



# INTEGRATED REPORT 2023





## 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" was inspired by the very happiness we perceived in our customers' behavior and feedback, which we cherish in the deep relationships we have with them. 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.

We have collected feedback from SUBARU owners submitted via our SUBARU Group websites. It is our hope to continue satisfying the expectations of SUBARU owners who have chosen and cherished our vehicles.

 [Why, SUBARU? \(in Japanese only\)](https://www.subaru.jp/whysubaru/)  
(Left page)

 [Dear Subaru,](https://www.subaru.com/owners/dear-subaru.html)  
(Right page)

Some messages have been translated from Japanese to English.

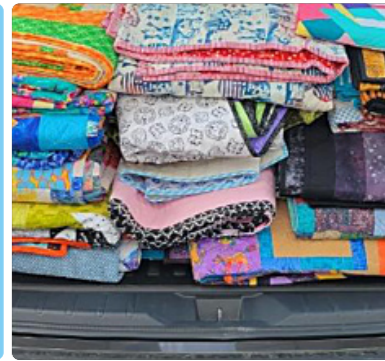
I love my Subaru Forester! Her name is Betty Too. We just took her on a 3500 mile road trip. Looking forward to many more adventures!



My drive for adventure while also remembering to slow down to enjoy the simple things. This is exactly what my Subaru allows me to do.



Thanks for making the perfect spring break road trip adventure vehicle!



I can't even begin to express how much I LOVE this vehicle! Not only has this been a fun trip, but knowing we are safe in this vehicle makes it even better.



Our local quilt guild, made over 100 quilts for a summer camp for kids going thru cancer.

"What color do you think looks good for a Forester? Any options you like?" Since Mom called me that day giddy with excitement, the Forester has been part of our family, protecting my parents.



Even though we've only had it for a year, our SUBARU is such an essential companion for my wife and I, taking us to all kinds of places. A little time free, and boom! We're off. We'd love for our kids to experience this kind of enjoyment too one day.



Seamus and Bettie know safety, comfort and style when they see it!



Our SUBARU has made every day so special, and holds a lot of memories for us. We've just hit 100,000 kilometers, and I'm looking forward to taking good care of my SUBARU and exploring together in the kilometers beyond!



For our wedding anniversary, I took my wife out for a break from everyday life. We got in our SUBARU and drove toward the ocean, out on the horizon, eating locally-caught seafood and enjoying a long walk on the beach. I'm already planning our next special trip together.



My Legacy started on the first try not missing a beat!! I love feeling safe in my Subaru with whatever Wyoming weather throws at me!! Thanks Subaru!



Vacations are so much more now with our XV. Our old car didn't have as much storage space, and we couldn't camp out of the car like we do now, or take our bicycles on the road while traveling.

I used to be more of an indoor type, but now I'm out every weekend doing what I love most—being in nature with my car. It's been the best thing for making my life more enriched.



The outback is great in the snow and off road. Our 2 rescues love the car too!

## On Publication

The automotive industry is confronting a once-in-a-century transformation, and the business environment surrounding our operations has experienced substantial and non-linearly changes in recent times. The SUBARU Group, with a global market share of approximately 1%, is not considered a large-scale company within the automotive industry. Nevertheless, rooted in its origins as an aircraft manufacturer and driven by a dedication to the human-oriented approach to Monozukuri (Manufacturing), the SUBARU Group aims to capitalize on its agility and flexible approach as a nimble team of craftsmen made possible by its corporate size. Our objective is to achieve sustainable growth by lead the company's efforts in "Monozukuri Innovation" and "Value Creation."

Regardless of the business environment, the SUBARU Group's enduring vision is "Delivering happiness to all" and provide value in the form of "Enjoyment and Peace of Mind." To enrich people's lives and minds, we aim to evolve what it means to provide "Enjoyment and Peace of Mind" in all our business activities, not only in our products, and seek empathy from our customers, retailers, local communities and all other stakeholders. By doing so, we strive for the sustainable growth of the SUBARU Group and the realization of a enjoyable and sustainable society. In order for a broad set of stakeholders, including shareholders and investors, to better understand the SUBARU Group's approach, strengths, and business models that underlie these initiatives, we endeavor to provide the integrated disclosure of financial and non-financial information in compiling our Integrated Report.

### Vision, Value statement, Corporate statement



In this Integrated Report 2023, we begin by featuring our policies under the new management structure announced in August 2023 with an explanation of key initiatives and a message from the CEO. We have also enhanced the disclosure of our value creation story by highlighting the past strategies of the SUBARU Group and the progress of specific actions in the Six Priority Areas for CSR, while introducing employees working on the frontline. We will continue to utilize this report as one of our tools for communicating with stakeholders, further enhancing our information disclosure going forward.

### 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, 2022–March 31, 2023

\* 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 International Integrated Reporting Council (IIRC)'s International Integrated Reporting Framework

### 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.

### Production Process

We began issuing our Integrated Report in FYE March 2022, and are consistently striving for improvements in the annual publication.

1. After issuing our Integrated Report, we actively seek candid feedback from both internal and external stakeholders, with a particular focus on institutional investors. We also submit our report for evaluation by an outside organization.
2. Considering the feedback and evaluation, the secretariat develops the editorial policy for the upcoming fiscal year and seeks approval from the Sustainability Committee, which is composed of all executive officers.
3. Each department then collaborates with the secretariat to compile the report based on the approved strategy.
4. After compilation, the report is presented to the Sustainability Committee and the content is verified by the executive officers of each department before publication.

## Contents

03 Contents/Reporting System

### Value Creation Story

04 At a Glance

06 Message from the CEO

12 New Management Structure Policies

18 SUBARU's History of Value Creation

20 Value Creation Process

22 The SUBARU Group's Unique Business Model

### Commentary on Strategy

28 Initiatives to Achieve Our Goal of Zero Fatal Traffic Accidents in 2030

32 SUBARU's Idea for a Digital Transformation Strategy

34 Message from the CFO

36 Quality Enhancement

40 Cultivating Human Resources

46 Six Priority Areas for CSR

50 Environment ~Climate change~

56 Risk Management

### Foundations Supporting Value Creation

58 Respect for Human Rights

59 Corporate Governance

61 Message from the Chairman of the Board of Directors

62 Directors, Auditors, and Executive Officers

68 Message from Outside Directors

76 Compliance

### Corporate Data

78 Business Overview

84 Previous Mid-term Management Vision

86 Consolidated Ten-year Financial Summary

88 Five-year Unit Sales

90 Corporate Data

### Reporting System

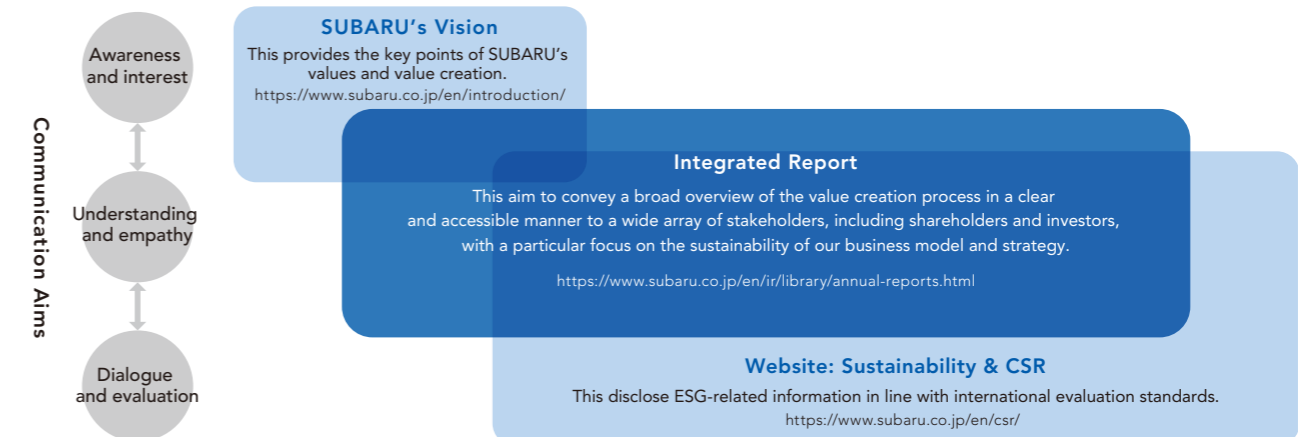
The SUBARU Group discloses various information to engage in communication with all stakeholders. In addition to this report, information can be obtained from the introductory content on our website, which provides an overview of the SUBARU Group's values and value creation, as well as from the Sustainability & CSR section of our website, where ESG-related information is comprehensively disclosed in accordance with international evaluation standards.

### Scope of Our Value Creation Story

Philosophy of Value Creation

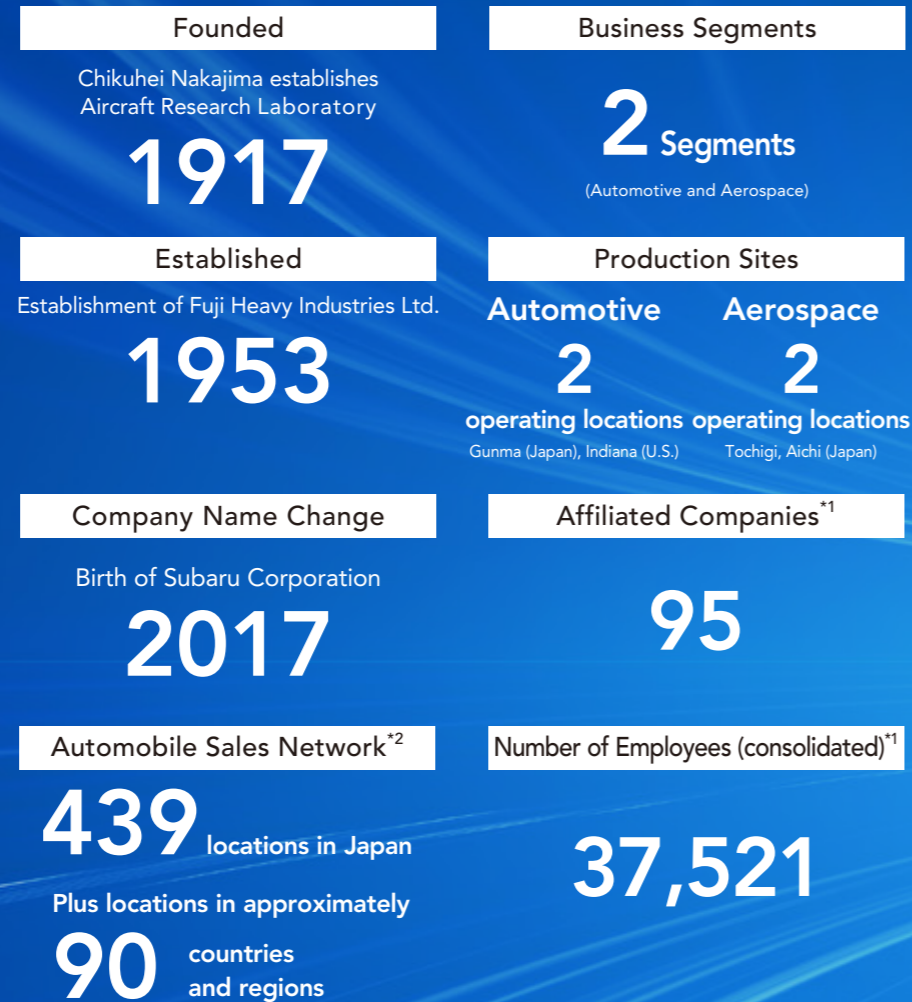
Strategy and Approach to Value Creation

Specific Initiatives for Value Creation



## At a Glance

### Our Path to Today



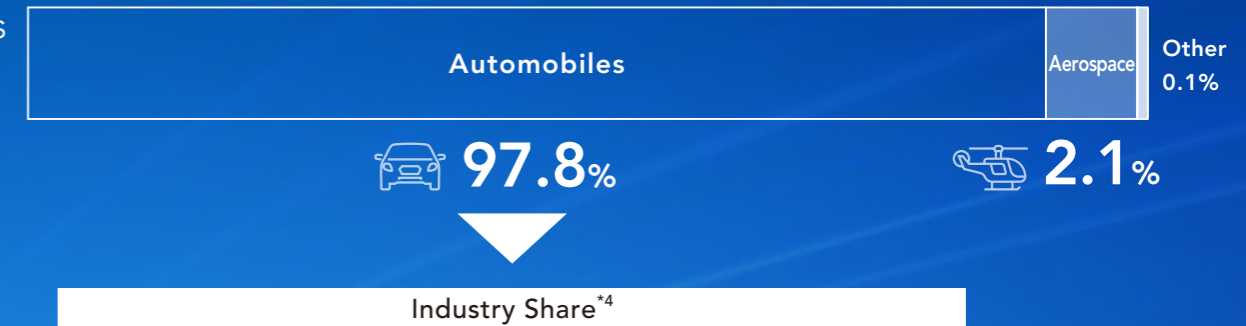
### Performance and Financial Soundness



<sup>\*1</sup> As of March 31, 2023  
<sup>\*2</sup> As of April 1, 2023  
<sup>\*3</sup> Figures for FYE March 2023

### Businesses

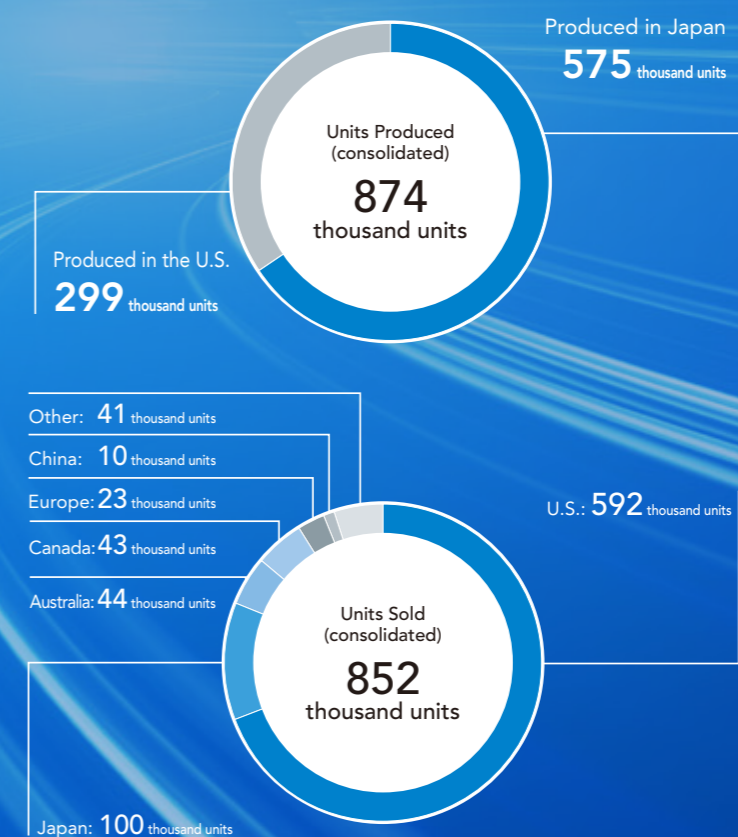
#### Composition of Sales



#### Industry Share<sup>\*4</sup>



#### Ratio by Region<sup>\*3</sup>



#### Automobile Category



<sup>\*4</sup> For 2022 (calendar year)

<sup>\*5</sup> Based on sales data from 2018 to 2022 (calendar years). Excludes OEM vehicles from other companies.

## Message from the CEO

In the age of the electrification, we will pursue the SUBARU-ness through “Monozukuri Innovation” and “Value Creation,” with the power of our human resources as the foundations of our Group.

### Atsushi Osaki

Representative Director,  
President and CEO

#### Profile

1988 Joined SUBARU

Worked in engine and transmission design

1998 Full-time labor union officer (leave of absence)

Served in SUBARU's Product & Portfolio Planning Division, Engineering Division, Quality Assurance Division, and other posts

2016 Vice President and Senior General Manager, Quality Assurance Division

2018 Senior Vice President, CQO (Chief Quality Officer) and Chief General Manager, Quality Assurance Division

2019 Executive Vice President, CQO (Chief Quality Officer) and Chief General Manager, Quality Assurance Division

2020 Executive Vice President, CQO (Chief Quality Officer), Chief General Manager, Quality Assurance Division and General Manager, Quality Assurance Management Office

2021 Director, Executive Vice President and

Chief General Manager, Manufacturing Division

Representative Director, President and CEO since June 2023



### My Resolve as New CEO

I will stand at the forefront of our transformation as we build the foundation of a SUBARU Group for the new era.

In June 2023, I was appointed the new Representative Director, President and CEO of SUBARU. My career has been mainly in engineering, from the design of automotive engines and transmissions, to manufacturing, product & portfolio planning quality assurance, and customer service. Looking back on my career so far, I am proud to say that I have consistently been involved in Monozukuri\*<sup>1</sup> and building relationships with customers. However, I also took leave of absence for about eight years to serve as a full-time SUBARU labor union officer, an experience that firmly impressed upon me that human resources are the driving force behind Monozukuri and innovation. This was also the time when I developed my creed: “Human resources are the foundation of everything.”

\*1 Manufacturing

SUBARU finds itself in a business environment changing at an unprecedented speed, especially with the rapid shift to EVs\*<sup>2</sup> in the U.S. market and the rise of emerging manufacturers, including those from other industries. This is truly a period of once-in-a-century profound transformation for the automotive industry. My mission as President and as a man with experience primarily in manufacturing and product planning at a time when car manufacturing is undergoing a profound shift from internal combustion engines to battery electric vehicles (BEVs), is to stand at the forefront of this great transformation, close to the field and the people who work in it, and build the foundation of a SUBARU Group for the new era as we march forward. In order to achieve this, I will strongly advance “Monozukuri Innovation” and “Value Creation,” aiming to become a world-leading company. We will focus our management resources on BEVs so that the SUBARU Group can secure high profit margins over the long term, even after 2030, when the BEV era is expected to begin in earnest. We will also continue to bring about major innovations in car-making so that we can compete with other manufacturers even in the BEV era, for which the future can be very uncertain.

\*2 Electric vehicle

## Review of the Mid-term Management Vision “STEP”

# We will move our efforts up to the next stage in order to reap the fruits of the reforms promoted in “STEP.”

Before discussing the Monozukuri transformation that is about to begin in earnest, I would like to first review our efforts in the “STEP” mid-term management vision, our management focus since 2018. Under “STEP,” we have engaged in priority initiatives toward corporate culture reforms, quality enhancement, and evolution of the SUBARU Difference.

With respect to corporate culture reforms, we have acted based on the slogan of “Change mindset, change behavior, change the company,” working to foster a mindset of reform by providing various opportunities for dialogue, with the aim of becoming a company open to new ideas. This has resulted in positive change, manifesting in spontaneously vibrant communication across departments. Since FYE March 2022, as the next step, we have focused on the growth of the individual, and have been advancing the priority initiatives to increase engagement so that each and every employee can experience growth and job satisfaction, as well as make sure that the growth of the individual drives the growth of the organization. As for quality enhancement, I have been at the forefront of reforms in my capacity as CQO (Chief Quality Officer). In my work toward this end, I have been encouraging thorough awareness and reinforced systems for each and every employee as a first priority from a trifecta of approaches: thorough implementation of a quality-first mindset and reinforcement of organizational efforts and structure, execution quality enhancement, and innate quality enhancement. Through these efforts, we have steadily reduced the number of recalls (including the number of vehicles affected) and total costs related to quality. Quality is the foundation of the SUBARU brand and is a duty that absolutely must not be shirked. Going forward, we will continue to step up our reforms as part of our unyielding efforts to deliver happiness to our customers through product development and Monozukuri with solid quality even in the age of the electric vehicle. With respect to evolution of the SUBARU Difference, we have worked toward “Monozukuri Innovation,” such as adjusting development and prototyping processes and promoting data linkage for traceability from production to after-sales service, in the interest of updating how we build SUBARU toward delivering enjoyment and peace of mind. In 2020, we announced at a technology meeting that we would aim for zero fatal traffic accidents by 2030<sup>3</sup> and contribute toward achieving a carbon-free society with SUBARU strengths and technological innovation. Toward this end, we have been strengthening technologies that support the values we provide, namely enjoyment and peace of mind.

We will continue to advance the corporate culture reforms and quality enhancement that we have been working on in “STEP” as the foundation of our reforms. Regarding evolution of the SUBARU Difference, we will evolve these efforts into the two pillars of “Monozukuri Innovation” and “Value Creation” in order to effect a major pivot to BEVs going forward.

These initiatives in “STEP” have resulted in strong evaluations by third parties, not only for our products but also for our company and brand. For example, our products have received high ratings from the American Customer Satisfaction Index (ACSI) and as an IIHS<sup>4</sup> Top Safety Pick+. Not



only that, but our community engagement activities through the Subaru Love Promise initiative at SOA<sup>5</sup> were also ranked No. 1 in the automotive category among Forbes' list of the best American brands that have a social impact. I feel that the greatest progress we have made in our “STEP” initiatives has been in improving the strengths of our products, company, and brand, as evidenced by the recognition we have received. The strong evaluations of our products, company, and brand not only from our customers but also from the general public at large is an important asset for us. We hope to continue to strengthen this relationship in the future.

<sup>3</sup>Zero fatal road accidents among occupants of SUBARU vehicles and people involved in collisions with SUBARU vehicles, including pedestrians and cyclists.

<sup>4</sup>IIHS: Insurance Institute for Highway Safety

<sup>5</sup>SOA: Subaru of America, Inc., our headquarters for dealerships in the United States

## The SUBARU Group Vision for 2030

# We will strive toward total global sales of 1.2 million-plus vehicles in 2030, and 50% of those from BEVs.

Today, I hold in my mind a clear image of what I want to make the SUBARU Group by around 2030. The appeal of SUBARU is that it is unique compared to other automakers, showing a solid orientation for the SUBARU brand. With this appeal, we are committed to always being a corporate group capable of creating value to bring genuine happiness to people, not just the customers buying our products, but all stakeholders. As the world shifts toward carbon neutrality, so too are our customers' preferences shifting toward environmental friendliness. Knowing this, we announced an update in August 2023 to our electrification plan targeting the year 2030.

In our updated plan, we will target 1.2 million-plus units sold worldwide in 2030, of which 600,000 will be BEVs, making up the entirety of the 50% share we aim to allocate to electric vehicles. This is up from the previous target of 40% for hybrid vehicles and BEVs combined. As for ensuring we have a production system to support our sales, we have already announced in May 2023 that we will increase the production capacity of our plants in Japan from 200,000 to 400,000 units. Furthermore, we have announced that we will begin production of next-generation HEVs equipped with the Toyota Hybrid System and BEVs in the U.S. By the end of 2028, four BEVs will be added to our four already-announced SUV models, for a total of eight BEV models in the lineup, and we will aim to sell 400,000 BEVs, sold, more than half of the total vehicles sold in the U.S.

To give some background on our decision to produce in the U.S. at this time, our initial plan for the production system was to start up a production line at our plants in Japan and expand this to the U.S. after cultivating a range of expertise in quality, cost, procurement, and other areas. The change of plan was not only due to the coincidental timing that we were coming to realize the direction of our reorganization plan within Japan, but also to the determination that we needed to overlap Japanese and U.S. production with an emphasis on speed, given the pace of the transition to BEVs in the U.S. and the need to address the U.S. IRA Act<sup>6</sup>. Though we are targeting 2027 and 2028, we will explore these and a wide range of potential timings for launching production in the U.S. in comprehensive consideration of the supply chain situation, battery supply, and other factors.

Our target for 2030 is to reach 1.2 million units of global production capacity across our U.S. and Japanese plants. However, during the transitional period to electrification, we will closely monitor regulatory and market trends, and as the launch of a dedicated BEV plant in Japan progresses, we will also make preparations for the launch of BEV production in the U.S. so that we can start up production at the appropriate time.

We will take on challenges based on the principles of flexibility and expandability, and once we can discern the market's full-fledged shift toward electrification, we will attack the market in one fell swoop.

In order to realize this series of production and development, we will make growth investments to the tune of approximately 1.5 trillion yen<sup>7</sup> by around 2030 so as to prevail in the age of electrification.

<sup>6</sup>IRA Act: Inflation Reduction Act

<sup>7</sup>Including the 250 billion yen investment quota for domestic production system reorganization announced in May 2021 (subject to change depending on battery investment method)

## We will aim to become a world-leading company by increasing our corporate competitiveness through steering the company toward EVs and “Monozukuri Innovation” and “Value Creation.”

Even if the world reaches carbon neutrality, we will remain unchanged in continuing to provide products and services that satisfy our customers and brings them happiness. Going forward, we will continue to engage in initiatives based on the two pillars of “Monozukuri Innovation” and “Value Creation,” and by overwhelmingly enhancing our corporate competitiveness as a manufacturing company, we aim to become a world-leading carmaker in the BEV era.

Allow me to continue with a detailed explanation of the two pillars of “Monozukuri Innovation” and “Value Creation.” The former is where we will carry out initiatives that integrate production, development, and the supply chain, including engagement from our suppliers. In the past, we referred to ourselves as “a group of craftsmen with a nimble, flexible approach,” which gave us strengths from close cooperation between and unity among our various departments. These strengths enabled us to introduce a variety of technologies such as all-wheel drive (AWD) and the EyeSight driver assistance system. However, as times have changed, customer preferences have changed, cars have become more complex. The need to respond to these changes led to rapid progress in the division of functions, especially in the areas of product development, production, and the supply chain.

My desire is to use “Monozukuri Innovation” to go back to basics and help build “one SUBARU” with the entire supply chain working together toward high-density manufacturing. Until now, our manufacturing has not necessarily been the most efficient method with respect to sales and development, with a growing number of parts to accommodate a rich model lineup. Looking ahead, we must alter the premise of our manufacturing to focus on how to make products simple and easy to produce, while keeping the customer's point of view in mind. This includes how to streamline production and how many parts and what specifications are necessary to achieve efficiency. Specifically, we will halve the development lead time, halve the number of parts, and halve production processes, resulting in half the time required for manufacturing through an agile approach to each traditional operation domain, where conception, design, and production were once divided up and carried out in waterfall-style management.

This is a major reform of manufacturing on a scale and level never seen before in the history of SUBARU, and it is an initiative that will fundamentally rebuild our automotive business. In making such a profound transformation that deviates so greatly from past practices, we may face tough barriers and resistance to change. However, SUBARU Group enjoys the benefit of having just the right size to carry out such a disruptive manufacturing innovation all at once. SUBARU has the strength to exert tremendous impetus when employees are oriented in a given direction, and because this is who we are, I am confident that we can speedily proceed with reforms in the situation we are in.

Not only that, but we have a great opportunity to build a new BEV plant in Oizumi from an unrestricted vacant lot, which we will harness to launch a new plant embodying our hopes and dreams as we reinforce our production system.

In the latter pillar of “Value Creation,” we will use SUBARU products as the core of an ever-expanding circle of value we provide to society and the future through efforts to build strong bonds between SUBARU, its customers, its retailers and its communities. This, we will achieve even in the age of the electric vehicle. “Value Creation” is intended to focus on the products at the core of these efforts, for which the most important thing is greater evolution of enjoyment and peace of mind, a major value we provide. Though some say that the era of the EV may lead to the loss of the SUBARU-ness, our horizontally-opposed engine design and symmetrical AWD are merely technological icons that express the SUBARU-ness, rather than the difference itself. In this new era, we are setting our discerning sights on elevating active and passive safety performance and rough-road capability to the next level. Looking ahead, we will build in new technologies toward electrification to further evolve the enjoyment and peace of mind we offer. Beyond this, we will pursue strong versatility to benefit our customers, such as a seamless and stress-free user experience. We will also provide further benefits through our “Retaining Value” and “Continuing to Deliver New-Car Feel” initiatives, which are based on our desire for customers to have long relationships with their SUBARUs while maintaining the value of their vehicles. The “Retaining Value” approach was born from the fact that many customers, mainly in the U.S., drive their cars for long periods of time due to an emotional attachment for their cars. Our approach is to create value even after a car’s purchase, for example by enhancing product performance through software updates.

Though the SUBARU Group’s future will be built on the “Monozukuri Innovation” and “Value Creation” I have discussed up to this point, this future is only possible through the power of human resources. In my career, I have seen many situations in which employees, both technical and administrative, are constantly pursuing the essence of Monozukuri through active discussions and repeated testing, and I have been a party to many of these situations myself. The driving force behind the successful and sustained creation of unique advanced technologies, such as the EyeSight driver assistance system, is human resources with unique ideas. That is why I can say with great conviction that “human resources are the foundation of everything.” In order to further enhance our competitiveness in Monozukuri, it is necessary to accelerate our efforts focused on “individual growth” a priority of the “STEP”, and to develop innovation leaders. It is my mission to lead the creation of a climate that empowers human resources with a wealth of ideas who will lead the new era.

### Toward Delivering Happiness to All

## Under our new management structure, we will work with employees to create a SUBARU Group for the new era.

The SUBARU Group has been strengthening corporate governance in the interest of greater corporate value over the medium to long term. The new management structure started in June 2023 will have two representative directors working in sync to steer management: myself, with experience mainly in manufacturing, and Deputy President Fumiaki Hayata, with experience in the North American and Japanese sales and management planning divisions. In addition, we have increased the share of independent outside directors to strengthen the board’s supervisory function. We are aware that in order to support sustainable growth from the aspect of corporate governance, it is a prerequisite that we provide a stronger external perspective and put in place a corporate governance structure that leads to improved business soundness and transparency.

As we take on the challenge of drastically transforming our manufacturing, it is our desire to be a SUBARU Group that can maintain sustainable growth and delivering happiness to not only our customers, but to all of our stakeholders.

It is a self-evident fact that the common denominator in both car and aircraft manufacturing is that if any critical element is missing, our product will not reach the customer. These critical elements are suppliers who supply tens of thousands of parts, colleagues involved in various development and manufacturing processes, and staff engaged in sales, after-sales service, and other administrative tasks who support the aforementioned processes. Naturally, defects or inappropriate behavior would also render a product non-viable. In 2017, I was serving as Chief Quality Officer. In response to the improprieties relating to final vehicle inspections that were uncovered at that time, I asked employees at each workplace if they could confidently say the work they were doing had earned the trust of our customers. I asked them because breaking this unspoken mutual understanding will never lead to the happiness of our customers. This is why it is so important for us to always be thinking about our customers’ happiness and to do our jobs in a way that earns their trust. Employees working in our factories and engineering departments are routinely told to act in a highly transparent manner toward local communities. We will continue to build relationships with local communities through our various corporate activities so that they will feel a sense of pride and peace of mind about SUBARU.

Under the new management structure, we will work alongside employees to create a SUBARU Group for the new era so that we can bring happiness to our customers and other stakeholders, while maintaining the broad direction of the SUBARU brand.

As we take these steps forward, I humbly ask for the ongoing support and understanding of all of our stakeholders.

## New Management Structure Policies

### Our Vision for 2030

On August 2, 2023, SUBARU presented its policies under the new management structure. In the report, we announced our target for 2030 of 1.2 million-plus units sold worldwide, of which BEVs will account for 50% of sales. We also announced our resolution to see our challenges through in the coming five years to 2028 with an eye to 2030.

The automotive industry finds itself in a once-in-a-century time of great upheaval, experiencing more disruptive and rapid changes than ever before. In this section, we will present SUBARU's actions toward achieving its vision for 2030 within this turbulent environment.



### Management Approach Messaging

In presenting our policies under the new management structure, we announced our vision for 2030 and our determination for 2028. Previously, our medium-term management approach has been formulated as the Mid-Term Management Vision, which would cover a period of three to five years, which has been periodically revised and published.

However, our business environment is experiencing disruptive and non-linear changes, including the rapid shift to BEVs in the U.S. market, major changes in the automotive industry, and the emergence of new manufacturers, including those from other industries. Our belief is that we must adapt to this rapid change in a more timely manner, mindful of flexibility and expandability. Based on this belief, we have altered our approach to the formulation and messaging of our approach to management. Now, we will be newly unbound from conventional methodologies, instead dynamically considering various measures while keeping a close eye on changes in the environment, and reporting on progress as appropriate. This is the substance of our new management structure policies, as announced.



### Steady STEPs for Steady Results

We are committed to providing SUBARU's unwavering value of "Enjoyment and Peace of Mind," pursuing the SUBARU Difference with not only functional values but also emotional values. Here, we have defined our vision for SUBARU as a company "Delivering Happiness to All." In 2018, we formulated our Mid-term Management Vision "STEP," which consists of the following three directives: become a brand that is "different" from others by enhancing distinctiveness; engage in business activities that resonate with customers by putting them center-stage, and; fulfill corporate social responsibilities by contributing to diversifying social needs. The directions set forth in STEP remain unchanged in our policies under the new management structure.

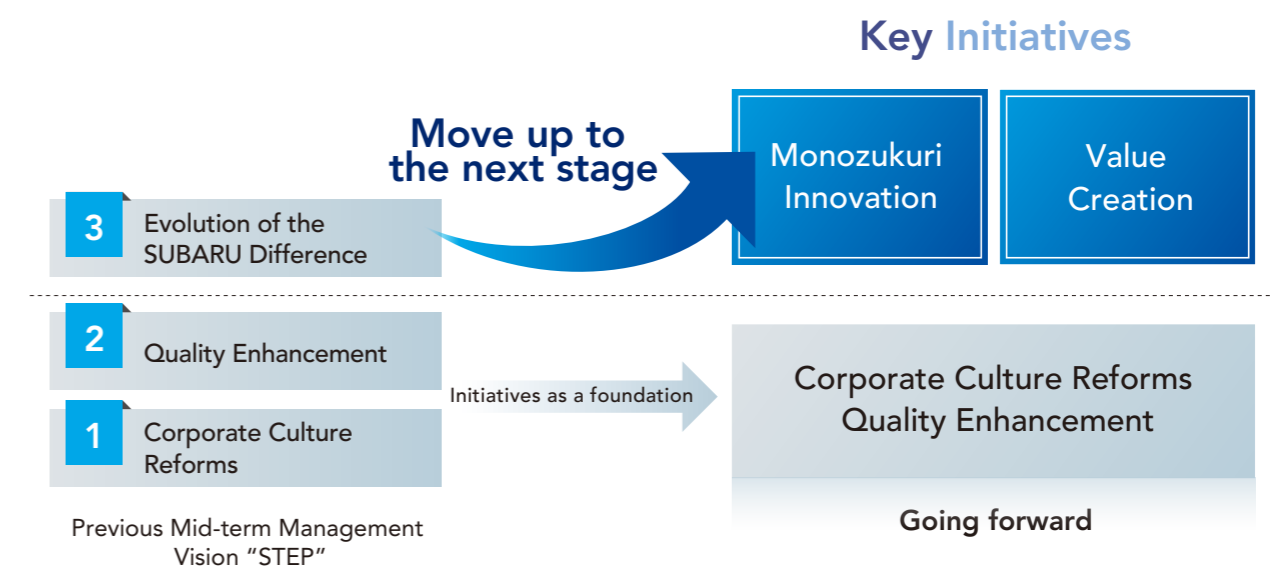
Our priority efforts as part of STEP—corporate culture reforms, quality enhancement, and evolution of the SUBARU Difference—have begun to yield steady results, evidenced by the recent high praise\* earned by SUBARU not only for its products, but also for its company and brand. We believe that this recognition of SUBARU as a company and brand, which comes not only from SUBARU owners and evaluating organizations, but also from a broad range of general customers is proof that our initiatives within STEP are moving in the right direction. Simultaneously, we consider this recognition we have received as a great asset for SUBARU.

\* Please refer to page 31 of this report for some of our product evaluations and page 27 for brand evaluations.

### Further Enhancing SUBARU's Competitiveness

Our efforts in the priority areas to date of corporate culture reforms and quality enhancement will remain unrelenting as we go forward. These are the foundations underlying SUBARU's sustainable growth, and we will continue our actions toward these as the basis for enhancing our competitiveness in our policies under the new management structure.

Furthermore, in order to continue to pursue our unwavering value statement of "Enjoyment and Peace of Mind" in the BEV era, we will step up our efforts under "Evolution of the SUBARU Difference," moving these up to the next stage in the form of two new initiatives: "Monozukuri Innovation" and "Value Creation." Both "Monozukuri Innovation" and "Value Creation" are Key Initiatives for our success and survival in the BEV era, and we will vigorously advance efforts in these areas to become a world-leading company.

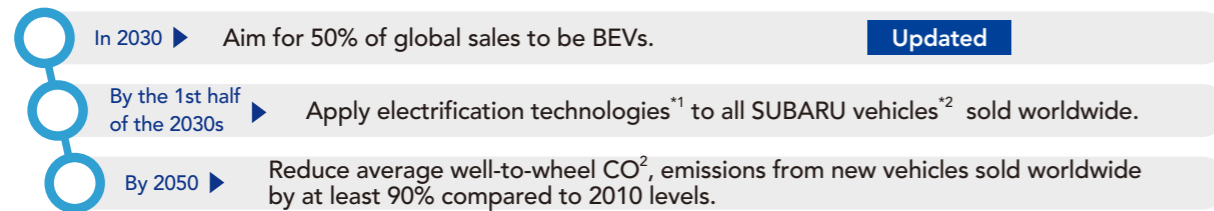




## Substantial Revision to 2030 Target for BEVs Share of Sales

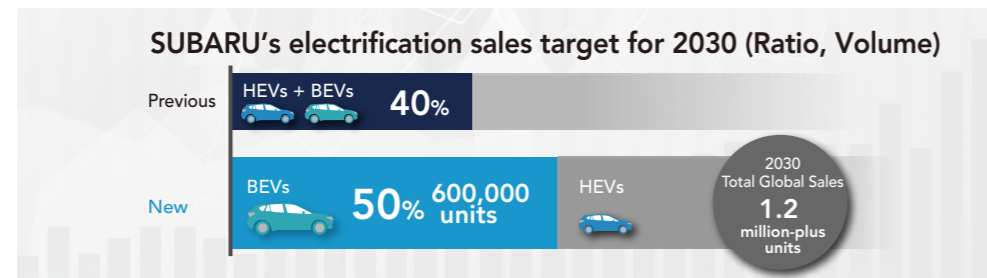
SUBARU aims to reduce its well-to-wheel CO<sub>2</sub> emissions by 90% or more from 2010 levels by 2050 in working to bring about a decarbonized society. To this end, we will apply electrification technology to all SUBARU vehicles sold worldwide by the early 2030s. Our milestone for 2030 had previously been to shift to electric vehicles comprising 40% or more of all vehicles sold worldwide, with BEVs and hybrid cars making up this 40%. However, within our policies under the new management structure, we have significantly raised this target to make 50% of SUBARU's total global sales be BEVs alone.

### CO<sub>2</sub> reduction roadmap



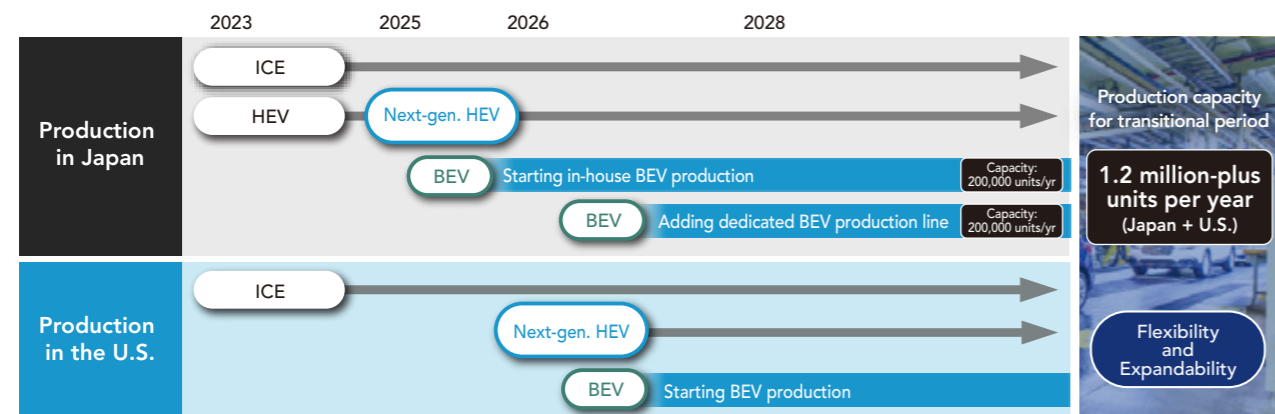
\*1 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

\*2 Excluding models supplied by OEMs.



## Updated Production System Reorganization Plan

In conjunction with the aforementioned revisions, we have also updated the reorganization plan for our production system, which has been announced in stages since May 2022. Specifically, in addition to the announced reorganization of our domestic production system, we have decided to extend our production plans for next-generation HEVs equipped with the Toyota Hybrid System and BEVs. These vehicles, originally slated for production in Japan, will now also be manufactured in the U.S. As a result, our global factory production capacity will reach a level of 1.2 million units. In this transition period of the shift to electrification, while keeping a close eye on regulations and market trends, we will be flexible by taking advantage of the reorganization of our production in Japan and the U.S., and expand at once when the direction of the shift becomes clear. With this concept of flexibility and expandability at the core, we intend to navigate through these challenging times.



## Our Determination for 2028: Launch of "Monozukuri Innovation" and "Value Creation"

We have decided to significantly update our electrification sales target and production structure to support those sales toward 2030. In our pursuit of these visions, we are positioning the next five years up to 2028 as a very important period for us, and under the new management structure, we will work with strong determination on two key areas: "Monozukuri Innovation" and "Value Creation." In this transition period when internal combustion engine (ICE) vehicles are being replaced by battery electric vehicles (BEVs), we will strongly promote these key initiatives while updating our development process and product planning concurrently with our decision to update our production system by reorganizing our plants in Japan and overseas.

► Under the new management, SUBARU will pursue "Monozukuri Innovation" and "Value Creation" while restructuring all the way from the production structure to the development process and product planning.



Rather than simply advancing these initiatives, our goal is to become a world leading company in "Monozukuri" and "Value Creation," so that we do not fall behind in this era of profound transformation. We aim to achieve our "Monozukuri Innovation" and "Value Creation" at an early stage by shifting our focus and resources to battery electric vehicles. Our determination under the new management structure is to take on these challenges and see them through in the five years to 2028.

In addition to the four BEV SUVs already announced for launch by the end of 2026, we plan to launch four more models by the end of 2028. As a result, SUBARU will have a total of eight models in its BEV lineup by the end of 2028. With this BEV lineup, we aim to sell 400,000 BEVs in the U.S. in 2028. This will account for more than half of our total U.S. sales.

Monozukuri Innovation

Value Creation

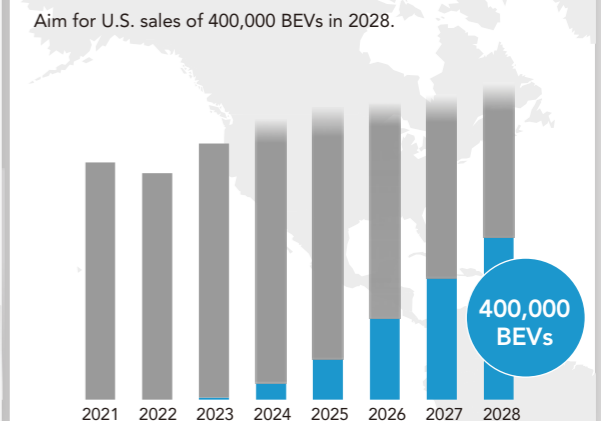
To become the world's leading company in "Monozukuri" and "Value Creation"

Aim to achieve this goal at an early stage by shifting our focus and resources to BEVs.

### Expansion of BEV Lineup



### BEV Sales in the U.S.

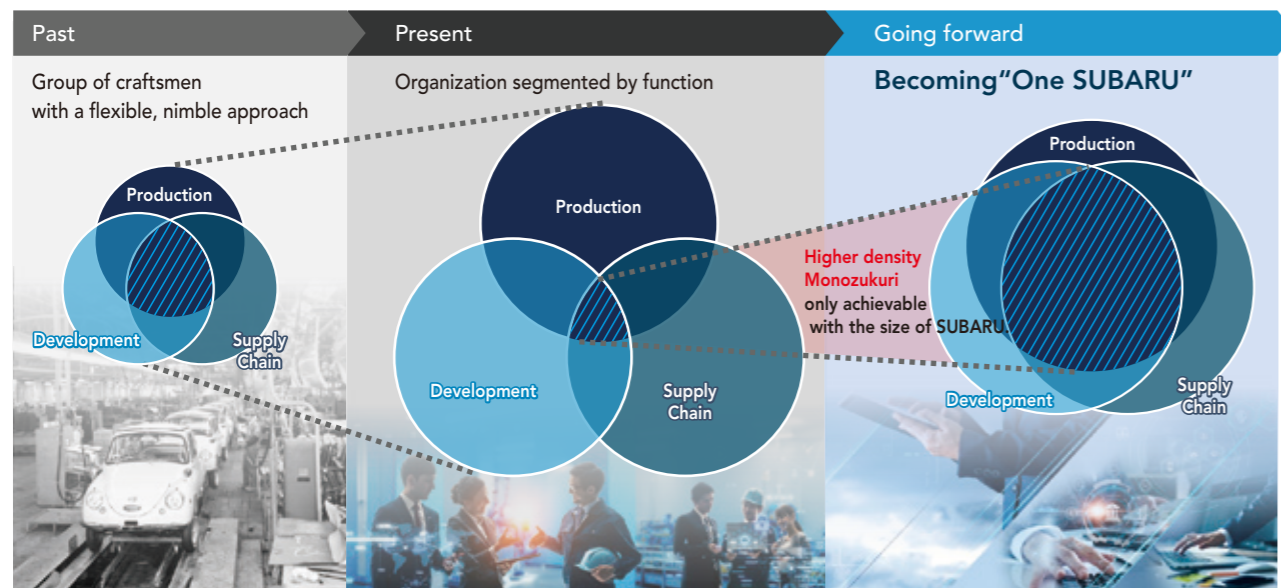


\* Incl. Solterra

## Monozukuri Innovation

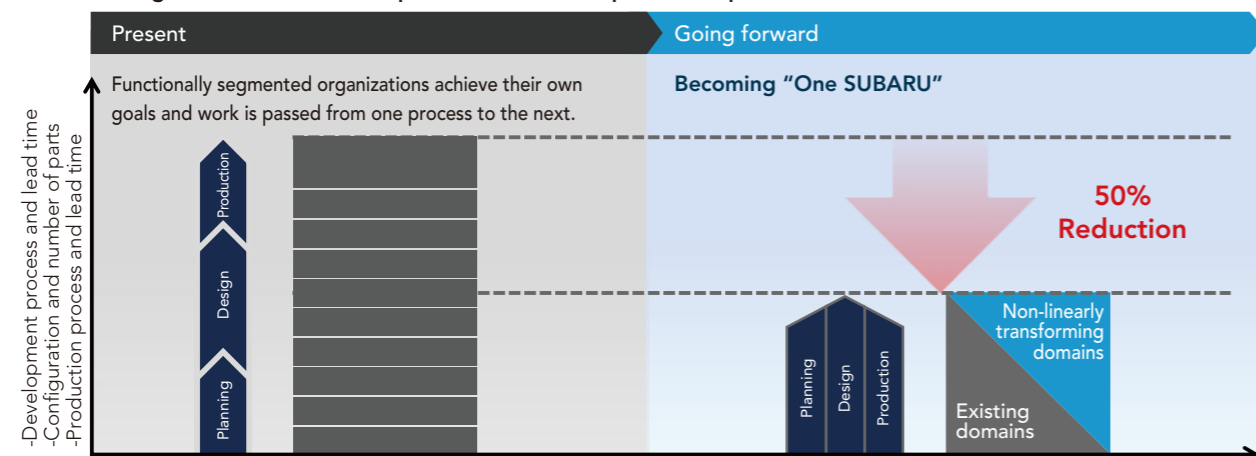
In the past, SUBARU has referred to itself as a group of craftsmen with a nimble, flexible, a group that introduced the world to technologies such as AWD and EyeSight. As the times have changed, so too have customer preferences changed and vehicles become more complex. This has resulted in a wide range of areas needing action, and subsequently a rapid division of work into the product development, production and supply chain areas, including specialization in individual areas and outsourcing of work to suppliers.

However, in this once-in-a-century period of profound transformation, we are facing a situation in which we must fight and outperform not only competitors within our own industry, but also competitors with completely new values from other industries. Through Monozukuri Innovation, we will promote high-density manufacturing by integrating our supply chain, including product development to production and the supply chain to create "one SUBARU," something that can only be achieved through nimbleness granted by our scale.



Based on this approach, we will strive to achieve world-leading monozukuri by cutting the development process and lead time in half, the number of configurations and parts in half, and the production process and lead time in half. In our current operations, each segmented function, such as product planning, design, and production, waits for the previous process to complete its work, and then passes the work on to the next process like a relay. Through our Monozukuri Innovation initiatives, we will make the process agile, which will lead to a 50% reduction in Monozukuri time. At the same time, by continuously advancing these initiatives, we will reduce the process and lead time for product development and production in existing domains and strengthen our ability to respond to domains experiencing non-linear transformation in this age of uncertainty.

- ▶ Achieve world-leading Monozukuri and Value Creation by cutting the product development process and lead time in half, the configuration and number of parts in half, and the production process and lead time in half.



## Value Creation

At SUBARU, making cars has always been about being close to our customers' lives. SUBARU cars have created memories for their owners, and our customers feel "love" for their cars and for SUBARU. In the U.S., "love" has evolved into the Subaru Love Promise, the philosophy and initiatives to which our sales subsidiary Subaru of America (SOA) and its retailers are deeply committed. With SUBARU products at its core, the Subaru Love Promise creates a strong bond between Subaru, its customers, its retailers and its communities. We believe this is a source of our value creation for society and the future, and we intend to protect and expand it. This commitment will remain unchanged in the period of profound change or in the era of the electric car. We will further enhance the value of our products that are at the heart of this strong relationship between SUBARU, customers, retailers, and communities.

- ▶ SUBARU's monozukuri, which has always been centered on the lives of its customers, has long created memories in their hearts. This has evolved into the Subaru Love Promise, to which SUBARU, together with our retailers, is deeply committed.
- ▶ The Subaru Love Promise initiatives strongly connect SUBARU, its customers, its retailers and its communities, with SUBARU's unique monozukuri/ products at the core. SUBARU will protect and expand this as a source of value creation for society and the future.



An important factor in creating value in the BEV era is to further enhance "Enjoyment and Peace of Mind," the unwavering value that SUBARU offers to customers. We are sometimes asked whether SUBARU can maintain its strengths and the SUBARU Difference in the BEV era. As one of our answers, we believe that our long-cultivated AWD capability will be further enhanced by the precise control enabled by BEV technology, leading to further enhancement of our strengths; safety and peace of mind. In addition, we are pursuing new benefits for our customers, such as a seamless & stress-free user experience in the age of the BEV. We will also provide further benefits through our "Retaining Value" and "Continuing to Deliver New-Car Feel" initiatives, which are based on our desire for customers to have long relationships with their SUBARUs while maintaining the value of their vehicles. We intend to realize these visions with our technologies. Through our products and technologies, we believe that our customers can enjoy the unfading emotional value that comes from spending time with their SUBARU, such as "peace of mind," "stimulated desire for self-challenge," and their vehicles being "always up-to-date." As the shift to electrification progresses, SUBARU aims to become even closer to our customers' lives through these efforts.

- ▶ Further evolve "Enjoyment and Peace of Mind" in the BEV era.
- ▶ Enhance "seamless & stress-free" user experience with the latest technology in the BEV era.
- ▶ Pursue the SUBARU-unique initiatives of "Retaining Value" and "Continuing to Deliver New-Car Feel".



SUBARU will become even closer to our customers' lives.

# 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"> <li>• Postwar reconstruction</li> <li>• National Car Concept</li> </ul>	<ul style="list-style-type: none"> <li>• Rapid economic growth</li> <li>• Motorization</li> </ul>	<ul style="list-style-type: none"> <li>• Leisure (skiing) boom</li> </ul>	<ul style="list-style-type: none"> <li>• Motorsports boom</li> </ul>	<ul style="list-style-type: none"> <li>• The 2008 'Lehman shock' economic downturn</li> <li>• Increasing safety awareness</li> <li>• Increasing environmental awareness</li> </ul>
SUBARU's value provided through car manufacturing						
Technology embodying our safety concept						
Products						

Category	Value
Mobility	
Safety performance	
Family mobility for all	
The SUBARU community	
An unpretentious, self-actualized style	

Year	Technology	Safety Type
1965	Began crash tests	Passive Safety
1966	Horizontally-opposed engine	Active Safety
1972	4WD/AWD	Active Safety
1989	Began stereo camera development	Preventive Safety
1999	ADA (Active Driving Assist)	Active Safety
2008	EyeSight	Active Safety
2016	SUBARU Global Platform	Active Safety, Passive Safety
2020	SUBARU STARLINK	Connected Safety

Year	Product
Pre-Subaru	Aircraft
1958	SUBARU 360
1966	SUBARU 1000
1972	Leone 4WD Estate Van
1977	Forester
1988	Established SUBARU Tecnica International Inc.
1989	Legacy
1992	Impreza
1995	Grand Wagon
1997	Three-time World Rally Championship (WRC) winner
2012	SUBARU XV
2012	SUBARU BRZ
2014	Levorg
From 2008	Participated in the Nürburgring 24-hour race
2022	Solterra
From 2021	Participated in the Super Taikyu Series

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



## Value Creation Process

At SUBARU, we hope to enrich the lives and minds of all people connected to our Group, with a vision of becoming a company "Delivering Happiness to All." With its DNA as an aircraft manufacturer and based on our human-oriented approach to Monozukuri, we provide product value that embodies the SUBARU Difference, and by continuing to meet the various expectations of our customers who share these values, we will enhancing relationship with our customers. In order to achieve this, we are encouraging the growth of the individual and harnessing and aggregating the power of all employees, including innovation leaders and those who will support them to achieve the organization growth. In addition, we will aim to achieve both the sustainable growth of the SUBARU Group and the realization of an enjoyable and sustainable society.



## The SUBARU Group's Unique Business Model

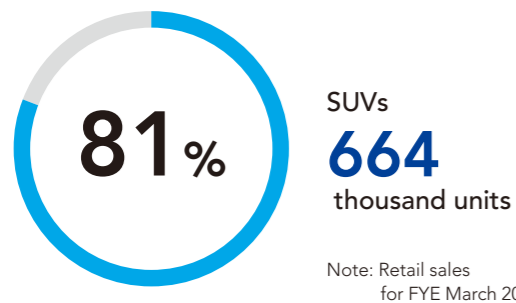
SUBARU is building a unique business model to achieve its vision of being a company "Delivering happiness to all." Instead of simply expanding our priorities in our business, products, markets, and development, we aim to achieve sustainable growth by selecting and concentrating our business resources 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 Monozukuri 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

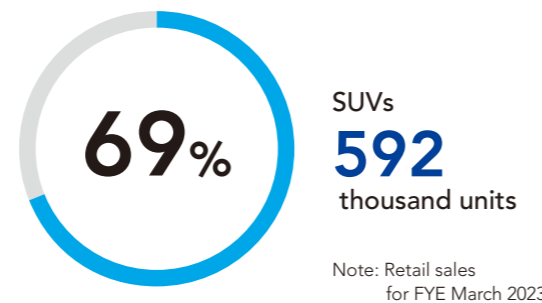


#### Product Focus



Development and production of minicars ended in 2012. We shifted our focus to the SUV category due to their versatility for both daily use and more active lifestyles, making them very well-suited to how SUBARU owners use their vehicles.


#### 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 Monozukuri. 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 Monozukuri, 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.

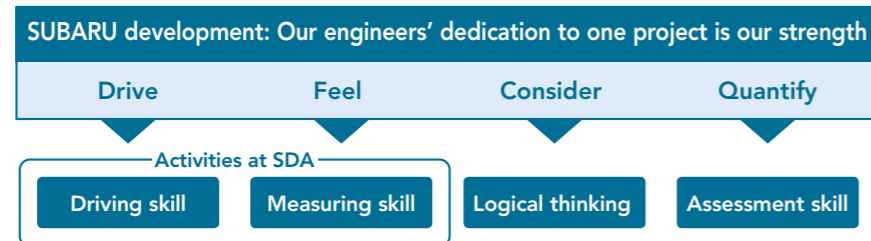
If our engineers cannot acquire the equipment they need to identify the source of any differences felt between the ideal and reality, they will create their own equipment to solve the problem. By constantly making cars informed not just by hard data, but also by sensory aspects, we are able to exceed the expectations of our customers while accumulating unique theoretical knowledge and know-how.



## People and Technologies for Pursuing Enjoyment and Peace of Mind

As aforementioned, 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. The SUBARU Driving Academy (SDA) exists to further refine these skills to allow the creation of even better cars.



At SUBARU, we believe that we cannot build a car that is better than the driver's ability to evaluate it. However, clear sensory differences felt by the driver do not often show up in figures acquired using conventional measurement methods. Therefore, at the SDA, we produce engineers who have trained to elevate their driving skills and sharpen their senses. With these engineers deeply probing the mechanisms that give rise to these differences, we will broaden the domains where we can quantify the factors creating "Enjoyment and Peace of Mind" while driving, not only in hardware but in control software as well. By incorporating these elements into the development process, we create vehicles with the SUBARU Difference regardless of their particular model or power unit.



Kazuhiro Ito

Vehicle dynamics performance development Department

On the inception of the SDA, I became a member of its inaugural class. Prior to that, SUBARU had already offered training to obtain a license for test course driving, but I felt there was a need for systematic training to improve driving skills and evaluation abilities. So, when I heard that the SDA would be created, I was first in line to join the program.

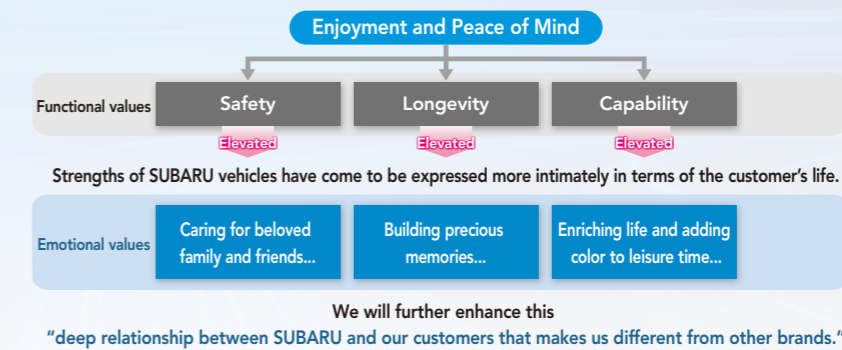
Today, I serve as an instructor, engaged in human resource development and the planning and operation of training programs. Since each person will sense different parts of how a car handles, the instructor rides with the driver during training to gain a thorough understanding of how the driver perceives the car and to provide explanations tailored to each individual. If we are able to identify the slightest differences in vehicle handling and performance, like why a certain car's comfort is better than another's when going over a bump, despite having equivalent measured values, then we can avoid being trapped by legacy measurement methods and deeply probe the mechanisms giving rise to these differences, identifying the true cause. Graduates organize their own training sessions and workshops in their own departments and have been helping to spread activities learned at the SDA all over the SUBARU Group.

In addition, SDA instructors play a central role in the development of race vehicles used in the Super Taikyu\* series of races that SUBARU competes in, with many young employees also involved in this development. The entire process of making a car to enter in a race is carried out at an unimaginable speed when viewed from the usual mass production perspective. At this breakneck speed, vehicle development must have an even greater clarity about the strengths and weaknesses of a vehicle's performance, including in the areas of driving, turning, and stopping. When I see colleagues tackling issues by bringing together insights from the respective specialized domains and actively exchanging opinions toward issue resolution, rather than taking on an issue alone, it gives me the distinct sense that this is precisely what we need in the future of vehicle development. Building a single car under the harsh conditions of racing and across departmental boundaries has led to the growth of each of our racing team members as engineers, and I believe this has also led to further improvements in the performance and quality of our mass-produced vehicles.

\* An endurance race where race cars are built to specific regulations and divided into classes for competition. Vehicles include production vehicles modified for racing.

## 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 community engagement, and has been running for the 15 years from 2008 to 2023.



SUBARU and its participating retailers donated more than \$256 million to over 2,100 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 15 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 partnerships 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 the Earth®	Subaru Loves to Care®	Subaru Loves to Help®	Subaru Loves Learning®	Subaru Loves Pets®
<b>Activities to protect the Earth</b>	<b>Support for people battling illness</b>	<b>Support for those in need of housing and food</b>	<b>Support for education</b>	<b>Animal welfare</b>
<ul style="list-style-type: none"> <li>In response to the devastating wildfires that ravaged the North Pacific National Forest, worked in partnership with the National Forest Foundation to replant a total of 1,000,000 trees in California, Idaho, Oregon, and Washington</li> </ul>	<ul style="list-style-type: none"> <li>Donated more than 230,000 blankets</li> <li>Gifted 31,000 arts and crafts kits</li> <li>Thousands of messages of hope written by SUBARU retailers and customers</li> </ul>	<ul style="list-style-type: none"> <li>Donated 80 preproduction vehicles, worth 3 million U.S. dollars, to fire departments across the U.S. to be used for lifesaving extraction training</li> </ul>	<ul style="list-style-type: none"> <li>SUBARU and its retailers supported the educations of more than 300,000 students nationwide through a variety of partnerships, donations, and volunteer efforts</li> </ul>	<ul style="list-style-type: none"> <li>Donated over 51 million U.S. dollars, supporting the welfare of 420,000 animals</li> </ul>

- Subaru Loves the Earth® <https://ourimpact.subaru.com/our-community/subaru-loves-the-earth/>
- Subaru Loves to Care® <https://ourimpact.subaru.com/our-community/subaru-loves-to-care/>
- Subaru Loves to Help® <https://ourimpact.subaru.com/our-community/subaru-loves-to-help/>

- Subaru Loves Learning® <https://ourimpact.subaru.com/our-community/subaru-loves-learning/>
- Subaru Loves Pets® <https://ourimpact.subaru.com/our-community/subaru-loves-pets/>

### The Subaru Love Promise® Retailer of the Year Awards

The Subaru Love Promise® Retailer of the Year Awards are presented annually by SOA to retailers across the United States that are making a positive impact on their customers and communities.

In 2022, Adventure Subaru, a dealership in the city of Fayetteville in northwest Arkansas, was named Retailer of the Year, which is the most prestigious of the awards.



### Initiatives by Adventure Subaru, the 2022 Subaru Love Promise® Retailer of the Year

For the past 50 years, Adventure Subaru owner Don Nelms has built a reputation in Northwest Arkansas for treating customers with the utmost respect and service while also making an impact on the lives of the community through the many charities and organizations Adventure Subaru supports.



In the past 10 years alone, Adventure Subaru and Mr. Nelms have donated more than \$3.2 million dollars to more than 70 charities and initiatives in Northwest Arkansas. This includes Don's personal donation of 350 acres of land on the Buffalo National River to The Nature Conservancy of Arkansas. They have also helped many education-focused organizations in the area such as Apple Seeds, Single Parent Scholarship Fund of Northwest Arkansas, Ozark Literacy Council, and Champions for Kids. Their contributions have helped increase literacy rates, improve career opportunities, and give kids new pathways to succeed in school.

When Managing Partner Brent Baker took over operations in March 2020, at the beginning of the pandemic, Adventure Subaru and the world faced many challenges. During this difficult time, they remembered to put their customers first and implemented changes to better serve their customers and keep them safe by creating an at-home delivery service and providing test drives, as well as service department sanitation practices that continue to this day.

Subaru of America has awarded Adventure Subaru the 2022 Subaru Love Promise® Retailer of the Year for their commitment and dedication to their customers and outstanding contributions to making a difference in their community.

2022 Love Promise Retailer of The Year | Adventure Subaru  
<https://www.adventuresubaru.com/2022-love-promise-retailer-of-the-year.htm>

### 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.

Accolades and Awards  
<https://www.subaru.com/vehicles/accolades.html>



**Forbes BEST BRANDS**  
 SUBARU was named one of the top brands on Forbes'™ Best Brands for Social Impact 2023 list. SUBARU ranked No. 1 in the automotive category and No. 2 among the top 300 brands.

\*2 A leading global economic magazine based in the United States



**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)<sup>3</sup>
- Driving performance: Ranked 1st<sup>3</sup>
- Service quality: Ranked 1st<sup>3</sup>
- Endurance: Ranked 1st (2 years in a row)<sup>4</sup>
- Production quality: Ranked 1st (2 years in a row)<sup>4</sup>
- Satisfaction 1st<sup>3</sup>

\*3 Compared to all other measured mass-market automotive companies in the 2022 American Customer Satisfaction Index (ACSI) surveys of customers rating their own automobile. ACSI® is a registered trademark of ACSI, LLC.

\*4 Compared to all other measured mass-market automotive companies in the 2022 American Customer Satisfaction Index (ACSI) surveys of customers rating their own automobile. The #1 rating is shared with one other automotive company.

# Initiatives to Achieve Our Goal of Zero Fatal Traffic Accidents in 2030

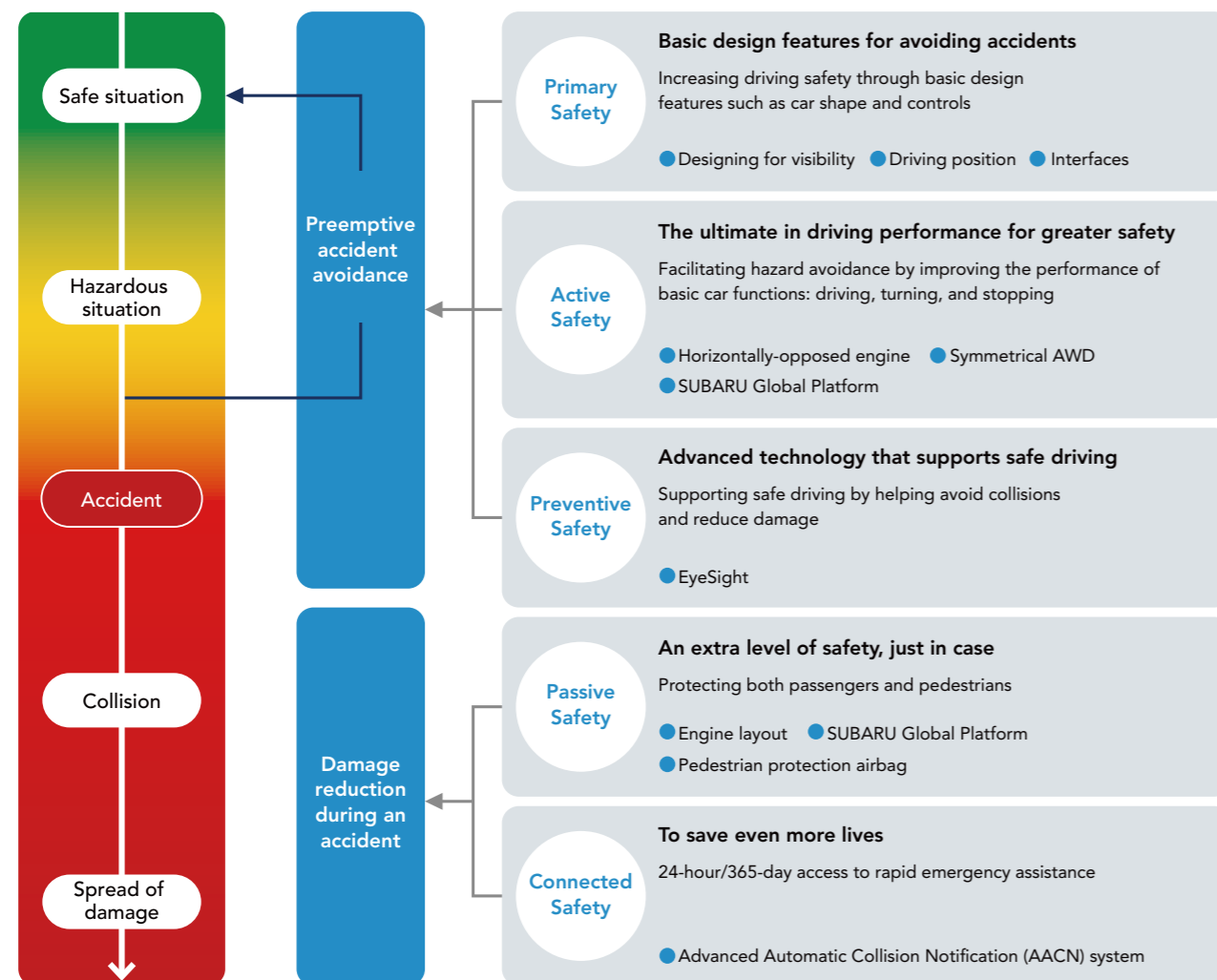
Further advance our technologies to deliver "Enjoyment and Peace of Mind."  
 Maintain **the SUBARU Difference** even in the age of vehicle electrification.

## SUBARU's All-Around Safety

Attaching particular importance to protecting lives, SUBARU is working to achieve our target of zero fatal traffic accidents\*1 in 2030.

SUBARU will enhance the safety performance of its cars from every perspective as we aim to achieve zero fatal traffic accidents in 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 among occupants of Subaru vehicles and people involved in collisions with Subaru vehicles, including pedestrians and cyclists



## Evolution of EyeSight Driver Assist System

SUBARU believes that to attain zero fatal traffic accidents in 2030, it is crucial to offer exceptional performance at a price that is affordable for a wide range of customers. SUBARU's EyeSight driver assist system, which was introduced in Japan in 2008 and achieved cumulative global sales of 5 million units in June 2022, has continued to evolve over the course of 15 years.

The stereo cameras equipped in EyeSight enable the system to recognize objects with two cameras, similar to human eyes, detecting items on the road at a higher level than radar-based systems. The development of EyeSight began approximately 30 years ago. During the early stages, there were frequent issues with the system's ability to detect objects properly, particularly when it was raining or the windows were foggy. However, these challenges were overcome through extensive testing in various real-world scenarios and subsequent improvements.

The EyeSight system was launched in 2008, achieving a world first in using solely stereo camera technology to enable pre-crash braking and adaptive cruise control. EyeSight version 2 was announced in 2010 with an enhanced pre-crash braking system that provides support until the vehicle comes to a full stop. During this period, EyeSight became a standard feature in numerous models for the Japanese market, and its affordability contributed to a significant increase in its recognition and widespread adoption among customers. In addition, it began to be developed in certain models overseas as well.

In 2014, with the release of version 3, advancements in color recognition and an expanded field of view using stereo cameras significantly enhanced the advanced safety features. In the 2020 release of the Levorg, SUBARU introduced EyeSight X, combining a new stereo camera with four radars in the front and rear, and a high-precision map locator.

In 2022, we newly adopted a wide-angle single lens camera for enhancing EyeSight's recognition capability in the mainstay Outback for the North American market. Through its evolution into a "three-eyed" system with stereo cameras and an ultra-wide-angle single lens camera, EyeSight can now recognize a significantly wider range. This enhancement enables collision damage reduction through pre-crash braking for situations where pedestrians and cyclists, often at higher risk of accidents at intersections, might emerge from a driver's blind spots.

While there were other options available to achieve accident reduction in these scenarios with pre-crash braking, SUBARU chose to utilize the wide-angle single lens camera to provide the highest level of safety at an affordable price for customers. EyeSight is currently integrated into the Crosstrek and Impreza for the Japanese market, with plans for a gradual rollout to other models in the future.



The stereo cameras of EyeSight version 3



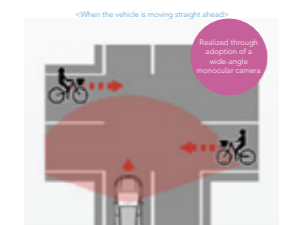
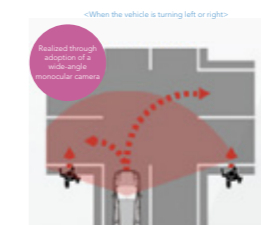
Image depicting EyeSight's recognition capability



Illustration of EyeSight X capability



The wide-angle single lens camera



Click on the links or scan the QR codes to view the videos explaining SUBARU's efforts to reduce accidents.

Preventive Safety (1) <a href="https://www.subaru.co.jp/topic-en/2022_11_15_203208/">https://www.subaru.co.jp/topic-en/2022_11_15_203208/</a>		Active Safety <a href="https://www.subaru.co.jp/topic-en/2023_05_22_081936/">https://www.subaru.co.jp/topic-en/2023_05_22_081936/</a>	
Passive Safety <a href="https://www.subaru.co.jp/topic-en/2023_01_31_144916/">https://www.subaru.co.jp/topic-en/2023_01_31_144916/</a>		Preventive Safety (2) <a href="https://www.subaru.co.jp/topic-en/2023_09_26_165037/">https://www.subaru.co.jp/topic-en/2023_09_26_165037/</a>	

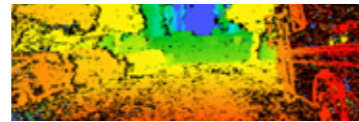


## EyeSight and AI combine to Enhance Preventive Safety

SUBARU is committed to enhancing its preventive safety technologies and is actively exploring new technologies as it strives to achieve zero fatal traffic accidents. Our current focus is on integrating AI technology with EyeSight.

The fundamental principle of spatial recognition using stereo cameras is to precisely calculate the distance to objects from each pixel by triangulating the displacement of images captured by the two cameras, one on the right and one on the left. The strength of EyeSight lies in its ability to accurately convert everything captured by the cameras into a three-dimensional representation, allowing it to perceive the shape and distance of various objects. However, when it comes to capturing small objects or subtle irregularities, determining whether to pass over them or consider them obstacles solely based on EyeSight's image recognition can be challenging. In contrast, AI excels at precisely categorizing objects captured in camera, pixel by pixel, based on extensive previously learned data. Since EyeSight can fuse the distances to recognized objects with the classifications made by AI in the same image, EyeSight and AI are considered an excellent match. If this can be put into practical use, it is expected to lead to an enhanced level of vehicle safety in various situations by allowing for more detailed and accurate recognition of the driving environment's information than ever before.

An image captured by EyeSight



Calculates the distance to objects pixel by pixel (Near Red < Orange < Yellow < Green < Blue Far)

An image recognized by AI



Can focus solely on the road surface even in complex road environments (Color-codes the recognized road surface on a pixel-by-pixel basis)

This initiative is being pursued at SUBARU Lab, a newly established independent office, designed to create an environment for generating fresh ideas from a different perspective. This new base in Tokyo's Shibuya, an area increasingly seen as an IT hub following recent redevelopment efforts, has enabled us to streamline and effectively recruit the talent essential for AI development. While our current focus is on AI technology, we aim to continue advancing our development by actively incorporating not only AI but also new technologies in the future.

## Continuous Enhancement of Passive Safety

SUBARU focuses on developing cars with the utmost priority of safeguarding everyone in the event of a collision, not just the vehicle occupants but also pedestrians and cyclists.

Strengthening the vehicle body and enhancing restraint systems are two critical elements to occupant protection. In strengthening the vehicle body, we combined a cabin structure that can withstand severe collisions by using high-strength materials with the Subaru Global Platform, which helped realize a body structure that efficiently absorbs collision energy. This design ensures protection in collisions from any direction.



In enhancing restraint systems, we reduce the load on the upper body by firmly restraining the lower body with knee airbags and seat cushion airbags. We also adjust the seatbelt tension based on the occupant's physique to prevent excessive pressure. This ensures the protection of all occupants, regardless of age or body size. Nevertheless, even with the evolution of restraint systems, they will not be fully effective unless seat belts are properly fastened. The rate of rear seat belt usage in Japan is only around 40%. SUBARU has taken steps to address this situation by introducing advanced seat belt reminders and expanding the number of models equipped with them.

Pedestrians and cyclists sustain injuries at a rate 2.5 times higher than that of vehicle occupants. To reduce the damage to pedestrians and cyclists in the event of an accident, SUBARU not only uses soft structures for bumpers, bonnets, and other areas that can absorb impacts but also equips its vehicles with pedestrian airbags.



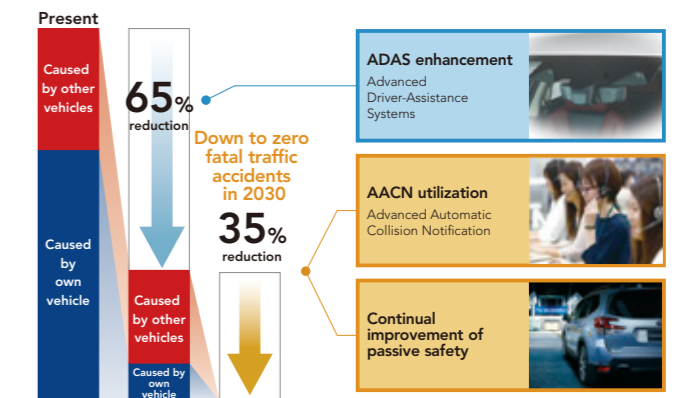
In the pursuit of zero fatal traffic accidents, it is necessary to anticipate more diverse and severe accidents than ever before, however. For example, in collisions involving bicycles, it has been recognized that under certain limited conditions, the current pedestrian airbags may not cover all cases, given the various factors such as the cyclist's physique and the orientation and speed of both the bicycle and the vehicle at the time of impact. As a result, we are utilizing computer simulations to identify worst-case scenarios from the countless collision patterns that can be imagined and to develop specific countermeasures.

## Plan to Achieve Zero-Fatality Road Safety

To achieve zero fatal traffic accidents, SUBARU conducted a comprehensive investigation of all fatal traffic accidents that occurred in the United States from 2017 to 2019<sup>2</sup>, analyzing the causes of the accidents and the reasons for fatalities. Based on this analysis, we identified functionalities that can effectively eliminate these causes. Following this, we decided on specific measures to implement these functionalities and are actively engaged in their development to bring them to fruition.

In concrete terms, 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 aim to achieve zero fatal traffic accidents in 2030 by strengthening our existing four safety performance areas, beginning with Passive Safety, and adopting Connected Safety in the form of our Advanced Automatic Collision Notification (AACN) system.

<sup>\*2</sup> All fatal traffic accidents involving vehicles from the most recent five model years



## Car Assessments

SUBARU undergoes safety performance testing and assessment of public organizations in and out of Japan including JNCAP in Japan, IIHS<sup>\*1</sup> in the U.S., and Euro NCAP<sup>\*2</sup> in Europe, and has gained the highest rank of assessment in most of them.

In FYE March 2023, the Solterra won the JNCAP Five Star Vehicle Safety Performance 2022 Award, the highest rating in the JNCAP. At the IIHS, as of May 2023, three of SUBARU's 2023MY (model year) vehicles had won the organization's 2023 TOP SAFETY PICK+ (TSP+) Award, and two vehicles had won its 2023 TSP Award. In addition, the Legacy, Outback, Ascent, Forester, WRX, BRZ, and Solterra received the highest rating of "Good" in the IIHS Seat Belt Reminder evaluation test, a program launched in March 2022. Euro NCAP gave the Solterra a five-star rating in its 2022 assessment.

<sup>\*1</sup> IIHS: Insurance Institute for Highway Safety

<sup>\*2</sup> Euro NCAP: European New Car Assessment Programme, a safety information disclosure program for automobiles in Europe.

### FYE March 2023 Commendations

Assessed Automobiles	Assessment Organization	Assessment
Solterra	JNCAP, Japan	Vehicle Safety Performance JNCAP Five Star Award 2022
2023 models of the Outback, Ascent, Solterra (built after October 2022)	2023 IIHS TOP SAFETY PICK+ (U.S.-specification models only) IIHS, U.S.	2023 TSP+ Award*
2023 models of the Legacy and Forester	2023 IIHS TOP SAFETY PICK (U.S.-specification models only) IIHS, U.S.	2023 TSP Award*
Solterra	Euro NCAP, Europe	2022 Five-star rating

\* In the IIHS' s publication of vehicle safety information, the TOP SAFETY PICK (TSP) Award is given to vehicles that earned the rating of "Good" in the original moderate front overlap test and small overlap tests (driver- and passenger-side), and the rating of "Acceptable" or higher in the updated side crash test and headlight evaluation (standard equipment), as well as the rating of "Advanced" or higher in the daytime vehicle-to-pedestrian crash prevention test. In addition to these ratings, vehicles that earned the rating of "Good" in the updated side crash test and "Advanced" or higher in the nighttime vehicle-to-pedestrian crash prevention test are awarded the TOP SAFETY PICK+ (TSP+) Award.

## SUBARU's Idea for a Digital Transformation Strategy

### SUBARU's Unique Digital Transformation (DX) Strategy with 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 Monozukuri (car-making) while simultaneously facilitating the creation of experiences.

### Strengthening Ties between SUBARU and our Customers

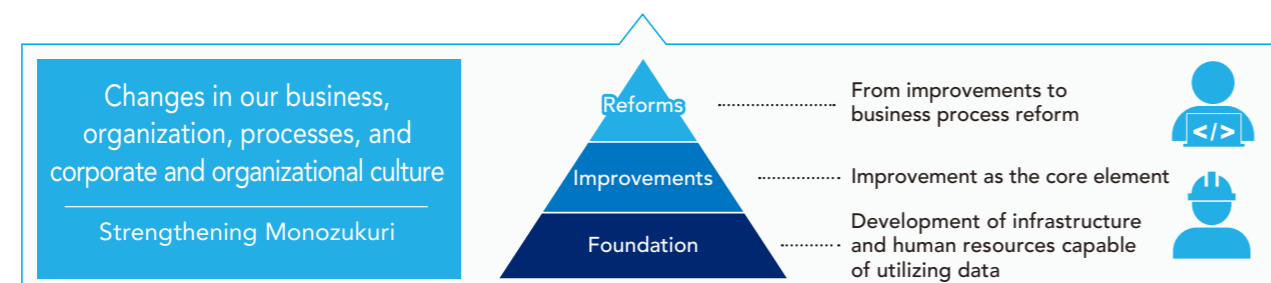
For a smaller car manufacturer like SUBARU to respond to the current upheaval in the automotive industry, we need to select and establish focuses in regard to the use of data and digital technology. As a result of these major changes, the vertical division of units by function (such as development, procurement, 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.

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 Monozukuri through similar data and digital-based methods. The common goal between Monozukuri and experience-making 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.

#### Setting common goals and implementing parallel initiatives



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



### Primary Initiatives

In order to strengthen ties with our customers, we continuously carry out an array of measures, which are making steady progress.

Strengthening Monozukuri	Creating Experience-making
<ul style="list-style-type: none"> <li>We will streamline development and production by using a digital twin that combines partial model-based development using data and digital technology in conjunction with real-world development.</li> <li>We will establish data handling tools and skills to process a large number of control items and expand their use on-site.</li> <li>We will build a data integration platform that links data across departments to address a siloed, functional organization.</li> </ul>	<ul style="list-style-type: none"> <li>We are deploying connected services, which started in the U.S., in Japan as well. We are working toward enhancing functionality and expanding the market in the future.</li> <li>We established the SUBARU Digital Innovation Lab to make use of digital technology and data in areas such as sales and marketing.</li> <li>We are expanding the domains of services provided by the SUBAROAD driving app.</li> </ul>

\* For more details on our initiatives, please see pages 40 to 43 of our Integrated Report 2022. <https://www.subaru.co.jp/en/ir/library/annual-reports.html>

### Fostering DX Human Resources

Currently, SUBARU is proactively hiring mid-career DX human resources, but as a basic principle, we believe it is critical to foster human resources internally in this area as a company engaged in Monozukuri. As an example of this, we have launched the Software Human Resource Development Project for engineers as a way to adapt to electrification (see page 42 of this report). In addition, we have been focusing on on-site education in cooperation between a specialized IT department and the respective operating department. Furthermore, we are working to build a system to raise awareness and skill levels on the manufacturing floor, utilizing data and digital technologies. To do this, we have taken a standard training program for data scientists, one of the six kinds of DX human resources defined by the IPA\*, 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.

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



Tatsuya Ichikawa

Vehicle Body Manufacturing  
Engineering Department

My role is to support the production of molds for car body parts from the IT technology side. The molds I work with are used with presses to shape sheet materials such as steel and aluminum into panel parts such as bonnets and doors, which are important to a car's external appearance. This is why I work to develop systems to ensure that the machine tools used to make the molds operate within tolerances measured in units of a hundredth of a millimeter. We have always had quite a bit of data in our engagements with mold and panel manufacturing floors, and I thought that being able to make better use of this data would streamline operations and enable the provision of higher quality molds. And, since this would consequently improve mass-produced panel quality and deliver happiness to our customers, I joined the data scientist training program.

Participants in this training program came from many different departments. In addition to general classroom lectures and practical training, there was also a lot of time for discussion and sharing the data utilization issues we had been facing in our respective departments. Hearing opinions from colleagues in other departments where I normally have no work connection was refreshing. It offered me new insights and hints for formulating improvement plans in my own department. I was also able to turn the lessons I learned in this training program into action, developing and proposing a plan to use data for improving press line quality.

After completing the program, I also became an instructor to help train the next class of trainees. Part of this is my strong feeling that it is more effective when employees who have a real sense of SUBARU's situation today provide guidance to their internal colleagues. It is my desire to motivate colleagues who are aware of issues but have not been able to take action, and I would like to expand the circle of my support to help make SUBARU as a whole even better.

## Message from the CFO

**To thrive amid competition in the age of electrification, we will make growth investments while maintaining financial soundness and stability.**

### Katsuyuki Mizuma

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

#### 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

## Financial and Capital Strategies Contributing to Sustainable Growth and Greater Competitive Advantage

As the SUBARU Group does not possess a large scale among automakers, we have developed a highly profitable business model through selection and concentration, in which we allocate limited management resources to areas where we can demonstrate our strengths. In order to achieve success in the coming era of full-scale vehicle electrification, we are striving forward in adherence to this principle.

In an increasingly uncertain business environment, it will become even more important to have financial and capital strategies that will enhance business growth and competitive advantage while reducing business risks. To ensure that SUBARU will thrive amid competition in the age of electrification, we will make solid growth investments while maintaining financial soundness and stability.

We also believe that achieving sustainable growth will necessitate management practices that are mindful of cost of capital and stock price. Our current cost of capital, as measured by weighted average cost of capital (WACC), is mid 6%. Return on equity (ROE), which expresses the profitability and efficiency of our business, has been an important indicator for us, including as a KPI for executive performance-linked compensation. We recognize that a level of 10% or higher is where we should aim currently, and we are working. We will continue our efforts to steadily fulfill our duty toward shareholder returns with unprecedented attention toward improving capital efficiency, to gain stakeholders' understanding of these approaches and strategies, and to meet their growth expectations as indicated by the price earnings ratio (PER).

## Review of FYE March 2023 and Outlook for FYE March 2024

In FYE March 2023, needs for SUBARU vehicles remained extremely high, especially in the U.S. market, though there was a continuing supply shortage of semiconductors and other components, which had been significantly affecting automobile production since around 2021. In this environment, we have sustained efficient sales through maximum control of production constraints through Group-wide activities such as strengthening supply chain management, switching to alternative parts, and flexibly adjusting production plans. In addition, despite significant impact from higher raw material prices, we successfully offset a great deal of impact through pricing policies and improved sales mix, which was augmented by significant tailwinds from the yen's depreciation on our operating results. As a result, operating profit increased 196% to 267.5 billion yen, the first increase in both sales and profit in three fiscal years. ROE increased 6.2 points from the end of the previous fiscal year, achieving the 10% level we established in our capital policy as an evaluation indicator.

For FYE March 2024, we are targeting revenue of 4,200 billion yen and operating profit of 300 billion yen, the latter 32.5 billion yen higher than the previous fiscal year. In the automotive segment, gradual recovery is expected despite lingering semiconductor supply risks. Many markets are still showing strong demand for SUBARU vehicles, and given this, we plan to return production and consolidated sales volume to their respective pre-pandemic levels of 1.01 million vehicles each. Although market prices for precious metals and other raw materials have calmed somewhat, the burden on our suppliers is growing due to factors such as soaring energy prices, and we believe it is an important issue to thoroughly engage

them in discussions and take actions to mitigate these. We will minimize the negative impact of cost increases through increasing sales volume and utilizing pricing policies. In addition, the quality enhancement measures set forth in the mid-term management vision "STEP" have been generating results, with total quality-related costs now steadily decreasing. We will continue to focus on achieving our performance targets by optimizing the overall cost of our business processes while maximizing our efforts to deliver as many vehicles as possible, as quickly and courteously as possible, to our customers waiting for SUBARU vehicles around the world.

In the aerospace segment, the business environment has been severe since the COVID-19 pandemic, and the segment has sustained net losses for multiple years. However, we expect the segment to return to profitability in FYE March 2024. We will continue the structural reforms we have carried out to date and grow our three business pillars of defense, commercial, and helicopter.

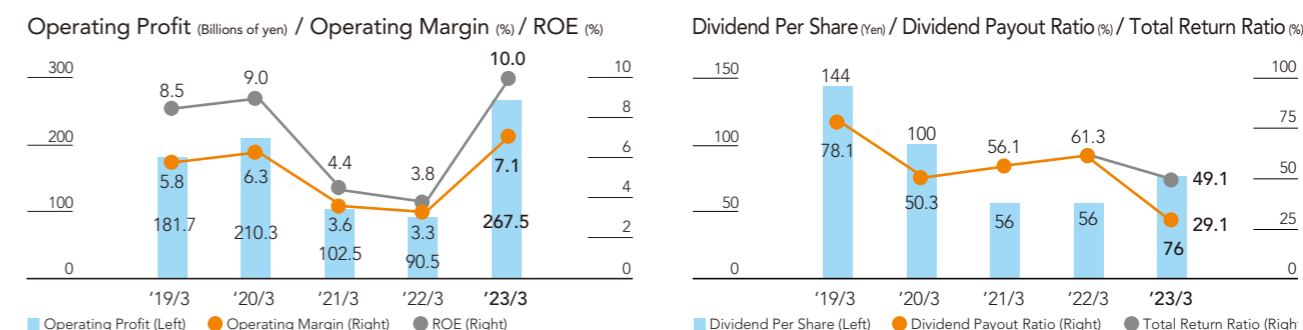
## Steady Investments in Electrification toward Reaching Industry-leading Profitability

In August 2023, President Osaki presented our policies under the new management structure. This presentation also included an update to our electrification plan, which we had announced in stages beginning in 2022. This update described how we will concentrate our resources on BEVs and aim to achieve world-leading Monozukuri innovation and value creation without being lost in the current upheaval of the automotive industry. To achieve this goal, we will aggressively invest in growth in order to thrive amid competition in the age of electrification while maintaining financial soundness and stability. Specifically, we expect to invest approximately 1.5 trillion yen in electrification by around 2030. While this does of course include estimates due to its nature as a long-term outlook, we will bring about this significant investment while maintaining both an equity ratio of 50% or more and an appropriate level of net cash based on the situations SUBARU finds itself in along the way. Currently, we retain net cash of around 700 billion yen. In the interest of ensuring a balance between Japanese yen and U.S. dollar holdings and striking an optimal capital structure, if it is deemed appropriate to raise funds, we will explore the potential of doing so in through yen-denominated debt with an eye to sustainable finance and other financing options, where appropriate. As President Osaki has emphasized, human resources are the driving force behind innovation toward electrification, and fostering human resources is the source of SUBARU's competitiveness. This is why we will also invest in human capital to ensure that the people who will lead our transformation are fully primed for success. To ensure competitiveness even in the age of electrification, we will aggressively invest and maintain a rigorous selectivity of where we invest while carefully monitoring global economic trends and the business environment.

In the update to our electrification plan, we announced the 2030 target that we aim to sell 1.2 million vehicles worldwide, of which 600,000 will be BEVs. Toward this, we will improve profitability through value creation, as well as reduce costs through greater density and efficiency in our manufacturing through Monozukuri innovation. In addition, we will take unprecedented steps to improve capital efficiency for the investments that are expected to increase. By completing these initiatives competently, we will achieve industry-leading profitability.

There has been no major change in our approach to shareholder return, but our aim is to return profits with a greater awareness of improving capital efficiency going forward. With the aim of maintaining a total return ratio between 30% and 50%, we will pay stable and consistent dividends and flexibly repurchase shares after comprehensive consideration of our business performance, investment plans, and the business environment. Even as we increasingly make investments, we will emphasize shareholder returns and flexibly implement a capital policy that is optimal and balanced for both our shareholders and the Company, based on the business conditions and valuations at the time.

Though we are already actively engaged in investor dialogue both in Japan and overseas, we will further improve the quality of our engagement here so that they can gain a firm understanding of SUBARU's electrification strategy and gain a strong sense of expectation for our growth. Despite a challenging outlook, especially in the automotive industry, we will continue to make steady efforts to achieve sustainable growth for the SUBARU Group through management practices that are mindful of cost of capital and stock price. We look forward to your continued support of the SUBARU Group.



### Financial Information

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

# Quality Enhancement

Since launching activities in 2018 to achieve Quality Enhancement, we have been taking actions in three areas: 1) Thorough implementation of a “Quality- First” mindset and reinforcement of organizational efforts and structure, 2) Execution Quality enhancement, and 3) Innate Quality enhancement. Through efforts in these areas, we are steadily reducing the number of recalls (including the number of vehicles affected) and total costs related to quality. In 2023, we launched the new Crosstrek and Impreza, which have incorporated these three quality enhancement activities from the vehicles’ respective planning stages. The SUBARU Group will continue to pursue “Monozukuri Innovation” and unflaggingly evolve its quality enhancement activities. Even in this era of change, including accelerating electrification, we will always pursue quality that delivers happiness to our customers.

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

We are consistently conducting regular activities to raise quality awareness for each and every SUBARU employee. These include in-house quality education tailored to each employee’s level of knowledge and experience, and the Quality Caravan, which introduces actual cases of defects that have occurred and prevention measures. In addition, we set up the FAST\* quality improvement team in 2021 in the North America market, creating a speedy market response system. In this team, quality assurance and development functions work in unison with service functions at dealerships to address issues.

\* FAST: Fast Action & Solution Team

## 2 Execution Quality Enhancement

This initiative aims to prevent the occurrence of defects during the vehicle production stage, and includes activities to rapidly resolve defects that have occurred in the market. We have increased the speed at which we improve execution, including the expansion of QA (Quality Assurance) Lab facilities to enhance investigation capabilities and expand the scope of application of parts traceability. As of 2022, we have also launched operations at our new final vehicle inspection building so as to carry out more rigorous inspections. We intend to gradually roll this out to each production line going forward as well.

## 3 Innate Quality Enhancement

This initiative aims to prevent the occurrence of defects during the vehicle development stage. We have given greater authority to employees responsible for development and have worked to ensure quality throughout all processes, from the initial planning and conceptualization stages to development, design, production preparation, and distribution. In addition to taking rigorous action to prevent recurrence of past defects occurring in the market and similar defects that could occur, we are also working at the development stage to deliver defect-free vehicles to customers through focused change point management to prevent defects in newly adopted parts and systems.

### 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**
  - 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**
  - In April 2019, 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
- **Reinforcement of organizational structure**
  - North American quality team FAST

### Quality Policy

At SUBARU, quality is our highest priority as we earn the trust of our customers.

1. We will deliver long-lasting products that our customers can use with peace of mind.
2. We will continually improve our products and services by always listening closely to our customers’ voice.
3. We will be a good corporate citizen in all markets where we do business by ensuring compliance with all internal rules, local laws, regulations and social norms.

### Quality Caravan

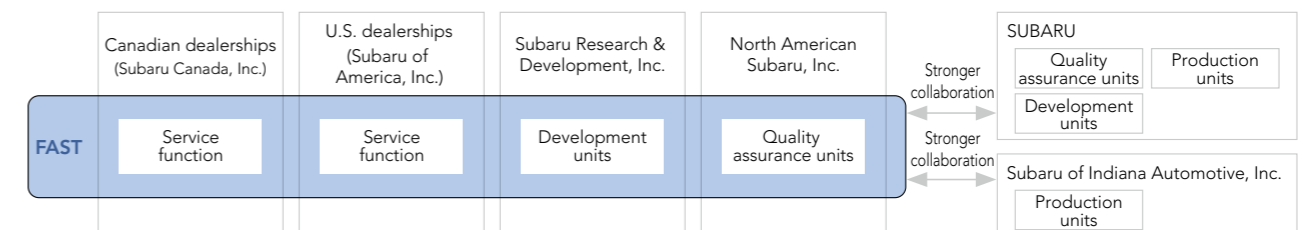
The Quality Caravan is a two-month internal event beginning in November of each year. Since its inception in 2018, this event has sought to build a culture encouraging all employees to take the customer’s perspective and put quality first through learning about the current state of SUBARU’s quality. Panels are displayed to explain the details of quality defects and the comments received from customers. In FYE March 2023, its fifth year, the Quality Caravan was themed on changing mindsets and changing behavior with regard to quality through an understanding of the customer connections that lie beyond the work that we do. Information was gathered from dealerships and the Customer Support Department, which have close relationships with customers, and a dramatized video was created to show how customers were affected by the actual problems that occurred.

In a questionnaire conducted after the event, participant comments included that their actions had shifted toward a greater awareness about not only avoiding defects but also providing peace of mind to customers. We believe that comments like these have led to the practice of continually improving our products and services by always listening closely to our customers’ voice, as stated in SUBARU’s Quality Policy.

### The FAST Quality Improvement Team for the North American Market

In January 2021, we launched “FAST” in the U.S. to strengthen our quality assurance system in North America, a major market for the SUBARU Group. In the North American market, which constitutes an enormous amount of both SUBARU vehicles sold and owned, our most important task is to quickly and accurately ascertain information and improve the speed of our quality improvement actions.

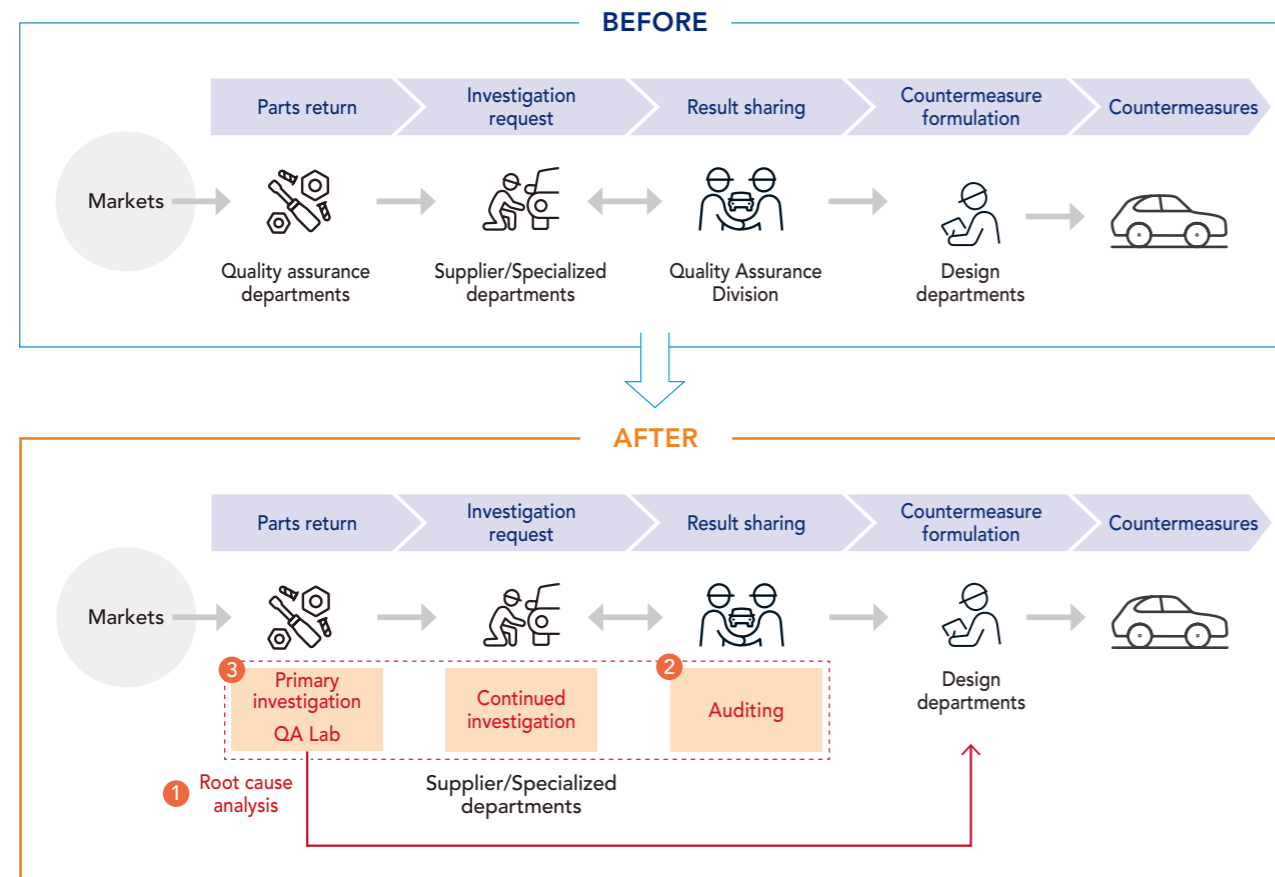
FAST is a cross-national and cross-organizational team consisting of personnel from each of SUBARU’s divisions and headquarters, as well as from Subaru of America, Inc., Subaru Canada, Inc., and North America subsidiaries (North America Subaru, Inc., Subaru Research & Development, Inc.) Furthermore, we are strengthening cooperation between SUBARU and our U.S. production base (Subaru of Indiana Automotive, Inc.) to improve quality through all-SUBARU initiatives. At its inception, FAST consisted of 42, and has gradually increased in team size. As of March 31, 2023, a total of 77 people, including 61 people assigned from SUBARU, are working on quality improvement activities as part of the FAST team.



Since the launch of the FAST team, the number of defects and buybacks, which had been an issue in the North American market, has steadily declined. Going forward, we will work to accelerate resolution of quality issues, including those of our business partners, through participation in external manufacturing quality improvement activities at Subaru of Indiana Automotive, Inc. and by expanding our local parts survey function.

## QA Lab

The QA (Quality Assurance) Lab is a new facility at the Oizumi Plant within our Gunma Plant. At this facility, we investigate the causes of defects in parts returned from the market. The QA Lab was established to serve three purposes: ① To accelerate the process of determining defect causes, ② To perform independent investigations separately from the departments and business partners that had been investigating defects, serving an audit function, and ③ To create a human resource development function to support entities requesting investigations so that they can use analysis devices and conduct their own analyses. Full-scale lab activities began in April 2022, and we are working to install the latest equipment to enhance its functionality.



## New Final Vehicle Inspection Building

At the Gunma Plant, we are working to strengthen and restructure quality assurance at the plants on its premises. After thoroughly analyzing the inspection process, which differed from one production line to another, a unified standard inspection line was established to enable ease of inspection and create an environment allowing inspectors to focus on the inspection process. In August 2022, the No. 5 Final Vehicle Inspection Building at the Yajima Plant began operations, and in August 2023, the No. 3 Final Vehicle Inspection Building began operations, both featuring these unified standard inspection lines. Specific features of these inspection lines include standardized lighting facilitating easier detection of abnormalities, inspection



processes at undercarriage using a lowered floor to reduce the burden on inspectors, and a wide conveyor that moves across the entire floor so that inspectors can concentrate on inspection without walking from place to place. These standard inspection lines offer flexibility and expandability to accommodate BEV\* production, and will be passed on to the dedicated BEV line at the Oizumi Plant, which is currently under construction.

In addition, we operate a training facility equipped with the same facilities as the standard inspection line to enhance our various training programs for inspectors (including inspector candidates).

We are also taking actions to share digital data from final vehicle inspections with other functions, including development, manufacturing, and services, to help improve quality.

\* Battery electric vehicle



**Quality is at the foundation of the SUBARU brand, and we will continue to deepen our quality enhancement efforts.**

Our efforts in quality enhancement, a top priority since 2018, have been showing results. These include a steady decline in the number of recalls and vehicles affected, as well as total costs related to product quality. During these efforts, we have also thoroughly instilled a Company-wide quality-first awareness, firmly imprinting quality as part of SUBARU's DNA. Still, today's automobiles feature increasingly

larger and complex control systems, requiring unprecedentedly high levels of quality. In addition, we are committed to "Monozukuri Innovation," announced in August 2023, which calls for higher density in development, manufacturing, and the supply chain, and we intend to firmly root our quality enhancement within these innovation efforts so as to continue providing reliable quality to our customers.

Furthermore, all of our functions will work together to resolve customer concerns and improve customer satisfaction in the area of after-sales service as well. When addressing defects, we will quickly take measures from several angles, including supplying repair parts to the market and reducing repair times, in addition to improving our production lines. In this way, we will take efforts as a unified SUBARU to eliminate customer concerns as quickly as possible.

In addition, every year on October 26, we conduct Company-wide efforts to prevent lessons learned in the past from fading away. In these activities, all employees consider the cause of improper final vehicle inspections and what actions they should take if such an incident were to occur in their own work. In FYE March 2023, these activities included a presentation on the new final vehicle inspection buildings. Presentations to all employees also included positive comments from inspectors looking back on the lead-up to the new inspections, saying they wanted to transform the overall Company from their position at the final vehicle inspection site. These annual efforts are part of our work to dig deep and determine the root causes behind improper final vehicle inspection and bring about substantial corporate culture reforms.

Quality is at the very foundations of the SUBARU brand. Our goal is making SUBARU a brand that our customers will choose for its quality, even in the age of electrification.

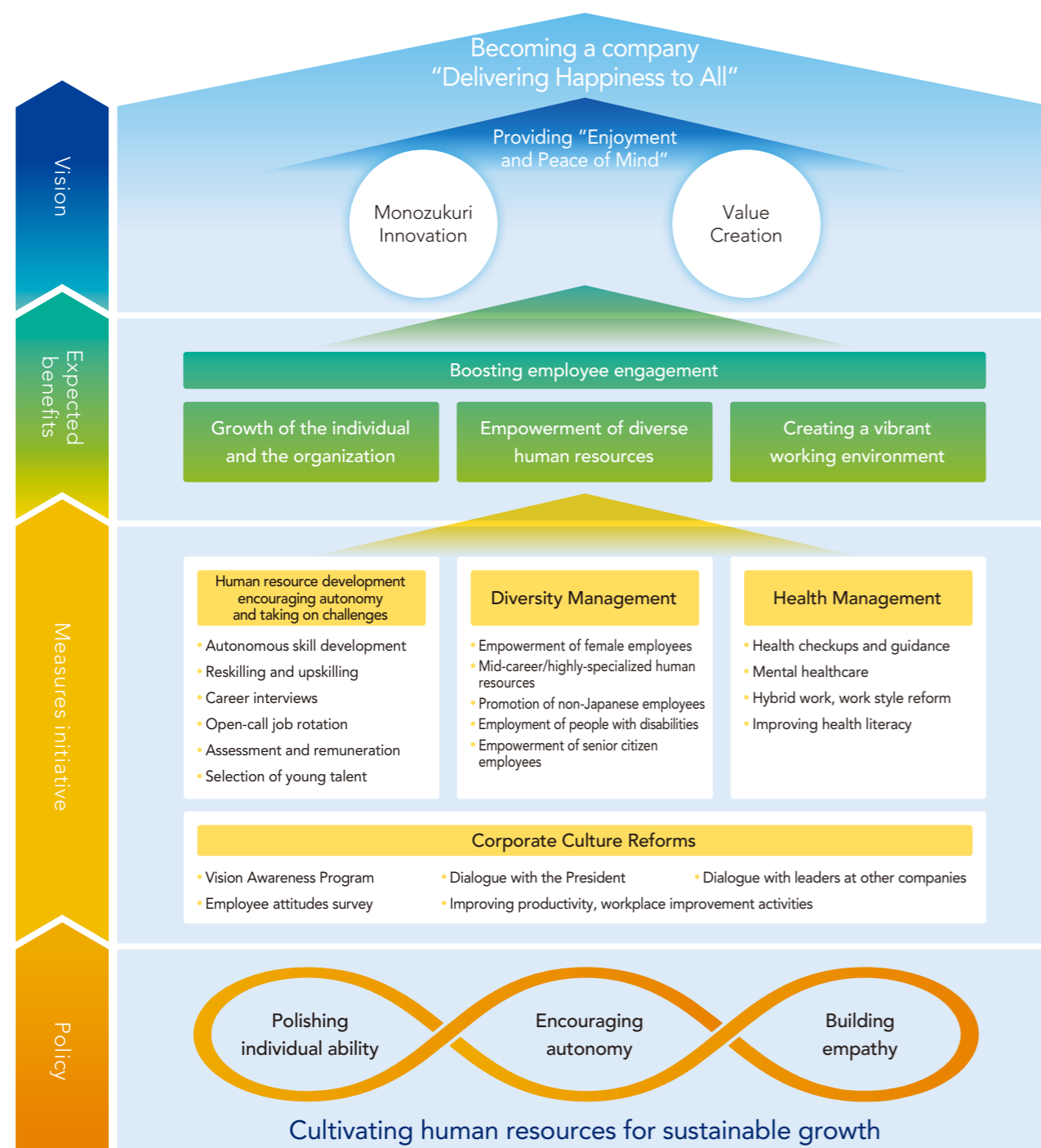
## Cultivating Human Resources

### Human Capital Management to Become a Company “Delivering Happiness to All”

In the rapidly changing business environment, the SUBARU Group is committed to human capital management with the approach that the human resources that drive our operations are the foundation of our competitiveness and sustainable growth.

We believe that creating competitiveness comes from linking the growth of the individual, in which people think and act on their own initiative in response to various changes, to the growth of the organization. To achieve this, we have been taking a range of actions focused on encouraging autonomy, polishing individual ability, and building empathy, under priority themes such as human resource development and corporate culture reforms, with the goal of building human resources who will lead the future of SUBARU.

In order to be a powerful driver of the impending wave of vehicle electrification, we will use our new management structure to further deepen these efforts and build an environment where these innovation leaders, who will bring about Monozukuri innovation and value creation, can fully demonstrate their abilities. By linking the growth of the individual to the growth of the organization in this way, we will continuously strive toward our vision of becoming a company “delivering happiness to all.”



### Human resource development polishing individual ability and encouraging autonomy and taking on challenges

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. In these initiatives, we encourage employees to autonomously develop their capabilities and take on challenges, supporting the growth of the individual.

#### (1) Building resonance through the SUBARU Vision Awareness Program

In our SUBARU Vision Awareness Program conducted for all employees, we aim to create a strong organization in which diverse employees work as one toward a unified vision through autonomous demonstration of their respective outstanding abilities.

The program uses videos and mutual discussion among colleagues in the same workplace to encourage participants to consider SUBARU’s vision to become a company “Delivering Happiness to All” and to understand how their daily work is connected to the happiness of SUBARU’s customers. At the same time, the program aims to build resonance with SUBARU’s vision and to encourage each employee to act autonomously. According to the results of a survey of participants conducted in FYE March 2023, approximately 70% of employees said that the program was effective in creating a deeper understanding about “delivering happiness to all.” Based on these results, in FYE March 2024, we will further encourage a sense of ownership and autonomous action among employees that will boost resonance to even higher levels.



A SUBARU Vision Awareness Program session

#### (2) Supporting employees’ autonomous career development and encouraging growth of the individual

We employ a multi-pronged approach to supporting our employees’ career development. In individual career planning, a career design sheet is used to visualize future career goals based on self-understanding, including one’s own experience, skills, and strengths. Each individual’s thoughts and ideas about their career are then shared with the workplace through career interviews with supervisors. Based on the shared career plan, supervisors provide tailored support to each individual, creating a system that allows employees to develop their careers autonomously. In addition, we offer age-based career planning training, in which participants learn optimal career planning methods and tackle questions about their own careers from a broad range of perspectives through interaction with employees of around the same age. Another program is career management training, in which participants learn the essential mindset and skills required of supervisors when they conduct career interviews.

An annual PDCA cycle is used to evolve each of these initiatives. For example, in a survey conducted after an age-based career planning training program, many participants commented that it offered valuable time to assess their careers and that it helped clarify how to create a career vision and determine where they need to work on going forward. These comments informed our decision to enhance our activities here, including gradually expanding the age ranges covered by this program.

#### (3) Knowing the outside world to spur challenge with an accurate sense of urgency

In order for SUBARU to maintain its growth going forward, we believe it is essential for each individual to know the outside company, take on challenges proactively with an accurate sense of urgency, and lead the organization.

As part of our efforts to help individuals know the outside world, leaders in corporate management from outside SUBARU were invited to deliver lectures to our own leaders (managers and section leaders) in FYE March 2023 on the theme of “Leadership for Survival into the Future.” These management leaders from a total of seven companies delivered lectures expanding participants’ horizons and helping them think independently about how to demonstrate their own leadership in these rapidly changing and uncertain age.

In our efforts to cultivate and generate managerial talent, each selected employee participates in external courses according to the issues they face and the skills they wish to develop, and by applying the knowledge and inspiration gained

from outside to their work within the Company, they develop their ability to lead SUBARU into the future. We also offer elective external open lectures for all employees, actively providing opportunities for them to learn about the outside world so that many employees can engage in their work with a broader perspective.

#### (4) Providing career choices through open-call job rotation

SUBARU introduced an open-call job rotation system in FYE March 2022 as a scheme to support employees in the career plans they have developed for themselves. Under this system, employees voluntarily apply for open positions offered by each department, and if conditions are met for both sides, the employee is transferred. More than 100 employees have taken advantage of this system to capture new career opportunities. As of FYE March 2023, we have launched a new initiative offering open-call recruitment to young employees for positions that involve overseas assignment. This has helped launch career development overseas for our motivated talent.

(Comments from open-call job rotation users)

- The system allowed me to utilize my cultivated skills in new areas, creating a feeling of broader career options.
- The ability to take a new job in a completely different area has allowed me to take on new challenges and grow as a person.

### Upskilling Engineers for New Value Creation

The creation of new technological value is essential for SUBARU to continuously meet customers' expectations, which fluctuate with the market. SUBARU is actively working to upskill its engineers, a process adding new technical skills required in the era of the electric car to the technical skills cultivated in internal combustion engines and reinforcing technical skills that embody the SUBARU-ness.

In particular, given that areas related to software will determine how well a company generates technological value, we launched the Software Human Resource Development Project within our engineering department in FYE March 2023. This project aims to cultivate human resources capable of developing software that will innovatively enhance the value of automobiles.

Specifically within this project, we launched a training program for acquiring software skills at different levels in October 2022. This training program has two major course branches, one for new employees and one for existing employees. In each of these branches, courses are offered at the introductory, beginner, intermediate, and advanced levels.

All of the approximately 170 new employees who joined the engineering department in FYE March 2023 have completed the beginner level of the training program for new employees. Approximately 10 participants have advanced to the advanced level and are continuing their training.

In the training for existing employees, an introductory level course on software literacy was conducted for all of the approximately 4,000 engineering department employees. Currently, approximately 200 of these employees are taking the beginner level course.

In addition, in order to utilize the skills acquired in these training programs in practice and link them to the creation of technological value, we are also studying and implementing the optimal allocation of human resources.



A software training class for new employees (beginner level)



### Diversity Management for Long-lasting Growth

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 and to be encouraged to create innovation. 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. SUBARU is committed to empowered and fulfilling careers with respect to human resource diversity, including for women, mid-career hires, people with disabilities, non-Japanese employees, and LGBTQ+ individuals. To this end, in January 2015, SUBARU established the Diversity Promotion Office, and has been expanding systems, assigning the right people to the right positions, cultivating human resources, and promoting them to management positions.

#### Promoting active roles for female employees

At SUBARU, we believe the empowerment of women is important to our sustainable growth. It is based on this belief that we support female employees in their pursuit of career development and in their efforts to balance work and childcare as two key issues. We also provide health support to ensure that female employees can sustain their careers through various life events.

Regarding support for career development, we place special emphasis on nurturing female managers. We have set a goal of doubling the number of female managers by 2025 compared to 2021. In FYE March 2023, we implemented various initiatives aimed at supporting female employees aspiring to become managers. These initiatives included the promotion of the Women's Leadership Program (WLP), which provides guidance and education tailored to each employee, organizing diverse

training programs to help individuals shape their own career paths, and establishing a training system that includes dialogue sessions with female executives through an executive forum aimed at further enhancing the contributions of female managers. We have also worked to create a culture and workplace environment that promotes the active participation of women through initiatives such as unconscious bias training targeting managerial staff. As a result of these initiatives, as of April 2023, we have 31 women among the 1,095 managerial positions, representing an increase of approximately 1.3 times from the 24 female managers in 2021.



An executive forum session

To support balancing work and childcare, we have introduced a work-from-home system from FYE March 2022 and abolished core hours in the flex-time system to facilitate flexible work styles for diverse human resources so that they can balance rewarding work and fulfilling lives. In addition, for employees in direct departments, we introduced an early-morning childcare service by qualified nursery teachers using in-house facilities in FYE March 2020. In FYE March 2023, we have expanded this to cover nights and late nights in our efforts to help balance work and childcare.

Another initiative is the Women's Empowerment Working 4's Project, launched in FYE March 2023 under the leadership of women working in our manufacturing department. This project's goal is to bring about what is needed for women to shine much more brightly, and includes improving facilities and holding round-table discussions.



A Women's Empowerment Working 4's Project session

For our future development, we recognize that it is necessary to make improvements in the two issue areas of work styles and corporate culture. To this end, we will further correct long working hours and encourage male employees to take childcare leave, as well as further raise awareness in the workplace and among managers through various training programs, and promote active roles for female employees.

### Strengthening mid-career recruitment

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 4,161 mid-career hires working as regular employees (approximately 24% of all regular employees) as of the end of March 2023, and 175 of them were in management positions (approximately 16% of all managers).

In addition, at the SUBARU Lab AI development base established in Shibuya, Tokyo in December 2020, we are working to enable smooth and targeted hiring of human resources required for AI development. As of April 2023, 13 employees play active roles in this area within SUBARU.

### Promoting employment of people with disabilities

In accordance with the April 2023 Human Resources Department Policy on Employment of People with Disabilities, the SUBARU Group strives to create workplace environments in which people with disabilities can truly shine. Under this policy, we are working to improve understanding among employees to ensure that those with diverse personalities, regardless of whether they have disabilities, can work with peace of mind and excel in the workplace. This is achieved through training regarding the employment of persons with disabilities provided within SUBARU and our Group companies.

In FYE March 2023, our specified subsidiary SUBARU BLOOM Co., Ltd., the largest employer of people with disabilities in Gunma Prefecture, received recognition for its long-standing contributions with the Gunma Prefecture Governor's Award as an excellent company for employing people with disabilities. As of June 2023, SUBARU BLOOM has 82 employees with disabilities on its roster.

As a result of various initiatives, as of June 2023, the SUBARU Group has 326 employees with disabilities, and the percentage of employees with disabilities (including at our special subsidiary company and affiliated companies) is 2.47%.



A supervisor checking work

### Promoting Non-Japanese Employees

The SUBARU Group hires human resources best suited to the policies and business activities of each location, regardless of their nationality. SUBARU employs 88 non-Japanese employees as of the end of March 2023. There are three non-Japanese employees in managerial posts at IT, engineering, and manufacturing departments. In our manufacturing department, where there are a number of non-Japanese employees, work instructions for our processes are translated into five languages to facilitate communication and support active roles for our non-Japanese colleagues.

### Initiatives for the LGBTQ+ community

The SUBARU Group's Human Rights Policy prohibits discrimination based on gender, gender identity, expression, and sexual orientation. To ensure that all employees have a proper understanding of sexual diversity, we conduct employee awareness activities and increase the number of allies (LGBTQ supporters) throughout the year.

In FYE March 2022, we set up an external hotline employees can use to consult about LGBT-related issues. In addition, the Diversity Promotion Office regularly holds opinion exchanges with members of the LGBTQ+ community to help provide them with a workplace offering peace of mind. At our internal LGBTQ+ seminars, participants have the opportunity to hear unfiltered comments from people identifying as LGBTQ+, learning about the attitudes and knowledge needed to support them. In addition, as part of activities to increase the number of people who have an understanding of LGBTQ+ issues, we are recruiting internal allies to share information on related events and improve understanding within the Company. In FYE March 2024, as a member of the LGBT-Ally Project, we will work to support the community while interacting with other companies, including through the Tokyo Rainbow Pride event.



Bronze certification in the PRIDE Index



External consultation service informational cards distributed to employees

## Boosting Employee Engagement and Reforming Corporate Culture for a More Robust Foundation

SUBARU conducts the Employee Attitudes Survey to assess changes in employee awareness and the workplace environment using objective data, and utilizes its results as a KPI for the evaluation of the Company's efforts. Survey results are also used to identify issues and formulate countermeasures at each workplace, and are utilized in personnel policies and corporate culture reform efforts. Evaluation results become part of our PDCA cycle as we work to become a company "Delivering Happiness to All."

Employee engagement 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. This indicator has also been used in qualitative (non-financial) evaluation for executive compensation since FYE March 2023. In the FYE March 2023 survey, employee engagement results showed a downward trend (from 50% to 47%), due in part to instability in the global economy and social conditions.

### Various Initiatives Aimed at an Employee Engagement Rating of 70% by 2025

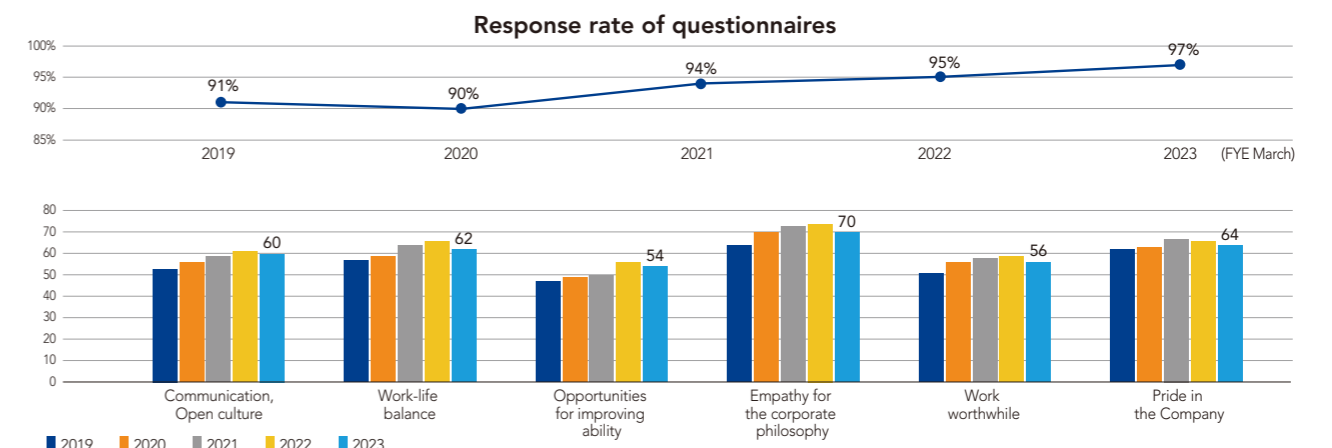


### Implementation of Various Measures Related to both "Fulfillment from Work" and "Pride in the Company"

Initiatives to boost engagement		
<b>Senior executive management</b> <ul style="list-style-type: none"> <li>• Message from the President</li> <li>• Executive engagement declaration (includes KPIs)</li> <li>• Use of employee engagement index improvement for director compensation evaluations</li> <li>• Ongoing communication of future strategy</li> <li>• Dialogue with the President</li> </ul>	<b>Management level</b> <ul style="list-style-type: none"> <li>• Facilitation and coaching training</li> <li>• Company-wide disclosure of Employee Attitudes Survey results and employee engagement rating by department/office (planned)</li> <li>• Career interviews</li> <li>• Visualization within the talent management system</li> </ul>	<b>General employees</b> <ul style="list-style-type: none"> <li>• SUBARU Vision Awareness Program</li> <li>• Enhance understanding of SUBARU through Team Window*</li> <li>• Smile Up Project</li> <li>• Activities in cooperation with labor unions</li> </ul>
<b>Workplace environments, etc.</b> <ul style="list-style-type: none"> <li>• Health management</li> <li>• Responses to new work styles</li> <li>• Wages</li> <li>• Welfare and benefits</li> </ul>		

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

Survey participation was strong, with 97% of all regular employees responding in FYE March 2023. Our analysis of the FYE March 2023 survey suggests that the impact of temporary factors such as poor performance due to unstable operating conditions during the COVID-19 pandemic and uncertainty about future market conditions led to the lower overall score. Based on these results, in FYE March 2024, we will work toward greater employee understanding by providing timely and easy-to-understand information on SUBARU's future strategies and on its management, as well as by creating opportunities for dialogue, as part of our efforts to eliminate uncertainty about the future.





## Six Priority Areas for CSR

We 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 and sustainable society.

### SUBARU Group’s Six Priority Areas for CSR

#### Process of Identifying the Six Priority Areas for CSR

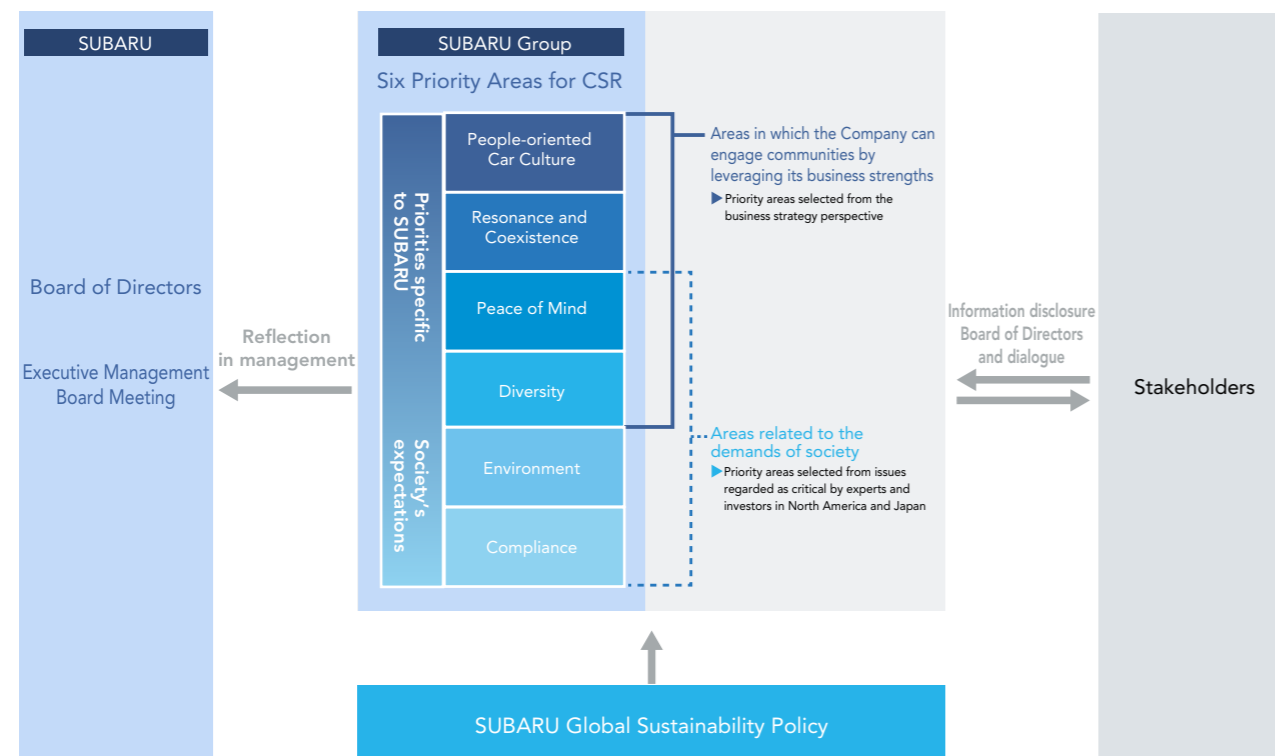
The SUBARU Group promotes CSR initiatives in the Six Priority Areas for CSR: People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, Diversity, Environment, and Compliance.

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 August 2023, SUBARU announced new management policy. Its priority areas in this policy are fundamentally unchanged. Based on the SUBARU Global Sustainability Policy, SUBARU will pursue value creation on a Group-wide and global basis with the goal of becoming a company “delivering happiness to all.” We will also promote initiatives in the Six Priority Areas for CSR, recognizing issues of importance to society and the SUBARU Group, with the aim of creating greater social value and economic value.

#### 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\* in 2030 contributes to Target 3.6 of the SDGs: “By 2020, halve the number of global deaths and injuries from road traffic accidents.”

\*Zero fatal traffic accidents among occupants of SUBARU vehicles and people involved in collisions with SUBARU vehicles, including pedestrians and cyclists.

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.	9 (Industry, Innovation and Infrastructure), 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.	11 (Sustainable Cities and Communities), 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.	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.	5 (Gender Equality), 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.	13 (Climate Action), 12 (Responsible Consumption and Production)
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.	8 (Decent Work and Economic Growth), 16 (Peace, Justice and Strong Institutions)

### 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 2023	FYE March 2024	FYE March 2025	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
		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							
		Proposing new forms of mobility	Promotion of the brand strategy (SUBARU, the Beloved Brand: More than a Car Company)							
		Disseminating car culture	Promotion of marketing activities that match the characteristics of each market							
	Local communities	Strengthening relationships with customers	Promotion of motorsports and continuation of awareness-raising activities							
		Establishing a new maintenance system	Advancement of Subaru's "Dynamic x Solid" design identity to "bolder" expression							
		Coexistence and mutual prosperity with business partners	"Designing experiences" with a focus on resonance with customers under the vision of "Earth-tainment: Enjoying the Earth Together"							
		Creating a safe working environment	Technology development toward realization							
		Revitalizing relationships with local communities	Dissemination of SUBARU's manufacturing practice and its endeavors for "Enjoyment and Peace of Mind"							
Resonance and Coexistence	Customers	Strengthening relationships with customers	Utilizing digital technologies to strengthen relationships with customers						Become a company that is widely trusted by, resonates and coexists with society.	11.2
		Establishing a new maintenance system	Enhancement of customer loyalty							
		Coexistence and mutual prosperity with business partners	Providing products and services contributing to prosperous lifestyles							
		Creating a safe working environment	Development of a maintenance system for EVs							
		Revitalizing relationships with local communities	Enhancing the maintenance system for promoting EVs							
	Business partners	Coexistence and mutual prosperity with business partners	Efficient vehicle maintenance by utilizing IT and digital transformation (DX)							
		Creating a safe working environment	Building relationships with business partners with CSR surveys, awareness-raising, and from CSR perspectives							
		Revitalizing relationships with local communities	Enhancing and strengthening the SUBARU Group's telecommuting environment							
		Contributing to safe lives of people	Reinforcement of efforts for occupational health and safety, improvement of plant environments							
		Contributing to safe lives of people	Creation of a safe and rewarding workplace environment, building of a brand that is loved by employees							
Peace of Mind	Customers	Improving safety functions	Continuation of production operations and maintenance of employment at each site						Become a company that provides the utmost peace of mind to all stakeholders.	3.6
		Contributing to safe driving	Utilization of athletic teams, boosting of employee morale							
		Establishing and strengthening a reliable product supply system	Reinforcement of community exchange and partnership activities							
		Improving inspection and maintenance quality	Contribution and relationship-building through sporting activities							
		Securing and improving quality	Contributing to local communities through stronger cooperation with nonprofit organizations (NPOs)							
	Employees	Contributing to safe driving	Community support activities during disasters and pandemics							
		Establishing and strengthening a reliable product supply system	Advancement of Advanced Driver Assistance System (ADAS)							
		Improving inspection and maintenance quality	Adoption of Advanced Automatic Collision Notification (AACN) system and expansion of its functions							
		Securing and improving quality	Continuous enhancement of crash safety							
		Contributing to safe lives of people	Expanding enhanced safety functions since FYE March 2021							
Local communities	Contributing to safe driving	Developing autonomous flight control systems (collision avoidance technology, fault-tolerant system improvements)								
	Establishing and strengthening a reliable product supply system	Implementing and sustaining EyeSight test rides (awareness-raising for advanced safety technology), etc.								
	Improving inspection and maintenance quality	Establishment of a timely and efficient supply system of spare parts and accessories								
	Securing and improving quality	Strengthening product supply capacity (parts center capacity increase plans/parts supply system improvements)								
	Contributing to safe lives of people	Promotion of accurate, high-quality inspection and maintenance								
Governments	Contributing to safe driving	Global penetration of maintenance system with high and consistent quality								
	Establishing and strengthening a reliable product supply system	Promotion of initiatives to produce vehicles of choice in terms of quality as well								
	Improving inspection and maintenance quality	Improvement of quality in all processes, from product planning to production, sales, and service								
	Securing and improving quality	Placing of the highest priority on quality by implementing quality caravans and providing education for fostering quality awareness								
	Contributing to safe lives of people	Collaboration with business partners								

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 2023	FYE March 2024	FYE March 2025	FYE March 2026		
Diversity	Employees	Promoting active roles for female employees	Expanding the number of female managers						Promote businesses that create diverse forms of market value while respecting the diverse values of all people.	5.5.2
		Utilizing diverse human resources	Childcare support for female employees in direct departments							
		Promote diverse work styles	Creating workplaces where female employees in direct departments can thrive and play an active role							
		Providing a wide range of products	Review of the human resources system for senior employees							
		Providing a wide range of products	Operation of the human resources system for senior employees							
	Business partners	Utilizing diverse human resources	Promotion of active roles for non-Japanese human resources							
		Promote diverse work styles	Examination and promotion of a workplace environment that pays due consideration to minorities in society							
		Providing a wide range of products	Compliance with the legally prescribed employment rate for persons with disabilities							
		Providing a wide range of products	Acquiring new knowledge through proactively recruiting external human resources							
		Providing a wide range of products	Diverse work styles: Labor management to back up work-life balance and support for hybrid work leading to improved productivity							
Environment	Customers	Popularizing vehicles that reduce environmental impact	CSR surveys, awareness-raising, and stronger CSR initiatives in the supply chain with business partners						Cherish and protect the global environment—the earth, the sky and nature—through Group-wide activities.	13.1
		Business to help reduce environmental impact	Enhancement of the understanding of employees, promotion of cooperation with U.S. minority organizations							
		Business to help reduce environmental impact	Incorporation of feedback on diverse market needs							
		Business to help reduce environmental impact	Design parts that can be used in multiple vehicle models							
		Business to help reduce environmental impact	Expansion of the sale of EVs (including models with e-BOXER)							
	Governments	Business to help reduce environmental impact	Development and sale of EVs (BEVs and SHEVs)							
		Business to help reduce environmental impact	BEV development							
		Business to help reduce environmental impact	Launch of Solterra, global rollout and sales expansion of BEVs							
		Business to help reduce environmental impact	Establishing appropriate disposal schemes for EV batteries							
		Business to help reduce environmental impact	Introduction of solar power generation for self-consumption							
Compliance	Business partners	Environmental activities in cooperation with business partners	Introduction of hydroelectricity and green electricity						Act in good faith and become a company that is trusted by and resonates with society.	12.5
		Environmental activities in cooperation with business partners	Energy conservation investment and effective utilization of facilities							
		Environmental activities in cooperation with business partners	Continuation of conservation efforts in cooperation with governments							
		Environmental activities in cooperation with business partners	Promotion of lighter, electric, and biofuel aircraft							
		Environmental activities in cooperation with business partners	Establishment and maintenance of an environmental management system							
	Employees/Local Communities	Environmental activities in cooperation with business partners	Efficient parts storage and transportation							
		Environmental activities in cooperation with business partners	Promotion of retailers' continuous efforts for energy saving, water quality conservation, and recycling							
		Environmental activities in cooperation with business partners	Optimization of logistics and complete knockdown (CKD) costs							
		Environmental activities in cooperation with business partners	Reinforcement of security and export control initiatives							
		Environmental activities in cooperation with business partners	Compliance training							
Business partners	Environmental activities in cooperation with business partners	Promotion of compliance from the perspective of the SUBARU Group								
	Environmental activities in cooperation with business partners	Establishment, dissemination, and management of internal rules and manuals on laws and regulations								
	Environmental activities in cooperation with business partners	Prevention of harassment								
	Environmental activities in cooperation with business partners	Maintenance and improvement of the workplace environment by promoting work style reforms and complying with the Labor Standards Act								
	Environmental activities in cooperation with business partners	Implementing conflict mineral surveys								

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~

### Declaration of Support for the TCFD Recommendations

SUBARU recognizes that climate change is one of the most pressing global issues, and has been working to disclose information on climate change. In April 2023, it has declared support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For more information on SUBARU's disclosure of the TCFD's recommended items, please see our TCFD Content Index (<https://www.subaru.co.jp/en/csr/tcfid/>).

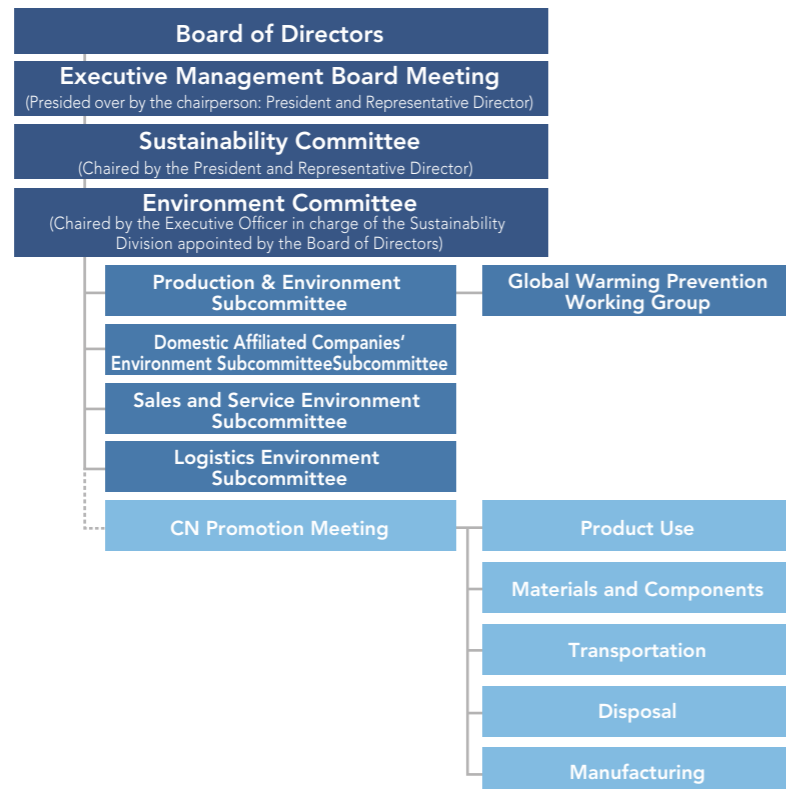


### Management System

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 our environmental management structure. Environmental risks and opportunities associated with climate change are assessed and monitored at the Environment Committee. After discussion at the Sustainability Committee, major issues become the subject of proposals and deliberations at the Board of Directors and the Executive Meeting, while particularly significant matters are subject to deliberation within the Board of Directors before decisions are made.

In addition, in order to contribute to the realization of a decarbonized society through the reduction of CO<sub>2</sub> emissions throughout the life cycle of our business activities, SUBARU holds monthly CN Promotion Meetings, bringing together departments representing the five areas of "product use," "materials and components," "transportation," "disposal," and "manufacturing." In these CN Promotion Meetings, members from each area worked together and shared information, formulated a master plan from a medium- to long-term perspective, and took actions to visualize and mitigate emissions in each area in the interest of achieving carbon neutrality by 2050. These efforts are overseen by the Environment Committee.

#### Governance Structure for Climate Change



### Strategy

SUBARU recognizes that climate change action is one of the most critical issues to address. To address climate change-related transition risks in policy and regulation, technology, markets, and other items, dedicated departments at SUBARU work to identify uncertain climate change-related risks.

Main Risks Identified (Bolted items are identified as highly important risks related to the strategic reorganization of SUBARU's production system)

Climate-related Risks	Main Risks Identified		
Transition risk	Business Management in General	In the event that more rigorous climate change targets are set in various countries, SUBARU's business could be significantly affected.	
	Regulatory risk	Products	If SUBARU fails to meet fuel economy regulations imposed in various countries, the Company could incur additional costs or losses related to negative incentives, such as fines or non-penal fines for legal violation, and credit purchase for unmet standards. Also, some of our products could fail to satisfy certain fuel economy standards, resulting in restrained sales opportunities.
	Production Phase		SUBARU could incur rising costs due to fossil fuel use, not only because of geopolitical factors associated with petroleum etc., but also carbon taxes, emission quotas, and other government policies and regulations.
Transition risk	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.
Transition risk	Market risk	Products	At present, it is difficult to predict technological progress and price optimization for 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. In addition, SUBARU views electrification as a steady medium- to long-term trend, and also anticipates the possibility of its swift and sweeping penetration of the market at some stage. SUBARU could be unprepared for such prospect in terms of technology and timely product lineups, and thus suffer from a resultant loss of product sales opportunities.
	Reputational risk	Business Management in General	If SUBARU fails to implement adequate initiatives to achieve low-carbon/zero-carbon outcomes, its brand value could be harmed, which could affect the Company's sales and recruiting ability. Capital costs could also rise, due to increased difficulty in obtaining financing from investors.
Physical risk	Acute physical risk	Business Management in General	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, such as materials for automotive batteries used in electrification technologies.

#### Main Opportunities Identified

Climate-related Opportunities	Main Opportunities Identified
Market opportunity	If SUBARU advances its efforts to make products more environmentally friendly as planned and global climate change mitigation/adaptation efforts 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, through contributing to addressing climate change issues, SUBARU could increase its brand value, thereby enhancing its sales and recruiting ability. This could make it easier for the Company to obtain financing from investors, thereby lowering capital costs.
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.

SUBARU explores climate change-related countermeasures in consideration of a variety of scenarios, including its own scenario assuming carbon neutrality by 2050 (equivalent to the 1.5°C scenario), based on climate change-related policy trends in various countries and information published by the International Energy Agency and other organizations. This exploration also incorporates risks and opportunities recognized with respect to sustainable business activities. As an example measure, SUBARU has developed an electrification strategy\* that considers multiple scenarios, including one in which the percentage of electric vehicles sold in the market increases significantly, as well as one in which the market penetration of electric vehicles increases modestly.

We are also advancing BCP<sup>\*1</sup> measures against flooding during torrential rainfall as a means of adapting to climate change. This action is in consideration of the risk of increasingly severe natural disasters due to a lack of progress in addressing climate change.

\*1 BCP: Business continuity plan

## Examples of scenarios and their risks/measures

Scenario	Example scenario risks of particular importance	Measures
Penetration of BEVs	Products Risk of limited sales opportunities due to products not meeting certain fuel efficiency standards	<ul style="list-style-type: none"> <li>Building a production system that can dynamically adapt the production ratio between BEVs, hybrids, and ICE vehicles, keeping a close eye on environmental regulations and market trends</li> </ul>
	Products Risk of market need diverging from electrification technology	<ul style="list-style-type: none"> <li>Establishing an eight-model BEV lineup by the end of 2028 with 400,000 BEVs sold in the U.S.</li> </ul>
Increasing severity of natural disasters	Business management Risk of operations being affected by disrupted supply of raw materials and submerged factories as a result of frequent flooding in various locations from extreme torrential rain	<ul style="list-style-type: none"> <li>Taking measures against flooding by installing rainwater collection tanks and strengthening drainage capacity</li> </ul>

\*Electrification Strategy

<https://www.subaru.co.jp/en/outline/about/policy/index.html>

## Risk Management

It is essential for the SUBARU Group to strategically conduct risk management while building a more robust management foundation and securing longevity of its business. 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. 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<sup>\*1</sup> system. During emergencies, the office centrally collects Group-wide information, establishing a system to manage company-wide responses.

Some items related to climate change are proposed and discussed at bodies like the Board of Directors and the Executive Meeting, and particularly significant matters are subject to deliberation within the Board of Directors before decisions are made.

## 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) regarding products (Scope 3) and plants and offices (Scope 1 and 2). These medium-term goals are reviewed as necessary according to the business environment, which is experiencing rapid, disruptive changes.

Category	Target Year	Goal
Products Scope 3	2050	Reduce average well-to-wheel* <sup>2</sup> CO <sub>2</sub> emissions from new vehicles (in operation) by 90% or more compared to 2010 levels* <sup>3</sup>
	Early 2030s	Apply electrification technologies* <sup>4</sup> to all SUBARU vehicles* <sup>5</sup> produced and sold worldwide
	2030	Aim for 50% of global sales to be BEVs
Plants and offices Scope 1 and 2	FYE March 2051	Achieve carbon neutrality
	FYE March 2026	Reduce CO <sub>2</sub> emissions by 60% compared with FYE March 2017 (total volume basis)

\*2 Well-to-Wheel: Approach to calculating emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles.

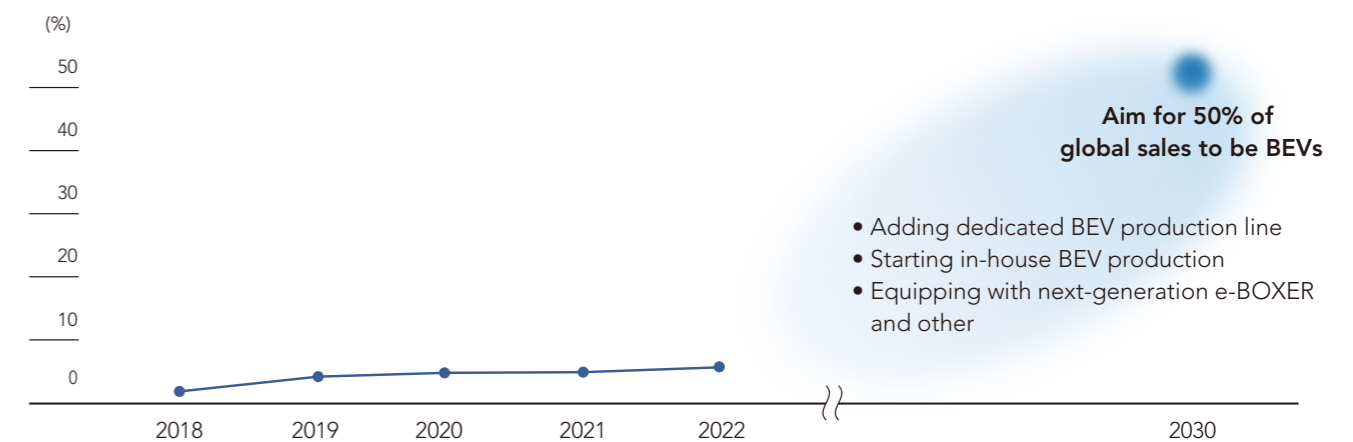
\*3 Reduce total CO<sub>2</sub> emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more compared to 2010 levels by 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.

\*4 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

\*5 Excluding models supplied by OEMs.

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 CO<sub>2</sub> emitted from automobiles. The percentage of SUBARU's EVs as a share of global sales in FYE March 2023 was 5.7%. However, we will grow 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 our stated goal of aiming for 50% of SUBARU global sales to be BEVs in 2030.

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



The majority of the SUBARU Group's CO<sub>2</sub> emissions come from the use of the products it sells, and the SUBARU Group's direct CO<sub>2</sub> 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 CO<sub>2</sub> emissions by using renewable energy and upgrading to highly efficient machinery and equipment with the aim of achieving carbon neutrality in 2050.

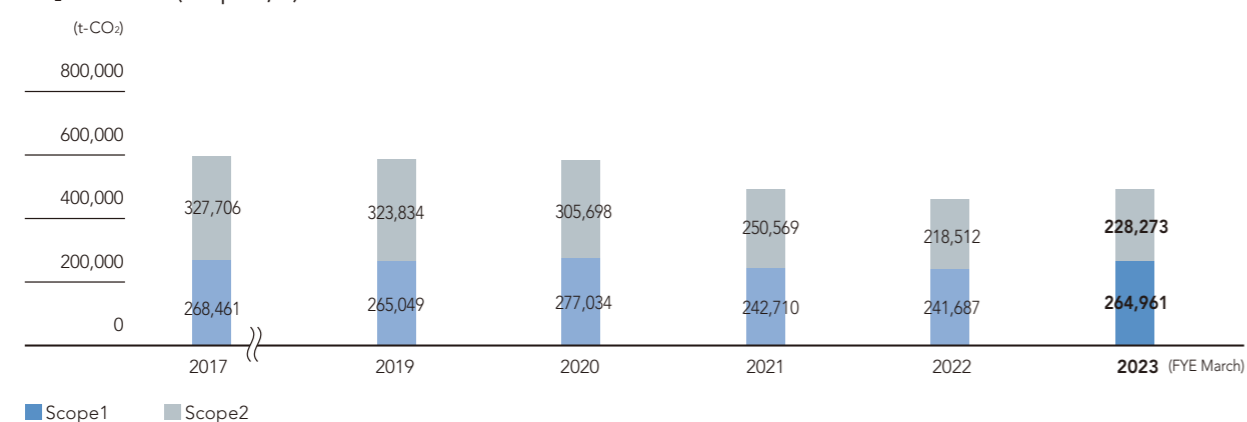
For our medium-term goal for plants and offices (Scope 1 and 2), has been raised to reducing CO<sub>2</sub> emissions by 60% in FYE March 2036 versus FYE March 2017.

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.

### CO<sub>2</sub> Emissions (Scope 1, 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 CO<sub>2</sub> emissions 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 CO<sub>2</sub> emission intensities for all power sources published annually by the International Energy Agency (IEA). Consolidation of data from the Group's domestic companies into the scope of subsidiaries with 99% certainty of Scope 1 and Scope 2 emissions (percentage based on number of employees). Due to errors in the electricity consumption of some Group companies in Japan, results for previous fiscal years have been revised.

### CO<sub>2</sub> Emissions (Scope 3)

Category	Greenhouse Gas Emissions (t-CO <sub>2</sub> )				
	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022	FYE March 2023
1 Purchased goods and services	1,703,682	1,992,046	1,583,247	1,430,501	1,726,493
2 Capital goods	372,211	413,287	282,713	260,566	402,915
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	102,022	103,772	91,851	89,627	95,352
4 Transport and delivery (upstream)	658,268	737,817	601,167	506,604	426,929
5 Waste generated in operations	31,984	32,095	26,446	24,888	28,733
6 Business travel	4,446	4,554	4,689	4,798	4,878
7 Employee commuting	13,506	13,835	14,245	14,576	14,818
8 Leased assets (upstream)	N/A	N/A	N/A	N/A	N/A
9 Transportation, distribution, and sales (downstream)	13,283	6,049	3,893	4,750	5,842
10 Processing of sold products	N/A	N/A	N/A	N/A	N/A
11 Use of sold products	33,298,769	34,029,045	27,455,302	23,102,609	27,453,385
12 End-of-life treatment of sold products	556,139	575,107	484,440	413,368	480,917
13 Leased assets (downstream)	2,394	2,463	1,998	2,065	1,984
14 Franchises	N/A	N/A	N/A	N/A	N/A
15 Investments	N/A	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; the Emissions Unit Value Database Ver. 3.0 by the Ministry of the Environment Database of emissions unit values; and SUBARU's life-cycle assessment (LCA) calculation standards.

In Category 11 (Use of sold products), emissions were previously calculated on a tank-to-wheel basis, but starting in FYE March 2023, emissions have been calculated on a well-to-wheel basis, and emissions during BEV use are also included in calculations. Revisions have been made to reflect this in data from previous fiscal years.

In addition, for Category 3 (Fuel- and energy-related activities not included in Scope 1 or Scope 2,) due to errors in the electricity consumption of some Group companies in Japan, results for previous fiscal years have been revised.



For other environmental data, please visit:

<https://www.subaru.co.jp/en/csr/environment/>

# Risk Management

## Our Approach

SUBARU Group 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.

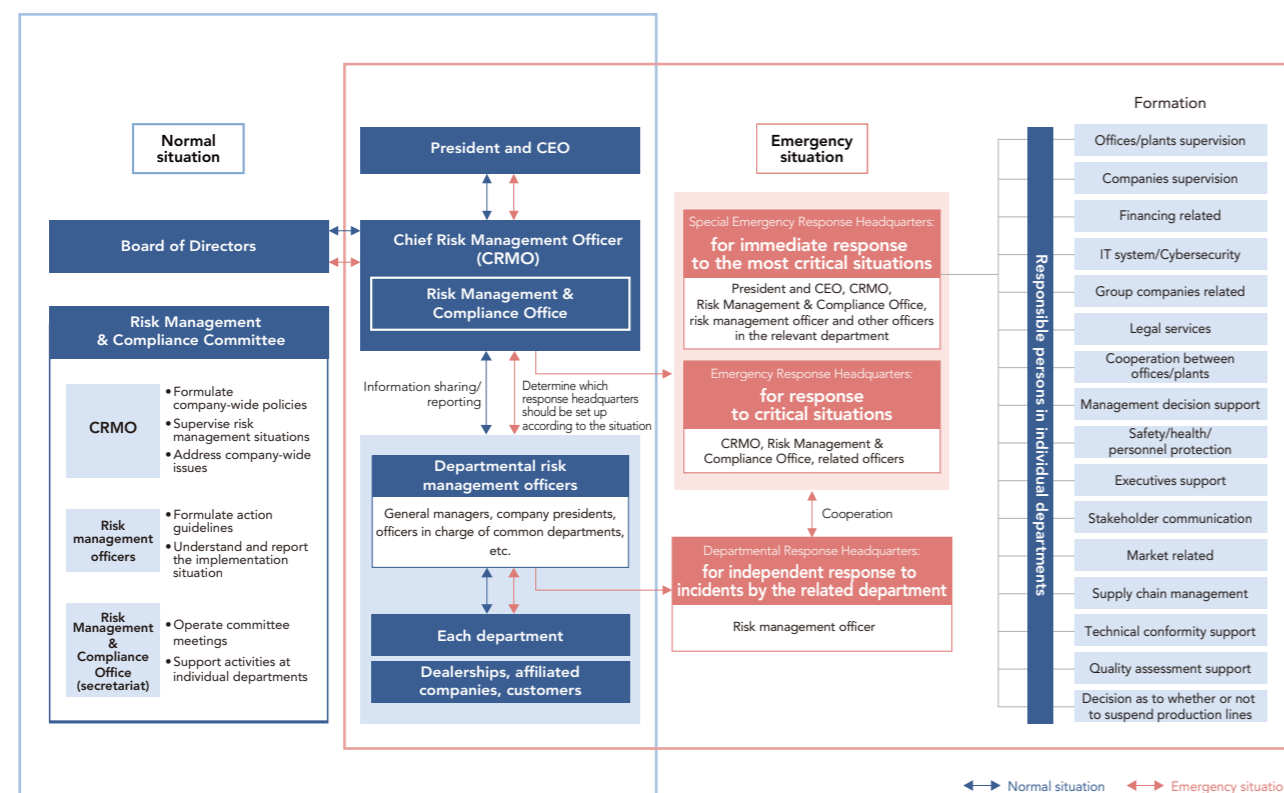
## Management System

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.

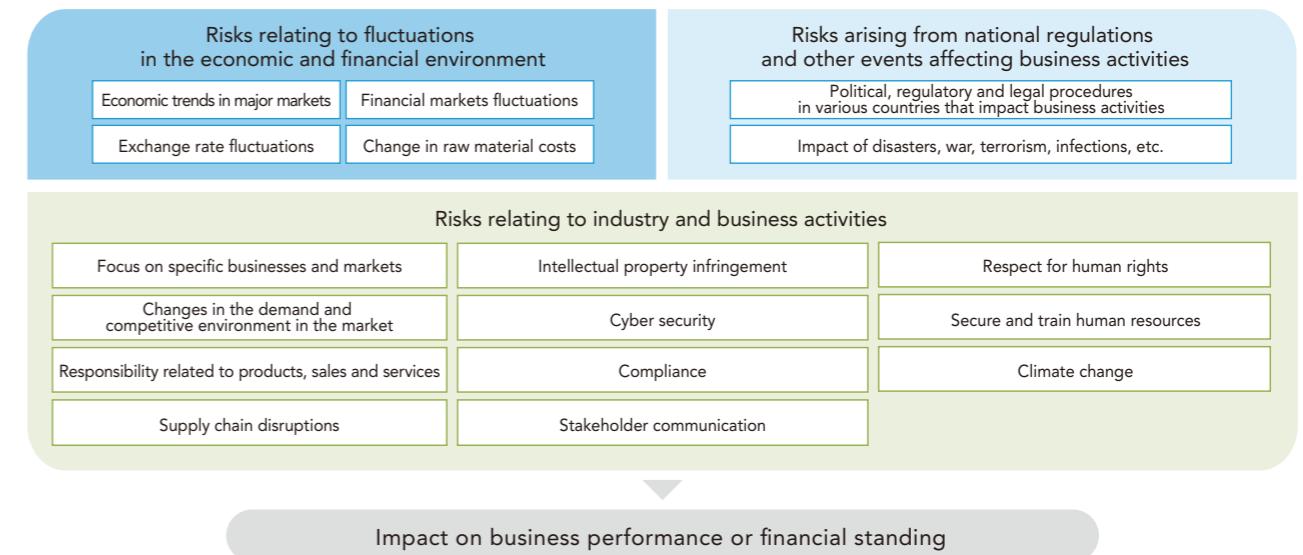
### Risk Management System



## 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

We recognize the importance of executing a business continuity plan (BCP) as a critical priority to enhance the effectiveness of risk mitigation activities.



The automotive industry is facing a once-in-a-century period of significant transformation, coupled with a business environment that is changing at a dizzying pace. The SUBARU Group is also exposed to various risks, and we consider the implementation of our BCP as a crucial management issue. In recent years, we have faced an unprecedented and challenging business environment characterized by disruptions in the supply chain due to risk factors such as semiconductor shortages, natural disasters, and the COVID-19 pandemic. In light of these circumstances, we have actively pursued various initiatives to reduce our risk. For example, we have introduced systems that enhance the visibility of information, even for the production facilities of secondary and tertiary suppliers with whom we do not have direct transactions. This allows us to quickly comprehend the state of the supply chain in case of emergencies. We have also enhanced our risk management by strengthening collaboration with our business partners, which includes expanding our executive team within procurement departments to increase opportunities for top-level coordination. In addition to reinforcing our supply chain management structure, we are witnessing a recovery in automobile production volume due to cross-company initiatives such as transitioning to alternative semiconductors, revising product specifications, and reallocating components between vehicle models and plants. Since some of the components we procure from our business partners, including those affected by semiconductor shortages, still face supply risks, we recognize the ongoing need for a united effort across the organization, with a strong focus on our procurement, manufacturing, and development departments. At the same time, we have gained practical risk management capabilities through this experience.

Moreover, the increasing global prevalence of cyberattacks has emerged as a threat to the entire supply chain, and as a result, we are actively enhancing our cybersecurity measures. The Risk Management and Compliance Committee, consisting of vice presidents in charge of different departments, has embarked on a review of our Group-wide Risk Map. This revision, conducted from a holistic company perspective, considers the significant shifts in the business environment in recent years and prioritizes issues according to the likelihood of occurrence and magnitude of impact. At present, every committee member is actively fostering a thorough comprehension of the risk landscape confronting the SUBARU Group. Each department is proactively advancing risk management, encompassing response measures for significant disasters and geopolitical risks. For risks that cannot be resolved by a single department, the Risk Management and Compliance Office serves as a facilitator, promoting cross-organizational activities.

Going forward, we will both encourage each department to think actively about risk management as well as undertake cross-organizational initiatives to further enhance risk mitigation activities.

## Respect for Human Rights

### Our Approach

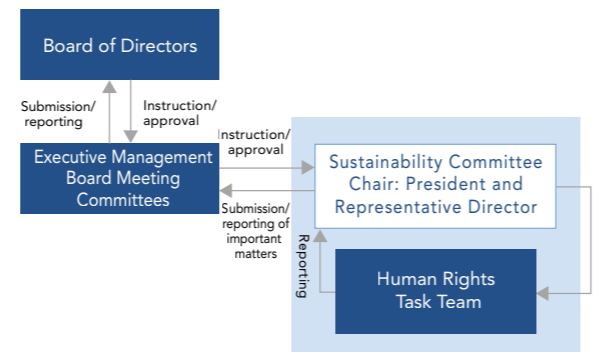
The SUBARU Group puts people first and engages in people-oriented manufacturing. Based on the belief that respect for the rights and characteristics of individuals is an important management issue for SUBARU, the SUBARU Group established its Human Rights Policy in April 2020. In this policy, the Group respects the human rights stipulated in international norms such as the Universal Declaration of Human Rights (UDHR), International Bill on Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. It also applies to SUBARU CORPORATION and all its subsidiaries, as well as to business partners, and other stakeholders. The policy states that we do not tolerate any discrimination based on race, age, sex, gender identification or expression, sexual orientation, national origin, ethnicity, religion, creed, profession, disability, family relations, or any other status protected by applicable law.

This policy was formulated with full consideration to stakeholders' expectations, incorporating discussions with outside experts and overseas subsidiaries. It was officially established after approval by the second meeting of the CSR Committee for FYE March 2020 and reported to the Board of Directors in March 2020. This policy is run globally and appropriately, being ready to address future environmental changes. If a company commits an act where human rights issues arise, it not only results in loss of trust from customers but also damages brand image, significantly affecting the business foundation. Therefore, SUBARU recognizes respecting human rights as a risk related to its industry and business operations.

\*Renamed in FYE March 2022 from the CSR Committee.

### Management System

We have appointed the Representative Director, President and CEO as a director who is responsible for leading the process of developing the policy and assigning resources as needed for its implementation and continued improvement. Specifically, we formed the Human Rights Task Team comprised of management personnel including the General Manager from the Human Resources Department, IR Department, Sustainability Promotion Department, Risk Management and Compliance Office, and Global Purchasing Planning Department. The human rights issues and initiatives discussed within the team are regularly reported and deliberated upon in the Sustainability Committee, chaired by the Representative Director, President and CEO. The details and outcomes are then submitted and reported to the Board of Directors, where they are monitored for their impact on the SUBARU Group's business and appropriately addressed.



### Human Rights Due Diligence

The SUBARU Group carries out human rights due diligence in accordance with the procedures stipulated in the United Nations Guiding Principles on Business and Human Rights. "Promoting initiatives to respect human rights based on the Human Rights Policy and communicating the policy throughout the entire supply chain" has been set as a key performance indicator (KPI) under Compliance within the SUBARU Group's Six Priority Areas for CSR. Together with our business partners, we are actively undertaking efforts in this regard.

From FYE March 2021 to FYE March 2022, with cooperation from LRQA Sustainability Co., Ltd. (formerly Lloyd's Register Japan K.K.), we identified and conducted impact assessments for human rights risks in the domains of human resources and procurement, identifying particularly key risks for the SUBARU Group. We have also formulated measures to address each of these risks. These are agreed upon by the Sustainability Committee and reported to the Board of Directors.

In FYE March 2023, we put into action measures to mitigate risks, while concurrently monitoring the progress and challenges through the Human Rights Task Team. This procedure includes presenting reports to the Sustainability Committee and the Board of Directors, thus establishing a plan-do-check-act (PDCA) cycle.

Human Rights Policy  
[https://www.subaru.co.jp/en/csr/social/human\\_rights.html](https://www.subaru.co.jp/en/csr/social/human_rights.html)

## Corporate Governance

### Our Approach

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.

<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.

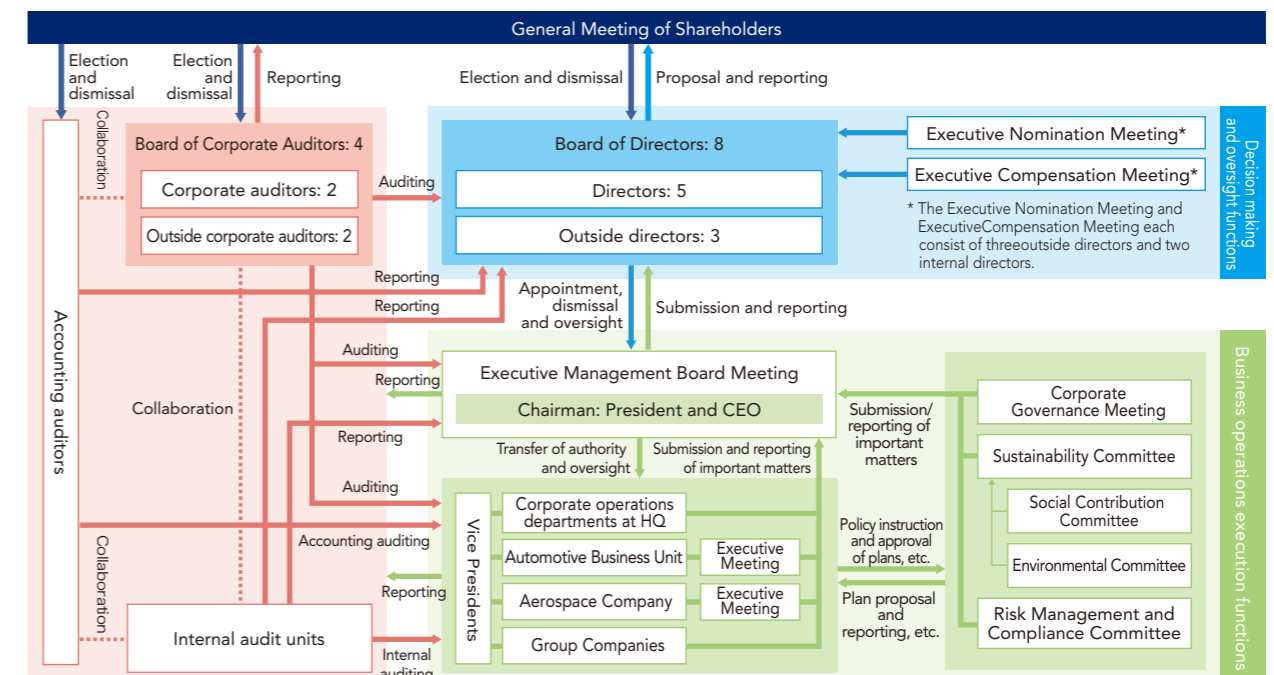
For other corporate governance information, please visit:  
<https://www.subaru.co.jp/en/csr/governance/corporate/>

### Corporate Governance Structure

SUBARU has chosen a structure with a board of corporate auditors. The Board of Directors and the Board of 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 and the Executive Compensation Meeting.

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 delegates directors' business execution authority to vice presidents. By doing this, SUBARU clearly separates the function of decision making and the oversight of corporate management from that of the execution of business operations, expediting decision making.



**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: 5, Outside directors: 3	Standing Corporate Auditors: 2, Outside Corporate Auditors: 2
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 2023	13 times*	12 times

\*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**

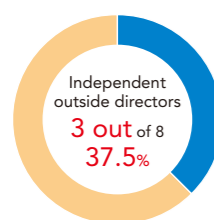
Category	2018	2019	2020	2021	2022
Number of meetings held	16	13	12	13	13
Attendance rate	98.4%	100.0%	100.0%	100.0%	100.0%

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, and one in FYE March 2021-2023 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.

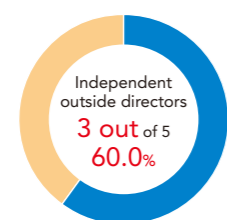
**Executive Nomination and Executive Compensation Meetings**

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 2023	7 times	4 times
Items deliberated in FYE March 2023	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.

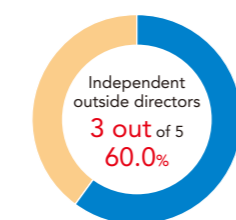
**Board of Directors**  
(Independence)



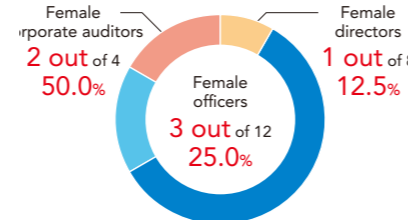
**Executive Nomination Meeting**  
(Independence)



**Executive Compensation Meeting**  
(Independence)



**Board of Directors/  
Board of Corporate Auditors**  
(Gender Diversity)



**Message from the Chairman of the Board of Directors**



Following the resolution made during the Board of Directors' meeting held in June 2023, I have now assumed the position of Chairman for the Board of Directors as well as for the Executive Nomination Meeting and Executive Compensation Meeting. Over the past five years, as Representative Director, President, and CEO, I have been focused on key missions to enhance the value of the SUBARU brand, namely corporate culture reforms, quality enhancement, and evolution of the SUBARU Difference. As Chairman, I look forward to incorporating specific insights and fresh perspectives provided by our outside directors into our management practices, further elevating our corporate governance to new heights.

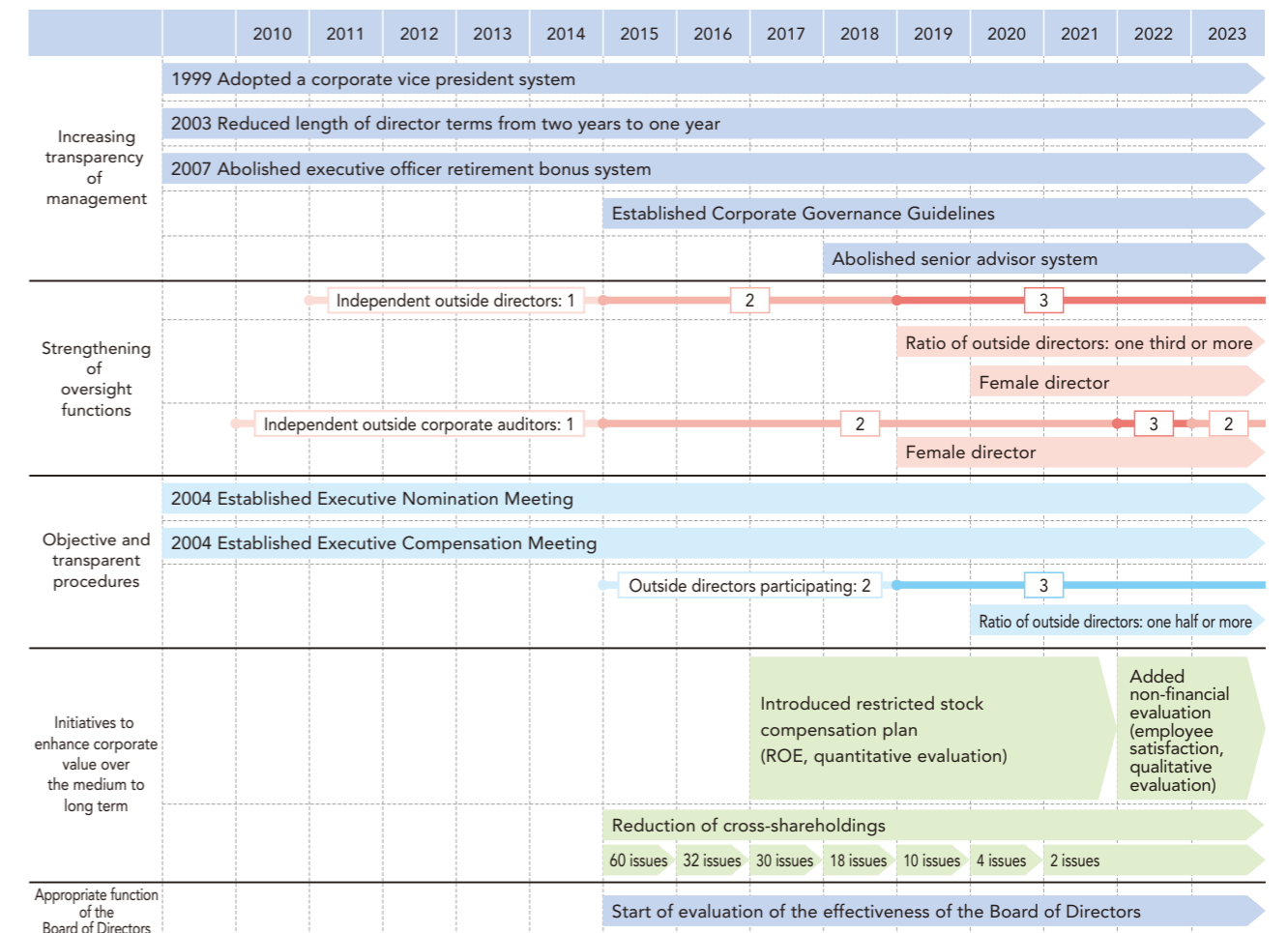
I consider the features of the Board of Directors' meetings that I have attended to be the high quality of proposals put forth by the executive team, the depth of understanding from those providing advice and oversight, and the seamless nature of discussions and communication, marked by mutual respect between both sides. This has resulted in the realization of a monitoring-focused Board that specializes in oversight. In the evaluation of the effectiveness of the Board conducted in 2022, our outside directors also provided a favorable assessment of the current Board style, which prioritizes the monitoring function. Nevertheless, despite social gatherings of management personnel\* and plant visits to bridge the information gap between inside and outside Board members, we acknowledge that challenges persist. To further enhance the effectiveness of the Board, we will continue to drive initiatives aimed at resolving this issue. As outside directors deepen their understanding of the automotive industry's latest trends and SUBARU's unique business characteristics, they will be better positioned to offer more comprehensive insights and advice, drawing from their own experience and knowledge. Consequently, we anticipate that the Board of Directors will become an even more effective forum for lively discussions than ever before.

In March 2023, we announced new executive personnel, including the replacement of the CEO, marking a significant change in management structure, the first since the disclosure of the CEO succession plan in 2020. First, in July 2022, as the CEO at that time, I proposed the fundamental principles regarding CEO transition at the Executive Nomination Meeting. Subsequently, we held these meetings on an almost monthly basis, engaging in in-depth discussions and involving the outside directors extensively in anticipation of the CEO transition to ensure the selection of candidates based on impartiality, objectivity and transparency.

Going forward, with our new management structure, we will continue to carefully assess the direction of global governance reform trends and progressively strengthen the effectiveness of SUBARU's distinctive corporate governance, leveraging the insights of our outside directors, aimed at fostering sustainable growth.

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

**Activities for Strengthening Corporate Governance**





## Directors, Auditors, and Executive Officers

(As of June 21, 2023)

(As of October 1, 2023)

## Directors of the Board

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



**Atsushi Osaki**  
Representative Director,  
President and CEO  
2 years / 23,422 shares



**Fumiaki Hayata**  
Representative Director,  
Deputy President  
2 years / 10,256 shares



**Tomomi Nakamura**  
Director, Chairman  
5 years / 40,733 shares



**Katsuyuki Mizuma**  
Director, Executive Vice President,  
CFO and CRMO  
2 years / 15,894 shares



**Tetsuo Fujinuki**  
Director, Senior Vice President, CTO  
**Newly appointed** / 11,403 shares



**Yasuyuki Abe**  
Independent Outside Director  
4 years / 5,200 shares



**Miwako Doi**  
Independent Outside Director  
3 years / 400 shares



**Fuminao Hachiuma**  
Independent Outside Director  
**Newly appointed** / 0 shares

## Corporate Auditors

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



**Yoichi Kato**  
Standing Corporate  
Auditor  
2 years / 11,129 shares



**Hiromi Tsutsumi**  
Standing Corporate  
Auditor  
3 years / 19,056 shares



**Yuri Furusawa**  
Independent Outside  
Corporate Auditor  
1 years / 300 shares



**Yasumasa Masuda**  
Independent Outside  
Corporate Auditor  
**Newly appointed** / 0 shares

## Executive Officers \* Concurrently serve as a Director

Chairman	Tomomi Nakamura*	—
President	Atsushi Osaki*	CEO (Chief Executive Officer) Aerospace Company
Deputy President	Fumiaki Hayata*	Secretarial Office, Human Resources Department, Sales, Marketing
Executive Vice President	Katsuyuki Mizuma*	CFO (Chief Financial Officer), CRMO (Chief Risk Management Officer) Finance & Accounting Department
Executive Vice President	Tetsuo Fujinuki*	CTO (Chief Technology Officer) Engineering Division, Technical Research Center, CTO Strategy Office
Executive Vice President	Tomoaki Emori	Chief 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	CQO (Chief Quality Officer) Chief General Manager of Quality Assurance Division, General Manager of Quality Assurance Management Office
Senior Vice President	Tamotsu Inui	Chief General Manager of Purchasing Division
Senior Vice President	Kazuhiro Abe	CIO (Chief Information Officer) Chief General Manager of IT Strategy Division
Senior Vice President	Shinsuke Toda	Senior General Manager of Overseas Sales & Marketing Division 2 and Corporate Planning Division
Senior Vice President	Hiroshi Watahiki	Chief General Manager of Engineering Division and Technical Research Center Senior General Manager of Purchasing Division
Senior Vice President	Tadashi Yoshida	Chief General Manager of Overseas Sales & Marketing Division 1 Chairman of SOA <sup>*1</sup> , SCI <sup>*2</sup> , NASI <sup>*3</sup>
Senior Vice President	Ryota Fukumizu	President of SIA <sup>*4</sup>
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	Shinichi Murata	General Manager of Risk Management & Compliance Office Risk Management Group, External Relations Department, Intellectual Property Department
Vice President	Kazuki Uejima	Chief General Manager of Product & Portfolio Planning Division
Vice President	Ikuo Watanabe	Chief General Manager of Monozukuri Division and Gunma Plant
Vice President	Akihiro Kato	Chief General Manager of Japan Sales & Marketing Division
Vice President	Katsufumi Nakazawa	Chief General Manager of Parts & Accessories Division
Vice President	Kosuke Kawai	General Manager of Cost Innovation Promotion Office, Senior General Manager of Corporate Planning Division
Vice President	Yoshihiro Saito	Company Vice President of Aerospace Company
Vice President	Yoichi Hori	General Manager of CTO Strategy Office, Senior General Manager of Corporate Planning Division, General Manager of Corporate Planning Department

\*1 Subaru of America, Inc.

\*2 Subaru Canada, Inc.

\*3 North American Subaru, Inc.

\*4 Subaru of Indiana Automotive, Inc.



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

## Directors/Auditors

(As of June 21, 2023)

	Name	Title at the Company	Gender	Total years of service	Board of Directors*	Board of Corporate Auditors*	Executive Nomination Meeting*	Executive Compensation Meeting*	Reasons for selection	Promotion of business strategies for accelerating responses to major transformation					Strengthening of management infrastructure that supports the Company's sustainable growth		
									Definition of experience	Experience and track record as an officer in charge of each business division					Knowledge, experience, and competency as an officer in charge of a field or employee with experience in highly specialized operations		
									Business management (executive experience)	Promotion of business strategies					Strengthening of management infrastructure		
										Technology/development	Manufacturing/purchase	Sale/marketing	Global	IT/digital	Business administration/financial/accounting	Legal affairs/compliance/risk management	Human capital/labor
Directors	Atsushi Osaki	Representative Director, President (CEO)	Male	2 years	○		○	○			●	●				●	●
	Fumiaki Hayata	Representative Director, Deputy President	Male	2 years	○							●	●	●		●	
	Tomomi Nakamura	Director, Chairman	Male	5 years	◎		◎	◎		●			●	●		●	●
	Katsuyuki Mizuma	Director, Executive Vice President (CFO, CRMO)	Male	2 years	○								●	●		●	●
	Tetsuo Fujinuki	Director, Executive Vice President (CTO)	Male	Newly appointed	○						●			●			
	Yasuyuki Abe	Independent Outside Directors	Male	4 years	○		○	○		●				●	●		
	Miwako Doi	Independent Outside Directors	Female	3 years	○		○	○			●				●		●
	Fuminao Hachiuma	Independent Outside Directors	Male	Newly appointed	○		○	○		●			●	●			
Corporate Auditors	Yoichi Kato	Standing Corporate Auditor	Male	2 years	○	◎							●	●	●	●	
	Hiromi Tsutsumi	Standing Corporate Auditor	Female	3 years	○	○							●				●
	Yuri Furusawa	Independent Outside Corporate Auditor	Female	1 year	○	○							●		●	●	
	Yasumasa Masuda	Independent Outside Corporate Auditor	Male	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

## Executive Officer Training

Category	Training Policy/ Major Ongoing Programs
Directors	<p><b>Policy</b> 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> <ul style="list-style-type: none"> <li>• Refresher courses focusing on information regarding the Companies Act and other laws and regulations related to corporate governance</li> </ul>
Corporate auditors	<ul style="list-style-type: none"> <li>• Participation in seminars and programs hosted by government agencies, Japan Federation of Economic Organizations, Japan Association of Corporate Directors, Japan Audit &amp; Supervisory Board Members Association, etc.</li> </ul>
Outside directors	<p><b>Policy</b> 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"> <li>• 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"> <li>- 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</li> </ul> </li> </ul>
Outside corporate auditors	<ul style="list-style-type: none"> <li>- Inspection tours at manufacturing/R&amp;D/distribution sites</li> <li>- Discussions with directors and corporate auditors on management issues</li> <li>- Social gatherings with directors and corporate auditors</li> <li>- Participation in company-wide business events, such as improvement activity debriefing sessions</li> </ul>
Vice Presidents	<p><b>Policy</b> 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"> <li>• Participation in external programs aimed at fostering the mindset required for executive management and motivating self-improvement actions</li> <li>• 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.)</li> <li>• Strategy-building camps for all vice presidents</li> <li>• Recommendation and support for participation in appropriate external seminars and programs</li> </ul>

\* 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 2023
All executives (including outside officers)	<ul style="list-style-type: none"> <li>• Newly appointed directors and vice presidents participated in external seminar programs</li> <li>• Held a total of three classroom lectures by invited experts on management issues</li> </ul>
Outside directors	<ul style="list-style-type: none"> <li>• Operations briefings offered by vice presidents and others, and related discussions</li> </ul>
Outside corporate auditors	<ul style="list-style-type: none"> <li>• Held a total of four discussions with directors and corporate auditors on management issues</li> <li>• Outside directors and outside corporate auditors participated in external presentations and exhibits about future technologies and quality solutions</li> </ul>

## 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 2023)	Significant Concurrent Positions (As of June 30, 2023)
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 execution 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 also 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 has appointed Mr. Abe with the expectation that he will appropriately perform the duties when he assumes office as an outside corporate director of the Company.	Attended 13 of 13 meetings	Outside Director, HOYA Corporation
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, Ms. Doi was appointed to the position of independent outside director and has been providing beneficial advice to the Company's management for the generation of new innovation. In light of this, the Company has appointed Ms. Doi with the expectation that she will appropriately perform the duties when she assumes office as an outside corporate 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.
Fuminao Hachiuma	○	Mr. Fuminao Hachiuma has abundant experience and knowledge acquired through his involvement in management in a broad range of fields including overseas business at Ajinomoto Co., Inc. and its group companies as well as promotion of strengthening of corporate governance and management reform of J-OIL MILLS, INC. as Representative Director and President. In light of this, the Company has appointed Mr. Hachiuma with the expectation that he will appropriately perform the duties when he assumes office as an outside corporate director of the Company.	Newly appointed	Outside Director, Seven & i Holdings Co., Ltd. Outside Audit & Supervisory Board Member, YKK AP Inc.
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 work style reform, active participation by women and diversity in the Cabinet Secretariat, as well as in the overseas business development in the private sector, giving her a broad perspective and a high level of insight. In light of this, the Company has appointed Ms. Furusawa with the expectation that she will appropriately perform the duties when she assumes office as an outside corporate auditor of the Company.	Attended 10 of 10 meetings <sup>2</sup>	Outside Audit & Supervisory Board Member, Kubota Corporation
Yasumasa Masuda	○	Mr. Yasumasa Masuda has experience in corporate planning and served as CFO at Astellas Pharma Inc. and has deep insight in overall management with focus on financial and accounting. He has also served as Independent Non-Executive at Deloitte Tohmatsu LLC and Outside Director and Chairman of the Audit Committee at Olympus Corporation, giving him a broad perspective and a high level of insight. In light of this, the Company has appointed Mr. Masuda with the expectation that he will appropriately perform the duties when he assumes office as an outside corporate auditor of the Company.	Newly appointed	Outside Director, Chairman of the Audit Committee, Olympus Corporation

\*1 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.

\*2 Corporate Auditor Yuri Furusawa was elected and appointed at the 91st Ordinary General Meeting of Shareholders held on June 22, 2022.

## Message from Outside Directors



**Yasuyuki Abe**  
Outside Director

June 2016 Appointed Outside Corporate Auditor  
June 2019 Retired as Outside Corporate Auditor  
June 2019 Appointed Outside Director

### Contributions, future challenges, and expectations as an outside director

As an outside director, I believe it is crucial to properly understand what is happening within the company in a limited timeframe, communicate various insights to the executive team, and thereby contribute to further enhancing corporate value. To achieve this goal, I consistently contemplate and take action on what the best course of action is at any given moment.

The most critical task of the Executive Nomination Meeting for FYE March 2023 was the selection of the CEO's successor. After announcement of the CEO succession plan, as a member taking part in this meeting, I spent a considerable amount of time conducting data research on various candidates, including interviews, in order to gain a thorough understanding of them. Through extensive deliberations and discussions, we ultimately arrived at the decision regarding the CEO succession. As a result, I believe we successfully made a well-qualified choice for the successor. Furthermore, although the Executive Nomination Meeting and Executive Compensation Meeting are currently chaired by the Chairman, an inside officer, they ensure a high level of transparency in their operations as outside officers have access to any necessary documents. This aspect is also one of SUBARU's significant strengths, and I believe it is something we must continue in the future.

As expectations for the new management structure, the three key initiatives from our mid-term management vision, STEP—corporate culture reforms, quality enhancement, and evolution of the SUBARU Difference—have been steadily yielding results and contributing to the improvement of our performance. With the new management structure in place, it's imperative that SUBARU keeps pushing forward without disrupting this substantial momentum. The significant challenge of adapting to electrification has prompted a contemplation of the SUBARU Difference, primarily within the Engineering Division, and subsequent strategies are now being actively implemented.

In the sustainability strategy, it is particularly important to accelerate the pace of diversity reform, including efforts concerning the empowerment of female employees. I aim to steadily assess the response to these reform and transformation initiatives.

As SUBARU aims to become a brand that is different from others by enhancing distinctiveness, I look forward to the changes that lie ahead under the leadership of President Osaki and Deputy President Hayata in the new SUBARU, and I will continue to fulfill my oversight responsibilities as an outside director.

### Efforts through the Executive Nomination Meeting and vision for the future of SUBARU

Although many companies with a board of corporate auditors in place often have a nominating committee as an independent mechanism, in some cases, the successor chosen by figures such as the CEO or Chairman is directly approved without further formalities. In order to increase transparency, SUBARU's Chairman, who does not have specific areas of responsibility for business execution and has a clear understanding of the Company's overall business, has been appointed chairman of the Executive Nomination Meeting and Executive Compensation Meeting, and has been promoting reforms such as the creation of a CEO succession plan. The recent CEO change followed a highly transparent process, involving a comprehensive review of materials, including 360-degree evaluations of candidates in the CEO succession plan. After shortlisting the candidates, interviews were conducted by outside directors, and the CEO was ultimately selected through deliberations in the Executive Nomination Meeting. I believe it is crucial to provide support for candidates to accumulate the requisite business experience that qualifies them for the role of CEO, in accordance with the CEO succession plan.



**Miwako Doi**  
Outside Director

June 2020 Appointed Outside Director

In mid-June, I had the opportunity to participate in the reception of the Keidanren Women's Executive Network for the first time. Approximately 130 female executives from member companies attended the event and I received positive remarks about SUBARU's distinctive qualities. While maintaining uniqueness can be challenging, it is important that SUBARU continues to pursue the SUBARU Difference through collaborative research with Gunma University\*, especially amid moves toward electrification. I think it would be wonderful to capitalize on SUBARU's uniqueness in finding a balance between environmental preservation and technological innovation, two seemingly conflicting elements.

Japanese people traditionally have taken an approach of making adequate preparations and dealing with situations within their expectations. Nevertheless, in the current environment where unexpected events such as the pandemic, the Ukraine invasion, and economic security issues, have become increasingly common, relying solely on such traditional coping methods may prove inadequate. Ensuring diversity, including active women's participation, is crucial for creating an organizational structure capable of responding to unexpected events. In a forum on women's careers held in March 2023, as well as during dialogues with female employees in Bifuka and Tochigi, we received a wealth of vibrant input. This has instilled a sense of optimism about SUBARU's future, and I am looking forward with great expectations.

\* SUBARU CORPORATION and Gunma University are undertaking a joint research course titled "Next-Generation Automobile Technology Research Course."



**Fuminao Hachiuma**  
Outside Director

June 2023 Appointed Outside Director

### Expectations for SUBARU as it navigates significant changes

The automotive industry is facing a significant period of upheaval, often referred to as a "once-in-a-century" transformation, in response to the demands of the carbon-neutral and digital transformation (DX) era.

While we can recognize the magnitude of this wave of change, it is a stage where the management's decision-making ability is challenged as there is no clear answer at this moment.

In times like these, it is crucial to operate and act organically across departments, requiring a compact organizational structure. Additionally, we anticipate the need for the capability to respond flexibly by considering various scenarios from diverse and objective perspectives, without being bound by conventional wisdom.

Over the past 40 years, I have been involved in the food industry both domestically and internationally. Although it differs greatly in dynamics and scale from the automotive industry, I feel a shared purpose in contributing to safety, security, enjoyment, and even the well-being and smiles beyond that, just like what a manufacturer aims for.

From the position of someone involved in product manufacturing, I will continue to strive to be of support to Subaru, shining even brighter as it overcomes this era of significant change.

## 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 the fiscal year ended March 31, 2023, aiming to apply the results of the evaluations toward enhancing the BoD's functions, the BoD confirmed efforts to address issues recognized in previous evaluations, reorganized the evaluation items on the survey and implemented interviews with certain directors, and assessed and analyzed the reasons and underlying factors behind differences in the recognition of issues. The results of this process are reported below.

### ◆ Methods of evaluation and analysis

(1) Timing: December 2022–February 2023

(2) Methods: Self-evaluation survey created by a third-party body; interviews

(a) Survey respondents: Directors (9) and auditors (5) for a total of 14 respondents

(b) Interviewees: Chair of the BoD, Representative Director and President, and outside directors (3) for a total of 5 interviewees

(3) Process

(a) Third-party body conducts anonymous self-evaluation survey of directors and auditors

(b) Third-party body conducts interviews with the chair of the BoD, Representative Director and President, and outside directors

(c) Third-party body aggregates and analyzes survey responses and interviews

(d) BoD verifies and discusses reports received from third-party body

(4) Evaluation items on the survey

(a) BoD roles and functions

(b) BoD composition

(c) BoD operation

(d) BoD support system

(e) BoD culture and communication

(f) BoD risk management and internal control

(g) Executive Nomination Meeting and Executive Compensation Meeting operation

(h) Shareholder dialogue

(i) Continued BoD improvements

Respondents evaluated themselves on a four-point scale in response to questions relating to the evaluation items. They were also free to add their own thoughts on the characteristics of the BoD and points that they felt would be necessary in enhancing the effectiveness thereof. Upon completing their responses, they then submitted their surveys directly to the third-party body.

### ◆ General evaluation

Based on the third-party body's report detailing its aggregation and analysis, the BoD discussed and confirmed the following points.

(a) The BoD is making solid, gradual progress on improvements by taking advantage of social gatherings of management personnel\*, enhancing discussions on the Executive Nomination Meeting, and taking other steps.

(b) Improvements have been made in efforts aimed at "enhancing the quality of discussion of medium- to long-term management strategy" and "enhancing discussions on the establishment of a system to appropriately address newly identified risks," two areas for improvement that emerged in last fiscal year's evaluation.

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

### ◆ Characteristics of the Subaru Corporation BoD

(a) A BoD with a focus on the monitoring function

Both inside and outside officers recognize that the roles of the BoD are to examine the execution of business and monitor the status of various initiatives.

(b) A framework conducive to open provision of information to the BoD

Business divisions appropriately provide information to outside officers through measures such as sharing internal information, offering opportunities for visits to factories and other sites, and utilizing social gatherings of management personnel. The company environment where outside officers can obtain access to internal materials and contact inside officers as necessary.

(c) A united commitment to enhancing the value of the Subaru brand

Outside officers share in Subaru employees' consistent commitment to pursuing the "Evolution of the SUBARU Difference."

### ◆ Future points to examine for further enhancing the effectiveness of the BoD

(a) Discussing medium- to long-term management strategy (a continuing point for examination)

The BoD confirmed the need to establish common ground in approaching discussions of medium- to long-term management strategy in the automobile industry, where constant, rapid transformation contributes to a lack of clarity and certainty, so that it can optimally fulfill its supervisory responsibility.

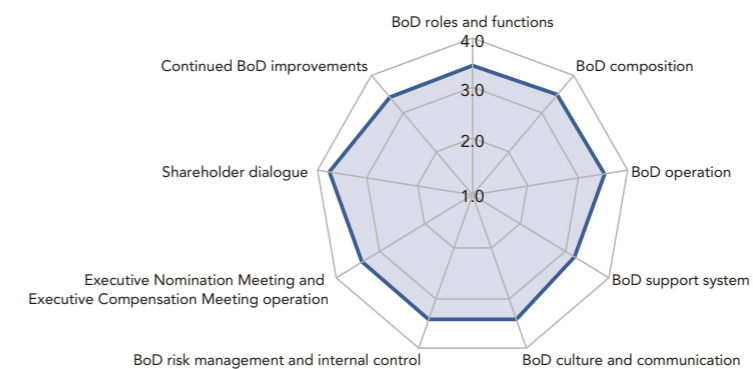
(b) Further bolstering the support system for outside directors

The BoD confirmed the need to work on rolling out information via the BoD Secretariat in order to help outside directors perform their functions more effectively than before.

(c) Further improving the effectiveness of the Executive Nomination Meeting

The BoD confirmed that it has been making solid progress through various efforts, including discussions of succession plans for the CEO position and other posts as well as skills matrices for officers, and will strive to implement continuing initiatives and propel further evolution.

### Results of the Questionnaire



1=Strongly disagree; 2=Disagree; 3=Agree; 4=Strongly agree

\*The figure above presents this year's results only without any comparison to the previous year's results, as this year's survey used a new, reorganized set of evaluation items.

### Evaluation Items

Evaluation Items		Evaluation Items		
(a) BoD roles and functions	Recognition of the roles and functions of the Board of Directors	(e) BoD culture and communication	Diverse values	
	Delegation of authority to execution		Stakeholder perspectives	
	Reporting system		Directors and business divisions	
	Supervision of corporate management		Inside and outside directors	
(b) BoD composition	Size of the Board of Directors	(f) BoD risk management and internal control	Directors and corporate auditors	
	Composition of the Board of Directors (ratio of inside to outside directors)		Risk management	
(c) BoD operation	Composition of the Board of Directors (diversity and expertise)		Group governance	Internal control and compliance
	Frequency, length, and time allocation of meetings	(g) Executive Nomination Meeting and Executive Compensation Meeting operation		Supervision of proper disclosure of information to shareholders and investors
	Relevance of agenda items		(h) Shareholder dialogue	Sharing the views of shareholders and investors
	Timing of proposals and discussions			Enhancing dialogue with shareholders and investors
	Quality and quantity of documents	(i) Continued BoD improvements		Status of improvements based on the previous fiscal year's effectiveness evaluation
	Timing of document distribution			
	Prior explanation			
	(d) BoD support system	Content of explanations and reports		
		Discussions by the Board of Directors		
		Leadership by the Chair		
Environment and systems for the provision of information				
	Provision of information to outside officers			
	Training of outside officers			
	Training of inside officers			

## Compensation for Directors

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

SUBARU deliberated and decided on the proposal of the Policy for Determining Details of Compensation for Individual Directors approved by the Executive Compensation Meeting at the Board of Directors' meeting held on March 3, 2022. To the right is the summary of the policy.

Policy for Determining Details of Compensation for Individual Directors																																	
<p><b>1. Basic policy</b></p> <p>As a basic policy, compensation for directors of the Company is determined in view of the following items:</p> <p>(1) Compensation is at a level commensurate with the roles and responsibilities of directors and is appropriate, fair, and balanced.</p> <p>(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.</p> <p>Specifically, for directors (excluding outside directors), compensation is composed of basic compensation, annual performance-linked bonus, and restricted stock compensation (for non-resident officers, phantom stock instead of restricted stock). For outside directors, the Company pays only basic compensation in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position. The total amount of compensation for individual directors and the levels of each compensation item are set for every position depending on difference in responsibility by utilizing the research data compiled by outside specialized agencies.</p> <p><b>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)</b></p> <p>(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.</p> <p>(2) Policy for performance-linked compensation For annual performance-linked bonus for directors (excluding outside directors), we have set 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 performance target achievement. 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.</p> <p>The Company will review the KPIs for annual performance-linked bonus and PSUs as needed based on changes in the environment and reports from the Executive Compensation Meeting.</p> <p>(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 the 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.</p> <p>For fixed compensation type restricted stock (RS) compensation, 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.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p><b>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</b></p> <p>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).</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Breakdown</th> <th colspan="2">Rate</th> </tr> <tr> <th>Basic compensation</th> <th>Annual performance-linked compensation</th> <th>Restricted stock compensation</th> <th>President</th> <th>Directors other than the President</th> </tr> </thead> <tbody> <tr> <td>Fixed monetary compensation</td> <td>●</td> <td></td> <td></td> <td>45%</td> <td>50%</td> </tr> <tr> <td>Performance-linked compensation</td> <td></td> <td>●</td> <td>●</td> <td>45%</td> <td>40%</td> </tr> <tr> <td>Non-monetary compensation</td> <td></td> <td></td> <td>●</td> <td>25%</td> <td>20%</td> </tr> </tbody> </table> <p>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.</p> <p><b>4. Matters concerning the determination of details of compensation, etc., for individual directors</b></p> <p>The Executive Compensation Meeting, by a resolution of and upon delegation by the Board of Directors, determines specific amounts of compensation, etc., of individual directors, following sufficient deliberation by its members including outside directors. Its authorities include the determination of specific amounts of basic compensation, annual performance-linked bonus, and restricted stock compensation (includes phantom stock), and their payment schedule.</p> <p>With regard to revisions of the compensation system and other matters pertaining to compensation overall, proposals approved by the Executive Compensation Meeting are deliberated and decided on by the Board of Directors. The total amount of compensation for individual directors and the levels of each compensation item are set depending on their responsibilities, and whether he or she is an internal or outside director, by utilizing research data compiled by outside specialized agencies.</p> <p>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.</p>		Breakdown			Rate		Basic compensation	Annual performance-linked compensation	Restricted stock compensation	President	Directors other than the President	Fixed monetary compensation	●			45%	50%	Performance-linked compensation		●	●	45%	40%	Non-monetary compensation			●	25%	20%	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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. 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Non-monetary compensation			●	25%	20%																												

### Overview of Executive Compensation System

#### • Composition of compensation

The ratio of compensation for the Representative Director, President and CEO will be set as 45% for basic compensation, 30% for annual performance-linked compensation, and 25% for restricted stock compensation (15% for variable compensation type (PSU) + 10% for fixed compensation type (RS\*)) upon achievement of the KPIs set forth in the STEP mid-term management vision.

As before, outside directors will only receive basic compensation

\* 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.

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

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

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 indicator improvement points

\* 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.

#### Total Compensation for Directors and Corporate Auditors for FYE March 2023

Category	Number	Total Compensation (Millions of yen)				
		Basic Compensation (Paid in fixed monthly installments)	Short-term Performance-linked Compensation	Restricted Stock Compensation		
				PSU	RS	
Directors	9	293	147	23	58	521
(of which, outside directors)	(3)	(38)	(—)	(—)	(—)	(38)
Corporate auditors	5	85	—	—	—	85
(of which, outside corporate auditors)	(3)	(29)	(—)	(—)	(—)	(29)

\* 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 holding, 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-shareholding. As a result, 60 issues held at the end of March 2015 decreased to 2 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 dialogue 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.

### Investment Stocks Held for Purposes other than Pure Investment

As of March 31, 2023

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	1,263	The Gunma Bank, a local bank of the area where the Company's main factory resides, is supporting not only SUBARU but also local supplier sites in Japan and abroad through its financial services. As the bank has been the Company's important partner, the Company will continue to hold the bank's shares to promote fair and smooth financial transactions.
Mizuho Financial Group, Inc.	372,097	699	The Mizuho Financial Group firms have been supporting SUBARU with financial transactions and other services. In particular, the Mizuho Bank has long been the Company's most important financial partner, providing support in a broad area of management. The Company will continue to hold the group's shares to promote fair and smooth transactions.

### Criteria for Exercising Voting Rights for Cross-Shareholding

With regard to the exercise of voting rights for listed stocks held as cross-shareholding, 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. In addition, we will continue to verify whether or not our criteria for exercise of voting rights warrant review.

## 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 units 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.

## 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 dated 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 and 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, 2023 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>

## 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 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/the 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.

### Specific matters studied in FYE March 2023

#### Matters for resolution

Audit policy, audit plan and division of audit duties, consent to agenda items for the General Meeting of Shareholders (appointment of corporate auditors), evaluation and selection/dismissal of the accounting auditors, consent to the audit fee for the accounting auditors, preparation of the audit report, etc. for the current fiscal year

#### Matters for reporting

- Report on the results and findings of site visits to Company offices and affiliated companies
- Sharing of information from standing corporate auditors to outside corporate auditors on important company matters, including via the Executive Management Board Meeting and the Executive Meeting
- Status reporting from responsible departments on risk management issues that arise internally or within the industry from a preventive audit perspective

Individual opinions raised by the Board of Corporate Auditors are presented to relevant officers and others as appropriate to gain reference opinions for forming decisions on the execution of business.

#### 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 confirmed 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 appropriate.

##### 2) Meetings with departments related to internal controls

Corporate auditors receive regular monthly reports from the Legal Department and the Risk Management and Compliance Office on compliance concerns including the operation of the whistleblowing system, and receive regular reports from human resource departments on the status of issues such as disciplinary cases and industrial accidents.

In addition, corporate auditors receive 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

Corporate auditors hold regular audit report meetings with internal audit units, receive reports on all internal audit results, and exchange information and opinions on internal control issues, which are reflected in audits by corporate auditors.

Corporate auditors also receive quarterly reports from the accounting auditors on the status of accounting audits and exchange opinions with them as necessary so as to ensure effective and efficient audits, thereby establishing close mutual cooperation in the three-party audit system.

As part of these exchanges, corporate auditors harness opportunities provided by quarterly reports to engage with the accounting auditors from the beginning of the fiscal year with respect to Key Audit Matters (KAMs), including candidate matters, about concepts such as the suitability of audit targets and the state of audit actions.

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

The Internal Audit Department (15 members) has been established and reports directly to the President. 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.

As an initiative to ensure effective internal audits, the Internal 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 on business execution are distributed to all directors, corporate auditors, and relevant departments at the same time as reports are directly made to the President at a monthly reporting meeting. 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 Internal Audit Department and corporate auditors work together to strengthen audit functions, as described in 3.3) "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. Furthermore, the Internal Audit Department regularly exchanges information with Group companies that have their own internal audit units, working toward greater cooperation.

The Internal Audit Department carries out a yearly evaluation of its own activities and periodically undergoes an evaluation by external experts to confirm that the audit operations are being performed appropriately.

## Compliance

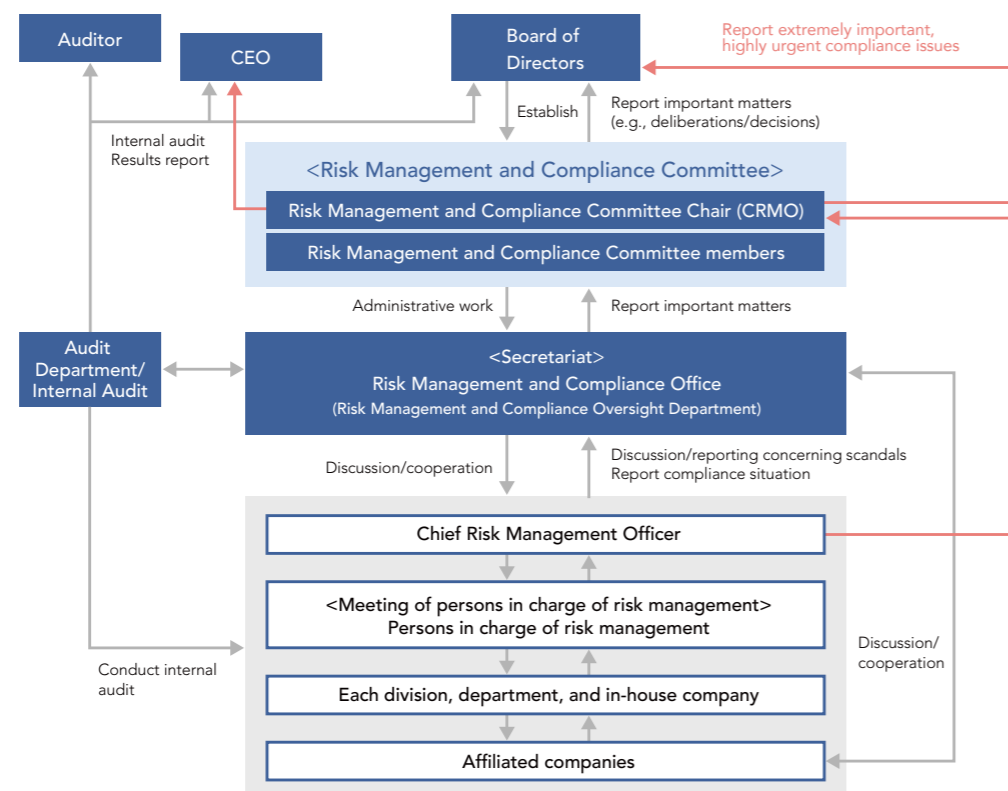
### Our Approach

At SUBARU, compliance is positioned as one of our most important management issues in our Corporate Governance Guidelines. All officers and employees of the SUBARU Group are deeply ingrained with the commitment to adhere to the Compliance Manual, laws, internal regulations, and social ethics and norms, making it an integral part of their behavior at all levels. In the unlikely event of a violation of set standards, not only could the Company incur damages in accordance with legal regulations, but such incidents could erode the trust and confidence of customers, business partners, clients, shareholders, and broader society. By creating and operating a compliance system/organization, and carrying out activities such as providing different kinds of training, each employee has a strong awareness that thorough Group-wide compliance forms the foundation of SUBARU's management and behaves in accordance with this.

### Management System

The SUBARU Group 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. We also employ a PDCA cycle, with each department creating its own compliance program each fiscal year to enhance compliance. This involves consistent, structured independent actions for legal compliance management and to foster employee compliance awareness, as well as subsequent verification of compliance status.

### Compliance System



### Compliance Hotline

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

There were 270 consultations in FYE March 2023, the details of which are outlined in the table on the next page. Through initiatives to fully embed 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. It is also contributing to the reform of corporate culture as a channel for addressing and resolving workplace issues.

### Breakdown of Compliance Hotline Consultations and Trends Over Time

(FYE March)

	2019	2020	2021	2022	2023
Suspected violation or violation	22	14	19	26	24
Labor-related grievances and requests	59	60	65	67	59
Interpersonal relationship grievances and requests	111	136	143	111	178
Others	7	6	9	10	9
Total	199	216	236	214	270

### 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, approximately 30,000 SUBARU and Group companies in Japan have participated in video-based online training programs, which was introduced to adapt to work format changes due to the COVID-19 pandemic, thereby raising compliance awareness across a wide range of individuals. In addition, to promote the understanding of key laws and regulations, the Legal Department leads training for legal affairs in practical business for SUBARU and Group companies in Japan. In FYE March 2023, we conducted such training within eight programs covering topics that included security trade controls, the Act on the Protection of Personal Information, and the Subcontract Act. 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, the Political Funds Control Act, and harassment prevention.

### Bribery Prevention

At SUBARU and its Group companies in Japan, we consider the prevention of bribery in the 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 do not constitute 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 fact-finding investigations. It also strives to detect cases early via business audits conducted by internal audit departments. 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.

In FYE March 2023, there were no fines, penalties, or settlement payments related to violations of anti-corruption laws and regulations within the Group, and no individuals were subject to disciplinary dismissals for such violations.

### 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>



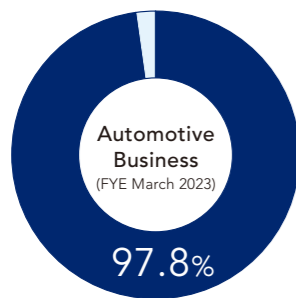
# Automotive Business Unit



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 developing core technologies in areas such as battery electric and hybrid vehicles, while leveraging alliances to accelerate our initiatives toward achieving carbon neutrality.

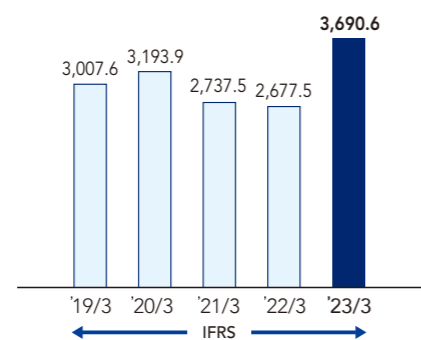
\*EyeSight is the first driver assist system to provide all functionality solely through the use of stereo cameras

### Consolidated Revenue Contribution Ratio



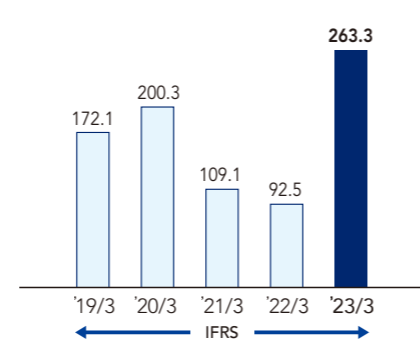
### Revenue

(Billions of yen)

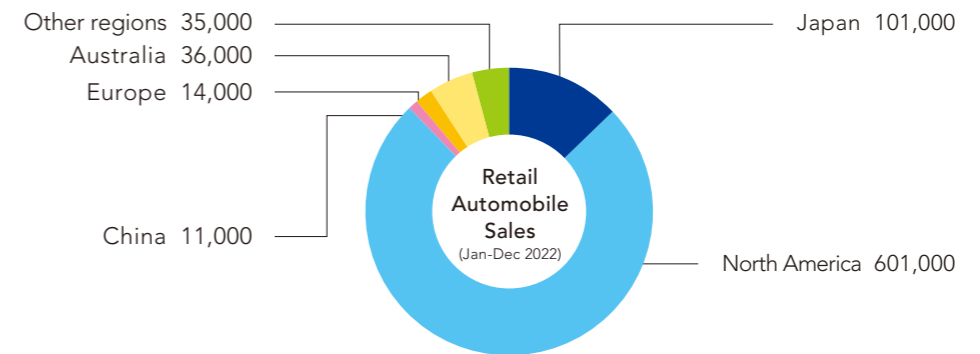


### Operating Profit

(Billions of yen)



### Automobile Sales by Region



### Product Lineup

#### SOLTERRA

SUV (BEV)



Unit sales : 2 thousand units  
Sales region : Japan, North America, Europe, and other

#### LEVORG

Sports / Wagon



Unit sales : 14 thousand units  
Sales region : Japan and other

#### ASCENT

(Other markets: EVOLTIS)

SUV



Unit sales : 68 thousand units  
Sales region : North America, and other

#### WRX

Sports / Sedan



Unit sales : 27 thousand units  
Sales region : Japan, North America, Australia, and other

#### OUTBACK

SUV



Unit sales : 189 thousand units  
Sales region : Japan, North America, Europe, Australia, China, and other

#### SUBARU BRZ

Sports / Coupe



Unit sales : 13 thousand units  
Sales region : Japan, North America, Europe, Australia, China, and other

#### FORESTER

SUV



Unit sales : 186 thousand units  
Sales region : Japan, North America, Europe, Australia, China, and other

#### LEGACY

Sedan



Unit sales : 23 thousand units  
Sales region : North America, China, and other

#### CROSSTREK

SUV



Unit sales : 213 thousand units  
Sales region : Japan, North America, Europe, Australia, China, and other

#### IMPREZA

Wagon



Unit sales : 46 thousand units  
Sales region : Japan, North America, Europe, Australia, and other

### OEM

#### JUSTY



#### STELLA



#### SAMBAR VAN



#### CHIFFON



#### PLEO+



#### SAMBAR TRUCK



#### REX



Unit sales : 21 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, 2022.  
2: Regional sales results are for the aforementioned period.

## SUBARU Core Technologies

### EyeSight Driver Assist System

#### Stereo cameras for advanced object recognition capabilities

By using two cameras positioned like human eyes (stereo cameras), the EyeSight driver assistance system is able to detect vehicles and pedestrians ahead of the vehicle and to accurately determine the distance of each object. This technology helps avoid accidents, minimizes damage, and reduces the burden on the driver. The next-generation EyeSight system installed in the 2020 SUBARU Levorg enables 360-degree sensing thanks to redesigned stereo cameras that allow for expanded visibility and 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. The EyeSight X advanced driver assistance system combines information from sources such as the GPS and QZSS "Michibiki" satellite systems with high-precision 3D map data, which enables driving support functions including lane change assist and hands-off driving assist in traffic congestion. The Crosstrek released in 2023 adds a "third eye" in the newest evolution of this system, using an ultra wide-angle monocular camera in addition to stereo cameras. This results in improved recognition performance at intersections, where accidents are more common.



Stereo cameras

### SUBARU Global Platform

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

The SUBARU Global Platform, first implemented in 2016 with the Impreza, substantially increases body and chassis rigidity and further lowers vehicle center of gravity, improving Active Safety and delivering responsive handling performance and a comfortable ride. Furthermore, beginning in 2020 with the fully redesigned Levorg, we have adopted the new full inner frame construction technology to enhance rigidity across the entire body. This further evolves Passive Safety performance and provides an even more comfortable ride.



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.

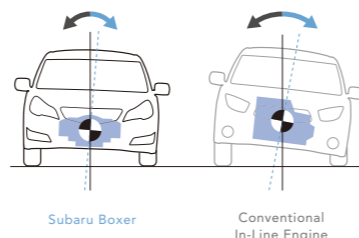


Symmetrical All-Wheel Drive

### 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

## SUBARU Models through the Years

Note: our production models



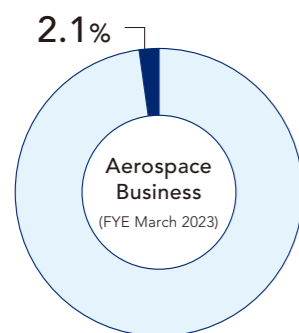
Business Overview

# Aerospace Business Unit

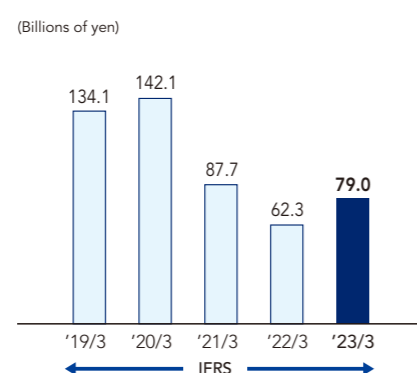


SUBARU's roots trace back to 1917 and the Aircraft Research Laboratory, later to become Nakajima Aircraft. In the SUBARU of today, our Aerospace Business carries on Nakajima Aircraft's passion for Monozukuri, leading Japan's aerospace industry through the development and production of a diverse set of aircraft under three business pillars: defense, commercial, and helicopter. Our defense business is wide-ranging, including the development and production of aircraft systems under an all-Japan framework, as well as of training aircraft for the Japan Self-Defense Forces. In our commercial business, we are responsible for the development and manufacturing of the center wing boxes and various other components of large aircraft such as the Boeing 787 through an international joint development program with U.S.-based Boeing. In our helicopter business, we produce the UH-2 utility helicopter used by the Japan Ground Self-Defense Force (JGSDF) and its commercial version, the SUBARU BELL 412EPX.

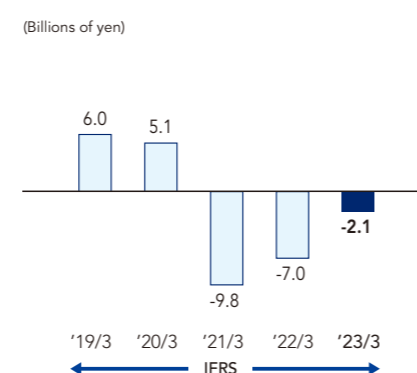
Consolidated Revenue Contribution Ratio



Revenue



Operating Profit



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

## Commercial Business

Since first participating in the Boeing passenger program in 1973, we have been involved in development and production as a one of key partner of Boeing for more than 50 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 and major sections. Since the center wing box contains the aircraft's fuel, Boeing requires that we provide high mechanical strength and high fluid tightness, a need we have met by demonstrating our advanced design and assembly technologies.

The Handa Plant, located in Aichi Prefecture and where center wing boxes for large aircraft are manufactured, is a global-level production center providing parts for not only the Boeing 787, which boasts over 1,000 manufactured worldwide, but also the Boeing 777X, Boeing 777, the Ministry of Defense's P-1 maritime patrol aircraft, and the C-2 transport aircraft. As of May 2023, the Handa Plant has manufactured and shipped a cumulative total of 3,000 center wing boxes for large aircraft.



A center wing box (Handa Plant)

## Defense Business

For half a century, the SUBARU Group has been providing overall operational support, including aircraft manufacturing, scheduled maintenance, refueling, and training, for programs such as Japan Air Self-Defense Force and Japan Maritime Self-Defense Force training aircraft systems, as well as Japan Ground Self-Defense Force utility helicopters. As of May 2023, affiliate Fuji Aviation Maintenance Co., Ltd. reached the milestone of 2,500 cumulative scheduled maintenance services performed for T-5 aircraft. We also boast a significant track record in development for unmanned aerial vehicles, and are actively involved in the operation support of existing systems and the research and development of future systems.

SUBARU also participates in the development of Japan's major defense aircraft systems, including fighter, transport, and patrol aircraft, and we are responsible for the development and production of major components, focusing on areas where we have particular strengths, including main wings, tail fins, and composite materials. With the establishment of Japan's three strategic documents, our defense business is experiencing dramatic environmental changes toward stronger defense capabilities for Japan. In this context, SUBARU will contribute to the defense of Japan through action precisely meeting the needs of our customers with rock-solid technical capabilities backed up by many years of experience and achievements.



The T-5 Japan Maritime Self-Defense Force training aircraft

## Helicopter Business

SUBARU has established a mass production line at our Utsunomiya Plant to provide UH-2 utility helicopters to the Japan Ground Self-Defense Force, which is used for air transport as well as lifesaving, evacuation, and firefighting during disasters, plus other missions to ensure the safety and security of the people of Japan.

The SUBARU BELL 412EPX is the commercial version of the UH-2, and has seen a steady increase in orders and sales. This aircraft boasts high reliability for operation under harsh conditions and excellent serviceability, and is expected to enjoy broad use in Japan and around the world.

SUBARU will continue to support safe and reliable flight operations for its customers as a company with manufacturing and maintenance bases in Japan, not only by manufacturing and selling aircraft, but also by supplying parts and performing scheduled maintenance.



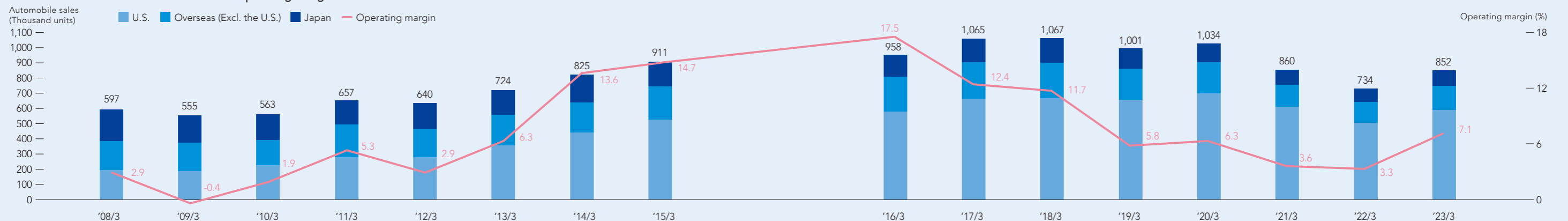
The UH-2 Japan Ground Self-Defense Force utility helicopter

## Previous Mid-term Management Vision

Previously, our medium-term management approach has been formulated and published as the Mid-Term Management Vision, a three to five-year management plan. However, our business environment is experiencing disruptive and non-linear changes. Our belief is that we must adapt to this rapid change in a more timely manner, and we have accordingly altered our approach to the formulation and messaging of our approach to management. Now, we will be newly unbound from conventional methodologies and reporting on progress as appropriate. The evolution of our Mid-Term Management Vision to date is as described below.

<b>2007–2010</b> <b>Customer Satisfaction:</b> <b>Our Customers Are Everything</b> <small>At the time of announcement: Representative Director of the Board, President and CEO Ikuo Mori</small>	<b>2011–2013</b> <b>Motion-V</b> <small>At the time of announcement: Representative Director of the Board, President and CEO Yasuyuki Yoshinaga</small>	<b>2014–2017</b> <b>Prominence 2020</b> <small>At the time of announcement: Representative Director of the Board, President and CEO Yasuyuki Yoshinaga</small>	<b>2018–2023</b> <b>STEP</b> <small>Representative Director of the Board, President and CEO Tomomi Nakamura</small>
<p><b>Essential features</b></p> <p>With the philosophy of “customers come first” at its core, focusing on improving profitability and investing in growth areas with management resources</p> <p><b>Major challenges</b></p> <ol style="list-style-type: none"> <li>To provide a distinctive SUBARU experience for drivers and passengers</li> <li>To increase sales globally (Most important market: U.S.)</li> <li>To strengthen competitiveness in quality and cost</li> <li>To also grow through the business alliance with Toyota</li> <li>To grow the level of employee competence and so enhance the organization</li> </ol> <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>Sharing the mindset of “customers come first” within the Group</li> <li>Globalization of products</li> <li>World’s leading safety performance</li> <li>Expanding sales in U.S. (the most important market)</li> <li>Reform of profit structure by reducing costs</li> </ul> <p><b>Issues</b></p> <ul style="list-style-type: none"> <li>Lowering sensitivity to foreign currency fluctuations</li> <li>Increasing sale in emerging countries including China</li> <li>Developing environmental technology and products</li> <li>Autonomy of three internal companies*</li> <li>Flexibility to adapt to changes in business environment</li> </ul> <p><small>* Aerospace Company, Industrial Products Company, Eco Technologies Company</small></p>	<p><b>Management philosophy</b></p> <p>Aiming to be a compelling company with a strong market presence built upon its customer-first principle</p> <p><b>Five themes</b></p> <ol style="list-style-type: none"> <li>Guiding principle for all activities “Confidence in Motion” &lt;Promote the brand strategy&gt; “Provide value to customers and Enjoyment and Peace of Mind”</li> <li>With the basic philosophy of “customers come first,” “Provide distinctive SUBARU experience”</li> <li>Strengthen sales force and the availability of automotive supply, “Accelerate sales expansion”</li> <li>Overhaul of cost structure and promote alliance with Toyota, “Solidify operational foundation”</li> <li>Back up concrete approaches for business, “Improvement in Management”</li> </ol> <p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>XUV/SUV strategy succeeded</li> <li>Boosted sales through U.S.-oriented product development</li> <li>Highly rated collision safety and EyeSight</li> <li>Cost reduction activities paid off</li> <li>Achieved low-incentive sales</li> <li>Achieved highly efficient production</li> </ul> <p><b>Issues</b></p> <ul style="list-style-type: none"> <li>Compliance with future environmental regulations</li> <li>Production capacity shortages</li> <li>Responding to the needs of new customers</li> <li>Sensitivity to currency fluctuations</li> </ul> <p><small>Note: The Motion-V mid-term management plan, originally intended to run from 2011 to 2015, was completed ahead of schedule in FYE March 2014. Prominence 2020, the new mid-term management vision, was launched in FYE March 2015.</small></p>	<p><b>Management philosophy</b></p> <p>Aiming to be a compelling company with a strong market presence built upon its customer-first principle</p> <p><b>Reason for formulation</b></p> <p>Pursue the goal of sustainable growth and development by boosting competitiveness and building a solid business platform at a new stage</p> <p><b>Vision for 2020</b></p> <p>Corporate vision Not big in size, but a high-quality company with distinctive strengths</p> <p>Specific goals</p> <ul style="list-style-type: none"> <li>No.1 for customer trust</li> <li>Strong brand</li> <li>Among the most profitable companies in the industry</li> <li>Vehicle sales of 1.1 million-plus units</li> </ul> <p><b>Direction for mid-term management vision</b></p> <p>Pursue added-value business → Enhancing the SUBARU brand</p> <p>Increase tolerance to changes in the business environment → Building a strong business structure</p> <p><b>Achievement</b></p> <ul style="list-style-type: none"> <li>Among the most profitable companies in the industry</li> </ul> <p><b>Issues</b></p> <ul style="list-style-type: none"> <li>Strong brand</li> <li>Vehicle sales of 1.2 million-plus units</li> <li>No. 1 for customer trust</li> </ul>	<p><b>Corporate statement</b></p> <p>We aim to be a compelling company with a strong market presence built upon our customer-first principle</p> <p><b>Value statement</b></p> <p>Enjoyment and Peace of Mind</p> <p><b>Vision</b></p> <p>Delivering happiness to all</p> <p><b>Vision for 2025</b></p> <ol style="list-style-type: none"> <li>Become a brand that is “different” from others by enhancing distinctiveness.</li> <li>Engage in business activities that resonate with customers by putting them center-stage</li> <li>Fulfill corporate social responsibilities by contributing to diversifying social needs.</li> </ol> <p><b>Major challenges</b></p> <ul style="list-style-type: none"> <li>Corporate culture reforms</li> <li>Quality enhancement</li> <li>Evolution of the SUBARU difference</li> </ul> <p><small>Note: A progress report on “STEP” was made in May 2021, and content was partially updated.</small></p>

### Consolidated Automobile Unit Sales and Operating Margin



## Consolidated Ten-year Financial Summary

Subaru Corporation and its consolidated subsidiaries  
Years ended March 31

J-GAAP								IFRS						
		'14/3	'15/3	'16/3	'17/3	'18/3	'19/3			'19/3	'20/3	'21/3	'22/3	'23/3
<b>Operating results (for the year)</b>								<b>Operating results (for the year)</b>						
Net sales <sup>*1</sup>	Millions of yen	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	3,774,468
Cost of sales	Millions of yen	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	3,037,993
Gross profit	Millions of yen	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	736,475
Selling, general and administrative expenses <sup>*1</sup>	Millions of yen	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	342,015
Operating income	Millions of yen	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	267,483
Income before income taxes	Millions of yen	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	278,366
Net income attributable to owners of parent	Millions of yen	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	200,431
Depreciation/amortization <sup>*2, *3</sup>	Millions of yen	61,486	71,821	72,938	85,653	102,102	102,749	Depreciation/amortization <sup>*3</sup>	Millions of yen	187,077	192,742	206,317	224,055	239,806
Capital expenditures <sup>*3</sup>	Millions of yen	98,537	135,346	168,338	196,616	193,789	169,960	Capital expenditures <sup>*3</sup>	Millions of yen	274,281	284,669	258,229	244,436	257,950
R&D expenses	Millions of yen	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	107,780
<b>Financial position (at year-end)</b>								<b>Financial position (at year-end)</b>						
Net assets	Millions of yen	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	2,109,947
Shareholders' equity	Millions of yen	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	2,100,973
Total assets <sup>*4</sup>	Millions of yen	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	3,944,150
Ratio of shareholders' equity to total assets <sup>*4</sup>	%	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	53.3
<b>Cash flows</b>								<b>Cash flows</b>						
Net cash provided by (used in) operating activities	Millions of yen	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	503,759
Net cash provided by (used in) investing activities	Millions of yen	(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)	(336,813)
Free cash flow	Millions of yen	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	166,946
Net cash provided by (used in) financing activities	Millions of yen	(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)	(122,307)
<b>Per share</b>								<b>Per share</b>						
Net income (EPS)	Yen	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	261.33
Net assets (BPS)	Yen	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	2,739.27
Dividends	Yen	53	68	144	144	144	144	Dividends	Yen	144	100	56	56	76
<b>Other information</b>								<b>Other information</b>						
Non-consolidated exchange rate	Yen to the U.S. dollar	100	108	121	108	111	111	Non-consolidated exchange rate	Yen to the U.S. dollar	111	109	106	112	135
Number of shares issued	Thousands of shares	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	769,175
Number of shareholders <sup>*5</sup>	Persons	51,386	70,942	79,594	76,471	132,570	133,879	Number of shareholders <sup>*5</sup>	Persons	133,879	145,289	142,890	147,507	139,908
Number of employees (parent only)	Persons	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	17,228
Number of employees (consolidated)	Persons	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	37,521
<b>Number of units</b>								<b>Number of units</b>						
Consolidated automobile unit sales <sup>*6</sup>	Thousand units	825	911	958	1,065	1,067	1,000	Consolidated automobile unit sales <sup>*6</sup>	Thousand units	1,001	1,034	860	734	852
Vehicle unit production	Thousand units	813	914	951	1,056	1,050	989	Vehicle unit production	Thousand units	989	1,031	810	727	874
Domestic	Thousand units	650	708	715	721	701	617	Domestic	Thousand units	617	664	525	455	575
Overseas <sup>*7</sup>	Thousand units	164	207	236	335	349	372	Overseas <sup>*7</sup>	Thousand units	372	367	285	272	299

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)				
	'19/3	'20/3	'21/3	'22/3	'23/3
<b>Japan</b>					
Legacy	6.1	4.7	2.6	4.9	7.6
Impreza	47.4	42.9	30.7	22.5	25.0
Forester	32.1	30.1	22.9	23.4	22.8
Levorg	13.2	11.8	20.1	15.0	15.7
WRX	7.1	8.5	2.8	0.2	3.9
Exiga	0.2	—	—	—	—
SUBARU BRZ	1.3	1.2	0.8	5.0	4.1
Solterra	—	—	—	—	0.4
OEM	2.7	2.7	1.9	1.7	1.7
Others	0.1	—	—	—	—
Passenger cars	110.2	101.9	81.9	72.6	81.1
Minicars	26.0	23.9	19.9	16.8	18.5
<b>Japan total</b>	<b>136.2</b>	<b>125.8</b>	<b>101.8</b>	<b>89.4</b>	<b>99.7</b>
<b>U.S.</b>					
Legacy	213.9	197.2	186.3	153.1	178.9
Impreza	197.0	196.5	173.6	149.7	193.9
Forester	155.6	200.5	176.2	121.9	116.1
WRX	26.5	21.0	18.7	20.2	28.3
Ascent	63.1	84.6	54.9	58.8	68.0
SUBARU BRZ	3.7	1.8	2.0	2.6	3.4
Solterra	—	—	—	—	3.2
<b>U.S. total</b>	<b>659.7</b>	<b>701.6</b>	<b>611.6</b>	<b>506.3</b>	<b>591.8</b>
<b>Canada</b>					
Legacy	13.3	13.0	9.7	11.4	11.6
Impreza	22.1	25.7	24.0	24.5	16.5
Forester	12.5	14.8	10.4	7.3	8.0
WRX	4.1	2.5	2.6	2.6	2.6
Ascent	4.1	4.0	2.7	2.7	3.4
SUBARU BRZ	0.7	0.4	0.3	0.6	0.5
Solterra	—	—	—	—	0.6
<b>Canada total</b>	<b>56.8</b>	<b>60.4</b>	<b>49.7</b>	<b>49.1</b>	<b>43.1</b>
<b>Europe</b>					
Legacy	6.5	8.8	3.2	6.0	6.0
Impreza	14.9	13.2	5.9	5.9	8.8
Forester	9.1	12.7	4.3	3.1	5.4
Levorg	0.8	1.9	0.1	0.0	0.0
WRX	0.3	—	0.0	—	—
SUBARU BRZ	0.5	0.4	0.2	0.0	0.3
Solterra	—	—	—	—	2.7
<b>Europe total</b>	<b>32.1</b>	<b>37.0</b>	<b>13.7</b>	<b>15.0</b>	<b>23.3</b>
<b>Australia</b>					
Legacy	10.6	8.0	7.2	9.2	11.5
Impreza	16.7	16.1	9.8	12.2	13.7
Forester	12.2	16.9	12.3	10.5	13.5
Levorg	0.3	0.3	0.2	0.1	0.9
WRX	1.5	1.3	1.5	0.8	2.7
SUBARU BRZ	0.4	0.5	0.4	0.4	1.5
<b>Australia total</b>	<b>41.7</b>	<b>43.1</b>	<b>31.4</b>	<b>33.2</b>	<b>43.9</b>

\* Legacy sales figures include sales of the Outback model.

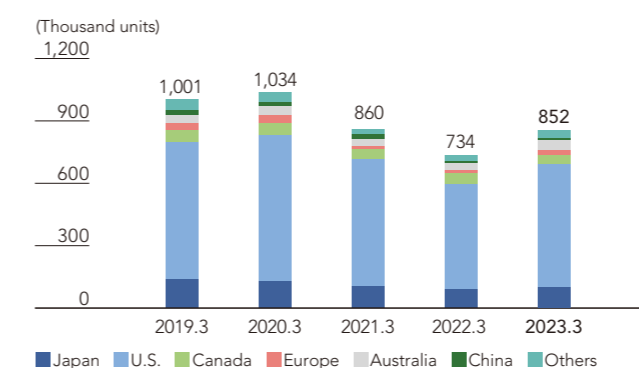
\* Impreza sales figures include sales of the SUBARU XV and Crosstrek models.

	(Thousand units)				
	'19/3	'20/3	'21/3	'22/3	'23/3
<b>China</b>					
Legacy	3.8	2.7	4.9	3.9	1.1
Impreza	3.8	1.6	2.2	1.1	0.4
Forester	15.2	15.6	17.4	8.8	4.9
SUBARU BRZ	—	0.8	0.0	0.1	3.8
<b>China total</b>	<b>22.8</b>	<b>20.6</b>	<b>24.5</b>	<b>13.9</b>	<b>10.1</b>
<b>Other regions</b>					
Legacy	5.7	3.4	2.2	4.5	4.7
Impreza	20.6	16.0	9.9	10.6	14.8
Forester	22.2	23.5	14.0	10.9	17.3
Levorg	1.1	0.9	0.2	0.0	0.3
WRX	1.4	1.2	0.4	0.3	1.2
Ascent	—	0.0	0.7	0.5	0.9
SUBARU BRZ	0.3	0.3	0.1	0.3	1.3
Solterra	—	—	—	—	0.1
<b>Other regions total</b>	<b>51.4</b>	<b>45.3</b>	<b>27.5</b>	<b>27.2</b>	<b>40.5</b>
<b>Overseas total</b>	<b>864.6</b>	<b>908.0</b>	<b>758.4</b>	<b>644.6</b>	<b>752.7</b>
<b>Global total</b>	<b>1,000.8</b>	<b>1,033.9</b>	<b>860.2</b>	<b>734.1</b>	<b>852.4</b>

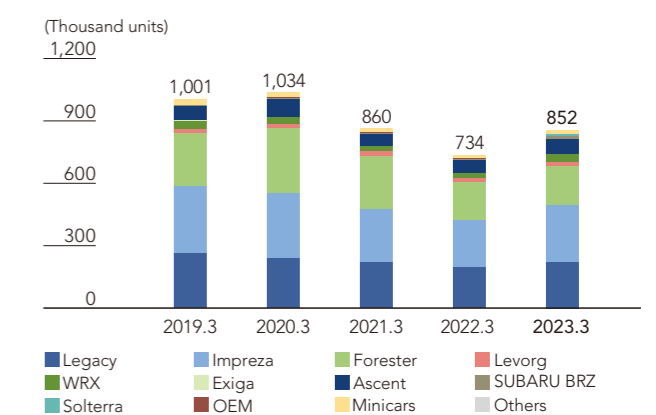
### Consolidated Automobile Sales by Model

	(Thousand units)				
	'19/3	'20/3	'21/3	'22/3	'23/3
Legacy	259.9	237.8	216.1	193.0	221.4
Impreza	322.5	312.0	256.1	226.5	273.1
Forester	258.8	314.1	257.5	185.9	187.9
Levorg	15.4	15.0	20.5	15.2	17.0
WRX	41.0	34.4	26.1	24.1	38.7
Exiga	0.2	—	—	—	—
Ascent	67.2	88.6	58.3	62.1	72.3
SUBARU BRZ	6.9	5.4	3.9	8.9	14.8
Solterra	—	—	—	—	7.0
OEM	2.7	2.7	1.9	1.7	1.7
Minicars	26.0	23.9	19.9	16.8	18.5
Others	0.1	—	—	—	—
<b>Global total</b>	<b>1,000.8</b>	<b>1,033.9</b>	<b>860.2</b>	<b>734.1</b>	<b>852.4</b>

### Consolidated Automobile Sales by Region



### Consolidated Automobile Sales by Model



\*Automobile sales of Subaru Corporation and its consolidated subsidiaries

\*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/>

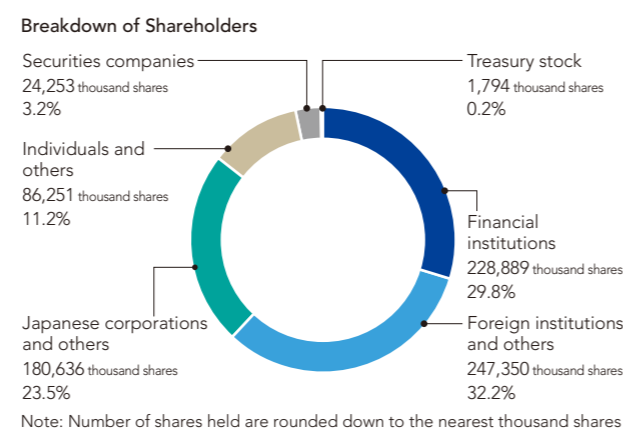
## Corporate Data

### Corporate Data (As of March 31, 2023)

<b>Company Name</b>	SUBARU CORPORATION	<b>Head Office</b>	Ebisu Subaru Bldg. 1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan
<b>Established</b>	July 15, 1953	<b>Number of Affiliates</b>	95 (87 subsidiaries, 7 affiliated companies, and 1 other affiliated company)
<b>Paid-In Capital</b>	¥153,795 million	<b>Number of Employees</b>	17,228 (consolidated: 37,521) (excluding executive officers, advisors and transferred employees)
<b>Fiscal Year-End</b>	March 31	<b>Website</b>	Corporate website: <a href="https://www.subaru.co.jp/en/">https://www.subaru.co.jp/en/</a>
<b>Accounting Auditors</b>	KPMG AZSA LLC	<b>Addresses</b>	Investor information website: <a href="https://www.subaru.co.jp/en/ir/">https://www.subaru.co.jp/en/ir/</a>
<b>Main Businesses</b>	<b>Automotive:</b> The manufacture, sale, and repair of passenger cars and their components  <b>Aerospace:</b> The manufacture, sale, and repair of airplanes, aerospace-related machinery, and their components		

### Stock Information (As of March 31, 2023)

<b>Common Stock Authorized</b>	1,500,000,000 shares
<b>Common Stock Issued</b>	769,175,873 shares
<b>Number of Shareholders</b>	139,908
<b>Number of Shares per Trading Unit</b>	100 shares
<b>Stock Exchange Listing</b>	Tokyo Stock Exchange (Prime Market)
<b>Securities Code</b>	7270
<b>Transfer Agent and Account Management Institution of Special Accounts</b>	Mizuho Trust & Banking Co., Ltd. 3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8241, Japan Tel: 0120-288-324 (toll free)



### 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	115,024	14.99
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	47,682	6.21
STATE STREET BANK AND TRUST COMPANY 505103	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	11,128	1.45
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	10,198	1.33
MIZUHO SECURITIES ASIA LIMITED-CLIENT A/C	12TH FLOOR, CHATER HOUSE, 8 CONNAUGHT ROAD, CENTRAL, HONG KONG	10,165	1.32
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	10,078	1.31
SSBTC CLIENT OMNIBUS ACCOUNT	ONE LINCOLN STREET, BOSTON MA USA 02111	9,287	1.21
Sompo Japan Insurance Inc.	1-26-1 Nishishinjuku, Shinjuku-ku, Tokyo, Japan	8,267	1.08
JP MORGAN CHASE BANK 385781	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	8,035	1.05

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 1,794,065 shares



## **SUBARU CORPORATION**

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