

Compliance

Our Approach

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

[Corporate Governance Guidelines](#)

Rules for Compliance

In striving to enhance its compliance-related initiatives, SUBARU has established various rules related to compliance, including the Company-wide Risk Management and Compliance rules, which stipulate its compliance-related structures, organizations, and enforcement methods.



Compliance Manual



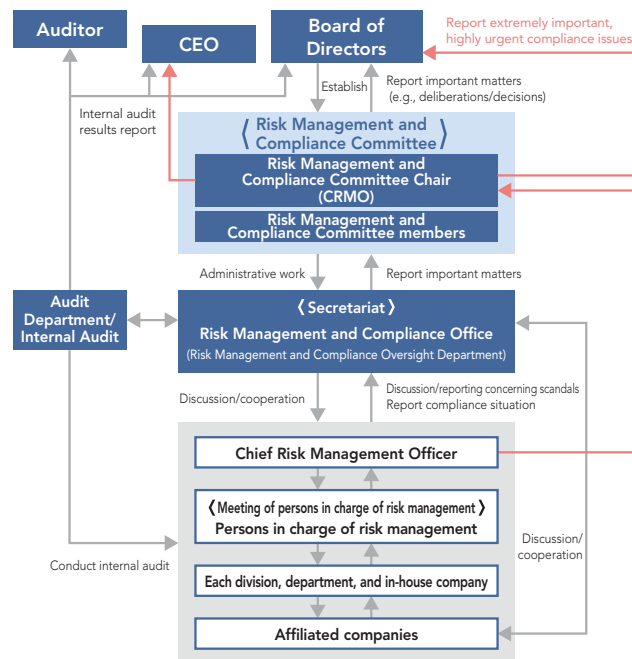
Compliance Manual: Essential Version

Management System

SUBARU has established the Risk Management and Compliance Committee, a company-wide organization designed to promote compliance. This committee deliberates, discusses, decides, and exchanges information on important matters related to risk management. Also, each department formulates their own implementation plan (compliance program) to promote compliance every fiscal year, and moves forward with continuous, systematic independent activities.

In FYE March 2021, the Chief Risk Management Officer (CRMO), Director, and Executive Vice President served as chair of this committee, with the Risk Management and Compliance Office serving as its secretariat. Under the chair's direction, the committee executed global and group-wide compliance initiatives, with these activities regularly reported to the Board of Directors.

Compliance System



Compliance Hotline

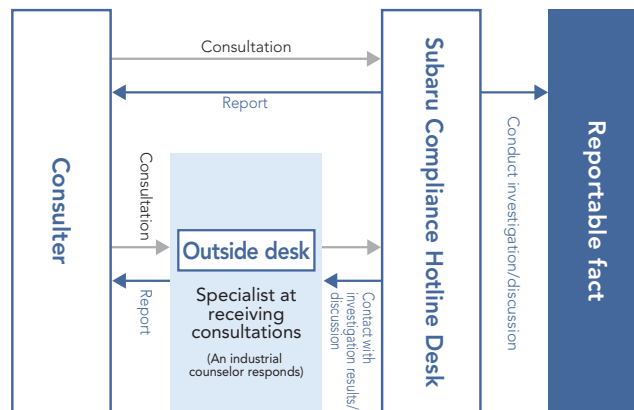
When regular and temporary employees of the Subaru Group detect a problem related to compliance in the group, they can consult with the Hotline Desk by using the Compliance Hotline. Based on the relevant regulations, the Hotline Desk is where employees affiliated with the Risk Management and Compliance Office directly receive mail, telephone calls, and e-mail, investigate facts, and provide response. We have also established a desk outside the company staffed by external specialists to increase the hours in which service is available and to increase the confidentiality of those contacting the desk.

For consultations, Risk Management and Compliance Office General manager play a central role in investigating the facts of each situation and, subsequently, working to resolve issues promptly. Also, it reports to the proper management members and the Risk Management and Compliance Committee, working toward preventive measures.

There were 236 consultations in FYE March 2021, the details of which are outlined in the table to the right.

Through initiatives to raise awareness of this system (see Initiatives, on the right), SUBARU has worked to foster mindsets for its proactive use and to improve awareness of compliance. This has led to more openness to consulting even about trivial matters, and more transparency about the system's operation, leading to an increase in the number of consultations.

Compliance Hotline (Consultation and resolution procedure)



Breakdown of Compliance Hotline Consultations and Trend Over Time

	2017	2018	2019	2020	2021
Workplace environment	2	10	13	14	7
Labor related	14	49	78	68	65
Interpersonal relationships, harassment	26	58	75	84	107
Other compliance-related issues (Work violations, suspicion of wrongdoing, etc.)	18	46	33	50	57
Total	60	163	199	216	236

(FYE March)

Initiatives

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 organized by our Legal Department, Risk Management and Compliance Office, and human resource and education departments.

Also, each department and affiliated company creates their own unique education plan based on their compliance program, supplemented with study groups on important laws related to their work and compliance enlightenment training.

In FYE March 2021, SUBARU explored and promoted the introduction of new training content and methods, such as moving to online-based compliance training, in light of work environment changes due to COVID-19. In FYE March 2022, it will continue to strive toward building more effective training content and methods.

Compliance Implementation Support Tools

In order to promote compliance in everyday work, we create and provide various implementation support tools other than the Compliance Manual, such as in areas of specialization at affiliated companies.

To make knowledge of the Compliance Hotline common, we distribute cards containing information on the framework of the system and the contact address for consulting services, and also put up posters in all workplaces. We have designed the information cards and posters to deliver a message that encourages employees to proactively use the system even for

things that feel only slightly suspicious.

In addition, we are making efforts for the timely report of highly urgent information and to call the entire Group's attention to such matters.



Compliance training (Gunma Plant)



Compliance Hotline card

Bribery Prevention

SUBARU considers the prevention of bribery related to its businesses to be an important issue, and has established the Company-wide Bribery Prevention rules, as well as rolled out the Bribery Prevention Guidelines (Japanese and English) to the entire Subaru Group. The guidelines clarify the conduct required of employees and executives by explaining prohibited and non-prohibited acts particularly when coming in contact with government workers. In China, taking into consideration unique social conditions, we created the Bribery Prevention Guidelines (with a Chinese translation included). It is distributed throughout our Chinese subsidiaries and forms the official rules of the relevant companies.

Also, anti-corruption is identified as an important issue in the Compliance Manual (Japanese and English versions) issued

to domestic and overseas companies. We not only require proper conduct regarding bribery to government workers, but also pursue thorough fairness in transactions with private-sector customers and partners.

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

Security Trade Control

SUBARU, seeking to preserve the peace and safety of the international community, performs independent export control in accordance with the Foreign Exchange and Foreign Trade Act so that consumer products and technology that could be repurposed for military use, including weaponry, do not fall into the hands of countries developing weapons of mass destruction or terrorists (non-state entities).

We have regulations for the purpose of appropriate management of the entire group. Also, the Export Control Committee is a body that meets at least once a year to deliberate on Group-wide initiatives. It is comprised of executives from all departments involved in exports, chaired by the director in charge of the Legal Department.

With the goal of improving the level of its management, SUBARU also promotes PDCA cycles, including review of related rules, with a focus on the following initiatives.

- Export controls utilizing IT systems (in FYE March 2021, all

export-related departments have begun using these systems)

- Utilization of proprietary checklists in accordance with relevant regulations and on-site voluntary inspections

Enactment of the Tax Policy

SUBARU enacted its Tax Policy in June 2020. This basic policy sets forth our posture and way of thinking toward the tax laws we should comply with when paying the appropriate amount of tax.

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 payment, while aiming for sustainable growth through sound business activities.

1. Compliance with tax laws and tax-related regulations

The Subaru Group undertakes applicable tax return filing and tax payment procedures in compliance with the tax laws and tax-related regulations of each country, and relevant tax treaties.

2. Tax corporate governance

The Subaru Group establishes and implements a structure to appropriately identify, manage and report tax risk. In order to respond to changes in its businesses, and in light of complex tax operations, the Subaru Group enhances this structure by assigning to it employees with tax expertise. Furthermore, the Subaru Group raises awareness and provides guidance and consultation regarding tax compliance to Subaru Group companies, making use of external professionals, and properly fulfils its tax payment obligations.

3. Appropriate intercompany transaction prices (Transfer Pricing)

The Subaru Group conducts inter-group transactions and transactions with unrelated parties applying economically rational (arm's length) prices, and does not inappropriately set prices through arbitrary manipulation.

4. Compliance with Anti-Tax Haven Rules

The Subaru Group does not establish entities that are unnecessary for its business with the aim of tax avoidance, and the Subaru Group pays taxes pursuant to the substance of its businesses in accordance with the tax laws and regulations.

5. Relationship with tax authorities

The Subaru Group strives to maintain trust with tax authorities by dealing with the authorities in a good faith manner; for example, by providing fact-based information in an appropriate and timely manner in response to requests.