IT and DX Strategies

Message from the CIO

Let AI do what AI can. Let people create the value only people can.



Yuri Tsuji
Executive Officer, CIO (Chief Information Officer), and Chief General Manager, IT Strategy Division

The transformation of the automotive industry, long described as a once-in-a-century event, is entering a new phase with advances in AI. Alongside electrification, the shift toward software, and intensifying global competition, ways of working built around AI are rapidly spreading worldwide.

What companies need to do now goes beyond simply introducing digital tools. Tasks that have taken up so much of people's time, such as searching for, gathering, and organizing information, and preparing materials, must be rethought to free up time for the value creation on which they should be focusing.

Our goal is not AI-driven efficiency for its own sake, but a management foundation that brings out the full potential of our people. People understand customers, envision the future, discuss ideas with colleagues, make decisions, and take on challenges. By drawing on these uniquely human strengths, we can further evolve "Enjoyment and Peace of Mind." To achieve this, we will advance DX and AX* as drivers of Company-wide transformation.

We will create an environment in which all employees can appropriately and confidently use AI in their everyday work, rethink our business processes themselves, and work to utilize data and strengthen our digital infrastructure. At the same time, we will apply IT governance to ensure security, data quality, and the appropriate use of AI, building a foundation that enables people to take on challenges with confidence by supporting both value creation and risk management. We will also focus on creating systems that encourage each person to take on challenges and enable knowledge to be shared across departmental and organizational boundaries.

People must remain at the heart of transformation. Technology is not an end in itself, but simply a means of expanding the possibilities for creating corporate value. By creating an environment in which everyone working at SUBARU can devote their passion and abilities to more creative and challenging work, we will further enhance the value we provide through "Enjoyment and Peace of Mind." I hope you will look forward to SUBARU's future DX and AX initiatives.

* AI transformation

Basic Policy and Key Initiatives

Amid the rapid advancement of IT and digital technologies across society, our enduring vision is to create a sustainable SUBARU through IT. We are building the foundations that support development, manufacturing, and sales, with the aim of developing people and systems that continually drive transformation. Guided by this vision, we have defined four key initiatives in our IT Medium-Term Plan 2026.

Vision: Create a Sustainable SUBARU Through IT
—Developing People and Systems That Continually Drive Transformation—

(1) Increase Group-wide productivity by 50% (FYE March 2030)
- Improve productivity by 10% per year
- Simplify and standardize operations
- Promote transformation into smart employees

(2) Contribute to "Value Creation in the SDV Era"
- Establish software development processes
- Roll out next-generation connected services and utilize data
- Standardize user IDs (ID integration)

(3) Take on the IT Triple-Halving challenge
- Halve lead times from concept to service launch
- Halve the number of separate environments through commonization and standardization
- Halve the work required for development, maintenance, and operation

(4) Protect the brand
- Establish Group IT governance
- Enhance cybersecurity measures

One SUBARU Begins with One IT: One Global SUBARU IT

Rather than separate measures, these are integrated initiatives to drive transformation through both systems and human resources, leading to sustainable value creation. Among these, "Value Creation in the SDV Era" and "IT Triple-Halving" support the enhancement of value provided to customers and corporate transformation, respectively.

Through Value Creation in the SDV Era, we are reviewing the very assumptions underlying car making. By establishing software development processes, rolling out next-generation connected services, and advancing data utilization, we are building a foundation for continually providing new value to customers. This is toward vehicles that are not complete at the point of sale, but continue to evolve the more customers use them. These are initiatives that support such an experience.

Existing systems also determine the pace of transformation. The time from planning to service launch, a systems environment made complex by accumulated individual optimizations, and the work required for development, maintenance, and operation. We are taking on the challenge called "IT Triple-Halving," where we aim to halve each of these three elements. We are also transforming our own structure to redirect resources previously devoted to maintaining existing operations toward creating new value.

And it is our people who support these initiatives. We are transforming all employees into smart employees who can use IT and data to lead change themselves. Under the slogan "One SUBARU Begins with One IT," we are also advancing initiatives in collaboration with our sites and affiliated companies in and outside Japan. We will continue pursuing transformation to build a corporate foundation capable of responding flexibly and swiftly to a rapidly changing business environment.

▶ For details on cybersecurity, please refer to "Risk Management > Cybersecurity" on page 54.

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IT and DX Strategies

Productivity Improvement Through AI Utilization

To achieve sustainable growth and enhance corporate value in a rapidly changing business environment, it is essential to direct limited management resources toward higher-value-added work and continually improve productivity. SUBARU is promoting the use of AI under appropriate governance. Our initiatives go beyond improving individual work efficiency to enhance productivity and create added value through business process reform and cross-departmental problem-solving.

By reallocating the time freed up through AI to higher-value-added work and addressing future challenges, we aim to both improve productivity and strengthen competitiveness. We target annual productivity improvements of 10% and a 50% increase over four years, and aim to create a virtuous cycle in which the management resources freed up are reallocated to investments in growth areas and the next generation.

Framework for Improving Productivity

The Corporate Planning Division, Human Resources & General Administration Division, and IT Strategy Division work together to promote Company-wide productivity improvement activities. In addition, 48 productivity improvement leaders selected from across our departments play a central role in leading operational reforms from a workplace perspective, connecting strategy with execution.



Objectives in Three Areas

1 Individual Evolution: Maximizing People's Capabilities

By using AI to support research, document preparation, and meeting preparation, we are creating an environment that gives each person more time to think and focus on higher-value-added work. We aim to enable people to devote more time to creative work and judgment that only humans can provide.

2 Organizational Evolution: Optimally Allocating Management Resources

We are working to improve productivity across the organization by reviewing existing tasks and reforming business processes. By identifying which tasks to discontinue, which to transform with AI, and which to change through systems, we aim to build an organization that can direct management resources toward more important work.

3 Company-Wide Evolution: Solving Problems Through Overall Optimization

By applying AI and business process reform to tasks and issues that span departments, we aim to accelerate information sharing and decision-making. By addressing issues from the perspective of overall optimization, we aim to build an organization capable of collaboration and problem-solving across organizational boundaries.

Topics — Human Resource Development for Transformation into Smart Employees

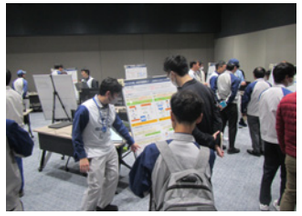
To realize our basic IT policy, SUBARU is not only introducing systems and tools and organizing data, but also developing people who can put them into practice and drive transformation. As the importance of using AI and data grows, we believe that people are the creators of value. We aim to transform all employees into smart employees who can use IT and data to lead change themselves.

The foundation of human resource development for achieving this goal is the IT Academy, an IT and digital education program for all employees. We systematically provide learning opportunities tailored to job types and roles, improving IT and DX literacy and developing highly specialized human resources.

As part of these efforts, we are also providing Company-wide education to embed productivity improvement through the use of AI. In FYE March 2026, we held an AI Exhibition to share internal examples of generative AI and DX tool use. In addition to promoting understanding of AI utilization, the event encouraged knowledge sharing across departments and the wider application of practical expertise.

In FYE March 2027, we again held hands-on training for officers, following the previous fiscal year's program. Training for managers combines lectures and practical exercises with discussions among participants from different departments to help them apply what they learn in their own departments. Managers who have completed the training serve as instructors in their workplaces, sharing what they have learned with team members to further embed AI utilization in day-to-day work.

We will continue to provide learning opportunities tailored to each role, from officers to individual employees, developing people who can use digital technologies to create value themselves.


AI Exhibition


Hands-on training for officers

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Risk Management

Our Approach

The SUBARU Group is undertaking risk management 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 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. In conducting business activities amid this environment, we aim to enhance corporate value by strategically promoting risk management throughout the Group and making the SUBARU Group more resilient to risk.

Organizational Restructuring to Strengthen the Risk Management System

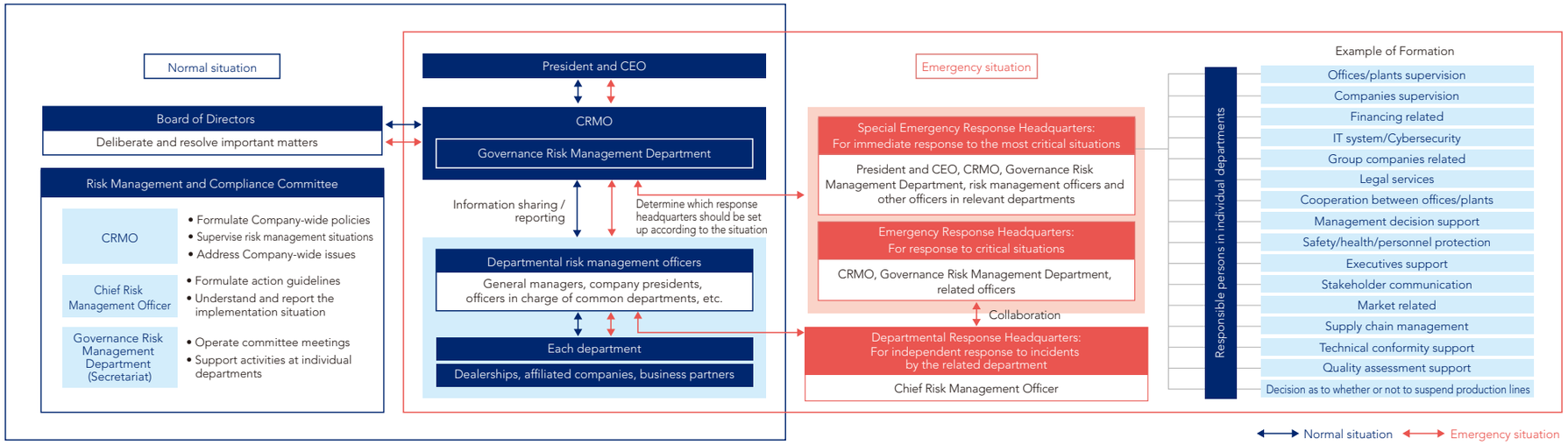
As risk management, compliance, internal control, and Group governance become increasingly important, we integrated the Risk Management & Compliance Office and the Governance Promotion Group of the Secretarial Office in June 2026 to establish the new Governance Risk Management Department. This enables cross-functional, integrated management of these areas and closer alignment with management.

Risk Management Promotion System

To prevent the emergence and expansion of risks to the SUBARU Group, the Chief Risk Management Officer (CRMO) appointed by the Board of Directors leads risk management and compliance activities. The CRMO reports the status of these activities to the Board of Directors, and important matters are subject to deliberation within the Board of Directors before decisions are made.

As part of this framework, we have established the Risk Management and Compliance Committee, chaired by the CRMO, with the Governance Risk Management Department serving as its secretariat. Each division also has a risk management officer at the Chief General Manager level who participates as a member of the committee. The committee deliberates on and discusses important matters, exchanges information, and coordinates communication, submitting matters to the Board of Directors according to their importance. The CRMO leads Group-wide efforts to enhance risk management with professional support from the Governance Risk Management Department, which serves as the secretariat, and corporate departments such as the Legal Department. In this leadership role, the CRMO works closely with the Corporate Planning Department, which performs functions across each business, as well as different divisions and internal companies. The Internal Audit Department audits execution of tasks by each division and subsidiary in a planned manner.

Risk Management System



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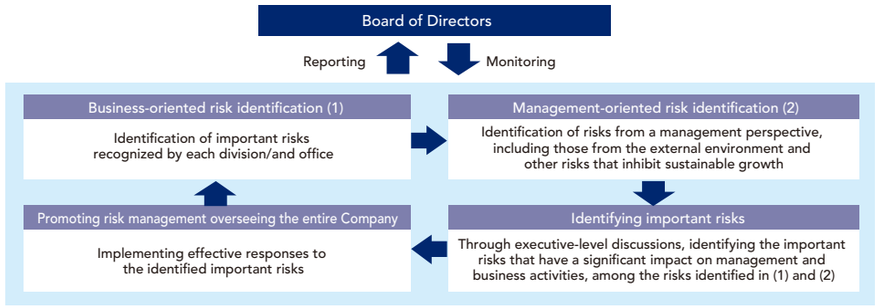
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Risk Management

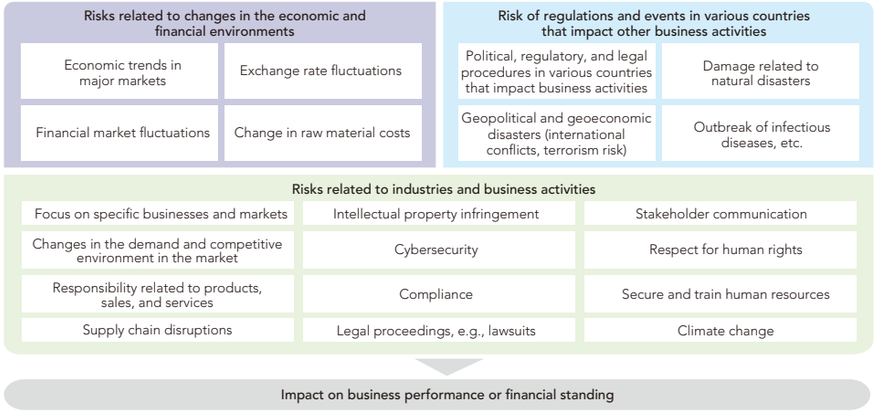
Risks Associated with Business Activities

At the SUBARU Group, we extract and identify key risks associated with our business activities and consider measures to combat them. Specifically, we formulate and use the Risk Map at the management level, taking into account changes in the external environment and current business conditions in addition to important risks identified by each division, to promote risk management throughout the Group.



Through these efforts, we have identified the following 20 risks as having a significant impact on business activities, considering their likelihood of occurrence and impact on business activities. These risks are reassessed on a regular basis as we work to continually strengthen risk management.

20 Risks Affecting Business Activities



For details on risks associated with business activities, please see pages 24 to 33 of the Annual Securities Report (in Japanese only).

https://www.subaru.co.jp/ir/library/pdf/ms/ms_95.pdf

Key Initiatives in FYE March 2026

Company-Wide Risk Management Using the Risk Map

To ensure steady progress toward realizing SUBARU Management Policy 2025 announced in November 2025, we are promoting Company-wide risk management activities using our Risk Map that defines priority issues to be addressed. In addition to addressing key risks, we are working to enhance our framework for identifying and discussing risks that could affect the execution of management strategies at an earlier stage.

Strengthening Our Ability to Address Key Risks

To mitigate key risks for the SUBARU Group, we are advancing various measures under the leadership of risk owners. In FYE March 2026, we developed and enhanced the Company-wide BCP framework for a major earthquake and conducted a Company-wide response headquarters drill simulating an earthquake directly beneath the Tokyo metropolitan area. Management and officers participated in the drill to confirm the flow of decision-making and information sharing during an emergency. By also sharing BCP issues and areas for improvement, we are strengthening our business continuity capabilities.

We also strengthened the Group-wide cybersecurity response framework by appointing a Chief Information Security Officer (CISO) and establishing the Cybersecurity Committee. The Risk Management and Compliance Committee regularly follows up on these initiatives to confirm their progress.

Department-Led Risk Reduction Activities

At SUBARU, departmental risk management officers take the lead in identifying important risks based on changes in the business environment and the characteristics of their operations. Each department formulates annual plans for priority issues and promotes risk reduction activities, with progress regularly reviewed by the Risk Management and Compliance Committee. Through these activities, we connect risks identified in the workplace to Company-wide risk management while embedding proactive risk responses in each department.

Raising Risk Response Capabilities

To enhance the effectiveness of risk management activities in each department, we provide risk management training to the staff responsible for implementing these activities, improving their risk literacy. In addition, we are strengthening cooperation with important subsidiaries outside Japan to promote global risk management activities. We share risk information in and outside Japan to improve response capabilities across the entire Group.

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Risk Management

Cybersecurity

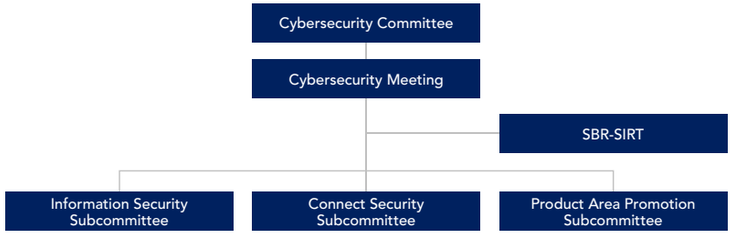
The use of digital data is essential for the SUBARU Group in the course of its business activities, and is not limited to traditional information systems but covers diverse realms, including facilities, products, and a whole range of services offered by the Group. Specifically, the SUBARU Group makes extensive use of information technology, networks, and various information systems in product development, production, and sales, while also incorporating electronic components into its products and controlling them through software.

Cyberattacks have become increasingly advanced and sophisticated in recent years. In addition to the growing risks of targeted attacks, ransomware, unauthorized access, and attacks through supply chains, recent advances in high-performance generative AI raise concerns that attacks could become more automated and advanced, and disinformation and impersonation more sophisticated. If these risks materialize, they could interrupt critical operations and services, corrupt or destroy data, affect product and service quality and safety, and undermine public trust and brand value. Being aware of our social responsibility to handle digital data safely, we are undertaking cybersecurity protection activities Group-wide under our Basic Cybersecurity Policy. We are also enhancing our measures, including the use of generative AI in threat detection, analysis, and response.

Strengthening the Promotion System: CISO and Cybersecurity Committee

To more effectively address security risks, SUBARU established the position of CISO in FYE March 2026. We have also established a Cybersecurity Committee, chaired by the CISO, as a decision-making body overseeing cybersecurity strategy across the SUBARU Group.

Its members include senior management, and its responsibilities include formulating policies and monitoring the progress of initiatives. Under the committee, we have established a Cybersecurity Meeting comprising staff responsible for implementing cybersecurity measures in each division. The CIO, who oversees IT strategy and infrastructure development, also participates as a committee member. Matters deliberated on are reported through the CIO at a joint meeting attended by all executive officers, and to the Board of Directors as necessary. This framework establishes a consistent reporting line connecting operational staff with senior management.



Initiatives to Ensure Cybersecurity

Under the policies and oversight of the Cybersecurity Committee, the cybersecurity department responsible for implementation takes the lead in establishing and operating security management systems for information technology, networks, systems, and products, and in advancing various measures. As an automotive manufacturer, what we must protect extends beyond our internal information systems to the plants that support production and the vehicles themselves. We are advancing multilayered measures tailored to the characteristics of each domain.

Primary Initiatives	
IT security	In response to the expansion of remote access and cloud use and increasingly advanced attacks, we are strengthening security based on the zero trust approach of continuously verifying users and devices, in addition to conventional perimeter defenses. We are working to transition to an environment that minimizes damage and enables rapid recovery even in the event of an attack.
Plant security	To safeguard stable production operations, we are reviewing plant network configurations and enhancing equipment visibility and monitoring. Working with the departments responsible for Monozukuri, we are strengthening security governance at production sites.
Product cybersecurity	We have established a cybersecurity management system based on UN R155[1], the United Nations regulation on automotive cybersecurity, and continuously assess, address, and monitor vehicle cyber risks. We also participate in Auto-ISAC[2] in Japan and the U.S. and use the information shared to strengthen vehicle security.
Strengthening the supply chain	We are strengthening collaboration with consolidated subsidiaries outside Japan, regularly sharing information and implementing improvements based on assessment results. We ask business partners about the status of their security measures once a year and provide advice on improvements as necessary.
Incident response (SBR-SIRT)	We have established the specialized SUBARU Security Incident Response Team (SBR-SIRT), which monitors threats to protected assets during normal operations and, in the event of an incident, carries out the full response from detection and reporting to recovery and prevention of recurrence. Serious incidents are promptly reported to senior management, and we also coordinate with relevant external organizations.
Internal auditing Third-party evaluations	We continuously conduct internal audits based on Company-wide cybersecurity regulations as a routine activity and also undergo regular third-party assessments by external specialist organizations.

1. A regulation on automotive cybersecurity established by the United Nations World Forum for Harmonization of Vehicle Regulations (UNECE WP.29)
2. An organization that shares and analyzes automotive industry cybersecurity information to improve response capabilities across the industry

Cybersecurity Education and Training

Security measures depend on both technical systems and individual awareness. SUBARU regularly provides training tailored to job types and conducts targeted email attack drills. These drills are normally held at least once a year and were conducted twice in FYE March 2026. We also conduct recovery drills using actual equipment to simulate incident response (IT-BCP drills). This education and training is provided not only at SUBARU but also at Group companies and dealerships in Japan.

Please refer to the Sustainability Website for specific participant numbers for cybersecurity education.

https://www.subaru.co.jp/en/csr/governance/risk/security.html

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Compliance

Our Approach

At SUBARU, we work to ensure that all officers and employees of the SUBARU Group not only comply with laws, regulations, and internal rules but also consistently act in accordance with social ethics and norms.

Through the establishment and operation of a compliance system and organization, as well as various training activities, we are working to ensure that all employees have a strong awareness that thorough compliance throughout the SUBARU Group forms the foundation of our management, and that each and every employee thinks about compliance, engages in dialogue, and takes action to permeate "Insightful Compliance."

Promotion System

SUBARU has established the Risk Management and Compliance Committee as an organization designed to promote compliance. The Chief Risk Management Officer (CRMO), appointed by the Board of Directors, serves as chair of this committee, with the Governance Risk Management Department serving as its secretariat. Under the direction and oversight of the chair, we implement initiatives throughout the SUBARU Group. The committee deliberates and discusses important matters, such as the formulation of various policies, the status of Group-wide compliance activities, and the operation of the internal reporting system, as well as exchanging information and coordinating activities. These matters are submitted to or reported to the Board of Directors, which supervises the committee.

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 awareness, as well as subsequent verification of compliance status.

Key Initiatives in FYE March 2026

In FYE March 2026, we promoted activities to strengthen Group-wide governance and provide training and raise awareness.

Establishing Group-Wide Systems

We are strengthening Group-wide governance through initiatives involving Group companies and dealerships, including completing the formalization of legal compliance systems covering Group companies in Japan.

Training and Awareness-Raising

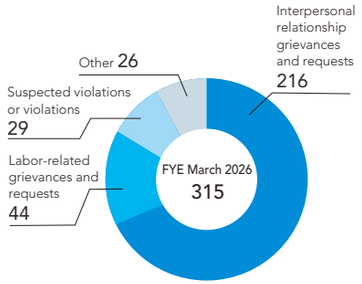
We conduct compliance training for new employees, manufacturing employees, and those of manager level and above at the Aerospace Company. The Legal Department also organizes practical legal training on security export controls, personal information protection laws in various countries, Japan's SME Transactions Act, and competition laws outside Japan to deepen understanding of important legislation.

In October, which we designate as Compliance Month, the CRMO issues a message to the entire SUBARU Group, giving each employee an opportunity to reconsider what compliance means.

Compliance Hotline (Internal Reporting System)

We have established the Compliance Hotline to promptly detect and correct conduct that violates laws and regulations, internal rules, and social norms. Officers and employees (including temporary employees) working at SUBARU and its Group companies and dealerships in Japan can consult the hotline using their real names or anonymously. Internal and external contact points (independent third parties) accept consultations online (available 24 hours a day), by telephone, and by mail. Consultation services are also available in four languages: English, Chinese, Portuguese, and Spanish.

Under our Company-wide Internal Reporting Regulations, we protect the confidentiality and privacy of the reporting persons, and prohibit retaliation or other adverse treatment against reporting persons. We carefully examine consultations received and work to resolve them promptly, reporting to senior management and the Risk Management and Compliance Committee as appropriate. We also analyze trends to help prevent recurrence. Moreover, we enhance the reliability and effectiveness of the hotline through third-party evaluations conducted by attorneys on reported cases and the subsequent actions taken. We have also established internal reporting systems at our consolidated subsidiaries outside Japan in accordance with laws, regulations, and conditions in each country and region.



Of all consultations received, 29 concerned suspected violations or violations. Of these 29 consultations, none involved serious compliance violations or violations of the Labor Standards Act, but four involved conduct identified as harassment, such as abuse of power. Although these cases did not constitute serious compliance violations, we confirmed the facts of the major cases and took corrective measures such as alerting the relevant parties and reeducating them on procedures and rules.

Contact for Business Partner (Supplier) Opinions and Consultation Services

We are taking actions to promote fair trade based on the Automobile Industry Fair Trade Guidelines. As part of this effort, we have established a consultation service for promoting fair trade for business partners in SUBARU's supply chain, with the aim of early detection, prevention, corrective measures, and preventing recurrence of compliance issues, to maintain a healthy supply chain and build the best possible partnerships with our business partners. In FYE March 2023, we endorsed and joined the Japan Platform for Migrant Workers toward Responsible and Inclusive Society (JP-MIRAI), a supply chain human rights initiative. We are also encouraging our suppliers of components and raw materials to participate with us in the Collaborative Program for Companies Responsibly Hosting Foreign Migrant Workers, which launched in earnest in FYE March 2024.

For details of our compliance initiatives, including bribery prevention, taxation, personal information protection, and the internal reporting system (the Compliance Hotline), please refer to our Sustainability Website.

https://www.subaru.co.jp/en/csr/governance/compliance.html

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Respect for Human Rights

Our Approach

Based on the belief that respect for the rights and characteristics of individuals through human-centered Monozukuri is an important management issue, the SUBARU Group established its Human Rights Policy in April 2020. The policy complies with international standards, including the Universal Declaration of Human Rights (UDHR), International Covenants on Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work, and applies to SUBARU and all its subsidiaries. It also applies to all stakeholders, including business partners, and prohibits all forms of discrimination based on race, age, gender, gender identity or expression, sexual orientation, national origin, ethnicity, place of origin, religion, creed, profession, disability, family relations, or any other status protected by applicable law.

The Human Rights Policy was formulated in consideration of stakeholder expectations through discussions with outside experts and subsidiaries outside Japan, and was established after being reported to the Board of Directors in March 2020. The policy's appendix, which identifies priority human rights issues from the perspective of our business activities, will be reviewed as appropriate based on changes in social demands, including laws and regulations, technological advances, and changes in our business.

Management System

The SUBARU Group has established a system in which the Representative Director and President has responsibility for human right management. We have formed a task team comprising management personnel from the Governance Risk Management Department, Human Resources & General Administration Division, Investor Relations Department, Sustainability Promotion Department, Monozukuri Division, Purchasing Division, and the Aerospace Company (supply chain management department) to regularly examine human rights issues and responses. The matters examined by the task team are reported once a year to the Sustainability Committee, chaired by the Representative Director, Representative Director and President, to drive improvements based on the PDCA cycle.



Risks and Measures for Respect of Human Rights

If labor environment or occupational health and safety issues, various forms of harassment, infringements of workers' rights or opportunities, procurement involving human rights concerns, or similar problems arise within the SUBARU Group or among its related parties, they may result in violations of applicable laws and regulations, loss of customer trust and confidence, damage to brand image resulting from a decline in social reputation, sluggish sales, talent outflow, and difficulties in procuring materials and funding. These impacts could affect our business foundation, business performance, and financial position.

Based on the Human Rights Policy, we carry out human rights due diligence to identify business-related human rights risks and formulate and implement measures to address them. In addition, we encourage 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

As part of our human rights due diligence, since FYE March 2021 we have identified human rights risks in human resources, procurement, and manufacturing, implemented responses, and conducted ongoing reviews. LRQA Limited,* which has specialized knowledge on business and human rights, reviewed the risks and responses identified in human resources and procurement in FYE March 2021 and 2022, and the responses to risks in manufacturing (Automotive Business) in FYE March 2024 and 2025.

* https://www.lrqa.com

Identified Risks and Corresponding Measures

Field	Human Rights Risks	Major Measures in FYE March 2026	
Human resources domain	Long working hours, infringement of the rights of vulnerable people in local communities (including women and sexual minorities), harassment of workers, industrial accidents, forced labor among foreign workers, forced labor including among on-site contractors on our premises, infringement of workers' rights and opportunities	Human resources domain	Trial program for non-Japanese leaders, labor management training, promotion of activities by LGBTQ+ allies, harassment training, education and information sharing to prevent the recurrence of industrial accidents
		Manufacturing domain (Automotive Business)	Unified standards were established for warning signs throughout the Gunma Plant, including new signs that are easy to understand regardless of nationality; conducted human rights risk surveys among on-site contractors on our premises, with stronger monitoring of these contractors
Procurement domain	Responsible mineral procurement (e.g., conflict minerals and cobalt), human rights violations among suppliers, harassment of suppliers	Continued implementation of responsible mineral procurement surveys for suppliers (in addition to existing conflict mineral surveys, mica surveys were newly added and cobalt survey items were expanded in FYE March 2025), implementation of Supplier CSR Surveys, and implementation of compliance and awareness-raising measures regarding the amended SME Transactions Act	

For more detailed information on our efforts regarding respect for human rights, please refer to the Sustainability Website.

https://www.subaru.co.jp/en/csr/social/resources/humancapital.html

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Respect for Human Rights in the Supply Chain

The SUBARU Group considers respect for human rights an important element supporting a sustainable procurement base. Addressing climate change and human rights issues requires efforts not only internally but throughout the supply chain. Through dialogue with suppliers, we work to improve traceability and ensure transparency in information disclosure.

Risks and Corresponding Measures

If unethical conduct occurs in the supply chain, such as contributing to human rights violations or environmental destruction, it may not only create risks such as violations of international regulations and damage to brand value, but also cause business activities to have adverse impacts on society.

The procurement departments of the Automotive Business and Aerospace Company share the SUBARU Group's policies with suppliers through annual policy briefings and other channels. We also provide information through various meetings and events and hear unfiltered opinions from suppliers. Through this dialogue, we work with suppliers to build CSR-based relationships, promote proper transactions, conduct supply chain due diligence, and establish grievance mechanisms.

With these activities, we promote sustainability throughout the supply chain. We regard procurement not merely as risk management but as an important foundation for competitiveness and sustainability, and are working to achieve sustainable Monozukuri.

Supply Chain Human Rights Due Diligence

The SUBARU Group positions Supplier CSR Surveys as an important initiative for identifying and mitigating human rights risks in the supply chain. In addition to identifying risks through surveys, we seek to improve effectiveness through dialogue and follow-ups, leading to improvement activities.

Based on the SUBARU Supplier CSR Guidelines, we survey suppliers in the Automotive and Aerospace Businesses on human rights and labor, the environment, and compliance. The surveys assess initiatives and management systems for respecting human rights, as well as employment conditions for non-Japanese workers and the implementation of human rights due diligence.

Based on the survey results, we also conduct additional checks and dialogue with suppliers where potential issues have been identified, to confirm the situation and support improvements as necessary. Through these activities, we strive to identify and reduce human rights risks at an early stage and reflect survey results in monitoring from the following fiscal year onward, driving continuous improvement throughout the supply chain.

Supplier CSR Surveys and Follow-Up in FYE March 2026 (Human Rights and Labor Excerpts)

Survey Items	Key Areas Assessed	Follow-Up Status
Supplier CSR check sheet	Initiatives concerning discrimination and harassment, child labor, forced labor, wages, working hours, health and safety, etc.	Five suppliers requiring further review were identified, and follow-ups and improvement support were provided.
Non-Japanese worker employment survey	Wages, working hours, living conditions, passport management, Japanese-language education, etc.	Five suppliers requiring further review were identified, and follow-up surveys were conducted.
Human rights initiatives survey	Implementation of human rights due diligence and responses to human rights risks	Two suppliers requiring further review were identified, and interviews and follow-up meetings were conducted.

Responsible Mineral Procurement

To prevent complicity in human rights violations and environmental destruction through the procurement and use of mineral raw materials, including conflict minerals (tin, tantalum, tungsten, and gold), the SUBARU Group has participated in collaborative initiatives to address conflict minerals since 2014 as a member of the Japan Automobile Manufacturers Association (JAMA).

In 2025, we conducted a conflict minerals survey with 392 suppliers of components and raw materials for automotive mass production and repair. We also conducted a mica and cobalt survey of the same 392 suppliers. We will continue to expand the scope of our surveys to minerals other than conflict minerals.

- In this survey, we referenced the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, using the Conflict Minerals Reporting Template (CMRT), a questionnaire provided by the Responsible Minerals Initiative (RMI), and other information. We used this to trace through the supply chain and identify smelters, working to avoid procuring raw materials from smelters that are linked to the infringement of human rights or sources of funding for armed groups in conflict and high-risk areas, such as countries around the Democratic Republic of the Congo.
- In addition, for minerals other than conflict minerals (tin, tantalum, tungsten, and gold) such as cobalt, for which child labor is a concern in some mining, we will use the Extended Minerals Reporting Template (EMRT) questionnaire provided by the RMI, as well as other tools, to conduct due diligence. If any problems are found, we will take necessary corrective measures.

SUBARU's policy is to work toward "No use of materials engendering social problems" in partnership with our customers and suppliers as our social responsibility in procurement activities.

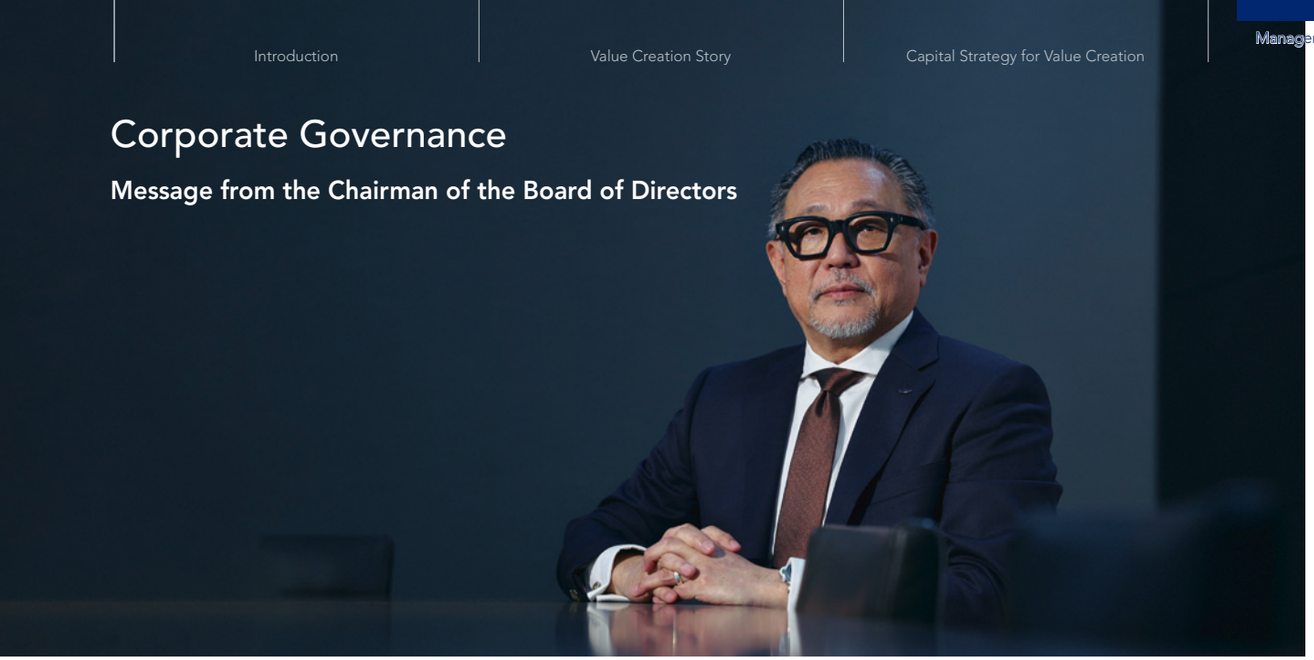
For more information on our supply chain initiatives, please refer to the Sustainability Website.

https://www.subaru.co.jp/en/csr/social/procurement.html

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Message from the Chairman of the Board of Directors



Facing questions with no ready answers:
Taking substantive discussion to the next level

Fumiaki Hayata
Representative Director and Chairman

In June 2026, SUBARU transitioned from a company with an audit and supervisory board to a company with an audit and supervisory committee. In conjunction with this transition, I assumed the role of Chairman of the Board of Directors. The Automotive Business, the core of the SUBARU Group, faces discontinuous changes, including electrification and shifts in the trade environment, that are advancing faster than expected. Today, we have reached a critical juncture that will shape the future of this business. Our other pillar, the Aerospace Business, is also pursuing medium- to long-term growth as a contributor to corporate value creation. In these uncertain times, I believe the role of the Board of Directors is more important than ever. Mindful of this responsibility, I will devote myself fully to this new role, further enhancing corporate governance and helping build a better future for the SUBARU Group.

Since the tenure of the previous Chairman, our Board of Directors has focused on effective discussion while fostering an open culture in which everyone can exchange views candidly. I believe this quality becomes all the more important in an uncertain business environment, and we must further develop it as one of our strengths. Above all, we have valued substance in our discussions. Looking to the essence of an issue without becoming overly constrained by formalities is an approach the entire Board has embraced. We want governance to serve both as a foundation for sustainable growth and as a force that supports appropriate risk-taking by management. To this end, we will separate management decision-making and supervision from business execution, improving the quality of management decisions through independent supervision.

I see the change in our organizational design as a choice to take these efforts a step further. It was precisely because we had built a record of substantive Board discussions under the previous structure that we were able to decide to advance further, enhancing governance through this change in organizational design. In a highly uncertain business environment, we need to genuinely accelerate management decision-making. We will delegate individual decisions to the executive side, while the Board of Directors discusses the broad direction of management strategy in greater depth, considering both risks and opportunities. In this environment, the Board must directly confront management decisions for which past experience offers no ready answers. I believe its essential role is to secure the time and depth of discussion needed to do so. As SUBARU Management Policy 2025 enters a more concrete implementation phase, we will enhance the quality of important management decisions and appropriately supervise their execution.

Our new management system will further enhance the independence and objectivity of supervision. In addition to independent outside directors forming a majority of the Board, Audit & Supervisory Board members who previously attended Board and voluntary committee meetings as observers will now participate in supervision with voting rights as directors who are Audit and Supervisory Committee members. We have also changed the structure so that independent outside directors chair the Governance and Executive Nomination Committee and the Executive Compensation Committee. I expect our outside directors to supervise management independently, taking a broad, comprehensive view, and at times offering candid suggestions and raising issues from an outside perspective. We will also improve the operation of the aforementioned committees so that these outside perspectives are put to more substantive use. I myself will also engage in more dialogue than ever with our outside directors, seeking better decisions through candid exchanges of diverse views. It is my belief that this exchange of diverse insights is what will enable SUBARU to move forward with confidence in this period of transformation.

The Board will firmly support our pursuit of becoming a compelling company with a strong market presence, guided by our customer-first principle, and our efforts to realize our vision of “Delivering Happiness to All.” As we supervise management, we will take seriously the views expressed in dialogue with shareholders and investors, and carefully explain the thinking behind the Board’s discussions. Building on a foundation of open discussion, we will focus on substance and improve effectiveness. I will carry forward and deepen the approach our Board has carefully cultivated, taking it into the next era. Through these efforts, we will enhance corporate value over the medium to long term and live up to the trust of our shareholders and other stakeholders.

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Transition to a Structure with an Audit and Supervisory Committee

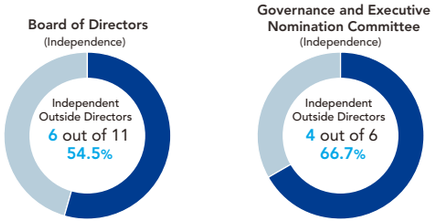
Corporate Governance Structure

At the 95th Ordinary General Meeting of Shareholders held on June 24, 2026, SUBARU resolved to change its corporate governance structure from a company with an audit and supervisory board to a company with an audit and supervisory committee.

Under this structure, the Board of Directors makes decisions on fundamental management matters, such as basic management policy, and supervises business execution, while the Audit and Supervisory Committee audits directors' performance of their duties.

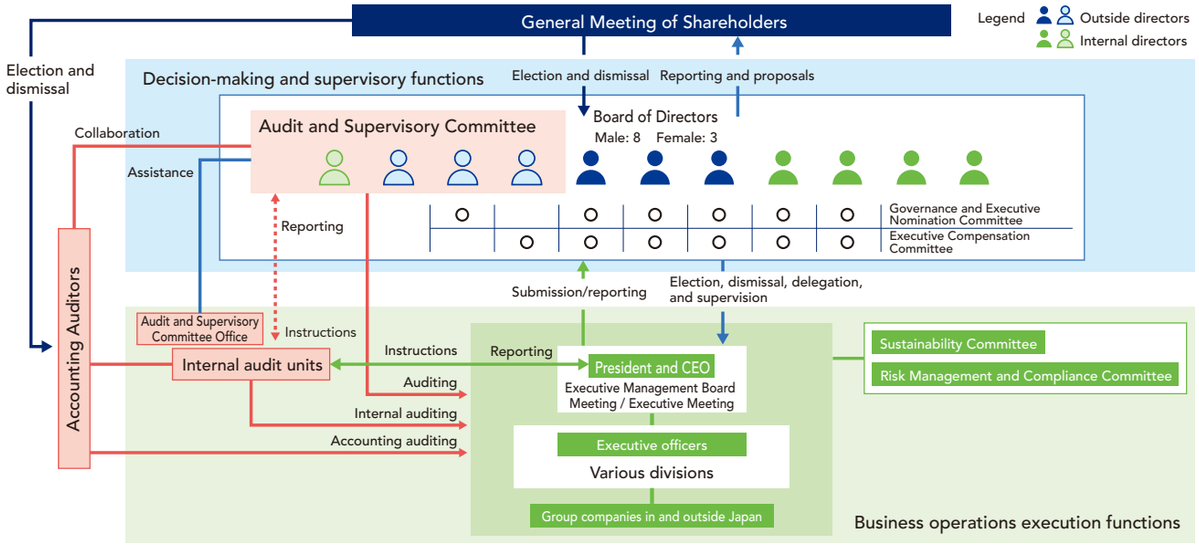
By delegating decisions on important business execution from the Board of Directors to individual directors, we aim to accelerate management decision-making, further enhance Board deliberations, and strengthen supervision.

We have also established the Governance and Executive Nomination Committee and the Executive Compensation Committee as voluntary committees, each with a majority of independent outside directors, to strengthen the independence, objectivity, and accountability of the Board's functions concerning the nomination (including succession planning) and compensation of directors, the CEO, and other members of senior management, and to enhance the effectiveness of our corporate governance system.



For information on corporate governance (general)

https://www.subaru.co.jp/en/ir/management/governance/



Key Changes Accompanying the Transition in Organizational Design

Through the change in organizational design, we are further enhancing the independence and objectivity of supervision. Under the previous structure, Audit & Supervisory Board members also attended Board of Directors' meetings and offered advice and recommendations from an audit perspective. Under the new structure, outside directors who are Audit and Supervisory Committee members participate in the Board with voting rights. Independent outside directors now form a majority of the Board, further strengthening supervision.

We have also increased the proportion of independent outside directors on our voluntary committees and appointed independent outside directors to chair each.

Key Changes[1]	Company with an Audit and Supervisory Board (through June 23, 2026)	Company with an Audit and Supervisory Committee (from June 24, 2026)
Officers under the Companies Act	12: 8 directors + 4 Audit & Supervisory Board members	11, including 4 directors who are Audit and Supervisory Committee members
Independent outside directors with voting rights	3	6
Board decision-making	The Board decides on matters related to important business execution	Decisions are delegated to directors to the extent permitted by law, with the Board focusing on supervision
Auditing officers	4: 2 standing Audit & Supervisory Board members + 2 independent outside Audit & Supervisory Board members	4: 1 standing Audit and Supervisory Committee member + 3 independent outside Audit and Supervisory Committee members
Composition of voluntary committees[2]	5: 2 internal directors + 3 independent outside directors	6: 2 internal directors + 4 independent outside directors
Chairpersons of voluntary committees[2]	Internal directors	Independent outside directors

1. This table is not an exhaustive list of changes accompanying the transition to a company with an audit and supervisory committee.
2. Refers to the Governance and Executive Nomination Committee and the Executive Compensation Committee. Both committees have been renamed from the Governance and Executive Nomination Meeting and the Executive Compensation Meeting under the previous structure.

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Director Skills for Sustainable Growth

In order to further strengthen and improve the effectiveness of the Board of Directors' supervisory function, each year the Governance and Executive Nomination Committee deliberates regarding a review of the skills that the Board of Directors should possess, taking into consideration the environment in which the SUBARU Group 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 in the automotive industry and achieve sustainable growth beyond it. Furthermore, we have identified the specialized skills required to effectively advance "promotion of business strategies" and "strengthening of management infrastructure." Drawing on this foundation of skills, the Board of Directors will monitor the steady implementation of SUBARU Management Policy 2025, announced in November 2025.

Background for Skill Selection	Three Skill Areas	Required Specialized Skills	Definition of Skill Possession
Overcoming a once-in-a-century period of transformation	Experience, insight, and leadership required for making important strategic decisions	Business management (executive experience)	Experience of serving as top management of a listed company
	Promotion of business strategies: Accelerate responses to major transformation	Technology/development	Experience and track record as an officer in charge of each business division
		Manufacturing/procurement	
		Sales/marketing	
		Global	
		IT/digital	
Achieving sustainable growth	Strengthening of management infrastructure: Support the Company's sustainable growth	Human capital/labor	Knowledge, experience, and competency as an officer in charge of a field or employee with experience in highly specialized operations
		Business administration/financial affairs/accounting	
		Legal affairs/compliance/risk management	

Skills Matrix

								Required Skills								
								Promotion of business strategies						Strengthening of management infrastructure		
Name	Title at the Company	Gender	Total years of service	Board of Directors	Audit and Supervisory Committee	Governance and Executive Nomination Meeting	Executive Compensation Committee	Business management (executive experience)	Technology/ development	Manufacturing/ procurement	Sales/marketing	Global	IT/digital	Human capital/ labor	Business administration/ financial affairs/ accounting	Legal affairs/ compliance/risk management
Fumiaki Hayata	Representative Director and Chairman	Male	5 years	Chairman		●	●			●	●	●			●	●
Atsushi Osaki	Representative Director, President (CEO)	Male	5 years	●		●	●	●	●	●				●	●	●
Tetsuo Fujinuki	Director, Senior Managing Executive Officer (CTO)	Male	3 years	●					●				●			
Shinsuke Toda	Director, Managing Executive Officer (CFO)	Male	1 year	●							●	●			●	
Fuminao Hachiuma	Independent Outside Director	Male	3 years	●		●	●	●			●	●		●	●	
Shigeru Yamashita	Independent Outside Director	Male	2 years	●		Chair	Chair	●			●	●		●	●	
Kayako Omura	Independent Outside Director	Female	Newly appointed	●		●	●			●			●			
Jinya Shoji	Director (Standing Audit and Supervisory Committee Member)	Male	1 year	●	Chair						●	●		●	●	
Yuri Furusawa	Independent Outside Director (Audit and Supervisory Committee Member)	Female	4 years	●	●	●						●		●		●
Yasumasa Masuda	Independent Outside Director (Audit and Supervisory Committee Member)	Male	3 years	●	●		●					●			●	
Yukiko Mitsuhashi	Independent Outside Director (Audit and Supervisory Committee Member)	Female	Newly appointed	●	●											●

Directors



Fumiaki Hayata
Representative Director and Chairman
Number of shares held: 32,207 shares



Atsushi Osaki
Representative Director, President and CEO
Number of shares held: 53,954 shares



Tetsuo Fujinuki
Director, Senior Managing Executive Officer, CTO
Number of shares held: 28,366 shares



Shinsuke Toda
Director, Managing Executive Officer, CFO
Number of shares held: 10,848 shares



Fuminao Hachiuma
Independent Outside Director
Number of shares held: 1,000 shares



Shigeru Yamashita
Independent Outside Director
Number of shares held: 3,000 shares



Kayako Omura
Independent Outside Director
Number of shares held: 0 shares

Directors Who Are Audit and Supervisory Committee Members



Jinya Shoji
Directors
Number of shares held: 20,764 shares



Yuri Furusawa
Independent Outside Director
Number of shares held: 1,500 shares



Yasumasa Masuda
Independent Outside Director
Number of shares held: 0 shares



Yukiko Mitsuhashi
Independent Outside Director
Number of shares held: 0 shares

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Corporate Governance

Messages from Newly Appointed Outside Directors

Kayako Omura



Career Summary

April 1986	Joined Kobe Steel, Ltd.
April 1995	Sabbatical to study abroad at Uppsala University in Sweden
October 2001	Joined IBM Japan, Ltd.
June 2008	Part-time lecturer, Department of Industrial and Systems Engineering, Faculty of Science and Engineering, Chuo University
January 2009	Manager in charge of Planning, Cloud Computing Business, IBM Japan, Ltd.
January 2013	General Manager of Planning Department, Financial Business Division, IBM Japan, Ltd.
April 2014	Representative Director and Vice President, OB Kogyo, Ltd.
April 2017	Representative Director and President, OB Kogyo, Ltd.
April 2025	Advisor, Mabuchi OB Gear System Co., Ltd.
March 2026	Outside Director, MonotaRO Co., Ltd. (to the present)

Significant Concurrent Position
Outside Director, MonotaRO Co., Ltd.

Empowering Autonomous Ambition in the Workplace and Ensuring Effectiveness

I love Monozukuri and have been involved in manufacturing throughout my career. I believe the key to Monozukuri is providing customers with truly unique value, which forms a solid foundation for business continuity. In this respect, SUBARU's technological capabilities and the distinctive customer value it creates stand out. In particular, its safety philosophy, expressed in the goal of zero fatal traffic accidents by 2030, is rooted in values that go beyond economic considerations such as vehicle prices and fuel economy. This resonates strongly with me.

Every automaker in the industry faces an uncertain business outlook. It is precisely at times like these that taking on a variety of challenges is important, and SUBARU has a sound financial foundation to support those efforts. New challenges are now being taken up across its various departments. With substantial authority being delegated to workplaces, a structure is taking shape that enables each organization to take on challenges autonomously and swiftly. I believe a key responsibility in managing a company is to provide an environment where every employee can fully exercise their abilities, find fulfillment, and work with enthusiasm. Delegating authority is a mechanism that can support precisely these efforts. As an outside director, I intend to continually monitor whether this mechanism is working effectively.

My sense of the employees I have met with is that they embody a positive corporate culture. At Board meetings, attendees exchange views candidly while listening carefully to one another. I sense a strong desire to draw on good ideas and make the Company better. Even though it is an intangible thing, corporate culture is an important asset. Drawing on my understanding of manufacturing workplaces and my experience in IT, I will support diverse ambitions at SUBARU from an independent perspective.

Yukiko Mitsuhashi



Career Summary

April 1989	Joined Central Japan Railway Company
April 2000	Registered as attorney at law in Japan
April 2000	Joined Blakemore & Mitsuki
November 2002	Joined Ashurst Tokyo
January 2010	Joined City-Yuwa Partners
June 2015	Outside Director, AOI Pro. Inc. (resigned in 2022)
June 2016	Outside Director, PUNCH INDUSTRY CO., LTD. (resigned in 2022)
July 2020	Joined Atsumi & Sakai (to the present)
September 2022	Outside Audit & Supervisory Board Member, Archem Inc. (resigned in 2026)
June 2023	Outside Audit & Supervisory Board Member, ANA HOLDINGS INC. (to the present)

Significant Concurrent Position
Senior Partner and Attorney at Law, Atsumi & Sakai
Outside Audit & Supervisory Board Member, ANA HOLDINGS INC.

Enhancing Governance and Risk Management Under the New Management System

After working for a railway company, I became a lawyer and am now in my 27th year of practice. Alongside my work in corporate and financial law, I have actively taken on secondments to client companies, including serving as a compliance officer for a listed REIT. Since 2015, I have also served as an outside director and outside audit and supervisory board member at several companies, including in manufacturing and aviation, working to improve governance systems as discussions of Japan's Corporate Governance Code have evolved.

I feel a strong sense of responsibility in taking up this role as SUBARU transitions to a company with an audit and supervisory committee and launches a new organizational design in which independent outside directors form a majority of the Board. On the Board, I will draw on the expertise I have developed as a lawyer in articulating and controlling risks. I will support appropriate risk management by considering where responsibility lies for the full range of risks companies face—not just legal risks in the narrow sense, but also environmental, quality, and human rights issues, macroeconomic and technological developments, and population aging and declining birthrates. Also, I will actively contribute to discussions in light of the latest thinking on governance, while closely monitoring the handling and quality of increasingly important non-financial disclosures, including sustainability-related information, to help enhance corporate value over the medium to long term.

Since joining, I have been struck by how all of SUBARU's functions—not just product planning, but manufacturing, IT, governance, and auditing—pursue what makes SUBARU different from others, and by the pride employees take in their company. It has also been encouraging to see each department interpreting SUBARU Management Policy 2025, announced in November 2025, and translating it into concrete action. I will support these challenges from an independent, objective perspective so that SUBARU can sustain its growth in the rapidly changing automotive industry.

Corporate Governance

Roundtable Discussion with Outside Directors



Enhancing supervision for more robust corporate value creation

Amid a business environment changing at unanticipated speeds, SUBARU transitioned from a company with an audit and supervisory board to a company with an audit and supervisory committee in June 2026. From deciding individual agenda items to strategic discussions that support medium- to long-term corporate value creation, the question is how to shift the Board's focus. Two outside directors and two directors who are Audit and Supervisory Committee members, newly practicing supervision with voting rights under the new management system as of FYE March 2027, held a candid discussion. The four shared their views on changes in the Board, oversight under the new structure, strategic discussions, human capital, Group governance, and the roles they should play going forward.

Evolution of the Board and Distinctive Features of SUBARU's Governance

Looking back on the past fiscal year, what stands out about SUBARU's Board of Directors, and where have you seen it evolve?

Hachiuma: I feel the Board has long had a culture of open, candid discussion. What I found particularly valuable last year were the opportunities to speak with executive officers outside Board meetings. I had the chance to speak with them individually and hear directly about the difficulties they face in their workplaces. This gave me a deeper understanding of the background to Board discussions and materials. SUBARU has a culture that values the workplace, so proposals from the executive side also reflect the issues people face on the ground. The key is how to take those issues into strategic discussions, and I feel the Company is working carefully to improve that process year by year.

Masuda: I tend to speak candidly. In the past, although there had been a culture and a forum that allowed us to speak freely, I sometimes felt there was less willingness in some areas to bring in those views and take real action. But that has improved each year, and I now feel it has become one of SUBARU's strengths.

Furusawa: From the time I became an officer, I felt this was a company that took what I said seriously and acted on it. For example, I suggested sharing information about initiatives with outside officers even at the stage when the Company was still grappling with its approach, before a policy had been settled. Since then, opportunities to share information after Board meetings have been arranged as needed. The same was true when I proposed involving internal Audit & Supervisory Board members in selecting candidates for outside Audit & Supervisory Board members. I think the Company is receptive to the views of outside officers.

Yamashita: I also feel that my views are regularly taken seriously. That said, when I raised the topic of the dividend policy shortly after becoming an officer, there were times when I felt the response was limited. Subsequently, however, the introduction of DOE gave concrete form to the shareholder returns policy. Although it took time, the observations of outside officers have been reflected in actual measures.

Masuda: There has also been gradual progress in how uncertainty is handled at the management level. For example, we are beginning to develop multiple scenarios and discuss them in greater depth than before. There is still considerable room to improve the quality of discussion, but I believe we are heading in the right direction.

Furusawa: The commitment to translating effectiveness evaluation results into the following year's initiatives is also growing stronger each year. In response to outside officers' suggestions that results be examined more deeply, this year in particular all directors have devoted considerable time and effort to developing the Board's agenda. With support from the Board secretariat, we are working hard to improve our discussions.

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Hachiuma: At Board meetings, every comment by an outside officer is carefully recorded. People take the discussions seriously; our views are not simply brushed aside. The views heard in this way are then fed back into operations and management. Each year, I see more tangible evidence of that.

Significance of the Change in Organizational Design and Supervision Under the New Management System

What do you see as the significance of transitioning to a company with an audit and supervisory committee?

Masuda: I have argued that, in seeking greater effectiveness, we should stop treating form and substance as an either-or choice. To reach a higher standard, we can change the form—organizational design—to encourage progress in substance. With this change, the first priority should be delegating authority to the executive side. Further delegation within the executive organization will also accelerate management decision-making. Choosing to make outside directors a majority of the Board also creates a healthy sense of accountability. I see this as a major turning point because it changes not just the structure but also the composition of the Board. From here, I believe we need to work even harder to achieve substantive progress.



Yuri Furusawa
Appointed June 2022

Ms. Yuri Furusawa has held key positions at 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. Combined with experience in overseas business development in the private sector, this has given her a broad perspective and a high level of insight. Beginning in June 2022, she has served as an outside Audit & Supervisory Board member of SUBARU since, conducting audits from a broad and professional perspective.

Significant Concurrent Position:
Outside Director, Kubota Corporation

Yamashita: I agree with Mr. Masuda. I also think we should always return to the fundamental question of why to undertake governance reform. The objectives are continued business growth and enhanced corporate value over the medium to long term. Changing the organizational design is meaningless unless it contributes to those objectives. The time freed up by delegation should be used to discuss matters important over the medium to long term. The substance of discussions should also be deepened in the Governance and Executive Nomination Committee and the Executive Compensation Committee so that reform produces results. Having recently become chair of both committees, I want to turn these efforts into results.

Furusawa: I believe that accelerating decision-making in a fluid environment and devoting more time to strategic discussion is exactly the transition SUBARU needs now. It is also important to deepen discussion of Board succession, which was identified as an issue in the effectiveness evaluation. Mr. Yamashita's appointment as chair and the start of concrete discussions represent a major step forward.

Masuda: Another point is that, to conduct organizational audits under the new management system, the relevant departments and the staff of the Audit and Supervisory Committee Office must be enhanced. The executive side has taken these requests seriously as well.

Furusawa: Yes, we held extensive discussions both with the executive side and among the Audit & Supervisory Board members. Delegating important business execution decisions to directors calls for stronger supervision. Following discussions about strengthening internal audit and internal control functions, the Governance Risk Management Department was established in June, with the department also serving as the Board secretariat. Efforts to strengthen the organization alongside the change in organizational design are making steady progress.

Hachiuma: I believe the change in organizational design and the appointment of outside directors to chair the voluntary committees have a common significance. I hope governance will evolve so that these are not simply forums where the Company explains what it wants to convey and obtains endorsement, but places for more transparent discussion and decision-making, with greater awareness of stakeholders' perspectives.

Implementing SUBARU Management Policy 2025 and the Board's Role amid Uncertainty

As SUBARU Management Policy 2025 moves into implementation, how should the Board deepen its discussions?

Hachiuma: My understanding is that the Company emphasized flexibility and chose to leverage alliances in responding to electrification precisely because it anticipated uncertainty in the business environment. Rather than attempting a complete transition to BEVs or trying to do everything alone, it has pursued technological development on the basis that it can be applied to ICE vehicles as well as BEVs, and has carefully considered the timing of factory investments. Over the past two years, I believe the executive side has accurately read market trends and consistently made sound decisions, minimizing the impact of dramatic changes in the business environment.

Masuda: I feel the same way. Going forward, though, the Board also needs to ensure the quality of those decisions. Now that this transition has made the separation of supervision and execution clearer, the Board must bring the sound judgments made by the executive side into deeper strategic discussions that also address uncertainty. The discussions leading to SUBARU Management Policy 2025 (the "2025 Policy") were more substantive than in the past. Recently, there have been more opportunities for discussion involving outside officers, including off-site meetings, and I would like to deepen those discussions further.

Yamashita: My assessment of the 2025 Policy announced last year is a strong one. The policy sets out cost innovation on the scale of 200 billion yen, expansion of the number of units sold toward 1.2 million vehicles, and growth in value chain profit. I believe the key is to steadily execute all three and turn them into results.

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Hachiuma: I agree. Precisely because the policy has become more concrete, one of our roles is to monitor how it will be achieved. Now that the vision is understood, the next step is to make it tangible and continually demonstrate progress and results. With current stock prices reflecting uncertainty across the automotive industry, I also see considerable scope to communicate these milestones and SUBARU's strengths to a wider range of investors, including those in North America.

Yamashita: Building on that, I would like the Board to deepen its discussion of management conscious of cost of capital and stock price. How much profit will the capital invested to realize the initiatives in the 2025 Policy generate? And how will the cash generated be allocated to further growth investments and shareholder returns? If this cycle can be coherently explained, it will help people understand the SUBARU Group's direction from the perspective of capital efficiency as well. As an outside officer, I would like to support this direction.

Masuda: Quantitative analysis is what underpins that discussion. Efforts to close information gaps are already making steady progress, through advance briefings on Board agenda items, management roundtable discussions, and study sessions for outside directors. I think we need to build on that foundation with higher-quality quantitative analysis to deepen our discussions.



Fuminao Hachiuma
Appointed June 2023

Mr. Fuminao Hachiuma has abundant experience and insights 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 strengthening corporate governance and management reform at J-OIL MILLS, INC. as Representative Director and President. He also offers opinions on SUBARU's overall management and the importance of risk management.

Significant Concurrent Positions:
Outside Director, Seven & i Holdings Co., Ltd.
Outside Audit & Supervisory Board Member, YKK AP Inc.

Hachiuma: SUBARU's brand strength is underpinned by the value it offers—"Enjoyment and Peace of Mind"—and I believe one of the elements that creates that value is its competitive edge in technological development. Priorities within the technological development portfolio that supports "Enjoyment and Peace of Mind" are an important topic. The prospects for achieving the 2025 Policy will also improve if we discuss its underlying technological development and brand strength together with a linked financial strategy.

Furusawa: I feel the Company takes the quantity and quality of its investor and shareholder relations (IR/SR) activities, its response to Tokyo Stock Exchange requests, and external disclosure very seriously. It has also repeatedly updated its disclosure on management conscious of cost of capital and stock price, providing careful explanations each time. I appreciate that commitment. At the same time, I find that things understood internally can be surprisingly difficult to convey to people outside the Company. When I attended a Love Promise® awards ceremony in the U.S. two years ago, I saw firsthand how deeply the Group's values were rooted in the workplace. But sharing that experience with people outside the organization is not easy. The same is true of technology. How does SUBARU make these strengths visible and communicate them externally? I believe helping with that is also part of our role as outside officers, and I would like to continue discussions on this topic.

Organizational Strength Supporting Execution: Human Capital and Group Governance

What discussions has the Board been having about the people and organizations that drive these initiatives?

Furusawa: Every year, the Board discusses employee attitudes survey results and engagement scores, using them as a basis for discussions on human capital. How can a culture be fostered in which people take on challenges without fearing failure? The CHRO and the responsible director are personally leading these efforts, and results are gradually beginning to emerge.

Yasumasa Masuda
Appointed June 2023

Mr. Yasumasa Masuda has held key management positions at Astellas Pharma Inc., including Vice President of Corporate Finance & Control and CFO, and has deep knowledge of management, particularly finance and accounting. He has also served as an Independent Non-Executive of Deloitte Tohmatsu Group and as an Outside Director and Chairperson of the Audit Committee of Olympus Corporation, giving him a broad perspective and a high level of insight. Beginning in June 2023, he has served as an outside Audit & Supervisory Board member of SUBARU, conducting audits from a broad and professional perspective.

Significant Concurrent Positions: None



Yamashita: My frank opinion is that, when I first saw the engagement scores shortly after joining, I felt they were far too low. The Company took this seriously, and the Board has discussed improvements. As a result, although the level is still not satisfactory, the scores continue to improve. That said, I am somewhat concerned that these scores are only checked once a year. I think it would be better if each department's progress could be reviewed every six months.

Hachiuma: The improvement in scores is important in itself, but what encouraged me even more was that the improvement activities undertaken in each workplace based on employee attitudes surveys are producing tangible results. How should investment in human capital, including training and compensation, fit into SUBARU's overall equity story? I would like the Board to discuss this more explicitly. As AI and other technologies change the competitive landscape, we will also face issues that cannot be resolved through workplace efforts alone. What should SUBARU's vision for human capital be in such an era? I think it is time to reconsider that question.

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Furusawa: Diversity is another topic frequently discussed by the Board. Under the President's strong leadership, the Company has met ambitious targets for appointing women to management positions. At the Kitamoto Plant, which I visited recently, efforts are being made to create a workplace that reflects the views of women in manufacturing. Women account for more than 35% of employees at the Kitamoto Plant, and the engagement score there is above the Company-wide level. Seeing firsthand that change is taking place in manufacturing workplaces gives me great hope.

How will you further develop governance across the Group, including overseas operations?

Furusawa: In my auditing role, I have visited Group companies in and outside Japan and heard reports from internal control and internal audit units. These experiences have made me feel that strengthening Group and global governance systems will be an important issue for the SUBARU Group going forward. The executive side shares this view, and the topic has been included in this year's Board agenda.

Masuda: The U.S. business currently has an exceptionally large presence within the Group, so I believe SUBARU's approach differs from what is generally described as Group or global governance. The U.S. business is performing well, and its management team is fulfilling its role effectively. SUBARU is now at a stage where it needs to build on that strength and evolve its own unique form of Group governance. I see this positively as a step in that direction.

Hachiuma: The word "global" tends to suggest a uniform model, but at this stage I think "multinational" may better describe the SUBARU Group. SUBARU should consider how to combine management across several countries and connect improvements in individual operations to what is best for the Group as a whole. I would like to deepen our discussions on designing that approach.

Furusawa: There may still be a long road ahead to the ultimate goal of total optimization for Group management. But, we have begun making steady progress, starting with establishing the necessary systems. I believe we must monitor that progress carefully.

To SUBARU's Stakeholders

Finally, please share your thoughts on your role as an outside officer and a message for SUBARU's stakeholders.

Hachiuma: Having set goals of industry-leading profitability and ROE of 10% or more, SUBARU will need to show a path to achieving these. I see my role as helping make that path more credible and concrete over the coming year and monitoring progress. Then, what will it take for SUBARU's brand and technology strengths to continue generating competitiveness? I would like to explore that question in greater depth than ever.

Yamashita: Corporate value has both economic and social dimensions, and SUBARU is particularly strong in social value. The 2025 Policy's aspiration to be "indispensable to people, communities, and society as a whole" feels exactly right to me. As an outside officer, I will also support the path to creating economic value. Ultimately, it is each employee who carries out these efforts. Improving the engagement score toward the target of 70 points in 2028 is another area I will personally focus on and support.

Furusawa: With greater responsibility on the Board and the Governance and Executive Nomination Committee, I will supervise business progress and the implementation of succession plans while maintaining a healthy degree of tension with management. In auditing, I will help establish coordination with internal audit and internal control units and the accounting auditors. Even as organizational audits become central, I want to continue visiting workplaces and sharing what I learn with other outside officers. SUBARU also enjoys strong brand recognition in the U.S. and the technological capabilities to deliver "Enjoyment and Peace of Mind." I will closely monitor whether the 2025 Policy, built on these strengths, is genuinely moving SUBARU in the intended direction and whether that progress is being clearly communicated.



Shigeru Yamashita
Appointed June 2024

Mr. Shigeru Yamashita has abundant experience and insight acquired through his involvement in management in a broad range of fields including overseas operations at Pigeon Corporation and its group companies and, once he was appointed the representative director of the company, he strived to promote management reform, strengthen corporate governance, and led initiatives for maximizing corporate values. Drawing on his extensive insight into CSR, he also offers opinions on SUBARU's overall management and further advancement of management conscious of cost of capital.

Significant Concurrent Positions: None

Masuda: At several companies, I have been involved in the evolution of management from both executive and supervisory roles, through business highs and lows, corporate restructuring, and globalization. Drawing on that experience, I would like to enhance corporate value by contributing to the evolution of both defensive governance and proactive governance that pursues growth while managing risks and opportunities. SUBARU is my first professional experience in the automotive and aerospace industries, and I believe I can contribute to its growth by working from a perspective different from that of insiders and closer to that of external stakeholders.

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Supplementary Notes

Following approval at the 95th Ordinary General Meeting of Shareholders held on June 24, 2026, SUBARU transitioned from a company with an audit and supervisory board to a company with an audit and supervisory committee. Although the corporate governance sections from this section onward include some policies that continue under the new structure, descriptions of activities and initiatives generally refer to the previous structure as a company with an audit and supervisory board. The voluntary committees are also generally referred to by the names used at the time in question.

Activities of the Board of Directors

The Board of Directors supervises overall management and makes decisions on important matters to realize SUBARU's vision, achieve sustainable growth, and enhance corporate value over the medium to long term.

In FYE March 2026, the Board held active discussions on changes in the business environment and key issues for enhancing corporate value.

Main Items Deliberated in FYE March 2026

- Formulation of SUBARU Management Policy 2025
- Medium- to long-term management challenges, including the electrification strategy
- Action to implement management that is conscious of the cost of capital and stock price
- Matters pertaining to repurchase and cancellation of own shares
- The role of the Board of Directors and review of criteria for matters submitted to the Board
- Consideration of changes in organizational design
- Election and dismissal of the CEO and other management team members
- Determination of candidates for directors and Audit & Supervisory Board members
- Revision of executive compensation system
- Reports and discussions on IR/SR activities

Initiatives to Enhance the Effectiveness of the Board of Directors

SUBARU undertakes various initiatives to enable the Board to thoroughly discuss important management issues related to corporate value enhancement and effectively supervise management.

SUBARU provides information and knowledge regarding its business activities that is necessary to supervise corporate management on an ongoing basis to directors and Audit & Supervisory Board members. To deepen outside officers' understanding of SUBARU's corporate statement, corporate culture, and business environment, we also provide opportunities for business reports from executive departments and visits to key sites in and outside Japan.

For Board meetings, we strive to create an environment for open and constructive discussion through advance briefings for outside officers and information-sharing and exchanges of views among officers.

Discussing Medium- to Long-Term Issues Through Management Roundtable Discussions

Management roundtable discussions are held to enrich discussions at Board meetings. Directors and Audit & Supervisory Board members participate, with the discussions serving as a forum for sharing information and exchanging opinions on important management themes.

These discussions deepen understanding of the business environment, industry trends, and the status of the Group's business execution that underpin Board discussions, while providing opportunities for active exchanges on medium- to long-term management issues.

Main Discussion Topics in FYE March 2026

- Future vision
- The role of SUBARU's Board of Directors and changes in organizational design
- SUBARU's Aerospace Business
- Investment plans and progress for the new Oizumi Plant project
- Results of the effectiveness evaluation of the Board of Directors

Topics Using Management Roundtable Discussions to Develop SUBARU Management Policy 2025

Developing a medium- to long-term management policy requires all participants on the Board, including outside directors and outside Audit & Supervisory Board members, to share an understanding of the business environment and engage in thorough discussion. This requires the executive side to provide outside officers with sufficient information in a timely and appropriate manner.

Particularly amid the rapid and dramatic changes in the business environment that SUBARU currently faces, it is essential for the Board to determine management policy through open discussion and support appropriate risk-taking by the executive side. To ensure thorough discussion, forums that allow more flexible information-sharing and exchanges of views, in addition to Board meetings, are important. With this in mind, SUBARU established management roundtable discussions and used them to explore the direction of SUBARU Management Policy 2025 in greater depth during its development.

The process began with an exchange of views on how to further develop our vision of "Delivering Happiness to All" and the value we offer, "Enjoyment and Peace of Mind." We then deepened discussions on the management policy the SUBARU Group should pursue, taking into account outside officers' concerns about how to sustainably enhance corporate value and meet the expectations of stakeholders, including capital markets, even in an uncertain business environment. After further consideration by the executive side, the draft policy was discussed again at a management roundtable. Following Board approval, SUBARU Management Policy 2025 was announced in November 2025.

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Activities of the Governance and Executive Nomination Meeting

In FYE March 2026, the Governance and Executive Nomination Meeting comprised three highly independent outside directors and two internal directors. As an advisory body to the Board, it deliberated and submitted recommendations on important matters concerning officer appointments and governance.

One outside Audit & Supervisory Board member also attended as an observer.

Main Items Deliberated in FYE March 2026

- Consideration of succession plans for the CEO and other management team members
- Human resource development through 360-degree evaluations of officers and use of the skills matrix
- Improving transparency in the officer evaluation process by sharing executive officers' performance results and other measures
- Deliberations on the composition, appointments, and division of duties of officers at SUBARU and major consolidated subsidiaries
- Discussions on corporate governance distinctive to SUBARU and the Board's role and delegation of authority following the change in organizational design

CEO Succession Plan

Approach to the CEO Succession Plan

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

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

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 the Governance and Executive Nomination Committee 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 the Governance and Executive Nomination Committee, SUBARU believes it is important to establish a clear vision of the ideal CEO, which serves as a reference point for outside directors and others in their decision-making. To this end, the Board of Directors and the Governance and Executive Nomination Committee discuss the quality, competency, experience, track record, specialized expertise, personality, and other factors required of SUBARU's CEO, and clarify the following two sets of criteria: "Abilities required of the SUBARU Group's CEO" and "Five key qualities required of the SUBARU Group's CEO."

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



Activities of the Executive Compensation Meeting

In FYE March 2026, the Executive Compensation Meeting comprised three highly independent outside directors and two internal directors and deliberated on matters concerning compensation for directors and executive officers.

One outside Audit & Supervisory Board member also attended as an observer.

Main Items Deliberated in FYE March 2026

- Consideration of executive compensation levels and the reasonableness of performance-linked compensation using external survey data
- Determination of individual performance-linked compensation amounts for directors (excluding outside directors) and executive officers based on their evaluations
- Consideration of outside director compensation in light of changes in organizational design
- Determination of individual base amounts, etc., for restricted stock compensation

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Executive Compensation System

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 officers is determined based on their positions, taking into consideration elements such as the business environment.
Annual performance-linked bonuses (Short-term incentives)		For annual performance-linked bonuses for directors (excluding outside directors and directors who are Audit and Supervisory Committee members), 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 each year.
(Medium- and long-term incentives) Restricted stock compensation	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.
	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 executive officer, and other factors.

Restricted stock compensation cannot be transferred while in office, and the transfer restrictions are lifted upon resignation. This compensation is not granted to outside directors or directors who are Audit and Supervisory Committee members. In addition, in the event that a director engages in certain acts of misconduct and/or certain events occur by the day on which three years elapse after the expiration of the restricted transfer period, the Board of Directors, based on a resolution taking into account the deliberation and decision at the Executive Compensation Meeting, may demand the director return all or part of the said shares in common stock or pay the equivalent fair value of the said shares (clawback).

Breakdown of Director Compensation by Type

The Company shall design the proportion 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 levels and social conditions.

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	Restricted stock compensation	
			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 Determination of Details of Compensation, etc., for Individual Directors in FYE March 2026

To ensure fairness and transparency in the process for determining executive compensation, the Company has established the Executive Compensation Meeting as a voluntary committee with a majority of independent outside directors. Its chair is appointed by resolution of the Board of Directors.

The Executive Compensation Meeting, by a resolution of the General Meeting of Shareholders and the Board of Directors, is delegated authority from the Board of Directors to determine specific amounts of basic compensation, annual performance-linked bonuses, restricted stock compensation, etc., for directors, and their payment schedule, following sufficient deliberation by its members including independent outside directors. For restricted stock units, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on the standard amount decided by the Executive Compensation Meeting.

With regard to revisions of the executive compensation system and other matters pertaining to compensation overall, the Board of Directors deliberates and makes decisions taking into consideration the content of proposals approved by the Executive Compensation Meeting.

Matters Concerning Performance-Linked Compensation in FYE March 2026

The Executive Compensation Meeting, delegated by the Board of Directors, determines the annual performance-linked bonus 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 profit before tax for FYE March 2026.

The following shows the amount of the annual performance-linked bonuses for FYE March 2026 and the actual results related to the KPIs used for PSUs.

Performance Indicator (KPI)	Results
Consolidated profit before tax	107.5 billion yen
ROE	3.3%
Relative TSR (Compared to the TOPIX growth rate including dividends)	61.7%
Employee engagement score improvement points	+3 points

Total Compensation for Directors and Audit & Supervisory Board Members for FYE March 2026

(Millions of yen)

Category		Basic Compensation (Paid in Fixed Monthly Installments)	Annual Performance-linked Bonuses	Restricted Stock Compensation		Total
				PSU	RS	
Directors: 9	Internal directors: 6	233	67	60	63	423
	Outside directors: 3	40	—	—	—	40
Audit & Supervisory Board members: 5	Internal Audit & Supervisory Board members: 3	73	—	—	—	73
	Outside Audit & Supervisory Board members: 2	26	—	—	—	26
Total: 14		372	67	60	63	562

Notes: 1. Figures in the above table include one internal director and one internal Audit & Supervisory Board member who resigned before the last day of the fiscal year under review. At the end of the fiscal year under review, there were eight directors, including three outside directors, and four Audit & Supervisory Board members, including two outside Audit & Supervisory Board members.
2. Total amounts in the above table represent the amounts recorded as expenses at the end of the fiscal year under review and include contingent compensation (such as phantom stock and PSUs granted to non-residents of 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, 2026, and the stock price at the time of grant will be applied for the actual payment or grant.

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Auditing

Auditing by Audit & Supervisory Board Members

In addition to attending important meetings such as the Board of Directors, the Company's Audit & Supervisory Board members engage in activities that include exchanging opinions with executive officers and communicating individually with the directors and Audit & Supervisory Board members 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.

Major Activities of the Audit & Supervisory Board Members in FYE March 2026

- **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 & 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.

Main Resolutions and Discussions of the Audit & Supervisory Board

(Main resolutions)
- Audit policy, audit plan, and allocation of audit responsibilities for the fiscal year under review
- Consent to agenda items for the General Meeting of Shareholders (appointment of Audit & Supervisory Board members)
- Preparation of audit reports
- Evaluation and reappointment of accounting auditors
- Consent to the audit fee for the accounting auditor

(Main matters for reporting and sharing)
- Reports on the results of visiting audit of the Company's business establishments and affiliated companies as well as observations
- Sharing of information from standing corporate auditors to outside corporate auditors on important company matters, including via the Executive Management Board Meeting and the Executive Meeting
- Reports from the responsible departments on risk management issues internally and in the industry that require special care from a preventive audit perspective

Dialogue with Shareholders and Investors and Feedback to the Board of Directors

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 financial results briefings by the CEO and CFO and overseas presentation events (North America, Europe, and Asia), as well as business and technology briefings by management, and regularly report the content of dialogue and issues raised to the Board of Directors and relevant departments for further disclosure and enhanced dialogue.

Main Dialogue Topics in FYE March 2026

- Performance: Sales trends, impact of U.S. tariffs, effects of raw material prices and market conditions, costs related to environmental regulations, etc.
- Progress of initiatives in SUBARU Management Policy 2025
- Business: U.S. market strategy, SDV strategy, Aerospace Business growth strategy, etc.
- Capital policy: Growth investments, shareholder returns, fund level, etc.
- ESG: Approach to carbon neutrality, promotion of human capital management, strengthening governance and cybersecurity, etc.

Results of Dialogue with Shareholders and Investors

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

Dialogue Events	Times Held
Financial results briefings	4 times
Small meetings	7 times
Securities houses' conferences	8 times
Product/technical briefings, factory tours	5 times

Individual Dialogue	Times Held
Dialogue with investors/shareholders (of which, dialogue with overseas investors/shareholders)	248 times (176 times)
Dialogue with analysts	87 times

For details on dialogue activities, including the main participants from SUBARU, please refer to the Corporate Governance Report.
https://www.subaru.co.jp/en/outline/pdf/governance_e.pdf

Reports to the Board of Directors

Views and concerns identified through dialogue with shareholders and investors are regularly reported to the Board of Directors and relevant departments. In FYE March 2026, investors' views and interests concerning management strategy, capital policy, business operations, corporate governance, and other matters were shared and used in discussions on management and governance.

Providing Feedback to Management	Times Held	Description
Implementation reports on overseas presentation events	3	Reports on interests, opinions, requests, etc., of overseas institutional investors as well as the direction of future IR activities
Reports on SR engagement activities	1	Reports on the trend of revisions to criteria for exercising voting rights as well as opinions, requests, etc., to the Company from ESG perspectives
Reports on quarterly IR activity status	4	Reports on major topics in IR activities, including institutional investor trends and stock price
Reports on general meetings of shareholders voting rights exercise results analyses	1	Reports on shareholder voting outcome analyses
Other	As required	Periodic reports on shareholder composition, trends in institutional investors' holdings, IR activity plans, etc.

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Evaluation Results of the Effectiveness of the Board of Directors

SUBARU conducts an annual evaluation of the effectiveness of the Board of Directors ("BoD") to continually improve the effectiveness of its supervisory function. Issues and progress on improvements are identified through questionnaires and individual interviews. The Board then discusses the results to further improve its effectiveness.

Methods of Evaluation and Analysis

Survey period	December 2025 to January 2026
Method	Self-evaluation questionnaire survey and interviews conducted by a third-party organization
Eligible participants	Survey: Directors (8) and Audit & Supervisory Board members (4) for a total of 12 respondents Interviewees: Chairman of the Board of Directors, Representative Director and President, outside directors (3), and outside Audit & Supervisory Board Members (2), for a total of 7 interviewees
Process	1. The BoD secretariat administered and analyzed an anonymous self-evaluation questionnaire for directors and Audit & Supervisory Board members 2. Based on the questionnaire results, a third-party organization interviewed and evaluated the Chairman of the Board, Representative Director and President, outside directors, and outside Audit & Supervisory Board members 3. Reports prepared separately by the third-party organization and the BoD secretariat were reviewed and discussed at management roundtable discussions and BoD meetings
Survey evaluation items	(a) BoD roles and functions (b) BoD composition (c) BoD operation (d) BoD support system (e) BoD culture and communication (f) BoD risk management and internal control (g) Governance and Executive Nomination Meeting and Executive Compensation Meeting operation (h) Shareholder dialogue (i) Continued BoD improvements

Results of the Board of Directors' Effectiveness Evaluation for FYE March 2026

1. General evaluation
   The evaluation confirmed that the Company's BoD is effective.
2. Positive findings

Item	Outline
BoD supporting execution through strong trust between supervisory and executive functions	Amid rapidly changing business conditions, including tariff policies in the key U.S. market and the sharp slowdown in the EV market, the BoD is supporting executive decision-making on the basis of strong trust between the supervisory and executive sides.
BoD conducive to free and open discussion	A culture of open, constructive, and transparent discussion has been fostered on the basis of mutual understanding and trust between internal and outside officers.
BoD with high awareness of shareholder dialogue	Insights gained through dialogue with shareholders and investors are regularly and continually reported to the Board and form an important element of its supervision and decision-making.

Responses to Issues Identified in FYE March 2025

Item	Outline	Assessment
Clarification of roles of various meeting bodies and enhancement of discussions	Issues identified in FYE March 2025 effectiveness evaluation were taken seriously, and improvement measures were steadily implemented. Specific initiatives included participation by Audit & Supervisory Board members as observers in the Governance and Executive Nomination Meeting and Executive Compensation Meeting, more thorough advance consideration of governance agenda items, provision of information on important meetings to outside officers, and expanded opportunities for dialogue with executive officers.	Improvement
Role of the BoD in an uncertain business environment	Improvements were made to meeting operations to deepen discussion of important management issues and major risks that the BoD should focus on monitoring. Further improvements in agenda-setting are also expected in preparation for the transition to a company with an audit and supervisory committee.	Improvements still in progress
Further strengthening of monitoring framework throughout the Group	Further discussion is expected in preparation for a transition to organizational audits, including alignment among directors and Audit & Supervisory Board members on the desired Group governance structure and the time frame for achieving it. With the transition to a company with an audit and supervisory committee in mind, further discussion is expected on monitoring from a Group-wide perspective.	Improvements still in progress

Future Actions

Item	Outline
Building consensus on the BoD's roles	The importance of more in-depth consideration of the items and scope the Board should monitor and the approach to discussions on medium- to long-term strategy was confirmed. In pursuing a monitoring board, it was also agreed to clarify the Board's role in a company with an audit and supervisory committee and enhance discussions of important medium- to long-term themes through Board meetings and management roundtable discussions, including how outside directors should be involved.
Further enhancing agenda-setting	To make effective use of limited Board meeting time, the importance of setting an agenda that addresses what the BoD should discuss was reaffirmed, including through the application of criteria for matters submitted to the BoD, use of written resolutions, and expanded opportunities for open discussion. There was also shared recognition of the need to establish a process for developing and setting the annual agenda that makes greater use of outside officers' knowledge and experience.
Considering the appropriate BoD composition	It was confirmed that there is scope to strategically consider what expertise the BoD as a whole needs to supplement and how to better respond to risks in the external environment. There was shared recognition of the importance of supplementing expertise in a focused manner aligned with the Company's business characteristics and management priorities, rather than seeking personnel to cover every area. The need to continually enhance discussions on BoD succession in the BoD and the Governance and Executive Nomination Meeting was also identified.

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