Corporate Governance Guidelines

SUBARU CORPORATION

Chapter 1. General Provisions

Based on a resolution of the Board of Directors, Subaru Corporation (the "Company") has established Corporate Governance Guidelines (the "Guidelines") to set forth its basic approach to and basic policy on corporate governance.
The Guidelines are intended not only to ensure compliance with laws and regulations, but also to improve the effectiveness of management decision-making and oversight functions of the Board of Directors and the quality of management decisions, thereby realizing a governance framework that contributes to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value. The effectiveness of the Guidelines shall be continuously reviewed, and improvements shall be made in a timely and appropriate manner.

1. Basic approach to corporate governance

As well as seeking to achieve sustainable growth and improvements in corporate value over the medium to long term to ensure that SUBARU wins the trust of all its stakeholders, with the aim of realizing the SUBARU vision of "Delivering Happiness to All" and in accordance with the corporate statement of "We aim to be a compelling company with a strong market presence built upon our customer-first principle," the Company shall position the strengthening of corporate governance as one of its important management issues.

Vision	Delivering Happiness to All.
Value statement	"Enjoyment and Peace of Mind"
Corporate statement	We aim to be a compelling company with a strong market presence built upon our customer-first principle.

The Company shall seek to clearly separate decision-making and oversight functions from business execution functions, and strive to build a framework that enables prompt and appropriate decision-making.
The Company shall seek to ensure the effectiveness of the oversight functions of the Board of Directors through supervision and advice provided by Outside Directors from an independent standpoint, and shall work to implement and enhance risk management and compliance systems.
Through these measures, the Company shall seek to ensure the transparency of management and to enhance the timely and appropriate disclosure of information.

Chapter 2. Ensuring Rights and Equal Treatment of Shareholders, Dialogue with Shareholders

1. Constructive dialogue with shareholders and reflection of that dialogue in management

The Company shall pay close attention to ensuring the rights and equal treatment of shareholders. By promoting organic cooperation between the CEO, CFO, members of the management team and related departments, it shall engage in constructive dialogue with shareholders, within the constraints of appropriate information management, and endeavor to build long-term relationships of trust in order to contribute to sustainable growth and improvements in corporate value over the medium to long term.

Opinions and suggestions obtained through dialogue with shareholders shall be reported to the Board of Directors and relevant departments and addressed in a timely and appropriate manner.

2. Establish environment for exercising voting rights at the General Meeting of Shareholders

The Company shall view the General Meeting of Shareholders as an important opportunity for constructive dialogue with shareholders and shall work to establish an environment that facilitates the exercise of shareholders' rights, including the early disclosure of information useful for voting, the timely and appropriate provision of information through English translations, and the scheduling of the General Meeting of Shareholders on a non-peak day.

3. Analysis of and response to the results of voting at the General Meeting of Shareholders

In cases where a proposal submitted by the Company at the General Meeting of Shareholders is not approved or encounters a considerable number of votes against it, the Board of Directors shall analyze the background and the factors that prompted the objecting votes, and consider an appropriate response.

4. Policy on cross-shareholdings and exercise of voting rights

The Company shall scrutinize the purpose of its cross-shareholdings and whether the results and risks of the holding are commensurate with the cost of capital, and the Board of Directors shall make a decision on whether or not to continue with a holding from the perspective of whether it contributes to the medium- to long-term management strategy.

With regard to the exercise of voting rights, the Company shall engage in dialogue with the company in question in accordance with the policy set out by the Board of Directors, based on the content of which and the business performance of said company, it shall take a comprehensive view of overall initiatives for improving corporate value and exercise its voting rights appropriately.

Chapter 3. Proper Cooperation with Stakeholders Other than Shareholders

In recognition of the fact that sustainable growth and improvements in corporate value over the medium to long term are supported by the contributions of a variety of stakeholders, the Company shall promote proper cooperation with such stakeholders.

The Board of Directors shall show leadership with regard to their rights and viewpoints, and to the fostering of a corporate culture that holds sound business ethics in high regard, and also supervise the building of appropriate relationships with stakeholders.

1. Code of conduct for improvement in corporate value over the medium to long term

With the goal of achieving the SUBARU vision, value statement, and corporate statement, the Company shall ingrain a culture of compliance while conducting business activities with the following in mind:

1. Become a brand that is "different" from others by enhancing distinctiveness
2. Engage in business activities that resonate with customers by putting them center-stage
3. Fulfill corporate social responsibilities by contributing to diversifying social needs

2. Promoting internal diversity and establishing suitable workplace environments

In order to sustainably create value that will satisfy customers, the Company shall respect the diversity of gender, age, nationality, culture, lifestyle, etc., and provide equal opportunities and a comfortable working environment to enable employees with diverse individual characteristics and values to fulfill their potential.

3. Establishment and operation of the internal reporting system

The Company shall establish an internal reporting system serving as an internal communication channel to report any illegal acts, etc., in business by the SUBARU Group and its officers and employees should they discover such acts, in order to create a transparent and fair corporate culture and thoroughly ensure compliance, and the Company shall operate the system in an appropriate manner.

4. Management of pension assets and establishment of the related framework

In order to ensure the provision of pension benefits into the future, the Company shall conduct regular monitoring of the status of pension asset management, and adjust the composition of assets as required. Moreover, in order to raise the level of expertise in the department in charge of pension management and enable it to fulfill its expected functions, the Company shall strive to improve personnel quality through continuous development of human resources and other measures.

Chapter 4. Appropriate Information Disclosure and Securing of Transparency

The Company shall engage in timely and appropriate information disclosure and voluntarily provide financial information as well as non-financial information, such as management strategy, risks, and corporate governance, and seek to enhance information that contributes to constructive dialogue with shareholders.
The Board of Directors shall appropriately supervise efforts to ensure and enhance the quality of such information so that the content disclosed is accurate and easy to understand, and is of high value to the user.

1. Basic policy on information disclosure

In accordance with internal rules on information disclosure, and paying close attention to fair disclosure, the Company shall engage in prompt, equitable, and appropriate disclosure not only of disclosure required by laws and regulations but also of valuable information pertaining to management strategy, business activities, and other matters.

2. Information disclosure in English

The Company shall engage in the disclosure and provision of information in English to a reasonable extent.

3. Establishing of audit frameworks for the Accounting Auditor, and appointment and dismissal of the same

To ensure that the Accounting Auditor performs high-quality audits, the Company shall strive to establish an audit environment that facilitates close cooperation among the Accounting Auditor, the Audit and Supervisory Committee, and the Internal Audit Department.

The decision as to whether to appoint or dismiss the Accounting Auditor shall be made after the Audit and Supervisory Committee has checked the status of duties performed by the Accounting Auditor, as well as their audit framework, independence, and level of expertise.

Chapter 5. Responsibilities of the Board of Directors, etc.

Based on its fiduciary duty and accountability to shareholders, the Board of Directors shall present the SUBARU vision and the Company's medium- to long-term management goals and direction, and, while ensuring the fairness and transparency of management, shall create an environment that supports appropriate risk-taking in order to achieve sustainable growth and enhance corporate value.

By conducting such processes as nominating, evaluating, and determining the compensation of members of the management team from an independent and objective standpoint, the Board of Directors shall also engage in highly effective oversight, and work to optimize decision-making for the Company, which includes addressing serious risks.

1. Basic responsibilities of the Board of Directors and oversight of management

Based on its responsibilities to all its stakeholders, including shareholders, the Board of Directors shall be responsible for working to achieve the sustainable growth of the Company, as well as improvements in corporate value over the medium to long term, through the realization of the SUBARU vision, value statement, and corporate statement.

In order to fulfill these responsibilities, in addition to formulating profit plans that take into account the cost of capital and management plans and policies, etc. grounded in the basic approach to capital policy, the Board of Directors shall continually check the progress of these plans, responding to and revising them as necessary.

2. Design and operation of executive compensation system

To ensure that executive compensation functions as an appropriate incentive to achieve sustainable growth and improvements in corporate value over the medium to long term, the Board of Directors shall design the compensation system based on a framework that pays close attention to objectivity, transparency, and fairness.

When determining the specifics of the compensation system, the Board of Directors shall take into account business performance and potential risks over the medium to long term, and make decisions designed to allow the expression of a healthy entrepreneurial spirit.

3. Plan for successors to the CEO and others, and their development and oversight

The Board of Directors shall regard enhancing the abilities of corporate managers as an important issue for the Company to achieve sustainable growth, and conduct proper oversight of the successor plan for the CEO and other top executives based on the requirements for officers, etc., derived from the Company's corporate statement and management strategy, etc. Its oversight shall entail conducting continuous deliberations that take into account such factors as changes in the business environment. The Board of Directors shall also provide appropriate oversight to ensure that sufficient time and resources are invested in the systematic development of successor candidates.

4. Oversight of internal control and the SUBARU Group risk and compliance system

The Board of Directors shall set out a basic policy for the establishment of an internal control system, and oversee the appropriate operation of the internal control system to ensure it functions effectively and efficiently.

The Board of Directors shall oversee the Risk Management and Compliance Committee that deliberates, discusses, and determines important matters related to risk management and compliance for the SUBARU Group as a whole.

5. Responsibilities of the Board of Directors in relation to sustainability

The Board of Directors shall designate sustainability as an important management issue that contributes to achieving sustainable growth and improvements in corporate value over the medium to long term. In accordance with the SUBARU Global Sustainability Policy, it shall proactively and dynamically address both risks and opportunities arising from issues related to the environment, society, and governance.

The Board of Directors shall oversee the Sustainability Committee, which promotes and monitors the progress of sustainability initiatives across the entire SUBARU Group, and strive to strengthen these activities.

6. Establishing of roles, responsibilities, and structures of the Audit and Supervisory Committee

Based on their fiduciary duty to shareholders, Directors who are Audit and Supervisory Committee Members shall appropriately audit the execution of duties by Directors and strive to ensure the Company's sustainable growth and sound corporate governance.

The Audit and Supervisory Committee shall cooperate with the Internal Audit Department and the Accounting Auditor and work to ensure the effectiveness of audits.

The Company shall put in place a system for supporting the performance of duties by the Audit and Supervisory Committee, and allocate dedicated staff from among its employees.

7. Voluntarily established committees

Upon the adoption of the organizational format of a company with an audit and supervisory committee as its corporate governance structure, the Company shall establish a Governance and Executive Nomination Committee and an Executive Compensation Committee, the majority of the members of each of which shall be independent Outside Directors. The aim shall be to enhance discussions regarding general corporate governance and strengthen the independence, objectivity, and accountability of the functions of the Board of Directors pertaining to the appointment and compensation of Directors, the President, CEO, and other management team members (including plans for their successors).

8. Roles and responsibilities of independent Outside Directors, and ensuring their effectiveness

Independent Outside Directors of the Company shall be responsible for overseeing management and offering advice on the management of the Company from a standpoint independent of the management team, in order to help achieve sustainable growth and enhance corporate value over the medium and long term, as well as improve the social value of the Company.

The Company's Board of Directors shall be composed of individuals who possess the qualities required to meet market expectations and bring the perspectives of a wide range of stakeholders, and independent Outside Directors who satisfy the independence criteria established by stock exchanges and the Company shall constitute a majority of the Board of Directors.

Independent Outside Directors shall actively participate in discussions of the Board of Directors, and the Company shall create opportunities for them to exchange information and opinions with Directors and Executive Officers so that they are able to fully perform their functions.

9. Composition of the Board of Directors and ensuring its effectiveness

The Board of Directors shall be composed so as to achieve an appropriate balance of the knowledge, experience, and abilities required, while taking into consideration gender, international experience, and other attributes, and shall strive to ensure substantive diversity.

The Board of Directors shall analyze, evaluate, and discuss its own effectiveness and other aspects of its performance based on such measures as conducting periodic interviews with each Director. It shall apply the results to improving the operation of the Board and disclose an overview of the results in a timely and appropriate manner.

10. Management of the Board of Directors and invigoration of discussion

The Board of Directors shall work to foster an atmosphere of free, vigorous, and constructive discussion and exchanges of opinion.

In order that Directors, including Outside Directors, are able to fully consider issues in advance and thus effectively perform their roles and discharge their responsibilities, the Company shall provide information and materials required for understanding the management situation and for deepening understanding of the Company's business, as well as endeavoring to further enhance the explanations given.

The Company shall establish a secretarial function for the Board of Directors to promote active deliberations and enhance the effectiveness of the Board.

11. Provision of information to Directors and support for self-study

In order that Directors may fully perform their duties and appropriately exercise oversight functions with relation to management, in addition to the continuous provision of information and knowledge on the business activities of the SUBARU Group, the Company shall provide opportunities for the acquisition and upgrade of knowledge and information considered necessary for corporate management in general, and cover any expenses associated with such programs.

End

[Accompanying material for the Corporate Governance Guidelines]

<Criteria for Independence of Outside Officers>

The Company considers that it is desirable for outside directors and outside Directors serving as Audit and Supervisory Committee Members (hereafter, collectively referred to as "outside officers") to maintain independence to the maximum extent possible, in order to ensure corporate management with high levels of objectivity and transparency and a strong management oversight function, and to improve corporate value. Accordingly, the Company shall set the criteria for independence and conduct an investigation to the extent reasonably possible. If any of the following items apply to an outside officer, the Company deems that the relevant outside officer does not maintain adequate independence.

1. A person engaged in business execution[*1] of the Company and its current consolidated subsidiaries (hereafter, referred to as the "Group")
2. A major shareholder[*2] of the Company or a person engaged in business execution of a major shareholder
3. A major business partner[*3] of the Group or a person engaged in business execution of such business partner, or a business partner for whom the Group is a major business partner[*4] or a person engaged in business execution of such business partner
4. A person engaged in business execution of the Group's major lender[*5]
5. A party whose shares corresponding to more than 5% of the voting rights the Group holds, or a person engaged in business execution of such party
6. A person who belongs to the accounting firm that performs statutory audits of the Company
7. A consultant, accounting professional or legal professional obtaining large amounts[*6] of money or other financial benefits other than officers' compensation from the Company (if such financial benefits are obtained by an organization, such as a corporation, association or other organization, a person belonging to such organization)
8. A person or a person who belongs to a corporation, association or other organization receiving a large donation[*6] from the Group and who is directly engaged in the activities related to such donation.
9. If a person engaged in business execution of the Group is concurrently holding the position of outside officer at another company, a person engaged in business execution of such company
10. Close relatives[*7] of a person who falls within any of items 1. through 9. above.
11. A person who falls within any of items 2. through 10. above during the past 5 years
12. A person who has been holding the position of outside officer of the Company for a cumulative total of more than eight years
13. A person for whom a substantial conflict of interest may constantly occur with the Company's general shareholders as a whole for reasons other than those considered in items 1. through 12. above

*1 A person engaged in business execution refers to executive directors, executive officers, corporate vice presidents or other persons performing an equivalent function and employees who belong to the Group currently.

*2 A major shareholder refers to a shareholder holding more than 5% of the voting rights of the Company in their own name or another person's name as of the end of the most recent fiscal year. If a major shareholder is an organization such as a corporation, association or other organization, a person engaged in business execution of item 2. refers to a person engaged in business execution belonging to said organization.

*3 A major business partner of the Group refers to a business partner with which the Company conducts business transactions for which net sales, etc., in any one of the three fiscal years up to and including the most recent fiscal year exceed 2% of the Group's annual consolidated net sales, etc., in the relevant fiscal year.

*4 A business partner to which the Group is a major business partner refers to a business partner with which the Company or its consolidated subsidiaries conduct business transactions for which net sales, etc., in any one of the three fiscal years up to and including the most recent fiscal year exceed 2% of the annual consolidated net sales, etc., of the said company group.

*5 A major lender refers to a financial institution from which the Group borrows funds for which the outstanding borrowings as of the end of the most recent fiscal year exceed 2% of the consolidated total assets of the Company.

*6 A large amount refers to a case where the amount of consideration or donations received from the Company exceeds 10 million yen per year for an individual in any of the past three fiscal years. For a corporation, association or other organization, it refers to a case where such amount exceeds the higher of 10 million yen per year or 2% of the annual gross income or consolidated net sales of such organization in any of the past three fiscal years.

*7 Close relatives refer to spouses and first- and second-degree relatives.