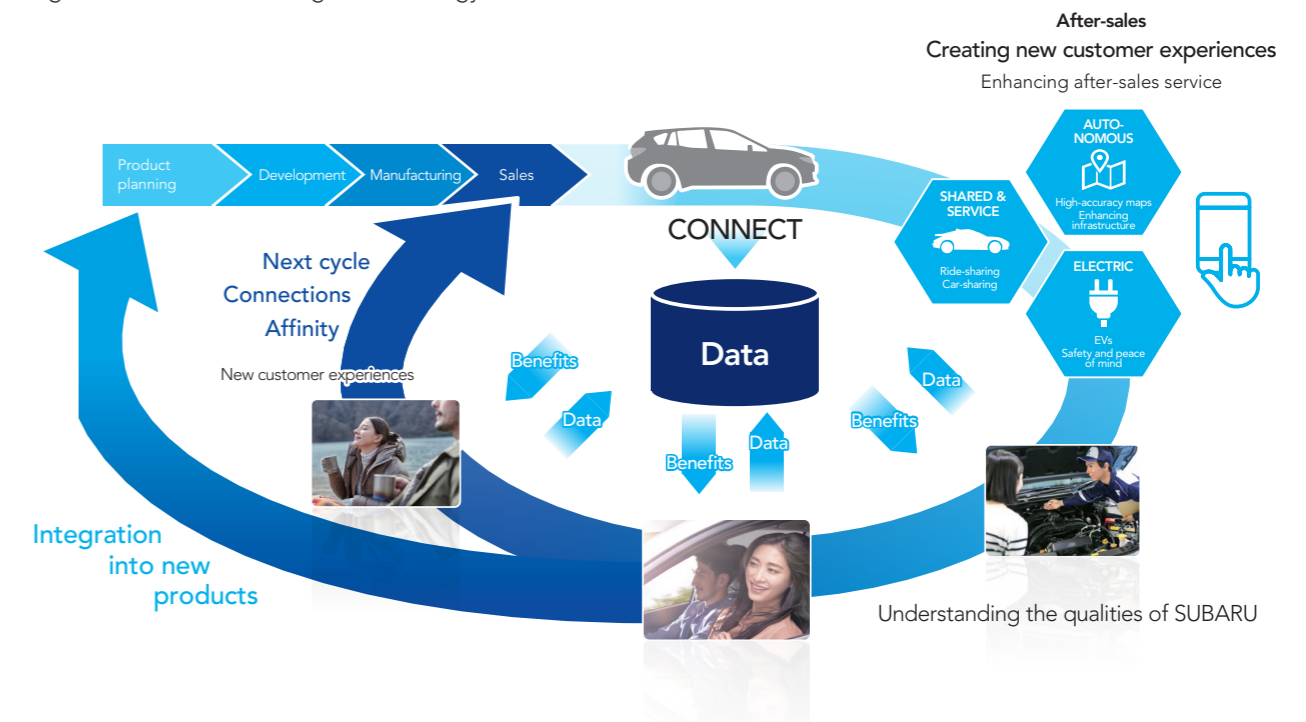
Human resources are essential to implement these initiatives. Currently, SUBARU is proactively hiring mid-career personnel, but as a basic principle, we need to develop human resources internally as a company engaged in Mono-zukuri. In the future, it will be essential to have a specialized IT department in addition to developing human resources on site at each department to implement company-wide reforms to our business and corporate culture. There are six types of DX human resources defined by the IPA^{*3}. In regards to developing human resources in-house, we will focus on data scientists and AI engineers to change our car-making. These personnel are talented resources who have an in-depth knowledge of digital technology and data analysis, and are capable of changing the way business is carried out on site.

The manufacturing department at the Gunma Plant is an excellent example of our efforts to develop human resources. The IT and manufacturing departments are working in partnership to create a system to raise awareness and skill levels on the manufacturing floor. They have taken a standard training program on data science and adapted it to suit the SUBARU ideals. This course is used to train experts who can use data as a tool for improving work on the manufacturing floor. To ensure the establishment of individual skill development as part of our corporate culture, we are conducting a continuing chain of grassroots activities in which the first generation of students mentors the second generation, and the second generation then mentors the third generation.

*3 Information-technology Promotion Agency (IPA), Japan

Creation of New Value by Enhancing Experience-Making

Nowadays, customers connect to the outside world through their smartphones, and their cars are equally as connected. We hope that by creating these connections, people will enjoy new experiences that come from the enjoyment of driving, made possible by the enduring safety that SUBARU provides as a functional value. We want to create a cycle where these new experiences make customers appreciate their SUBARU, and also make them want to buy a SUBARU as their next car as well. We are striving to create new value through facilitating experiences that strengthen our ties with the customer through the use of data and digital technology.



Our connected service has already started in the U.S. and has been well received by customers who can use their smartphones to start their engine remotely and operate the air conditioner. There are also vehicle-linked services such as a locator that shows where the driver has parked their car in large parking lots at shopping malls, etc. In addition to this, related features for reserving a visit to the dealership and displaying vehicle information are already being used by many customers. Connected services in Japan started with the Levorg, which went on sale in 2020, and we are currently thinking about enhancing functionality and expanding the market in the future.

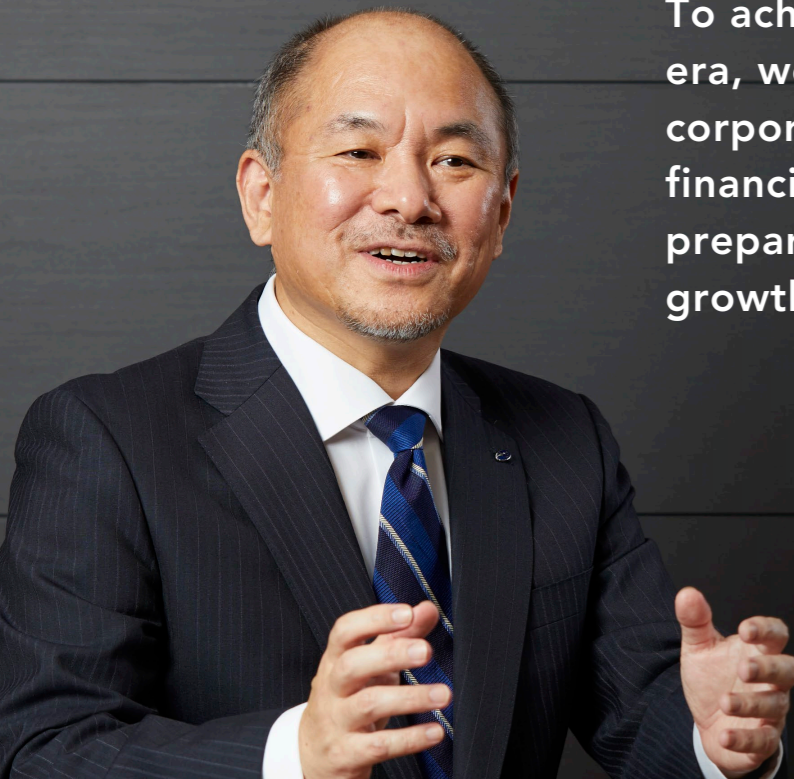
We also started the SUBARU Digital Innovation Lab to make use of digital technology and data in areas such as digital marketing, sales and more. Studies and analysis conducted at this lab revealed these characteristics about SUBARU's customers: they consider their car to be more than just a means of transportation; they demand value that goes beyond mobility; and they seek an emotional element that cannot be expressed in terms of efficiency. Our customers tell us that they sometimes intentionally take a longer route to their destination, or that they do not always follow the route given by their navigation system. We see this feedback as an example of our customers experiencing the features of SUBARU vehicles that appeal to their senses, and this leads to feelings of excitement and affinity. We created the SUBAROAD driving app to offer this kind of experience to as many customers as possible. The concept of the app is to present the route that provides the most driving pleasure in their SUBARU vehicle, rather than the most efficient route, and it is already being used by many of our customers.

We are using data and digital technology to enhance SUBARU's approach to car making, and we are also creating new experiences, using a range of customer contact points, to allow our customers to have enjoyable experiences in their SUBARU vehicle. We consider both of these initiatives to be the same goal, which is to strengthen the ties between the SUBARU brand and our customers.

We hope that all of our customers will be looking forward to SUBARU's unique DX initiatives in the near future.



Message from the CFO



To achieve success in the electrification era, we will strive to enhance our corporate value by maintaining a sound financial base and making steady preparations for growth investments.

Katsuyuki Mizuma

Director of the Board, Executive Vice President, CFO (Chief Financial Officer) and CRMO (Chief Risk Management Officer)

Profile

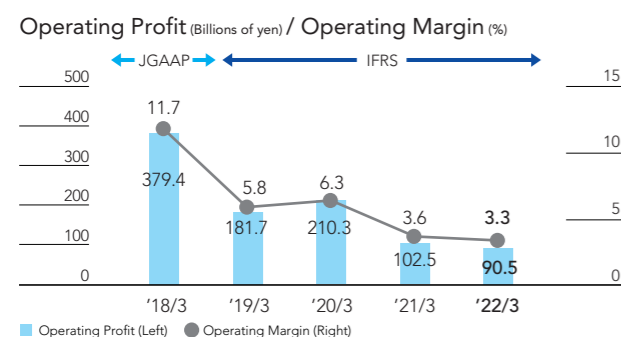
1984 Joined The Industrial Bank of Japan Ltd
2014 Became Managing Executive Officer of Mizuho Bank, Ltd.
2016 Joined SUBARU as Senior Vice President and Senior General Manager of Subaru Overseas Sales & Marketing Division 2
2018 Executive Vice President, Chief General Manager of Overseas Sales & Marketing Division 1, Chief General Manager of Overseas Sales & Marketing Division 2
Executive Vice President, CFO and CRMO since June 2021

Review of FYE March 2022 and Outlook for FYE March 2023

It has been one year since I was appointed as Chief Financial Officer (CFO) in April 2021. FYE March 2022 was an extremely challenging year. In addition to tight supply and demand of semiconductors throughout the year, impact from parts supply chain stagnation due to the resurgence of COVID-19 in Southeast Asia and other regions resulted in a series of automotive production volume adjustments, temporary production suspensions, and other actions. We were unable to achieve a sufficient level of production, causing a great deal of inconvenience to our customers and dealerships. With the cooperation of our suppliers and dealerships, we adjusted our production and sales plans in accordance with the ever-changing situation in order to minimize any impact. However, our final production volume for the fiscal year was 727 thousand units, down 83 thousand units from FYE March 2021, and vehicle sales were 734 thousand units, down 126 thousand units year on year. As a result, we posted consolidated financial results for FYE March 2022 as follows. Revenue was 2,744.5 billion yen, down 3.0% year on year. Profits were also down year-on-year despite the curbing of sales incentives, reduction of warranty expenses, and positive impact from exchange rate fluctuations. Operating profit was 90.5 billion yen, down 11.7%. Profit before tax was 107.0 billion yen, down 6.1%. Profit for the period attributable to owners of parent was 70.0 billion yen, down 8.5%. This was a year that keenly reminded us of the importance of maintaining a solid and sound financial base.

Meanwhile, demand has been extremely high for SUBARU vehicles, with back orders^{*1} exceeding 100 thousand units globally, mainly in the United States. In FYE March 2023, we intend to produce and sell as many units as possible through unified Group-wide efforts and innovations to meet these customers' expectations. Specifically, we will take on the challenge of producing one million units and selling 940 thousand units, aiming for revenue of 3,500 billion yen and operating profit of 200 billion yen.

*1 Orders received but awaiting stock. This indicates demand for a product exceeding its supply.



Capital Policy	
ROE	Targeting 10% or more
Equity ratio	50% at minimum
Shareholder returns	Dividend payout ratio
	Share repurchases
	30-50%
	Conduct flexibly

These results for FYE March 2022 are not the sort we take great pride in, and we are determined to achieve success in the future via a two-pronged approach, restoring previous levels of profitability with sustainable growth for the entire Group, especially in the U.S. market, and leveraging our strong brand.

Currently there are inflationary pressures caused by the worldwide rise in raw material prices. In order to counteract concerns about the impact on revenues, we are implementing price policy reviews and model mix improvements while closely watching market and customer trends. In addition, our quality enhancement efforts, part of our mid-term management vision "STEP," are beginning to show results. This includes a decrease in the number of defects and recalls globally and a downward trend in warranty expenses. Looking ahead, we will continue to march forward with these efforts.

Financial and Capital Strategy for Sustainable Growth in the Electrification Era

As SUBARU does not possess a large scale among automakers, we aim to improve our corporate value over the medium to long term by developing a highly profitable business model and achieving a sound financial position and high capital efficiency by promoting selection and concentration, in which we allocate limited management resources to markets and categories where we can demonstrate our strengths.

In our financial and capital strategy to achieve this, we have identified return on capital, financial soundness, and shareholder returns as three key indicators. Our basic policy is to provide appropriate shareholder returns while maintaining a balance between return on equity (ROE) and the shareholders' equity ratio over the medium to long term. Specifically, we will aim for an industry-leading operating margin of 8%, and ROE of 10% or more as KPIs, and will demonstrate high financial soundness by maintaining a shareholders' equity ratio of 50% as the foundation to support these.

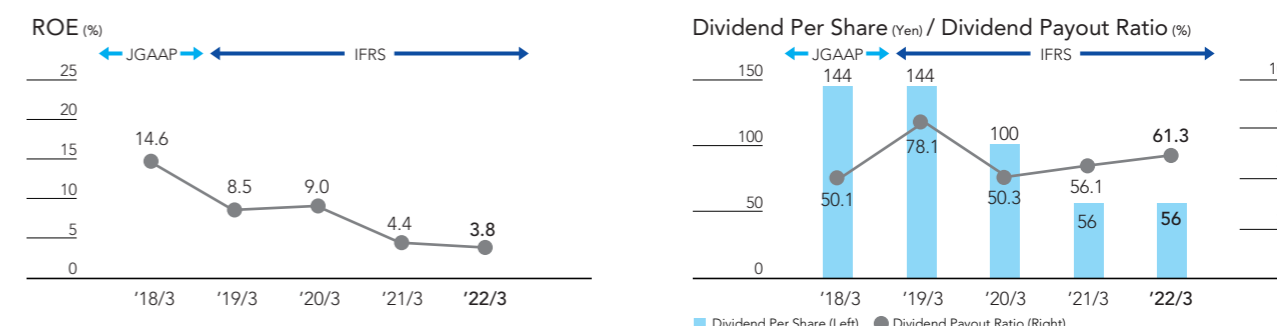
In order to achieve success in the coming era of full-scale electrification, we believe it is of the utmost importance to monitor changes in the market and regulations and the growing convenience of BEVs^{*2}, including social infrastructure, and above all, to respond to changes in the needs, preferences, and values of customers. Our financial and capital strategy will follow this principle.

In May 2022, we announced the first phase of our investment strategy toward electrification, a restructuring of our domestic production system. Though the specific investment plan is currently under consideration, we plan to invest 250 billion yen over the next five years, beginning in earnest from FYE March 2024. Even after this point, we will continue discussions to develop business strategies with a view to full-scale electrification. Although our investment and cash flow amounts may fluctuate from year to year, our basic policy for shareholder return remains unchanged. Specifically, this is to pay performance-linked dividends in a stable and consistent manner (30-50% consolidated payout ratio) and to flexibly purchase treasury stock in accordance with cash flow. In order to strike a balance between aggressive investment for future growth and shareholder returns, we have revised our traditional financial policy, which had been to retain net cash worth two months of revenue. In addition, we will create a structure that can generate solid profits even with BEVs in both production and sales, and reattain the industry's highest operating margin, thereby increasing shareholder value.

*2 BEV: Battery electric vehicle

To Our Stakeholders

In the era of electrification, where we will have no map to navigate by, we see flexibility and mobility as important in order to achieve success. In order to realize this, it is essential to boost employee motivation. Therefore, we have launched initiatives under the slogan of each individual acting on their own, and will actively invest in human capital with a focus on the growth of the individual. There is great competition ahead here for us. We will pursue the SUBARU difference more than ever through growth investment, while at the same time striving to achieve return on capital, financial soundness, and shareholder returns. We look forward to your continued support.



Financial Information

Please visit the SUBARU website for details about our financial information.
<https://www.subaru.co.jp/en/ir/library/>

Risk Management

Our Approach

SUBARU is undertaking risk management as one of its key priority management issues, not only to address emergency situations when they arise but also to deal with various risks that have a serious impact on daily corporate activities, as well as to minimize damage when risks emerge.

The automotive industry is ushering in a major transformation, which only occurs once in a century. The SUBARU Group, which operates businesses globally, is aiming to enhance the resilience of its management infrastructure by ensuring the sustainability of its businesses by quickly tackling changes in world affairs. At the same time, the Group must boost its measures to minimize its human, social and economic losses. Amid this environment, it is essential to strategically conduct risk management throughout the group to conduct business activities. We therefore believe it is important to create a SUBARU Group that has an infrastructure that is resilient to risk to enhance our corporate value.

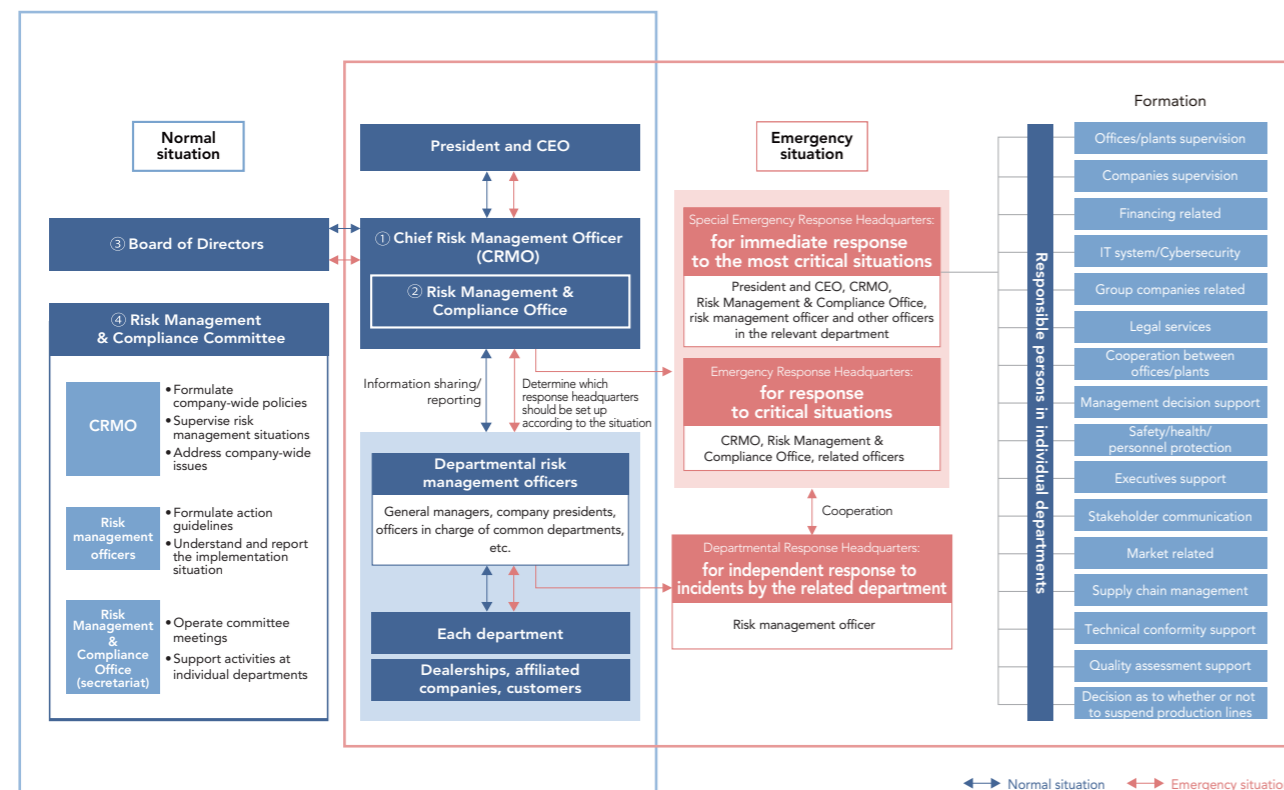
Management System

To prevent the emergence and expansion of risks to the SUBARU Group, the CRMO (Chief Risk Management Officer) appointed by the Board of Directors leads risk management and compliance activities, reporting their status to the Board of Directors.

As a system to promote risk management, SUBARU has appointed risk management officers (job grade of Chief General Managers) for each department and established the Risk Management & Compliance Committee. This committee is chaired by the CRMO, and its vice-chairperson is the Vice President in charge of the duties of the Risk Management Group, comprised of the Risk Management & Compliance Office and the Legal Department. At this committee, members deliberate, discuss, make decisions, and exchange/ communicate information on important matters.

The CRMO leads corporate Group-wide efforts to enhance risk management with professional support from experts in corporate departments, such as the Risk Management & Compliance Office and the Legal Department. In this leadership role, the CRMO works closely with the Corporate Planning Department, which performs division-encompassing functions, as well as different divisions and companies. The Audit Department audits execution of tasks by each division and subsidiary in a planned manner.

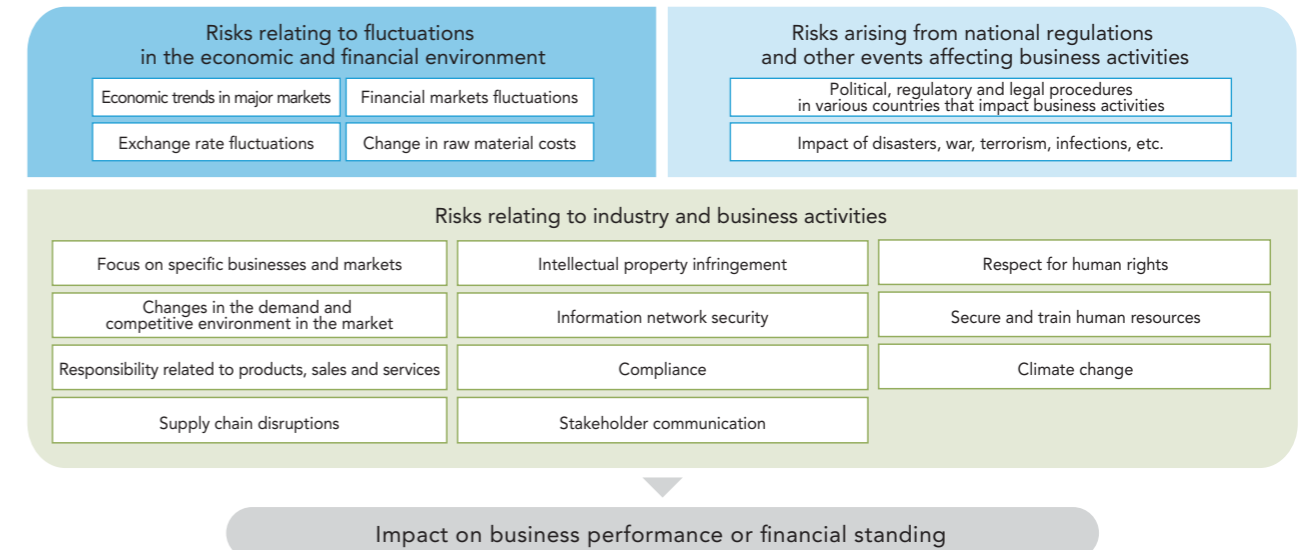
Risk Management System



Risks Associated with Business Activities

At the SUBARU Group, we extract and identify key risks associated with our business activities and consider measures to combat them. The major business risks are listed below. Please note that this is not an exhaustive list of all risks relating to the SUBARU Group.

17 Risks Affecting Business Activities



Message from the CRMO

In order to achieve our vision of becoming a company “Delivering happiness to all,” we are working to permeate ownership in conceptualizing risk management and compliance.

Over the past three years, SUBARU has advocated to think actively about the conceptualization of risk management and compliance, and has steadily promoted initiatives in this area. Although we still have some way to go, discussions at meetings of the Risk Management & Compliance Committee, which are regularly held several times a year, have become more active and diverse with each passing year. As our activities take root, I feel that mindsets are strengthening for the entire Group, including not only managers but those at the staff level as well.

With regard to risk management, we are strengthening risk management activities and systems based on our Group-wide Risk Map that prioritizes issues according to likelihood of occurrence and magnitude of impact. Following the global outbreak of COVID-19 in 2020, 2021 was once again a year of never-before-seen severity in the environment. In addition to the global shortage of semiconductors, this came in the form of supply chain disruptions due to a resurgence in COVID-19 in Southeast Asia and elsewhere, natural disasters, the impact of the situation between Russia and Ukraine, greater risks pertaining to cybersecurity, and more. Under these circumstances, we have been steadily acquiring practical risk management capabilities in a posture of battle readiness. We are doing this not only on our own, but particularly in the procurement department, as we are also strengthening cooperation with our suppliers. We will continue to strengthen our efforts by focusing on events with high risk factors, based on a firm understanding of the current situation.

Our aim is to ensure that compliance is permeated throughout all of the Group’s approximately 36,900 employees, and we are promoting compliance activities in a creative way so that they can be carried out in the field, rather than simply through verbal messaging. Specifically, we conduct video training to raise awareness of compliance, as well as awareness-raising activities including ongoing study groups on important laws and regulations to operations at each department and Group company. We also recognize that the Compliance Hotline is functioning effectively within the Group. Going forward, we will work toward the realization of our vision of being a company “Delivering happiness to all” through grassroots activities tied to our daily operations.



Katsuyuki Mizuma
CFO, CRMO

Directors, Auditors, and Executive Officers (As of June 22, 2022)

Directors of the Board

(Number of years in office as a director/number of shares owned)



Tomomi Nakamura
Representative Director,
President and CEO
4 years / 35,419 shares



Kazuo Hosoya
Director, Chairman
3 years / 21,729 shares



Katsuyuki Mizuma
Director, Executive Vice President,
CFO and CRMO
1 year / 12,215 shares



Tetsuo Onuki
Director, Executive Vice President
4 years / 20,353 shares



Atsushi Osaki
Director, Executive Vice President
1 year / 19,743 shares



Fumiaki Hayata
Director, Executive Vice President
1 year / 10,256 shares



Yasuyuki Abe
Independent Outside Director
3 years / 4,800 shares



Natsunosuke Yago
Independent Outside Director
3 years / 4,200 shares



Miwako Doi
Independent Outside Director
2 years / 400 shares

Corporate Auditors

(Number of years in office as an auditor/number of shares owned)



Yoichi Kato
Standing Corporate
Auditor
1 year / 11,129 shares



Hiromi Tsutsumi
Standing Corporate
Auditor
2 years / 19,056 shares



Shigeru Nosaka
Independent Outside
Corporate Auditor
3 years / 1,600 shares



Kyoko Okada
Independent Outside
Corporate Auditor
3 years / 1,400 shares



Yuri Furusawa
Independent Outside
Corporate Auditor
Newly appointed / 0 shares



Please visit the Subaru website for details on profiles.
<https://www.subaru.co.jp/en/outline/profile.html>

Executive Officers

* Concurrently serve as a Director

Chairman	Kazuo Hosoya*	Secretarial Office, Human Resources Department
President	Tomomi Nakamura*	CEO (Chief Executive Officer) Aerospace Company, Quality
Executive Vice President	Katsuyuki Mizuma*	CFO (Chief Financial Officer), CRMO (Chief Risk Management Officer) Finance & Accounting Department
Executive Vice President	Tetsuo Onuki*	Chief General Manager of Purchasing Division, Product & Portfolio Planning Division
Executive Vice President	Atsushi Osaki*	Chief General Manager of Manufacturing Division
Executive Vice President	Fumiaki Hayata*	Chief General Manager of Overseas Sales & Marketing Division 1, Chairman and CEO of SIA ^{*1}
Executive Vice President	Takuji Dai	CIO (Chief Information Officer), Chief General Manager of IT Strategy Division, Senior General Manager of Corporate Planning Division
Senior Vice President	Shoichiro Tozuka	Company President of Aerospace Company
Senior Vice President	Tatsuro Kobayashi	General Manager of Human Resources Department
Senior Vice President	Jinya Shoji	Chief General Manager of Overseas Sales & Marketing Division 2
Senior Vice President	Osamu Eriguchi	COO (Chief Quality Officer) Chief General Manager of Quality Assurance Division, General Manager of Quality Assurance Management Office
Senior Vice President	Tomoaki Emori	Chief General Manager of Corporate Planning Division
Senior Vice President	Tetsuo Fujinuki	CTO (Chief Technology Officer) Chief General Manager of Engineering Management Division and Technical Research Center
Senior Vice President	Tamotsu Inui	Senior General Manager of Purchasing Division, Cost Innovation Promotion Department
Senior Vice President	Kazuhiro Abe	Chief General Manager of Product & Portfolio Planning Division
Vice President	Yasushi Nagae	General Manager of Investor Relations Department and General Administration Department, Corporate Communications Department and Sustainability Promotion Department
Vice President	Tatsuya Okuno	Chief General Manager of Customer Service Division
Vice President	Hiroshi Wakai	Company Vice President of Aerospace Company, Senior General Manager of Engineering & Development Center
Vice President	Hiroshi Watahiki	Senior General Manager of Engineering Division and Purchasing Division
Vice President	Tadashi Yoshida	Senior General Manager of Overseas Sales & Marketing Division 1, Executive Vice President of SOA ^{*2} , SCI ^{*3} , NASI ^{*4}
Vice President	Ryota Fukumizu	President and COO of SIA ^{*1}
Vice President	Shinichi Murata	General Manager of Risk Management & Compliance Office Risk Management Group, External Relations Department, Intellectual Property Department
Vice President	Kazuki Uejima	Senior General Manager of Engineering Division and General Manager of CTO's Office
Vice President	Ikuo Watanabe	Senior General Manager of Manufacturing Division, Chief General Manager of Gunma Plant
Vice President	Akihiro Kato	Chief General Manager of Japan Sales & Marketing Division

*1 Subaru of Indiana Automotive, Inc.

*2 Subaru of America, Inc.

*3 Subaru Canada, Inc.

*4 North American Subaru, Inc.

Outside Directors Roundtable



Natsunosuke Yago
Outside Director

Miwako Doi
Outside Director

Kazuo Hosoya
Director and Chairman

Yasuyuki Abe
Outside Director

We will steadily improve the effectiveness of corporate governance and achieve the sustainable growth of the SUBARU Group.

The priority initiatives of the mid-term management vision "STEP," as well as the SUBARU difference, have been steadily evolving, and this is gradually showing results. In May 2022, we announced a plan to reorganize our domestic production system, taking the first step toward electrification. Three outside directors with extensive knowledge and experience in corporate management, alongside director and chairman Kazuo Hosoya, discussed matters such as their understanding of issues in light of electrification and other milestone industry changes, substantive initiatives to strengthen corporate governance, and expectations of the human resources who will be responsible for our future growth.

Theme 1

Progress on the Direction of our Electrification Strategy

Hosoya: At this management discussions and social gathering events^{*1} for FYE March 2022, we have discussed the theme of the direction of our electrification strategy. This was recognized as an ongoing issue to be addressed in the previous year's evaluation of the effectiveness of the Board of Directors. Amid global trends toward decarbonization and automotive electrification, I would like to hear from our outside directors, from their objective perspective, about how the evolution of the SUBARU difference has been perceived over the past year or two.

Abe: When I was appointed as an outside corporate auditor in 2016, SUBARU was generating high earnings, but from 2017 onwards, quality issues such as the improper conduct related to the final vehicle inspection issues and large-scale recalls had eroded trust in the brand, and the stock price was falling. I became an outside director in 2019 while closely observing this dramatic change and have always worked to provide timely advice. Most recently, the spread of COVID-19 and the subsequent stagnation in the supply chain has created a very frustrating and difficult situation, with strong demand but insufficient production.

On the other hand, I can say that steady progress is being made in the evolution of the SUBARU difference. While other companies had begun to steer toward electrification strategies, SUBARU had until now been unable to paint a clear picture in this direction. However, over the past year or so, measures aimed at developing the market for electrification have steadily accelerated, and SUBARU became the first Japanese automaker to announce that it would build a dedicated BEV² plant in Japan. My firsthand experience in talking with various people internally is that they are confident that SUBARU can maintain its market competitiveness in the era of CASE³, and I feel that the atmosphere within the company.

Yago: I agree. At the time of my appointment as an outside director in 2019, the atmosphere within the company was characterized by differences between how people thought about and perceived electrification. Some thought the era of electrification wouldn't really come. But, from around 2021, the strategy and approach in this area became clear for SUBARU as a unit. The declaration that SUBARU will build a mixed production line for BEVs at the Yajima Plant in 2025 is indicative of this clarity. I feel that a number of key actions have been taken all at once.

Automaker management will clearly shift toward electrification going forward. This will depend on whether or not they can procure various parts, including semiconductors, at a stable and reasonable cost. It is necessary that related departments share their awareness of this issue, and that SUBARU refines its information system infrastructure harnessing IoT and AI internally.

If we consider the future of SUBARU, I see the current difficult procurement environment as an excellent opportunity to strengthen its organizational capabilities and DX.



Natsunosuke Yago
Outside Director

Appointed as outside director in June 2019

Doi: Employees of the SUBARU Group often say they love the horizontally-opposed engine, and that the sound is very SUBARU. They truly love and respect their own products. When I was appointed in 2020, I was concerned that this corporate culture would not be able to keep up with environmental regulations aimed toward carbon neutrality and other trends. However, BEVs began to appear on the agenda at management discussions and social gathering events, and in May 2022, SUBARU began to take orders for its first global BEV, the SOLTERRA. Then, plans for the restructuring of its domestic plants quickly took shape. Though I had guessed it would take quite a long time to address electrification, I was proven wrong—in a good way. The fact that SUBARU was able to instill the SUBARU difference in its BEV should give confidence not only to its development teams, but to all employees of the SUBARU Group. SUBARU's response to CASE and its thought processes and approach with regard to BEVs have become very clear, energizing younger employees in particular and giving the organization momentum for the future growth of SUBARU.

Hosoya: Certainly, SUBARU's concept and brand image were too well-established, and I think our outside directors were concerned about whether we could really enter the realm of vehicle electrification. Until recently, there was a sense among employees that electrification would not be as easy as some thought and that the transition period would be long, as well as that SUBARU could compete just with engine vehicles for some time. Meanwhile, we were closely monitoring market trends, steadily conducting research and product development studies for electrification, and looking for the right moment to make a decision as an overall strategy. It turns out that interest in electrification among U.S. dealerships and customers had been growing more rapidly than we had anticipated. That is why I believe that, with regard to the restructuring plan for plants in Japan, all parties involved were able to come together and focus on the issue. We will continue to meet the expectations of our stakeholders while contributing to decarbonization with our distinctive the SUBARU difference.

*1 Meetings for exchange of opinions on the Company's important management topics, conducted by directors and corporate auditors and which do not require a resolution

*2 BEV: Battery electric vehicle

*3 CASE: Connected, Autonomous, Shared, Electric

Abe: We have without question seen improvements over the last three years when it comes to areas like the selection of agenda items for addressing at the Board of Directors and management discussions and social gathering events, as well as the quality of information used in decision-making processes. First and foremost, as independent outside directors, we represent stakeholders. This puts us in a position to make useful recommendations without being

bound by internal interests or the sensibilities of management. We must also serve as an important element of corporate governance by supervising and monitoring business execution. Despite this position, I believe that the key to success is how we can build trust relationships with internal directors and employees. At SUBARU, there is an environment where we can talk freely with people in various positions. Though there is sometimes harsh advice exchanged in these discussions, we continue to encourage them to do their best in order to advance the three priority items of the mid-term management vision "STEP"—corporate culture reforms, quality enhancement, and evolution of the SUBARU difference. Team members are also transferred between departments within each business division. Even when moving to a new department and fresh workplace, previous experience is by no means wasted. In fact, many are more successful in their new positions. There is also a higher level of demand from the market, and I would like SUBARU to continue to cultivate human resources who can think flexibly and not be bound by stereotypes.

From the improper conduct related to the final vehicle inspection issues in 2017 until now, I believe that the employees of the SUBARU Group have had a difficult time. I want everyone to let out all of their past thoughts and feelings now, because now is their chance. SUBARU is taking a very positive turn. I am sure that you will see the results of your efforts in the organization's performance, and I wish you the best of luck.



Theme 2

Expectations for Growth and Message to SUBARU Group Employees



Hosoya: I believe it is very important to enhance effectiveness in strengthening the SUBARU Group's corporate governance. I would like to hear from the outside directors about what they keep in mind and what their expectations are for the future growth of the SUBARU Group.

Yago: When I was initially appointed, I had the impression that SUBARU was a company that was difficult to understand. Although it was difficult to understand the process by which important matters were decided, I gradually deepened my own understanding of how to perceive SUBARU as a company and how to be involved in its management. I finally understood it wasn't that decision-making processes were closed off to me, but that this was a company where Board members do not mince words in discussion. In other words, SUBARU was where policy directions and important conclusions are reached after careful deliberation. Although this culture may be perceived by the rest of the world as not fast enough, it is an advantage in a business environment where companies are forced to face a variety of business risks. In addition, SUBARU is continuing its efforts to strengthen its organizational structure with regard to compliance and risk management. In 2019, it adopted a system where the Chief Risk Management Officer (CRMO) leads risk management and compliance activities.

In May 2021, it reorganized its principles and philosophy system as a company, including the Vision for 2025. I believe these are convincing to employees. By gaining the empathy of employees, I expect that SUBARU's vision and philosophy will be elevated to the level of corporate culture, leading to greater corporate value.

President Nakamura and managers began holding dialogues in 2021 on the subject of employee

engagement, resulting in a rich exchange of opinions. Through these activities, my intent is to provide appropriate advice to ensure the continuity of each policy by increasing employee empathy and motivation. My hope is that all employees will be eager to learn new things without fear of failure.

Doi: I believe that corporate governance is a balance between the defensive—compliance founded in awareness of risk to management, as mentioned by Mr. Yago—and the offensive, which is innovation. Innovation is essential for automaker management in this era of addressing decarbonization and CASE. Here, I would like to make contributions by utilizing the knowledge I have cultivated in the field of information and communications in order to further enhance the value SUBARU provides to its customers, which is “Enjoyment and Peace of Mind.” Furthermore, on the defensive side, I would like to talk about the problem of procuring parts, which was exacerbated by the COVID-19 pandemic. There is stagnation in the supply chain and SUBARU faces never-before-seen difficulty. However, communication between the manufacturing and procurement departments has improved tremendously to cope with this challenge. It is not easy to create cross-functional partnership within an organization, but the fact that SUBARU has been able to use the disruptions and chaos in the supply chain as an opportunity to do this kind of bridging is a real success. Now that these two sides are working closely together, laying the groundwork for data-driven discussions, I expect that this will help speed up manufacturing innovation from now on.

Hosoya: Both President Nakamura and I place great importance on management discussions and social gathering events and the evaluation of the effectiveness of the Board of Directors as matters of governance. The free response section of the annual evaluation of the effectiveness of the Board of Directors elicits many dispassionate and unfiltered opinions from our outside directors, which are very helpful and valuable to us. We intend to continue receiving expert and objective knowledge from our outside directors, engaging in frank exchanges of opinion in order to steadily achieve growth, one step at a time.



Message from the Chairman of the Board of Directors

Since June 2021, I have served as the chair of the Board of Directors, the Executive Nomination Meetings, and the Executive Compensation Meetings. I believe that the role of the chair is to enhance corporate governance by utilizing the specific and frank opinions, and the new perspectives, provided by outside directors in management.

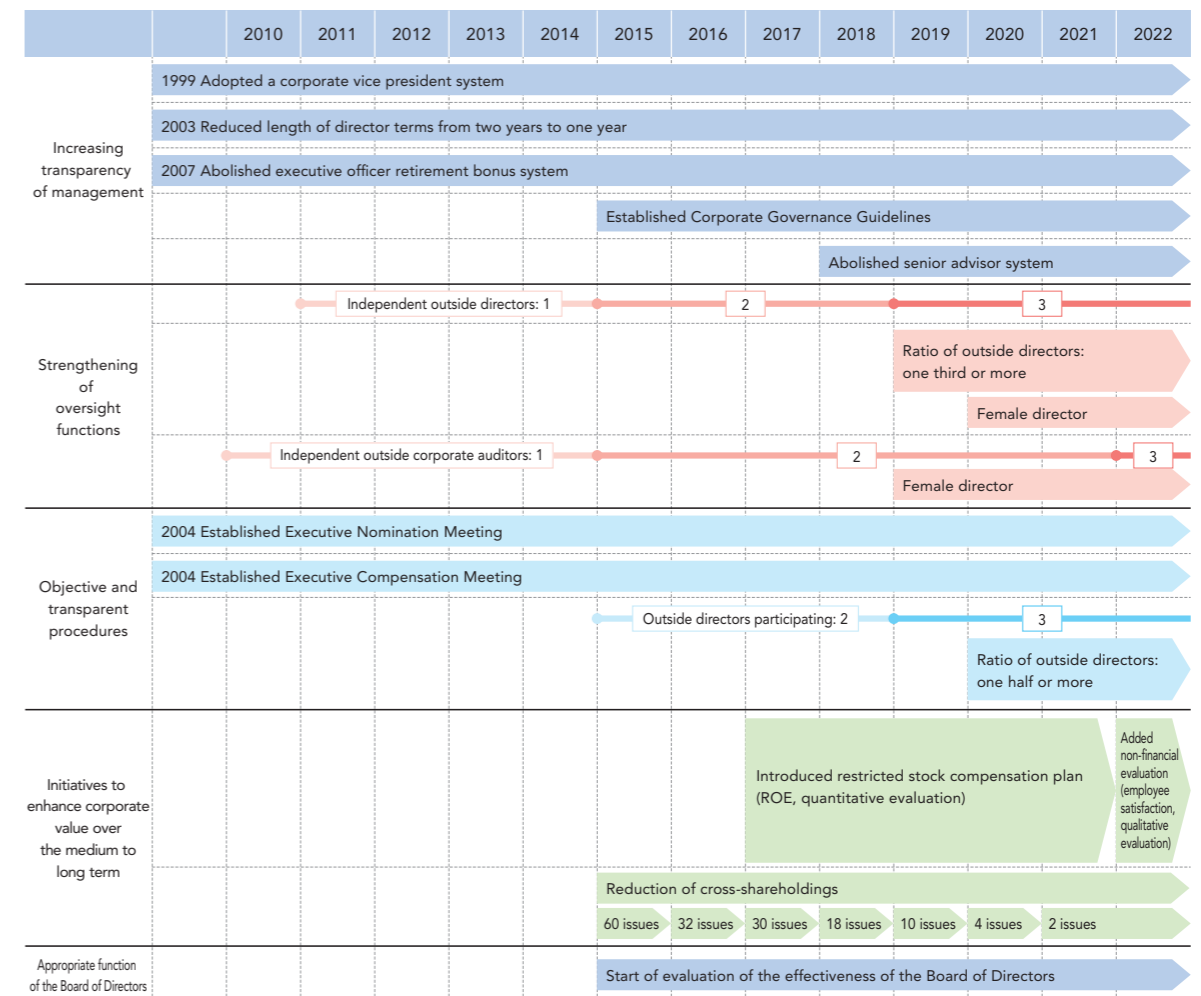
While it is important to build structures, corporate governance is meaningless without effectiveness. In the annual evaluation of the effectiveness of the Board of Directors, we receive many specific and constructive opinions from our outside directors. In FYE March 2022, we had a number of discussions at the Executive Compensation Meeting regarding the design of the executive compensation system, which had been raised as an issue in the previous year’s evaluation. This fiscal year, we decided to incorporate the degree of employee engagement (Employee Satisfaction Rating) as a new non-financial evaluation in the executive compensation system, linked to the mid-term management vision. We have also been receiving a number of requests via the open-ended opinions and questions section of the effectiveness evaluation as topics for the Board of Directors and the management discussions and social gathering events, and we are taking these up as strategic themes that management should address. Inevitably, there will be gaps in how much information internal and external directors have. Therefore, we try to ensure that they have a common understanding of the topics to be discussed by providing detailed briefings in advance so that they can engage in lively discussions. The topics of the most recent management discussions and social gathering events have ranged from pressing issues to long-term directions, including procurement strategy, connected car strategy, electrification strategy, and aerospace business strategy. From time to time, we receive harsh opinions from the outside directors, but I believe that all of their comments come from a place of wanting to find ways to make SUBARU a better company.

In this way, we are gradually enhancing our system for strengthening governance that can sustainably increase SUBARU’s corporate value.

Going forward, we will continue to carefully assess the direction of governance reform in the world, treasure the values of the SUBARU Group, and steadily improve the effectiveness of our corporate governance step-by-step with the knowledge of our outside directors, leading to sustainable growth.

Kazuo Hosoya
Director and Chairman

Activities for Strengthening Corporate Governance



Corporate Governance

Basic Policy

SUBARU has articulated the vision “Delivering happiness to all” and works on the enhancement of corporate governance as one of the top priorities of management, in order to gain the satisfaction and trust of all its stakeholders by achieving sustainable growth and improving its corporate value in the medium and long term based on the Corporate Statement outlined below.

- <Vision> Delivering happiness to all
- <Value statement> “Enjoyment and Peace of Mind”
- <Corporate statement> We aim to be a compelling company with a strong market presence built upon our customer-first principle.

SUBARU clearly separates the function of decision making and the oversight of corporate management from that of the execution of business operations, and aims to realize effective corporate management by expediting decision making. In addition, SUBARU seeks to ensure proper decision making and the oversight of corporate management and the execution of business operations, as well as enhance its risk management system and compliance system through the monitoring of its management and operations and advice provided by outside officers. We also implement proper and timely disclosure of information in order to improve the transparency of management.

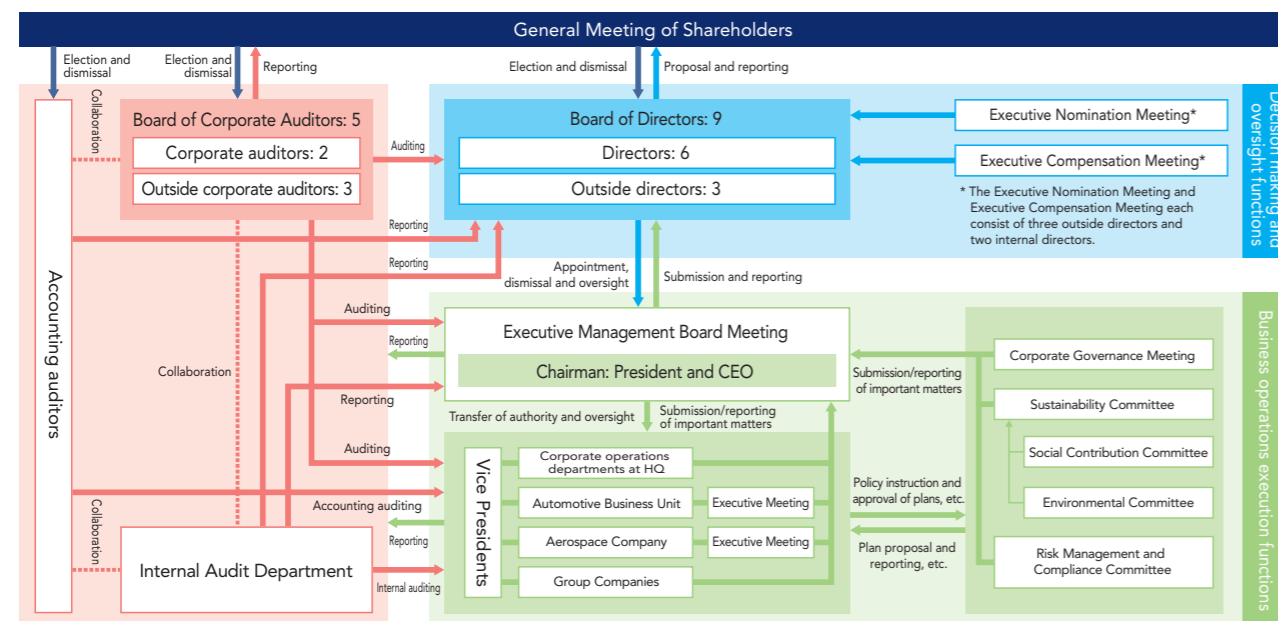
For other corporate governance information, please visit:
<https://www.subaru.co.jp/en/csr/governance/corporate/>

Corporate Governance Structure

SUBARU has chosen a structure with a board of corporate auditors. The Board of Directors (nine members, of which three are outside directors) and the Board of Corporate Auditors (five members, of which three are outside corporate auditors) decide, supervise, and audit the execution of important business.

This structure also enables us to achieve more sound and efficient business operations through increased effectiveness of management monitoring, by involving highly independent outside directors and outside corporate auditors. At SUBARU, in order to enhance the practical governance structure based on our present organizational design, we have established two voluntary meetings: the Executive Nomination Meeting (consisting of five directors, of which three are outside directors) and the Executive Compensation Meeting (also consisting of five directors, of which three are outside directors).

In regard to the business operation system, SUBARU has established the Executive Management Board Meeting as a preliminary consultation body to conduct deliberations on company-wide management strategies and the execution of important business before their presentation at the Board of Directors Meeting. In addition, SUBARU has adopted a vice president system and established the Executive Board Meeting as the decision-making body of each business department, and converted the Aerospace division into an internal company in order to clarify responsibilities and accelerate the execution of business operations.



Board of Directors and Board of Corporate Auditors

Organization	Board of Directors	Board of Corporate Auditors
Chairman	Chairman of Board of Directors	Standing Corporate Auditor
Composition	Directors: 6, Outside directors: 3	Standing Corporate Auditors: 2, Outside Corporate Auditors: 3 ^{*1}
Role/responsibility	The Board of Directors ensures fairness and transparency by performing the oversight function for overall management and makes the best decisions possible for the Company through appointment, evaluation and resolution regarding the compensation of its CEO and other management team members, the assessment of material risks faced by the Company and the development of measures to deal with such risks, and decisions on the execution of important business of the Company. The Board takes these actions in the interest of effective corporate governance, as well as sustainable growth and improvement of corporate value over the medium to long term.	The Board of Corporate Auditors, as an independent organization entrusted by shareholders, is responsible for ensuring the sound and sustainable growth of SUBARU and establishing a high-quality corporate governance system that can be trusted by society by performing audits of the execution of duties by directors, passing resolutions on the contents of proposal items regarding the appointment and dismissal, or non-reappointment, of accounting auditors that are to be submitted to the General Meeting of Shareholders, and performing business audits, accounting audits and other matters prescribed by laws and regulations.
Meetings held in FYE March 2022	13 times ^{*2}	12 times

*1 In FYE March 2022, there were four corporate auditors, including two outside corporate auditors.

*2 In addition to the number of times Board of Directors' meetings were held as stated in the table above, there was one written resolution that was deemed equivalent to a Board of Directors' meeting in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.

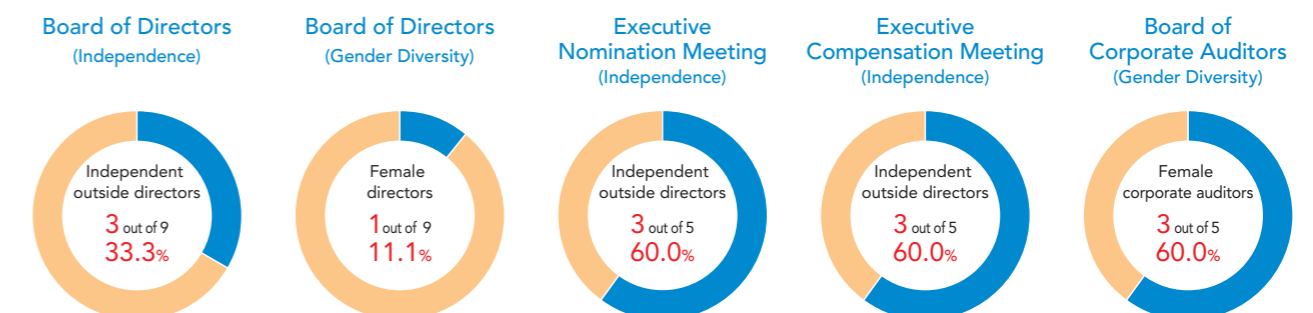
Number of Board of Directors' Meetings Held and Attendance Rate

Category	2017	2018	2019	2020	2021
Number of meetings held	17	16	13	12	13
Attendance rate	99.0%	98.4%	100.0%	100.0%	100.0%

Note: In addition to the number of Board of Directors' meetings shown in the above table, there was one written resolution passed in FYE March 2019, two in FYE March 2020, one in FYE March 2021, and one in FYE March 2022 that were deemed equivalent to a Board of Directors' meeting, pursuant to Article 370 of the Companies Act and the Articles of Incorporation. Attendance rates for newly appointed directors are calculated based on the number of Board of Directors' meetings held after their appointment.

Executive Nomination and Executive Compensation Meetings

Organization	Executive Nomination Meeting	Executive Compensation Meeting
Chairman	Chairman of Board of Directors	Chairman of Board of Directors
Composition	Independent Outside Directors: 3, Directors: 2	Independent Outside Directors: 3, Directors: 2
Role/responsibility	To ensure the fairness and transparency of decisions on executive appointment, and based on ample deliberation by its membership, a majority of which is independent outside directors, this committee submits proposals to the Board of Directors regarding policies for the composition of the Board of Directors, the appointment or dismissal of the CEO and other top management members, and the nomination of candidates for directors and corporate auditors. It also determines and makes proposals for appointment, dismissal, and nomination for the same.	To ensure objectivity and transparency in decisions on compensation for directors, the Executive Compensation Meeting, as a voluntary committee and on the basis of delegation by the Board of Directors, determines individual compensation amounts per director and other issues after ample deliberation. Where matters concern the executive compensation system in general, such as its revision, the Board of Directors deliberates on proposals approved by the Executive Compensation Meeting and decides on them by resolution.
Meetings held in FYE March 2022	2 times	7 times
Items deliberated in FYE March 2022	The Executive Nomination Meeting discussed matters concerning the submission of reports on the executive structure and appointments, the division of duties of executives, and the appointment of representatives of major subsidiaries.	The Executive Compensation Meeting submitted revised policy drafts for determining director compensation systems and details of compensation for individual directors, while deciding on performance-linked compensation for directors (except for outside directors) and corporate vice presidents based on evaluations and the amount of compensation claims in respect of restricted stock compensation for each individual recipient.



Directors/Auditors

(As of June 22, 2022)

	Name	Position	Female	Term	Total Years of Service	Board of Directors*	Board of Corporate Auditors*		Executive Nomination Meeting*	Executive Compensation Meeting*	Main Areas of Expertise							
											Management (executive experience)	Technology / Development	Manufacturing / Procurement	Sales / marketing	Global	Financial affairs and accounting	Legal affairs, compliance and risk management	Human Resource Development
	Tomomi Nakamura	Representative Director, President and CEO			4 years	○			○	○	●		●	●				●
	Kazuo Hosoya	Director, Chairman			3 years	◎			◎	◎		●	●					●
	Katsuyuki Mizuma	Director, Executive Vice President, CFO and CRMO			1 year	○							●	●	●	●		
	Tetsuo Onuki	Director, Executive Vice President			4 years	○						●	●		●			
Directors	Atsushi Osaki	Director, Executive Vice President		1 year	1 year	○						●	●					●
	Fumiaki Hayata	Director, Executive Vice President			1 year	○							●	●	●			
	Yasuyuki Abe	Independent Outside Director			3 years	○			○	○	●				●			●
	Natsunosuke Yago	Independent Outside Director			3 years	○			○	○	●	●	●		●			●
	Miwako Doi	Independent Outside Director	☆		2 years	○			○	○		●						●
	Yoichi Kato	Standing Corporate Auditor			1 year	○	◎							●		●		●
	Hiroshi Tsutsumi	Standing Corporate Auditor	☆		2 years	○	○							●				●
Corporate Auditors	Shigeru Nosaka	Independent Outside Corporate Auditor		4 years	3 years	○	○							●	●			
	Kyoko Okada	Independent Outside Corporate Auditor	☆		3 years	○	○							●				●
	Yuri Furusawa	Independent Outside Corporate Auditor	☆		Newly appointed	○	○							●		●	●	

*◎ and ○ indicate attendance of the chairman and other members, respectively

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

Approach to the CEO Succession Plan

SUBARU recognizes that decision making regarding top management changes (e.g., the CEO) and successor selection may have a critical influence on corporate value. Therefore, in order to ensure a successful succession at the right timing, we invest substantial time and resources to carefully develop and implement succession plans.

In order to hand over the business to the right person, the Board of Directors, as part of its essential duties, develops succession plans that can convince all stakeholder groups. To ensure objectivity and transparency in the process for deciding on the replacement and selection of the CEO, the Board of Directors appropriately supervises the preparation of proposals by the current CEO through discussions at the Executive Nomination Meeting.

To be able to implement succession plans appropriately, the CEO begins to prepare for selection and development of their successor candidates independently upon assuming office. Key processes for this purpose include providing information on candidates to outside directors on an ongoing basis, particularly by enabling the directors to monitor the candidates in person continuously in day-to-day business settings, as a measure to ensure appropriate and timely evaluation and selection down the road.

The Board of Directors and Executive Nomination Meeting meet on a regular basis to review the list of essential qualities and skills required of the CEO, which may include removing and adding items, in consideration of perception of current trends, changes in the business environment surrounding the company, and the future direction of the Group's business strategies.

To ensure the objectivity of the successor selection process and increase the effectiveness of its supervision by the Board of Directors and Executive Nomination Meeting, it is important to have effective selection criteria in place, particularly for use by

outside directors. To this end, SUBARU discloses two sets of criteria: "Abilities required of the SUBARU Group's CEO" and "Five key qualities required of the SUBARU Group's CEO." These criteria serve as a guide for evaluating candidates in light of quality, competency, experience, track record, specialized expertise, personality, and other factors, which have been discussed and decided on by the Board of Directors and Executive Nomination Meeting.

Abilities required of the SUBARU Group's CEO

The SUBARU Group's CEO must be able to: properly understand the business environment surrounding SUBARU, its corporate culture and philosophy, business growth stages, and medium- to long-term management strategies and challenges; facilitate collaboration appropriately with various stakeholders; and lead all executives and employees to work together to maximize corporate value.

Five key qualities required of the SUBARU Group's CEO

1. Integrity
2. Broad perspective
3. Character
4. Tireless spirit or revolutionary leadership skills
5. Person of action

Outside Directors/Outside Corporate Auditors

- Nomination Criteria**
- The outside directors are expected to perform a monitoring function independent from the management team and provide appropriate advice on management on the basis of a wide range of sophisticated knowledge.
 - The outside corporate auditors are expected to perform a management oversight function independent from the management team and undertake their role of auditing from the viewpoint of legality and appropriateness on the basis of broad and advanced knowledge.
 - SUBARU has established criteria for independence of outside officers in addition to the criteria for independence established by the Tokyo Stock Exchange, and appoints outside directors and outside corporate auditors who meet those criteria.

Reasons for Appointing the Outside Officers and Major Activities

	Name	Independent Officer Status*	Reasons for Appointing	Meeting Attendance (FYE March 2022)		Significant Concurrent Positions (As of June 30, 2022)
				Board of Directors	Board of Corporate Auditors	
Outside Directors	Yasuyuki Abe	○	As representative director and senior managing executive officer of Sumitomo Corporation, Mr. Yasuyuki Abe has been involved in management in both a supervisory and executional capacity, possesses extensive experience and knowledge in business management, and has an advanced understanding of the IT field. Mr. Abe has served three years as an independent outside corporate auditor for the Company since June 2016. During his tenure, he has supervised the execution of duties conducted by directors, as well as understood the true nature of the problems facing the Company and offered his frank opinions to senior management in a timely and appropriate manner. In June 2019, Mr. Abe was appointed to the position of independent outside director and has been providing beneficial advice to the Company's management. In light of this, the Company appointed Mr. Abe with the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective as an outside director of the Company.	Attended 13 of 13 meetings	—	Outside Director, HOYA Corporation Director, Chairman, WASEDA University Ventures, Inc. Advisor, ORANGE AND PARTNERS CO., LTD.
	Natsunosuke Yago	○	Mr. Natsunosuke Yago served successively as president and representative executive officer and chairman at Ebara Corporation, and has extensive experience and knowledge in business management. Mr. Yago is especially knowledgeable in the areas of internal control and governance. In June 2019, the Company appointed him to the position of independent outside director. Given that he has been providing beneficial advice to the Company's management based on his rich experience and wide range of knowledge, and high level of insight into the Company's social responsibilities, we appointed Mr. Yago with the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective as an outside director of the Company.	Attended 13 of 13 meetings	—	President, Ebara Hatakeyama Memorial Foundation Outside Director, J. FRONT RETAILING Co., Ltd.
	Miwako Doi	○	As a researcher and supervisor in the field of information technology at Toshiba Corporation, Ms. Miwako Doi has accumulated vast experience and made many achievements in this field over many years. In addition, she has held successive positions, mainly in government committees, owing to her high level of expertise and extensive experience and knowledge. In June 2020, the Company appointed her to the position of independent outside director. Given that she has been providing beneficial advice to the Company's management for the generation of new innovation, we appointed Ms. Doi with the expectation that she will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective as an outside director of the Company.	Attended 13 of 13 meetings	—	Auditor, National Institute of Information and Communications Technology (NICT) (part-time) Executive Vice President, Tohoku University (part-time) Executive Director, Nara Institute of Science and Technology (part-time) Outside Director, Isetan Mitsukoshi Holdings Ltd. Outside Director, NGK Spark Plug Co., Ltd.
Outside Corporate Auditors	Shigeru Nosaka	○	Mr. Shigeru Nosaka has been involved in management in both a supervisory and executional capacity as a director, executive deputy president and deputy chairman and CFO at Oracle Corporation Japan and possesses extensive experience and knowledge in business management. In June 2019, Mr. Nosaka was appointed to the position of independent outside corporate auditor and has been providing beneficial advice to the Company's management based on his wide range of insights into finance and accounting in corporate activities. In light of this, the Company appointed Mr. Nosaka with the expectation that he will appropriately perform the duties as an outside corporate auditor of the Company.	Attended 13 of 13 meetings	Attended 12 of 12 meetings	Corporate Auditor, dotD, Inc. Advisor, AI Dynamics Inc. Japan
	Kyoko Okada	○	Ms. Kyoko Okada has accumulated extensive experience and knowledge in areas such as CSR and corporate culture at Shiseido Co., Ltd. and has a career in management auditing as a corporate auditor at Shiseido. In June 2019, Ms. Okada was appointed to the position of independent outside corporate auditor and has been providing beneficial advice to the Company's management based on her wide range of insights into CSR and corporate culture in corporate activities. In light of this, the Company has once again appointed Ms. Okada with the expectation that she will appropriately perform the duties as an outside corporate auditor of the Company.	Attended 13 of 13 meetings	Attended 12 of 12 meetings	Outside Audit & Supervisory Board Member, Daio Paper Corporation Outside Director, JACCS Co., Ltd. Outside Audit & Supervisory Board Member, NEC Corporation
	Yuri Furusawa	○	Ms. Yuri Furusawa has held key positions in the Ministry of Land, Infrastructure, Transport and Tourism, and has been involved in the promotion of workstyle reform, active participation by women and diversity in the Cabinet Secretariat, as well as in overseas business development in the private sector, giving her a broad perspective and a high level of insight. Based on this background, we expect that she will appropriately perform her duties as an outside corporate auditor of the Company from an independent standpoint. Therefore, we believe her to be qualified for the position and nominated her as an outside corporate auditor.	Newly appointed		Outside Audit & Supervisory Board Member, Kubota Corporation

* Independent officers: Outside directors and outside corporate auditors with no risk of a conflict of interest with general shareholders as stipulated by the stock exchange.

Executive Officer Training

Category	Training Policy/ Major Ongoing Programs
Directors	<p>Policy SUBARU provides its directors and corporate auditors with information and knowledge regarding its business activities that is necessary for them to fulfill their responsibilities to oversee and audit management directors and corporate auditors on an ongoing basis with information</p>
Corporate auditors	<ul style="list-style-type: none"> Refresher courses focusing on information regarding the Companies Act and other laws and regulations related to corporate governance Participation in seminars and programs hosted by government agencies, Japan Federation of Economic Organizations, Japan Association of Corporate Directors, Japan Audit & Supervisory Board Members Association, etc.
Outside directors	<p>Policy SUBARU provides its outside officers on an ongoing basis with information relating to the Company's corporate statement, corporate culture, business environment, and other matters, mainly through arranging appropriate opportunities, such as operations briefings from business divisions and factory tours, as well as creating an environment for officers to share information and exchange opinions more easily.</p> <ul style="list-style-type: none"> The following programs are provided to outside Board members at the time of appointment and subsequently to keep them updated: <ul style="list-style-type: none"> Opportunities for discussions with and briefings from responsible vice presidents about the corporate statement, corporate culture, business environment, and the performance, situation and issues of each business division/department Inspection tours at manufacturing/R&D/distribution sites Discussions with directors and corporate auditors on management issues Social gatherings with directors and corporate auditors Participation in company-wide business events, such as improvement activity debriefing sessions
Outside corporate auditors	<p>Policy SUBARU gives vice presidents similar opportunities as those given to directors and corporate auditors, for the purpose of developing human resources to lead its management in the future.</p> <ul style="list-style-type: none"> Participation in external programs aimed at fostering the mindset required for executive management and motivating self-improvement actions Lectures by invited experts in specific topics to share and increase literacy in the related field (legal affairs, compliance, IT, the SDGs, media response, etc.) Strategy-building camps for all vice presidents
Vice Presidents	<ul style="list-style-type: none"> Recommendation and support for participation in appropriate external seminars and programs

* Expenses to be incurred for offering the above training to directors and corporate auditors, including outside officers and vice presidents are borne by the company.

Category	Programs Provided in FYE March 2022
All executives (including outside officers)	<ul style="list-style-type: none"> Newly appointed directors and vice presidents participated in three-day external seminar programs. One director participated in a total of five programs on corporate governance. University-held public courses were offered on a voluntary and selective basis. Classroom lectures by invited experts were held for all executives to discuss management issues (Total of seven sessions held) Seminars by invited experts in specified topics, including about the Companies Act, were offered via on-demand streaming (Total of two sessions held)
Outside directors	<ul style="list-style-type: none"> Business-related briefings from, and discussions with, vice presidents and others
Outside corporate auditors	<ul style="list-style-type: none"> Management roundtable discussions attended by all 13 directors and corporate auditors (two meetings, one held every six months) Outside directors and outside corporate auditors participated in in-house presentations and exhibits about future technologies and quality solutions

Effectiveness Evaluation of the Board of Directors

SUBARU's Board of Directors (BoD) analyzes and evaluates the Board's effectiveness in accordance with the Corporate Governance Guidelines and considers and implements improvements to address any issues identified.

In FYE March 2022, the BoD confirmed efforts to address issues recognized in the previous year, based on monitoring of points raised in the previous year's evaluation. It also gathered, analyzed, and evaluated views on issues for speedy Board discussion and investigation, based on the impact of the COVID-19 pandemic and dramatic changes in the business environment surrounding the automobile industry.

◆ Methods of evaluation and analysis

- | | |
|--|---|
| (1) Timing: January 2022 | (2) Respondents: Directors and auditors (13 in total) |
| (3) Process: Self-evaluation using a questionnaire prepared by a third-party body | (4) Questions: (a) BoD management structure |
| (a) Third-party body conducts anonymous self-evaluation survey of directors and auditors | (b) BoD oversight function |
| (b) Third-party body aggregates and analyzes responses | (c) Shareholder dialogue |
| (c) BoD verifies and discusses report received from third-party body | (d) Views on key efforts undertaken this year |
| | (e) Issues for next year onward |
| | (f) Views on other matters |

Respondents evaluated themselves on a four-point scale. They were also free to add their own thoughts on points of excellence relating to the BoD and points requiring enhanced BoD effectiveness, before submitting the questionnaire directly to the third-party body.

◆ Evaluation Results

Based on the report received from the third-party body aggregating and analyzing results, the SUBARU BoD discussed and confirmed the following points:

- As in previous fiscal years, the results confirmed that BoD management entails the conduct of free, open, and sound discussion.
- Points confirmed as strengths in previous evaluations (chairman's leadership, responses to cross-shareholding, and size of the BoD) continued to be evaluated highly, confirming that Board strengths are being passed down systematically and sustained.
- Evaluation scores greatly improved for last financial year's issue of executive compensation system design, including incentive-based compensation, as a result of active discussions on the review of the executive compensation system.
- Evaluations improved on discussions of strengthening governance and responding to social and environmental problems as a result of active discussions on responding to revisions to Japan's Corporate Governance Code.
- Regarding the ongoing issue of discussion of medium- to long-term management strategy, evaluation scores improved, if only slightly, as a result of careful discussion on the disclosure of our progress report for the mid-term management vision "STEP."
- Although evaluation scores fell regarding the risk management system, we recognize that this is due to supply chain disruptions caused by semiconductor shortages, and we have confirmed that the risk management system and its operation are properly established.
- Since four (three directors and one corporate auditor) of the 13 executives are newly appointed, and the evaluation criteria may differ for each executive, we believe that caution is required when making simple comparisons with the previous evaluation.

◆ Areas previously recognized as problematic where significant progress was acknowledged this year:

(1) Enhancing discussion of medium- to long-term management strategy

We recognize that we have deepened the understanding of SUBARU's business environment, especially among outside executives, through careful discussions upon the disclosure of the mid-term management vision "STEP" and ample discussions on our environmental portfolio at management discussions and social gathering events*. Based on these results, we have decided to continue to address this issue, recognizing that the discussion of medium- to long-term management strategy requires further enhancement in both quality and quantity, given the lack of clarity and certainty in trends in the automobile industry.

* Events for the exchange of opinions on important topics for SUBARU, held by directors and corporate auditors but not requiring resolution

(2) Discussions on the executive compensation system design, including incentive compensation

After active discussion, in which outside executives offered constructive opinions on the compensation structure and incentive design, a decision was made to revise the compensation system to be linked to the mid-term management vision. In response to the demands of the times regarding corporate governance and to SUBARU's business environment, the Executive Compensation Meeting will continue to examine issues so that the executive compensation system will function as an appropriate incentive for the management team.

(3) Discussions on improvement of group governance

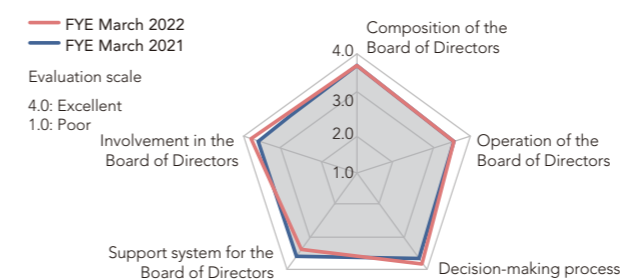
The group governance management system has been making steady progress every year, including timely and appropriate reporting of important issues to the BoD. The BoD's supervisory responsibility over group governance has been increasing, and it will continue with regular monitoring so as to further strengthen the management system.

◆ Future Initiatives

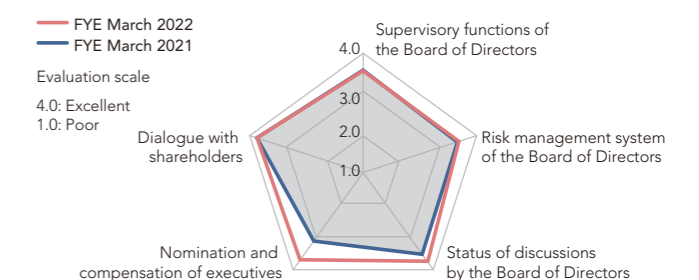
The BoD will continue its efforts to deepen discussions of and improve the quality of, the medium- to long-term management strategy. With regard to risk management systems and operations, the BoD will also expand discussions on the establishment of a system to appropriately address newly identified risks, in light of the increased sensitivity to risk management due to supply chain disruptions caused by semiconductor shortages. In taking these and other actions, it will strive to maintain and improve BoD effectiveness with the aim of continuing to enhance medium- to long-term corporate value and achieving sustainable growth.

Results of the Questionnaire

Operational Structure of the Board of Directors



Supervisory Function of the Board of Directors and Dialogue with Shareholders



Evaluation Items

	Category	Diagnostic Item		
1. Operational structure of the Board of Directors	(1) Composition of the Board of Directors	Size of the Board of Directors	Composition of the Board of Directors (ratio of inside to outside directors)	Composition of the Board of Directors (diversity and expertise)
		Frequency, length, and time allocation of meetings	Relevance of agenda items	Quality and quantity of documents
	(2) Operation of the Board of Directors	Timing of document distribution	Prior explanation	Content of explanations and reports
		(3) Decision-making process	Leadership by the Chair	Adequate discussion
	(4) Support system for the Board of Directors	Environment and systems for the provision of information	Provision of information to outside directors	Training of outside directors
Training of inside directors		—	—	
(5) Involvement in the Board of Directors	Attitudes to initiatives	Company-wide perspective	Mutual respect	
	Diverse values	Stakeholder perspectives	—	
2. Supervisory functions of the Board of Directors	(1) Supervisory functions of the Board of Directors	Reporting system	Supervision of corporate management	—
		Risk management system	Subsidiary management system	Provision of information and measures to combat risk
	(2) Risk management system of the Board of Directors	System for managing progress of response measures	Penetration of compliance awareness	—
		(3) Status of discussions by the Board of Directors	Discussion of management strategy	Discussion of capital policy
Discussion of strengthening governance	Response to social and environmental problems		—	
(4) Nomination and compensation of executives	Composition of the Executive Appointment Committee and Executive Compensation Committee	Cultivating successors	Incentive compensation	
	Dialogue with shareholders	Sharing the views of shareholders and investors	Enhancing dialogue with shareholders and investors	—

Compensation for Directors

Matters Concerning the Policy for Determining Details of Compensation for Individual Directors

As of FYE March 2023, SUBARU has revised its restricted stock compensation plan introduced in FYE March 2018 for the purpose of providing directors with an incentive for sustained improvement of the Company's corporate value over the medium to long term and having directors further share value with the shareholders. With this revision, the Company has added a variable compensation type linking the number of shares granted to the achievement levels for target performance. In revising the stock compensation plan, the Board of Directors, at its meeting held on March 3, 2022, decided that the policy for determining details of compensation for individual directors, which had been deliberated by the Executive Compensation Meeting, would be subject to approval at the 91st Ordinary General Meeting of Shareholders held on June 22, 2022. The proposed policy proposal was approved as proposed at the meeting.

Summary of Revisions to Director Compensation in FYE March 2023

• Revised compensation structure

The ratio of compensation for the Representative Director, President and CEO has been set as 45% for basic compensation, 30% for annual performance-linked bonus, and 25% for restricted stock compensation (15% for variable compensation type (PSU^{*1}) + 10% for fixed compensation type (RS^{*2})) upon achievement of the key performance indicators (KPIs) set forth in the mid-term management vision "STEP."

As before, basic compensation is the sole compensation paid to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

*1 PSU: Performance share unit

*2 RS: Restricted stock

• Annual performance-linked bonuses (Short-term incentive)

We have set up a compensation table more closely linking compensation to annual performance the higher the rank, based on the KPI of consolidated profit before tax for the fiscal year under review. Based on this table, cash compensation is paid at a certain time of each year. For executive vice presidents, senior vice presidents, and vice presidents, specific amounts will be determined after taking into consideration annual performance and level of contribution to human resource development. Such compensation will not be paid to outside directors.

• Restricted stock compensation (Medium- and long-term incentive)

The Company introduced a fixed compensation type (RS) restricted stock compensation in FYE March 2018.

With this revision, in order to encourage the achievement of the goals in the SUBARU Group's mid-term management vision, we have added variable compensation type (PSU) restricted stock to the compensation structure to increase the weight of stock compensation. In addition, the KPIs for the variable compensation type (PSU) will be reviewed in conjunction with updates to the mid-term management vision and management indicators. For this revision, consolidated ROE will be used for quantitative (financial) evaluation and employee engagement (employee satisfaction rating) will be used for qualitative (non-financial) evaluation. Such compensation will not be paid to outside directors.

Compensation System for Directors (excluding outside directors)



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



Composition of compensation	Applicable performance indicator (KPI) to compensation composition	
Annual performance-linked bonuses	Consolidated profit before tax	
Variable compensation type (PSU) restricted stock compensation	Financial	Consolidated ROE
	Non-Financial	Employee engagement (employee satisfaction rating)

* In determining the specific amount of annual performance-linked bonus for executive vice presidents, senior vice presidents, and vice presidents, the Company shall take into consideration consolidated profit before tax and level of contribution to human resource development.

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 in June 2016, the maximum total amount of annual compensation, etc., for directors is 1.2 billion yen (including a maximum 200 million yen for outside directors). The maximum total amount of monetary compensation is 200 million yen per year, within the abovementioned limitation, by a resolution passed at the 86th Ordinary General Meeting of Shareholders, held in June 2017. By a resolution passed at the 75th Ordinary General Meeting of Shareholders, held in June 2006, the maximum total amount of annual compensation, etc., for corporate auditors is 100 million yen.

Matters concerning delegation of authority over the details of compensation, etc. for individual directors

SUBARU has voluntarily set up an Executive Compensation Meeting in order to enhance the effective governance structure based on the existing organizational design. By resolution delegated from the Board of Directors, the Executive Compensation Meeting, of which independent outside directors are a majority of its members, determines specific compensation amounts, etc. of individual directors following sufficient deliberation. Its authorities include the determination of specific amounts of basic compensation, annual performance-linked bonuses, and restricted stock compensation, as well as their payment schedule. For restricted stock compensation, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on decisions of the Executive Compensation Meeting. In 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 Policy for Determining Details of Compensation 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.

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

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

(1) Policy for the Fixed Monetary Compensation

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

(2) Policy for performance-linked compensation

For annual performance-linked bonuses for directors (excluding outside directors), we have set up a compensation table based on rank and the KPI of consolidated profit before tax for the fiscal year under review. Based on this table, cash compensation is paid at a certain time of each year.

In addition, in order to encourage the achievement of goals in the Group's medium- to long-term strategy, a portion of restricted stock compensation (described in (3) below) to be granted as non-monetary compensation will be PSUs, where the number of shares granted is linked to the degree to which performance targets are achieved. In addition to consolidated ROE, which is the financial indicator emphasized in our medium-term strategy, we will adopt employee engagement as a non-financial KPI for these PSUs.

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

(3) Policy for non-monetary compensation

The Company grants restricted stock compensation 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 shareholders. For restricted stock compensation, a portion shall be provided as the fixed compensation type, with the rest as the variable compensation type. Both of these shall be prohibited from being transferred during the recipient's term of office, and this restriction on transfer shall be lifted upon their retirement.

For fixed compensation-type restricted stock compensation (RS), shares of the Company's common stock are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director, and other factors.

For variable compensation-type restricted stock compensation (PSUs), units (one unit = one share) are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director, and other factors. After an evaluation period, shares of the Company's common stock

are granted at an amount equivalent to the number of units multiplied by a payout ratio (50% to 100%) determined in accordance with achievement levels for performance indicator targets.

The maximum number of shares of the Company's common stock to be granted as restricted stock compensation to directors, for RS and PSUs combined, is 150,000 per year. In addition, the Company and its directors shall enter into a restricted stock allotment agreement that includes an overview and provisions that state (1) Company executives shall not, while they serve in their positions as executives and for a set period of time, transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock that have been allotted to them, and (2) the Company may acquire the said shares of its common stock without compensation if certain events occur. If a director is a non-resident of Japan at the time shares are granted, the Company shall grant phantom stock in place of and equivalent to the restricted stock compensation that would have been granted, and the stock shall also be treated in accordance with the restricted stock allotment agreement.

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

The Company has set the following as a general guideline for proportions of compensation by type for 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 (performance-based compensation is a proportion of the base amount).

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

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

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

The Executive Compensation Meeting, by a resolution of and upon delegation by the Board of Directors, determines specific amounts of compensation, etc. for 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, as well as their payment schedule. For restricted stock compensation, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on decisions of the Executive Compensation Meeting. In regard to revisions of the compensation system and other matters pertaining to compensation overall, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors.

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

Total Compensation for Directors and Corporate Auditors for FYE March 2022

Classification	Number	Total Compensation (Millions of yen)		
		Basic Compensation (Paid in fixed monthly installments)	Short-term Performance-linked Compensation	Restricted Stock Compensation
Directors (excluding outside directors)	9	294	51	52
Corporate auditors (excluding outside corporate auditors)	3	56	—	—
Outside directors and outside corporate auditors	5	59	—	—
Total	17	409	51	52

* The above table shows actual compensation payments under the former compensation system.

* Figures in the above table include three internal directors and an internal corporate auditor who resigned before the last day of the fiscal year under review. At the end of the year, there were nine directors, including three outside directors, and four corporate auditors, including two outside corporate auditors.

* The restricted stock compensation in the above table includes the amount of phantom stock expense recorded for grants to non-residents.

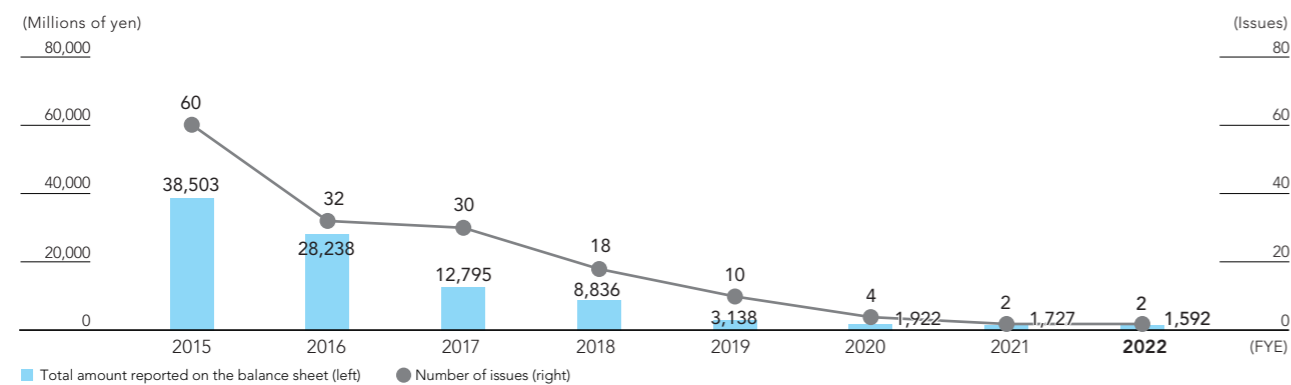
Cross-Shareholding

Policy for cross-shareholding

SUBARU holds listed stocks as cross-shareholdings and engages in dialogues with the companies in question. Each year, SUBARU's Board of Directors quantitatively measures and compares benefits from holdings, using dividend yield, and the capital cost involved, using weighted average cost of capital (WACC), in order to verify each. The Company will maintain these holdings only if it deems, based on the results of this verification, that the shares will contribute to its medium- to long-term management and business strategies in a qualitative manner.

Verification details for cross-shareholding

Based on the above policy, SUBARU has steadily reduced the number of listed stocks held as cross-shareholdings. As a result, 60 issues held at the end of March 2015 decreased to two issues at the end of March 2021. We consider these two issues to be essential to hold at this time for the following reasons, but we will continue to hold dialogues with these companies at least once a year, and the Board of Directors will evaluate and scrutinize these issues annually to determine whether they should be held or not.



As of March 31, 2022

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

Criteria for exercising voting rights for cross-shareholding

With regard to the exercise of voting rights for listed stocks held as cross-shareholdings, the Board of Directors deliberates on and determines the criteria for exercise with evaluation items such as whether the company is consistently exhibiting poor performance, whether a sufficient number of independent outside directors are in place and if management is supervised appropriately, and whether there are any corporate governance issues present. Although these are our general principles, we hold dialogues at least once a year with companies whose stock we hold to avoid making blanket decisions. Accordingly, we exercise our voting rights appropriately in light of the performance, management policies, and medium- to long-term management plans of the companies in question, as well as from the perspectives of corporate value enhancement, corporate governance, and social responsibility.

Internal Control

Management System

With the aim of increasing the effectiveness of internal controls and risk management, the Internal Audit Department was made independent of the Risk Management Group, overseen by the Chief Risk Management Officer (CRMO), to ensure a higher level of independence of internal audit departments in the organization and to enhance the effectiveness of internal controls.

Internal Control System

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, SUBARU's Board of Directors has adopted a basic policy on putting in place systems that ensure that the performance of duties by directors is in conformity with laws and regulations and with the Articles of Incorporation, and other systems prescribed in the ordinance of the Ministry of Justice as being necessary to ensure the appropriate operations of the company and the corporate group consisting of the company and its subsidiaries. The Board of Directors maintains and operates this basic policy, reviewing it as needed.

Auditing

Auditing by Corporate Auditors

SUBARU has formulated internal rules to ensure the effectiveness of corporate auditors' audits (e.g., Standards for Corporate Auditor's Audit) and developed a whistleblowing system. In this way, the Company has established a framework where the corporate auditors can gather information from directors and employees as needed in case of matters that may cause significant damages to the Company, significant violation of laws/Articles of Incorporation, or other significant compliance matters. In addition, the framework ensures smooth performance of corporate auditors' duties by assigning employees independent from directors to support duties of corporate auditors and making them known to all employees.

In FYE March 2022, audits focused on (1) the status of risk management promotion, (2) the Group governance system, and (3) the progress of the mid-term management vision "STEP." These confirmed the soundness of efforts to resolve overall management issues, including governance, at each department and Group company.

Main Initiatives

(1) Confirming management monitoring and execution

In accordance with audit plans by corporate auditors, each corporate auditor attends important meetings, including those of the Board of Directors, Executive Management Board Meeting, and Risk Management and Compliance Committee. When in attendance, they monitor management decision-making processes, seek explanations as necessary, and actively express their opinions. Through exchanges of opinions with directors, vice presidents, and others, as well as site visits to major business establishments and Group companies, corporate auditors also confirm the status of business execution including the maintenance and operation of internal controls, with a focus on priority audit items.

We also ensure the effectiveness of audits by utilizing remote methods, such as online meetings, as necessary and when appropriate.

(2) Meetings with departments related to internal controls

The Legal Department and the Risk Management and Compliance Office report monthly on compliance concerns including the operation of the whistleblowing system, and human resource departments report regularly on the status of issues such as disciplinary cases and industrial accidents.

In addition, the Company receives reports from the departments in charge of managing subsidiaries on the status of governance and internal controls for subsidiaries as appropriate.

(3) Cooperation in the three-party audit system

The Company holds monthly audit report meetings with the Internal Audit Department, receives reports on all internal audit results, and exchanges information and opinions on internal control issues.

Furthermore, we receive quarterly reports from the accounting auditors on the status of accounting audits and exchange opinions with them as necessary on major matters for consideration in audits and other subjects, thereby ensuring close mutual cooperation in the three-party audit system.

In addition, we hold meetings to exchange opinions and share information with corporate auditors of Group companies as appropriate, and we also seek to collaborate with these corporate auditors by requesting their attendance at site visits to their respective Group companies.

Based on the findings confirmed through the above audit activities, we capture a range of opportunities to engage with the business execution side, including exchanges of opinions with all corporate auditors, the chair of the Board of Directors, and the representative directors, and at Group company presidents' meetings. Through these activities, we share information and provide necessary advice and recommendations for the resolution of important management issues, including the strengthening of Group governance.

Internal Auditing

SUBARU has established the Audit Department (15 members) that reports directly to the President as an internal auditing organization. This organization evaluates the state of the development and operation of internal controls with regard to business execution at SUBARU and its Group companies in Japan and overseas from an independent and objective standpoint, providing advice and proposals for improvement. The Audit Department systematically conducts audits of business execution in accordance with an annual business audit plan prepared at the beginning of each fiscal year, taking into consideration the risks and internal control status of the entire Group. Audit reports are distributed to all directors, corporate auditors, and relevant departments at the same time as reports are directly made to the President. In parallel with this, reports are also made at semi-annual meetings of the Board of Directors and quarterly at joint meetings consisting of all vice presidents.

SUBARU's Audit Department and corporate auditors work together to strengthen audit functions, as described in "Cooperation in the three-party audit system" above. In addition, we strive to strengthen audit functions by sharing information with the accounting auditors on audit plans and audit results on a quarterly basis. In addition, the internal Audit Department periodically undergoes an evaluation by external experts to confirm that audit operations are being performed appropriately.

Internal Control System Related to Financial Reporting

Regarding internal control reporting systems pursuant to the Financial Instruments and Exchange Act, the evaluation of the internal control system related to financial reporting is carried out on the final day of the consolidated accounting period and is conducted in accordance with generally accepted assessment standards for internal control over financial reporting.

The President & Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) evaluated the status of the development of the internal control system related to financial reporting as of March 31, 2022, and affirmed that it has been established properly and functions effectively, and issued an internal control report audited by the accounting auditors to that effect.



Securities Report and Financial Report are published in the Investor Relations section of the SUBARU website.
<https://www.subaru.co.jp/ir/library/securities-reports.html> (Japanese version only)
<https://www.subaru.co.jp/en/ir/library/financial-reports.html>

Compliance

Our Approach

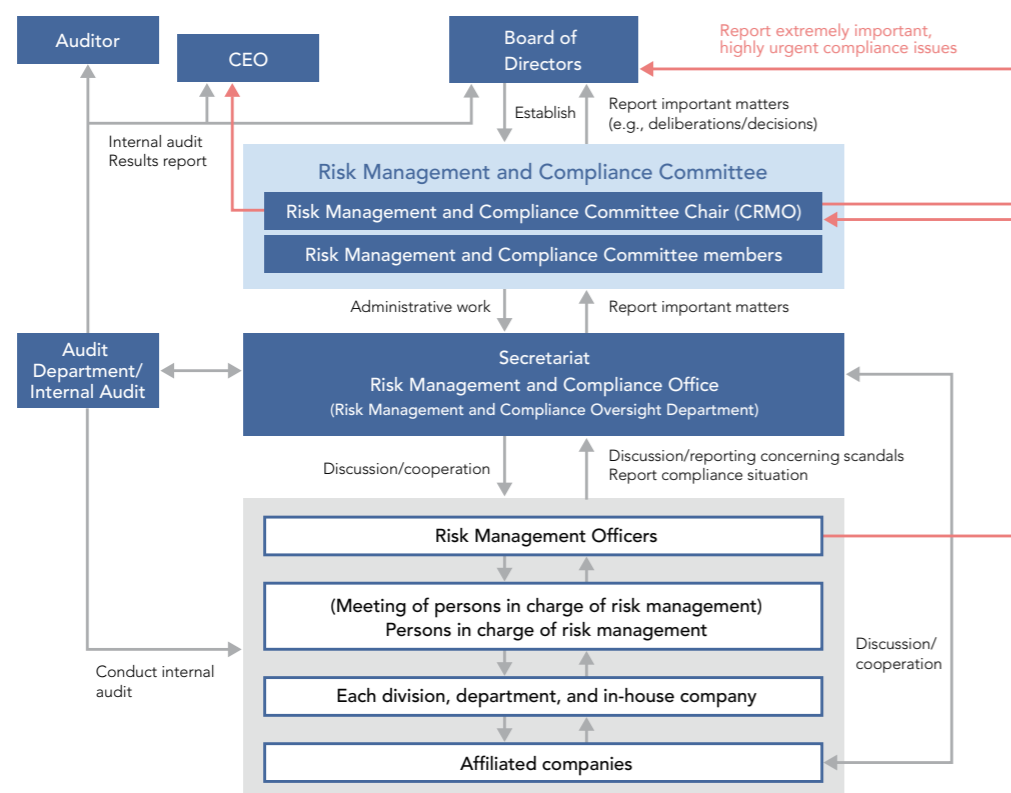
At SUBARU, compliance is positioned as one of our most important management issues in our Corporate Governance Guidelines. We instill in each employee a strong awareness that thorough group-wide compliance forms the foundation of SUBARU's management, that we must observe all laws and internal regulations relevant to our business activities, that our corporate activities must be executed in a manner that is fair and just and in conformance with general social ethics, common sense and standards, and that these principles should be reflected in their actions. We have also created and operate a compliance system/organization, and carry out activities such as providing all kinds of training for these purposes.

Management System

SUBARU has established the Risk Management and Compliance Committee, a company-wide organization designed to promote compliance. This committee deliberates, discusses, decides, and exchanges information on important matters related to risk management.

Also, each department formulates their own implementation plan (compliance program) to promote compliance every fiscal year, and moves forward with continuous, systematic independent activities.

Compliance System



Compliance Hotline

When regular and temporary employees of SUBARU and its Group companies in Japan detect a problem related to compliance in the group, they can consult with the Hotline Desk by using the Compliance Hotline.

There were 241 consultations in FYE March 2022, the details of which are outlined in the table on the next page. Through initiatives to raise awareness of this system, SUBARU has improved awareness of compliance and fostered an atmosphere where employees can consult even about trivial matters. This has resulted in an increasing trend in the number of consultations over the previous five years.

Breakdown of Compliance Hotline Consultations and Trends Over Time

(FYE March)

	2018	2019	2020	2021	2022
Workplace environment	10	13	14	7	5
Labor related	49	78	68	65	72
Interpersonal relationships, harassment	58	75	84	107	78
Other compliance-related issues (Work violations, suspicion of wrongdoing, etc.)	46	33	50	57	59
Total	163	199	216	236	214

Training

In enforcing thorough compliance, we believe that initiatives in which the entire SUBARU Group acts in concert are necessary. We conduct compliance training, training for legal affairs in practical business, and other programs for all Group employees in Japan organized by our Legal Department, Risk Management and Compliance Office, and human resource and education departments.

In particular, more than 15,000 employees have participated in video-based training programs introduced in light of work environment changes due to COVID-19, as we work to improve compliance awareness for all employees at SUBARU and its Group companies in Japan. In addition, to complement compliance enlightenment training, study groups are held at each department and affiliated company based on their compliance program, covering important laws and regulations related to their work. These include export controls, the Act on the Protection of Personal Information, the Antimonopoly Act, and the Political Funds Control Act.

Bribery Prevention

At SUBARU and its Group companies in Japan, we consider the prevention of bribery in connection to our businesses as an important issue, and work to ensure the following approach is rigorously permeated.

- Prohibition of providing, offering, or promising improper entertainment, gifts, favors, or other economic benefits to public officials or persons in similar positions, whether in Japan or abroad
- Prohibition of providing or receiving an amount in excess of socially accepted norms in dealings with business partners and customers who are not public officials or similar persons
- Prohibition of receipt of personal gain as a result of using information obtained in the course of business, establishing boundaries between public and private life

Under the monitoring system for bribery prevention, SUBARU collects information to ascertain the presence of cases that may constitute compliance violations through company-wide compliance activities, its whistleblowing system, and other channels. It also strives to use actions such as internal audit departments' business audits to detect cases early. Furthermore, SUBARU has established a system to report high-risk cases to the Risk Management and Compliance Committee and the Board of Directors, in an effort to strengthen oversight.

Tax Policy

The SUBARU Group is able to conduct its business operations thanks to support from society, and it strongly recognizes the importance of returning profits to society. The SUBARU Group considers fulfilling its tax obligations to be an essential element of this.

The SUBARU Group strives to ensure compliance with the tax laws and regulations of each country and jurisdiction, pursuant to the international rules and standards set out by international organizations, thereby fulfilling its societal obligations through appropriate tax payments, while aiming for sustainable growth through sound business activities.

For Other Compliance Information

Please refer to our website for details about Corporate Governance Guidelines and Tax Policy
<https://www.subaru.co.jp/en/csr/governance/compliance.html>

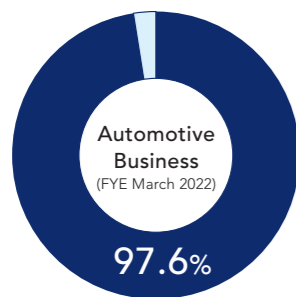
Automotive Business Unit



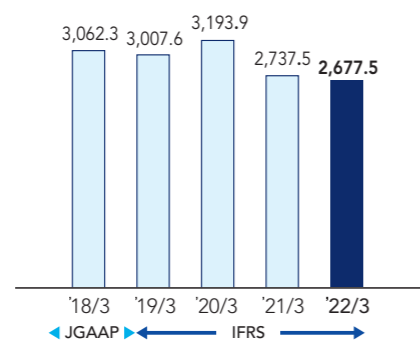
SUBARU's history as an automaker began with the launch of the SUBARU 360 in 1958. Since then, we have worked continually to provide new value in automobiles by developing new categories based on our core technologies, such as the horizontally-opposed engine and symmetrical all-wheel drive (AWD), and by creating new technological value, including EyeSight*, the world's first driver assist system. These actions have deepened our relationships with customers. In recent years, we have positioned the U.S. as an important market, with a strategy of concentrating limited management resources in fields in which we should extend our strengths and advantages, including product lineups focused on SUVs and sports models. We provide Enjoyment and Peace of Mind through high value-added products. In addition, we are working to create ever-better cars in our alliance with Toyota Motor Corporation, bringing together our mutual strengths.

* EyeSight is the first driver assist system to provide all functionality solely through the use of stereo cameras

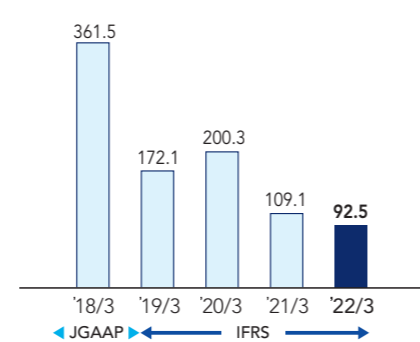
Consolidated Revenue Contribution Ratio



Revenue (Billions of yen)



Operating Profit (Billions of yen)



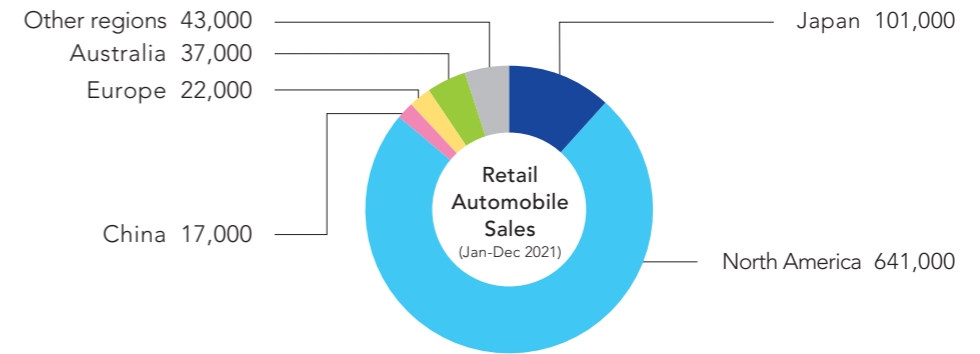
In pursuit of SUBARU's goal of zero fatal traffic accidents by 2030*, we will not only further evolve preventive, passive, and other safety performance areas, but also strengthen connected safety, building greater safety in all situations.

To contribute to a carbon-free society, we will promote the development of core technologies in areas such as battery electric and hybrid vehicles, while leveraging alliances to accelerate our initiatives toward achieving carbon neutrality.

SUBARU will continue to evolve its unique technologies, cultivate and enhance future technology in a way that adapts to changes in the times, and continue to refine the SUBARU difference to provide Enjoyment and Peace of Mind to customers around the world.

* Reducing to zero the number of fatal accidents occurring while a driver or passenger in a SUBARU vehicle and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle.

Automobile Sales by Region



Product Lineup

SOLTERRA

SUV (BEV)

Unit sales : —

Sales region : Japan, North America, Europe, China



LEVORG

Sports / Wagon

Unit sales : 26 thousand units

Sales region : Japan, Europe, Australia, and other



ASCENT

(Other markets: EVOLTIS)

SUV

Unit sales : 64 thousand units

Sales region : North America, and other



WRX

Sports / Sedan

Unit sales : 33 thousand units

Sales region : Japan, North America, Australia, and other



OUTBACK

SUV

Unit sales : 193 thousand units

Sales region : Japan, North America, Europe, Australia, China, and other



SUBARU BRZ

Sports / Coupe

Unit sales : 7 thousand units

Sales region : Japan, North America, Europe, Australia, and other



FORESTER

SUV

Unit sales : 237 thousand units

Sales region : Japan, North America, Europe, Australia, China, and other



LEGACY

Sedan

Unit sales : 25 thousand units

Sales region : North America, Australia, China, and other



CROSSTREK

SUBARU XV

SUV

Unit sales : 201 thousand units

Sales region : Japan, North America, Europe, Australia, China, and other



Photo: Prototype

IMPREZA

Wagon · Sedan

Unit sales : 56 thousand units

Sales region : Japan, North America, Europe, Australia, and other



OEM

JUSTY



STELLA



SAMBAR VAN



CHIFFON



PLEO+



SAMBAR TRUCK



Unit sales : 20 thousand units

Sales region : Japan (OEM supply from Daihatsu Motor Co., Ltd.)

Notes 1: Retail unit sales in each region for the period from January 1 to December 31, 2021.
2: Regional sales results are for the aforementioned period.

SUBARU Core Technologies

SUBARU Global Platform

Balancing a high degree of both drive quality and passive safety performance

SUBARU is sequentially introducing the SUBARU Global Platform, starting with the Impreza launched in October 2016. The vehicle platform substantially increases body and chassis rigidity and further lowers vehicle center of gravity, raising the level of Active Safety and Passive Safety and delivering responsive handling performance and a comfortable ride with reduced unpleasant vibration and noise.



SUBARU Global Platform

Symmetrical All-Wheel Drive (AWD)

Superior overall weight distribution

The combination of the low center of gravity provided by the horizontally-opposed engine and superior longitudinal-transverse weight balance achieved by placing the transmission near the center of the vehicle maximizes all-wheel drive capability and delivers superb driving performance in various conditions. SUBARU has been committed to Symmetrical AWD as a core technology that drivers can depend on in every situation from day-to-day town use to high-speed highway driving.

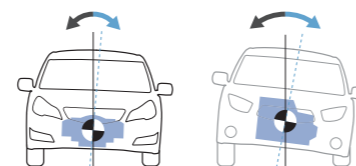


Symmetrical All-Wheel Drive

Horizontally-Opposed Engine (Boxer engine)

Compact, low center of gravity

The horizontally-opposed engine has pistons arranged symmetrically to the left and right of the crankshaft. The opposed pistons mutually cancel out engine vibrations, which reduces vibrations conveyed to the vehicle interior. The engine's low height and compact design contribute to a low vehicle center of gravity. The stable attitude provides a high sense of security during driving.



Subaru Boxer

Conventional In-Line Engine

EyeSight Driver Assist System

Stereo cameras for advanced object recognition capabilities

By using two cameras positioned on the left and right like human eyes, the EyeSight driver assist system is able to detect vehicles and pedestrians ahead of the vehicle in three dimensions and to accurately determine the distance, shape, and velocity of each object. This preventive safety technology helps avoid accidents, minimizes damage, and reduces the burden on the driver. The next-generation EyeSight system installed in the 2020 SUBARU Levorg features redesigned stereo cameras that allow for expanded visibility, as well as 360-degree sensor capabilities from the four radar units located at the front and rear of the vehicle. This system contributes to safe driving in an even wider range of situations, including intersections. In addition, the EyeSight X advanced driver assist system adopted in the new Levorg in Japan combines information from sources such as the GPS and QZSS "Michibiki" satellite systems with high-precision 3D map data, which extends driving support functions including lane change assist, slowing the vehicle before going into a curb, and hands-off driving assist in traffic congestion. We provide the latest features that reduce the burden on the driver and allow for safer, more comfortable road travel, particularly on highways, while maintaining value for money.



Stereo cameras

SUBARU Models through the Years

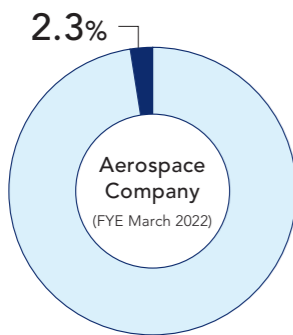
Note: our production models



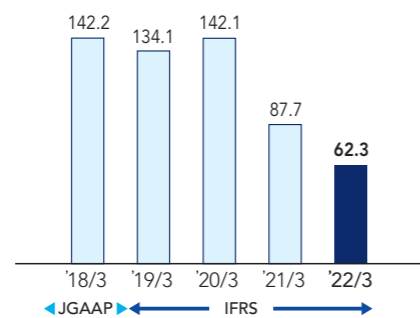
Aerospace Company

SUBARU's roots trace back to 1917 and the Aircraft Research Laboratory, later to become Nakajima Aircraft. In the defense program, we develop, manufacture, maintain, repair, and provide technical support for products such as the UH-1J and UH-2 utility helicopters used by the Japan Ground Self-Defense Force (JGSDF) for disaster relief and other purposes, the T-5 and T-7 for supporting pilot training at the Japan Maritime Self-Defense Force and the Japan Air Self-Defense Force, more than 15 models of unmanned aerial vehicles, and flight simulators. In the commercial program, we participate in many international joint development projects for Boeing. For the 777X, Boeing's large passenger airliner, we are responsible for the Center Wing and its integration with the main landing gear (MLG) wheel well, as well as MLG doors, Wing-to-Body Fairings (forward), and side-of-body sections.

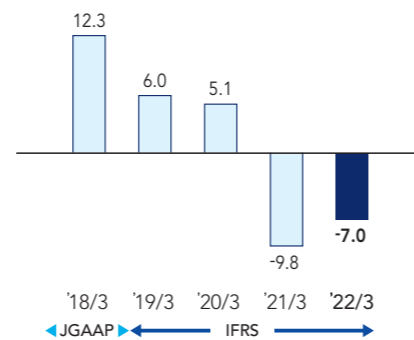
Consolidated Revenue Contribution Ratio



Revenue (Billions of yen)



Operating Profit (Billions of yen)



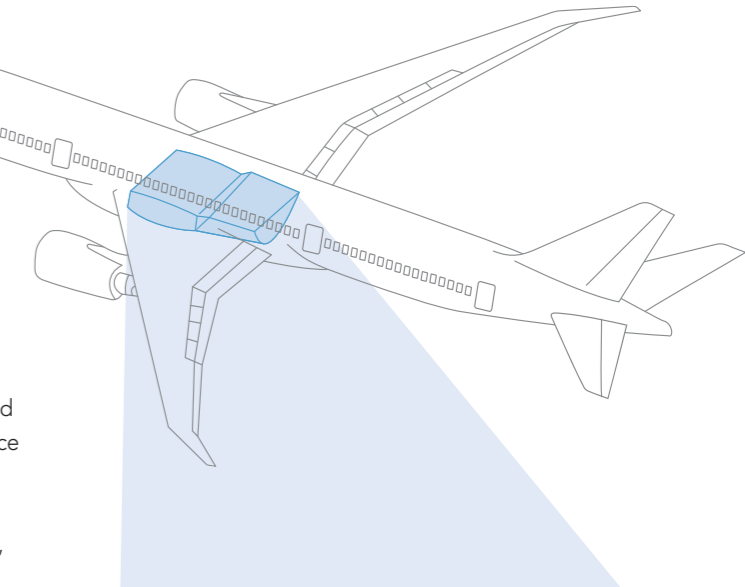
Primary Products and Services

- SUBARU BELL 412EPX • UH-2 utility helicopter • AH-64D attack helicopter • T-5 and T-7 trainers • Flying Forward Reconnaissance System
- The Center Wing Section of Boeing 787 • The Center Wing Section of Boeing 777 & 777X

We will continue to refine our original, cutting-edge technologies cultivated over our corporate history by engaging in development and production of a wide variety of aircraft. Our latest helicopter, the SUBARU BELL 412EPX (the base model for the JGSDF UH-2), was jointly developed through our alliance with U.S.-based Bell Textron. Production and sales are already underway. SUBARU is currently working to produce and deliver the UH-2 utility helicopter used by the Japan Ground Self-Defense Force (JGSDF) and its commercial version, the SUBARU BELL 412EPX. These represent a prime business for SUBARU. We are also focusing our efforts on the unmanned aerial vehicle business, which leverages SUBARU's technological strengths. Furthermore, toward the development of a mobility society, we will continue to take on greater challenges to develop into an aircraft manufacturer with a global presence, such as by participating in the New Energy and Industrial Technology Development Organization (NEDO)'s Drones and Robots for Ecologically Sustainable Societies project (DRESS project).

Overview of Center Wing Box and SUBARU's Technology

Since first participating in the Boeing passenger program in 1973, we have been involved in development and production as a key partner of Boeing for more than 40 years. SUBARU manufactures the center wing box, the critical aircraft section where the right and left wings are attached to the front and rear fuselage sections. Since the center wing box contains the fuel, it needs to be incredibly strong and watertight. For these reasons, great accuracy and advanced assembly technologies are required for its manufacture, and SUBARU is one of the few companies capable of making it. The Handa Plant, located in Aichi Prefecture and where center wing boxes are manufactured, is a global-level production center that produces these parts for the Boeing 777X as well as for the Boeing 777 large airliner, the Boeing 787 mid-size airliner, the Ministry of Defense's P-1 maritime patrol aircraft, and the C-2 transport aircraft.



A center wing box (Handa Plant)



Shoichiro Tozuka

Senior Vice President, Company
President of Aerospace Company

The Aerospace Company will contribute to the enhancement of the SUBARU brand.

We are integrating many aerospace systems for commercial transport components, military aircrafts, helicopter systems and UAV's, from R&D to manufacturing through operational support. Flight safety is critical factor for aircraft, and for many years we have fostered a culture in which quality and safety are recognized as inextricably linked and uncompromisingly pursued. This total safety concept is at the core of the SUBARU difference. In the defense program, we are working to mass produce and deliver the UH-2 utility helicopter used by the JGSDF, in the interest of making this a pillar of the Aerospace Company's business going forward. Furthermore, orders and sales are steadily growing for the SUBARU BELL 412EPX, the commercial version of the UH-2.

The commercial transport programs have continued to face difficulties due to the impact of COVID-19 and other factors, but there are signs of recovery in demand for both domestic and international routes, suggesting demand for passenger aircraft will steadily recover. In preparation for this expected leap in growth, we are taking firm action to advance our defense and helicopter programs while continuing to work with our partner companies to strengthen our business resilience.

Consolidated Ten-year Financial Summary

Subaru Corporation and its consolidated subsidiaries
Years ended March 31

J-GAAP								IFRS						
		'13/3	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	'19/3	'20/3	'21/3	'22/3		
Operating results (for the year)								Operating results (for the year)						
Net sales ^{*1}	Millions of yen	1,912,968	2,408,129	2,877,913	3,232,258	3,325,992	3,232,695	3,160,514	Revenue	Millions of yen	3,156,150	3,344,109	2,830,210	2,744,520
Cost of sales	Millions of yen	1,501,809	1,728,271	2,017,490	2,187,136	2,386,266	2,442,706	2,561,753	Cost of sales	Millions of yen	2,558,262	2,728,605	2,337,614	2,240,595
Gross profit	Millions of yen	411,159	679,858	860,423	1,045,122	939,726	789,989	598,761	Gross profit	Millions of yen	597,888	615,504	492,596	503,925
Selling, general and administrative expenses ^{*1}	Millions of yen	290,748	353,369	437,378	479,533	528,916	410,542	403,232	Selling, general and administrative expenses	Millions of yen	298,875	308,227	279,867	303,136
Operating income	Millions of yen	120,411	326,489	423,045	565,589	410,810	379,447	195,529	Operating profit	Millions of yen	181,724	210,319	102,468	90,452
Income before income taxes	Millions of yen	93,082	328,865	392,206	619,003	394,695	297,340	195,838	Profit before tax	Millions of yen	186,026	207,656	113,954	106,972
Net income attributable to owners of parent	Millions of yen	119,588	206,616	261,873	436,654	282,354	220,354	147,812	Profit for the period attributable to owners of parent	Millions of yen	141,418	152,587	76,510	70,007
Depreciation/amortization ^{*2, *3}	Millions of yen	61,544	61,486	71,821	72,938	85,653	102,102	102,749	Depreciation/amortization ^{*3}	Millions of yen	187,077	192,742	206,317	224,055
Capital expenditures ^{*3}	Millions of yen	94,986	98,537	135,346	168,338	196,616	193,789	169,960	Capital expenditures ^{*3}	Millions of yen	274,281	284,669	258,229	244,436
R&D expenses	Millions of yen	49,141	60,092	83,535	102,373	114,215	121,084	102,719	R&D expenditures	Millions of yen	102,719	118,735	101,626	113,752
Financial position (at year-end)								Financial position (at year-end)						
Net assets	Millions of yen	596,813	770,071	1,030,719	1,349,411	1,464,888	1,561,023	1,612,825	Total equity	Millions of yen	1,689,899	1,720,123	1,786,383	1,901,019
Shareholders' equity	Millions of yen	595,365	765,544	1,022,417	1,343,732	1,458,664	1,552,844	1,605,291	Equity attributable to owners of parent	Millions of yen	1,682,248	1,712,881	1,777,735	1,890,789
Total assets ^{*4}	Millions of yen	1,577,454	1,888,363	2,199,714	2,592,410	2,762,321	2,866,474	2,982,725	Total assets	Millions of yen	3,180,597	3,293,908	3,411,712	3,543,753
Ratio of shareholders' equity to total assets ^{*4}	%	37.7	40.5	46.5	51.8	52.8	54.2	53.8	Ratio of equity attributable to owners of parent to total assets	%	52.9	52.0	52.1	53.4
Cash flows								Cash flows						
Net cash provided by (used in) operating activities	Millions of yen	166,715	313,024	311,543	614,256	345,442	366,298	174,006	Net cash provided by (used in) operating activities	Millions of yen	250,732	210,134	289,376	195,651
Net cash provided by (used in) investing activities	Millions of yen	(71,370)	(33,903)	(172,780)	(255,676)	(254,252)	(150,711)	(158,327)	Net cash provided by (used in) investing activities	Millions of yen	(190,119)	(25,844)	(272,174)	(179,723)
Free cash flow	Millions of yen	95,345	279,121	138,763	358,580	91,190	215,587	15,679	Free cash flows	Millions of yen	60,613	184,290	17,202	15,928
Net cash provided by (used in) financing activities	Millions of yen	(60,766)	(63,011)	(110,546)	(126,190)	(189,044)	(170,937)	(96,617)	Net cash provided by (used in) financing activities	Millions of yen	(141,551)	(15,818)	13,966	(98,502)
Per share								Per share						
Net income (EPS)	Yen	153.23	264.76	335.57	559.54	365.77	287.40	192.78	Profit for the period attributable to owners of parent (EPS)	Yen	184.44	198.99	99.77	91.28
Net assets (BPS)	Yen	762.87	980.98	1,310.15	1,721.90	1,902.56	2,025.31	2,093.60	Equity attributable to owners of parent (BPS)	Yen	2,193.97	2,233.76	2,318.17	2,465.41
Dividends	Yen	15	53	68	144	144	144	144	Dividends	Yen	144	100	56	56
Other information								Other information						
Non-consolidated exchange rate	Yen to the U.S. dollar	82	100	108	121	108	111	111	Non-consolidated exchange rate	Yen to the U.S. dollar	111	109	106	112
Number of shares issued	Thousands of shares	782,865	782,865	782,865	782,865	769,175	769,175	769,175	Number of shares issued	Thousands of shares	769,175	769,175	769,175	769,175
Number of shareholders ^{*5}	Persons	28,890	51,386	70,942	79,594	76,471	132,570	133,879	Number of shareholders ^{*5}	Persons	133,879	145,289	142,890	147,507
Number of employees (parent only)	Persons	12,717	13,034	13,883	14,234	14,708	14,879	15,274	Number of employees (parent only)	Persons	15,274	15,806	16,478	16,961
Number of employees (consolidated)	Persons	27,509	28,545	29,774	31,151	32,599	33,544	34,200	Number of employees (consolidated)	Persons	34,200	35,034	36,070	36,910
Number of units								Number of units						
Consolidated automobile unit sales ^{*6}	Thousand units	724	825	911	958	1,065	1,067	1,000	Consolidated automobile unit sales ^{*6}	Thousand units	1,001	1,034	860	734
Vehicle unit production	Thousand units	764	813	914	951	1,056	1,050	989	Vehicle unit production	Thousand units	989	1,031	810	727
Domestic	Thousand units	583	650	708	715	721	701	617	Domestic	Thousand units	617	664	525	455
Overseas ^{*7}	Thousand units	181	164	207	236	335	349	372	Overseas ^{*7}	Thousand units	372	367	285	272

Note: The Subaru Group has voluntarily applied International Financial Reporting Standards (IFRS) since the first quarter of FYE March 2020

*1 Change of accounting policy effective from FYE March 2019 (deduction of sales incentives from net sales); retroactively applied to the figures for FYE March 2018

*2 Accompanying a change in accounting policy effective from the FYE March 2019, change of depreciation method for certain tangible fixed assets of the Company and its major domestic consolidated subsidiaries from the declining-balance method to the straight-line method

*3 Total amount of property, plant and equipment and intangible assets

*4 Partial Amendments to Accounting Standard for Tax Effect Accounting have been applied from FYE March 2019, and retrospectively applied to the figures for FYE March 2018.

*5 Number of shares per trading unit: 100 shares

*6 Automobile unit sales of Subaru Corporation and its consolidated subsidiaries

*7 U.S. production base Subaru of Indiana Automotive, Inc.



Financial Information

Please visit the SUBARU website for details about financial information.
<https://www.subaru.co.jp/en/ir/library/>

Five-year Unit Sales

Years ended March 31

Consolidated Automobile Sales by Region

	(Thousand units)				
	'18/3	'19/3	'20/3	'21/3	'22/3
Japan					
Legacy	9.3	6.1	4.7	2.6	4.9
Impreza	66.7	47.4	42.9	30.7	22.5
Forester	18.1	32.1	30.1	22.9	23.4
Levorg	21.3	13.2	11.8	20.1	15.0
WRX	8.3	7.1	8.5	2.8	0.2
Exiga	3.5	0.2	—	—	—
SUBARU BRZ	1.9	1.3	1.2	0.8	5.0
OEM	2.9	2.7	2.7	1.9	1.7
Others	0.5	0.1	—	—	—
Passenger cars	132.6	110.2	101.9	81.9	72.6
Minicars	30.9	26.0	23.9	19.9	16.8
Japan total	163.4	136.2	125.8	101.8	89.4
U.S.					
Legacy	234.4	213.9	197.2	186.3	153.1
Impreza	213.7	197.0	196.5	173.6	149.7
Forester	186.2	155.6	200.5	176.2	121.9
WRX	32.5	26.5	21.0	18.7	20.2
Ascent	—	63.1	84.6	54.9	58.8
SUBARU BRZ	4.2	3.7	1.8	2.0	2.6
U.S. total	670.9	659.7	701.6	611.6	506.3
Canada					
Legacy	14.2	13.3	13.0	9.7	11.4
Impreza	23.1	22.1	25.7	24.0	24.5
Forester	14.3	12.5	14.8	10.4	7.3
WRX	4.5	4.1	2.5	2.6	2.6
Ascent	—	4.1	4.0	2.7	2.7
SUBARU BRZ	0.7	0.7	0.4	0.3	0.6
Canada total	56.8	56.8	60.4	49.7	49.1
Europe					
Legacy	6.9	6.5	8.8	3.2	6.0
Impreza	16.6	14.9	13.2	5.9	5.9
Forester	13.2	9.1	12.7	4.3	3.1
Levorg	1.9	0.8	1.9	0.1	0.0
WRX	1.2	0.3	—	0.0	—
SUBARU BRZ	0.4	0.5	0.4	0.2	0.0
Europe total	40.2	32.1	37.0	13.7	15.0
Australia					
Legacy	13.3	10.6	8.0	7.2	9.2
Impreza	25.1	16.7	16.1	9.8	12.2
Forester	12.4	12.2	16.9	12.3	10.5
Levorg	1.1	0.3	0.3	0.2	0.1
WRX	2.8	1.5	1.3	1.5	0.8
SUBARU BRZ	0.9	0.4	0.5	0.4	0.4
Australia total	55.7	41.7	43.1	31.4	33.2

* Legacy sales figures include sales of the Outback model.

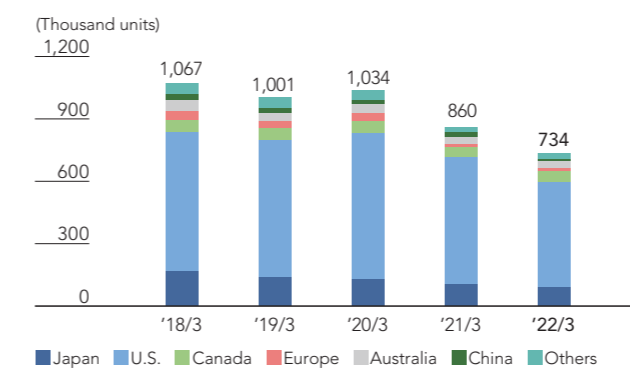
* Impreza sales figures include sales of the SUBARU XV and Crosstrek models.

	(Thousand units)				
	'18/3	'19/3	'20/3	'21/3	'22/3
China					
Legacy	5.5	3.8	2.7	4.9	3.9
Impreza	4.6	3.8	1.6	2.2	1.1
Forester	15.7	15.2	15.6	17.4	8.8
SUBARU BRZ	1.0	—	0.8	0.0	0.1
China total	26.9	22.8	20.6	24.5	13.9
Other regions					
Legacy	7.5	5.7	3.4	2.2	4.5
Impreza	23.6	20.6	16.0	9.9	10.6
Forester	19.1	22.2	23.5	14.0	10.9
Levorg	0.9	1.1	0.9	0.2	0.0
WRX	1.6	1.4	1.2	0.4	0.3
Ascent	—	—	0.0	0.7	0.5
SUBARU BRZ	0.2	0.3	0.3	0.1	0.3
Other regions total	53.0	51.4	45.3	27.5	27.2
Overseas total	903.5	864.6	908.0	758.4	644.6
Global total	1,066.9	1,000.8	1,033.9	860.2	734.1

Consolidated Automobile Sales by Model

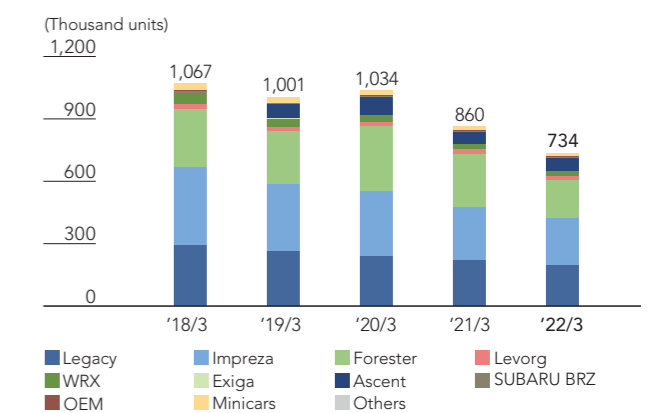
	(Thousand units)				
	'18/3	'19/3	'20/3	'21/3	'22/3
Legacy	291.2	259.9	237.8	216.1	193.0
Impreza	373.4	322.5	312.0	256.1	226.5
Forester	279.0	258.8	314.1	257.5	185.9
Levorg	25.3	15.4	15.0	20.5	15.2
WRX	51.0	41.0	34.4	26.1	24.1
Exiga	3.5	0.2	—	—	—
Ascent	—	67.2	88.6	58.3	62.1
SUBARU BRZ	9.3	6.9	5.4	3.9	8.9
OEM	2.9	2.7	2.7	1.9	1.7
Minicars	30.9	26.0	23.9	19.9	16.8
Others	0.5	0.1	—	—	—
Global total	1,066.9	1,000.8	1,033.9	860.2	734.1

Consolidated Automobile Sales by Region



*Automobile sales of Subaru Corporation and its consolidated subsidiaries

Consolidated Automobile Sales by Model





*Automobile sales of Subaru Corporation and its consolidated subsidiaries

Other Financial Information

The summary of consolidated financial results and presentation materials for results briefings are published in the Investor Relations section of the SUBARU website.
<https://www.subaru.co.jp/en/ir/>

Activities in the Six Priority Areas for CSR in Relation to SDGs

Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Vision/KPIs (FYE March 2026–FYE March 2031) Six Priority Areas for CSR	Relevant SDGs	
			FYE March 2021	FYE March 2022	FYE March 2022–FYE March 2026			
People-oriented Car Culture	Customers	Enjoyment of driving a car	Evolution of SUBARU Global Platform and Integration with Intelligent Technology (Achieving safe and enjoyable driving with peace of mind like a skilled driver)			Become a company that enriches people's lives and minds as a partner.	 9.1  11.2	
		Providing enjoyment of customization	Development of high-quality accessories matched with new models					
		Enhancing the brand image	Expansion of the lineup of high-performance, value-added items					
			Promotion of the brand strategy (SUBARU, the Beloved Brand: More than a Car Company)					
			Promotion of marketing activities that match the characteristics of each market					
			Promotion of motorsports and continuation of awareness-raising activities					
	Proposing new forms of mobility	Proposing new forms of mobility and researching technology unique to SUBARU	Technology development toward realization					
	Local communities	Disseminating car culture	Dissemination of SUBARU's manufacturing practice and its endeavors for "Enjoyment and Peace of Mind"					
		Customers	Strengthening relationships with customers	Utilizing digital technologies to strengthen relationships with customers				
				Enhancement of customer loyalty				
Continuation of customer interaction programs								
Providing products and services contributing to prosperous lifestyles								
Business partners	Coexistence and mutual prosperity with business partners	Development of a maintenance system for EVs						
		Efficient vehicle maintenance by utilizing IT and digital transformation (DX)						
Employees	Creating a safe working environment	Building of relationships with business partners with CSR surveys, awareness-raising, and from CSR perspectives						
		Enhancing and strengthening the Group's telecommuting environment						
		Reinforcement of efforts for occupational health and safety, improvement of plant environments						
		Creation of a safe and rewarding workplace environment, building of a brand that is loved by employees						
Local communities	Revitalizing relationships with local communities	Continuation of production operations and maintenance of employment at each site						
		Utilization of athletic teams, boosting of employee morale						
		Reinforcement of community exchange and partnership activities						
		Contribution and relationship-building through sporting activities						
Peace of Mind	Customers	Improving safety functions	Advancement of Advanced Driver Assistance System (ADAS)					
			Adoption of Advanced Automatic Collision Notification (AACN) system and expansion of its functions					
			Continuous enhancement of crash safety					
		Contributing to safe driving	Expanding enhanced safety functions since FYE March 2021					
			Developing autonomous flight control systems (collision avoidance technology, fault-tolerant system improvements)					
			Implementing and sustaining EyeSight test rides (awareness-raising for advanced safety technology), etc.					
	Establishing and strengthening a reliable product supply system	Establishment of a timely and efficient supply system of spare parts and accessories						
		Strengthening product supply capacity (parts center capacity increase plans/parts supply system improvements)						
	Improving inspection and maintenance quality	Promotion of accurate, high-quality inspection and maintenance						
		Global penetration of maintenance system with high and consistent quality						
Employees	Creating a safe workplace	Promotion of initiatives to produce vehicles of choice in terms of quality as well						
		Improvement of quality in all processes, from product planning to production, sales, and service						
		Placing of the highest priority on quality by implementing quality caravans and providing education for fostering quality awareness						
		Collaboration with business partners						
Local communities	Contributing to safety of local communities	Optimization of the span of management in manufacturing departments						
		Continuation and reinforcement of activities of the health and safety committees						
		Maintenance and enhancement of workplace health and safety, and promotion of a more comfortable workplace environment						
		Formulation and implementation of plans for health promotion initiatives						
Governments	Contributing to safe lives of people	Secure and create employment						
		Promotion of plant environment improvement						

Six Priority Areas	Relevant Stakeholders	Themes	Initiatives			Vision/KPIs (FYE March 2026–FYE March 2031) Six Priority Areas for CSR	Relevant SDGs
			FYE March 2021	FYE March 2022	FYE March 2022–FYE March 2026		
Diversity	Employees	Promoting active roles for female employees	Expanding the number of female managers (at least two times 2021 levels by 2025)				
			Childcare support for female employees in direct departments				
			Creating workplaces where female employees in direct departments can thrive and play an active role				
		Utilizing diverse human resources	Respecting human rights and diversity for all				
			Review of the human resources system for senior employees				
			Operation of the human resources system for senior employees				
	Business partners	Efforts in cooperation with business partners	Promotion of active roles for non-Japanese human resources				
			Examination and promotion of a workplace environment that pays due consideration to minorities in society				
			Compliance with the legally prescribed employment rate for persons with disabilities: 2.3% in and after FYE March 2021				
			Acquiring new knowledge through proactively recruiting external human resources				
Customers	Providing a wide range of products	Diverse work styles: Labor management via a new attendance management system and support for hybrid work leading to improved productivity					
		CSR surveys, awareness-raising, and stronger CSR initiatives in the supply chain with business partners					
		Enhancement of the understanding of employees, promotion of cooperation with U.S. minority organizations					
		Incorporation of feedback on diverse market needs					
Environment	Customers	Popularizing vehicles that reduce environmental impact	Expansion of the sale of EVs (including models with e-BOXER)				
			Development and sale of EVs (BEVs and SHEVs)				
			BEV development				
			Launch of SOLTERRA, global rollout and sales expansion of BEVs				
	Governments	Business to help reduce environmental impact	Establishing appropriate disposal schemes for EV batteries				
			Introduction of solar power generation for self-consumption				
			Introduction of hydroelectricity and green electricity				
			Energy conservation investment and effective utilization of facilities				
	Business partners	Environmental activities in cooperation with business partners	Continuation of conservation efforts in cooperation with governments				
			Promotion of lighter, electric, and biofuel aircraft				
Establishment and maintenance of an environmental management system							
Efficient parts storage and transportation							
Compliance	Employees/Local Communities	Protecting human rights of workers	Promotion of retailers' continuous efforts for energy saving, water quality conservation, and recycling				
			Optimization of logistics and complete knockdown (CKD) costs				
			Prevention of harassment				
	Business partners	Maintaining fair relationships	Reinforcement of security and export control initiatives				
			Compliance training				
			Promotion of compliance from the perspective of the SUBARU Group				

Note: Development of products (vehicles) is based on a premise that they are equipped with the latest technologies yet affordably priced at the same time.

Environment

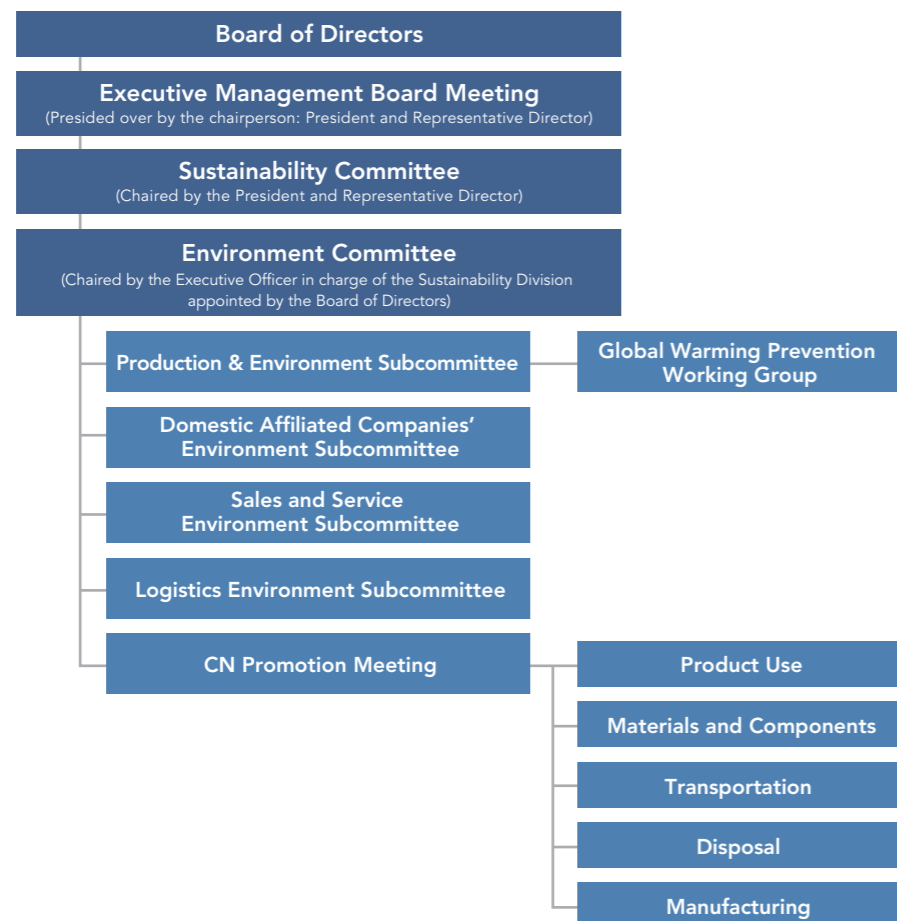
Climate Change (Disclosure in Accordance with the TCFD Recommendations)

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. Environmental risks and opportunities associated with climate change are assessed and monitored at the Environment Committee. 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 operates cross-company forums and designates departments in charge of the five areas of "product use," "materials and components," "transportation," "disposal," and "manufacturing" as of FYE March 2022. These efforts are overseen by the Environment Committee.

Governance Structure for Climate Change



Strategy

In order to pass on "the earth, the sky, and nature" to future generations, SUBARU is pursuing the manufacture of environmentally friendly automobiles. This is not only in brainstorming how to address the environment, but also how we contribute as a company to the realization of a sustainable society. SUBARU will contribute to the achievement of an enjoyable and sustainable society by working together with customers and other stakeholders, pursuing distinctiveness commensurate with the SUBARU difference and the manufacture of environmentally responsible automobiles through technological innovation.

SUBARU recognizes that climate change is one of the most critical issues as it pursues the manufacture of environmentally responsible automobiles. To address climate change-related transition risks in policy and regulation, technology, markets, and other items, dedicated departments at SUBARU identify uncertain climate change-related risks. We also formulate our own scenarios and plans for achieving our medium- to long-term goals, based on policy trends in various countries and scenario-specific information published by the International Energy Agency and others. These scenarios and plans are examined for compatibility with policies relevant to SUBARU.

Main Risks Identified

Climate-related Risks	Main Risks Identified	
Regulatory risk	Business Management in General	Revisions to climate change targets in various countries could significantly impact our overall business.
	Products	Failure to meet fuel economy regulations in various countries could result in additional costs or losses due to legal violations, or limit our opportunities to sell products.
	Production Phase	SUBARU could incur rising costs due to fossil fuel use, not only because of geopolitical factors associated with petroleum etc., but also government carbon pricing systems.
Technology risk	Products	To promote electrification, it is crucial to ensure profitability for the entire product cycle ranging from procurement and use to disposal. Thus, it is essential to involve SUBARU's upstream and downstream partners in exerting efforts toward this end. Failure to do this could render the Company unable to meet the profitability goal for the entire product life cycle.
	Production Phase	If use of renewable energy does not grow as expected, SUBARU could face slower progress in achieving its Scope 1 and 2 emissions reduction goals.
Market risk	Products	At present, it is difficult to make predictions with regard to electrification, which will likely cause a substantial gap with the real state of market needs. In such a situation, SUBARU could incur unnecessary and excessive R&D costs while facing a decline in customer satisfaction, resulting in unexpected losses and reduced sales opportunities as well as hampered advancement of the Company's electrification efforts. SUBARU views electrification as a steady medium- to long-term trend. In the event of its swift and sweeping penetration of the market at some stage, SUBARU could be unprepared for such a prospect in terms of technology and timely product lineups, and thus suffer from a resultant loss of product sales opportunities.
	Business Management in General	Failure to implement adequate initiatives to achieve zero-carbon outcomes could have an adverse impact on recruitment and sales due to damage to brand value, and higher cost of capital due to difficulties in raising funds.
Physical risk	Acute physical risk	As an impact of climate change, extreme torrential rain will frequently cause floods in various locations, which could pose risks of SUBARU's operations being affected by disrupted supply of raw materials and submerged factories.
	Chronic physical risk	There is a possibility that SUBARU might suffer from shortages of natural resources used for tires and metal resources for electrification technologies.

Main Opportunities Identified

Climate-related Opportunities	Main Opportunities Identified
Market opportunity	If SUBARU's efforts to make products more environmentally friendly and global efforts to mitigate/adapt to climate change progress adequately, the Company will be able to maintain its key markets while at the same time potentially expanding in markets receptive to its offer of "Enjoyment and Peace of Mind." In addition, contributing to mitigating climate change issues could increase its brand value, enhancing its sales and recruiting ability, as well as decrease the cost of capital due to preferential financing from investors.
Energy source opportunity	Regarding energy use during the production phase, by transitioning to renewable energy while at the same time giving due consideration to cost-effectiveness, SUBARU could overcome the risk of being exposed to price fluctuations involved in energy derived from fossil fuels, thereby preventing future cost increases.

Note: The risks and opportunities described above are based on past facts and currently available information, and may change significantly due to such factors as future economic trends and the business environment facing SUBARU. The opportunities described represent those for SUBARU's products to contribute to climate change adaptation and do not anticipate climate change-related deterioration.

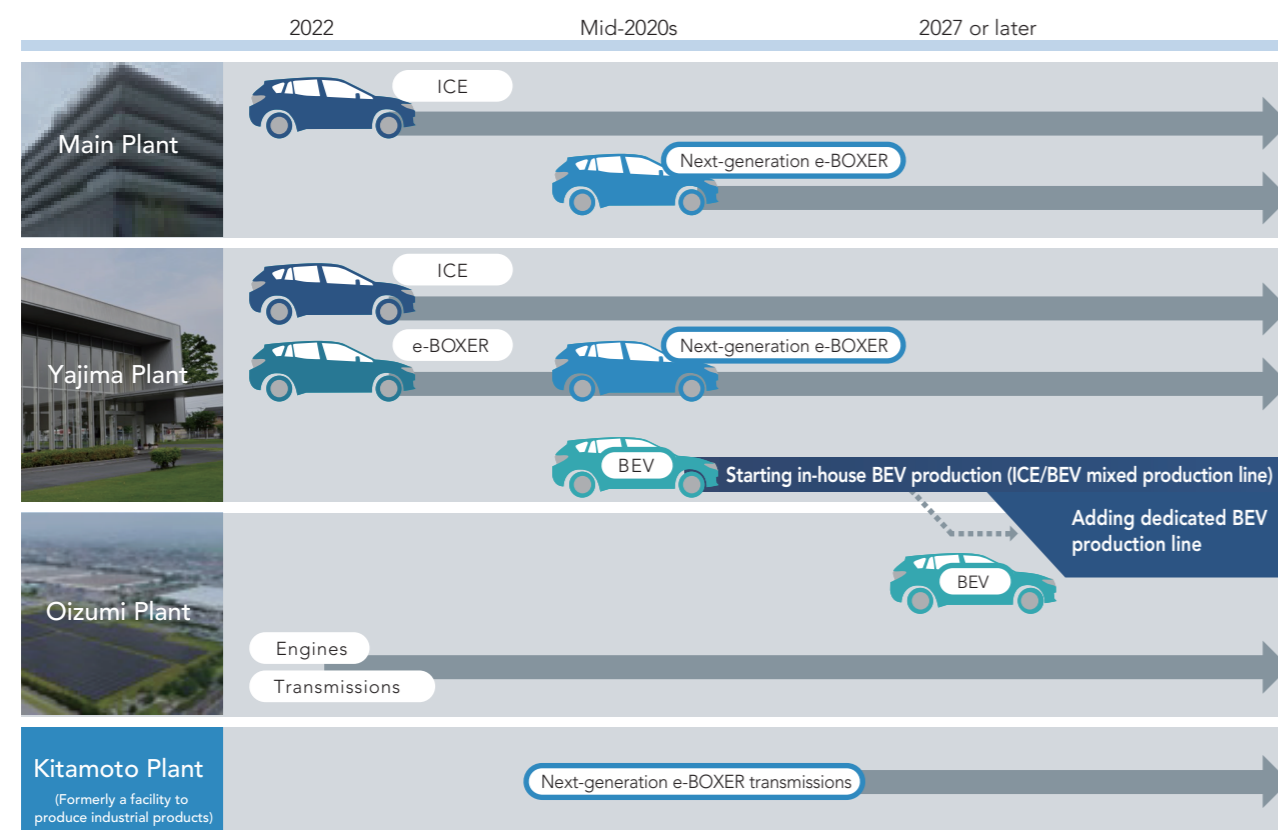
Strategic Reorganization of Domestic Production for the Expansion and Acceleration of Electrified Vehicle Development

In order to accelerate efforts in our CO₂ Reduction Roadmap, SUBARU is implementing a strategic restructuring of its domestic production system and plans to invest 250 billion yen over five years starting from FYE March 2024. As our roadmap for this production system, we are planning to launch in-house production of BEVs^{*1} with a target start date around 2025, and to increase BEV supply capacity thereafter in phases. Furthermore, we are exploring the addition of dedicated lines for BEVs in 2027 or later, and will promote the steady installation of the next-generation e-BOXER, which combines our horizontally-opposed engine with the Toyota Hybrid System, in several models. The two main goals of this reorganization of the production system are to build a flexible system that can ensure production of gasoline-powered vehicles and HVs as needed during the transition to BEVs and to achieve efficient production in the BEV business, where there are still many issues of profitability, in order to improve business potential.

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, including customer requirements and changes in preferences and values, as well as for infrastructure. This includes changes in markets and regulations toward a decarbonized society, as well as for the purpose of nurturing the relationships with customers that the SUBARU Group has treasured for some time. Based on this concept, we will continue to develop products that satisfy customers and bring them happiness. We will also continue to develop a flexible production system that incorporates the state of the market environment.

*1 BEV: Battery electric vehicle

Strategic reorganization of domestic production



Risk Management

The automotive industry is ushering in a major transformation, which only occurs once in a century. The SUBARU Group, which operates businesses globally, is aiming to enhance the resilience of its management infrastructure by ensuring the sustainability of its businesses through quickly tackling changes in world affairs. At the same time, the Group must boost its measures to minimize its human, social, and economic losses. Amid this environment, it is essential to strategically conduct risk management throughout the Group to conduct business activities. We therefore believe it is important to create a SUBARU Group that has an infrastructure that is resilient to risk to enhance our corporate value.

To address climate change-related transition risks, dedicated departments at SUBARU gather information from a wide range of sources and work to identify uncertain climate change-related risks from future projections. Such transition risks are presented and discussed at the Executive Meeting. The Executive Management Board Meeting and the Board of Directors, which are the relevant decision-making bodies, then determine measures in response.

For the physical risks associated with climate change, the Risk Management and Compliance Office plays a pivotal role in establishing regulations in response to these operational risks as part of the BCP^{*2} system. During emergencies, the office centrally collects Group-wide information, establishing a system to manage company-wide responses.

*2 Business Continuity Plan.

Metrics and Targets

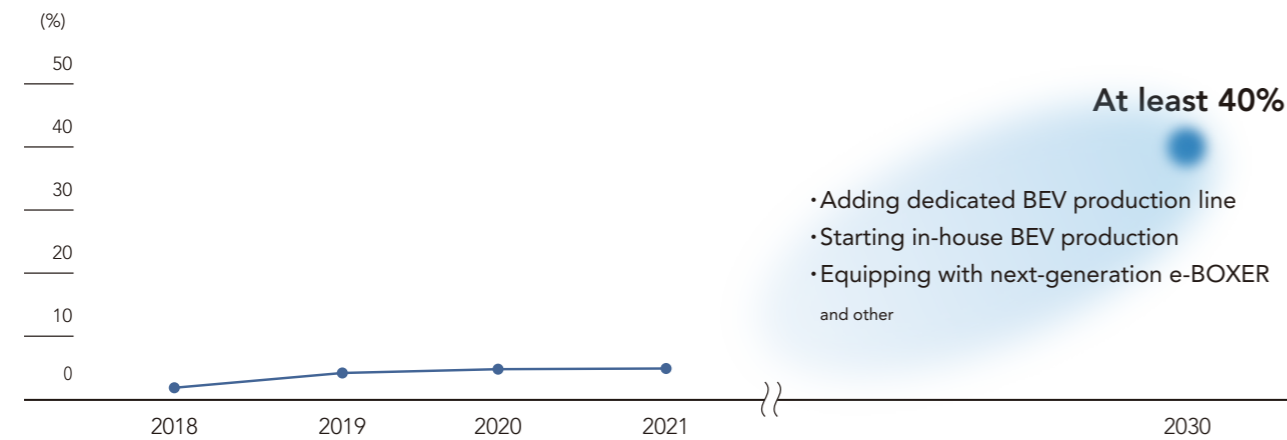
In order to contribute to a decarbonized society, SUBARU has set long-term goals (long-term vision) for 2050 and medium-term goals (milestones) for around 2030, regarding the product (Scope 3) and production phases (Scope 1 and 2).

Category	Target Year	Goal
Products (Scope 3)	2050	Reduce average well-to-wheel ^{*3} CO ₂ emissions from new vehicles (in operation) by 90% or more compared to 2010 levels ^{*4}
	Early 2030s	Apply electrification technologies ^{*6} to all SUBARU vehicles ^{*5} produced and sold worldwide
	Up to 2030	Make at least 40% of SUBARU global sales EVs or HEVs
Plants and offices (Scope 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)

*3 Well-to-wheel: Approach to calculating CO₂ emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles.
 *4 Reduce total CO₂ emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more relative to the 2010 levels in 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.
 *5 Including material, chemical, and plastic recycling.
 *6 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

SUBARU is naturally working to improve the fuel efficiency of gasoline-powered vehicles while turning its attention to expanding its lineup of EV models, especially the development and supply of BEVs. We believe it will be especially important to steadily promote the expansion of the above initiatives in order to reduce the amount of CO₂ emitted from automobiles. The percentage of SUBARU's EVs as a share of global sales in FYE March 2022 was 4.9%. However, we will strengthen our earnings base in the BEV era by strengthening our supply capacity for EVs, including the start of in-house BEV production in the mid-2020s in conjunction with the reorganization of our domestic production system, the launch of the next-generation e-BOXER, and the addition of dedicated BEV production lines in the late 2020s. As we do this, we will work to ensure a high level of financial soundness, taking actions in a sustainable structure toward the achievement of our goal of making at least 40% of SUBARU global sales EVs or HEVs.

Results and future plan of percentage of EVs sold (retail sales basis)



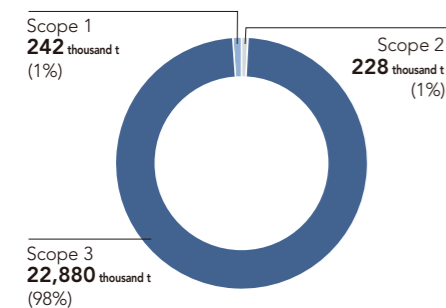
The majority of the SUBARU Group's CO₂ emissions come from the use of the products it sells, and the SUBARU Group's direct CO₂ emissions (Scope 1 and 2) constitute a marginal portion of total emissions when including Scope 3. However, we believe that making proactive efforts to diminish direct emissions will encourage the entire SUBARU value chain to work as a team and in greater earnest. Therefore, we are reducing our CO₂ emissions by using renewable energy and upgrading to highly efficient machinery and equipment with the aim of achieving carbon neutrality in 2050.

Scope 1: Direct emissions of greenhouse gases from a company's own facilities.

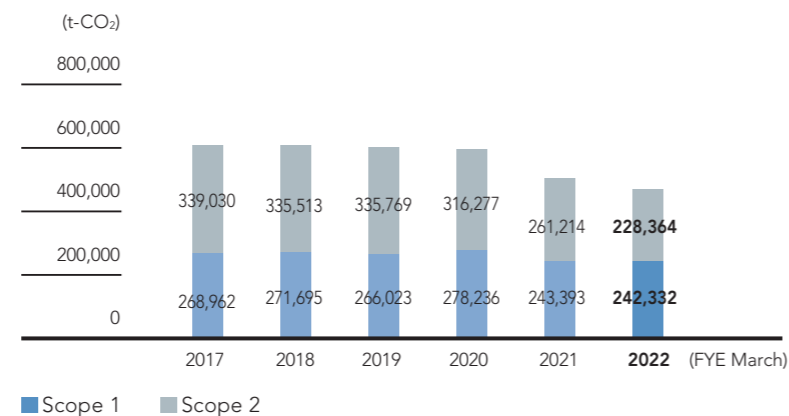
Scope 2: Indirect emissions of greenhouse gases from the use of purchased or acquired electricity, heat, and/or steam supplied by another company.

Scope 3: All indirect emissions other than Scope 1 and 2 emissions, including those arising from the procurement of raw materials, transport, product use, and the disposal process, as well as arising from employee commuting, business travel, etc.

CO₂ Emissions in FYE March 2022 (Scope 1, 2, and 3)



CO₂ Emissions (Scope 1 and 2)



Scope:

SUBARU: SUBARU CORPORATION

Group companies in Japan: 52 domestic consolidated subsidiaries (including 33 SUBARU domestic dealerships that are consolidated subsidiaries)

Group companies overseas: Subaru of Indiana Automotive, Inc., Subaru of America, Inc., Subaru of Canada, Inc., Subaru Research & Development, Inc.

SUBARU calculates CO₂ emissions within Japan based on the Act on Promotion of Global Warming Countermeasures. However, emission factors for electricity at Group companies overseas are based on the most recent country-specific CO₂ emission intensities for all power sources published annually by the International Energy Agency (IEA), while emission factors for fuel at Group companies overseas are based on CO₂ emission intensities published by the U.S. Environmental Protection Agency (EPA).

CO₂ Emissions (Scope 3)

Category	Greenhouse Gas Emissions (t-CO ₂)			
	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022
1 Purchased goods and services	1,703,682	1,992,046	1,583,247	1,430,501
2 Capital goods	372,211	413,287	282,713	260,566
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	103,210	104,910	93,107	90,913
4 Transport and delivery (upstream)	658,268	737,817	601,167	506,604
5 Waste generated in operations	31,984	32,095	26,446	24,888
6 Business travel	4,446	4,554	4,689	4,798
7 Employee commuting	13,506	13,835	14,245	14,576
8 Leased assets (upstream)	N/A	N/A	N/A	N/A
9 Transportation, distribution, and sales (downstream)	13,283	6,049	3,893	4,750
10 Processing of sold products	N/A	N/A	N/A	N/A
11 Use of sold products	29,079,531	29,734,816	23,916,219	20,126,944
12 End-of-life treatment of sold products	556,139	575,107	484,440	413,368
13 Leased assets (downstream)	2,394	2,463	1,998	2,065
14 Franchises	N/A	N/A	N/A	N/A
15 Investments	N/A	N/A	N/A	N/A

Source: The calculation method for SUBARU Scope 3 emissions has been revised in reference to the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.3 (December 2017) by the Ministry of the Environment and the Ministry of Economy, Trade and Industry; Database on Emissions Unit Values for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain Ver. 3.0 (March 2020) by the Ministry of the Environment and SUBARU's life cycle assessment (LCA) calculation standards.

For other environmental data, please visit:
<https://www.subaru.co.jp/en/csr/environment/>

Human Resources

Training Programs

SUBARU offers a wide range of learning opportunities so that all employees can develop their skills in accordance with their career plans and levels. In order to support employee career development, we introduced new programs in FYE March 2022, establishing a system and environment so that we, as a company, support the growth of the individual.

Structure of Training Programs

	Sharing Philosophy ^{*1}	Career Training ^{*1} Career Support ^{*1}	Business Skill Development Support ^{*1}	Globally Focused Talent Development	Managerial Talent Development	Rank-specific Programs	Self-development Support
Manager Class		Career management training	Business skill development support programs	Mindset/Communication/Language skills	Programs for selected staff	Newly appointed personnel training	Training at each business site/Official certification support
Mid-level/Regular Employees	Philosophy sharing program	Age-specific career training					
New Hires	New employee training (after starting official employment)						
	New employee training (before starting official employment)						

*1 New

· Total participants (FYE March 2022): 27,348 · Total training hours: 128,554 · Average training hours per employee: 6.5

Note: Self-development support and new employee training (before starting official employment) are not included in the total number of participants or training hours.

Diversity Management

The Diversity Promotion Office of SUBARU's Human Resources Department leads efforts in relation to diversity. The office has designated "supporting female employees to take on more active roles," "promoting the employment of people with disabilities," "promoting the reemployment of post-retirement age workers," and "promoting the recruitment of non-Japanese workers" as priority themes. Among them, SUBARU has placed particular emphasis on efforts to support and empower female employees.

Promoting active roles for female employees

Status of Female Employees (Non-consolidated)

	FYE March 2022	
Proportion of female employees	7.3%	
Proportion of female managers	2.2%	
(Breakdown)	General managers and equivalent positions	1.2%
	Managers and equivalent positions	2.4%

Reemployment of Retirees

Reemployment Rate (Non-consolidated)

FYE March	Retirees (Persons)	Applicants for Reemployment (Persons)	Reemployed (Persons)	Reemployment Rate (%)
2018	108	83	83 (21) ^{*3}	100
2019	107	86	86 (27)	100
2020	164	130	130 (40)	100
2021	97	72	72 (19)	100
2022	130	111	87 (24)	100

*3 Figures within parentheses indicate the number of rehired employees at Group companies.

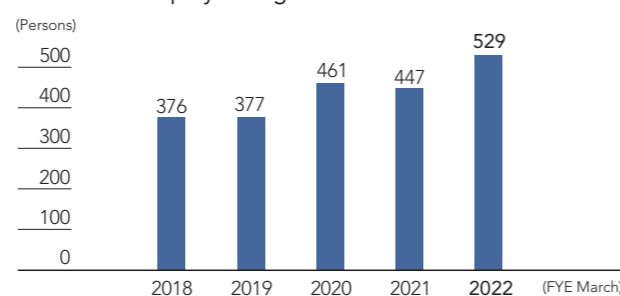
Employment of People with Disabilities

Status of People with Disabilities

	April 2018	April 2019	April 2020	April 2021	April 2022
Number of employees with disabilities (Persons) ^{*2}	269	280	291	306	318
Employment rate of people with disabilities (%)	2.28	2.30	2.30	2.36	2.39

*2 According to the method of calculation specified in the Act on Employment Promotion, etc. of Persons with Disabilities, one person with severe disabilities is counted as two persons with disabilities.

Number of Employees Aged 60 and Older



Work Style Reform

As a precondition to making our customers happy, the SUBARU Group believes it is vital to provide employees with workplaces where they can work with vigor and peace of mind and demonstrate their abilities to the fullest. In order to help diverse employees maintain their work-life balance, we are diversifying work style options and expanding the relevant systems.

Moreover, our affiliated companies in Japan and abroad are fostering initiatives suitable for local business conditions and regional characteristics.

SUBARU's response to the Act on the Arrangement of Related Acts to Promote Work Style Reform^{*4}

Item	Details
Accurate calculation of employees' working hours	In July 2018, introduced a company-wide attendance management system for the central management of all electromagnetic records (computer log times and building entry/exit times) for the accurate calculation of employees' working hours.
Encouraging employees to take at least five paid days off per year	In FYE March 2020, began implementing measures for all employees, including an initiative to encourage employees who are newly entitled to take 10 or more paid days off to take at least five days off within seven months after the entitlement. Also established operational rules to ensure that all employees can take at least five paid days off per year.
Imposing an upper limit on overtime working hours	Has been limiting the number of overtime work hours to 590 hours and below annually and to 79 hours and below monthly, setting the criteria stricter than those stipulated by law.
Raising the premium pay rate for overtime work exceeding 60 hours per month	Has been implementing necessary measures since FYE March 2011.
Equal pay for equal work	Began reviewing the amount of allowances granted to non-regular employees in FYE March 2021.
Work-from-home system	Conducted a test implementation starting in FYE March 2021, with full rollout to all sites beginning in FYE March 2022.
Abolishing mandatory core hours in the flex-time system	Full rollout to all sites beginning in FYE March 2022.

*4 This law was enacted in June 2018 to revise the labor-related laws to foster work style reform.

Paid Leave

Annual Paid Leave Utilization Rate^{*5} (Non-consolidated)

	2018	2019	2020	2021	2022
Encourage employees at each site to take leave every month	86.2	85.7	86.4	95.4	88.7

*5 Percentage of the number of days off taken by employees of the total number of annual paid days off granted to them.

Number of Employees Who Took Long-term Care Leave

Number of Employees Who Took Long-term Care Leave (Non-consolidated)

	2018	2019	2020	2021	2022
System for employees to take care of a family member in need of long-term care	5	9	30	3	4

Childcare leave system

SUBARU has traditionally allowed employees, regardless of gender, to extend their childcare leave period to the end of the first April after the child becomes two years old, with the option of taking leave in installments during this period.

In addition, we publish the Maternity and Childcare Leave Handbook as well as videos and materials on revisions to Japan's Childcare and Family Care Leave Act, which is to be revised sequentially from FYE March 2023. These are made available to help not only employees taking childcare leave but also so managers can understand the situation, and to help encourage employees to take leave.

In the first half of FYE March 2023, 94 male employees have already taken childcare leave, with the average number of days taken being 66. This shows that the awareness of male employees balancing work and childcare, and of the promotion of active roles for female employees, is increasing.

Number of Employees Who Took Childcare Leave

		2018	2019	2020	2021	2022
System for employees to take leave for childcare	Number of employees who took leave					
	Male	10	21	42	65	95
	Female	88	80	80	93	104
	Total	98	101	122	158	199
Rate of employees who returned to work (%)	Male	100	100	100	100	100
	Female	100	97.5	95	100	98
	Male	83.3	100	85	97	92
	Female	97.2	90	95	93	95

Average number of days off taken by male employees under the childcare leave system: 36 days
Largest number of days off taken by a male employee: 364 days

Special childcare leave taken by employees (Non-consolidated)
Number of employees who took leave (up to five days): 563 persons
Average number of days off taken under the system: 3.2 days
Rate of employees who took special childcare leave or childcare leave (excluding annual paid days off): 89.5%

For other employee data, please visit:

<https://www.subaru.co.jp/en/csr/social/resources/data.html>

Global Network

Global Network

Main Overseas Business Sites



Main Domestic Business Sites

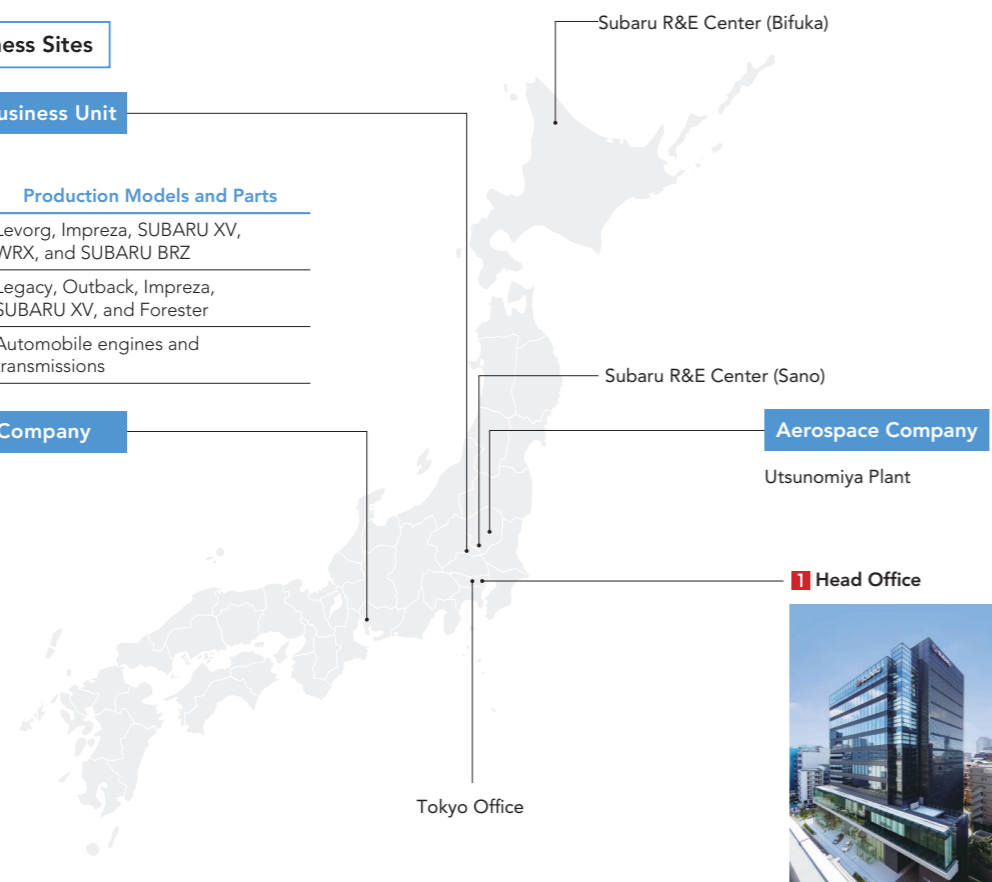
Automotive Business Unit

Gunma Plant

Plant	Production Models and Parts
Main Plant	Levorg, Impreza, SUBARU XV, WRX, and SUBARU BRZ
Yajima Plant	Legacy, Outback, Impreza, SUBARU XV, and Forester
Oizumi Plant	Automobile engines and transmissions

Aerospace Company

Handa Plant
Handa West Plant



History of the SUBARU Group

The SUBARU group, which can trace some of its roots to Aircraft Research Laboratory, has continuously nurtured highly creative technologies and increased corporate value by enhancing the SUBARU brand to respond to major changes in the times.

1917	Establishment of Aircraft Research Laboratory	1993	Start of operation of the Handa Plant
1931	Establishment of Nakajima Aircraft Co., Ltd.	1999	Capital and business alliance with General Motors Corporation (GM) (U.S.)
1945	Change of company name from Nakajima Aircraft to Fuji Sangyo	1999	Business alliance with Suzuki Motor Corporation
		2000	Dissolution of the business alliance with Nissan Motor Co., Ltd.
	1946 Production of the first Rabbit Scooter	2002	Dissolution of the SIA joint venture with Isuzu Motors Ltd. and formal signing of a contract production agreement
		2003	The Legacy wins the 2003–2004 Car of the Year Japan award
		2003	Subaru of Indiana Automotive, Inc. (SIA) made a wholly owned subsidiary
1953	Establishment of Fuji Heavy Industries Ltd. Start of aircraft production and automobile development	2005	Participation in the Boeing 787 program Delivery of main wings for next-generation transport aircraft and next-generation fixed-wing patrol aircraft
1960	Opening of the Gunma Main Plant	2005	Dissolution of the alliance with GM, agreement to enter into a business alliance with Toyota Motor Corporation
1960	Listing of shares on the Tokyo Stock Exchange	2007	Start of production of Toyota cars (Camry) at SIA
1966	Signing of a business alliance agreement with Isuzu Motors Ltd.	2012	Start of knockdown production of the SUBARU XV in Malaysia
1968	Establishment of Subaru of America, Inc. (SOA)	2012	Termination of production of mini-vehicles and shift to marketing on an OEM basis
1968	Dissolution of the business alliance with Isuzu Motors Ltd.	2014	Signing of an agreement to participate in a project to develop and mass produce the Boeing 777X
1968	Signing of a business alliance agreement with Nissan Motor Co., Ltd.	2016	Termination of contract production of the Toyota Camry at SIA Transfer of production of Impreza vehicles for North America to SIA
1968	Start of exports of Robin engines for snowmobiles to Polaris (U.S.)	2016	All-new Impreza Sport/G4 wins the 2016–2017 Car of the Year Japan award
1969	Start of operation of the Yajima Plant	2017	Change of company name to Subaru Corporation
1972	Release of the Leone 4WD Estate Van, the world's first mass-production 4WD passenger vehicle	2017	Termination of production and sales of Subaru general-purpose engines and generators
1978	Conclusion of a 767 business agreement with Boeing	2018	Introduction of the SUBARU BELL 412EPX helicopter
1983	Start of full-scale operation of the Oizumi Plant	2019	Agreement on the further developing and strengthening of Subaru's long-term partnership with Toyota Motor Corporation under a new business and capital alliance
1987	Release of the Justy model equipped with the world's first electro-continuously variable transmission (ECVT)	2020	The new Levorg wins the 2020–2021 Car of the Year Japan award
1987	Establishment of Subaru-Isuzu Automotive, Inc. (SIA) in the U.S. in a joint venture with Isuzu Motors Ltd.		
1989	Establishment of Subaru Canada, Inc. (SCI)		
1989	Completion of Subaru Research & Testing Center (SKC)		
1990	Subaru of America (SOA) made a wholly owned subsidiary		
1991	Participation in the Boeing 777 program		

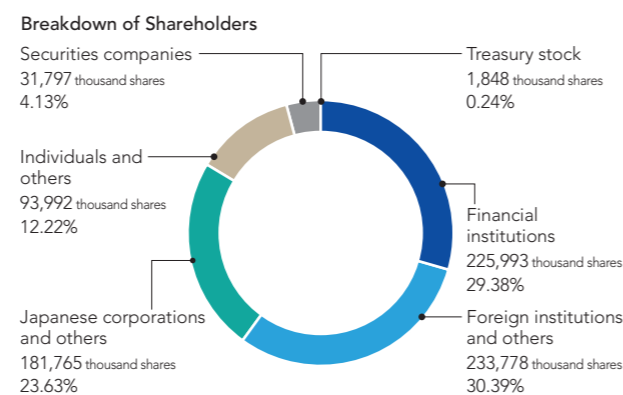
Corporate Data

Corporate Data (As of March 31, 2022)

Company Name	SUBARU CORPORATION	Head Office	Ebisu Subaru Bldg. 1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan
Established	July 15, 1953	Number of Affiliates	94 (86 subsidiaries, 7 affiliated companies, and 1 other affiliated company)
Paid-In Capital	¥153,795 million	Number of Employees	16,961 (consolidated: 36,910) (excluding executive officers, advisors and transferred employees)
Fiscal Year-End	March 31	Website	Corporate website: https://www.subaru.co.jp/en/
Accounting Auditors	KPMG AZSA LLC	Addresses	Investor information website: https://www.subaru.co.jp/en/ir/
Main Businesses	Automotive: The manufacture, sale, and repair of passenger cars and their components Aerospace: The manufacture, sale, and repair of airplanes, aerospace-related machinery, and their components		

Stock Information (As of March 31, 2022)

Common Stock Authorized	1,500,000,000 shares
Common Stock Issued	769,175,873 shares
Number of Shareholders	147,507
Number of Shares per Trading Unit	100 shares
Stock Exchange Listing	Tokyo Stock Exchange (Prime Market)
Securities Code	7270
Transfer Agent and Account Management Institution of Special Accounts	Mizuho Trust & Banking Co., Ltd. 3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8241, Japan Tel: 0120-288-324 (toll free)



Note: Number of shares held are rounded down to the nearest thousand shares

Major Shareholders

Name		Number of Shares Held (in thousands)	Percentage of Total Shares Held
Toyota Motor Corporation	1 Toyota-Cho, Toyota City, Aichi Prefecture, Japan	153,600	20.02
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo, Japan	112,370	14.64
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	37,844	4.93
BNYM TREATY DTT 15	240 GREENWICH STREET, NEW YORK, NY 10286 U.S.A.	16,759	2.18
MIZUHO SECURITIES ASIA LIMITED-CLIENT A/C	12TH FLOOR, CHATER HOUSE, 8 CONNAUGHT ROAD, CENTRAL, HONG KONG	10,165	1.32
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	10,136	1.32
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	10,078	1.31
JPMorgan Securities Japan Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	8,841	1.15
STATE STREET BANK AND TRUST COMPANY 505103	P.O. BOX 351, BOSTON, MA 02101 U.S.A.	8,651	1.13
Sompo Japan Insurance Inc.	1-26-1 Nishishinjuku, Shinjuku-ku, Tokyo, Japan	8,267	1.08

Note 1: Number of shares held are rounded down to the nearest thousand shares

Note 2: The percentage of total shares held is calculated based on the number of shares excluding treasury stock of 1,848,102 shares



SUBARU CORPORATION

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