

Corporate Governance

Basic Policy

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

〈 Vision 〉 Delivering happiness to all

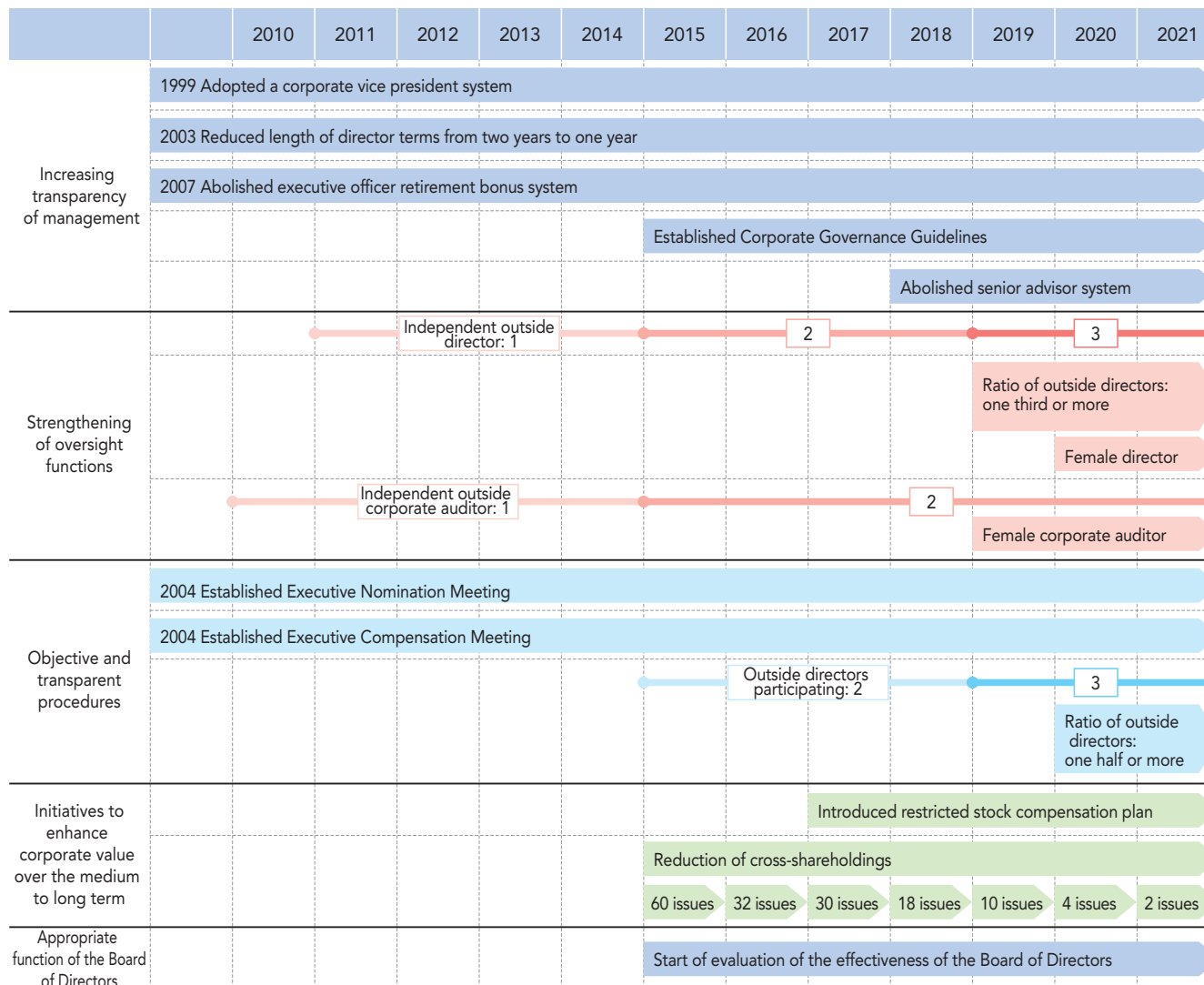
〈 Value statement 〉
“Enjoyment and Peace of Mind”

〈 Corporate statement 〉
We aim to be a compelling company with a strong market presence built upon our customer-first principle.

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

SUBARU has created the Corporate Governance Guidelines with the objective of clarifying the basic concept, framework, and operating policy of its corporate governance.

History of Initiatives to Strengthen Governance



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Management System

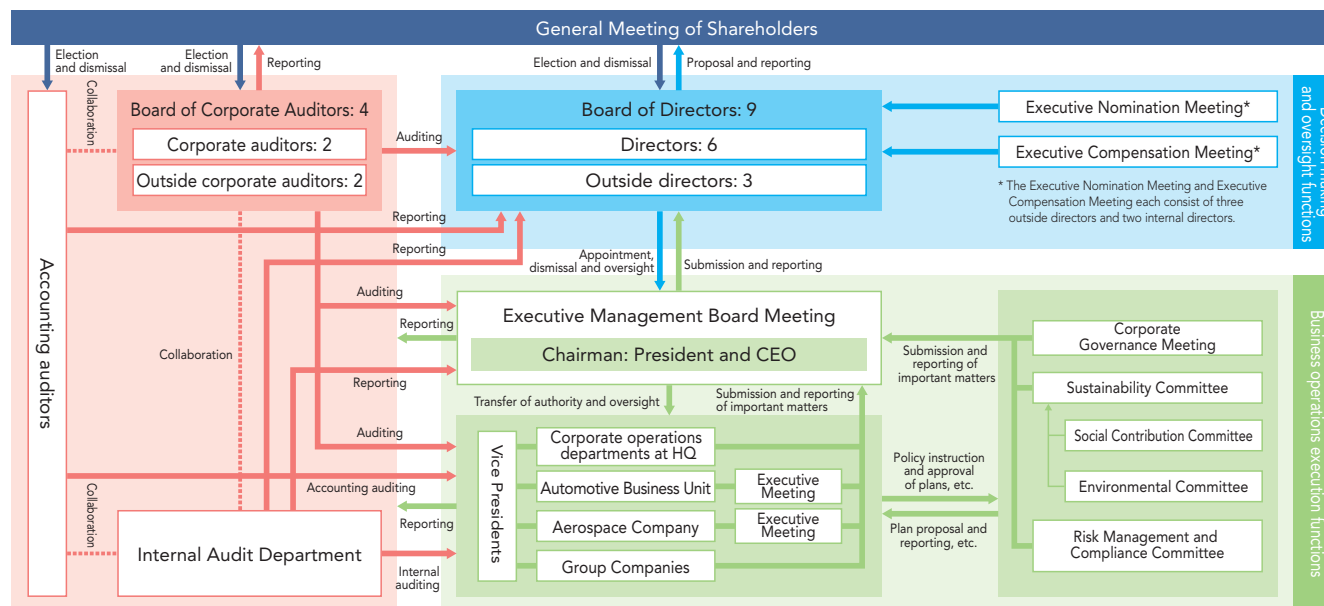
SUBARU has chosen a company with a board of corporate auditors as its corporate governance structure. The Board of Directors decides and supervises the execution of important business, and the Board of Corporate Auditors audits the execution of duties by directors. The structure enables us to achieve sounder, more efficient business operations through increased effectiveness of management monitoring by involving independent outside directors and outside corporate auditors. In addition, in order to enhance the practical governance structure based on the ongoing organizational design, we have established two voluntary meetings: the Executive Nomination Meeting and Executive Compensation Meeting.

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

Board of Directors

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

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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 Directors consists of a maximum of 15 members, from within and outside of the Company, in accordance with the Articles of Incorporation. It is now composed of nine directors, including three outside directors, which was approved at the 90th Ordinary General Meeting of Shareholders held in June 2021. The Chairman of the Company chairs meetings of the Board of Directors. Meetings of the Board of Directors were held 12 times in FYE March 2021 (in addition to these, there was one written

resolution passed that has been deemed equivalent to a Board of Directors' meeting, pursuant to Article 370 of the Companies Act and the Articles of Incorporation).

Board of Directors' Meeting Participation Rate

Category	(FYE March)				
	2017	2018	2019	2020	2021
Number of meetings held	15	17	16	13	12
Attendance rate	96.3%	99.0%	98.4%	100.0%	100.0%

* 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 that have been 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.

Corporate Governance | Compliance | Risk Management**Board of Corporate Auditors**

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. The body consists of a maximum of five members in accordance with the Articles of Incorporation. It is now composed of four corporate auditors, including two outside corporate auditors, which was approved at the 90th Ordinary General Meeting of Shareholders held in June 2021. The body is chaired by the standing corporate auditor. In FYE March 2021, 12 meetings of the Board of Corporate Auditors were held.

Executive Nomination Meeting

To ensure the fairness and transparency of decisions on executive appointment, the Executive Nomination Meeting submits to the Board of Directors proposals of nomination of candidates for directors and corporate auditors and the appointment/dismissal of the CEO or corporate vice presidents approved following full deliberation by committee members. The Board of Directors then deliberates and resolves these proposals. For nominating candidates for corporate auditors, the Meeting seeks to obtain approval from the Board of Corporate Auditors. The Executive Nomination Meeting consists of three outside directors and two internal directors.

The body is chaired by the chairman of the Board of Directors. The Executive Nomination Meeting was held once in FYE March 2021, and submitted reports on the executive structure and appointments, the division of duties of executives, and the appointment of representatives of major subsidiaries.

Executive Compensation Meeting

To ensure objectivity and transparency in decisions on compensation for directors, the Executive Compensation Meeting, on the basis of delegation by the Board of Directors, determines individual compensation amounts per director and other issues. 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. The Executive Compensation Meeting consists of three outside directors and two internal directors. The body is chaired by the chairman of the Board of Directors.

The Executive Compensation Meeting was held five times in FYE March 2021, and formulated policy for determining details of compensation for individual directors and deliberated on compensation systems, 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.

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Directors/Auditors

(As of June 23, 2021)

	Name	Position	Female	Term	Total Years of Service	Board of Directors*	Board of Corporate Auditors*	Executive Nomination Meeting*	Executive Compensation Meeting*	Main Areas of Expertise							
										Management (executive experience)	Technology Development	Manufacturing Procurement	Sales Marketing	Global	Finance (CFO experience)	Corporate ESG	IT
	Tomomi Nakamura	Representative Director, President and CEO			3 years	○		○	○	●			●	●		●	
	Kazuo Hosoya	Director, Chairman			2 years	◎		◎	◎			●	●			●	
	Katsuyuki Mizuma <small>Newly appointed</small>	Director, Executive Vice President, CFO and CRMO			Newly appointed	○							●	●			
	Tetsuo Onuki	Director, Executive Vice President			3 years	○					●	●		●			
Directors	Atsushi Osaki <small>Newly appointed</small>	Director, Executive Vice President		1 year	Newly appointed	○					●	●					
	Fumiaki Hayata <small>Newly appointed</small>	Director, Executive Vice President			Newly appointed	○						●	●	●			
	Yasuyuki Abe	Independent Outside Director			2 years	○		○	○	●				●		●	●
	Natsunosuke Yago	Independent Outside Director			2 years	○		○	○	●	●	●		●		●	
	Miwako Doi	Independent Outside Director	☆		1 year	○		○	○		●						●
	Yoichi Kato <small>Newly appointed</small>	Standing Corporate Auditor			Newly appointed	○	◎							●		●	●
Corporate Auditors	Hiromi Tsutsumi	Standing Corporate Auditor	☆	4 years	1 year	○	○							●		●	
	Shigeru Nosaka	Independent Outside Corporate Auditor			2 years	○	○							●	●		
	Kyoko Okada	Independent Outside Corporate Auditor	☆		2 years	○	○							●		●	

* ◎ 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.

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Approach to the CEO Succession Plan

SUBARU recognizes that decision making regarding top management changes 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 his/her 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. Based on this view, SUBARU has established 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 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 CEO

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

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Executive Officer Training

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

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

Category	Programs Provided in FYE March 2021
All executives (including outside officers)	<ul style="list-style-type: none"> • Newly appointed vice presidents participated in different three-day external seminar programs • Classroom lectures by invited experts were held for all executives to discuss management issues • Seminars by invited experts in specified topics, including about the Companies Act, were offered via on-demand streaming • In-house presentations and exhibits were held to present information to all executives about future technologies and quality solutions • e-Learning programs about the SDGs were held in lesson and test formats using our website
Outside directors Outside corporate auditors	<ul style="list-style-type: none"> • Operations briefings offered by vice presidents and others, and related discussions were held 21 sessions in total, with participation from newly appointed outside directors • Newly appointed outside directors visited three different manufacturing sites (plants, offices) for inspection tours • Two outside corporate auditors visited five Group companies in Japan for inspection tours • The entire Board membership (nine directors and four corporate auditors) attended two semi-annual management discussion and social gathering events • Outside directors and corporate auditors participated in external exhibitions

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Directors, Auditors, and Executive Officers (As of June 23, 2021)

Directors of the Board

**Tomomi Nakamura**Representative Director,
President and CEO (Chief
Executive Officer)

Year of Birth: 1959 (male)

Apr. 1982 Joined the Company

Jun. 2004 General Manager of Marketing Planning Department, Subaru Japan Sales & Marketing Division

Apr. 2011 Vice President, Senior General Manager of Strategy Development Division and General Manager of Corporate Planning Department

Jun. 2011 Vice President, Chief General Manager of Strategy Development Division and General Manager of Corporate Planning Department

Apr. 2013 Vice President, Senior General Manager of Subaru Global Marketing Division, Subaru Overseas Sales & Marketing Division 1 and Overseas Sales & Marketing Division 2

Apr. 2014 Senior Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division 1
Chairman and CEO (Chief Executive Officer), Subaru of America, Inc.,

Apr. 2016 Executive Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division 1
Chairman and CEO, Subaru of America, Inc.,

Apr. 2018 Executive Vice President

Jun. 2018 Representative Director, President and CEO (to the present)

**Kazuo Hosoya**Director,
Chairman

Year of Birth: 1957 (male)

Apr. 1982 Joined the Company

May 2006 General Manager of Corporate Planning Department

Jan. 2009 Senior General Manager of Subaru Japan Sales & Marketing Division

Jun. 2010 President, Tokyo Subaru Inc.

Apr. 2012 Vice President, General Manager of Human Resources Department

Apr. 2014 Senior Vice President, General Manager of Human Resources Department and Career Support Office
President, Subaru Bloom Co. Ltd.

Apr. 2015 Senior Vice President, Chief General Manager of Subaru Japan Sales & Marketing Division

Apr. 2016 Executive Vice President, Chief General Manager of Subaru Japan Sales & Marketing Division

Mar. 2018 Retired as Executive Vice President

Apr. 2018 President, Tokyo Subaru Inc.

Dec. 2018 Retired as President of Tokyo Subaru Inc.

Jan. 2019 Deputy President, Chief General Manager of Subaru Manufacturing Division and Gunma Plant

Jun. 2019 Representative Director, Deputy President, Chief General Manager of Subaru Manufacturing Division and Gunma Plant

Apr. 2020 Representative Director, Deputy President, Chief General Manager of Subaru Manufacturing Division

Apr. 2021 Representative Director, Chairman

Jun. 2021 Director, Chairman (to the present)

**Katsuyuki Mizuma**Director,
Executive Vice President,
CFO and CRMO

Year of Birth: 1960 (male)

Apr. 1984 Joined The Industrial Bank of Japan, Ltd.

Apr. 2012 Executive Officer, General Manager of Asia & Oceania Division, Mizuho Corporate Bank, Ltd.

Apr. 2014 Managing Executive Officer, Head of Asia & Oceania excl. East Asia, Mizuho Bank, Ltd.

Oct. 2015 Managing Executive Officer, Mizuho Financial Group, Inc. (concurrent post)

Apr. 2016 Joined the Company, Senior Vice President, Senior General Manager of Subaru Overseas Sales & Marketing Division 2

Apr. 2017 Senior Vice President, Chief General Manager of Overseas Sales & Marketing Division 2

Apr. 2018 Executive Vice President, Chief General Manager of Overseas Sales & Marketing Division 1 and Overseas Sales & Marketing Division 2

Apr. 2020 Executive Vice President, Chief General Manager of Overseas Sales & Marketing Division 2

Apr. 2021 Executive Vice President, CFO and CRMO

Jun. 2021 Director, Executive Vice President, CFO and CRMO (to the present)

**Tetsuo Onuki**Director, Executive Vice
President

Year of Birth: 1960 (male)

Apr. 1984 Joined the Company

Apr. 2006 General Manager of Design Department, Subaru Product & Portfolio Planning Division

Sep. 2008 General Manager of Body Design Department, Subaru Engineering Division

Apr. 2014 Vice President, Senior General Manager of Subaru Engineering Division and General Manager of Body Design Department, Subaru Engineering Division

Apr. 2016 Senior Vice President, Chief General Manager of Subaru Engineering Division 1 and Subaru Technical Research Center

Apr. 2018 Executive Vice President, CTO (Chief Technology Officer), Chief General Manager of Engineering Management Division and Engineering Division 1

Jun. 2018 Director, Executive Vice President, CTO, Chief General Manager of Engineering Management Division

Apr. 2019 Director, Executive Vice President, CTO

Apr. 2020 Director, Executive Vice President, Chief General Manager of Purchasing Division (to the present)

**Atsushi Osaki**Director, Executive Vice
President

Year of Birth: 1962 (male)

Apr. 1988 Joined the Company

Apr. 2007 General Manager of Subaru Product & Portfolio Planning Division

Jun. 2011 General Manager of Engineering Administration Department, Subaru Engineering Division

Apr. 2016 Vice President, Senior General Manager of Subaru Quality Assurance Division

Apr. 2017 Vice President, Chief General Manager of Subaru Quality Assurance Division

Apr. 2018 Senior Vice President, CQO (Chief Quality Officer), Chief General Manager of Subaru Quality Assurance Division

Jan. 2019 Senior Vice President, CQO, Chief General Manager of Quality Assurance Division and Customer Service Division

Apr. 2019 Executive Vice President, CQO, Chief General Manager of Quality Assurance Division

Apr. 2020 Executive Vice President, CQO, Chief General Manager of Quality Assurance Division, General Manager of Quality Assurance Management Office

Apr. 2021 Executive Vice President, Chief General Manager of Subaru Manufacturing Division

Jun. 2021 Director, Executive Vice President, Chief General Manager of Subaru Manufacturing Division (to the present)

**Fumiaki Hayata**Director, Executive Vice
President

Year of Birth: 1964 (male)

Apr. 1986 Joined the Company

Apr. 2007 General Manager of Purchasing Planning Department, Subaru Purchasing Division

Apr. 2015 Vice President, Senior General Manager of Subaru Overseas Sales & Marketing Division 1
General Manager of North America Sales & Marketing Department

Apr. 2017 Senior Vice President, General Manager of Corporate Planning Department

Apr. 2019 Senior Vice President, Chief General Manager of Corporate Planning Division

Apr. 2020 Executive Vice President, Chief General Manager of Overseas Sales & Marketing Division 1, Chairman and CEO, Subaru of Indiana Automotive, Inc.

Jun. 2021 Director, Executive Vice President, Chief General Manager of Overseas Sales & Marketing Division 1, Chairman and CEO, Subaru of Indiana Automotive, Inc. (to the present)

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**Yasuyuki Abe**Independent Outside
Director

Year of Birth: 1952 (male)

- Apr. 1977 Joined Sumitomo Corporation
- Jun. 2002 President and Representative Director, Sumisho Electronics Co., Ltd. (currently SCSK Corporation)
- Apr. 2005 President and Representative Director, Sumisho Information Systems Co., Ltd. (currently SCSK Corporation)
- Jun. 2009 Representative Director, Managing Executive Officer, General Manager of Financial & Logistics Business Unit, Sumitomo Corporation
- Apr. 2010 Representative Director, Managing Executive Officer, General Manager of New Industry Development & Crossfunction Business Unit, Sumitomo Corporation
- Apr. 2011 Representative Director, Senior Executive Operating Officer, General Manager of New Industry Development & Crossfunction Business Unit and Finance Department, Sumitomo Corporation
- Apr. 2013 Representative Director, Senior Executive Operating Officer, General Manager of Corporate Planning and Coordination Department, Sumitomo Corporation
- Jun. 2015 Advisor, Sumitomo Corporation
- Jun. 2016 Independent Outside Corporate Auditor, Subaru Corporation
- Jun. 2018 Retired as advisor at Sumitomo Corporation
- Jun. 2019 Retired as Independent Outside Corporate Auditor
- Jun. 2019 Independent Outside Director, Subaru Corporation (to the present)

**Natsunosuke Yago**Independent Outside
Director

Year of Birth: 1951 (male)

- Apr. 1977 Joined Ebara Corporation
- Jun. 2002 Executive Officer, Ebara Corporation
- Apr. 2004 Senior Executive Officer, General Manager of Precision Machinery Department, Ebara Corporation, Chairman and Representative Director, Ebara Precision Machinery Europe GmbH, Chairman and Representative Director, Ebara Technologies Inc., Chairman, Shanghai Ebara Precision Machinery Co., Ltd.
- Jun. 2004 Director, Ebara Corporation
- Apr. 2005 Director, Ebara Corporation, Chairman, Ebara-Densan Taiwan Manufacturing Co., Ltd.
- Jun. 2005 Director, President, Precision Machinery Company, Director, Fujisawa Plant
- Apr. 2006 Director, Managing Executive Officer, President of Precision Machinery Company, Ebara Corporation
- Apr. 2007 President and Representative Director, Ebara Corporation
- May 2007 President and Representative Director, General Manager of Internal Control Promotion Division, Ebara Corporation
- Jul. 2009 President and Representative Director, General Manager of Internal Control Division, Ebara Corporation
- Apr. 2013 Chairman, Ebara Corporation
- Mar. 2019 Retired as Chairman, Ebara Corporation
- Jun. 2019 Independent Outside Director, Subaru Corporation (to the present)

**Miwako Doi**Independent Outside
Director

Year of Birth: 1954 (female)

- Apr. 1979 Joined the Integrated Research Institute (currently Corporate Research & Development Center), Tokyo Shibaura Electric Corporation (currently Toshiba Corporation)
- Jul. 2005 Senior Fellow, Human Centric Laboratory, Corporate Research & Development Center
- Jul. 2006 Senior Fellow, Corporate Research & Development Center
- Jul. 2008 Chief Fellow, Corporate Research & Development Center
- Jun. 2014 Retired from Toshiba Corporation
- Jun. 2020 Independent Outside Director, Subaru Corporation (to the present)

Corporate Auditors

**Yoichi Kato**

Standing Corporate Auditor

Year of Birth: 1959 (male)

- Apr. 1983 Joined the Ministry of International Trade and Industry (MITI), Japanese government (currently Ministry of Economy, Trade and Industry)
- Jul. 2010 Director-General, Chubu Bureau of Economy, Trade and Industry, Ministry of Economy, Trade and Industry
- Aug. 2011 Director-General, Business Environment Department, Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry
- Sep. 2012 Councillor, Cabinet Secretariat (National Strategy Office)
- Dec. 2012 Deputy Director-General for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry
- Jun. 2013 Director-General for Regional Economic and Industrial Policy, Ministry of Economy, Trade and Industry
- Oct. 2014 Joined the Company as a Vice President
- Apr. 2015 Vice President, General Manager of External Relations Department
- Apr. 2016 Senior Vice President, General Manager of External Relations Department
- Apr. 2017 Senior Vice President, General Manager of External Relations Department, Chief General Manager of Corporate Administration Division
- Jun. 2017 Director, Senior Vice President, General Manager of External Relations Department, Chief General Manager of Corporate Administration Division
- Apr. 2018 Director, Executive Vice President, General Manager of Legal Department
- Oct. 2018 Director, Executive Vice President
- Apr. 2019 Director, Executive Vice President, CRMO (Chief Risk Management Officer)
- Apr. 2021 Director, Executive Vice President
- Jun. 2021 Standing Corporate Auditor (to the present)

**Hiromi Tsutsumi**

Standing Corporate Auditor

Year of Birth: 1957 (female)

- Apr. 1980 Joined the Company
- Jun. 2002 General Manager of Corporate Communications Department
- Jun. 2006 General Manager of Subaru Product Planning Department, Subaru Product & Portfolio Planning Division
- Apr. 2013 Vice President, Chief General Manager of Subaru Customer Center
- Apr. 2015 Vice President, General Manager of Human Resources Department and President of Subaru Bloom Co., Ltd.
- Apr. 2017 Senior Vice President, General Manager of Human Resources Department
- Apr. 2020 Senior Vice President
- Jun. 2020 Standing Corporate Auditor (to the present)

**Shigeru Nosaka**Independent Outside
Corporate Auditor

Year of Birth: 1953 (male)

- Apr. 1976 Joined Marubeni Corporation
- Dec. 1989 Joined Apple Computer Japan
- Mar. 1996 Joined Allergan plc
- Nov. 1996 Joined Japan Communications Inc., Senior Executive Officer and CFO
- Apr. 2002 Joined Oracle Corporation Japan, Vice President under direct control of CEO, Financial Affairs
- Aug. 2002 Director, Senior Executive Officer and CFO
- Jun. 2004 Director, Executive Vice President, CFO, Finance/Infrastructure Development/Application IT, Director of Finance
- Nov. 2005 Retired from Oracle Corporation Japan
- Oct. 2007 Executive Vice President, CFO, Finance, IT and General Affairs, Director of Finance, Oracle Corporation Japan
- Aug. 2008 Director, Senior Corporate Executive Officer, CFO, Finance, Facility, IT, Internal Audit
- Jun. 2011 Director, Executive Officer Deputy President, CFO
- Aug. 2018 Director, Deputy Chairman
- Jun. 2019 Independent Outside Corporate Auditor, Subaru Corporation (to the present)
- Aug. 2019 Retired as Deputy Chairman at Oracle Corporation Japan

**Kyoko Okada**Independent Outside
Corporate Auditor

Year of Birth: 1959 (female)

- Apr. 1982 Joined Shiseido Co., Ltd.
- Sep. 2004 CSR Department
- Apr. 2006 Corporate Culture Department
- Oct. 2011 General Manager of Corporate Culture Department
- Oct. 2012 General Manager of Corporate Culture Department and project leader for compilation of the 150-year history
- Apr. 2015 General Manager of Executive Section, General Affairs Department
- Jun. 2015 Audit & Supervisory Board Member (standing)
- Mar. 2019 Retired as standing Audit & Supervisory Board Member
- Jun. 2019 Independent Outside Corporate Auditor, Subaru Corporation (to the present)

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Executive Officers *Concurrently serve as a Director

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

1 Subaru of Indiana Automotive, Inc.

2 Subaru of America, Inc.

3 Subaru Canada, Inc.

4 North American Subaru, Inc.

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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 the management of SUBARU on the basis of 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 2021)		Significant Concurrent Positions (As of June 30, 2021)
				Board of Directors	Board of Corporate Auditors	
Outside Directors	Yasuyuki Abe	○	As representative director and senior managing executive officer of Sumitomo Corporation, Mr. Yasuyuki Abe has been involved in management in both a supervisory and executional capacity, possesses extensive experience and knowledge in business management, and has an advanced understanding of the IT field. Mr. Abe has served three years as an independent outside corporate auditor for the Company since June 2016. During his tenure, he has supervised the execution of duties conducted by directors, as well as understood the true nature of the problems facing the Company and offered his frank opinions to senior management in a timely and appropriate manner. In June 2019, Mr. Abe was appointed to the position of independent outside director and has been providing beneficial advice to the Company's management. In light of this, the Company has appointed Mr. Abe with the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective when he assumes office as an outside director of the Company.	Attended 12 of 12 meetings	—	Advisor, ORANGE AND PARTNERS CO., LTD. Outside Director, HOYA Corporation
	Natsunosuke Yago	○	Mr. Natsunosuke Yago served successively as president and representative executive officer and chairman at Ebara Corporation, and has extensive experience and knowledge in business management. Mr. Yago is especially knowledgeable in the areas of internal control and governance. In June 2019, the Company has appointed him to the position of independent outside director. Given that he has been providing beneficial advice to the Company's management based on his rich experience and wide range of knowledge, and high level of insight into the Company's social responsibilities, we appointed Mr. Yago with the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective when he assumes office as an outside director of the Company.	Attended 12 of 12 meetings	—	President, Ebara Hatakeyama Memorial Foundation Outside Director, J. FRONT RETAILING Co., Ltd. Outside Director, PARCO CO., LTD.
	Miwako Doi	○	As a researcher and supervisor in the field of information technology at Toshiba Corporation, Ms. Miwako Doi has accumulated vast experience and made many achievements in this field over many years. In addition, she has held successive positions, mainly in government committees, owing to her high level of expertise and extensive experience and knowledge. In June 2020, the Company appointed her to the position of independent outside director. Given that she has been providing beneficial advice to the Company's management for the generation of new innovation, we appointed Ms. Doi with the expectation that she will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective when she assumes office as an outside director of the Company.	Attended 10 of 10 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) Visiting Professor, Osaka University of Arts Outside Director, Isetan Mitsukoshi Holdings Ltd. Outside Director, NGK Spark Plug Co., Ltd.
Outside Corporate Auditors	Shigeru Nosaka	○	Mr. Shigeru Nosaka has been involved in management in both a supervisory and executional capacity as a director, executive deputy president and deputy chairman and CFO at Oracle Corporation Japan and possesses extensive experience and knowledge in business management. In June 2019, Mr. Nosaka was appointed to the position of independent outside corporate auditor and has been providing beneficial advice to the Company's management based on his wide range of insights into finance and accounting in corporate activities. In light of this, the Company has appointed Mr. Nosaka with the expectation that he will appropriately perform the duties when he assumes office as of an outside corporate auditor of the Company.	Attended 12 of 12 meetings	Attended 12 of 12 meetings	Corporate Auditor, dotD, Inc. Advisor, AI Dynamics Inc. Japan
	Kyoko Okada	○	Ms. Kyoko Okada has accumulated extensive experience and knowledge in areas such as CSR and corporate culture at Shiseido Co., Ltd. and has a career in management auditing as a corporate auditor at Shiseido. In June 2019, Ms. Okada was appointed to the position of independent outside corporate auditor and has been providing beneficial advice to the Company's management based on her wide range of insights into CSR and corporate culture in corporate activities. In light of this, the Company has once again appointed Ms. Okada with the expectation that she will appropriately perform the duties when she assumes office as an outside corporate auditor of the Company.	Attended 12 of 12 meetings	Attended 12 of 12 meetings	Outside Audit & Supervisory Board Member, Daio Paper Corporation Outside Director, JACCS Co., Ltd.

Note:

In addition to the number of times Board of Director meetings were held as stated in the table above, there were one written resolution that was deemed to be Board of Director resolutions in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.

In October 2017, during Mr. Yasuyuki Abe's tenure as an outside auditor, inappropriate actions related to a spot check and other final inspections for fuel consumption and exhaust gas were identified. Mr. Abe had no prior knowledge of the facts in question. On a daily basis, he has been providing advice on legal compliance and internal control based on insights from his ample experience. After this matter was identified, he adequately received reports on measures to determine the cause of these inappropriate actions and to prevent their recurrence and also provided various suggestions, thereby fulfilling his responsibilities.

In September 2016, during Mr. Natsunosuke Yago's tenure as a director at Ebara Corporation, it was discovered that construction methods used at properties were not in compliance with the Building Standards Law. This was mainly at Ebara's affiliates. This issue was discovered when construction was carried out to replace existing drainage pipes for an apartment complex. Mr. Yago had no beforehand knowledge of said facts. On a daily basis, he has been providing advice on legal compliance and internal control based on insights from his ample experience. After this matter was identified, he adequately received reports on measures to determine the cause of these inappropriate actions and to prevent their recurrence and also provided various suggestions. He fulfilled his responsibilities through this and by implementing improvement measures in response to guidance by the Ministry of Land, Infrastructure and Transport and the designated administrative agency.

On June 17, 2019, Ms. Miwako Doi was appointed to the position of outside director at Isetan Mitsukoshi Holdings Ltd. MICARD Co. LTD., a subsidiary of Isetan Mitsukoshi Holdings, was issued an order for action by the Consumer Affairs Agency on July 8, 2019. The administrative order was issued due to misleading representation of services related to the MICARD+ GOLD card in accordance with Article 5-1 and 5-2 of the Act against Unjustifiable Premiums and Misleading Representations. An order for payment of a surcharge was issued on March 24, 2020. Ms. Doi had no beforehand knowledge of said facts. After this matter was identified, Ms. Doi has been fulfilling her responsibilities in part by pouring energies into the establishment of measures through deliberation by its Board of Directors to prevent recurrence of such incidents in the Isetan Mitsukoshi Holdings Group, which includes MICARD and its subsidiaries, and to make these facts common knowledge among all employees and to strengthen employee training.

* 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.

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 May 17, 2021. To the right is the summary of the policy.

The Policy for Determining Details of Compensation for Individual Directors

1. Basic policy

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

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

Specifically, compensation for directors is composed of basic compensation, short-term performance-linked compensation, 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.

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

(1) Policy for the Fixed Monetary Compensation

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

(2) Policy for performance-linked compensation

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

(3) Policy for non-monetary compensation

The Company grants restricted stock compensation to directors for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders. Specifically, the Company grants monetary compensation claims to directors in consideration of the Company's business performance, responsibilities of each director, and other factors, and directors make in-kind contributions of such monetary

compensation claims to receive shares of the Company's common stock. The maximum number of shares of the Company's common stock to be granted as restricted stock compensation is 100,000 per year (including those issued to executive officers). In addition, the Company and eligible officers shall enter into a restricted stock allotment agreement that includes an overview and provisions that state (1) eligible directors shall not, for a set period of time, transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock that have been allotted to them, and (2) the Company may acquire the said shares of its common stock without compensation if certain events occur.

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

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

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

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

The Executive Compensation Meeting, by a resolution of and upon delegation by the Board of Directors, determines specific amounts of compensation, etc. of individual directors, following sufficient deliberation by its members including outside directors.

Its authorities include the determination of specific amounts of basic compensation, short-term performance-linked compensation, and restricted stock compensation (for non-resident officers, phantom stock, instead of restricted stock) and 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.

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

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

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

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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 related to long-term incentives 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 the delegation relating to 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 the delegation resolution of the Board of Directors, the Executive Compensation Meeting determines specific compensation amounts, etc. of individual directors, following sufficient deliberation by its members including outside directors. Its authorities include the determination of specific amounts of basic compensation, short-term performance-linked compensation, and restricted stock 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. 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 Executive Compensation Meeting in FYE March 2021 was comprised of two representative directors and three outside directors. Its chairman was Representative Director and President. 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. Executive Compensation Meetings were held five times in FYE March 2021. The body debated the compensation structure and established a policy for determining details of compensation, etc. for individual directors. It also decided on matters such as performance-linked compensation levels for directors (except for outside directors) and executive officers based on performance evaluation, and the amount of monetary compensation claims for individuals regarding restricted stock compensation.

Matters concerning performance-linked compensation, etc.

In addition to the "Profit Plan for FYE March 2019-FYE March 2021 (3 years)," SUBARU announced it aims to achieve a ratio of shareholders' equity to total assets of 50% and to maintain a minimum ROE of 10% while aiming for ROE of 15% or higher in the mid-term management vision "STEP" announced in July 2018. In accordance with these goals, the Executive Compensation Meeting, upon authorization by the Board of Directors, decided short-term performance-linked compensation levels for directors, using the consolidated ordinary income* for FYE March 2021 as the basis, making adjustment using the matrix of ROE and degrees of improvement in shareholders' equity ratio. Short-term performance-linked compensation is not given to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

* Since the Subaru Group started to voluntarily apply the IFRS to the accounts from FYE March 2020, this figure was converted to consolidated ordinary income under the Japanese standards

Performance indicators used to calculate the amount of performance-linked compensation, etc. for the fiscal period under review are as follows.

Performance Indicators	Results
Consolidated ordinary income	116.5 billion yen
ROE	4.4%
Equity ratio	52.1% (up 0.1% from the previous period)

Details of non-monetary compensation

SUBARU grants restricted stock compensation to directors for the purpose of providing them with an incentive for sustained improvement of the Company's corporate value and promoting further value sharing with the shareholders, and pays monetary compensation for the acquisition of these. Directors shall wholly contribute the monetary compensation claim paid as above in the form of properties contributed in kind, and shall, in return, receive shares of SUBARU's common stock through issuance or disposal. In addition, for the issuance or disposal of shares of the SUBARU's common stock, SUBARU and eligible directors shall enter into a restricted stock allotment agreement that includes provisions such as the one to restrict the transfer of the shares for three years after the date of allotment.

Restricted stock compensation is not given to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

Compensation System for Directors (excluding outside directors)**Total Compensation for Directors and Corporate Auditors for FYE March 2021**

Classification	Number	Total Compensation (Millions of yen)			
		Basic Compensation (paid in fixed monthly installments)	Short-term Performance-linked Compensation	Restricted Stock Compensation	
Directors (excluding outside directors)	6	312	40	53	405
Corporate auditors (excluding outside corporate auditors)	3	56	—	—	56
Outside directors and outside corporate auditors	6	59	—	—	59
Total	15	427	40	53	520

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

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Policies for Cross-Shareholding

Regarding listed stocks held by SUBARU as cross-shareholdings, each year SUBARU shall have the Board of Directors examine each cross-shareholding to determine whether the purpose of holding contributes to management and business strategies in the medium and long term, and whether the benefits derived from it justify the associated capital cost to decide on whether to continue the cross-shareholding.

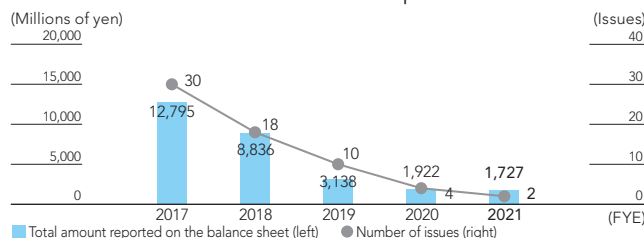
Based on the above policy, SUBARU has steadily reduced the number of listed stocks held as cross-shareholding. As a result, 60 issues held at the end of March 2015 decreased to 2 issues at the end of March 2021.

SUBARU will continue the evaluation and examination of cross-shareholdings by the Board of Directors, but in consideration of the business environment for SUBARU, we concluded that the holding of the two issues is indispensable at this point and will continue the shareholding in principle.

Number of Issues of Cross-Shareholdings and Total Amount Reported on the Balance Sheet

Category		2017	2018	2019	2020	(FYE March) 2021
Number of Issues (Issues)	Listed	30	18	10	4	2
	Unlisted	32	31	31	32	31
	Total	62	49	41	36	33
Amount Listed on Balance Sheet (Millions of yen)	Listed	12,795	8,836	3,138	1,922	1,727
	Unlisted	544	535	535	581	569
	Total	13,339	9,371	3,673	2,503	2,296

Number of Listed Stocks and Total Amount Reported on the Balance Sheet



Preventing Conflicts of Interest

The approval of the Board of Directors is obtained in advance where a transaction poses the risk of a conflict of interest. A report on the positions that each director has held concurrently over the past financial year is provided once a year at the April meeting of the Board of Directors (A report to confirm that there have been no improper transactions or positions held).

Effectiveness Evaluation of the Board of Directors

In order to achieve sustainable growth and enhance the medium- to long-term corporate value of the Subaru Group, SUBARU has determined and published Corporate Governance Guidelines (“Guidelines”) for the purpose of communicating to all its stakeholders SUBARU’s fundamental ideas, frameworks, and management policies relating to corporate governance. SUBARU Board of Directors (“BoD”) periodically analyzes and evaluates BoD effectiveness in accordance with Article 23 of these Guidelines and considers and implements improvements to address any issues identified.

In FYE March 2021, the BoD confirmed efforts to address issues recognized in the previous year, based on monitoring of points raised in the previous year’s evaluation. It also gathered, analyzed, and evaluated views on issues for investigation based on changes in the business environment due to the COVID-19 pandemic. The results of this process are reported below.

Methods of evaluation and analysis

- (1) Timing: January 2021
- (2) Respondents: Directors and auditors (13 in total)
- (3) Process: Self-evaluation using a questionnaire prepared by a third-party body
 - (a) Third-party body conducts anonymous self-evaluation survey of directors and auditors
 - (b) Third-party body aggregates and analyzes responses
 - (c) BoD verifies and discusses report received from third-party body

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(4) Questions:

- I. BoD management structure
- II. BoD oversight function
- III. Shareholder dialogue
- IV. Views on key efforts undertaken this year
- V. Issues for next year onward
- VI. Views on other matters

Respondents evaluated themselves on a four-point scale.

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

Evaluation Results

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

- As in previous fiscal years, the results confirmed that BoD management entails the conduct of free, open, and sound discussion.
- Points confirmed as strengths in previous evaluations (chairman's leadership, responses to cross-shareholding, and size of BoD) continued to be evaluated highly, confirming that BoD strengths are ongoing.
- Improvements were apparent in overall evaluation of BoD management structure, BoD oversight function, and shareholder dialogue, and decision-making processes and shareholder dialogue were evaluated especially highly across the board.
- However, the report also confirmed expectations that BoD functions could be further improved through deeper discussion of executive compensation system design, including incentive-based compensation, as well as discussion of ways to improve group governance and enhancement of report content. While

acknowledging certain improvements in the evaluation of discussion relating to medium- to long-term management strategy, the report also confirmed the need for qualitative improvements in the future.

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

- **CEO succession plan**

Developed and announced abilities required of the Subaru Group's CEO and five key qualities required of the CEO.

- **Reinforcing risk identification/management systems**

Established mechanisms ensuring effectiveness by preparing risk maps, identifying risks in each business department, developing codes of conduct, etc., and shared information with the BoD in a timely and appropriate manner.

Issues recognized in the previous fiscal year's evaluation:

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

The BoD added depth to its discussion of medium- to long-term management strategy by setting agendas for medium- to long-term strategy, including production strategy, IT strategy, and Aerospace Company initiatives, and through reporting on progress towards mid-term management plan goals. With regard to upcoming rapid changes in the operating environment for the automotive business, last year's evaluation pointed out that continuing efforts to bridge the information gap between outside directors and internal directors were required to improve the quality of discussion, and ongoing efforts are being made to address this issue.

- (2) **Enhancing discussion of information security systems and sustainability**

With regard to IT strategy including information security systems, the BoD created opportunities for reporting, shared views on issues faced, and conducted ongoing discussion. Last year's evaluation expressed the view that the BoD should exercise leadership and stimulate discussion aimed at utilization of IT and advancement of digital transformation, and the BoD will continue to create opportunities for such discussion in its meetings.

The report recognized steady progress on sustainability, including the establishment and announcement of policies such as the SUBARU Global Sustainability Policy and Human Rights Policy, as well as timely reporting of the efforts of the CSR Committee, which meets twice a year.

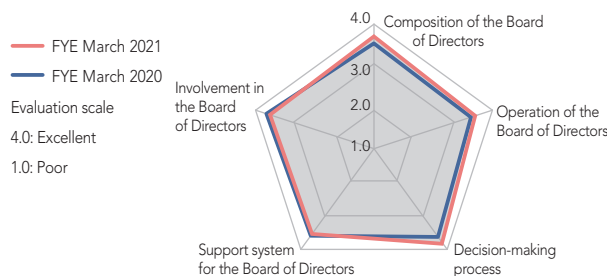
Future Initiatives

The SUBARU BoD will continue to deepen discussion of medium- to long-term management strategy and make efforts to improve the quality of such discussion. It will also create opportunities for discussion of executive compensation system design, including incentive-based compensation, and enhancement of group governance. In doing so, it will strive to maintain and improve BoD effectiveness in the aim of continuing to enhance medium- to long-term corporate value and achieving sustainable growth.

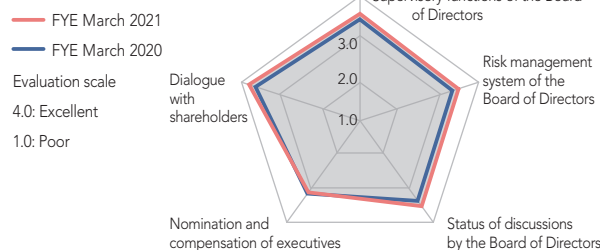
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Results of the Questionnaire

Operational Structure of the Board of Directors



Supervisory Function of the Board of Directors and Dialogue with Shareholders



Evaluation Items

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

Internal Control

Management System

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

Internal Control System

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

Auditing

Auditing by Corporate Auditors

SUBARU has formulated internal rules to ensure the effectiveness of corporate auditors' audits (e.g., Standards for Corporate Auditor's Audit) and developed a whistle blowing 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/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.

The Company's corporate auditors attend important meetings including the Board of Directors Meeting, Executive Management Board Meeting, and Risk Management and Compliance Committee meetings, state their opinions as necessary to secure effectiveness of the audit, and take the following measures.

- Check the state of the development and operation of internal control systems by holding regular meetings with the directors and executive officers, and making site visits to major business establishments and affiliated companies.
- Receive monthly reports from the internal audit departments, the legal departments, and the risk management and compliance departments on the state of operation of the whistle blowing system and other matters, as well as receiving reports as needed from departments in charge of managing subsidiaries concerning the state of those subsidiaries.
- Hold meetings with the corporate auditors of major group subsidiaries.

- Meet the accounting auditors quarterly to exchange information and opinions, thereby facilitating their efforts to work together, and hold discussions concerning the appointment of accounting auditors.

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

Internal Auditing

SUBARU has established the Internal Audit Department (13 members) that reports directly to the President as an internal auditing organization and conducts internal audits of business execution at SUBARU and its group companies in and outside Japan from an independent and objective standpoint. At the beginning of the fiscal year, the Internal Audit Department prepares an internal audit plan for the fiscal year that takes into consideration the risks and internal control status of the Group as a whole and systematically implements the plan. The department prepares and distributes to the directors, corporate auditors, and concerned parties audit reports on the results of internal audits. It also reports the results semi-annually at a Board of Directors meeting and quarterly at the joint meeting.

The Internal Audit Department and corporate auditors work to deepen collaboration through monthly internal audit report meetings held by the department and dialogues about internal control. They also share information on a quarterly basis with the accounting auditors. Through this, they endeavor to strengthen the auditing function. In addition, the Internal Audit Department periodically undergoes an evaluation by external experts to confirm that the audit operations are being performed appropriately.

Internal Control System Related to Financial Reporting

Regarding internal control reporting systems pursuant to the Financial Instruments and Exchange Act, the evaluation of the internal control system related to financial reporting is 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 & 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, 2021 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.

Group Governance (Affiliated Companies in Japan)

Affiliated companies will play an ever-greater role in enabling the Subaru Group to survive the automobile industry's epochal transformation once in a hundred years. SUBARU now faces the pressing issue of enhancing the governance of the Group as a whole.

Group Companies

In the Subaru Group, SUBARU's Business Administration Department had administered the businesses of Group companies, while its Group Company Management Department supported the management of the Group companies. To strengthen group governance and enhance the overall strength of the Group, the Subaru Group has promoted the "three-in-one activities," in which each of the Group companies, the Business Administration Department, and the Group Company Management Department worked together and cooperated with each other. In FYE March 2021, the Subaru Group prioritized activities enhancing the effectiveness of group governance, and with reorganizations in April 2021 it updated to a new group collaboration system, taking action to establish a framework for realizing a stronger Subaru Group.

1. Enhancing Effectiveness of Group Governance

In FYE March 2021, with activities restricted due to the COVID-19 pandemic, SUBARU engaged in communications utilizing the Internet (remote environments), participated in important meetings such as those of the Board of Directors of Group companies, and conducted Group company presidents meetings and workshops for newly-appointed directors and corporate auditors. In addition, in order to enhance the effectiveness of company-wide rules that define group

governance, it clarified the decision-making and reporting processes for Group companies and SUBARU.

- Held two group-wide Group company presidents meetings, as well as individual meetings for each Group company. The CRMO and top management of Group companies conducted meaningful dialogues on important topics
- Held newly-appointed directors' workshops (once a year) / corporate auditors' workshops (twice a year), general administration managers' meetings (twice a year)
- Dispatched personnel from the Business Administration Department of SUBARU to play a part in the management of Group companies by serving as part-time directors
- Enhanced the quality of auditing by increasing the number of full-time corporate auditors (to 12)
- Promoted the creation of rules related to matters for prior consultation and matters for reporting, in Group companies and SUBARU, in order to ensure the effectiveness of the Subsidiary Management Rules revised in April 2020.

2. Updating to a New Group Collaboration System

As of April 2021, the Group updated the collaboration system between Group companies and SUBARU. By clarifying the role played by the Business Administration Department and enhancing the two-way channels with Group companies, SUBARU will work to further strengthen the group governance system that has had its effectiveness enhanced by three-in-one activities.

- The corporate management function of the Group Company Management Department was unified into the Business Administration Department, and its planning function was transferred to the Corporate Planning Department of the

Corporate Planning Division. This has resulted in a new system designed for total group optimization, whereby the Business Administration Department is responsible for business support and corporate management on a Group company level, while the Corporate Planning Department is responsible for intra-group strategies and project support.

- SUBARU established a corporate management support system for Group companies via the Corporate Function Department.

SUBARU Dealerships

SUBARU dealerships are the company's point of contact with customers. SUBARU is therefore striving to strengthen group governance at its dealerships, believing that getting even closer to the voice of the customer and working with SUBARU dealerships to become an integrated team serving customers is crucial to foster trust on the part of our customers.

1. Management system support

- (1) Deploying directors (part-time) and corporate auditors (all presiding companies)
- (2) Holding periodic training for executives (newly appointed directors, directors in their third year, corporate auditors)

2. Sharing SUBARU's policies with SUBARU dealerships

- (1) Joint and regular meetings of Directors Council of the Group companies and the SUBARU Automobile Dealers Association (twice a year)
- (2) Specialist committee meetings (sales and marketing, used cars, service and parts, general affairs, and IT)
- (3) Internal Audit Department Liaison Committee meeting (twice a year)