



**Notice of Convocation of
the 90th Ordinary General Meeting of Shareholders**

SUBARU CORPORATION

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 90th Ordinary General Meeting of Shareholders of Subaru Corporation. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

[Translation for Reference and Convenience Purposes Only]

CEO's message

Firstly, I would like to express my sincere gratitude for your support.

Looking back on the past year, it was a turbulent year. We continued our business operations while implementing measures to prevent the spread of the COVID-19 and secure health and safety. In the first quarter, due to the disruptions in the auto parts supply chains and marketing activities caused by the COVID-19, we had to suspend or adjust production at our plants. From the second quarter, the demand has started to pick up steadily, especially in the North America market. But in the fourth quarter, due to the global shortage of semiconductors and other factors, we had to adjust production again. Under these circumstances, we had a challenging year in terms of our financial performance, with operating profit cut by half of the previous year. Although the business environment remains uncertain, including the status of the COVID-19, we intend to return to normal conditions as soon as possible to meet the expectations of our customers and the market.

This year was also a year when the corporate sustainability, in particular environmental responses, attracted more attention than ever. The electrification of automobiles is expected to accelerate. Amid this trend, what Subaru continues to value and pursue is "Enjoyment and Peace of mind." In any age, Subaru believes that cars must be a safe and secure vehicle that enriches our customers' lives. For that purpose, it is necessary to improve the basic performance of the car and to equip it with advanced safety technology and control technology.

Based on this fundamental design concept, and with all technologies and know-how Subaru has, we have developed new "Levorg." The car has won the 2020-2021 Car of the Year Japan, and we believe this honor is a recognition of the value of our attitude to car manufacturing.

We have recently announced a joint venture with Toyota Motor Corporation to develop "SOLTERRA," the first global electric vehicle (EV) for Subaru. The two companies have been bringing together their knowledge to create a completely new dedicated EV platform. Through these efforts, we aim to bring the superior passive safety and vehicle stability that Subaru has been pursuing to the world of EV. The development work will take some time to complete, but please look forward to the launch of this all-new car.

I would like to ask for our shareholders' continued support.



Tomomi Nakamura
Representative Director, President and CEO

STEP Mid-Term Management Vision Progress Briefing

In July 2018, we have announced our mid-term management vision titled “STEP”. We have established the following three visions for 2025, and have been taking various initiatives primarily centered on “corporate culture reform,” “Quality enhancement,” and the “Make-a-Subaru project.”

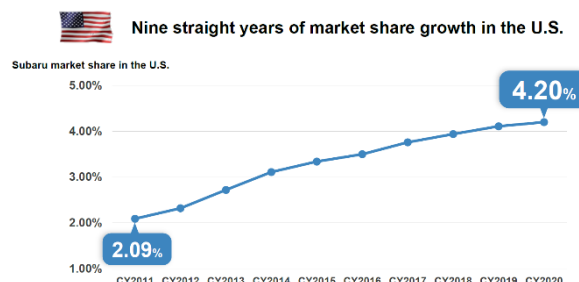
Meanwhile, the environment surrounding our business has been changing rapidly. This includes not only climate change, but also higher interest in corporate contribution to the realization of sustainable society, and the rapid innovation in the field referred to as CASE that surrounds the automobile industry. And as workstyles have been evolving due to the novel coronavirus, the importance of HR development and improving job satisfaction has also been increasing. While we have been developing next-generation technologies unique to SUBARU, it seems that society has now entered an era in which corporate attitudes and purposes are becoming questioned.



Sales review

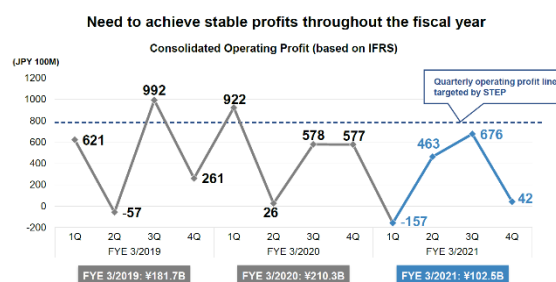
In 2020, the absolute sales volume in each market has declined due to the impact of the novel coronavirus. However in the U.S., which is a key market, our market share has recorded a market share of 4.2% (record-high) and has been increasing year-over-year for nine consecutive years.

We are steadily making progress in achieving our future goal of 5% U.S. market share, which is one of our goals outlined in STEP.



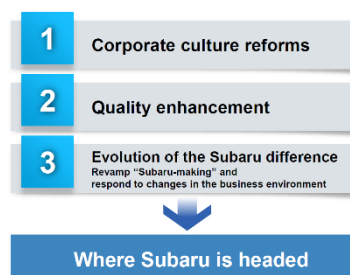
Profit review

However, we were unable to achieve our three-year goals that were set in July 2018 due to various performance factors. The above graph shows the quarterly operating income. Although there were high-performing quarters, we feel that we still lack the capacity to overcome unforeseen circumstances such as controlling quality costs and handling semiconductor supply shortages throughout the year. The STEP initiatives are still a work in progress, and we will be accelerating our efforts to ensure solid performance.



Priority initiatives and future direction

The priority initiatives outlined in STEP are progressing steadily. We have also been striving to evolve the “SUBARU difference” in the midst of a changing business environment through the “Make-a-Subaru” project ranging from quality to after-purchase service. We strongly feel the need to reaffirm the fact that the SUBARU brand exists because of our customers, and to face the new era while joining forces with them.



The subsequent sections will illustrate the progress and future direction of our priorities, and SUBARU’s vision.

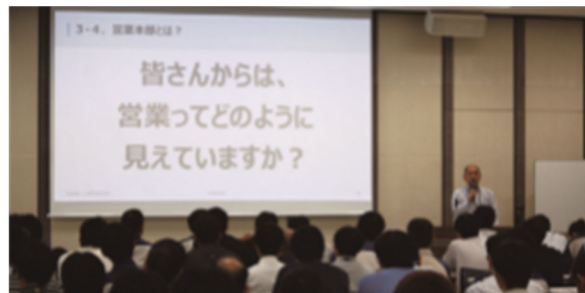
Corporate culture reform

- More focus on growth and development of individual employees -

Efforts and results so far

We've been adopting our company-wide motto of "change mindset, change behavior, change the company" within our activities. Encouraging each employee to think and act spontaneously, rather than following precedents, is steadily gaining ground.

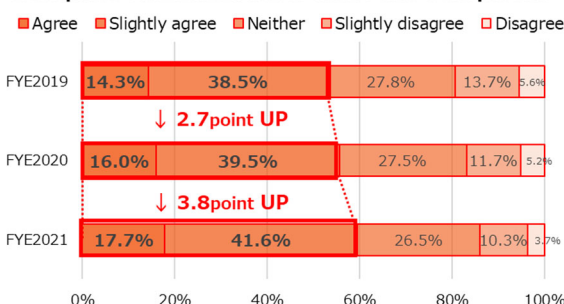
We have been striving to "become a company that is more open to new ideas and where people can say what they want" by shortening the distance between management, staff, and various hierarchies, and eradicating the outdated organizational culture of authoritarianism and superciliousness. Specifically, we've been horizontally implementing measures such as officer speech relays, general manager speech relays, workplace dialogues, etc. throughout the entire company, even during the coronavirus pandemic.



(The image of the officer speech relay is from 2019)

Although it is very difficult to change people's mindset, the coronavirus pandemic served as a tailwind in a way. Inter-departmental communication spontaneously became more active due to the rapid proliferation of IT tools. The number of "initiatives for raising awareness" to change the mindset of employees, such as sharing management issues and holding study sessions to learn about the external circumstances, has been rapidly increasing. As a result, the scores on workplace communication and ambiance in the employee awareness surveys conducted through a fixed-point observation have been improving for two consecutive years.

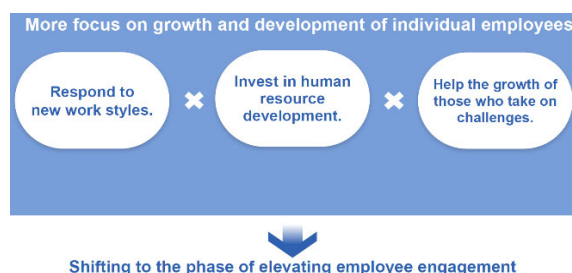
Workplace communication is active and transparent



Focus areas going forward

We believe that what is important in this era of change is that our human resources grow more than the rate of global change.

Therefore, we are transitioning to a phase of heightened engagement in which each employee experiences growth and job satisfaction through the encouragement of "growth of individuals" more than ever before to promote higher-quality work output.



While flexibly accommodating new post-coronavirus workstyles, we will be proactively investing in human resources such as by developing their digital and technical skills and retraining employees.

We have also started implementing a new HR system in 2021 to not only promote an organizational culture of being able to say whatever we want, but also for each individual to challenge themselves. By further accelerating these activities, we will be intensifying our efforts related to corporate culture reforms.

*:Regarding our efforts on corporate culture reforms, please also refers to "5. Company Framework and Policies," "Operation of Framework for Securing Appropriateness of Business," and "6. Situation of Effort on Corporate Culture Reforms" in page 71 of this notice of convocation.

Quality enhancement

- Deliver quality enhancement with results. -

Our Quality enhancement activities are broadly divided into the following three categories.

The first is to “thoroughly ensure that quality assurance becomes regarded as top priority and strengthen systems for that” as the foundation of our Quality enhancement. The awareness level of each employee is the basis for all Quality enhancement initiatives. We have therefore been adopting simplicity and honesty to establish quality-centric attitude in each employee.

The second is to “reform the manufacturing quality” to prevent the outflow of defects in areas subsequent to the production-preparation stage, where 40% of the quality problems occur. These include swift responses and resolutions to market defects.

The third is to reform the development phase that accounts for 60% of the quality problems, which ranges from the initial consideration stage to the development and designing stages.

The details of each activity will be touched on later. And we have been steadily deploying the investment amount of 150 billion yen for quality improvement as mentioned during the announcement of STEP in July 2018 to specific projects such as capital investments, deployment of testing and research facilities, allocation of human resources, etc. to improve the quality of our domestic (Gunma Plant) and U.S. production base (Subaru of Indiana Automotive, Inc. (SIA)).

1. Thorough implementation of “Quality-First” mindset and reinforcement of the organizational efforts and structure

(1) Redefine goals.

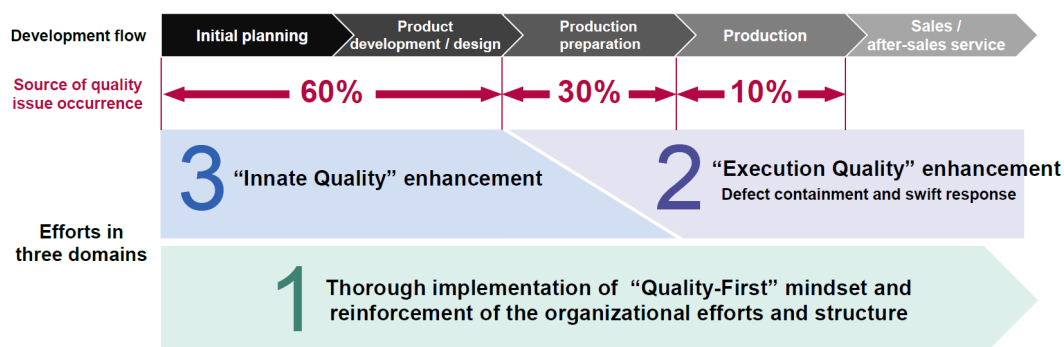
We have revised our “quality policy” for the first time in 25 years, and modified its contents to make it more easily understandable and deployable. We have also completely renewed our “quality manual” and are working to unify our awareness level.

(2) Quality awareness, look-back activities

During the Quality Caravan events that are implemented in November, which is regarded as the quality-improvement month, we share past defects and seek honest customer feedbacks in not only development, manufacturing, and sales, but also in areas beyond the scope of the automobile and aerospace businesses. In the “Activity to Maintain Alertness” program that is implemented in October, all employees reflect on the final vehicle inspection scandals and watch educational videos. Through these initiatives, we regularly provide opportunities for each of us to think about what we can do to improve the quality of our own work.

(3) Increase in personnel

In December 2018, we transferred the Final Vehicle Inspection Department from the Manufacturing Division to the Quality Assurance Division to ensure inspection autonomy and transition to a system that places quality as our top priority. In April 2020, we have also established the Quality Assurance Management Office directly under the Chief Quality Officer (CQO) to build a system that further vigorously drives the Quality enhancement. In promoting these organizational reforms, we have increased the number of personnel of the Quality Assurance Division by about 50% in the past three years, and are making progress in terms of both organizational and staffing aspects.



Investment framework of 150 billion yen for overall quality enhancement has now been allocated to specific projects. Each project is being steadily executed.

2. “Execution Quality” enhancement

(1) New “final vehicle inspection” facility

Since the discovery of the final vehicle inspection problem, the Company has been implementing and operating 65 measures to prevent recurrence. We are currently constructing a new final vehicle inspection center to further heighten quality at our manufacturing plants, which is scheduled to start operating sequentially for each production line in 2022 and onward.

(2) Swift response to quality issues

Specific measures to swiftly respond to the market outflow of defects are as follows.

- Establishment of the North American quality team “FAST” (Fast Action & Solution Team)
- Early detection of defect trends based on analysis using AI.
- Direct gathering of quality data via telematics systems
- Early determination of the scope of affected parts with traceability systems
- New “QA lab” facility for enhancing capability to investigate defects

We have built these systems to promote early detection, swift responses, and accurate detection of number of cases in the event of a market outflow of defects.

3. “Innate Quality” enhancement

(1) Ensure quality all the way from the very start of development down through component logistics and production.

In addition to efforts to prevent past defects and similar problems from occurring again, we are strengthening efforts to prevent defects from changes such as new systems and new methods.

Due to the advancement and complexity of technology such as control coordination between large-scale systems, it is becoming more difficult to detect defects in advance by using only the conventional method that relies on actual evaluation experiments.

We will identify the important points of quality from the most upstream desk examination stage of development, and thoroughly confirm that quality is ensured throughout the entire manufacturing process from development to production and distribution.

(2) Stricter development process where meeting criteria of each quality gate (checkpoint) is given top priority.

We have also modified our development process such as by strengthening our quality gate management protocol from the initial development stage and preventing stage transitions without satisfying the said protocol.

In this way, Quality enhancement are making steady progress, but there are still issues to be addressed and we recognize that they are insufficient. Furthermore, we still have not been able to demonstrate the fruits of these efforts to our customers and dealers, and have not had them experience the change yet. Since high quality is a critical root of the SUBARU brand and is regarded as the source of our added value, we plan to further incorporate new technologies and exemplify our progress in terms of performance. We shall therefore continue to take the simple and honest approach until our customers and the market realize how much the defect rate and speed of response have improved.

Quality enhancement efforts are steadily proceeding, but results haven't yet been demonstrated to our customers and retailers.



Deliver quality enhancement with results.

Deliver results to our customers with new models which incorporate all quality enhancement initiatives.

Never slow down efforts to respond swiftly to quality issues in the market.

“Evolution of the Subaru difference”

- Zero fatal road accidents and Contribute toward achieving a carbon-free society -

Next, we would like to discuss the evolution of the Subaru difference that we intend to achieve with the “Make-a-Subaru” initiative.

At the Technology Briefing held in January 2020, we outlined the future direction of our technology development efforts. The key message at the briefing was our commitment to maintaining the Subaru Difference even in the age of electrification. Key points are as follows.



1. Toward the goal of zero fatal road accidents*

“Safety and peace of mind” is an integral part of Subaru’s strengths. We have always been committed to evolving Subaru’s safety, like we did our preventive safety with “EyeSight” and our passive safety with the “Subaru Global Platform”.

While Japan has around 3,000 traffic fatalities per year, the number of those involving EyeSight-equipped Subarus has been declining every year. In Japan, the number of traffic fatalities which involved Subarus of the latest five model years (excluding mini vehicles) was three in 2019.

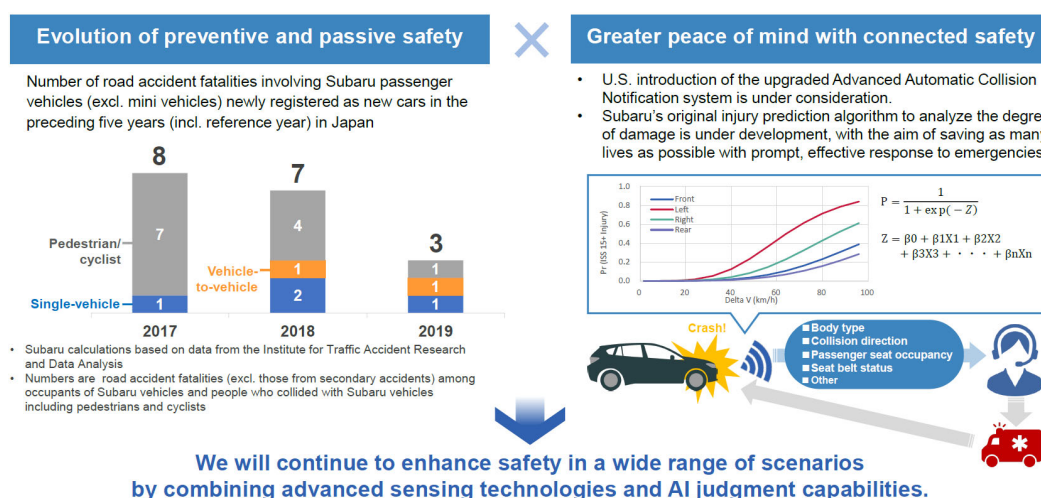
We also installed the “new-generation EyeSight” with enhanced safety functions in new “Levorgorg” released in 2020. While “EyeSight X,” Subaru’s advanced driver assist system for highways, tends to draw more attention, the “new-generation EyeSight”, which is standard on all trims of the Levorg, represents a great evolutionary leap toward our goal of zero fatal road accidents. We are rolling out our new-generation EyeSight to other models as well.

Our focus is also on “connected safety” for preventing accidents from becoming fatal through technologies such as advanced automatic collision notification (AACN).

The bottom right figure shows part of Subaru’s original injury prediction algorithm. It is currently under development for future use for analyzing the severity of occupant injuries in the event of a vehicle crash using the accident database and a wide range of data collected from the vehicle.

With a focus on vehicle intellectualization, Subaru will continue to enhance safety in a wide range of scenarios by combining advanced sensing technologies and AI judgment capabilities.

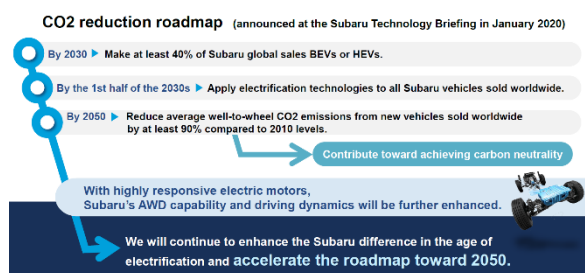
*: Reducing to zero the number of fatal accidents occurring while a driver or passenger in a Subaru vehicle and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a Subaru vehicle



2. Environmental efforts with commitment to enhancing the Subaru difference

At our Technology Briefing in January 2020, we announced our milestones toward electrification.

While we do not have any changes to the nature of the initiative, we intend to accelerate our efforts with the aim of contributing toward carbon neutrality by 2050.



Our plan for the near future is to raise the ratio of electrified vehicles, but it is expected that some sorts of electric drive systems will be adopted across our model lineup eventually.

The importance of safety, where our strength lies, will never change even in the age of electrification.

Precise, highly-responsive electric motors will further enhance not only our quick acceleration response but also our all-wheel drive (AWD) control capability, leading to an increase in Subaru's strengths such as stability, driving dynamics, and handling.

As our first step toward the age of electrification, Subaru is launching its first global all-electric vehicle, the "SOLTERRA", in 2022.

It is a C-segment-class battery electric SUV under joint development with Toyota Motor Corporation.

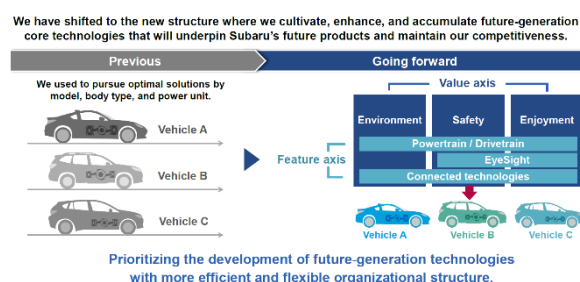
The "SOLTERRA" features "the e-Subaru Global Platform", a new dedicated all-electric platform jointly developed with Toyota. We are developing this model with the goal of creating a new Subaru SUV which offers added benefits of electric vehicle technology. As discussed previously, the highly-responsive electric motor technology will further enhance Subaru's long-cultivated AWD technology.



The "SOLTERRA" will go on sale in Japan, the U.S, Europe, China, and other regions around mid-2022. Please look forward to our further announcements.

3. Enhancement of the organizational structure for future product development

We have changed our Engineering Division to a new structure where we can create, cultivate, enhance, and accumulate future-generation core technologies that will underpin Subaru's future products and maintain our competitiveness.



In order to address the challenges of vehicle development that is becoming more complex and advanced, we have changed the structure of new product development from one that's organized around functional features such as bodies and power units to one that organically combines a value axis and a feature axis.

This should allow more flexible response to future technologies as well as vehicle development from a company-wide perspective rather than vertically divided divisional optimization and model optimization.

Also, we newly established a CTO's office in 2021. This should speed up decision-making and enhance technology management to help us succeed in our shift.

In addition, by linking these efforts to other operations such as purchasing, manufacturing, and after-sales service, we aim to build a structure that will accelerate the company-wide "Make-a-Subaru" initiative set forth in STEP.

Where Subaru is headed

- Delivering happiness to all -

The Subaru difference

In the prior sections, we have discussed how we are adapting to changes, but through our STEP efforts, we have come to realize more clearly what we have to protect and keep developing further.

In STEP, we laid out our vision to “Become a brand that is ‘different’ from others by enhancing distinctiveness.”

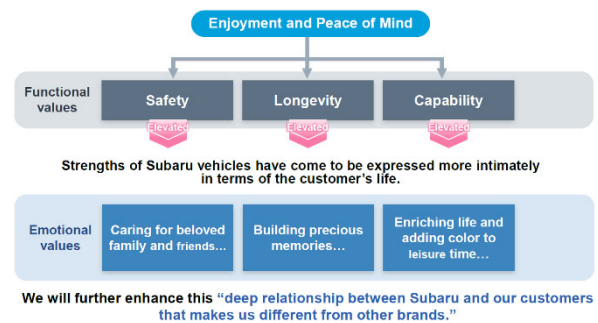
Under our value statement “Enjoyment and Peace of Mind,” we have been pursuing Subaru’s functional benefits such as safety and longevity. But our customers, through their lives, experiences, and emotional connection with Subaru, have come to express these values more intimately in terms of their lives.

For example, Safety means not just “safety performance,” but caring for beloved family and friends. Longevity is not just “durable and long-lasting,” but being able to use for a long time to build many precious memories.

We perceive that Subaru’s functional values have elevated into emotional values in our customers’ minds.

Beyond our expectations, we now see the development of a “deep relationship between Subaru and our customers that makes us different from other brands.”

This “difference” is truly an asset to the Subaru brand, and we strongly realize that we must continue to enhance it.



Another “difference” - environmental values in “Enjoyment and Peace of Mind”

In addition, our data shows that Subaru customers, especially those in our key U.S. market, are environmentally conscious in general. As we look into the background closely, we’ve come to learn that in an extended scope, the environmental values of our customers exist in “Enjoyment and Peace of Mind” that we offer through our products and services.

For example, whereas environmental values in general are things like fuel economy and emissions, our customers also value the Subaru attributes such as Utility/AWD (Do everything with one vehicle), Safety (Avoid accidents, Reduce burden to society), and Reliability/longevity (Long-lasting vehicles, Reduce waste of resources).

Subaru customers, who do not believe in “looking out only for their own needs and interests,” are characterized by their high social and environmental awareness. We believe this is what makes the Subaru brand “different” as well.



Building a brighter society with our customers

What we perceive in particular from our U.S. customers who participate in social contribution activities of our retailers across the U.S. is that they are taking further steps to help people in need and improve society and the environment, and these are the customers who support our brand.

People look to companies for contribution to society. While we will continue to support and enrich the lives of our customers, we want to advance hand-in-hand with them, rather than independently from each other, to create a society that is both enjoyable and sustainable.

Delivering happiness to all

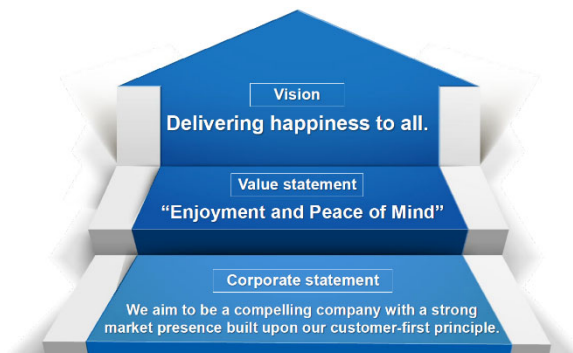
In making this Mid-Term Management Vision Progress Briefing, we have integrated our principles into three key pillars.

Our corporate statement is “We aim to be a compelling company with a strong market presence built upon our customer-first principle.” We drew up this statement about 10 years ago. We believe that our growth in recent years was made possible by following this statement.

The value we deliver to our customers is “Enjoyment and Peace of Mind.” This value statement was also established around the same time with the said corporate statement. We recognize that this is a value we must deliver our customers to evolve the Subaru Difference that is not influenced by changes in the times or external environment and heighten our brand.

Our vision is “Delivering happiness to all.” We established this vision four years ago, when we changed our company name to Subaru Corporation. This vision has come to us as watching what our customers do: we learned what Subaru should do from our customers.

We will continue to pursue our goal of delivering happiness to people, society, and even Earth.



Profit direction and capital policy

There are no major changes to our basic approach to profits and capital policy since the release of the STEP in July 2018. But we have made some updates in light of the changes in the business environment and the current business situation.

We are aiming for an industry-leading operating margin and a 5% market share in the U.S., our focus market, by increasing the value we provide customers and further enhancing the Subaru brand.

We will steadily execute capital expenditures and R&D expenditures to push forward the said goals of zero fatal road accidents, contribution to a carbon-free society, and the evolution of the Subaru difference. We also intend to invest in human resource development.

Our stance on shareholder return remains unchanged. We position dividends as the main form of return to shareholders with emphasis on stable continuous returns. Dividend payment will be determined taking into account conditions such as business performance, investment plans, and cash flow.

- We aim to maintain and expand our market share by advancing our added-value business model
We will pursue a 5% market share in our key U.S. market
- We aim for an industry-leading operating margin (8%)
- Capital expenditures and R&D expenditures will be steadily executed for initiatives aimed at enhancing the Subaru Difference

Next 3 years

Capital expenditures: 3.5%–4.0% of sales revenue (3.5%)
Research and development expenses: 120 billion yen level/year (107.7 billion yen/year)
*: Figures in () show results for FYE2019–2021

- We aim for an ROE of at least 10% while ensuring net cash of two months’ worth of revenue levels and a capital equity ratio of 50%
- Our stance on shareholder return remains unchanged
 - Positioning dividends as the main form of return to shareholders with emphasis on stable, continuous returns. Based on the performance-linked approach, dividend payments will be determined considering the business performance of each fiscal year, investment plans, and the business environment. (Consolidated payout ratio: 30%–50%)
 - Conducting share repurchases flexibly in line with our cash flow

SUBARU CORPORATION

1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan

**Notice of Convocation of
the 90th Ordinary General Meeting of Shareholders**

To our Shareholders:

You are cordially invited to attend the 90th Ordinary General Meeting of Shareholders of Subaru Corporation (the “Company”), to be held as set forth below.

In view of the need for preventing the infection from spreading and protecting their health and safety, we ask our shareholders to exercise their voting rights in advance in writing or via the Internet and refrain from attending this General Meeting of Shareholders.

Shareholders who exercise their voting rights in advance via the Internet or in writing are kindly requested to do so by 6:00 p.m. on Tuesday, June 22, 2021, after reviewing the reference documents for the General Meeting of Shareholders described below.

Sincerely,
Tomomi Nakamura,
Representative Director, President and CEO

1 Date	10 a.m., Wednesday, June 23, 2021 (Reception will start at 9 a.m.)				
2 Venue	The Westin Tokyo, B2F Galaxy Room 1-4-1 Mita, Meguro-ku, Tokyo (at Yebisu Garden Place)				
3 Purposes	<table><tr><td>Matters for Reporting</td><td><ol style="list-style-type: none">1. Business report, consolidated financial statements, and reporting of results of audits on consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the 90th fiscal period (April 1, 2020 to March 31, 2021)2. Report on non-consolidated financial statements for the 90th fiscal period (April 1, 2020 to March 31, 2021)</td></tr><tr><td>Matters for Resolution</td><td>Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings Proposal No. 2: Election of Nine (9) Directors of the Board Proposal No. 3: Election of One (1) Corporate Auditor Proposal No. 4: Election of One (1) Substitute Corporate Auditor</td></tr></table>	Matters for Reporting	<ol style="list-style-type: none">1. Business report, consolidated financial statements, and reporting of results of audits on consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the 90th fiscal period (April 1, 2020 to March 31, 2021)2. Report on non-consolidated financial statements for the 90th fiscal period (April 1, 2020 to March 31, 2021)	Matters for Resolution	Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings Proposal No. 2: Election of Nine (9) Directors of the Board Proposal No. 3: Election of One (1) Corporate Auditor Proposal No. 4: Election of One (1) Substitute Corporate Auditor
Matters for Reporting	<ol style="list-style-type: none">1. Business report, consolidated financial statements, and reporting of results of audits on consolidated financial statements by accounting auditors and the Board of Corporate Auditors for the 90th fiscal period (April 1, 2020 to March 31, 2021)2. Report on non-consolidated financial statements for the 90th fiscal period (April 1, 2020 to March 31, 2021)				
Matters for Resolution	Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings Proposal No. 2: Election of Nine (9) Directors of the Board Proposal No. 3: Election of One (1) Corporate Auditor Proposal No. 4: Election of One (1) Substitute Corporate Auditor				
4 Exercise of Voting Rights	<p>[Exercise of Voting Rights by Mail] Please indicate your vote for or against each of the proposals on the enclosed voting form, and return the form to the Company so that it arrives no later than 6:00 p.m., Tuesday, June 22, 2021 (Japan time).</p> <p>[Exercise of Voting Rights via the Internet] Please access the “Website for the exercise of voting rights (https://soukai.mizuho-tb.co.jp/)” designated by the Company. This site is provided in Japanese only. Once on the site, please enter the Voting Code and the Password provided on the right-hand side of the enclosed voting form and follow the instructions on screen to complete your vote for or against each of the proposals no later than 6:00 p.m., Tuesday, June 22, 2021 (Japan time).</p> <p>[Matters for Acknowledgment] In case the voting rights are exercised in duplicate via the form and on internet, exercise of voting rights on the internet will be deemed to be the effective vote. In case the voting right is exercised multiple times via the internet, the last exercise shall be deemed to be the effective vote.</p> <p>[To Institutional Investors] An electronic voting platform is available as a method for exercising a vote right.</p>				

[Translation for Reference and Convenience Purposes Only]

5 Other matters concerning General Meeting of Shareholders	<p>Of the documents that must be provided regarding this Notice of Convocation, the following items are posted on the Company website in accordance with legal requirements and provisions of Article 15 of the Articles of Incorporation.</p> <p>[1] “Accounting Auditors” of Business Report</p> <p>[2] “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” of Consolidated Financial Statements</p> <p>[3] “Statement of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” of Financial Statements</p> <p>As with the attachments to this notice, Corporate Auditors audited the [1], [2] and [3] above, and the Accounting Auditors audited the [2] and [3] above.</p> <p>Company Website https://www.subaru.co.jp/en/ir/stock/meeting.html</p> <p>In case amendments are made to reference documents for the meeting of general shareholders, business report, consolidated financial statements and/or non-consolidated financial statements, such information will be posted in the Company website.</p>
--	---

- From the standpoint of providing information promptly, the details herein have been uploaded to our website prior to the mailing hereof.

[To Institutional Investors]

ICJ, Inc.’s electronic voting platform is available as a method for exercising a voting right.

Deadline for exercising voting rights: 6 p.m., Tuesday, June 22, 2021

Information on Live Online Broadcast

The General Meeting of Shareholders will be broadcast live over the Internet to our shareholders, enabling them to watch the Meeting from their own home or other location. Please access our website from your personal computer, smartphone, or any other device and enter your ID and password.

Broadcast date

From 10:00 a.m. on Wednesday, June 23, 2021 to the closing of the General Meeting of Shareholders

Attention

- Under the Companies Act, viewing a live broadcast of the General Meeting of Shareholders via the Internet will not be deemed regarded as attendance at the Meeting, and shareholders viewing the Meeting online will not be entitled to ask questions or exercise their voting rights on the day of the Meeting. Shareholders who intend to participate in the Meeting remotely are kindly requested to exercise their voting rights in advance via the Internet or in writing.
- We expressly request remote participants to refrain from photographing, audio recording, or video recording the live broadcast, or posting it to social media without our consent.
- Depending on the computer environment and internet connection, certain audio or visual issues may occur.
- Please note in advance that, while we will pay attention not to include attending shareholders in the camera’s view, they may sometimes be caught on camera against our intention.

Company Website

<https://www.subaru.co.jp/ir/stock/live/>

For the ID and password, please see the convocation notice (booklet) sent by mail.

REFERENCE DOCUMENTS FOR THE EXERCISE OF VOTING RIGHTS

Proposal No. 1 Approval of the Proposed Appropriation of Retained Earnings

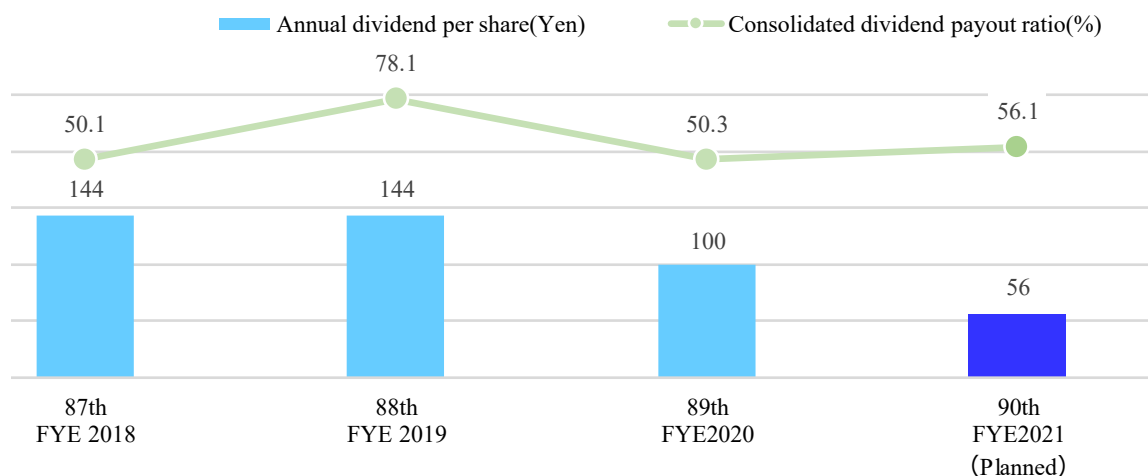
As for the appropriation of surplus for the year under review, it is proposed as follows.

The Company positions the return to shareholders as an important managerial issue and have adopted performance linked approach based on continuous and stable dividend payouts, taking into account the business performance, investment plans, and business environment for each fiscal period.

The global pandemic of COVID-19 and the worldwide semiconductor shortage continue to exert a significant impact on the Company's production, sales, and other business activities. As a result of considering, from a comprehensive perspective, this unpredictable business environment, future fund demands, and other factors, we decided to appropriate retained earnings in the manner described below, as per the latest dividend forecast.

1. Type of Dividend	Cash
2. The Matters Regarding the Assignment of the Dividend Property to Shareholders and the Total Amount Thereof	<p>¥28 per share of the Company's common stock</p> <p>Total dividends: ¥21,483,580,804</p> <p>The total annual dividend for the year under review would be ¥56 per share including the paid interim dividend of ¥28 per share.</p>
3. Effective Date	June 24, 2021

(Reference) Trends of Dividends



Notes: The Company has adopted the International Financial Reporting Standards (IFRS) instead of the previously used Japanese standards since the 89th fiscal period. Accordingly, the consolidated dividend payout ratio of the 88th fiscal period is shown in accordance with the IFRS, while that of the 87th fiscal period is shown based on the previously used Japanese standards.

Proposal No. 2 Election of Nine (9) Directors of the Board

The terms of office of all nine (9) Directors of the Board will expire at the conclusion of this Ordinary General Meeting of Shareholders. It is hereby proposed that nine (9) Directors of the Board be elected.

The Company nominates as the candidates for Directors individuals who have abundant experience, superior abilities and knowledge, and high expertise appropriate for a Director of the Company in order to realize our corporate philosophy, effective corporate governance, sustainable growth, and corporate value improvement for the medium and long term. To ensure fairness and transparency in decisions on executive appointments, the Executive Nomination Meeting, in accordance with inquiries from Board of Directors, submits to the Board of Directors proposals on the nomination of officers sufficiently deliberated on and approved by its members, a majority of which is accounted for by independent outside directors. These personnel matters are decided by resolution of the Board of Directors.


Candidates for the position of Director of the Board are as follows:

No.		Name		Current title in the company	Attendance at the Board of Directors meetings for the year	Tenure as Director
1	Reelection	Tomomi Nakamura	Male	Representative Director, President & CEO	12 of 12 meetings (100%)	3 years
2	Reelection	Kazuo Hosoya	Male	Representative Director, Chairman	12 of 12 meetings (100%)	2 years
3	New	Katsuyuki Mizuma	Male	Executive Vice President	-	-
4	Reelection	Tetsuo Onuki	Male	Director, Executive Vice President	12 of 12 meetings (100%)	3 years
5	New	Atsushi Osaki	Male	Executive Vice President	-	-
6	New	Fumiaki Hayata	Male	Executive Vice President	-	-
7	Reelection Outside Independent	Yasuyuki Abe	Male	Outside Director	12 of 12 meetings (100%)	2 years
8	Reelection Outside Independent	Natsunosuke Yago	Male	Outside Director	12 of 12 meetings (100%)	2 years
9	Reelection Outside Independent	Miwako Doi	Female	Outside Director	10 of 10 meetings (100%)	1 year

Notes:

1. The candidates have no special interest relationships with the Company.
2. The attendance at the Board of Directors meetings of Ms. Miwako Doi shows figures covering the meetings held after her assumption of office on June 23, 2020.
3. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
4. Each candidate is currently a Director of the Board or Vice President of the Company, and the Company has entered into a directors and officers liability insurance contract with an insurance company, under which these candidates are included in the list of insured persons. The insurance policy covers compensation for damages and legal expenses to be borne by the insured in cases when they receive a claim for damages as a result of their wrongful acts conducted in their capacity as directors and officers. However, there are certain liabilities that are not covered under the policy, such as those arising from actions performed knowing that it is a violation of law. The insurance premiums are fully borne by the Company, and the insured persons are not required to pay the premiums in real terms. When their appointment is approved, each of the candidates will be included in the list of insured persons under the insurance contract. The insurance contract will expire in the middle of each candidate's term of office, and the Company intends to renew the contract with similar terms and conditions.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review		Number of the Company's Shares Held
1	 Tomomi Nakamura (May 17, 1959) Candidate for reelection Male	Apr. 1982 Jun. 2004 Apr. 2011 Jun. 2011 Apr. 2013 Apr. 2014 Apr. 2016 Apr. 2018 Jun. 2018	Joined the Company General Manager, Marketing Planning Department, Subaru Japan Sales & Marketing Division Vice President, Senior General Manager, Strategy Development Division General Manager, Corporate Planning Department Vice President, Chief General Manager, Strategy Development Division General Manager, Corporate Planning Department Vice President, Senior General Manager, Subaru Global Marketing Division Senior General Manager, Subaru Overseas Sales & Marketing Division 1 Senior General Manager, Subaru Overseas Sales & Marketing Division 2 Senior Vice President Chief General Manager, Subaru Overseas Sales & Marketing Division 1 Chairman & CEO, Subaru of America, Inc. Executive Vice President Chief General Manager, Subaru Overseas Sales & Marketing Division 1 Chairman & CEO, Subaru of America, Inc. Executive Vice President Representative Director President & CEO (to the present)	27,093 shares

[Continued to the next page]

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
1	Tomomi Nakamura (May 17, 1959) Candidate for reelection Male	<p>[Continued from the previous page]</p> <p><u>(Main fields of responsibilities in the Company)</u> Aerospace Company, Quality</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Tomomi Nakamura has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in sales & marketing, corporate planning, and overseas operation areas. After assuming the post of Representative Director of the Board and President in June 2018, Mr. Nakamura worked out the “STEP” mid-term management vision in which the Group aims to gain the sympathy and confidence of customers through the provision of “Peace of mind and enjoyment,” and has led the key initiatives of “corporate culture reforms”, “Quality enhancement”, and the “Make-a-Subaru” initiative. We are nominating him as a Director candidate again with the expectation that, under his leadership, steady execution of reforms will be ensured toward achieving the goals of “Become a brand that is ‘different’ from others by enhancing distinctiveness,” “Engage in business activities that resonate with customers by putting them center-stage,” and “Fulfill corporate social responsibilities by contributing to diversifying social needs” in the Vision for 2025 and the Group’s sustainable growth will be realized.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 12 of 12 meetings (100%)</p>	27,093 shares

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
2	 <p>Kazuo Hosoya (July 29, 1957)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1982 Joined the Company</p> <p>May 2006 General Manager, Corporate Planning Department</p> <p>Jan. 2009 Senior General Manager, Subaru Japan Sales & Marketing Division</p> <p>Jun. 2010 President, Tokyo Subaru Inc.</p> <p>Apr. 2012 Vice President General Manager, Human Resources Department</p> <p>Apr. 2014 Senior Vice President General Manager, Human Resources Department General Manager, Career Support Office President, Subaru Bloom Co.Ltd</p> <p>Apr. 2015 Senior Vice President Chief General Manager, Subaru Japan Sales & Marketing Division</p> <p>Apr. 2016 Executive Vice President Chief General Manager, Subaru Japan Sales & Marketing Division</p> <p>Mar. 2018 Retired from Executive Vice President</p> <p>Apr. 2018 President, Tokyo Subaru Inc.</p> <p>Dec. 2018 Retired from President of Tokyo Subaru Inc.</p> <p>Jan. 2019 Deputy President, Chief General Manager, Subaru Manufacturing Division Chief General Manager, Gunma Plant</p> <p>Jun. 2019 Representative Director ,Deputy President, Chief General Manager, Subaru Manufacturing Division Chief General Manager, Gunma Plant</p> <p>Apr. 2020 Representative Director ,Deputy President, Chief General Manager, Subaru Manufacturing Division</p> <p>Apr.2021 Representative Director, Chairman (to the present)</p>	17,699 shares


[Continued to the next page]

[Translation for Reference and Convenience Purposes Only]


No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
2	Kazuo Hosoya (July 29, 1957) Candidate for reelection Male	<p>[Continued from the previous page]</p> <p><u>(Main fields of responsibilities in the Company)</u> Secretarial Office, Human Resources Dept.</p> <p><u>(Significant Positions Concurrently Held)</u> None applicable</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Kazuo Hosoya has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in human resources, corporate planning, sales & marketing, and manufacturing areas. We are nominating him as a Director candidate again expecting him to supervise management taking all stakeholders' interests into account and further promote the organizational culture reform, for the increasingly important aim of fostering management personnel and further improvement of corporate governance to achieve sustainable growth of the Group.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 12 of 12 meetings (100%)</p>	17,699 shares

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

[Translation for Reference and Convenience Purposes Only]


No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
3	 Katsuyuki Mizuma (April 3, 1960) New candidate Male	<p>Apr. 1984 Joined The Industrial Bank of Japan, Ltd</p> <p>Apr. 2012 Executive Officer General Manager of Asia & Oceania Division</p> <p>Apr. 2014 Managing Executive Officer, Head of Asia & Oceania excl. East Asia</p> <p>Oct. 2015 Managing Executive Officer of Mizuho Financial Group, Inc. (Concurrent post)</p> <p>Apr. 2016 Joined the Company Senior Vice President Senior General Manager, Subaru Overseas Sales &Marketing Division 2</p> <p>Apr. 2017 Senior Vice President Chief General Manager, Overseas Sales &Marketing Division 2</p> <p>Apr. 2018 Executive Vice President Chief General Manager, Overseas Sales &Marketing Division 1 Chief General Manager, Overseas Sales &Marketing Division 2</p> <p>Apr. 2020 Executive Vice President Chief General Manager, Overseas Sales &Marketing Division 2</p> <p>Apr. 2021 Executive Vice President, CFO, & CRMO (to the present)</p> <p><u>(Main fields of responsibilities in the Company)</u> Finance & Accounting Dept.</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA) Vice Chairman, Subaru of China Ltd.</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Katsuyuki Mizuma has served in significant positions at a financial institution. After joining Subaru, he accumulated experience from a non-insider viewpoint in the area of overseas marketing as a whole, including our core North American market. In order to realize sustainable growth of the Group based on his abundant experience, broad knowledge, and expertise, we are nominating him as a Director candidate, expecting him to supervise management considering interests of all stakeholders and properly enhance the entire Group's financial structure and corporate governance.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> -</p>	8,533 shares

[Translation for Reference and Convenience Purposes Only]


No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
4	 Tetsuo Onuki (November 15, 1960) Candidate for reelection Male	<p>Apr. 1984 Joined the Company</p> <p>Apr. 2006 General Manager, Subaru Product & Portfolio Planning Division, Design Department</p> <p>Sep. 2008 General Manager, Subaru Engineering Division, Body Design Department</p> <p>Apr. 2014 Vice President, Senior General Manager, Subaru Engineering Division General Manager, Subaru Engineering Division, Body Design Department</p> <p>Apr. 2016 Senior Vice President, Chief General Manager, Subaru Engineering Division 1 Chief General Manager, Subaru Technical Research Center</p> <p>Apr. 2018 Executive Vice President & CTO Chief General Manager, Engineering Management Division Chief General Manager, Engineering Division 1</p> <p>Jun. 2018 Director, Executive Vice President & CTO Chief General Manager, Engineering Management Division</p> <p>Apr. 2019 Director, Executive Vice President & CTO</p> <p>Apr. 2020 Director, Executive Vice President Chief General Manager, Purchasing Division (to the present)</p> <p><u>(Main fields of responsibilities in the Company)</u> Purchasing Div., Product Planning Div.</p> <p><u>(Significant Positions Concurrently Held)</u> None applicable</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Tetsuo Onuki has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in technology and product planning areas. In order to realize sustainable growth of the Group, we are nominating him once again to serve as Director, expecting him to supervise management considering interests of all stakeholders, properly enhance customer value centering on “Enjoyment and Peace of Mind,” and bolster procurement strategies.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 12 of 12 meetings (100%)</p>	16,371 shares

Notes: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.


[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
5	 Atsushi Osaki (April 19, 1962) New candidate Male	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2007 General Manager, Subaru Product & Portfolio Planning Division</p> <p>Jun. 2011 General Manager, Engineering Administration Department Subaru Engineering Division</p> <p>Apr. 2016 Vice President, Chief General Manager, Subaru Quality Assurance Division</p> <p>Apr. 2017 Vice President, Chief General Manager, Subaru Quality Assurance Division</p> <p>Apr. 2018 Senior Vice President, Chief General Manager, Subaru Quality Assurance Division & CQO</p> <p>Jan. 2019 Senior Vice President Chief General Manager, Quality Assurance Division Chief General Manager, Customer Service Division & CQO</p> <p>Apr. 2019 Executive Vice President Chief General Manager, Quality Assurance Division & CQO</p> <p>Apr. 2020 Executive Vice President Chief General Manager, Quality Assurance Division & CQO Director of Total Quality Management Office</p> <p>Apr. 2021 Executive Vice President Chief General Manager, Subaru Manufacturing Division (to the present)</p> <p><u>(Main fields of responsibilities in the Company)</u> Manufacturing, China Project Office</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. (SIA)</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Atsushi Osaki has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in the fields of technology, product planning, quality and customer service area. In order to realize the Group's sustainable growth, we are nominating him to serve as Director, expecting him to supervise management considering interests of all stakeholders and properly enhance manufacturing strategy and quality.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> -</p>	16,161 shares

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
6	 <p>Fumiaki Hayata (March 18, 1964)</p> <p>New candidate</p> <p>Male</p>	<p>Apr. 1986 Joined the Company</p> <p>Apr. 2007 General Manager, Purchasing Planning Department, Subaru Purchasing Division</p> <p>Apr. 2015 Vice President, Senior General Manager, Subaru Overseas Sales & Marketing Division 1</p> <p>Apr. 2017 Senior Vice President, General Manager, Corporate Planning Dept.</p> <p>Apr. 2019 Senior Vice President, Chief General Manager, Corporate Planning Department.</p> <p>Apr.2020 Executive Vice President Chief General Manager, Overseas Sales &Marketing Division 1, Chairman & CEO, Subaru of Indiana Automotive, Inc. (to the present)</p> <p><u>(Main fields of responsibilities in the Company)</u> Overseas Sales & Marketing Div. 1</p> <p><u>(Significant Positions Concurrently Held)</u> Director, Subaru of Indiana Automotive, Inc. (SIA)</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Fumiaki Hayata has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in procurement, sales & marketing, and corporate planning areas. In order to realize the Group's sustainable growth, we are nominating him to serve as Director, expecting him to supervise management considering interests of all stakeholders and properly enhance corporate governance of the entire Group, including overseas businesses.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> -</p>	9,156 shares

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
7	 <p>Yasuyuki Abe (April 17, 1952)</p> <p>Candidate for reelection</p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p> <p>Male</p>	<p>Apr. 1977 Joined Sumitomo Corporation</p> <p>Jun. 2002 President and Representative Director, Sumisho Electronics Co., Ltd. (current SCSK Corporation)</p> <p>Apr. 2005 President and Representative Director, Sumisho Information System Co., Ltd. (current SCSK Corporation)</p> <p>Jun. 2009 Representative Director and Managing Executive Officer, General Manager of Financial & Logistics Business Unit, Sumitomo Corporation</p> <p>Apr. 2010 Representative Director and Managing Executive Officer, General Manager of New Industry Development & Cross-Function Business Unit, Sumitomo Corporation</p> <p>Apr. 2011 Representative Director and Senior Executive Operating Officer, General Manager of New Industry Development & Cross-Function Business Unit and General Manager of Finance Department, Sumitomo Corporation</p> <p>Apr. 2013 Representative Director and Senior Executive Operating Officer, General Manager of Corporate Planning & Coordination Department, Sumitomo Corporation</p> <p>Jun. 2015 Advisor, Sumitomo Corporation</p> <p>Jun. 2016 Outside Corporate Auditor, Subaru Corporation</p> <p>Jun. 2018 Retired from Advisor to Sumitomo Corporation</p> <p>Jun. 2019 Retired from Outside Corporate Auditor, Subaru Corporation</p> <p>Jun. 2019 Outside Director, Subaru Corporation (to the present)</p>	3,700 shares

[Continued to the next page]


[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
7	Yasuyuki Abe (April 17, 1952) Candidate for reelection Candidate for Outside Director Candidate for Independent Director Male	<p>[Continued from the previous page]</p> <p><u>(Significant Positions Concurrently Held)</u> External Director of the Board, JVC KENWOOD Corporation (scheduled to resign in June 2021) Advisor, ORANGE AND PARTNERS CO., LTD.</p> <p><u>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</u> As Representative Director and Senior Executive Operating Officer of Sumitomo Corporation, Mr. Yasuyuki Abe has been involved in management in both a supervisory and executorial capacity, possesses extensive experience and knowledge in business management, and has an advanced understanding of the field of IT. Mr. Abe has served as the Company's independent outside corporate auditor for three years since June 2016. During this period, he audited execution of duties by directors and often made honest and truthful remarks to the management team appropriately and in a timely manner. As he has served as an Independent Outside Director since June 2019 and made beneficial proposals for the Company's management, we expect him to provide sufficient advice and supervision regarding management in general from an independent position as Outside Director of the Company, and thus proposed him as a candidate for Outside Director.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 12 of 12 meetings (100%)</p>	3,700 shares

Notes:

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
2. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, the Company has concluded a contract with Messrs. Based on this provision, the Company has concluded a contract for limitation of liability with Mr. Yasuyuki Abe which limits his liability for the compensation of damages to the amount stipulated in Article 425, Item 1 of the Companies Act. If his reelection as Director is approved in this Annual General Meeting of Shareholders, we intend to continue with the contract for limitation of liability concluded between him and the Company.
3. The Company designates Mr. Yasuyuki Abe as Independent Director as set forth by the Tokyo Stock Exchange. If his reelection is approved, the Company will continue the designation.
4. In October 2017, while Mr. Abe was serving as Outside Corporate Auditor, improper practices were found in sample tests of fuel economy and emissions and other final vehicle inspections. While he had no prior knowledge of such facts, he has routinely provided advice regarding compliance and internal control based on his extensive experience and sharp insights. After the aforementioned facts were identified, he fulfilled his responsibilities by receiving reports concerning the efforts to detect the causes of these improper conduct cases and measures to prevent recurrence, as well as by providing various suggestions.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
8	 Natsunosuke Yago (May 16, 1951) Candidate for reelection Candidate for Outside Director Candidate for Independent Director Male	<p>Apr. 1977 Joined Ebara Corporation</p> <p>Jun. 2002 Executive Officer, Ebara Corporation</p> <p>Apr. 2004 Senior Executive Officer and General Manager of Precision Machinery Department, Ebara Corporation, Chairman and Representative Director, Ebara Precision Machinery Europe GmbH, Chairman and Representative Director, Ebara Technologies Inc., Chairman, Shanghai Ebara Precision Machinery Co., Ltd.</p> <p>Jun. 2004 Director, Ebara Corporation</p> <p>Apr. 2005 Director, Ebara Corporation, Chairman, Ebara-Densan Taiwan Manufacturing Co., Ltd.</p> <p>Jun. 2005 Director and President of Precision Machinery Company, Ebara Corporation, Director, Fujisawa Plant</p> <p>Apr. 2006 Director and Managing Executive Officer and President of Precision Machinery Company, Ebara Corporation</p> <p>Apr. 2007 President and Representative Director, Ebara Corporation</p> <p>May 2007 President and Representative Director and General Manager of Internal Control Promotion Division, Ebara Corporation</p> <p>Jul. 2009 President and Representative Director and General Manager of Internal Control Division, Ebara Corporation</p> <p>Apr. 2013 Chairman of the Board, Ebara Corporation</p> <p>Mar. 2019 Retired from Chairman of the Board, Ebara Corporation</p> <p>Jun. 2019 Outside Director, Subaru Corporation (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u></p> <p>President, Ebara Hatakeyama Memorial Foundation</p> <p>Outside Director, J. FRONT RETAILING Co., Ltd.</p> <p><u>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</u></p> <p>Mr. Natsunosuke Yago served as President and Representative Director and Chairman of the Board at Ebara Corporation and has extensive experience and knowledge in business management. He has advanced knowledge of corporate internal control and governance. As he has served as an Independent Outside Director since June 2019 and made beneficial proposals for the Company's management based on his abundant experience, broad knowledge, and deep insight into corporate social responsibility, we expect him to provide sufficient advice and supervision regarding management in general from an independent position as an Outside Director of the Company, and thus proposed him again as a candidate for Outside Director.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u></p> <p>12 of 12 meetings (100%)</p>	2,500 shares

[Translation for Reference and Convenience Purposes Only]

Notes:

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
2. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, the Company has concluded a contract with Messrs. Based on this provision, the Company has concluded a contract for limitation of liability with Mr. Natsunosuke Yago which limits his liability for the compensation of damages to the amount stipulated in Article 425, Item 1 of the Companies Act. If his reelection as Director is approved in this Annual General Meeting of Shareholders, we intend to continue with the contract for limitation of liability concluded between him and the Company.
3. The Company designates Mr. Natsunosuke Yago as Independent Director as set forth by the Tokyo Stock Exchange. If his reelection is approved, the Company will continue the designation.
4. In September 2016, when Mr. Yago was serving as Director of Ebara Corporation, it was identified that regarding the construction work mainly carried out by an affiliate company of Ebara Corporation involving changing existing sewage pipes in an apartment building, some of the employed construction methods did not conform to the Building Standards Act. While he had no prior knowledge of such facts, he has routinely provided advice regarding compliance and internal control based on his extensive experience and sharp insights. After the aforementioned facts were identified, he fulfilled his responsibilities by receiving reports concerning efforts to detect the causes and measures to prevent recurrence, providing various suggestions, and implementing necessary remedial measures according to the guidance of the Ministry of Land, Infrastructure, Transport and Tourism and specific administrative agencies.

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors of the Board, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
9	 Miwako Doi (June 2, 1954) Candidate for reelection Candidate for Outside Director Candidate for Independent Director Female	<p>Apr. 1979 Joined Research & Development Center, Tokyo Shibaura Electric Corporation(Toshiba Corporation)</p> <p>Jul. 2005 Senior Fellow, Human Centric Laboratory, Corporate Research & Development Center Toshiba Corporation</p> <p>Jul. 2006 Senior Fellow, Corporate Research & Development Center</p> <p>Jul. 2008 Chief Fellow, Corporate Research & Development Center</p> <p>Jun. 2014 Retired from Toshiba Corporation</p> <p>Jun. 2020 Outside Director, Subaru Corporation (to the present)</p> <p><u>(Significant Positions Concurrently Held)</u></p> <p>Auditor, National Institute of Information and Communications Technology (part-time) (Scheduled to resign in June 2021)</p> <p>Executive Vice President, Tohoku University (part-time)</p> <p>Executive Director, Nara Institute of Science and Technology (part-time)</p> <p>External Director, Isetan Mitsukoshi Holdings Ltd.</p> <p>Outside Director, NGK Spark Plug Co., Ltd.</p> <p><u>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</u></p> <p>Ms. Miwako Doi long worked for Toshiba Corp. for many years as researcher and supervisor in the area of information technology. As an expert of the area, she has made many achievements. In recognition of her high expertise and abundant experience and knowledge, she has been appointed to governmental advisory bodies. In consideration of the abundant experience and high expertise she developed through these experiences and activities, we judged that Ms. As she has served as an Independent Outside Director of the Company since June 2020 and made beneficial proposals for the Company's management, we expect her to provide sufficient advice and supervision regarding management in general from an independent position as an Outside Director of the Company, and thus proposed her as a candidate for Outside Director.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u></p> <p>10 of 10 meetings (100%)</p>	100 shares

Notes:

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
2. The attendance at the Board of Directors meetings of Ms. Miwako Doi shows figures covering the meetings held after her assumption of office on June 23, 2020.
3. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, the Company has concluded a contract with Messrs. Based on this provision, the Company has concluded a contract for limitation of liability with Ms. Miwako Doi which limits her liability for the compensation of damages to the amount stipulated in Article 425, Item 1 of the Companies Act. If his reelection

[Translation for Reference and Convenience Purposes Only]

as Director is approved in this Annual General Meeting of Shareholders, we intend to continue with the contract for limitation of liability concluded between him and the Company.

4. The Company designates Ms. Miwako Doi as Independent Director as set forth by the Tokyo Stock Exchange. If her reelection is approved, the Company will continue the designation.
5. Ms. Miwako Doi was appointed as an outside director of Isetan Mitsukoshi Holdings Co., Ltd. on June 17, 2019. Its subsidiary, MI Card Co., Ltd., received Orders for Action as of July 8, 2019 and an Administrative Surcharge Payment Order on March 24, 2020 from the Consumer Affairs Agency, for an allegation that the company was engaged in misleading representation in violation of Article 5, Item 1 or 2 of the Act, in relation to the transactions of services associated with “MI Card Plus Gold,” a credit card brand offered by the subsidiary. She had no prior knowledge of such facts. After the fact was revealed, she duly performed her duties by developing recurrence prevention measures for the Isetan Mitsukoshi Group including the company and the subsidiary through deliberation at the board of directors of Isetan Mitsukoshi Holdings Co., Ltd., communicating the fact to all employees, and making utmost efforts to strengthen employee education programs.

Proposal No. 3 Election of One (1) Corporate Auditor

As of the conclusion of this Annual General Meeting of Shareholders, the term of office of Corporate Auditor Mr. Akira Mabuchi will retire due to resignation. Accordingly, the election of one (1) Corporate Auditor is proposed.

The proposal has been approved by the Board of Corporate Auditors.

The candidates for Corporate Auditor are as follows.

No.	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Corporate Auditors	Number of the Company's Shares Held
1	 <p>Yoichi Kato (September 14, 1959)</p> <p>New candidate</p> <p>Male</p>	<p>Apr. 1983 Joined the Ministry of International Trade and Industry (MITI), Japanese government (Present Ministry of Economy, Trade and Industry)</p> <p>Jul. 2010 Director-General, Chubu Bureau of Economy, Trade and Industry</p> <p>Aug. 2011 Director-General, Business Environment Department, Small and Medium Enterprise Agency</p> <p>Sep. 2012 Councillor, Cabinet Secretariat</p> <p>Dec. 2012 Deputy Director-General for Policy Evaluation, (METI)</p> <p>Jun. 2013 Director-General for Regional Economic and Industry Policy</p> <p>Oct. 2014 Joined the Company Vice President</p> <p>Apr. 2015 Vice President General Manager, External Relations Department</p> <p>Apr. 2016 Senior Vice President General Manager, External Relations Department</p> <p>Apr. 2017 Senior Vice President General Manager, External Relations Department Chief General Manager, Corporate Administration Division</p> <p>Jun. 2017 Director, Senior Vice President General Manager, External Relations Department Chief General Manager, Corporate Administration Division</p> <p>Apr. 2018 Director, Executive Vice President General Manager, Legal Department</p> <p>Oct. 2018 Director, Executive Vice President</p> <p>Apr. 2019 Director, Executive Vice President & CRMO</p> <p>Apr. 2021 Director, Executive Vice President (to the present)</p>	11,129 shares

[Continued to the next page]

[Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for Nominating the Candidates for Corporate Auditors	Number of the Company's Shares Held
1	Yoichi Kato (September 14, 1959) New candidate Male	<p>[Continued from the previous page]</p> <p><u>(Significant Positions Concurrently Held)</u> None applicable</p> <p><u>(Reasons for nominating the candidate for Corporate Auditor)</u> Mr. Yoichi Kato has served in significant positions at the Ministry of Economy, Trade and Industry, and accumulated experience from a non-insider viewpoint mainly in the areas of external relationship, business management, corporate governance and risk management at the Company and the Group companies. In order to realize sustainable growth of the Group, we are nominating him once again as a candidate for Director, expecting him to supervise management with consideration of interests of all stakeholders and properly enhance external relationship and corporate governance for the whole Group based on abundant experience and broad knowledge and expertise, as well as deep insight into corporate social responsibility. Based on his background and wide experience as described above, we nominated him as a candidate for a Corporate Auditor, with the expectation that he would appropriately perform his duties as a Corporate Auditor.</p>	11,129 shares

Notes:

1. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, if Mr. Yoichi Kato is appointed as a Corporate Auditor in this Annual General Meeting of Shareholders, the Company intends to conclude a contract for limitation of liability with him which will limit his liabilities for the compensation of damages to the amount stipulated in Article 425, paragraph 1 of the Companies Act.
2. Mr. Yoichi Kato is currently a Director of the Board of the Company, and the Company has entered into a directors and officers liability insurance contract with an insurance company, under which Mr. Kato is included in the list of insured persons. The insurance policy covers compensation for damages and legal expenses to be borne by the insured in cases when they receive a claim for damages as a result of their wrongful acts conducted in their capacity as directors and officers. However, there are certain liabilities that are not covered under the policy, such as those arising from actions performed knowing that it is a violation of law. The insurance premiums are fully borne by the Company, and the insured persons are not required to pay the premiums in real terms. If the appointment of Mr. Kato is approved, he will be included in the list of insured persons. The insurance contract will expire in the middle of his term of office, and the Company intends to renew the contract with similar terms and conditions.

Proposal No. 4 Election of One (1) Substitute Corporate Auditor

At the commencement of the 90th Ordinary General Meeting of Shareholders, the resolution on the election of the Substitute Auditor, made at the 89th Ordinary General Meeting of Shareholders held on June 23, 2020, expires. Accordingly, the election of one (1) Substitute Outside Auditor is proposed.

The candidate for the position of Substitute Auditor for Outside Corporate Auditor is as follows:

The validity of the resolution on the election of Mr. Hirohisa Ryu shall expire at the opening of the first Ordinary General Meeting of Shareholders to be held after said resolution is made, and can be nullified by resolution of the Board of Directors, with the consent of the Board of Corporate Auditors Meeting, only before he assumes office.

The proposal has been approved by the Board of Corporate Auditors Meeting.

Name (Date of Birth)	Biography, Significant Positions Concurrent Held, and Reasons for Nominating the Candidate for Substitute Corporate Auditor	Number of the Company's Shares Held
Hirohisa Ryu (August 4, 1964) Outside Independent Male	<p>Apr. 1994 Certified as an attorney and joined Tokyo Hatchobori Law Office.</p> <p>Apr. 2001 Assistant Chief of Financial Crisis Response Office, Planning and Management Division, Supervision Bureau of Finance Services Agency (under fixed-term contract).</p> <p>Apr. 2003 Returned to Tokyo Hatchobori Law Office.</p> <p>Apr. 2004 Partner at Tokyo Hatchobori Law Office (to the present)</p> <p>Jun. 2013 Outside Corporate Auditor, eGuarantee, Inc. (to the present)</p> <p>May 2017 Outside Auditor, Renown Incorporated</p> <p>Nov. 2020 Retired from Outside Auditor, Renown Incorporated</p> <p><u>(Reasons for nominating the candidate for Outside Substitute Corporate Auditor)</u></p> <p>With his long career as an attorney, and having worked as an outside corporate auditor and a fixed-term official of FSA, Mr. Hirohisa Ryu has both scholarly knowledge and practical experience regarding corporate legal affairs. Although he has no experience dealing directly with corporate management other than as an outside auditor, he has expert knowledge of corporate management acquired through his extensive hands-on experience in corporate legal, accounting and financial affairs. Based on the above, the Company concluded that he is capable as an Outside Corporate Auditor and should be able to fulfill the relevant duties appropriately if he takes office.</p>	0 shares

Notes:

1. To allow the Company's Directors and Corporate Auditors fulfill the roles expected of them, the Company's Articles of Incorporation provides that the Company may conclude a contract with its Directors of the Board (excluding those who are executive directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for the compensation of damages under Article 423, Item 1 of the Companies Act. Based on this provision, if he assumes office as the Corporate Auditor, the Company will conclude the above contract to set the upper limit for their liabilities at the amount stipulated under Article 425, Item 1 of the Companies Act with him.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company. The insurance contract provides coverage for liability of an insured when a compensation claim is filed against the insured as a result of an improper act he/she committed utilizing his/her position, as well as other damages including litigation costs. However, there are certain liabilities that are not covered under the policy, such as those arising from actions performed knowing that it is a violation of law. The insurance premiums are fully borne by the Company, and the insured persons are not required to pay the premiums in real terms.

[Translation for Reference and Convenience Purposes Only]







If Mr. Hirohisa Ryu is appointed as an Outside Auditor, he will be included in the list of insured under the insurance contract. If the insurance contract will expire in the middle of his term of office, the Company intends to renew the contract with similar terms and conditions.

3. After Mr. Ryu assumes office, the Company will register him as the Independent Corporate Auditor set forth by Tokyo Stock Exchange.

(Reference) Structure of the Board of Directors and Board of Corporate Auditors after approval of Proposals No. 2 and 3






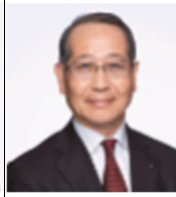

If Proposals No. 2 and 3 are approved without amendment, the structure of the Board of Directors and Board of Corporate Auditors will be as next page. The total 13 Directors and Corporate Auditors will include three females (23%), the total nine members of the Board of Directors will include three independent Outside Directors (33%), and the total five members of the Executive Nomination Meeting and the Executive Compensation Meeting will include three independent Outside Directors (60%).

[Translation for Reference and Convenience Purposes Only]

	Board of Directors					
						
Name and attributes	Tomomi Nakamura Male	Kazuo Hosoya Male	Katsuyuki Mizuma Male	Tetsuo Onuki Male	Atsushi Osaki Male	Fumiaki Hayata Male
Planned positions, etc.	Representative Director, President	Director, Chairman	Director, Executive Vice President	Director, Executive Vice President	Director, Executive Vice President	Director, Executive Vice President
	CEO	Chairman of the Board	CFO			
	Member of the Executive Nomination Meeting	Chairman of the Executive Nomination Meeting	CRMO			
	Member of the Executive Compensation Meeting	Chairman of the Executive Compensation Meeting				
Total years of service	3 years	2 years	New candidate	3 years	New candidate	New candidate
Number of the Company's Shares Held	27,093 shares	17,699 shares	8,533 shares	16,371 shares	16,161 shares	9,156 shares
Management (executive experience)	●					
Technology/development				●	●	
Manufacturing/purchase		●		●	●	●
Sales/marketing	●	●	●			●
Global	●		●	●		●
Finance (CFO experience)						
Corporate/ESG	●	●				
IT						

Note: The list above does not cover the entire scope of knowledge held by the Directors and Corporate Auditors.

[Translation for Reference and Convenience Purposes Only]

			Board of Corporate Auditors			
						
Yasuyuki Abe Male Independent Outside	Natsunosuke Yago Male Independent Outside	Miwako Doi Female Independent Outside	Yoichi Kato Male	Hiromi Tsutsumi Female	Shigeru Nosaka Male Independent Outside	Kyoko Okada Female Independent Outside
Director	Director	Director	Standing Corporate Auditor	Standing Corporate Auditor	Corporate Auditor	Corporate Auditor
Member of the Executive Nomination Meeting	Member of the Executive Nomination Meeting	Member of the Executive Nomination Meeting				
Member of the Executive Compensation Meeting	Member of the Executive Compensation Meeting	Member of the Executive Compensation Meeting				
2 years	2 years	1 year	New candidate	1 year	2 years	2 years
3,700 shares	2,500 shares	100 shares	11,129 shares	19,056 shares	700 shares	800 shares
●	●					
	●	●				
	●					
				●		●
●	●		●		●	
					●	
●	●		●	●		●
●		●	●			

(Reference) Criteria for Independence of Outside Officers

The Company considers that it is desirable for outside directors and outside corporate auditors (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 5% or more 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 an incorporated entity and union, a person belonging to such organization)
8. A person or a person who belongs to a corporation or association receiving a large donation^{*6} from the Group and who is directly engaged in the activity for the 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 fall within any of items 1. through 9. above
11. A person who fall 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 eight or more 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

Note 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.

Note 2: A major shareholder refers to a shareholder holding 5% or more 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 an incorporated entity and union, a person engaged in business execution of item 2. refers to such person who belongs to said organization.

Note 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 fiscal year of the three fiscal years immediately preceding the most recent fiscal year exceed 2% of the Group’s annual consolidated net sales, etc., in the relevant fiscal year.

Note 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 fiscal year of the three fiscal years immediately preceding the most recent fiscal year exceed 2% of the annual net sales, etc., of the said company group.

Note 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.

Note 6: A large amount refers to a case in which the amount of consideration or donation received from the Company exceeds 10 million yen for an individual and either higher amount of followings 10 million yen or 2% of annual gross income or consolidated net sales for an incorporated entity or association per year.

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

Attachments

Report on non-consolidated financial statements for the 90th fiscal period (April 1, 2020 to March 31, 2021)

1. Matters concerning the status of SUBARU GROUP

(1) Progress and Results

During the fiscal year under discussion, the global economy continued to suffer from the world-wide pandemic of COVID-19. While there are some signs of recovery in conjunction with the phased reopening of economic activities, the automobile industry's future prospect remains uncertain due to such factors as the global shortage of semiconductors continuing since the fourth quarter.

Under such circumstances, we have been engaged, as the entire Subaru Group, in the efforts for the prevention of COVID-19 and its spread, as well as in the implementation of the medium-term management vision "STEP." As part of our priority theme—corporate culture reform—we are committed to changing each and every employee's mindset through the workstyle reform and other changes in our business environment caused by the pandemic, under the action guideline of "Change mindset, change behavior, change the company." Moreover, in the field of quality enhancement, with our base "Thorough implementation of Quality-First mindset and reinforcement of the organizational efforts and structure.", we are undertaking various initiatives including the change of processes in each phase of development and production, along with the building of new processes. We also launched the "Make-a-Subaru" project for environmental efforts and further evolution of safety and security functions that support enjoyment and peace of mind. One of the project's accomplishments include the installation of "EyeSight X," a new generation, more advanced driver assist system, into the all-new Levorg—the model released in last autumn.

In the current consolidated fiscal year, thanks mainly to our key North American market—where sales were on a recovery trend from the effects of COVID-19 from the second quarter—the consolidated financial performance remained at a level higher than the previous year during the third quarter. However, in the fourth quarter, production declined due to the shortage of semiconductor supply. These led to a decline in unit sales and a year-on-year decrease in revenue by 513.9 billion yen (15.4%) to 2,830.2 billion yen.

As the decline in unit sales more than offset the reduction in SG&A expenses and the decrease in warranty expenses, operating profit decreased by 107.9 billion yen (51.3%) to 102.5 billion yen, profit before tax fell by 93.7 billion yen (45.1%) to 114.0 billion yen, and profit for the period attributable to owners of parent declined by 76.1 billion yen (49.9%) to 76.5 billion yen on a year-on-year basis.

	Amount of money (Millions of Yen)	Change (%)
Revenue	2,830,210	(15.4)
Operating Profit	102,468	(51.3)
Profit before tax	113,954	(45.1)
Profit for the period attributable to owners of parent	76,510	(49.9)

(Automobile Division)

Overall automobile demand in the United States, our mainstay market, decreased from the previous fiscal year by almost 10% to approximately 15 million units. Total automobile demand in Japan decreased by nearly 8.0% to approximately 4.7 million units. In such a business environment, the pandemic severely hit the performance in the first quarter, but overseas retail sales remain strong. This was mainly attributable to the brisk sales of Crosstrek (Japanese name: “SUBARU XV”) in the mainstay North American market. In the domestic market, the all-new Subaru Levorg, which was named 2020-2021 Car of the Year Japan, contributed to sales.



Levorg



Crosstrek

Consequently, overseas and domestic unit sales decreased year on year by 150,000 units (16.5%) to 758,000 units and 24,000 units (19.1%) to 102,000 units, respectively, resulting in a decrease in combined overseas and domestic unit sales by 174,000 units (16.8%) to 860,000 units. Revenue decreased by 456.4 billion yen (14.3%) to 2,737.5 billion yen. Segment profit decreased by 91.2 billion yen (45.5%) to 109.1 billion yen.

Consolidated Unit Sales in the Fiscal Year Ended March 2021

	Unit sales (in 10 thousand units)	Change (in 10 thousand units)	Change (%)
Total in Japan	10.2	(2.4)	(19.1)
Passenger cars	8.2	(2.0)	(19.7)
Minicars	2.0	(0.4)	(16.7)
Total Overseas	75.8	(15.0)	(16.5)
North America	66.1	(10.1)	(13.2)
Europe/Russia	1.8	(2.7)	(60.0)
Australia	3.1	(1.2)	(27.3)
China	2.4	0.4	18.7
Other regions	2.3	(1.4)	(37.5)
Total	86.0	(17.4)	(16.8)

(Reference) Topics

2021 Kelley Blue Brand Image Awards Subaru won the Best Overall Brand award

Subaru was recognized as the Best Overall Brand in the 2021 Brand Image Awards* presented by Kelley Blue Book, a company that offers market prices for all types of vehicles. In the Awards, the Company also won the Most Trusted Brand for the seventh consecutive year, and was recognized as the Best Performance Brand in the non-luxury category. We are committed to continuing our efforts to strengthen the brand in the future.

* The Award is specifically focused on US-market models being sold in the US.



New “Levorg” Named “2020-2021 Japan Car of the Year”

Subaru’s new Levorg was named 2020-2021 Japan Car of the Year when the final results of the selection was announced on December 7, 2020. This is the first time we won the award in four years since 2016, when Impreza Sport/G4 received the award.



Subaru earns Nine IIHS Award for 2021 Model Lineup

— Now it has 57 models with Top Safety Pick+; the largest cumulative number since 2013 as a single brand—

Some of our 2021 models sold in the U.S., our mainstay market, received nine 2021 safety awards from the Insurance Institute for Highway Safety (IIHS) of the US, five of which were 2021 Top Safety Pick+ (TSP+) awards and four of which were 2021 Top Safety Pick (TSP) awards.

With the five 2021 TSP+ awards added, Subaru has received a cumulative total of 57 Top Safety Pick+ awards since its inauguration in 2013, which is more than any other brand. *1

*1: As of February 2021

Models with 2021 TSP+	Awards Received	
Crosstrek *2 Hybrid	3 consecutive years	TSP+
Forester	15 consecutive years	TSP
Legacy	16 consecutive years	TSP
Outback	13 consecutive years	TSP
Ascent	4 consecutive years	TSP
Models with 2021 TSP	Awards Received	
Impreza (sedan) *3	14 consecutive years	TSP
Impreza (5 doors) *3	14 consecutive years	TSP
Crosstrek *2, *3	10 consecutive years	TSP
WRX*3	8 consecutive years	TSP

*2: Japanese name: SUBARU XV

*3: Models equipped with EyeSight and specific headlights

Only US-market models are considered for TSP award. Source: Results of research by Subaru of America and Subaru Canada

(Aerospace Division)

Sales revenue fell by 54.4 billion yen (38.3%) to 87.7 billion yen, for the reason of fewer deliveries of Boeing 787 and 777 components in the midst of the COVID-19 pandemic. Segment profit decreased year-on-year by 14.9 billion yen to a loss of 9.8 billion yen.

Under such a business environment, the Aerospace Company has been working as one team in efforts to strengthen its business structure. As a result of implementing these efforts, which include the temporary personnel transfer from the Aerospace Company and related entities to the Automotive Business Unit, streamlining of operations through the use of computer systems, and organizing and disposing of jigs, some positive achievements have been seen to date.



SUBARU BELL 412EPX (illustration)

(Other Businesses)

Sales revenue decreased by 3.0 billion yen (37.5%) to 5.0 billion yen. Segment profit decreased by 0.5 billion yen (14.2%) to 3.1 billion yen.

(In Japanese yen in million except for percentage change from the previous period)

By Business Segment	Revenue				Segment Profit			
	89 th FYE2020	90 th FYE2021	Change	Change (%)	89 th FYE2020	90 th FYE2021	Change	Change (%)
Automobile Div.	3,193,949	2,737,503	(456,446)	(14.3)	200,263	109,067	(91,196)	(45.5)
Aerospace Div.	142,141	87,693	(54,448)	(38.3)	5,065	(9,811)	(14,876)	-
Other Businesses	8,019	5,014	(3,005)	(37.5)	3,577	3,070	(507)	(14.2)
Adjustments	-	-	-	-	1,414	142	(1,272)	(90.0)
Total	3,344,109	2,830,210	(513,899)	(15.4)	210,319	102,468	(107,851)	(51.3)

Notes: 1. Revenue is the revenue from external customers.

2. Adjustment to segment profit refers to the elimination of intersegment transactions.

[Translation for Reference and Convenience Purposes Only]

(2) Status of Assets and Profit/Loss

Category		87th FYE 2018	88th FYE 2019		89th FYE2020	90th (Current) FYE2021
		JGAAP	JGAAP	IFRS	IFRS	IFRS
Revenue	(Millions of yen)	3,232,695	3,160,514	3,156,150	3,344,109	2,830,210
Operating profit	(Millions of yen)	379,447	195,529	181,724	210,319	102,468
Profit for the period attributable to owners of parent	(Millions of yen)	220,354	147,812	141,418	152,587	76,510
Ratio of operating profit to revenue	(%)	11.7	6.2	5.8	6.3	3.6
Profit for the period per share, basic	(Yen)	287.40	192.78	184.44	198.99	99.77
Total assets	(Millions of yen)	2,866,474	2,982,725	3,180,597	3,293,908	3,411,712
Total equity	(Millions of yen)	1,561,023	1,612,825	1,689,899	1,720,123	1,786,383
Ratio of equity attributable to owners of parent to total assets	(%)	54.2	53.8	52.9	52.0	52.1
Equity attributable to owners of parent per share	(Yen)	2,025.31	2,093.60	2,193.97	2,233.76	2,318.17
Ratio of profit to equity attributable to owners of parent (ROE)	(%)	14.6	9.4	8.5	9.0	4.4
Price earnings ratio	(%)	12.13	13.08	13.68	10.42	22.09
Operating activities	(Millions of yen)	366,298	174,006	250,732	210,134	289,376
Investing activities	(Millions of yen)	(150,711)	(158,327)	(190,119)	(25,844)	(272,174)
Financing activities	(Millions of yen)	(170,937)	(96,617)	(141,551)	(15,818)	13,966
Cash and cash equivalents	(Millions of yen)	765,591	702,328	702,328	858,966	907,326

Notes:1. The Company has adopted the International Financial Reporting Standards (IFRS) instead of the previously used Japanese standards since the 89th fiscal period. As a result, accounting titles have been adjusted to conform to IFRS. And the figures for the 88th have also been reclassified to the IFRS basis and presented.

2. Profit for the period per share, basic is calculated based on the average number of shares during the period, and basic share attributable to owners of parent is calculated based on the number of shares issued at the end of the period, excluding treasury stock.

(3) Issues That Must Be Addressed

[1] Implementation of the Business Continuity Plan (BCP) under the COVID-19 Pandemic

At the onset of the COVID-19 pandemic, the Company established “Coronavirus Special Countermeasure Headquarters” led by the CEO. At the same time, we are implementing business continuity measures while ensuring the protection of our customers, business partners, and employees of the Group from infection as well as their safety under the overall supervision of the Chief Risk Management Officer (CRMO).

To protect our employees from infection, we put the highest priority on the health and safety of employees and their family members, by suppressing employee exchanges including business trips, making them refrain from participating in large-crowd events, checking their health conditions, and providing support to keep them safe. Furthermore, our Risk Management and Compliance Office, Human Resources Dept., General Administration Dept., IT Strategy Div., and other relevant departments and divisions work together to ensure both safety and workstyle reform by promoting a shift toward a “new normal” operational structure, through the strengthening of IT infrastructure, change of working rules including the discontinuation of the core time, and the encouragement of telework mainly in the Tokyo district.

By offering new model announcement and other events online, we have created opportunities for more customers to directly experience the value provided by Subaru while preventing the infection.

We will continue to pay close attention to the COVID-19 infection situation to ensure the safety of our stakeholders and further disseminate the Subaru brand’s messages.

While we see, mainly in our core overseas markets, a gradual recovery from the decrease in car demand caused by the pandemic in the second quarter onwards, the automobile and other industries are still facing a global semiconductor shortage.

The Company is also experiencing troubles in the supply of certain components from its business partners, resulting in the production adjustments including shutdowns at certain production facilities for two days in January and several days from April 10th.

Although the future component supply is still uncertain, we are committed to offering our products to customers by taking such measures as changing models to be deployed in the production.

The Aerospace Company, which is experiencing a significant decrease in demand, has been engaged in strenuous efforts to ensure both job security and reduction of fixed costs incurred within the Company, through, for example, temporary personnel shuffling beyond functional borders. The Aerospace Company is determined to quickly respond to any recovery in aircraft demand in the future.

[2] Promotion of the “STEP” mid-term management vision

In May 2021, we made a progress report on the medium-term management vision “STEP,” which we announced in July 2018. Hereinafter we describe a review of past achievements and the direction of future initiatives for corporate culture reform, Quality enhancement, and the “Make-a-Subaru” project.

● Corporate Culture Reform

We promote company-wide activities with the slogan of “Change mindset, change actions, change the company.” Specifically, with the aim of becoming a “company that is more open to new ideas and where people can say what they want,” we are continuing the “officer speech relay,” “dialogue-with-general-managers relay,” and the “workplace dialogue” initiatives since July 2018. With regard to the change of mindset, we see a voluntary movement arising to promote cross-sectional communications, partly supported by the rapid increase in the use of IT tools triggered by the COVID-19 pandemic. As a result of sharing management issues, a rapid increase has occurred in opportunities for employees to change their mindset and raise awareness, including workshops to learn about things happening outside the Company.

In the future, we will shift to the phase in which we help our employees to feel their growth and job satisfaction and improve engagement with them by encouraging individual growth, which will result in a better business output.

We are committed to investing our human resources actively in the development of digital technologies and skills, while flexibly responding to new work styles in the era of “living together” with COVID-19. As to the corporate culture, we introduced a new personnel system from the current fiscal year in order to make the Company not only more open to new ideas but also more eager to take on challenges. We will further accelerate these activities.

● **Quality enhancement**

We are advancing efforts in three key domains. The first one is our base, “Thorough implementation of Quality First mindset and reinforcement of the organizational efforts and structure.” The second one is “Execution Quality enhancement.” 40% of quality issues originate from the production preparation stage or later. We intend to prevent such defects originating from this stage from making their way into the market. The domain of “Execution Quality” enhancement includes after sales service efforts to swiftly respond to defects that unfortunately occur in the market. The third one is “Innate Quality enhancement.” This concerns the very origins of development, such as product planning, development, and design. 60% of quality issues originate from this stage.

In While we have made a strong progress in these three areas, there are still issues to be solved and the achievements have not been fully recognized by customers and dealers. High quality is the bedrock of the brand and the source of the added-value strategy. We are fully committed to promoting our activities, including our response to new technologies, and will show the achievements in our performance.

● **Launch of the “Make-a-Subaru” project**

At the technology briefing in January 2020, we announced that we would aim for zero fatal traffic accidents in 2030, and contribute to the creation of a carbon-free society by leveraging Subaru’s unique character and technological innovation. To achieve the zero fatal accidents, we will strive to protect as many lives as possible by sophisticating our preventive safety and collision safety technologies and strengthening the “connected safety” through the enhancement of the automatic accident reporting system. In the future, we will make the EyeSight technology more intelligent and combine advanced sensing technologies with AI recognition abilities to improve the safety in every situation.

With regard to the contributions to the creation of a carbon-free society, we will accelerate our initiatives to achieve the goal of contributing to the achievement of carbon neutrality based on the CO₂ reduction roadmap set forth at the briefing. At the same time, even in the electrification era led by motor-driven cars, we will promote our Subaru Style by taking the all-wheel drive (AWD) capabilities and the dynamic feel to the next level.

[3] Enhancement of Alliances

We are deepening our relationship with Toyota Motor Corporation through collaboration to inspire each other and mutually compete in a friendly manner.

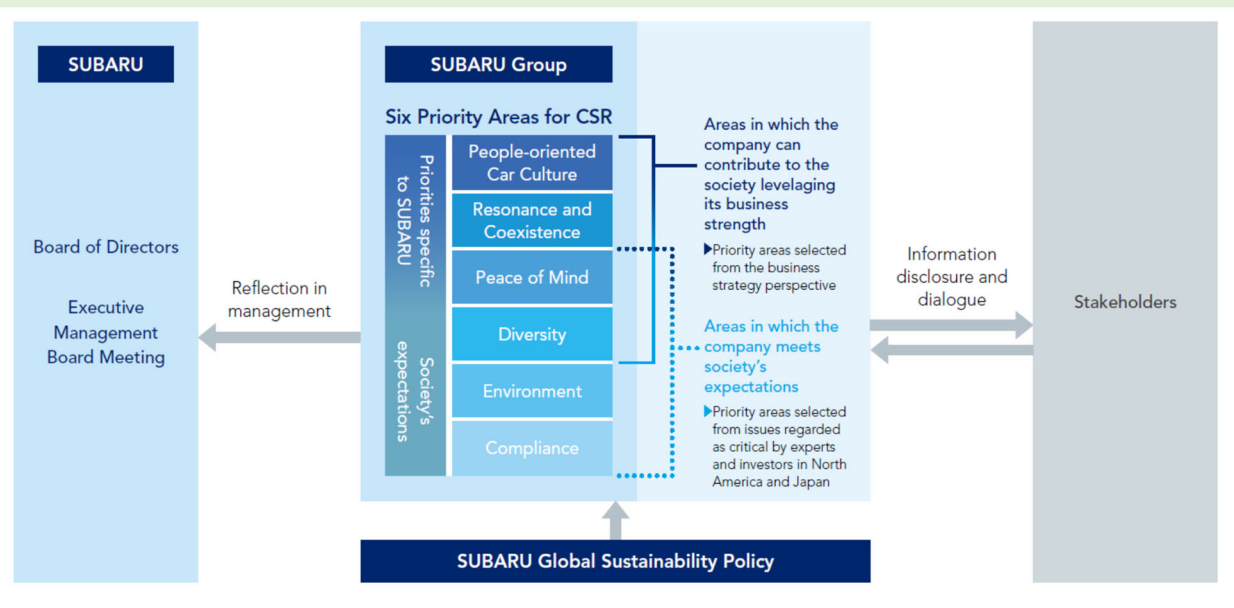
The all-new “SUBARU BRZ” and “SOLTERRA”, Subaru’s first global EV to be launched in mid-2022, were developed jointly with Toyota by combining the two companies’ strengths to manifest the shared vision—creation of ever-better cars.

As the evolution of innovations surrounding automobiles accelerates, we are required to deal with the new area, so-called “CASE.” In such areas as electrification technologies, connected vehicles, and autonomous driving, we will further strengthen and expand collaboration so that we can deal with changes in a flexible manner.

(Reference) Efforts for Sustainable Growth of the Company and Increase in Medium- to Long-term Corporate Value

1. CSR of SUBARU GROUP

In the mid-term management vision “STEP,” Subaru envisions achieving a transition, by 2025, from a company making things, to a company making people smile, guided by our unwavering Management Philosophy of aiming to be a compelling company with a strong market presence built upon its customer-first principle. To achieve this vision, we have adopted the “Six Priority Areas for CSR” approach and will continue to promote initiatives based on the Subaru Global Sustainability Policy and to fulfill our corporate social responsibilities, thereby providing Enjoyment and Peace of Mind to our customers and other stakeholders. The Subaru Group aspires to be a truly global company trusted by society and to contribute to the development of a more affluent, sustainable society.



<Subaru Global Sustainability Policy>

We, Subaru Group*, are committed to sustainable business practices designed to promote harmony between people, society and the environment in the following ways:

1. Through our business activities, we will contribute to the resolution of various social issues, including the protection of the global environment, and to the creation of a sustainable society.
2. Respecting the quality and originality of our products, we will continue to provide Subaru's unique value using advanced technologies, and enrich the lives of all those involved with the Subaru Group.
3. As a good corporate citizen in the international community, we respect human rights, diverse values and individuality, and treat all stakeholders with sincerity in every interaction.
4. We strive to maintain and advance the workplace environment so that employees can work safely in peace, and with a sense of satisfaction.
5. We respect international rules and the laws and regulations of each country and region, as well as local culture and customs, and pursue fair and transparent corporate governance.
6. We make use of dialogue with stakeholders to management decisions, and disclose corporate information in a timely and proper manner.

*: Subaru Group includes Subaru Corporation and its all subsidiaries.

2. 2025 Vision for Six Priority Areas for CSR and Contribution to SDGs

The Company has clarified its Six Priority Areas for CSR based on the “Subaru Global Sustainability Policy.” We aim to step up efforts in each of these Areas to achieve our corporate philosophy, shifting “from a company making things to a company making people smile,” and contribute toward achieving the SDGs.

Six Priority Areas for CSR	Basic Concepts	Vision for 2025	Contribution to SDGs
People-oriented Car Culture	Subaru believes that a car is more than just a means of transport. Subaru will foster a sustainable mobility culture by providing customers with added value in the form of products and services which make the car a partner that enriches people’s lives and minds, while cherishing the human emotions of enjoyment and peace of mind.	Become a company that enriches people’s lives and minds as a partner.	 
Resonance and Coexistence	Subaru will become a company that is trusted by, and resonates and coexists with both individual customers and society as a whole by engaging seriously with their voices through greater person-to-person communication.	Become a company that is widely trusted by, resonates and coexists with society.	 
Peace of Mind	Subaru will become a company that provides all stakeholders with the utmost peace of mind.	Become a company that provides the utmost peace of mind to all stakeholders.	
Diversity	The Subaru Group’s approach to promoting diversity has two key elements: offering products that respect diverse forms of market value, and respecting and reflecting the diverse values of all those who work for the Subaru Group.	Promote businesses that create diverse forms of market values while respecting the diverse values of all people.	 
Environmental Technologies	In order to pass on “The earth, the sky and nature,” Subaru’s fields of business, to future generations, we provide utmost care to the environment with our company-wide activities.	Cherish and protect the global environment – the earth, the sky and nature – through Group-wide activities.	 
Compliance	Subaru will become a company that operates in accordance with laws, regulations, and societal norms, ensuring that our focus on compliance as a priority permeates throughout and is practiced by all those who work for the Subaru Group.	Act in good faith and become a company that is trusted by and resonates with society.	 

3. Subaru Group's Environmental and Social Actions

(1) Environmental Actions

[1] Approach to Climate Change (Global Warming)

The Company believes that the approach to climate change is one of the most important actions and respects the goal set in the Paris Agreement to keep a global average temperature rise below two degrees Celsius above pre-industrial levels. In order to contribute to achieving this goal, the Company will contribute to efforts to realize a post-carbon society through reduction in CO₂ emissions from our products, plants and offices.

Specifically, we are in the process of working out long-term goals, aiming to achieve carbon neutral by around 2050. We are also working out mid-term goals for around 2030 as a milestone on our way to the long-term goals.

Category	Time frame	Target
Products (Scope 3)	2050	Reduce average well-to-wheel CO ₂ emissions from new vehicles (in operation) by 90% or more compared to 2010 levels
	Early 2030s	Apply electrification technologies to all SUBARU vehicles produced and sold worldwide
	Up to 2030	Make at least 40% of SUBARU global sales electric vehicles (EVs) or hybrid electric vehicles (HEVs)
Plants/Offices (Scopes 1 and 2)	FYE March 2051	Achieve carbon neutrality
	FYE March 2031	Reduce CO ₂ emissions by 30% compared with FYE March 2017 (total volume basis)

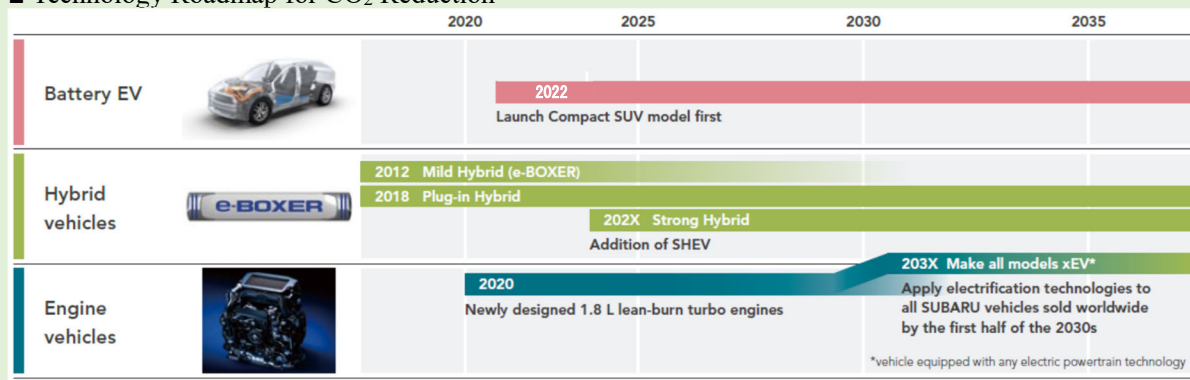
[2] Development of Environment Action Plan 2030 (Scope 1 and 2)

With the aim of achieving a sustainable society, the Company will work to contribute to solving global environmental issues, including, but not limited to, climate change. To achieve this, in FYE2022, we will formulate our medium-term environmental plan "Environmental Action Plan 2030" and implement it. The details of the Plan will be announced in the future in our CSR reports and other publications.

[3] Combining Environmental Performance and Subaru Style (Scope 3)

In January 2020, Subaru announced milestones for electrification. We plan to meet the goal of contributing to the achievement of carbon neutrality by 2050 by further accelerating the implementation of these milestones. We plan to increase the ratio of electric vehicles with EVs and hybrid vehicles for the time being and replace them, in the future, with electric motor-driven vehicles. As the first step, we will launch the EV model developed jointly with Toyota in mid-2022 in the Japanese, US, European, Chinese, and other markets. We consider that, even in an EV era, safety features that a car must have will not change. Precise, highly-responsive electric motors will further enhance not only our quick acceleration response but also our all-wheel drive (AWD) control capability, leading to an increase in Subaru's strengths such as stability, driving dynamics, and handling.

■ Technology Roadmap for CO₂ Reduction

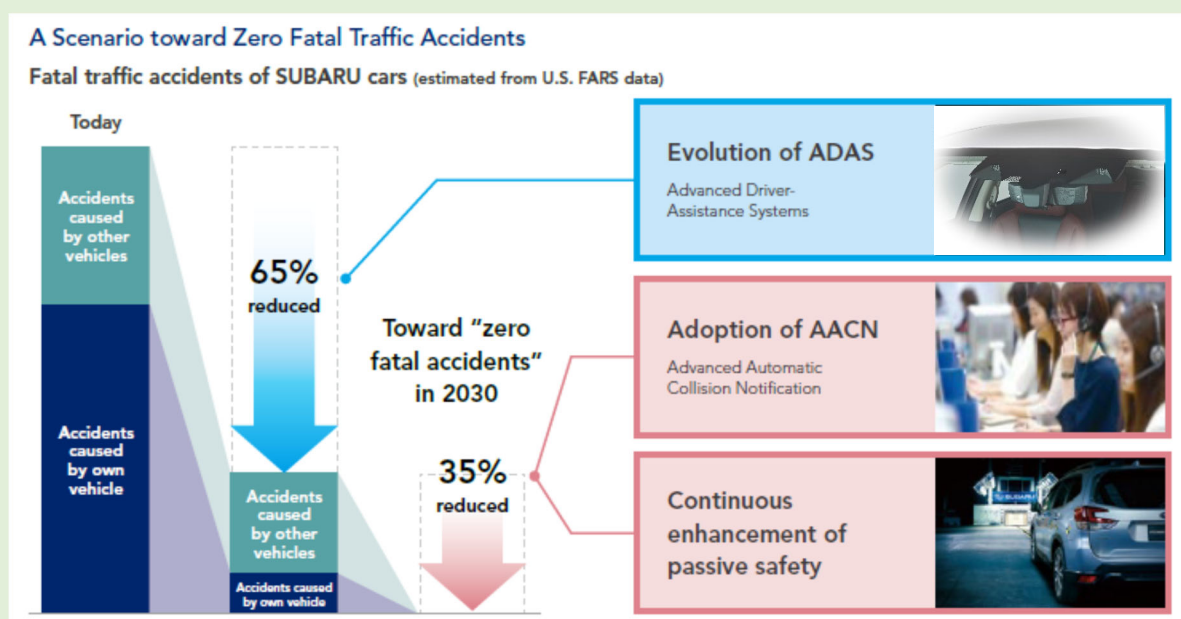


(2) Social Actions

[1] Actions toward Zero Fatal Accidents in 2030

Subaru aims toward “zero fatal accidents”^{*} in 2030. In order to achieve this goal, it is important to further develop advanced driver-assistance systems such as the EyeSight, introduce new technologies and services including automatic accident reporting system, and advance technologies that support automobiles’ fundamental functions, for example Subaru Global Platform and all-wheel-drive (AWD) technologies. The speed and accuracy of vehicle response, cornering stability, and turning performance—which we call “dynamic feel”—greatly contribute to the avoidance of accidents in case of emergency. Even in an era when EVs and autonomous driving dominate the market, the basic performance will remain important for automobiles. We also installed “EyeSight X,” an upgraded version of EyeSight with enhanced safety functions in Levorg’s current-year models. We are committed to continuously advancing these technologies—Subaru’s strengths—while enhancing safety in all situations by combining advanced sensing technologies with AI recognition ability.

^{*} Zero fatal traffic accidents of Subaru drivers/passengers and zero fatal collision accidents between pedestrians/cyclists and Subaru cars



[2] Actions to Protect Human Rights

The Subaru Group established its Human Rights Policy^{*} considering that respect for individual human rights and individuality is a key management challenge in achieving its corporate philosophy of “promoting harmony between people, society, and the environment” while contributing to the prosperity of society. Based on the Policy, we have implemented “human rights due diligence” program, which is aimed at identifying human rights risks in business scenes and developing/implementing countermeasures, starting from the personnel and procurement areas. The Company will also extend its human rights initiatives by urging its business partners and other parties involved in its operations, including its supply chain, to respect human rights based on this policy and carry out risk reduction measures.

^{*} For more information about the Human Rights Policy, visit our website
(<https://www.subaru.co.jp/en/outline/pdf/HumanRightsPolicy.pdf>)

[3] Diversity promotion activities

In order to enable employees who possess different personalities and values to demonstrate their individual abilities, the SUBARU Group values diversity of genders, nationalities, cultures, and lifestyles of employees and strives to create a comfortable workplace environment. We also promote initiatives related to diversity at affiliated companies in Japan and overseas as a central core of the CSR activities mentioned above based on the regional characteristics and the business contents of each company.

The Diversity Promotion Office is promoting activities on the priority themes of “promoting active roles for female employees,” “employing people with disabilities,” “promoting employment of the elderly,” and “promoting employment of non-Japanese.” It is currently working on “promoting active roles for female employees” as the top-priority theme. Based on the “Act on the Promotion of Female Participation and Career Advancement in the Workplace,” the Company has developed an action plan. In its First Action Plan developed in 2015, it set the goal of increasing the number of female managers to at least five times the 2014 figure by the end of 2020, and accomplished it. Currently, we are strengthening our initiatives to develop and increase female managers to achieve the goal of increasing the number of female managers to 12 times of the 2014 level by 2025.

In addition, under the themes of “LGBT” and “employment of people with disabilities,” we invited an outside lecturer and provided online training as an initiative to promote understanding. The LGBT training, which mainly targeted managers and HR personnel, was participated by about 800 people who learned basic LGBT knowledge, points to be kept in mind by employees when communicating with an LGBT person, and harassment cases. The “Employment of Persons with Disabilities” training was held mainly targeting supervisors of employees with disabilities and HR personnel. It was attended by approximately 150 people to learn the characteristics of persons with disabilities and key points in the labor management that would enable them to work in a safe, secure, and healthy manner. Going forward, we will continue to promote the creation of a work environment in which employees with diverse personalities and values can work lively.

[4] Certified as “Excellent Enterprise of Health and Productivity Management 2021”

Subaru Corporation was certified as an “Excellent Enterprise of Health and Productivity Management 2021” (White 500) in the large enterprise category under the Certified Health and Productivity Management Organization Recognition Program^{*1} administered by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi (public-private health promotion organization).

Based on the Subaru Global Sustainability Policy, the Company announced its Health Declaration^{*2} and has been engaged in the health promotion activities. We will continue to accelerate efforts to improve the health of employees and their family members.



*1: The Certified Health and Productivity Management Organization Recognition Program honors small, medium, and large enterprises and other corporations that practice particularly excellent health management based on the health promotion initiatives led by Nippon Kenko Kaigi.

*2: Please refer to our website (https://www.subaru.co.jp/press/news/2021_03_05_9593/) for the details of the Declaration.

(4) Main Businesses (as of March 31, 2021)

By Business Segment	Main Products
Automobile Division	Legacy, Levorg, WRX, Impreza, SUBARU XV, Forester, ASCENT, SUBARU BRZ, Justy, Chiffon, Stella, Pleo, Sambar
Aerospace Division	Airplane, aerospace related machinery and components
Other Businesses	Real estate leasing

(5) Major places of business, etc. (as of March 31, 2021)

[1] Company

Name	Address
Head Office	Shibuya-ku, Tokyo
Tokyo Office	Mitaka-shi, Tokyo
Gunma Plant	Ota-shi, Gunma, Oizumi-machi, Oura-gun, Gunma
Utsunomiya Plant	Utsunomiya-shi, Tochigi; Handa-shi, Aichi
SUBARU Test & Development Center	Sano-shi, Tochigi; Bifuka-cho, Nakagawa-gun, Hokkaido

[2] Domestic Subsidiaries/Overseas Subsidiaries

Please refer to “(10) Status of major subsidiary companies, etc.”

(6) Status of fund procurement

- [1] In April 2020, the Company used a short-term loan totaling 151.5 billion yen in preparation for the impact of production suspension and sales decline due to the effects of COVID-19. The loan was repaid in full by the end of July. The Company took out long-term loans totaling 65.5 billion yen in the period under review, and issued the forth- to sixth-round unsecured bonds worth a total of 40.0 billion yen in September 2020.
- [2] The Company has entered into a commitment line agreement totaling 197.5 billion yen.

(7) Main Lenders (as of March 31, 2021)

Lender	Amount of Borrowings (Million yen)
Mizuho Bank, Ltd.	67,500
MUFG Bank, Ltd.	35,100
Sumitomo Mitsui Banking Corporation	31,500
Sumitomo Mitsui Trust Bank, Limited	13,500
The Norinchukin Bank	13,000

(8) Capital Expenditures

The amount of capital expenditures incurred by the Group during the current fiscal year was 86.2 billion yen. The main purposes of use include production, R&D or marketing in the Automotive Business Unit. Capital expenditures by business segment are stated below.

By Business Segment	Amount of Expenditures (in million yen)	Descriptions of Facilities	Funding Method
Automobile Division	80,231	Automobile production, R&D, and selling facilities	Own funds and borrowing
Aerospace Division	5,438	Aircraft production facilities	Same as above
Other Businesses	524	Welfare facilities, etc.	Same as above
Total	86,193	-	-

Notes:

1. The above amounts do not include consumption tax, etc.
2. There was no retirement or sale of important facilities, except for the retirement or sale of ordinary facilities for replacement purposes.
3. In addition to the above, the Automotive Business Unit invested 11.4 billion yen to acquire business assets such as vehicles for lease.
4. Capital expenditures by place of business
The Automotive Business Unit incurred capital expenditures of 47.8 billion yen, most of which was invested in the renovation and maintenance of production and inspection lines, production facilities for new products, R&D facilities, and improvement of quality and work environment in Subaru Corporation. Furthermore, in Subaru of Indiana Automotive Inc. (SIA), the Unit incurred capital expenditures of 14.2 billion yen, a major part of which was invested into the production facilities for new products as well as those for the enhancement of production capacity. The Aerospace Company incurred capital expenditures of 5.4 billion yen, which was mainly invested into the production facilities for new businesses in Subaru Corporation.

[Translation for Reference and Convenience Purposes Only]

(9) Employees (as of March 31, 2021)

[1] SUBARU Group

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automobile Division	32,684	(8,462)	997	(-7)
Aerospace Division	2,833	(547)	26	(-225)
Other Businesses	553	(432)	13	(-40)
Total	36,070	(9,441)	1,036	(-272)

Notes: Number of employees refer to number of workers. Average annual number of contingent workers (seasonal staffs, casual workers, part-time workers, secondees from external parties, support staffs, guest engineers) are shown in brackets.

[2] Company

	Number of employees (persons)	Change from end of previous fiscal year (persons)	Average age	Average years of service
Male	15,287	622	39.1	16.1
Female	1,191	50	36.7	14.8
Total	16,478	672	38.9	16.0

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automobile Division	14,209	(5,661)	624	(143)
Aerospace Division	2,269	(468)	48	(-151)
Total	16,478	(6,129)	672	(-8)

Notes: Number of employees refer to number of workers. Average annual number of contingent workers (seasonal staffs, casual workers, part-time workers, secondees from external parties, support staffs, guest engineers) are shown in brackets.

[Translation for Reference and Convenience Purposes Only]

(10) Significant Subsidiaries (as of March 31, 2021)

[1] Significant Subsidiaries

Name	Address	Capital stock	Holding Ratio of Voting Rights	Main Businesses
Fuji Machinery Co., Ltd.	Gunma	480 Millions of yen	100.0%	Manufacture and sales of automotive parts
Ichitan Co., Ltd.	Gunma	480 Millions of yen	100.0%	Manufacture and sales of automotive parts
KIRYU INDUSTRY Co., Ltd.	Gunma	400 Millions of yen	100.0%	Manufacturing of repair parts for Subaru cars, Subaru vehicle rust prevention works, manufacture of Subaru custom-build cars, etc.
Subaru Logistics Co., Ltd.	Gunma	96 Millions of yen	100.0%	Shipping, land freight and warehousing of Subaru vehicles, etc.
H.B. C. Co., Ltd.	Kanagawa	490 Millions of yen	68.0%	Storing and shipping of Subaru vehicles
Hokkaido Subaru Inc.	Hokkaido	98 Millions of yen	100.0%	Sales of Subaru vehicles and components
Miyagi Subaru Inc.	Miyagi	80 Millions of yen	100.0%	Sales of Subaru vehicles and components
Niigata Subaru Inc.	Niigata	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Kanagawa Subaru Inc.	Kanagawa	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Chiba Subaru Inc.	Chiba	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Tokyo Subaru Inc.	Tokyo	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Nagoya Subaru Inc.	Aichi	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Osaka Subaru Inc.	Osaka	100 Millions of yen	100.0%	Sales of Subaru vehicles and components
Hiroshima Subaru Inc.	Hiroshima	92 Millions of yen	100.0%	Sales of Subaru vehicles and components
Fukuoka Subaru Inc.	Fukuoka	50 Millions of yen	100.0%	Sales of Subaru vehicles and components
Subaru Finance Co., Ltd.	Tokyo	2,000 Millions of yen	100.0%	Leasing and rental of Subaru vehicles; credit and financing related to Subaru vehicles
Subaru of Indiana Automotive, Inc. (SIA)	US	USD 794,045,000	100.0%	Purchasing of production parts for Subaru vehicles, sales of completed vehicles to Subaru of America Inc. (SOA) and others
Subaru of America, Inc. (SOA)	US	USD 241,000	100.0%	Sales of Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles and parts
Subaru Canada, Inc. (SCI)	Canada	CND 30,000,000	100.0%	Sales of Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles and parts

[Translation for Reference and Convenience Purposes Only]

Name	Address	Capital stock	Holding Ratio of Voting Rights	Main Businesses
Subaru Europe N. V./S. A. (SE)	Belgium	EUR 87,504,000	100.0%	Sales of Subaru vehicles and components
Subaru of China Ltd. (SOC)	China	CNY 187,354,000	60.0%	Sales of Subaru vehicles and components
North America Subaru Inc. (NASI)	US	USD 5,000	100.0%	Technical investigation for Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles in North America market, automobile related regulatory compliance in the US
Yusoki Kogyo K. K.	Aichi	100 Millions of yen	100.0%	Manufacture and sales of aircraft parts to Subaru
Fuji Aircraft Maintenance Co., Ltd.	Tokyo	30 Millions of yen	100.0%	Inspection, service and maintenance of aircrafts
Subaru Kohsan Co., Ltd.	Tokyo	675 Millions of yen	100.0%	Rental and management of real estate
SUBARU IT CREATIONS CORPORATIONS	Saitama	100 Millions of yen	100.0%	IT system development and operation for Subaru Group

Notes: As of end of March 2021, there are 73 consolidated subsidiaries including the above 26 companies, and 10 equity method affiliates.

[2] Other

The Company has reached a basic agreement on business affiliation with Toyota Motor Corporation (“Toyota”) in October 2005. We currently manufacture jointly developed sports car “SUBARU BRZ” and “Toyota 86” at our domestic production facility, Gunma Plant. In addition, the Company receives OEM vehicle supplies from Daihatsu Motor Co, Ltd., a subsidiary of Toyota.

In June 2019, we agreed with Toyota Motor Corporation to jointly develop an EV-dedicated platform and a battery-electric SUV by utilizing Toyota’s electrification technology and our all-wheel drive (AWD) technology. In September 2019, in order to survive once-in-a-century profound transformation period faced by the automobile industry, the two companies agreed on a business and capital alliance with the aim of further developing and strengthening their partnership by, for instance, expanding the use of the Toyota Hybrid System in Subaru models, cooperating in the domain of connected vehicles, and ensuring technical collaboration in the field of autonomous driving.

As of the end of March 2021, the number of Subaru’s shares held by Toyota was 153.6 million, and the shareholding ratio was 20.02%. (The shareholding ratio is calculated by deducting 1,905,130 shares of treasury stock from the total number of outstanding shares.) During the current fiscal year, Subaru Corporation acquired 8,973,700 shares of Toyota stock.



Left: NEW “GR86”

Right: NEW “SUBARU BRZ”



Jointly developed EV; model name used by Subaru: “SOLTERRA”

2. Information on Shares Issued by the Company (as of March 31, 2021)

- (1) **Common stock authorized** 1,500,000,000 shares
- (2) **Common stock issued** 769,175,873 shares (including 1,905,130 treasury shares)
- (3) **Number of Shareholders** 151,367 persons (down 1,522, or -1.0%)
- (4) **Major Shareholders(top 10)**

Name of shareholder	Number of shares held (in thousands)	Percentage of total shares held (%)
Toyota Motor Corporation	153,600	20.02
The Master Trust Bank of Japan, Ltd. (trust account)	70,978	9.25
Custody Bank of Japan, Ltd. (trust account)	37,175	4.85
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	13,959	1.82
BNYM TREATY DTT 15	11,200	1.46
MIZUHO SECURITIES ASIA LIMITED - CLIENT A/C	10,165	1.32
Mizuho Bank, Ltd.	10,078	1.31
Nippon Life Insurance Company	9,511	1.24
STATE STREET BANK WEST CLIENT - TREATY 505234	9,174	1.20
SUBARU Business Partners Shareholding Association	9,010	1.17

Notes:

- Number of shares held is rounded down to the nearest thousand shares.
- The percentage of total shares held is calculated based on the number of shares excluding treasury stock of 1,905,130 shares.

(5) Status of the Company's shares granted to Directors as consideration for the execution of duties in the fiscal period under review

The Company grants restricted stock units to Directors (excluding Outside Directors) for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders, and provides monetary compensation for that (hereinafter, "Restricted Stock Compensation Plan." Based on the resolution of the Board of Directors, Directors shall wholly contribute the monetary compensation claim paid as above in the form of properties contributed in kind, and shall, in return, receive shares of the Company's common stock through issuance or disposal. In addition, for the issuance or disposal of shares of the Company's common stock, the Company and eligible directors shall enter into a restricted stock allotment agreement that includes provisions such as the one to restrict the transfer of the shares for three years after the date of allotment.

Details of stock units that the Company has granted under the Restricted Stock Compensation Plan are as follows.

Category	Number of shares	Grantees
Directors (excluding Outside Directors)	22,724	6
Outside Director	-	-
Corporate Auditors	-	-

(Reference) Ownership situation by shareholders type

	Percentage of total shares held (%)
Financial institutions	30.25
Foreign institutions and others	27.44
Japanese corporation and others	22.50
Individuals and other	13.56
Securities companies	6.00
Treasury stock	0.25

3. Information on Shares Held by the Company (as of March 31, 2021)

(1) Basic policy regarding cross-shareholdings

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

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

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

(2) Number of shares and total amount of stock investment reported on the balance sheet which are held primarily for strategic purposes

		84th FYE2015	85th FYE2016	86th FYE2017	87th FYE2018	88th FYE2019	89th FYE2020	90th (Current) FYE2021
Number of Issues (Issues)	Listed	60	32	30	18	10	4	2
	Unlisted	31	31	32	31	31	32	31
	Total	91	63	62	49	41	36	33
Amount reported on Balance Sheet (Millions of Yen)	Listed	38,503	28,238	12,795	8,836	3,138	1,922	1,727
	Unlisted	552	526	544	535	535	581	569
	Total	39,055	28,764	13,339	9,371	9,371	2,503	2,296

(3) All stocks held primarily for strategic purposes

Issues	FYE 2020	90th (Current)	Purpose of holding, impact of holding and reason for increase in number of shares	Does it own Subaru shares?
	Number of shares	Amount reported on the balance sheet (Millions of yen)		
The Gunma Bank, Ltd.	2,850,468	2,850,468	The Gunma Bank, a local bank of the area where the Company's main factory resides, is supporting not only the Company but also local supplier sites in Japan and abroad through its financial services. As the bank has been the Company's important partner, the Company will continue to hold the bank's shares to promote fair and smooth financial transactions.	Yes
	935	1,132		
Mizuho Financial Group, Inc.	3,720,970	372,097	The Mizuho Financial Group firms have been supporting the Company with financial transactions and other services. In particular, the Mizuho Bank has long been the Company's most important financial partner, providing support in a broad area of management. The Company will continue to hold the group's shares to promote fair and smooth transactions.	Yes
	460	595		

- Notes: 1. The indication of whether the company has shareholdings in Subaru, in the case where the company is a holding company, reflects holdings by subsidiaries that Subaru mainly has dealings with (effective shareholdings).
2. The Company does not have investment shareholdings purely for investment purposes.
3. The decrease in the number of shares of Mizuho Financial Group, Inc. is due to share consolidation.

4. Directors and Corporate Auditors

(1) Basic approach to corporate governance

The Company aims to become “a manufacturing company that can bring smiles to customers” based on the corporate and management philosophies, and by improving sustainable growth and medium- and long-term corporate value, we are engaging in the strengthening of corporate governance as the most important challenge for management in order to obtain the satisfaction and trust of all stakeholders.

We aim to achieve efficient management by clearly separating management decision-making and oversight from business execution and increasing the speed of decision-making. Furthermore, through monitoring of business operations and advice provided by outside officers, we ensure appropriate management decision-making, oversight and business execution, and work to improve the systems for managing risks and ensuring compliance. To increase management transparency, we provide timely and appropriate disclosure of information.

(2) Company Organizational Bodies

As a corporate governance system, we have adopted a Board of Corporate Auditors system, in which Board of Directors and the Board of Corporate Auditors perform decision making and oversight of the execution of important business operations. The Board of Directors was comprised of nine members at the end of March 2021, of whom three were highly independent outside directors. The Board of Corporate Auditors is composed of four members, two of whom are highly independent outside corporate auditors. This system is designed to ensure soundness and efficiency of operations by enhancing effectiveness of monitoring of business operation through the involvement of highly independent outside directors and outside corporate auditors.

Regarding the system for the execution of business operations, important issues that require consultation with the Board of Directors are thoroughly discussed at the Executive Management Board Meeting, a preliminary consultation body for the Board of Directors which deliberates on company-wide management strategy and the execution of key business operations. In addition to employing an executive officer system and establishing Executive Meetings as decision making body for the business divisions, we have introduced an in-house company system for the Aerospace Division with the aim of clarifying responsibility and speeding up execution of business operations.

(3) Policy and procedures on nomination of candidates for Directors and Corporate Auditors

The Board of Directors nominates individuals who are deemed to have abundant experience, excellent skills/knowledge and high expertise that are appropriate for serving as the Company’s director or corporate auditor, aiming to achieve the Company’s corporate philosophy, effective corporate governance, sustainable growth and corporate-value improvement over a medium to long term.

The Board of Directors nominates multiple independent outside directors with an aim to achieve diversity of the overall Board, and ensure management transparency and improve shareholder value by taking advantage of independent oversight on management.

The Company has voluntarily set up an Executive Nomination Meeting in order to enhance the effective governance structure based on the existing organizational design. To ensure fairness and transparency in decisions on executive appointments, the Executive Nomination Meeting, in accordance with inquiries from Board of Directors, submits to the Board of Directors proposals on the nomination of candidates for directors and corporate auditors sufficiently deliberated on and approved by its members, more than half of them are the independent outside directors. These personnel matters are decided by a resolution of the Board of Directors. The Executive Nomination Meeting in the fiscal period under review comprised of two representative directors and three outside directors, with its chairman being Representative Director and President Tomomi Nakamura. It met once in the fiscal period under review and discussed matters such as the Company’s executive structure and appointments, the division of duties of executives, and the appointment of representatives of major consolidated subsidiaries.

Consent by the Board of Corporate Auditors is obtained for nomination of candidates for corporate auditors.

When nominating candidates for directors and corporate auditors, the Meeting briefs the Board of Directors on biography, posts and main fields of responsibilities in the Company, significant positions concurrently held, reasons for nominating the candidates for each nomination.

[Translation for Reference and Convenience Purposes Only]

(4) Name of Directors and Corporate Auditors (as of March 31, 2021)

Title	Name	Main fields of responsibilities in the Company	Significant Positions Concurrently Held
Director, Chairman [Chairman of the Board]	Yasuyuki Yoshinaga	-	-
Representative Director, President [Chairman of the Executive Nomination Meeting] [Chairman of the Executive Compensation Meeting]	Tomomi Nakamura	CEO Aerospace Company Quality	Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)
Representative Director, Deputy President [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Kazuo Hosoya	Manufacturing, China Project Office	Director, Subaru of Indiana Automotive, Inc. (SIA)
Director, Executive Vice President	Toshiaki Okada	CFO Secretarial Office Finance & Accounting Dept. Human Resources Dept.	Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)
Director, Executive Vice President	Yoichi Kato	CRMO Risk Management Group External Relations Dept. Intellectual Property Dept.	Director, North America Subaru Inc. (NASI)
Director, Executive Vice President	Tetsuo Onuki	Purchasing Div. Product Planning Div.	-
Outside Directors (independent) [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Yasuyuki Abe	-	External Director of the Board, JVC KENWOOD Corporation Advisor, ORANGE AND PARTNERS CO., LTD.
Outside Directors (independent) [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Natsunosuke Yago	-	President, Ebara Hatakeyama Memorial Foundation Outside Director, J. FRONT RETAILING Co., Ltd. (Since May 28, 2020)

[Translation for Reference and Convenience Purposes Only]

Title	Name	Main fields of responsibilities in the Company	Significant Positions Concurrently Held
<p>Outside Directors (independent)</p> <p>[Member of the Executive Nomination Meeting]</p> <p>[Member of the Executive Compensation Meeting]</p>	Miwako Doi	-	<p>Auditor, National Institute of Information and Communications Technology (part-time)</p> <p>Executive Vice President, Tohoku University (part-time)</p> <p>Executive Director, Nara Institute of Science and Technology (part-time)</p> <p>External Director, Isetan Mitsukoshi Holdings Ltd.</p> <p>Outside Director, NGK Spark Plug Co., Ltd. (Since June 24, 2020)</p>
<p>Standing Corporate Auditor</p> <p>[Chairman of the Board of Corporate Auditors]</p>	Akira Mabuchi	-	<p>Corporate Auditor, Subaru Kohsan Co., Ltd.</p> <p>Corporate Auditor, Tokyo Subaru Inc.</p>
Standing Corporate Auditor	Hiromi Tsutsumi	-	<p>Corporate Auditor, Subaru Finance Co., Ltd. (Since June 18, 2020)</p>
Outside Corporate Auditors (independent)	Shigeru Nosaka	-	<p>Corporate Auditor, dotD, Inc. (Since March 8, 2021)</p> <p>Advisor, AI Dynamics Inc. Japan (Since February 1, 2021)</p>
Outside Corporate Auditors (independent)	Kyoko Okada	-	<p>Audit and Supervisory Board Member, NS Solutions Corporation</p> <p>Outside Audit & Supervisory Board Member, Daio Paper Corporation (Since June 26, 2020)</p>

[Translation for Reference and Convenience Purposes Only]

Notes:

1. Director Miwako Doi and Corporate Auditor Hiromi Tsutsumi were elected and appointed at the 89th Ordinary General Meeting of Shareholders held on June 23, 2020.
2. Director Shigehiro Aoyama and Corporate Auditor Shuzo Haimoto retired at end of their terms at the conclusion of the 89th Ordinary General Meeting of Shareholders held on June 23, 2020.
3. Directors Yasuyuki Abe, Natsunosuke Yago, and Miwako Doi are outside directors as prescribed in Article 2, Item 15 of the Companies Act. The Company has no significant transaction with JVC KENWOOD Corporation, for which Mr. Yasuyuki Abe concurrently serves as outside director, or Orange and Partners Co., Ltd., for which he concurrently serves as advisor. The Company has no significant transaction with Ebara Hatakeyama Memorial Foundation and J. FRONT RETAILING Co., Ltd. for which Mr. Natsunosuke Yago concurrently serves as president and outside director respectively. The Company has no significant transaction with National Institute of Information and Communications Technology for which Ms. Miwako Doi concurrently serves as auditor, Tohoku University for which she concurrently serves as executive vice president, Nara Institute of Science and Technology for which she concurrently serves as executive director, and Isetan Mitsukoshi Holdings Ltd. and NGK Spark Plug Co., Ltd. for which she concurrently serves as outside director.
4. Corporate Auditors Shigeru Nosaka and Kyoko Okada are outside statutory auditors as prescribed in Article 2, Item 16 of the Companies Act. The Company has no significant transaction with dotD, Inc. and AI Dynamics Inc. Japan for which Mr. Shigeru Nosaka concurrently serves as corporate auditor and advisor respectively. The Company has no significant transaction with NS Solutions Corporation and Daio Paper Corporation for which Ms. Kyoko Okada concurrently serves as outside audit and supervisory board member.
5. Corporate Auditor Shigeru Nosaka long served in the accounting and finance divisions of Oracle Corp. Japan, and has significant knowledge in finance and accounting.
6. Corporate Auditor Kyoko Okada long served in accounting and finance divisions at Kao Corp., and has significant knowledge in these areas.
7. The Company has reported Directors Yasuyuki Abe, Natsunosuke Yago, and Miwako Doi, as well as Corporate Auditors Shigeru Nosaka and Kyoko Okada as independent officers to the Tokyo Stock Exchange.
8. Key responsibilities of the directors as of April 1, 2021 are shown below.

Title	Name	Main fields of responsibilities in the Company
Director [Chairman of the Board]	Yasuyuki Yoshinaga	-
Representative Director, President [Chairman of the Executive Nomination Meeting] [Chairman of the Executive Compensation Meeting]	Tomomi Nakamura	CEO Aerospace Company Quality
Representative Director, Chairman [Member of the Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Kazuo Hosoya	Secretarial Office Human Resources Dept.
Director, Executive Vice President	Toshiaki Okada	-
Director, Executive Vice President	Yoichi Kato	-
Director, Executive Vice President	Tetsuo Onuki	Purchasing Div. Product Planning Div.

(5) Outside Directors and Corporate Auditors

Title	Name	Key activities and summary of duties performed in their expected roles
Outside Director	Yasuyuki Abe	Attended all of 12 Board of Directors meetings (attendance rate: 100%). Fulfilled his role as sound adviser on the Company's management, providing comments based on extensive experience and knowledge in business management and an advanced understanding of the field of IT, as well as abundant experience and insight he gained through his tenure as officer of a general trader where he was involved in management in both a supervisory and executional capacity. He also served as a member of the Executive Nomination and Executive Compensation Meetings.
Outside Director	Natsunosuke Yago	Attended all of 12 Board of Directors meetings (attendance rate: 100%). Fulfilled his role as a sound advisor on the Company's management, providing comments based on abundant experience and broad knowledge as well as excellent insight on internal control and governance as he gained from his corporate management positions where he was involved in management in both a supervisory and executional capacity. He also served as a member of the Executive Nomination and Executive Compensation Meetings.
Outside Director	Miwako Doi	Attended all of 10 Board of Directors meetings held since her appointment on June 23, 2020 (attendance rate: 100%). Fulfilled her role as a sound advisor on the Company's management, providing comments based on her high expertise and knowledge gained from mainly her abundant experience and outstanding track record as a researcher and supervisor in the area of information technology. She also served as a member of the Executive Nomination and Executive Compensation Meetings.
Outside Corporate Auditor	Shigeru Nosaka	Attended all of 12 Board of Directors meetings (attendance rate: 100%) and all of 12 Board of Corporate Auditors meetings (attendance rate: 100%). Fully performed his auditing function, providing comments based on experience and knowledge he gained through his tenure as officer of a listed company, particularly broad experience and knowledge on accounting and finance in corporate activities.
Outside Corporate Auditor	Kyoko Okada	Attended all of 12 Board of Directors meetings (attendance rate: 100%) and all of 12 Board of Corporate Auditors meetings (attendance rate: 100%). Fully performed her auditing function, providing comments based on experience and knowledge she gained through her tenure as officer of a listed company, particularly broad experience and knowledge on CSR and corporate culture in corporate activities.

Notes:

1. In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.
2. In October 2017, while Mr. Abe was serving as Outside Corporate Auditor, improper practices were found in sample tests of fuel economy and emissions and other final vehicle inspections. While he had no prior knowledge of such facts, he has routinely provided advice regarding compliance and internal control based on his extensive experience and sharp insights. After the aforementioned facts were identified, he has received reports concerning our efforts towards investigation of the causes of these improper conduct cases and preventive measures therefor, and made various suggestions, thus fulfilling his responsibility.

(6) Summary of Contract for Limitation of Liability

The Company has executed a contract for limitation of damages under Article 423, paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the same Act with Outside Directors Yasuyuki Abe, Natsunosuke Yago, and Miwako Doi, and Corporate Auditors Akira Mabuchi, Hiromi Tsutsumi, Shigeru Nosaka, and Kyoko Okada. The maximum liability for damages pursuant to such contract shall be the amount prescribed in Article 425, Paragraph 1 of the Act.

(7) Summary of Directors and Officers Liability Insurance

The Company has executed a directors and officers liability insurance policy under which directors, corporate auditors, executive officers, officers dispatched to other companies, and major employees under the Companies Act of the Company and its specified subsidiaries are the insured parties with an insurance company, as set forth in Article 430-3, paragraph 1 of the Companies Act. The insurance policy covers compensation for damages and legal expenses to be borne by the insured in cases when they receive a claim for damages as a result of their wrongful acts conducted in their capacity as directors and officers. However, to ensure appropriate execution of duties by directors and officers, there are certain liabilities that are not covered under the policy, such as those arising from actions performed in knowing violation of law. The premiums are fully paid by the Company and there are no premiums actually paid by the insured.

(8) Summary of Evaluation of the Effectiveness of the Board of Directors

The Board of Directors periodically conducts analysis and evaluation on the effectiveness of the Board of Directors in accordance with the Corporate Governance Guideline, and reviews and implements improvement measures for the issues identified.

In the fiscal period under review, the BoD confirmed efforts to address issues recognized in the previous year, based on monitoring of points raised in the previous year's evaluation. It also gathered, analyzed, and evaluated views on issues for investigation based on changes in the business environment due to the COVID-19 pandemic.

[1] Evaluation and Analysis Methods (Timing of implementation: January 2021/respondents: 13 directors and corporate auditors)

Process 1	Process 2	Process 3
Third-party body conducts anonymous self-evaluation survey of directors and auditors	Third-party body aggregates and analyzes responses	BoD verifies and discusses report received from third-party body

[2] Evaluation Results

- The results confirmed that free and open discussion is conducted at BoD meetings as in the previous periods
- Points identified as strengths in previous evaluations (chair's leadership, responses to cross-shareholdings, BoD size) continued to be evaluated highly
- There were improvements in "BoD management structure," "BoD supervisory function," and "Shareholder dialogue." In particular, "Decision-making process" and "Shareholder dialogue" were evaluated highly across the board
- BoD functions could be further improved through deeper discussion of executive compensation system design, including incentive payments, as well as discussion of ways to improve group governance and enhancement of report content. While acknowledging certain improvements in "Discussion of the Company's medium- to long-term management strategy," the report confirmed the need for qualitative improvements in the future.

[3] Issues Recognized and Responded

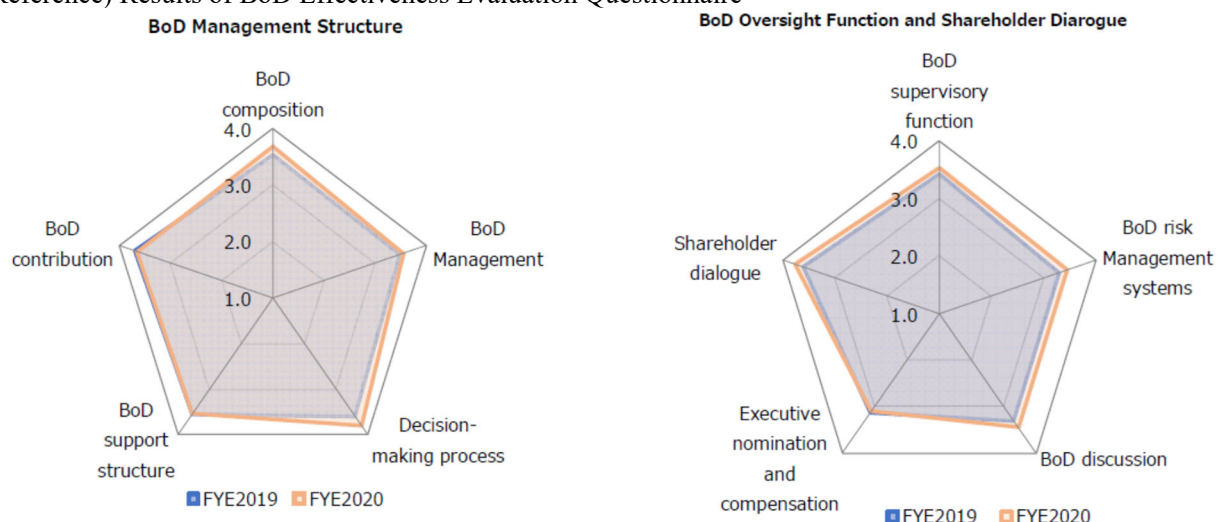
Issues		Responses in the fiscal period under review
Continued issues	CEO succession plan	The Company developed and announced abilities required of the Subaru Group's CEO and five key qualities required of the CEO. Going forward, the Company will implement the plan to develop future leaders with the key qualities.
	Reinforcing risk identification/management systems	Established mechanisms that ensure effectiveness, such as preparation of risk maps, identification of risks by business departments, and development of codes of conduct. Shared information with the BoD in a timely and appropriate manner. The Company will continue the PDCA cycle by identifying and reporting improvements in major risks and new risks.
Issues recognized in the previous period	Enhancing discussion of medium- to long-term management strategy	The Company added depth to its discussion of medium- to long-term management strategy by setting agendas for medium- to long-term strategy, including production strategy, IT strategy and Aerospace Company initiatives, and through reporting on progress towards mid-term management plan goals. With regard to the rapid changes in the operating environment for the automotive business, last year's evaluation pointed out that continuing efforts to bridge the information gap between outside directors and internal directors were required to improve the quality of discussion. The Company will continue ongoing efforts to address this issue.
	Enhancing discussion of information security systems and sustainability	<p>The Company's IT strategy including information security systems was reported at the BoD meetings, and the BoD shared issues and conducted ongoing discussion. Last year's evaluation expressed the view that the BoD should exercise leadership and stimulate discussion aimed at utilization of IT and advancement of digital transformation, and the BoD will continue discussions on these topics.</p> <p>The report recognized steady progress on sustainability, including the establishment and announcement of policies such as the Subaru Global Sustainability Policy and Human Rights Policy, as well as timely reporting of the efforts of the CSR Committee, which meets twice a year.</p>

[4] Future Initiatives

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

[Translation for Reference and Convenience Purposes Only]

(Reference) Results of BoD Effectiveness Evaluation Questionnaire



Four-point evaluation scale: 1 (low) – 4 (high)

(Reference) Questions used in BoD Effectiveness Evaluation Questionnaire

Reference) Questions used in BoD Effectiveness Evaluation Questionnaire			
Category	Matters Examined		
I. BoD management structure			
[1] BoD composition	BoD size	BoD composition (proportion of inside and outside directors)	BoD composition (diversity and specialty)
[2] BoD management	frequency, duration, and distribution of meetings	Appropriateness of agenda	Quality and quantity of documents
	Timing of document distribution	Pre-meeting explanation	Content of explanations and reports
[3] Decision-making process	Chair's leadership	Adequate discussion	
[4] BoD support structure	Environment and systems for providing information	Provision of information to outside directors	Training of outside directors
	Training of inside directors		
[5] BoD contribution	Stance toward initiatives	Company-wide perspective	Mutual respect
	Diverse values	Stakeholder perspective	
II. BoD oversight function			
[1] BoD supervisory function	Reporting systems	Supervision of management	
[2] BoD risk Management systems	Risk management system	Subsidiary management system	Information-sharing on risks and risk response
	Systems for managing progress of response measures	Thorough awareness of compliance issues	
[3] BoD discussion	Discussion of management strategy	Discussion of capital policy	Discussion of cross-shareholdings
	Discussion on strengthening governance	Responses to social and environmental issues	
[4] Executive nomination and compensation	Composition of Executive Nomination Meeting and Executive Compensation Meeting	Successor development	Incentive-based compensation
III. Shareholder dialogue			
[1] Shareholder dialogue	Sharing shareholder and investor views	Enhancement of shareholder and investor dialogue	

For more information about the BoD Effectiveness Evaluation for the fiscal period under review, visit our website (https://www.subaru.co.jp/en/csr/pdf/governance_report_e.pdf).

For more information about the Company's Corporate Governance Guidelines, visit our website (https://www.subaru.co.jp/en/csr/pdf/governance_guideline_e.pdf).

(9) Policy and Procedure for Determination of Compensation for Directors

[1] Matters Concerning the Policy for Determining Details of Compensation for Individual Directors

The Company deliberated and decided on the proposal of the Policy for Determining Details of Compensation for Individual Directors approved by the Executive Compensation Meeting at the Board of Directors meeting held on February 5, 2021. Below is the summary of the policy.

The Policy for Determining Details of Compensation for Individual Directors

1. Basic policy

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

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

Specifically, compensation for directors is composed of basic compensation, short-term performance-linked compensation, and restricted stock units (for non-resident officers, phantom stock, instead of restricted stock). For outside directors, the Company pays only basic compensation in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position. The total amount of compensation for individual directors and the levels of each compensation item are set for every position depending on difference in responsibility by utilizing the research data compiled by outside specialized agencies.

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

(1) Policy for the Fixed Monetary Compensation

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

(2) Policy for performance-linked compensation

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

(3) Policy for non-monetary compensation

The Company grants restricted stock units to directors for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders. Specifically, the Company grants monetary compensation claims to directors in consideration of the Company's business performance, responsibilities of each director, and other factors, and directors make in-kind contributions of such monetary compensation claims to receive shares of the Company's common stock. The maximum number of shares of the Company's common stock to be granted as restricted stock units is 100,000 per year (including those issued to executive officers). In addition, the Company and eligible officers shall enter into a restricted stock allotment agreement that includes an overview and provisions that state (1) eligible directors shall not, for a set period of time, transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock that have been allotted to them, and (2) the Company may acquire the said shares of its common stock without compensation if certain events occur.

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

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

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

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

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

Its authorities include the determination of specific amounts of basic compensation, short-term performance-linked compensation, and restricted stock units (for non-resident officers, phantom stock, instead of restricted stock) and their payment schedule. For restricted stock units, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on decisions of the Executive Compensation Meeting.

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

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

*: As the Group started to voluntarily apply the IFRS from the 89th period, this is a figure converted to consolidated ordinary income under the Japanese standards.

[2] Matters concerning the resolutions of the General Meetings of Shareholders on compensation, etc. for directors and corporate auditors

By a resolution passed at the 85th Ordinary General Meeting of Shareholders, held on June 28, 2016, the maximum total amount of annual compensation, etc., for directors is 1.2 billion yen (including 200 million yen for outside directors). The number of directors was eight (including two outside directors) at the end of the meeting. By a resolution passed at the 86th Ordinary General Meeting of Shareholders on June 23, 2017, the total amount of monetary compensation related to restricted stock units is required to be within the above maximum total and up to 200 million yen annually. The number of directors was six (excluding outside directors) at the end of the meeting.

By a resolution passed at the 75th Ordinary General Meeting of Shareholders, held on June 27, 2006, the maximum total amount of annual compensation, etc., for corporate auditors is 100 million yen. The number of corporate auditors was four at the end of the meeting.

[3] Matters concerning the delegation relating to the details of compensation, etc. for individual directors

The Company has voluntarily set up an Executive Nomination Meeting in order to enhance the effective governance structure based on the existing organizational design, and by the delegation resolution of the Board of Directors, the Executive Compensation Meeting determines specific compensation amounts, etc. of individual directors, following sufficient deliberation by its members including outside directors.

Its authorities include the determination of specific amounts of basic compensation, short-term performance-linked compensation, and restricted stock units as well as their payment schedule. For restricted stock units, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on decisions of the Executive Compensation Meeting. With regard to revisions of the compensation system and

[Translation for Reference and Convenience Purposes Only]

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

The Executive Compensation Meeting in the fiscal period under review comprised of two Representative Directors (Tomomi Nakamura and Kazuo Hosoya) and three Outside Directors (Yasuyuki Abe, Natsunosuke Yago, and Miwako Doi). Its chairman was Representative Director and President Tomomi Nakamura. To ensure transparency and effectiveness of the executive compensation determination process, the Executive Compensation Meeting shall, by a resolution of the Board of Directors, be structured so that the majority of its members are outside directors, and its chairman shall be appointed by a resolution of the Board of Directors.

The Executive Compensation Meetings were held five times in the fiscal period under review. The body debated the compensation structure and established policies such as a policy for determining details of compensation, etc. for individual directors. It also decided on matters such as performance linked compensation levels for directors (except for Outside Directors) and executive officers based on performance evaluation, and the amount of monetary compensation claims for individuals regarding restricted stock units.

As the amount of compensation, etc. for individual directors has been decided through these measures and procedures, the Board of Directors believes that its details are in accordance with the determination policy.

*** Compensation System for Directors (Excluding Outside Directors)**



[4] Total Compensation for Directors and Corporate Auditors for the Fiscal Period

Category	Number of persons	Total compensation (millions of yen)			
		Basic compensation (paid in fixed monthly installments)	Short-term performance-linked compensation	Restricted stock units	
Directors	10	350	40	53	443
(of which Outside Directors)	(4)	(38)	(-)	(-)	(38)
Corporate Auditors	5	77	-	-	77
(of which Outside Corporate Auditors)	(2)	(21)	(-)	(-)	(21)

Notes: Figures in the above table include an Outside Director and an internal Corporate Auditor who resigned before the last day of the fiscal period under review. At the end of the period, there were nine Directors, including three Outside Directors, and four Corporate Auditors, including two outside Corporate Auditors.

[5] Matters concerning performance-linked compensation, etc.

In addition to the “Profit Plan for FYE2018-2020 (3 years),” the Company announced it aims to achieve a ratio of shareholders’ equity to total assets of 50% and to maintain a minimum ROE of 10% while aiming for ROE of 15% or higher in the “STEP” mid-term management vision announced on July 10, 2018. In accordance with these goals, the Executive Compensation Meeting, upon authorization by the Board of Directors, decided short-term performance-linked compensation levels for Directors, using the consolidated ordinary income for fiscal 2020* as the basis, making adjustment using the matrix of ROE and degrees of improvement in shareholders’ equity ratio. Short-term performance-linked compensation is not given to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

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

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

*: As the Group started to voluntarily apply the IFRS from the 89th period, this is a figure converted to consolidated ordinary income under the Japanese standards.

[6] Details of non-monetary compensation

The Company grants restricted stock units to directors (excluding outside directors) for the purpose of providing them an incentive for sustained improvement of the Company’s corporate value and further value sharing with the shareholders. Restricted stock units are not given to outside directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

Details of restricted stock units and their grant status are provided in “2. Information on Shares Issued by the Company,” “(5) Status of the Company’s shares granted to directors as consideration for the execution of duties in the fiscal period under review” (page 52), and “4. Directors and Corporate Auditors,” “(9) Policy and Procedure for Determination of Compensation for Directors,” “[1] Matters Concerning the Policy for Determining Details of Compensation for Individual Directors,” and “2. (3) Policy for non-monetary compensation” (page 62).

5. Company Framework and Policies

Framework for ensuring conformity of performance of duties by the directors to the laws and articles of incorporation, and other frameworks for ensuring appropriateness of a joint-stock company's business (as of March 31, 2021)

1. Framework to ensure that the performance of duties by the directors comply with the laws and articles of incorporation

Following framework shall be established as a preventative measure against illegal acts by directors:

- (1) Directors shall establish a framework for effective supervision of performance of duties by other directors and effective audits by the corporate auditors, through activities such as attendance of various meetings, review of approval forms, and receiving business reports from corporate vice presidents and employees by the directors and corporate auditors.
- (2) Establish rules regarding compliance and a framework for ensuring that Directors comply with laws, articles of incorporation and internal rules.
- (3) Establish whistle blowing system (Compliance Hotline) as internal reporting framework where violation of laws/articles of Incorporation by directors in performing their duties have been identified by executive officers/employees.
- (4) Conduct compliance related trainings by external experts for directors as necessary.
- (5) A director who identifies violation of laws/articles of incorporation by another director shall immediately report such violation to the Board of Corporate Auditors and Board of Directors, and implement corrective measures.

2. Establishment of other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a Stock Company and the business of the corporate group comprising of the stock company and its subsidiaries

(1) Structure concerning storage and management of information related to performance of duties of directors

- i. Establish internal rules on storage and management of minutes of the Board of Directors, approval forms, other documents related to performance of duties by directors, and other information, and appropriately store and manage such information in accordance with such rules and laws.

(2) Rules and other frameworks on management of risk of loss

- i. The Company shall work out rules regarding risk management and establish rules, manuals and guidelines corresponding to the business of each division to prevent risks from materializing or increasing.
- ii. Business-related risks shall be scrutinized by the directors and corporate vice presidents in accordance with certain approval rules, and the Corporate Planning Department shall lead the management by each division/company and shared corporate operation departments at the headquarters.
- iii. Establish a company-wide emergency communication network to ensure prompt response to emergencies and prevent spreading of losses.
- iv. To ensure appropriate risk management practice, establish a risk management and compliance committee to deliberate/discuss, decide, exchange/communicate information on significant risk management matters.

(3) Framework to ensure efficient performance of duties by Directors

- i. An executive officer system shall be implemented to delegate the business execution authorities of directors to corporate vice presidents. Chief Operating Officer (COO), or CEO if there is no COO, shall supervise the business execution. Chief Executive Officer (CEO) shall supervise the overall management.
- ii. Directors shall supervise the business execution of corporate vice presidents and employees by attending meetings and receiving regular business reports.
- iii. Discuss projects to be deliberated at the Board of Directors meeting in advance at Management Meetings (a preliminary consultation body for the Board of Directors to deliberate on company-wide business projects) and Executive Meetings (decision making body for each executive unit) to clarify issues for efficient deliberation at the Board of Directors meeting.
- iv. Board of Directors shall establish the medium- to long-term management goals, promote sharing of such goals, and periodically review the progress.
- v. Board of Directors shall periodically conduct self-evaluation and analysis, to ensure effective performance of roles and obligations of the directors both in terms of decision making and supervision over business execution.

(4) System to ensure conformity of execution of operations of executive officers and employees with laws and articles of incorporation

- i. Establish rules on compliance and a framework to ensure that executive directors and employees comply with laws, the Articles of Incorporation and internal rules.
- ii. To promote compliance, establish a risk management and compliance committee to deliberate/discuss, decide, exchange/communicate information on significant compliance matters.
- iii. Structured education shall be conducted for executive directors and employees such as compliance lectures, to promote compliance awareness.
- iv. Establish a whistle blowing system (Compliance Hotline) as an internal reporting framework in case executive officer or employees identify illegal business acts, etc.
- v. Establish an independent audit department as an internal audit entity.

(5) Framework for securing appropriateness of business in corporate group

- i. In order to enhance the Group's brand value and its overall potential through sound operation of group subsidiaries, establish rules on subsidiary management, and manage/support subsidiaries mainly through the Company's department in charge of management of business or management of each subsidiary pursuant to such rules. At the same time, create a framework where subsidiaries are to make periodic reports as well as extraordinary reports as required on necessary matters to the Company.
- ii. The Company shall encourage its subsidiaries to establish rules tailored to each subsidiary's business characteristics, including rules on risk management, manuals, guidelines, etc. and build risk management systems corresponding to the characteristics of each subsidiary's business, to prevent risks from materializing or increasing.
- iii. The Company shall ensure efficiency of performance of duties by directors of subsidiaries by receiving business reports from subsidiaries pursuant to the rules on subsidiary management, and conducting preliminary discussions on business for significant matters, etc.
- iv. The Company shall establish Audit Department as an organization that performs internal audits, and perform periodic business audits for affiliates including subsidiaries and related companies, and extraordinary audits for necessary matters as required.
- v. The Company shall periodically convene Corporate Auditors of domestic affiliates and exchange opinions with the Company's Corporate Auditors to enhance audit functions at domestic affiliates.
- vi. The Company shall concurrently appoint executive officers and employees as Corporate Auditors of some of the domestic affiliates to enhance the audit function.
- vii. The Company shall apply the whistle blowing system (Compliance Hotline) in (4) above to domestic affiliates.
- viii. Overseas subsidiaries are to comply with the local laws, and follow a framework pursuant to this policy to the extent possible.

(6) Matters concerning an employee where Corporate Auditors request for an employee to support his/her duties

- i. In response to request by Corporate Auditors, one or more staffs shall be allocated from the Company's employees to support the duties of the Corporate Auditors.

(7) Matters related to securing independence of the employee from directors and effectiveness of instruction to the employee from Corporate Auditors

- i. In case such supporting staff is to be concurrently appointed to a position involving business execution, directors and executive units shall not intervene with the staff's performance of tasks supporting the Corporate Auditors; ensure the staff's independence from directors; and notify the Company's officers and employees that such supporting staff is to follow the instructions and orders of the Corporate Auditors.
- ii. Appointment of such supporting staff shall require consent by the Board of Corporate Auditors.

(8) Framework for reporting by directors, executive officers, and employees of the Company and its subsidiaries to the Company's Corporate Auditors; frameworks for other reports to the Company's Corporate Auditors; and the framework for securing effective audit by the Company's Corporate Auditors

- i. A system shall be established to ensure that the Company's Corporate Auditors can receive periodic reports on performance of duties from the directors, executive officers and employees of the Company or its subsidiaries.

[Translation for Reference and Convenience Purposes Only]

- ii. A system shall be established to ensure that the Company's Corporate Auditors can collect information on the status of performance of obligations relating to each business division, etc. by the directors, executive officers and employees of the Company and its subsidiaries.
- iii. Directors of the Company or its subsidiaries shall report to the Company's Corporate Auditors where matters that may cause significant damages to the Company, material violation of laws/articles of incorporation, or other material compliance matters occur.
- iv. Corporate Auditors of the Company may attend the Compliance Committee, which is an organizational body that deliberates/discusses, determines, exchange/communicate information on, important matters regarding risk management and compliance.
- v. The Company and its subsidiary's Representative Directors, Directors, or Accounting Auditors shall attend meetings to exchange opinions held by the Company's Corporate Auditor at the request of such Corporate Auditor.
- vi. A framework shall be established to ensure that the person reporting to the Company's Corporate Auditors shall not receive disadvantageous treatment for the reason of making the report in the preceding Item.
- vii. A framework shall be established with respect to procedures for advance payment or repayment of expenses arising from performance of duties of Corporate Auditors and processing or repayment of other expenses arising from performance of such duties, to enable smooth processing in accordance with the invoice, etc. from the Corporate Auditors.

At the Company, CRMO (Chief Risk Management Officer) is leading the corporate group-wide efforts to enhance risk management, working closely with Corporate Planning Department, which performs division-encompassing functions, and different divisions and companies, with professional support from company-wide shared corporate operations departments such as Risk Management & Compliance Office and Legal Department. Audit Department audits execution of tasks by each division and subsidiary in a planned manner.

Summary of operation of framework for securing appropriateness of business

1. Risk Management

To prevent the increase and expansion of the Group risks, the CRMO (Chief Risk Management Officer) appointed by the Board of Directors is leading risk management and compliance activities and reporting their status to the Board of Directors.

As a system to promote risk management, the Company has appointed risk management officers (job grade of General Managers) for each department and established the Risk Management & Compliance Committee chaired by the CRMO to deliberate/discuss, decide, and exchange/communicate information on important matters.

Risk management initiatives for normal situation conducted by the Risk Management & Compliance Committee in the fiscal period under review include the establishment of the group-wide Risk Management Policy and preparation of a company-wide Risk Map that summarized priority issues, based on the conditions surrounding the Company and the nature of its business, in consideration of the size of losses that could occur when such risks emerge. While placing a priority on responses to high-impact matters, the Company has also promoted risk management optimized for the entire company by asking each department to establish its own Risk Management Code of Conduct and combining these codes with every-day risk management tasks.

As to emergency responses, the Company has established “Coronavirus Special Countermeasure Headquarters” in February 2020 as a response to the COVID-19 to collect and share relevant information within and outside the Company and responded timely and appropriately by identifying who does what in emergency situations and reviewing the effectiveness of such responses. In addition, as the COVID-19 pandemic prolongs, relevant departments have worked closely together to make a swift shift to alternate work arrangements for the new normal.

The Company also reviews its company-wide emergency contact system regularly. When disasters occur that could impact its business, the Company shares information following the Emergency Response Basic Manual, using tools such as the Safety Confirmation System.

Approval Rules are strictly applied to business-related risks. All approved items are reviewed and scrutinized by Directors and Corporate Auditors to confirm there are no issues.

Directors recognize risk management activities as a top priority for the execution of their duties and have appropriately deliberated their status at the Board of Directors meetings and other meetings.

2. Situation of efforts to enhance compliance

To ensure all executives and employees of the Group comply with laws and regulations, the articles of incorporation, and internal rules, and act in accord with social ethics and norms, the Company is working to maintain and enhance the group-wide compliance system by establishing the Corporate Code of Conduct, Conduct Guidelines, and other rules, while setting up and operating various committees.

As a system to promote compliance within the Company, the CRMO is leading compliance activities, while the Risk Management & Compliance Committee formulates policies, deliberates/discusses, decides, and exchanges/communicates information on important matters, such as the activities of each department and the operation of the whistle blowing system, and reports these activities to the Board of Directors.

The proper and active operation of the whistle blowing system implemented in the Company and its subsidiaries is contributing to the early identification and correction of issues that may not be detected in the normal course of business, preventing the occurrence of issues in the first place, and enhancing the self-cleansing function and overall effectiveness of compliance activities.

The Risk Management & Compliance Office manages these company-wide activities and works to promote compliance awareness throughout the Group, by creating and providing the Compliance Manual and conducting trainings in cooperation with relevant departments.

Key efforts to enhance the compliance system

- Developed and implemented company-wide compliance programs based on the Compliance Policy (e.g., “Think Compliance,” “Positive attitude of doing good not just doing no harm”)
- Continued preparation of internal rules including those for subsidiaries, and shared important compliance information such as whistle blowing cases within the Group
- Registered the Company’s whistle blowing system to the Consumer Affairs Agency's Whistleblowing Compliance Management System (WCMS) certification (self-declaration of conformity registration system) and conducted a third-party evaluation of whistle blowing cases by lawyers



3. Securing efficient performance of duties

The Company has introduced an Executive Officer System with the aim of ensuring speedy business executions by the Directors through the delegation of business executions to the Executive Officers and supervising the Executive Officers by attending various meeting bodies and receiving periodic business reports.

Significant matters requiring submission to the Board of Directors were deliberated at the Executive Meeting to deepen the discussion and discussion points that should be subjected to deliberation by the Board of Directors were clarified by sorting out discussion points and providing directionality. Deeper and efficient discussion at the Board of Directors meeting is being promoted by, for example, early distribution of materials and providing preliminary explanations.

Documents regarding performance of duties by the directors and other information is being stored and maintained appropriately in accordance with the internal rules.

4. Securing appropriateness of business by the corporate group comprising of the Company and its subsidiaries

The Company is enhancing the audit and supervisory functions by appointing executive directors and employees of the Company to concurrently work as directors or Corporate Auditors of subsidiaries. In addition, the Company received periodic and ad hoc reporting from subsidiaries through designated business management departments, had discussions where necessary, and issues that have significant impact on the Company were reported to the Executive Meeting.

To ensure that business activities are carried out strictly in accordance with the Company-wide Subsidiary Management Rules, the subsidiaries' projects that should be subject to preliminary discussions with the Company and projects to be determined at the discretion of subsidiaries were distinguished. In addition, the information communication routes from subsidiaries to the Company were confirmed, and ongoing confirmation is being made on the establishment of rules at subsidiaries.

To further enhance these operations, the Company has integrated business-based management by business management departments and organization-based management to realize a system that further ensures the appropriateness of subsidiaries' businesses as a corporate group.

Furthermore, the Company's internal audit division performed business audits for the Company and its subsidiaries in accordance with the Internal Audit Rules. Their results were reported at the Executive Meeting, and corrective measures were implemented where necessary.

5. Securing effectiveness of Corporate Auditors' Audit

The Company has formulated rules to ensure the effectiveness of Corporate Auditors' audit (e.g., Standards for Corporate Auditor's Audit), developed a whistle blowing system, and established a framework where the Corporate Auditors can gather information from directors and employees as needed in case of matters that may cause significant damages to the Company, significant violation of laws/articles of incorporation, or other significant compliance matters. In addition, the framework ensures smooth performance of Corporate Auditors' duties by assigning employees independent from directors to support duties of Corporate Auditors and making them known to all employees.

The Company's Corporate Auditors attend important meetings including the Board of Directors, Executive Management Board Meeting, and Risk Management & Compliance Committee meetings, and state their opinions as necessary to secure effectiveness of the audit.

In addition, periodic semi-annual interviews with directors and executive officers as well as on-site audits of key offices and subsidiaries are performed to confirm the status of establishment and operation of the internal control system.

Monthly reports including the operational status of the whistle blowing system are received from Internal Audit Division, Legal Division, and Risk Management & Compliance Office, and reports on subsidiaries are received as necessary from departments in charge of managing the subsidiaries. Furthermore, discussion meetings are held with Corporate Auditors of key subsidiaries. The Company has had meetings with the accounting auditors quarterly to exchange information and opinions, thereby facilitating their efforts to work together, and held discussions concerning the appointment of accounting auditors.

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

6. Situation of effort on corporate culture reforms

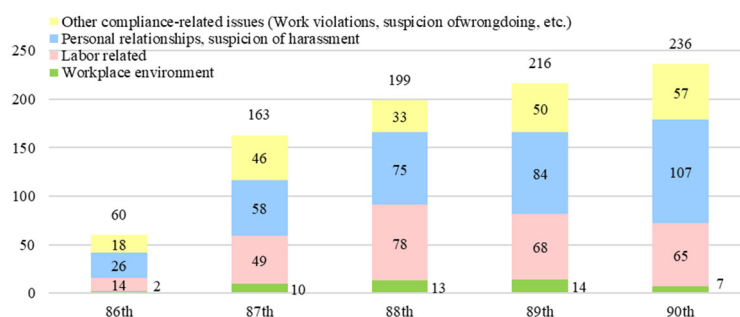
Corporate culture reforms are one of the priority themes of the Company's mid-term management vision "STEP." In the fiscal period under review, the Company worked on this theme in a company-wide effort, led by members of the management, under the slogan of "change mindset, change actions, change the company."

"Officer Speech Relay" is one of the ongoing initiatives under the theme, and from this fiscal period under review, the Company started broadcasting officer speeches live and uploading videos to the intranet to further boost communication between the management and employees.

As a new initiative, "General Manager Dialogue Relay" has also started to revitalize the organization, centered around the Company's next generation leaders. The new initiative has allowed general managers to communicate with chiefs of other departments in a small group setting, spurring personal and productive conversation. These dialogues have been rated highly satisfactory by employees and triggered their voluntary actions.

In parallel with these initiatives, the Company has also conducted the employee attitudes survey, interviews with managers, and online surveys to analyze and monitor the effects of such activities. As noted in page 5 of this notice, the scores for workplace communication and atmosphere in the employee attitudes survey have been improving for two consecutive years.

The Company has been steadily shifting to a workplace open to new ideas. This shift has been reflected not only in the results of the employee attitudes survey but also in the number of cases reported to the whistle blowing system (Compliance Hotline).



As a result of past initiatives and changes in business and work environment brought by the COVID-19, many employees are now keenly aware of the need to change ways of thinking. This has had some positive impact on corporate culture reforms.

For the next fiscal period, the Company will continue to promote corporate culture reforms to translate the change in the employee attitude to new actions. By working on both the workstyle reform that builds an environment for personal development and improves their engagement, and the organizational and workplace reform that brings out the best in them, the Company aims to create an organizational culture that contributes to the generation of new value at SUBARU.

Consolidated Financial Statements
Consolidated Statements of Financial Position

(Unit: Millions of yen)

	FYE 2020 (as of March 31, 2020)	FYE 2021 (as of March 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	858,966	907,326
Trade and other receivables	364,839	341,907
Inventories	459,940	419,053
Income taxes receivable	15,648	19,820
Other financial assets	204,373	228,279
Other current assets	74,748	66,378
Subtotal	1,978,514	1,982,763
Assets held for sale	251	69
Total current assets	1,978,765	1,982,832
Non-current assets		
Property, plant and equipment	820,491	839,648
Intangible assets and goodwill	209,775	216,652
Investment property	23,986	24,282
Investments accounted for using equity method	9,831	10,177
Other financial assets	19,730	101,389
Other non-current assets	112,843	127,826
Deferred tax assets	118,487	108,906
Total non-current assets	1,315,143	1,428,880
Total assets	3,293,908	3,411,712

[Translation for Reference and Convenience Purposes Only]

(Unit: Millions of yen)

	FYE 2020 (as of March 31, 2020)	FYE 2021 (as of March 31, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	336,223	267,824
Financing liabilities	12,173	26,334
Other financial liabilities	44,126	61,282
Income taxes payable	2,642	2,908
Provisions	261,312	194,497
Other current liabilities	326,820	322,295
Total current liabilities	983,296	875,140
Non-current liabilities		
Financing liabilities	227,037	307,549
Other financial liabilities	67,855	78,528
Employee benefits	56,525	55,817
Provisions	47,509	89,954
Other non-current liabilities	179,849	210,491
Deferred tax liabilities	11,714	7,850
Total non-current liabilities	590,489	750,189
Total Liabilities	1,573,785	1,625,329
Equity		
Equity attributable to owners of parent		
Capital stock	153,795	153,795
Capital surplus	160,178	160,178
Treasury shares	(6,722)	(6,524)
Retained earnings	1,397,239	1,435,291
Other components of equity	8,391	34,995
Total equity attributable to owners of parent	1,712,881	1,777,735
Non-controlling interests	7,242	8,648
Total equity	1,720,123	1,786,383
Total liabilities and equity	3,293,908	3,411,712

Consolidated Statements of Income

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to March 31, 2020)	FYE 2021 (April 1, 2020 to March 31, 2021)
Revenue	3,344,109	2,830,210
Cost of sales	(2,728,605)	(2,337,614)
Gross profit	615,504	492,596
Selling, general and administrative expenses	(308,227)	(279,867)
Research and development expenses	(92,460)	(104,157)
Other income	7,751	5,073
Other expenses	(12,026)	(11,057)
Share of profit (loss) of investments accounted for using equity method	(223)	(120)
Operating profit	210,319	102,468
Finance income	15,844	21,003
Finance costs	(18,507)	(9,517)
Profit before tax	207,656	113,954
Income tax expense	(55,065)	(36,634)
Profit for the period	152,591	77,320
Profit for the period attributable to		
Owners of parent	152,587	76,510
Non-controlling interests	4	810
Profit for the period	152,591	77,320
Profit for the period per share attributable to owners of parent		
Basic (yen)	198.99	99.77

Non-consolidated Financial Statements**Non-consolidated Balance Sheet**

(Unit: Millions of yen)

	FYE2020 (as of March 31, 2020)	FYE2021 (as of March 31, 2021)
ASSETS		
I Current assets		
Cash and deposits	769,644	802,432
Accounts receivable-trade	254,960	202,168
Merchandise and finished goods	52,661	52,158
Work in process	68,539	52,853
Raw materials and supplies	26,494	39,426
Advance payments-trade	22,013	35,086
Prepaid expenses	6,745	4,758
Short-term loans receivable to subsidiaries and affiliates	65,799	63,880
Current portion of long-term loans receivable from subsidiaries and affiliates	21,800	19,000
Deposits paid	29,897	27,114
Accounts receivable-other	51,593	47,122
Other	33,267	24,397
Allowance for doubtful accounts	(11)	(3)
Total current assets	1,403,401	1,370,391
II Noncurrent assets		
1. Property, plant and equipment		
Buildings, net	91,214	96,798
Structures, net	14,243	17,574
Machinery and equipment, net	111,784	117,466
Vehicles, net	2,969	3,064
Tools, furniture and fixtures, net	8,438	10,582
Land	81,174	81,078
Construction in progress	28,534	23,631
Other, net	2,318	2,803
Total property, plant and equipment	340,674	352,996
2. Intangible assets		
Software	24,429	27,840
Other	14,814	19,267
Total intangible assets	39,243	47,107
3. Investments and other assets		
Investment securities	2,503	2,296
Stocks of subsidiaries and affiliates	150,735	228,020
Investments in capital of subsidiaries and affiliates	4,375	4,424
Long-term loans receivable	403	303
Long-term loans receivable from subsidiaries and affiliates	73,160	73,893
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	0
Prepaid pension cost	10,241	9,091
Deferred tax assets	107,871	116,017
Other	23,949	25,991
Allowance for doubtful accounts	(460)	(269)
Total investments and other assets	372,777	459,766
Total noncurrent assets	752,694	859,869
Total assets	2,156,095	2,230,260

[Translation for Reference and Convenience Purposes Only]

(Unit: Millions of yen)

	FYE2020 (as of March 31, 2020)	FYE2021 (as of March 31, 2021)
LIABILITIES		
I Current liabilities		
Notes payable-trade	164	311
Accounts payable-trade	207,298	170,288
Electronically recorded obligations-operating	32,330	20,643
Current portion of long-term loans payable	6,000	24,150
Lease obligations	1,132	1,408
Accounts payable-other	16,933	18,302
Accrued expenses	50,483	44,628
Advances received	32,979	30,635
Deposits received	262,497	393,242
Provision for bonuses	15,077	14,508
Provision for product warranties	225,967	147,845
Provision for environmental measures	150	1,224
Provision for loss on construction contracts	3,112	7,033
Other	2,700	8,494
Total current liabilities	856,822	882,711
II Noncurrent liabilities		
Bonds payable	40,000	80,000
Long-term loans payable	185,200	226,550
Lease obligations	1,496	1,767
Provision for product warranties	36,526	77,616
Provision for environmental measures	1,111	2,602
Provision for retirement benefits	301	346
Asset retirement obligations	16	16
Other	2,116	1,416
Total noncurrent liabilities	266,766	390,313
Total liabilities	1,123,588	1,273,024
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus		
Legal capital surplus	160,071	160,071
Total capital surplus	160,071	160,071
Retained earnings		
Legal retained earnings	7,901	7,901
Other retained earnings		
Reserve for reduction entry of land	1,341	1,341
General reserve	35,335	35,335
Retained earnings brought forward	680,800	599,108
Total retained earnings	725,377	643,685
Treasury stock	(6,722)	(6,524)
Total shareholders' equity	1,032,521	951,027
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(14)	6,209
Total valuation and translation adjustments	(14)	6,209
Total net assets	1,032,507	957,236
Total liabilities and net assets	2,156,095	2,230,260

Non-consolidated Statements of Income

(Unit: Millions of yen)

	FYE2020 (April 1, 2019 to March 31, 2020)	FYE2021 (April 1, 2020 to March 31, 2021)
I Net sales	2,011,205	1,580,950
II Cost of sales	1,730,592	1,432,225
Gross profit	280,613	148,725
III Selling, general and administrative expenses	232,689	201,106
Operating income (loss)	47,924	(52,381)
IV Non-operating income		
Interest income	9,340	1,286
Interest on securities	18	—
Dividends income	3,198	3,114
Foreign exchange income	—	5,987
Real estate rent	2,935	2,982
Gain on valuation of derivatives	919	—
Gain on settlement of plant shutdown related costs	2,534	—
Other	2,740	2,649
Total non-operating income	21,684	16,018
V Non-operating expenses		
Interest expenses	5,438	739
Depreciation	1,295	1,381
Foreign exchange losses	15,834	—
Loss on valuation of derivatives	—	6,748
Other	5,587	4,604
Total non-operating expenses	28,154	13,472
Ordinary income (loss)	41,454	(49,835)
VI Extraordinary income		
Gain on sales of noncurrent assets	1,554	190
Gain on sales of investment securities	200	133
Gain on sales of investments in capital of subsidiaries and affiliates	2,170	—
Reversal of allowance for doubtful accounts	—	189
Other	876	77
Total extraordinary income	4,800	589
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3,992	3,572
Loss on valuation of investment securities	905	—
Other	120	19
Total extraordinary losses	5,017	3,591
Income before income (loss) taxes	41,237	(52,837)
Income tax-current	5,588	(3,301)
Income taxes-deferred	3,730	(10,878)
Total income taxes	9,318	(14,179)
Net income (loss)	31,919	(38,658)

Audit Report

Accounting Audit Report on Consolidated Financial Statements

Independent Auditor's Report

May 13, 2021

To the Board of Directors of SUBARU CORPORATION:

KPMG AZSA LLC
Tokyo Office, Japan

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Hasumi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yumiko Hosoi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated statements of financial position, the consolidated statements of income, the consolidated statement of changes in equity and the related notes of SUBARU CORPORATION ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely

[Translation for Reference and Convenience Purposes Only]

responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Accounting Audit Report on Non-consolidated Financial Statements

Independent Auditor's Report

May 13, 2021

To the Board of Directors of SUBARU CORPORATION:

KPMG AZSA LLC
Tokyo Office, Japan

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Hasumi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yumiko Hosoi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheets, the statements of income, the statements of changes in net assets and the related notes, and the supplementary schedules ("the financial statements and the supplementary schedules") of SUBARU CORPORATION. ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the supplementary schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

[Translation for Reference and Convenience Purposes Only]

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Board of Corporate Auditors' Report

Audit Report

The Board of Corporate Auditors have prepared this Audit Report by analyzing the Audit Report prepared by the auditors concerning the performance of duties by the directors for the 90th fiscal period between April 1, 2020 and March 31, 2021, and report as follows.

1. The Corporate Auditors, and the Methods and Contents of Audit by the Board of the Corporate Auditors

- (1) The Board of the Corporate Auditors determined the audit policy and allocation of duties, received reports on the status and results of audits from each auditor, received reports on the status of performance of duties from directors, etc., and accounting auditors, and requested explanation where necessary.
- (2) In accordance with the standards for auditor's audit prescribed by the Board of the Corporate Auditors, each auditor attempted to communicate with the directors, internal control division and other employees, etc., following the audit policy and allocation of duties, etc., strove to gather information and establish audit environment, and performed the audit using the following methods.
 - (i) Participated in board of directors' meetings and other important meetings, received reports from the directors and employees, etc., on the status of performance of their duties, requesting explanations where necessary, inspected important approval documents, etc., and examined the status of the business and assets at the headquarters and major offices. With respect to subsidiaries, the Corporate Auditors sought communication and exchange of information with the directors and corporate auditors, etc., of the subsidiaries, and received reports on business from the subsidiaries where necessary.
 - (ii) With respect to the content of the board of directors' resolution concerning the establishment of the system prescribed in Article 100, Paragraphs 1 and 3 of the Enforcement Rule for the Company Act as necessary for securing the system to ensure that the performance of duties by the directors described in the Business report comply with the laws and articles of incorporation and appropriateness of the business of the corporate group comprising of the stock company and its subsidiaries, as well as the status of the system established based on the resolution of the board of directors' meeting (internal control system), the Corporate Auditors received periodic reports on the status of establishment and operation of such system, requested explanation and stated our opinions where necessary.
 - (iii) We monitored and reviewed that the accounting auditors maintained independence and performed appropriate audits and received reports from the accounting auditors on the status of performance of their duties, and requested explanation where necessary. We also received a notice from the Accounting Auditors that the "system to secure appropriate performance of duties" (matters listed in the Items of Article 131 of Company Calculation Rules) were established in accordance with the "Quality Control Standards for Audit" (October 28, 2005 Business Accounting Council), etc. and requested explanation where necessary.

Based on the above methods, we reviewed the Business Report and its supporting documents, Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statements of Comprehensive Income, Non-consolidated Statement of Changes in Net Assets, and Notes to Non-consolidated Financial Statements) and their supporting documents as well as Consolidated Financial Statements (Consolidated Statement of Financial Position, Consolidated Statements of Comprehensive Income, Consolidated Statement of Changes in Equity, and Notes to Consolidated Financial Statements).

2. Audit Results

(1) Audit Result for the Business Report, etc.

- (i) The business report and its supporting documents correctly represent the status of the Company in accordance with the laws and the Articles of Incorporation.
- (ii) There were no unlawful acts or material facts in violation of laws or the Articles of Incorporation in relation to the performance of duties of the directors.
- (iii) We acknowledge that the resolutions of the Board of Directors with respect to the internal control system are appropriate. We have found no matters to point out for the description of Business Report and the execution of duties by Directors with respect to the internal control systems.

(2) Audit Results for the Non-consolidated Financial Statements and Supporting Documents

The methods and results of the audit by the accounting auditors KPMG AZSA LLC were appropriate.

(3) Audit Results for Consolidated Financial Statements

The methods and results of the audit by the accounting auditors KPMG AZSA LLC were appropriate.

May 13, 2021

SUBARU CORPORATION Board of Corporate Auditors		
Standing Corporate Auditor	Akira Mabuchi	(seal)
Standing Corporate Auditor	Hiromi Tsutsumi	(seal)
Outside Corporate Auditor	Shigeru Nosaka	(seal)
Outside Corporate Auditor	Kyoko Okada	(seal)