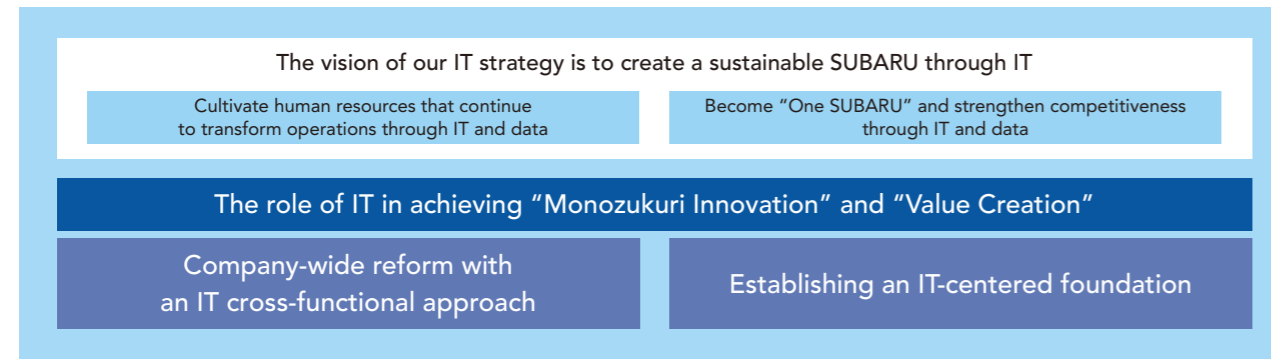


## IT and DX Strategies

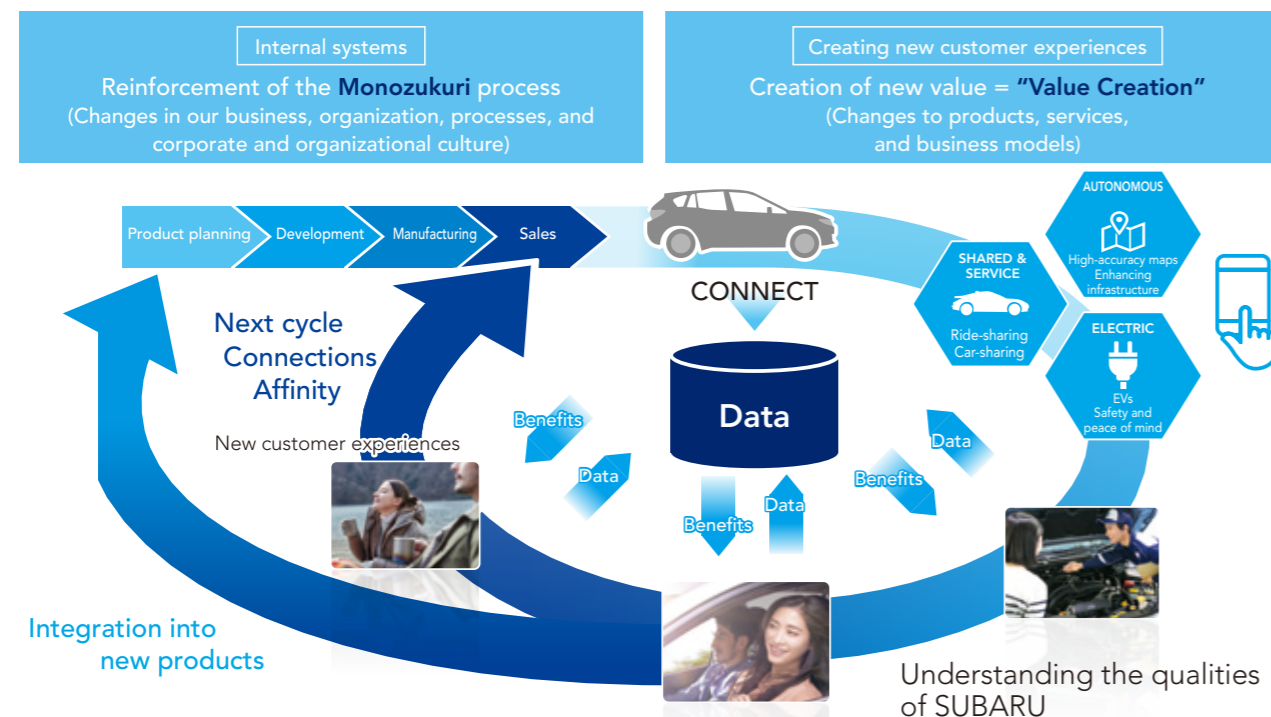
### Basic Policy

In the automotive industry, which is facing a once-in-a-century period of major transformation, SUBARU is working to meet customer expectations and enhance its corporate competitiveness by advancing efforts to achieve world's leading "Monozukuri Innovation" and "Value Creation", as outlined in the SUBARU New Management Policy. Amid the rapid advancement of IT and digital technologies across society, our IT strategy is driven by the vision of creating a sustainable SUBARU through IT. We are working toward achieving "Monozukuri Innovation" and "Value Creation", in line with this vision. Through these efforts, we are building a solid foundation for development, manufacturing, and sales, while driving transformation across the entire SUBARU Group via IT, creating the agility needed to keep pace with the times.

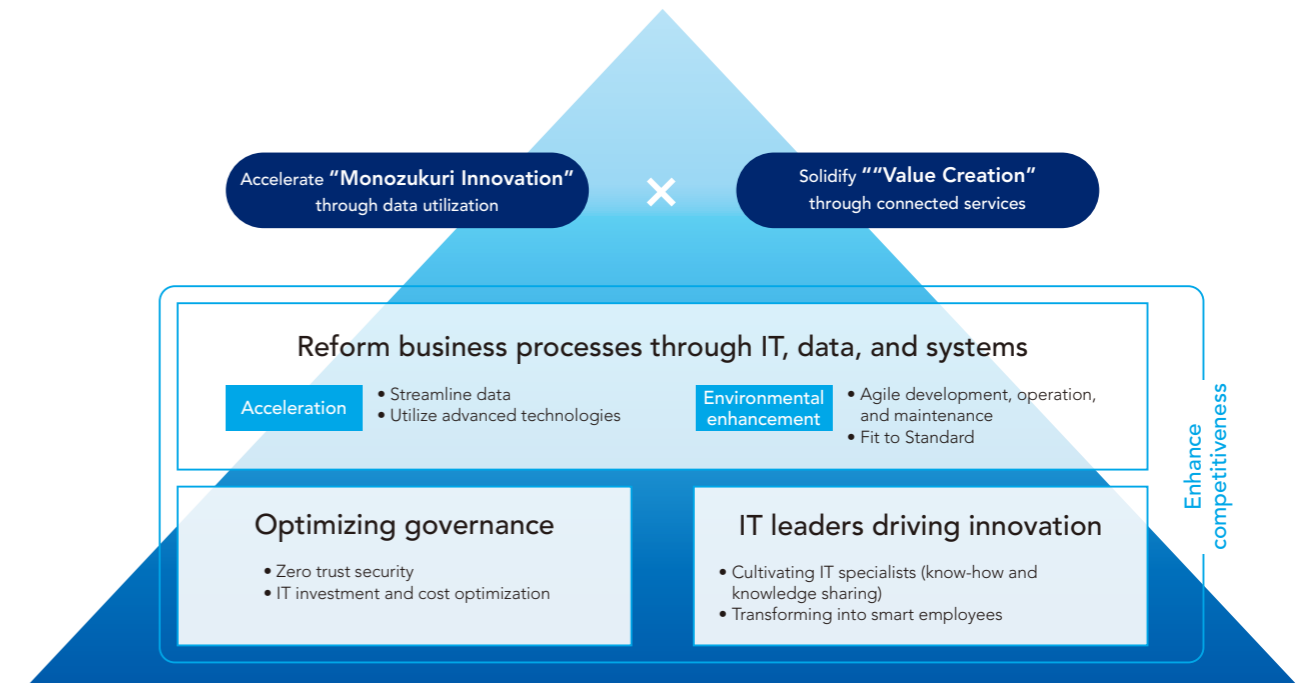


### Strengthening the Connection between SUBARU and Our Customers through IT

To strengthen the connection between SUBARU and our customers, we are advancing the use of IT, data, and digital technologies with two main pillars: reinforcing the monozukuri process and creating new value. Previously, our systems and data were individually optimized by department, which hindered our ability to effectively utilize valuable data. To address this issue, we are building an environment that centers on data and enables collaboration with various business activities, aiming to create synergistic effects among our diverse initiatives toward achieving "Monozukuri Innovation" and "Value Creation". By effectively utilizing the accumulated data, we will enhance the entire monozukuri process, which is becoming more advanced and complex, particularly in electrification. At the same time, we are advancing efforts to provide customers with new experiential value, further deepening our connection with them.



### Primary Initiatives



#### Reform Business Processes through IT, Data, and Systems

In response to the rapid and non-linear transformation in the automotive industry, we are working on business process reform to simplify operations using IT, data, and systems, aiming to respond at a pace that far exceeds SUBARU's previous capabilities. We are promoting Company-wide reform through IT by streamlining data, utilizing advanced technologies to accelerate and simplify operations, and establishing a framework for agile development, operation, and maintenance. Additionally, by adopting the Fit to Standard approach, which leverages the best available technologies, we are quickly optimizing our operational environment.

#### Enhancing Corporate Foundations through Optimized IT Governance

As the scope of stakeholders we engage with continues to expand due to technological advancements and changes in business and work styles, we are committed to establishing global IT governance centered around cybersecurity. This will enable us to consistently carry out operations that earn the trust of all our stakeholders. From the "One SUBARU" perspective, we are transforming our corporate structure to enable more efficient operations, faster decision making, and streamlined business execution through the standardization of rules and policies across the entire supply chain, including our bases, affiliates, and suppliers in Japan and overseas.

#### Cultivating Talent to Drive Reform through IT and Data in an Era of Transformation

To create and deliver new products and services in the coming era, it is essential to adapt to advancements in IT and digital technologies. To achieve this, we are focusing on developing specialized talent with advanced IT skills, discovering and nurturing individuals capable of leading business improvements through IT, and enhancing the IT/DX literacy of all employees. We position these and other initiatives as part of our "smart employee" strategy, emphasizing the cultivation of our human resources.

# Risk Management

## Our Approach

The 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 hundred years. The SUBARU Group, which operates businesses globally, is aiming to enhance the resilience of its management infrastructure and ensure 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 promote risk management throughout the Group to conduct business activities. We therefore believe it is important to create a SUBARU Group with an infrastructure that is resilient to risk to enhance our corporate value.

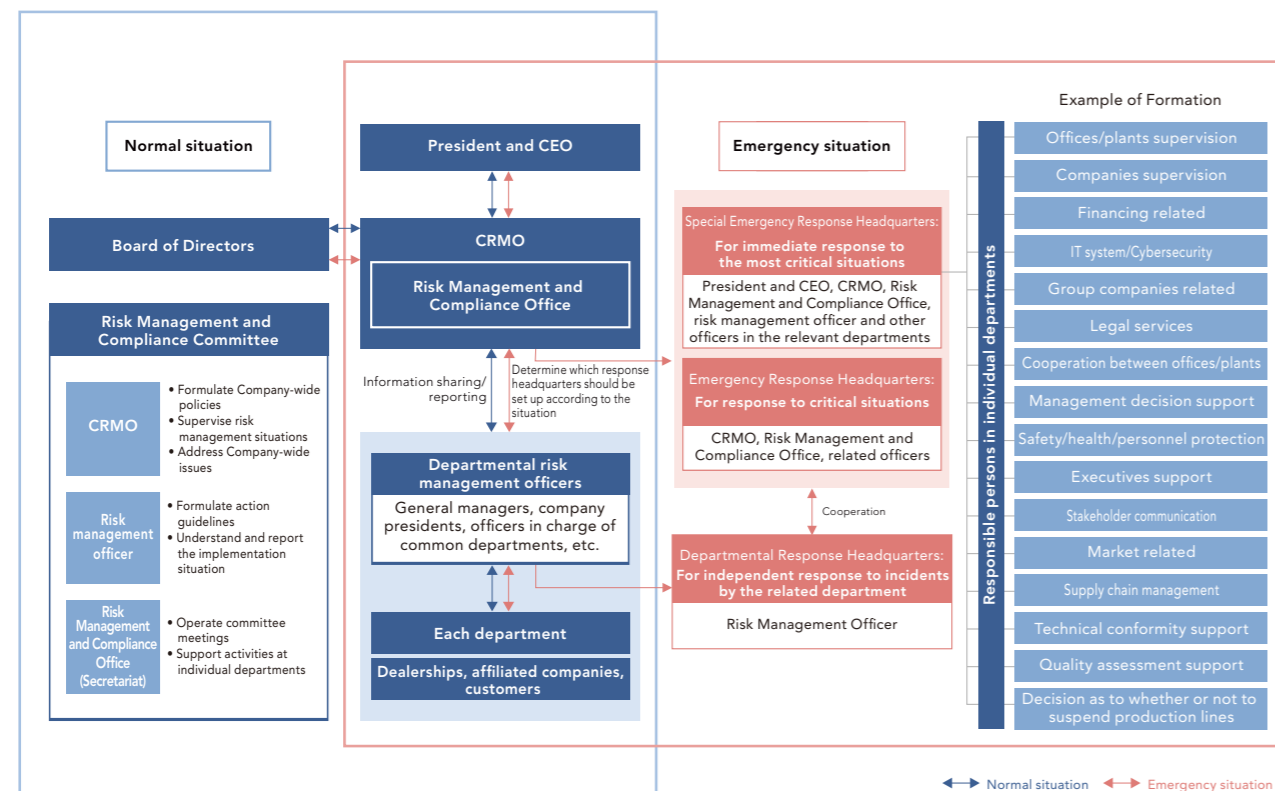
## Management System

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 and Compliance Committee. This committee is chaired by the CRMO, and its vice chairperson is the executive officer in charge of the duties of the Risk Management Group, comprised of the Risk Management and 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 and 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.

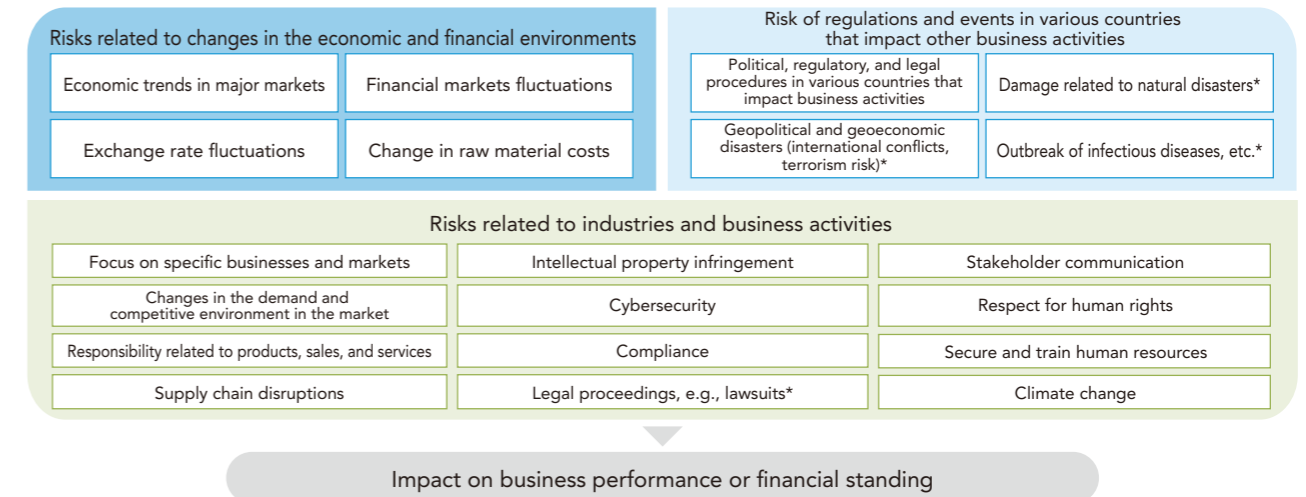
### Risk Management System



## 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. In line with the renewal of the risk map for FYE March 2024, we have reviewed the following 20 risks in light of their frequency of occurrence and impact on business activities, with a focus on the main risks that have a significant impact on business activities. Please note that this is not an exhaustive list of all risks relating to the SUBARU Group.

### 20 Risks Affecting Business Activities



Note: For details on business and other risks, please see pages 23 to 29 of the 93rd Annual Securities Report (in Japanese only).  
\* Newly identified important risks in light of their frequency of occurrence and impact on business activities (including risks that have been re-identified as individual risks)

Annual Securities Report (in Japanese only)  
[https://www.subaru.co.jp/ir/library/pdf/ms/ms\\_93.pdf](https://www.subaru.co.jp/ir/library/pdf/ms/ms_93.pdf)

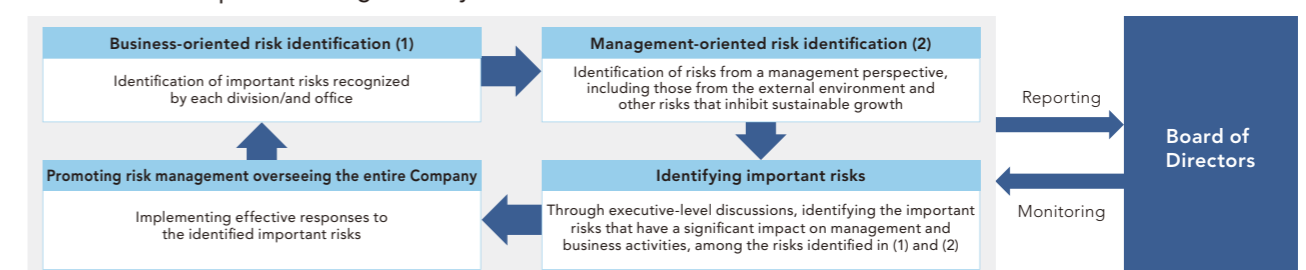
## Main Activities in FYE March 2024

- In accordance with the New Management Policy (announced in August 2023), formulated a new risk map through discussions at the executive level, updating the priority issues to be addressed in addition to the important risks of each division
- Carried out risk management training sessions for relevant personnel to improve their literacy in risk management methods and reputation management
- Carried out ongoing efforts to reduce the Group's key risks, such as strengthening cybersecurity, promoting supply chain BCP, and recovery actions from natural disasters, and the Risk Management and Compliance Committee regularly followed up on these efforts
- Advanced activities, including with our business partners, to strengthen security throughout the entire supply chain, in the awareness as a manufacturer that greater cybersecurity is an urgent and important management issue

## Activities to Further Strengthen Risk Management

- From FYE March 2025 onward, we will further strengthen and promote risk management by adopting a Group-wide risk management system for specific risks that have been identified as important from a management perspective, based on the latest external changes and the current environment, in addition to the high-priority risks that each division, and office is individually aware of, based on the updated risk map.

### The SUBARU Group's Risk Management Cycle



## Respect for Human Rights

### Our Approach

The SUBARU Group puts people first and engages in people-oriented manufacturing. SUBARU is working to embody its belief that respect for the rights and characteristics of individuals is an important management issue. The Group's Human Rights Policy established in April 2020 requires that we respect the human rights stipulated in international norms such as the Universal Declaration of Human Rights, International Bill on Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. It also applies to SUBARU 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.

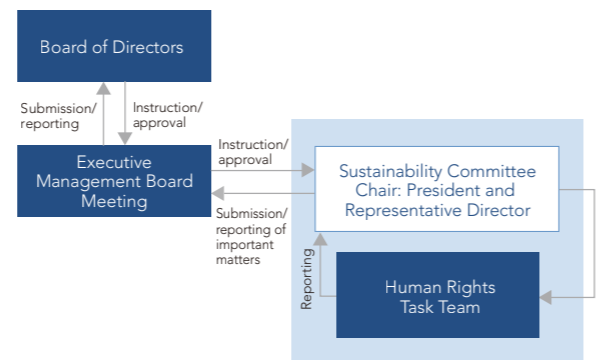
This policy was formulated with full consideration to stakeholders' expectations, incorporating discussions with outside experts and overseas subsidiaries. It was officially established after agreement by the second meeting of the CSR Committee\* for FYE March 2020 and reported to the Board of Directors in March 2020. This policy is run globally and appropriately, being ready to address future environmental changes.

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

Respect for Human Rights (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)

### Management System

To strengthen and advance its initiatives for human rights, we have appointed the Representative Director, President and CEO as a director who is responsible for leading the process of developing this policy and assigning resources as needed. Specifically, we formed the Human Rights Task Team comprised of management personnel including the general managers from the Human Resources Department, Investor Relations Department, Sustainability Promotion Department, Risk Management and Compliance Office, Global Purchasing Planning Department, the Gunma Plant General Administration Department, and the Aerospace Company Procurement Department. This team regularly examines human rights issues and their countermeasures and implements the plan-do-check-act (PDCA) cycle. The content of examinations within the team is annually 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.



### Risks and Measures in Initiatives for Respect of Human Rights

At the SUBARU Group, we recognize that the area of respect for human rights presents risks related to industries and business activities. If the SUBARU Group or its business partners or other affiliated parties engage in activities that violate regulations regarding labor environments and occupational health and safety, or activities constituting any kind of harassment, infringement of workers' rights and opportunities, or procurement that violates human rights, we believe that this is not just a violation of relevant laws and regulations. Beyond this, we believe that this could result in a loss of customer trust and confidence, lead to a damaged brand image due to flagging opinions and reputations in society, impede sales, lead to turnover in human resources, make it difficult to procure materials and funds, or other negative outcomes, which could have a significant impact on our business foundation and our business performance and financial position.

The SUBARU Group has formulated its Human Rights Policy and conducts human rights due diligence based on this policy. We strive to continuously mitigate risks throughout the Group by identifying particularly important risks to our businesses as well as steadily implementing and managing measures to address them. In addition, we are advancing initiatives in encouraging our business partners and other stakeholders associated with our operations, including those in the supply chain, to respect human rights in accordance with this policy.

### 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. Using the PDCA cycle, we are actively working on this together with our suppliers and business partners, and the Human Rights Task Team regularly monitors the progress and issues, reporting the results to the Sustainability Committee and the Board of Directors once a year. For measures in the procurement domain, we collaborate with our business partners to advance initiatives based on the SUBARU Supplier CSR Guidelines.

CSR Procurement  
<https://www.subaru.co.jp/en/csr/social/procurement.html>

FYE March 2019	<ul style="list-style-type: none"> <li>Establishment of the Human Rights Policy</li> </ul>
FYE March 2021 to FYE March 2022	<ul style="list-style-type: none"> <li>Identification of human rights risks and implementation of impact assessments in the areas of personnel and procurement</li> <li>Clarification of particularly key risks facing the SUBARU Group and formulation of measures*</li> <li>Commenced study session on business and human rights for employees in charge in the personnel and procurement fields (expanded every year)</li> </ul>
FYE March 2023 and beyond	<ul style="list-style-type: none"> <li>Implementation of measures against risks, and identification of the progress and issues of measures against risks by the Human Rights Task Team</li> </ul>

\* Developed with the cooperation of LRQA Sustainability Co., Ltd. (formerly Lloyd's Register Japan K.K.: <https://lrqa-sus.co.jp/>), which has expertise in business and human rights. (in Japanese only)

### Achievements of Initiatives in FYE March 2024 and Future Issues

In FYE March 2024, we re-examined the human rights risks and measures in the human resource domain that we identified in FYE March 2021 from the perspective of automobile manufacturing through a sampling survey, including on-site inspections and interviews with relevant personnel by LRQA Sustainability Co., Ltd. As a result, from the perspective of compliance, there were no issues identified that required improvement or that posed an immediate risk of harm to the people being interviewed. We will continue to raise awareness about respect for human rights as well as expand and continue verification of measures to mitigate risks.

#### Example measures implemented

Domain	Key human rights risks	Example measures implemented	Achievements of initiatives in FYE March 2024	Future issues
Human resources	Harassment of workers	<ul style="list-style-type: none"> <li>Conducting harassment prevention workshops for management</li> <li>Operating a harassment consultation service</li> <li>Early detection of risk issues using 360-degree evaluations for managers</li> </ul>	<ul style="list-style-type: none"> <li>Held department study groups during No Workplace Harassment Month to create a pleasant working environment</li> <li>Informed employees about and encouraged use of consultation services</li> <li>Identified high-risk individuals from evaluation results and conducted follow-ups with target workplaces</li> </ul>	<ul style="list-style-type: none"> <li>Preventing harassment and fostering greater awareness among employees</li> </ul>
	Forced labor among foreign workers	<ul style="list-style-type: none"> <li>Collaborating with supervisory bodies based on memorandums of understanding regarding foreign trainee workers, and preventing misconduct and unfair treatment through regular audits</li> </ul>	<ul style="list-style-type: none"> <li>Maintained coordination with supervisory bodies and conducted regular audits every three months and workplace patrols every month</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing collaboration with supervisory bodies and staffing agencies</li> </ul>
	Infringement of rights of vulnerable people in local communities (automobile manufacturing perspective)	<ul style="list-style-type: none"> <li>Ensuring installation of sanitary boxes in women's restrooms at factories</li> </ul>	—	—
Procurement	Human rights violations among suppliers	<ul style="list-style-type: none"> <li>Carrying out of supply chain human rights due diligence</li> <li>Building a supply chain grievance mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Continued to carry out business partner CSR briefings and CSR surveys</li> <li>Maintained a worker consultation service via JP-MIRAI's collaborative program</li> </ul>	<ul style="list-style-type: none"> <li>Improving the accuracy of supply chain and human rights due diligence</li> <li>Establishing consultation and remediation services</li> </ul>
	Responsible mineral procurement	<ul style="list-style-type: none"> <li>Human rights measures for conflict minerals (gold, tin, tantalum, and tungsten)</li> <li>Human rights measures for non-conflict minerals</li> </ul>	<ul style="list-style-type: none"> <li>Continued to implement conflict mineral surveys</li> <li>Continued to implement cobalt surveys for battery manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>Gathering information and preparing for compliance with new international laws and regulations</li> </ul>
	Harassment of suppliers	<ul style="list-style-type: none"> <li>Partnership Formation Oath (in Japanese only)</li> <li>Compliance with the JAMA Voluntary Action Plan</li> </ul>	<ul style="list-style-type: none"> <li>Implemented the provisions of the Oath</li> <li>Checked with business partners whether price negotiations are necessary, and conducted explicit consultations</li> </ul>	<ul style="list-style-type: none"> <li>Promoting and increasing awareness of fair trade throughout the supply chain</li> </ul>

## Directors, Auditors, and Executive Officers (As of June 19, 2024)

### Directors

Number of years in office as a director/number of shares owned \* Number of shares owned is as of the end of March 2024



**Atsushi Osaki**  
Representative Director,  
President and CEO  
3 years / 30,521 shares



**Fumiaki Hayata**  
Representative Director,  
Executive Vice President  
3 years / 16,607 shares



**Tomomi Nakamura**  
Director, Chairman  
6 years / 50,825 shares



**Katsuyuki Mizuma**  
Director, Senior Managing  
Executive Officer, CFO and CRMO  
3 years / 21,497 shares



**Tetsuo Fujinuki**  
Director, Senior Managing  
Executive Officer, CTO  
1 year / 15,810 shares



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



**Fuminao Hachiuma**  
Independent Outside Director  
1 year / 1,000 shares



**Shigeru Yamashita**  
Independent Outside Director  
Newly appointed / 0 shares

### Auditors

Number of years in office as an auditor/number of shares owned \* Number of shares owned is as of the end of March 2024



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



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



**Yuri Furusawa**  
Independent Outside  
Auditor  
2 years / 700 shares



**Yasumasa Masuda**  
Independent Outside  
Auditor  
1 year / 0 shares

### Executive Officers

\* Concurrently serve as a Director

As of April 1, 2024

Chairman	Tomomi Nakamura*	—
President	Atsushi Osaki*	CEO (Chief Executive Officer)
Executive Vice President	Fumiaki Hayata*	Secretarial Office, Human Resources Department, Sales, Marketing, Costs, Purchasing
Senior Managing Executive Officer	Katsuyuki Mizuma*	CFO (Chief Financial Officer), CRMO (Chief Risk Management Officer), Finance & Accounting Department
Senior Managing Executive Officer	Tetsuo Fujinuki*	CTO (Chief Technology Officer), Engineering Division, Technical Research Center, CTO Strategy Office
Senior Managing Executive Officer	Tomoaki Emori	Corporate Planning Division
Managing Executive Officer	Tatsuro Kobayashi	CBBO (Chief Battery Business Officer), Battery Business Promotion Office
Managing Executive Officer	Jinya Shoji	Overseas Sales & Marketing Division 2
Managing Executive Officer	Osamu Eriguchi	CQO (Chief Quality Officer), Quality Assurance Division, Customer Service Division
Managing Executive Officer	Tamotsu Inui	Purchasing Division
Managing Executive Officer	Kazuhiro Abe	CCBO (Chief Connected Business Officer), CBPM (Connected Business Planning and Management)
Managing Executive Officer	Shinsuke Toda	Overseas Sales & Marketing Division 2, Corporate Planning Division, Corporate Communications Department, Investor Relations Department
Managing Executive Officer	Hiroshi Watahiki	Engineering Division, Technical Research Center
Managing Executive Officer	Tadashi Yoshida	Overseas Sales & Marketing Division 1, SCI, NASI
Managing Executive Officer	Ryota Fukumizu	Monozukuri Division, Gunma Plant
Managing Executive Officer	Ikuo Watanabe	CMzO (Chief Monozukuri Officer), CMzO Strategy Office, Data Intelligence Advancement Department, Engineering Division, Monozukuri Division
Executive Officer	Shinichi Murata	Risk Management Group, External Relations Department, Intellectual Property Department, General Administration Department, Sustainability Promotion Department
Executive Officer	Kazuki Uejima	Product Business Division
Executive Officer	Akihiro Kato	Parts & Accessories Division
Executive Officer	Katsufumi Nakazawa	Japan Sales & Marketing Division
Executive Officer	Kosuke Kawai	CCIO (Chief Cost Innovation Officer), Cost and Investment Management Office, Cost Innovation Promotion Office, Corporate Planning Division, Engineering Division, Product Business Division, Purchasing Division
Executive Officer	Yoshihiro Saito	Aerospace Company
Executive Officer	Yoichi Hori	CTO Strategy Office, Corporate Planning Division
Executive Officer	Eiji Shibata	CDCO (Chief Digital Car Officer), Engineering Division
Executive Officer	Nobuyuki Bando	SIA
Executive Officer	Yuri Tsuji	CIO (Chief Information Officer), IT Strategy Division
Executive Officer	Hideyuki Kusabuka	Human Resources Department

SIA: Subaru of Indiana Automotive, Inc.  
SOA: Subaru of America, Inc.  
SCI: Subaru Canada, Inc.  
NASI: North American Subaru, Inc.



More detailed information on corporate governance.  
<https://www.SUBARU.co.jp/en/outline/profile.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.

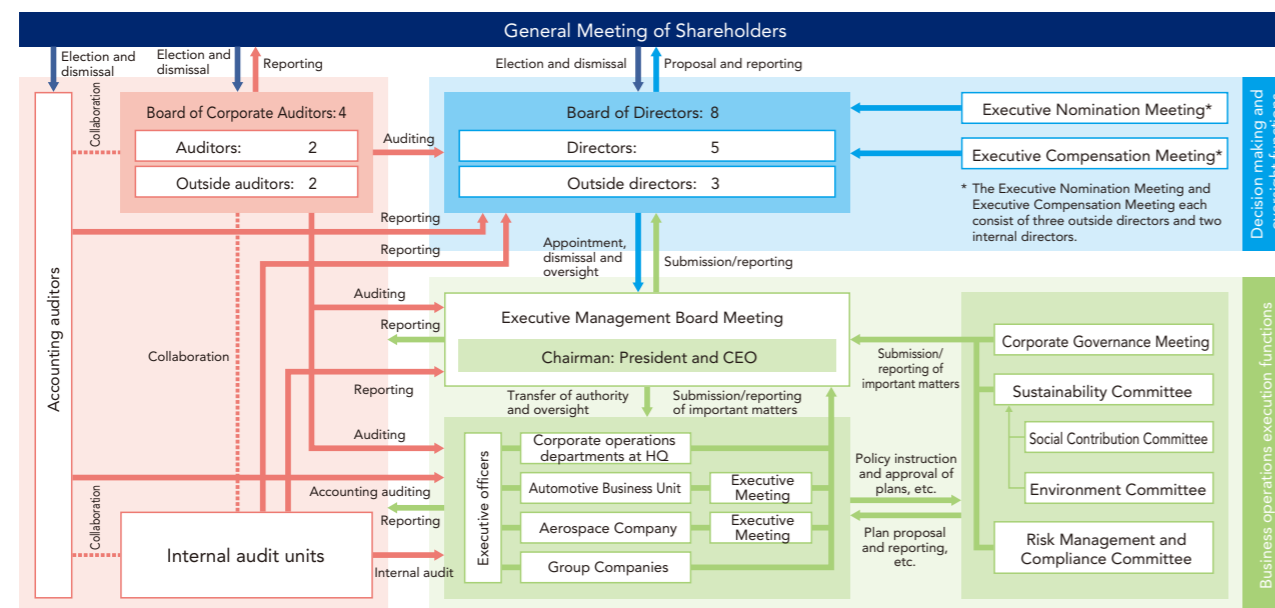
More detailed information on corporate governance.  
<https://www.subaru.co.jp/en/csr/governance/corporate/>

## Corporate Governance Structure

SUBARU has chosen a structure with a board of corporate auditors. The Board of Directors maintains a clear separation between supervision and execution when making decisions and overseeing key business operations. At the same time, the Board of Corporate Auditors engages in discussions and resolutions on significant auditing matters among its members. This structure also enables us to achieve more sound and efficient business operations through increased effectiveness of management monitoring, by involving highly independent outside directors and outside corporate auditors.

At SUBARU, in order to enhance the practical governance structure based on our present organizational design, we have established two voluntary meetings: the Executive Nomination Meeting (consisting of five directors, of which three are independent outside directors) and the Executive Compensation Meeting (also consisting of five directors, of which three are independent outside directors).

In regard to the business operation system, SUBARU has adopted an executive officer 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.



## Decision Making and Management Oversight Functions

### Board of Directors / Board of Corporate Auditors

Organization	Board of Directors	Board of Corporate Auditors
Chairman	Director, Chairman	Standing corporate auditor
Composition	Directors: 5, Independent outside directors: 3	Standing corporate auditors: 2, Independent outside directors: 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.

### Executive Nomination and Executive Compensation Meetings

Organization	Executive Nomination Meeting	Executive Compensation Meeting
Chairman	Director, Chairman	Director, Chairman
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 meeting 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 meeting 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.

## Business Operations Execution Functions

Major meetings	Executive Management Board Meeting	Executive Meeting (Automotive Business Unit/Aerospace Company <sup>*1</sup> )
Chairman	CEO (Chief Executive Officer)	CEO (Chief Executive Officer)
Composition	Executive Officers	Executive Officers
Role/responsibility Major matters for deliberation	This meeting formulates Group-wide strategies and deliberates on important business operations delegated by the Board of Directors (including the formulation of mid-term management plans and budgets for the entire Group and each business, and performance evaluations), and works to speed up decision making.	This meeting deliberates on proposals for each business (Automotive Business Unit/Aerospace Company) to the Executive Management Board Meeting and deliberates regarding the smooth execution of business operations (including matters related to sales policies and planning, mass production, and production and sales of new products).

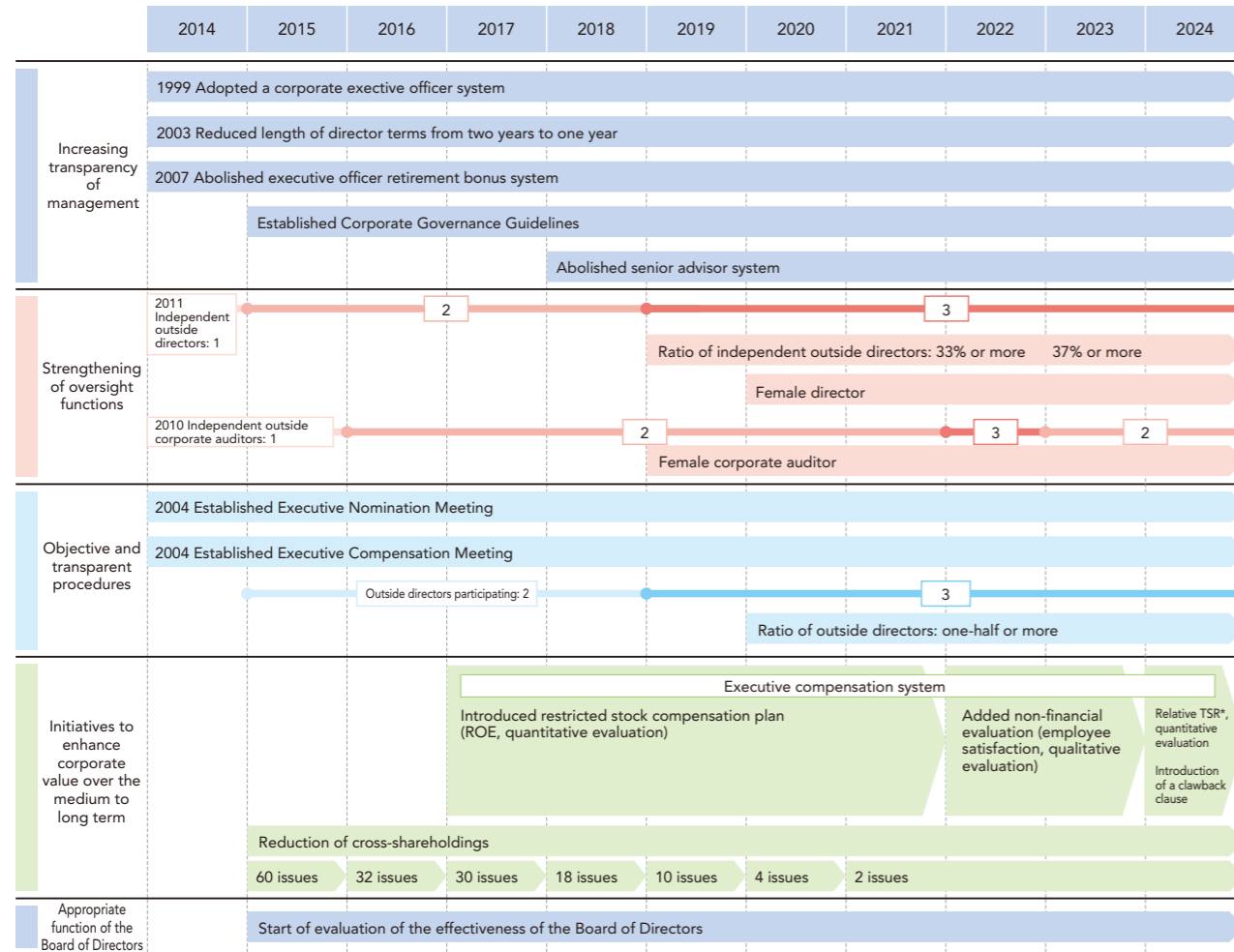
In the Automotive Business Unit, we have been holding meetings presided over by the CTO, who is the coordinating manager of the CXOs<sup>\*2</sup> newly established in FYE March 2025. In order to make decisions quickly and flexibly regarding “monozukuri innovation” and “value creation” as set out in the New Management Policy, we are holding sufficient discussions and confirming the direction of important technical issues that cannot be resolved by the divisions alone, and then linking them to deliberations at the Executive Management Board Meeting and Executive Meeting.

<sup>\*1</sup> The Aerospace Company’s Executive Meeting is chaired by the president of the Aerospace Company and comprised of general managers from major supervising departments.

<sup>\*2</sup> Please see page 26 for information about the CXO promotion system.

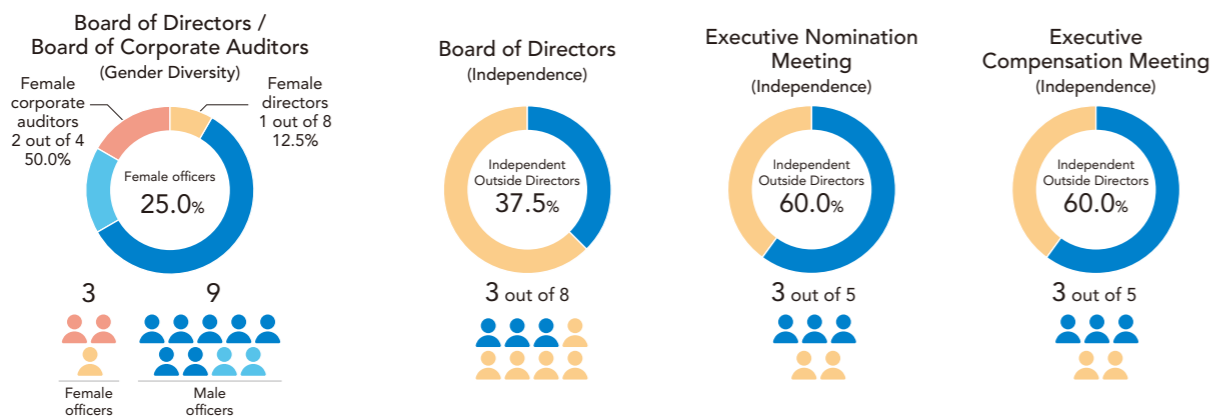
## Activities for Strengthening Corporate Governance

SUBARU has been steadily advancing efforts to enhance corporate governance, including improving management transparency and strengthening oversight functions. Going forward, we will progressively strengthen the effectiveness of SUBARU's distinctive corporate governance to foster sustainable growth and enhance corporate value over the medium to long term.



\* Compared to the TOPIX growth rate including dividends

## Composition of FYE March 2025 of the Board of Directors, Board of Corporate Auditors, Executive Nomination Meeting, and Executive Compensation Meeting



## Executive Skills for Sustainable Growth

### Utilizing the Skills Matrix

In order to further strengthen and improve the effectiveness of the Board of Directors' supervisory function, each year the Executive Nomination Meeting deliberates regarding a review of the skills that the Board of Directors should possess, taking into consideration the environment in which the Company is operating.

We have selected "business management (executive experience)," "promotion of business strategies," and "strengthening of management infrastructure" as the three skill areas that the Board of Directors should possess in order to overcome this once-in-a-century period of transformation and achieve sustainable growth beyond it. To steadily implement the "monozukuri innovation" and "value creation" policies set forth in the New Management Policy announced in August 2023, we have selected the specialized domain skills required to promote "promotion of business strategies" and "strengthening of management infrastructure."

### To Further Enhance Effectiveness

With respect to new skills to add to the Board of Directors, we will incorporate a diversity perspective to better respond to the flexibility and scalability of business, leading to the sustainability-minded appointment of executive human resources.

### Director/Auditor Skills Matrix

Required skills		Reasons for skills selection	Definition of skill possession
Business management (executive experience)		Experience, insight, and leadership required for making important strategic decisions	Experience of serving as top management of a listed company
Promotion of business strategies	Technology/development	Promotion of business strategies for accelerating responses to major transformation	Experience and track record as an officer in charge of each business division
	Manufacturing/purchase		
	Sales/marketing		
	Global		
Strengthening of management infrastructure	IT/digital	Strengthening of management infrastructure that supports the Company's sustainable growth	Knowledge, experience, and competency as an officer in charge of a business division or employee with experience in highly specialized operations
	Business administration/financial affairs/accounting		
	Legal affairs/compliance/risk management		

Name	Title at the Company	Business management (executive experience)	Promotion of business strategies					Strengthening of management infrastructure		
			Technology/development	Manufacturing/purchase	Sales/marketing	Global	IT/digital	Business administration/financial affairs/accounting	Legal affairs/compliance/risk management	Human capital/labor
Atsushi Osaki	Representative Director, President (CEO)	●	●	●				●	●	
Fumiaki Hayata	Representative Director, Executive Vice President		●	●	●			●		
Tomomi Nakamura	Director, Chairman	●		●	●			●	●	
Katsuyuki Mizuma	Director, Senior Managing Executive Officer (CFO, CRMO)			●	●			●	●	
Tetsuo Fujinuki	Director, Senior Managing Executive Officer (CTO)		●					●		
Miwako Doi	Independent Outside Director		●					●		
Fuminao Hachiuma	Independent Outside Director	●			●	●				
Shigeru Yamashita	Independent Outside Director	●		●	●	●			●	
Yoichi Kato	Standing Corporate Auditor					●	●	●	●	
Hiromi Tsutsumi	Standing Corporate Auditor			●					●	
Yuri Furusawa	Independent Outside Auditor					●		●	●	
Yasumasa Masuda	Independent Outside Auditor					●		●		

Note: The list above does not cover the entire scope of knowledge held by the directors and corporate auditors.

## 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 independent 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 independent 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

### Message from an Outside Officer



**Miwako Doi**  
Independent outside directors

**Driving growth with an organization consistently tackling challenges without losing sight of the essence of uniquely SUBARU monozukuri, and the rapid cultivation of the next generation of management personnel equipped with broad perspectives and capable of conscious action**

Our environment is becoming increasingly difficult to foresee due to various unprecedented events such as the 2020 outbreak of the COVID-19 pandemic and the invasion of Ukraine, as well as the drastic changes in economic trends and financial markets.

Meanwhile, society is shifting toward a connected orientation, including for automobiles, as consumer activities become increasingly digital and software-enabled due to generative AI and other factors. In the years ahead, the shift to digital technologies and networking across procurement, production, and logistics will be required to address labor shortages and reduce costs, and the bidirectional circulation of software and hardware, including AI, will become more important at manufacturing sites. In other words, siloing is not acceptable in a digital, networked, and connected world.

For the SUBARU Group to continue to grow and create new value for society under these circumstances, I believe that the Group needs to have an organization that respects the strengths of each individual without losing sight of a uniquely SUBARU essence of monozukuri, and that allows us to work together to steadily and take on new Value Creation, as well as human resources with a diverse range of ideas and skills.

To promote employees to become the next generation of executives, I feel that we need to deepen our discussions in the future so that we can build a training scheme and make more effective use of the skill matrix than ever before to systematically develop human resources. In addition, I would like to proactively take opportunities to communicate with the next generation of management personnel, including women, so that they can have a broad perspective and act consciously from the early stages of their careers.

I would be delighted to contribute to the development of human resources who will be responsible for SUBARU's future, based on my own experience.

## Major Activities in FYE March 2024 of the Board of Directors, Executive Nomination Meeting, and Executive Compensation Meeting

### Board of Directors Number of Meetings Held: 13\*1

#### Major Themes

- Determination of candidates for directors and corporate auditors, as well as the CEO and other members of the management team
- Matters pertaining to repurchase and cancellation of own shares
- Determination to revise the executive compensation system and the policy for determining the content of compensation, etc., for each individual director, and to delegate to the Executive Compensation Meeting regarding the determination of compensation, etc., for each individual director and executive officer under the executive compensation system
- Discussions on reports related to medium- and long-term management issues, including the EV strategy, IR/SR activities, the Sustainability Committee, and the Risk Management and Compliance Committee

#### Initiatives to Active the Board of Directors

Information and knowledge regarding SUBARU's business activities that is necessary to carry them out is provided on an ongoing basis. SUBARU also 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, including the establishment of management roundtable discussions\*2.

\*1 In addition, 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.

\*2 Events for the exchange of opinions on important topics for SUBARU, held by directors and corporate auditors but not requiring resolution

### Executive Nomination Meeting Number of Meetings Held: 8

- Creating a succession plan for the CEO and others, 360-degree evaluation of executives, development of executive human resources with a focus on the CEO using the skills matrix for executives, revision of the skills matrix for executives (addition of "reasons for skill selection" and "definition of skills possession," acceleration of the process for determining the executive structure, the Company's executive structure)
- Deliberations, etc., on personnel matters and the division of duties, as well as on the reporting of executive appointments for major subsidiaries

### Executive Compensation Meeting Number of Meetings Held: 8

- Reporting on proposed revisions to the director compensation system and the policy for determining the details of remuneration, etc., for individual directors
- Consideration of executive compensation levels using external survey data
- Determination of individual performance-linked compensation amounts for directors (excluding outside directors) and executive officers based on their evaluations
- Determination of individual base amounts, etc., for restricted stock compensation

### Message from an Outside Officer



**Fuminao Hachiuma**  
Independent outside directors

**Active discussion at the Board of Directors and enhancing corporate value using field sensibilities and perspectives different from internal wisdom/objectivity**

The automotive industry has entered a time of great transformation, and we recognize that various dynamics will determine the direction of this transformation. I believe that, going forward, there will be an ever-increasing need to consider future scenarios from multiple perspectives, not just as an extension of the present.

At the same time, the pursuit of the "Enjoyment and Peace of Mind" we espouse in the era to come will come in the form of the universal value found in mobility, an important initiative to hone SUBARU's unique strengths. As for the root of this value, in the U.S. we have built a robust brand foundation through strong ties with customers and retailers, and through contributions to local communities. We see this value as a key business asset that will be unchanged in the era to come.

The Board of Directors and management roundtable discussions then make decisions while sharing information on changes in the external environment, forecasts, and necessary responses in order to respond to the changing environment with flexibility and scalability. Outside directors have also had opportunities to communicate directly with local SUBARU colleagues in the U.S., our largest market, as well as in Japan, to deepen their understanding.

We see it as a key initiative for us to further discuss important topics at the Board of Directors, such as the progress of initiatives toward carbon neutrality that SUBARU will implement going forward, and to disseminate information to stakeholders with greater clarity than before. I will strive to fulfill my responsibilities as an independent outside directors director to enhance corporate value with a different perspective from internal wisdom, plus objectivity, while maintaining a field sensibility, so that I can support SUBARU in overcoming the rough waves of transformation and toward sustainable development.

## Outside Directors

- Nomination Criteria**
- The independent 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.
  - SUBARU has established criteria for independence of outside officers in addition to the criteria for independence established by the Tokyo Stock Exchange, and appoints independent outside directors who meet those criteria.

### Reasons for Appointing the Outside Directors and Major Activities in FYE March 2024

Name	Reasons for appointing	Meeting attendance	Significant concurrent*1 positions*1
Miwako Doi Appointed June 2020	As a researcher and supervisor in the field of information technology at Toshiba Corporation, Ms. Miwako Doi has accumulated vast experience and made many achievements in this field over many years. In addition, she has held successive positions, mainly in government committees, owing to her high level of expertise and extensive experience and knowledge. In June 2020, the Company appointed her to the position of independent outside director. Given that she has been providing beneficial advice to the Company's management for the generation of new innovation, we appointed Ms. Doi with the expectation that she will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective as an independent outside director of the Company and that she will continue to appropriately perform her duties as an independent outside director of the Company.	Board of Directors*2 Attended 13 meetings/100% attendance Executive Nomination Meeting Attended 8 meetings/100% attendance Executive Compensation Meeting Attended 8 meetings/100% attendance	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, NGK Spark Plug Co., Ltd.
Fuminao Hachiuma Appointed June 2023	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 June 2023, the Company appointed him to the position of independent outside director. Given that he has been providing frank opinions on the Company's management, we appointed Mr. Hachiuma with the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective as an independent outside director of the Company and that he will continue to appropriately perform his duties as an independent outside director of the Company.	Board of Directors*2 Attended 10 meetings/100% attendance*3 Executive Nomination Meeting Attended 5 meetings/100% attendance Executive Compensation Meeting Attended 6 meetings/100% attendance	Outside Director, Seven & i Holdings Co., Ltd. Outside Audit & Supervisory Board Member, YKK AP Inc.
(Newly appointed) Shigeru Yamashita Appointed June 2024	Since his appointment as Representative Director of Pigeon Corporation, Mr. Shigeru Yamashita has led that company's efforts to promote management transformation, strengthen corporate governance, and maximize corporate value, and has abundant experience and insight in business management. In light of this, the Company has appointed Mr. Yamashita as a new independent outside director in the expectation that he will provide sufficient advice and oversight of all aspects of the Company's management from an independent perspective as an independent outside director of the Company, and that he will appropriately perform the duties of independent outside director of the Company.		

\*1 The status of "Significant current positions" is as of September 30, 2024.

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

\*3 Fuminao Hachiuma's meeting attendance is for meetings after his election and appointment at the 92nd Ordinary General Meeting of Shareholders held on June 21, 2023.

### Message from a New Outside Officer



Shigeru Yamashita  
Independent Outside Director

#### Creating new value that is uniquely SUBARU, even in times of great transformation, to enhance both social value and economic value

I believe that the purpose of corporate governance is to achieve sustainable business growth and enhance corporate value over the medium to long term. However, to actually produce results, it is necessary for corporate governance to function effectively from the dual perspective of "defensive" (preventing fraud and compliance violations and protecting human rights and the environment) and "offensive" (taking risks to generate future business growth and cash flow by planting seeds and implementing strategies) activities.

Though my experience is in a different industry, as a company head I have always believed that corporate value consists of both social value and economic value, and I have practiced management for enhancing both. Social value can ultimately be judged by whether or not a company is essential to society. The driving force to make this happen is each employee, so it is extremely important to share the Company's philosophy with employees. In this sense, I feel that SUBARU's vision of being a company "Delivering Happiness to All" and its value of providing "Enjoyment and Peace of Mind" are firmly rooted within the organization as the foundation of our work.

In the midst of major transformation in the automotive industry, SUBARU must make strategic decisions, including major investments, in a state where it does not know the right answer and must fumble for the way forward, such as how to address EVs. As a response, SUBARU has begun to implement "monozukuri innovation" initiatives, which include a significant reduction in development time. I believe that SUBARU's status as the creator of the world-class EyeSight technology is what allows it to create new value that is uniquely SUBARU. As an outside director, I would like to encourage timely and decisive management decisions to improve the Company's corporate value over the medium to long term.

## Executive Officer Training

Category	Training policy / Major ongoing programs
Directors	<b>Policy</b> SUBARU provides its directors and auditors with information and knowledge regarding its business activities that is necessary for them to fulfill their responsibilities to oversee and audit directors and auditors on an ongoing basis
Auditors	<b>Training</b> <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> <li>Opportunities for 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	<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.
Outside auditors	<b>Training</b> <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 executive officers about the corporate statement, corporate culture, business environment, and the performance, situation and issues of each business division/department</li> <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> </li> </ul>
Executive officers	<b>Policy</b> SUBARU gives executive officers similar opportunities as those given to directors and auditors, for the purpose of developing human resources to lead its management in the future.
	<b>Training</b> <ul style="list-style-type: none"> <li>Opportunities for 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 executive officers</li> <li>Recommendation and support for participation in appropriate external seminars and programs</li> </ul>

Note: Expenses to be incurred for offering the above training to directors and auditors, including outside officers and executive officers are borne by the Company.

Category	Major results in FYE March 2024
All executives	<ul style="list-style-type: none"> <li>Newly appointed directors and executive officers participated in external seminar programs</li> <li>Held a total of three classroom lectures by invited experts on management issues such as adapting to electrification and sustainability</li> </ul>
Outside directors	<ul style="list-style-type: none"> <li>Operations briefings offered by executive officers and others, and related discussions</li> </ul>
Outside 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>



## Effectiveness Evaluation of the Board of Directors

Each year, SUBARU's Board of Directors (BoD) analyzes and evaluates the Board's effectiveness in accordance with Article 23 of the Corporate Governance Guidelines and considers and implements improvements to address any issues identified. In addition, a summary of the results of these improvements is disclosed as appropriate.

In FYE March, 2024, 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 expanded interviews to cover all 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

Process period and method	December 2023 to February 2024 Self-evaluation survey created by a third-party body; interviews
Eligible participants	Survey: Directors (8) and auditors (4) for a total of 12 respondents Interviewees: Chair of the BoD, Representative Director and President, Representative Director and Deputy President, and independent outside directors (3) for a total of 6 interviewees
Process	1. Third-party body conducts anonymous self-evaluation survey of directors and auditors 2. Third-party body conducts interviews with the chair of the BoD, Representative Director and President, Representative Director and Deputy President, and independent outside directors 3. Third-party body aggregates and analyzes survey responses and interviews 4. BoD verifies and discusses reports received from third-party body
Evaluation items on the survey	(a) BoD roles and functions (f) BoD risk management and internal control (b) BoD composition (g) Executive Nomination Meeting and Executive Compensation Meeting operation (c) BoD operation (h) Shareholder dialogue (d) BoD support system (i) Continued BoD improvements (e) BoD culture and communication

### 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:

#### 1. General evaluation

The BoD of the Company was confirmed to be effective under the new management system in its support of strong, ambitious, and strategy-driven execution.

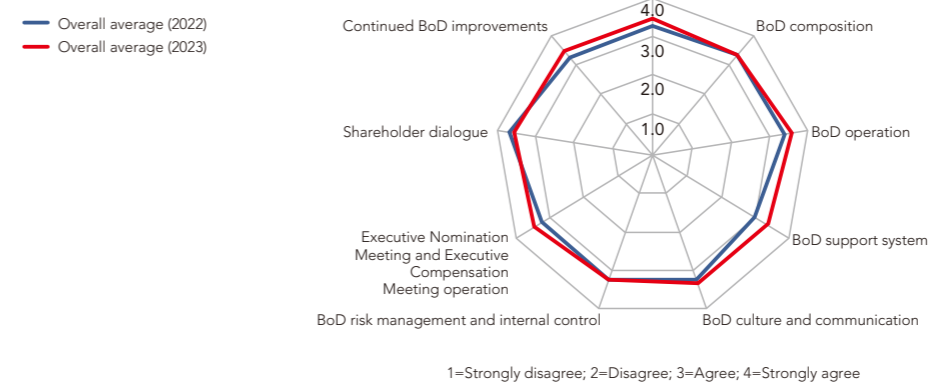
#### 2. Characteristics of the Company BoD

Item	Outline
A BoD with a focus on the monitoring function	The independent outside directors understand the premise that SUBARU is in a unique position in the industry, and they are discussing issues accordingly. SUBARU has a clearly presented strategic direction, the execution side is enthusiastically engaged, and the BoD, which supports and watches over execution, is currently well established.
Environment allowing free and open discussion	The environment facilitates expression and allows for free and open discussions.
High awareness of compliance and risk management	There is a high awareness of compliance and risk management, with five Risk Management and Compliance Committee reports conducted during the year.
Secretariat functioning as a support department	There were nearly no comments of dissatisfaction from independent outside directors in terms of information provision, prior explanations, Board meeting materials, etc. The secretariat functions well as the nexus between supervision and execution.

### Progress in FYE March 2024 and Issues for Action in FYE March 2025

Action Status in FYE March 2024		Issues for FYE March 2025 Onward	
Issues identified	Initiatives to rectify issues from the previous year	Assessment	Direction of issues for action
Discussion of medium- to long-term management strategy	Management roundtable discussions were flexibly utilized and substantial discussions were held. Information will be continuously and regularly updated on the progress of medium- and long-term management strategies, etc.	Improvement	Discussions will continue to be stimulated about how to set agendas in accordance with the progress of the electrification strategy and other elements of the New Management Policy and how to monitor the entire Group.
Further bolstering the support system for independent outside directors	By increasing opportunities for information input to independent outside directors, such as information sharing outside of Board meetings and site visits, we have strengthened the system to support the fulfillment of their functions as independent outside directors.	Improvement	Efforts will be made to expand opportunities for communication with top executives and corporate auditors in order to encourage independent outside directors to further fulfill their functions.
Further improving the effectiveness of the Executive Nomination Meeting and evaluating function	Since the CEO transition has just occurred, further discussions will be needed going forward on how to evolve the CEO succession process. For the Executive Nomination Meeting, involvement in the executive succession process, including the establishment of a candidate cultivation scheme and planned development through effective use of the skill matrix, is an issue for future exploration.	Needs further improvement	The process of cultivating and selecting executives, with a focus on the CEO, will be further deepened through efforts such as reviewing the process of appointing independent outside directors, developing and utilizing a skills matrix for all executives, and deepening discussions about succession.

### Results of the Questionnaire



### Evaluation Items

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

## Auditing

### Auditing by Corporate Auditors

In addition to attending important meetings such as the Board of Directors, the Company's corporate auditors engage in activities that include exchanging opinions with executive officers and communicating individually with the directors and corporate auditors of Group companies. Through these efforts, they gather extensive information on business execution, including the development and operational status of internal controls across the Group, as well as verify their effectiveness. Additionally, necessary advice and recommendations are provided based on the observations obtained from these audit activities.

### Activities in FYE March 2024

#### Major Activities of the Corporate Auditors

- **Confirming management monitoring and execution**  
Each corporate auditor attended important meetings, including those of the Board of Directors, Executive Management Board Meeting, and Risk Management and Compliance Committee. When in attendance, they monitored management decision-making processes, sought explanations as necessary (including through opportunities other than those meetings), and actively expressed their opinions.
- **Communication with directors, executive officers, and others, and confirmation of internal control status at various business establishments, including Group companies**  
Through exchanges of opinions with directors, executive officers, and others, as well as visits to and inspections of major business establishments and Group companies, and collaboration with the directors and corporate auditors of Group companies, the corporate auditors confirmed the status of business execution, including the development and operation of the Group's internal controls.  
Through regular meetings with the Legal Department, Risk Management and Compliance Office, and Internal Audit Department, they confirmed the status of risk management practices across the Group.
- **Cooperation in the three-party audit system**  
Corporate auditors conducted regular reporting sessions with the Internal Audit Department and accounting auditors, facilitating information sharing and exchanges of opinions that fostered close cooperation in the three-party audit system. By implementing coordinated audit activities, they carried out mutual verification of the effectiveness of internal controls across the Group.

#### Board of Corporate Auditors Number of Meetings Held: 12

- **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**  
The Board of Corporate Auditors shared reports and insights based on findings obtained from individual corporate auditor activities. Additionally, the Board received reports from the responsible departments on risk management issues from a preventive audit perspective, enabling them to verify the appropriateness of management execution.

### Internal Audit

The Internal Audit Department evaluates the development and operational status of internal controls and the effectiveness of risk management from an independent and objective standpoint, while verifying the appropriateness of business execution at SUBARU and its Group companies in Japan and overseas, providing advice and proposals for improvement as required.

#### System and Initiatives

The Internal Audit Department, comprising 18 members, reports directly to the President. This department formulates a business audit plan at the beginning of each fiscal year, taking into consideration the risks and internal control status of the entire Group, and conducts operational audits accordingly.

#### Reporting of Business Audit Results

Audit reports on business execution are distributed to all directors, corporate auditors, and relevant departments, and simultaneously presented to the President at a monthly reporting meeting. Reports are also provided to the Board of Directors semi-annually and to a joint meeting composed of all executive officers on a quarterly basis.

## Outside Auditors

- Nomination Criteria**
- The independent outside 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 independent outside auditors who meet those criteria.

### Reasons for Appointing the Outside Corporate Auditors and Major Activities in FYE March 2024

Name	Reasons for appointing	Meeting attendance	Significant concurrent positions*1
Yuri Furusawa Appointed June 2022	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 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 her duties as an independent outside auditor of the Company.	Board of Directors*2 Attended 13 meetings/100% attendance Board of Corporate Auditors Attended 12 meetings/100% attendance	Outside Audit & Supervisory Board Member, Kubota Corporation
Yasumasa Masuda Appointed June 2023	Mr. Yasumasa Masuda has served as CFO at Astellas Pharma Inc. and has deep insight in overall management with focus on financing and accounting. He has also served as an Independent Non-Executive at Deloitte Tohmatsu LLC and an 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 his duties as an independent outside auditor of the Company.	Board of Directors*2 Attended 10 meetings/100% attendance*3 Board of Corporate Auditors Attended 10 meetings/100% attendance*3	

\*1 The status of "Significant current positions" is as of September 30, 2024.

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

\*3 Yasumasa Masuda's meeting attendance is for meetings after his election and appointment at the 92nd Ordinary General Meeting of Shareholders held on June 21, 2023.

## 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 CRMO (Chief Risk Management Officer), 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.

## Internal Control System Related to Financial Reporting

Regarding internal control reporting systems pursuant to the Financial Instruments and Exchange Act, the responsibility for the development and operation of internal controls related to the Company's financial reporting lies with the CEO (Chief Executive Officer) and CFO (Chief Financial Officer). In addition, the evaluation of the internal control system is based on the final day of the consolidated accounting period and is conducted in accordance with standards that are generally accepted as fair and appropriate for assessing internal controls related to financial reporting.

As a result of the evaluation, it was confirmed that the development and operational status of the internal control system were deemed effective as of March 31, 2024, and an internal control report audited by the accounting auditors was issued to that effect.

 Annual Securities Report (in Japanese only)

[https://www.subaru.co.jp/ir/library/pdf/ms/ms\\_93.pdf](https://www.subaru.co.jp/ir/library/pdf/ms/ms_93.pdf)

## Executive Compensation System

### Revision of Executive Compensation System

To provide more incentive for Company directors and executive officers (excluding outside directors) for achieving sustained improvement of the SUBARU Group's value over the medium and long term, we revised our restricted stock compensation plan in FYE March 2025 as part of our review of the executive compensation system. The revisions primarily focus on the following three points, which were approved at the 93rd Ordinary General Meeting of Shareholders held on June 19, 2024, and have been applied to the executive compensation for FYE March 2025.

#### Greater Ratio of Stock Compensation

In FYE March 2018, we introduced fixed compensation type restricted stock compensation (RS) for directors and executive officers. In FYE March 2023, we added variable compensation type performance share units (PSU), gradually increasing the weight of stock compensation. In the FYE March 2025 revision, we further increased the proportion of stock compensation to strengthen the link between compensation and the enhancement of corporate value. As a result of this revision, the composition ratio of basic compensation, annual performance-linked bonuses, and restricted stock compensation for the Representative Director, President and CEO has been set at 1:0.5:0.7 (for the latter, 0.5 for PSUs plus 0.2 for RS). As before, outside directors will only receive basic compensation.

#### Addition of Relative TSR (vs. TOPIX Growth Rate Including Dividends) as a KPI for PSUs

In the FYE March 2025 revision, we added relative TSR (compared to the TOPIX growth rate including dividends) as a new KPI in the quantitative (financial) evaluation, in addition to the previous KPIs. This indicator is aimed at enhancing corporate value.

#### Introduction of a Clawback Clause for Stock Compensation

To improve compensation governance, a clawback clause has been introduced into the stock compensation system alongside the increase in the proportion of stock compensation. If, during the restricted transfer period or within three years after the termination of the restrictions on transfer, it is found that an executive has committed an act of misconduct or that there is a material error in the performance on which the grant of stock was premised, the Company may, based on the details discussed and decided by the Executive Compensation Meeting and by a resolution of the Board of Directors, acquire the executive in question's allotted shares in whole or in part without compensation, or demand that the executive pay an amount equivalent to the market value of the shares in question.

### Overview of Executive Compensation System

#### Basic Compensation

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

#### 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 senior managing executive officers, managing executive officers, and executive officers, 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)

Fixed compensation type RS: Shares of the Company's common stock are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director and executive officer, and other factors.

Variable compensation type restricted stock compensation (PSUs): Units (one unit = one share) are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director and executive officer, 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 determined in accordance with achievement levels for each performance indicator target.

#### KPI for PSU in FYE March 2025

Consolidated ROE is used for the quantitative (financial) evaluation, while the qualitative (non-financial) evaluation incorporates employee engagement indicator improvement points and relative TSR (compared to the TOPIX growth rate including dividends).

Restricted stock compensation will not be paid to outside directors.

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

	Fixed portion	Short-term incentives	Medium- and long-term incentives	
	Basic compensation	Annual performance-linked bonuses	Variable compensation type (PSU)	Fixed compensation type(RS)
Composition*	1	0.5	0.5	0.2

\*The ratio of annual performance-linked bonuses and restricted stock compensation (variable/fixed compensation types) are indexed to a basic compensation of 1.

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

The policy for determining details of compensation for individual directors for FYE March 2025 is as follows.

(Determined at the May 15, 2024 meeting of the Board of Directors)

#### Policy for Determining Details of Compensation for Individual Directors

##### 1. Basic policy

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

(1) Compensation is at a level commensurate with the roles and responsibilities of directors and is appropriate, fair, and balanced.

(2) The compensation structure is determined by giving consideration to providing motivation for sustained improvement in corporate performance and corporate value and securing excellent human resources.

Specifically, for directors (excluding outside directors), compensation is composed of basic compensation, annual performance-linked 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.

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

###### (1) Policy for the Fixed Monetary Compensation

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

###### (2) Policy for performance-linked compensation

For annual performance-linked 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. Consolidated ROE, which is emphasized in our medium-term strategy, and TSR, which contributes to the enhancement of corporate value over the medium to long term, are adopted as financial KPIs for these PSUs, while employee engagement is adopted as a non-financial KPI. The KPIs and the composition ratio of each KPI for annual performance-linked bonuses and PSUs shall be reviewed, discussed, and decided by the Board of Directors based on the proposals approved by the Executive Compensation Meeting from as needed based on changes in the environment.

###### (3) Policy for non-monetary compensation

The Company grants restricted stock compensation to directors (excluding outside directors) to enhance incentives for the sustained improvement of corporate value and to promote further value sharing with shareholders. For restricted stock compensation, a portion shall be provided as the fixed compensation type, with the rest as the variable compensation type. Both of these shall be prohibited from being transferred during the recipient's term of office, and this restriction on transfer shall be lifted upon their retirement. For fixed compensation type restricted stock compensation (RS), shares of the Company's common stock are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director, and other factors. For variable compensation type restricted stock compensation (PSUs), units (one unit = one share) are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director, and other factors. After an evaluation period, shares of the Company's common stock are granted at an amount equivalent to the number of units multiplied by a payout ratio determined in accordance with achievement levels for each

performance indicator target. 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. In addition, in the event that certain misconduct is committed and/or certain other events occur during the period up to three years after the expiration of the transfer restriction period, the Company may, based on the details deliberated and decided by the Executive Compensation Meeting and by a resolution of the Board of Directors, demand that the common shares in question be returned in whole or in part, or that an amount be paid equivalent to the market value of the shares in question (clawback). If a director is a non-resident of Japan at the time shares are granted, the Company shall grant phantom stock in place of and equivalent to the restricted stock compensation that would have been granted, and the stock shall also be treated in accordance with the restricted stock allotment agreement.

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

The Company has set the following as a general guideline for proportions of compensation by type for directors (excluding outside directors) in reference to the compensation levels and compensation mix of companies of a similar scale to the Company or industry peers obtained through an external research company, and in consideration of factors such as the Company's overall salary level and social situations (performance-based compensation is a proportion of the base amount).

	Basic compensation	Breakdown		Rate	
		Annual performance-linked compensation	Restricted stock compensation	President	Directors other than the President
		PSU	RS		
Fixed monetary compensation	●			1	1
Performance-linked compensation		●	●	1	0.9
Non-monetary compensation			●	0.7	0.6

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

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

The Board of Directors shall establish an Executive Compensation Meeting, consisting of a majority of independent outside directors, as a voluntary committee in order to ensure fairness and transparency in the decision-making process regarding compensation of executives. The chair of the Executive Compensation Meeting shall be appointed by a resolution of the Board of Directors. The Executive Compensation Meeting shall be delegated the authority to determine the specific amounts of basic compensation, annual performance-linked bonuses, and restricted stock compensation for directors and the timing of their payment, etc., based on resolutions of the General Meeting of Shareholders and the Board of Directors, and shall make decisions after sufficient deliberation by its members, including independent outside directors. For restricted stock compensation, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on the base amounts decided at the Executive Compensation Meeting. Revisions of the executive compensation system and other matters pertaining to compensation overall are deliberated and decided on by the Board of Directors based on proposals approved by the Executive Compensation Meeting.

### Matters Concerning Performance-linked Compensation, etc. in FYE March 2024

The Executive Compensation Meeting, delegated by the Board of Directors, determines the annual performance-linked compensation to be paid to each director by setting a compensation table that is more closely linked to annual performance the higher the rank, based on actual pre-tax income for FYE March 2024. The table on the right shows the amount of the annual performance-linked bonuses for FYE March 2024 and the actual results related to the KPIs used for PSUs.

Performance indicator (KPI)	Results
Consolidated profit before tax	532.6 billion yen
ROE	16.50%
Employee engagement indicator improvement points	-11 points

### Total Compensation for Directors and Auditors for FYE March 2024

(Millions of yen)

Category	Basic compensation (Paid in fixed monthly installments)	Annual performance-linked bonuses	Restricted stock compensation		Total	
			PSU	RS		
Directors: 11	Internal directors: 7	213	244	69	65	591
	Outside directors: 4	38	—	—	—	38
Auditors: 6	Internal corporate auditors: 2	63	—	—	—	63
	Outside auditors: 4	26	—	—	—	26
Total: 17	340	244	69	65	718	

\*1 Figures in the above table include two internal directors, one outside director, and two outside auditors who resigned before the last day of FYE March 2024. At the end of FYE March 2024, there were eight directors, including three outside directors, and four auditors, including two outside auditors.

\*2 Total amounts in the above table represent the amounts recorded as expenses at the end of FYE March 2024 and include contingent compensation (such as phantom stock and PSUs granted to non-residents in Japan).

\*3 The amounts for phantom stock and PSUs are calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market as of March 31, 2024, and the stock price at the time of grant will be applied for the actual payment.

## Cross-Shareholding

### Policy for Cross-Shareholding

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

### Verification Details for Cross-Shareholding

Based on the above policy, SUBARU has steadily reduced the number of listed stocks held as cross-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 dialogues with these companies at least once a year, and the Board of Directors will evaluate and scrutinize these issues annually to determine whether they should be held or not.

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

As of March 31, 2024

Issues	Number of shares	Amount reported on the balance sheet (Millions of yen)	Purpose of holding, impact of holding
The Gunma Bank, Ltd.	2,850,468	2,503	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	1,133	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 abroad 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.

## Dialogue with Shareholders and Investors

SUBARU strives to build long-term relationships of trust with our shareholders, investors, and analysts through constructive dialogue in order to contribute to sustainable growth and medium-to long-term enhancement of corporate value. We will deepen mutual understanding through proactive dialogue, such as financial results briefings by the CEO and CFO and overseas presentation events (North America and Europe), as well as business and technology briefings by management, and regularly report the content of dialogue with shareholders and investors and issues raised to the Board of Directors and relevant departments for further disclosure and enhanced dialogue.

### Internal Promotion System

Under the overall supervision of the CEO and CFO, the management team promotes constructive dialogue. In order to further enhance dialogue, the Investor Relations Department takes the lead in organically coordinating with related organizations, including corporate planning, the Board of Directors Secretariat, finance and accounting, legal affairs, human resources, sustainability, intellectual property, and the Internal Audit Department.

### Providing Feedback Internally

Opinions and concerns identified in dialogue with shareholders, investors, and analysts are reported to the Board of Directors as necessary, and are regularly feedback to directors, corporate auditors, executive officers, and other relevant departments in activity reports.

### Managing Insider Information

In order to prevent undisclosed important inside information (insider information) from being leaked in dialogues, the Company has implemented thorough information management in accordance with the Company-wide rules for the prevention of insider trading. Furthermore, in accordance with SUBARU's Disclosure Policy, we conduct appropriate dialogue with shareholders and investors.



Disclosure Policy

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

### FYE March 2024 Dialogue Results

In addition to various events and interviews attended by management, we engage in dialogue with shareholders, investors, and analysts of various types in Japan and overseas through product and technology briefings aimed at deepening understanding of our business.

#### Results of Dialogue with Shareholders and Investors

Dialogue events	Times held	Major participants*
Financial results briefings	4 times	President and CEO; Executive Vice President; Senior Managing Executive Officer and CFO; Senior Managing Executive Officer and Chief General Manager of Corporate Planning Division
Small meetings	9 times	President and CEO; Director; Senior Managing Executive Officer and CFO; Executive Officer and General Manager of Investor Relations Department
Securities houses' conferences	6 times	Senior Managing Executive Officer and CFO; Executive Officer and General Manager of Investor Relations Department
Product/technical briefings, factory tours	3 times	Senior Managing Executive Officer and CTO; Engineering Division members; Product & Portfolio Planning Division members; Investor Relations Department members; etc.

Individual dialogue	Times held	Major participants*
Dialogue with investors/shareholders (of which, dialogue with overseas investors/shareholders)	211 times (114 times)	President and CEO; Senior Managing Executive Officer and CFO; Executive Officer and General Manager of Investor Relations Department; Investor Relations Department members
Dialogue with analysts	87 times	Executive Officer and General Manager of Investor Relations Department; Investor Relations Department members

\* Major participants' positions are as of the event in question.

#### Major Topics in Dialogue

Most recent performance	Parts supply issues and production status, U.S. market conditions, pricing policies, etc.
Initiatives for electrification	Amount of investment into the domestic production reorganization plan
ESG-related topics	Initiatives related to carbon neutrality, human capital management, further strengthening of governance, etc.
New Management Policy (announced August 2, 2023)	
Shareholder returns	

# Compliance

## Our Approach

At SUBARU, compliance is positioned as one of our most important management issues. All executives 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. We have thus built and operate a compliance system/organization, and carry out activities such as providing different kinds of training so that each employee has a strong awareness that thorough Company-wide compliance forms the foundation of our management and behaves in accordance with this.



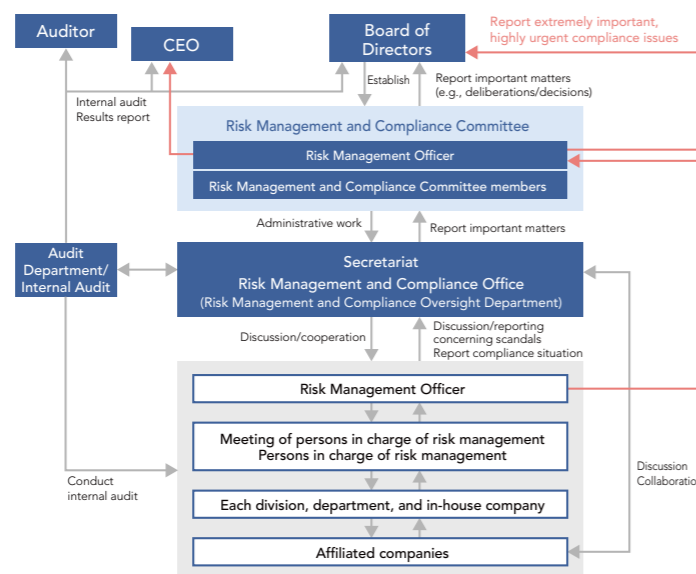
Compliance Manual

## Management System

The SUBARU Group has established the Risk Management and Compliance Committee as an organization to promote compliance, and the CRMO (Chief Risk Management Officer) appointed by the Board of Directors serves as the chairman of the committee and implements global and Group-wide initiatives. In addition, the committee is responsible for the formulation of various policies, etc., and deliberating and deciding on important compliance matters, such as the status of Group-wide compliance activities and the operation of the internal reporting system, as well as for information exchange and liaison. The content of the committee's activities is deliberated and reported on at the Board of Directors' meetings.

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



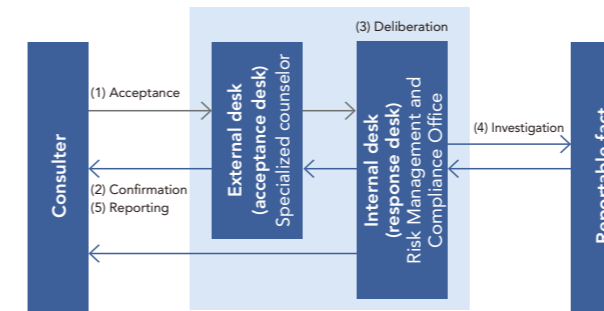
## Compliance Hotline

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.

The Internal Reporting Desk is staffed by employees designated as engaged persons under the Whistleblower Protection Act, who investigate and respond to reports received by telephone, websites, mail, and other methods. We have also established a desk outside the Company staffed by external third-party specialists who have no conflict of interest to increase the hours in which service is available and to increase the confidentiality and security of those contacting the desk.

Through initiatives to raise awareness of this system, SUBARU has improved awareness of compliance and fostered an atmosphere where employees can consult even about trivial matters. This has resulted in an increasing trend in the number of consultations over the previous five years. In addition, since more than 80% of consultations are interpersonal relationship or labor-related, this system also contributes to corporate culture reforms as a desk for taking up and resolving workplace issues.

## Subaru Compliance Hotline



- (1) Acceptance of consultations
- (2) Confirmation of the consulting party's intent (anonymity/non-anonymity, requests, etc.)
- (3) Deliberation by the investigation policy meeting (response policy, etc., based on the consulting party's intent)
- (4) Investigation and confirmation of corrective actions by the Risk Management and Compliance Office and cooperating parties (human resource departments, workplace managers, etc.)
- (5) Reporting to consulting party (if necessary)

## Breakdown of Compliance Hotline Consultations and Trend over Time



Consultations in FYE March 2024

Consultations: 317  
Of which, compliance violation concerns and actual violations: 34

In FYE March 2024, there were no serious compliance violations. Eight of the 34 cases involved conduct that could be identified as harassment, such as workplace bullying. For this reason, we are looking to raise greater awareness through various training programs specific to harassment. There were no cases of violations of the Labor Standards Act.

## 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 have established the following standards of conduct in the Compliance Guidelines, and are working to ensure specific conduct is rigorously permeated via the Compliance Manual. SUBARU Group companies overseas have also established guidelines on anti-bribery in consideration of local laws and regulations to clarify the conduct required of employees and executives.

- 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 its monitoring system for bribery prevention, SUBARU collects information for the early detection of cases that may constitute compliance violations through fact-finding investigations covering all units. Business audits are also 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 2024, 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 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 social obligations through appropriate tax payment, while aiming for sustainable growth through sound business activities.

More detailed information on compliance.

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