



Integrated Report

2021

SUZUKI MOTOR CORPORATION

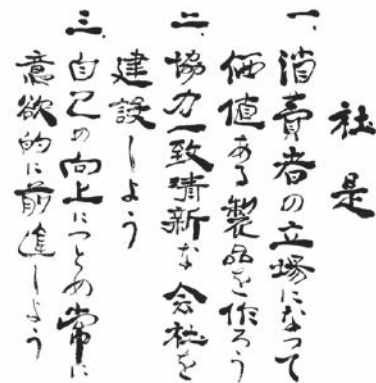
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Corporate Philosophy

Basic policy for company management

The Group has been placing the motto “Develop products of superior value by focusing on the customer” as the first paragraph of the mission statement. We will continuously strive for making truly valuable products that satisfy our customers. Under the slogan “Small cars for a big future”, we will work toward manufacture of “small cars” and “environmentally-friendly products” which are wanted by our customers. We will also work on lean, efficient and sound management by emphasizing the “Smaller, Fewer, Lighter, Shorter and Neater” concept in all areas while complying with laws and prioritizing safety and quality.

Mission statement



In 1962, Suzuki established the “Mission Statement” which indicates the corporate policy of Suzuki Group.

Suzuki Group Mission Statement (established in 1962)

1. Develop products of superior value by focusing on the customer
2. Establish a refreshing and innovative company through teamwork
3. Strive for individual excellence through continuous improvement

The Statement sets three goals for all employees of the Suzuki Group to understand and strive for: the one toward carrying out company's social missions (making products), the one for the corporate organization that they belong to (making company) and for the one for themselves (developing human resources), respectively.

With the motto “products of superior value”, which is mentioned in the first paragraph of the Mission Statement, all employees of the Suzuki Group are making daily efforts as value creators.

Smaller, Fewer, Lighter, Shorter and Neater

“Smaller, fewer, lighter, shorter and neater” has been used for many years and it has become established as words to simply express Suzuki’s philosophy and culture.

“Smaller” leads to enhanced efficiency by making things compact, “fewer” optimally distributes resources by avoiding wastes, “lighter” slims down for enhanced efficiency, and “shorter” speeds up decision-making, action and reporting, communication, and consultation processes.

In addition, the meaning behind “neater” is that all activities are for the best interest of our customers, that the customers can be satisfied for the first time once we meet all criteria of performance, quality, cost, reliability, safety and security, and compliance.

In order to provide products of superior value by focusing on the customer, the Company will continue conducting the “smaller, fewer, lighter, shorter and neater” in manufacturing and all other operations.

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Editorial Policy

In order for the Suzuki Group to continuously grow for the next 100 years, the Company is promoting various initiatives. This report is published to help our stakeholders including shareholders, investors, and employees, to understand those initiatives. Financial and non-financial information are also available at our website.

Period Covered

The period covered by this report is FY2020 (from 1 April 2020 through 31 March 2021). However, this report also contains descriptions on some activities took place before or after that time period.

Information Covered

This report covers information about not only Suzuki Motor Corporation, but also domestic and overseas Suzuki Group companies. (Unless “related companies”, “dealers”, or “overseas” is indicated in each description, the information is related to Suzuki Motor Corporation.)

Referred Guidelines

“Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation”, by the Ministry of Economy, Trade and Industry
“International Integrated Reporting Framework”, by The International Integrated Reporting Council (IIRC)

Information Disclosure System

Financial Information	Non-financial Information
・ Integrated Report (PDF)	
・ Business Report (PDF) ・ Financial Results (PDF) ・ Securities Report (PDF)*	・ Corporate Profile (PDF) ・ Sustainability Report (PDF) ・ Corporate Governance Report (PDF)
*In Japanese language only	

Caution with respect to Forward-Looking Statements

The forward-looking statements mentioned in this report are based on currently available information and assumptions, contain risks and uncertainty and do not constitute guarantees of future achievement. Please note that the future results may greatly vary by the changes of various factors. Those factors, which may influence the future results, include economic conditions and the trend of demand in major markets and the fluctuations of foreign exchange rates (mainly U.S. dollar/Yen rate, Euro/Yen rate, Indian Rupee/Yen rate).

Remain Indispensable to People by Staying Closely attuned to Lives and Providing Mobility



Toshihiro Suzuki
Representative Director and President

Launch of a New Management Structure and Suzuki's Strengths

Suzuki celebrated its 100th anniversary in March 2020. As we embarked on our next 100 years, we launched a new management structure to start up a "New Suzuki" with the aim of contributing to a sustainable society. Even with the new management team, my personal belief is that Suzuki's mission is to "continue to be an indispensable presence by staying closely attuned to people's lives and providing mobility for local transportation."

Suzuki's extensive lineup of automobiles, motorcycles, outboard motors, and electro senior vehicles serves as a

strength that was built up under the extended leadership of our former chairman. Furthermore, in line with the basic policy of "Sho-Sho-Kei-Tan-Bi" (an abbreviation for Japanese meaning "smaller," "fewer," "lighter," "shorter," and "neater"), Suzuki has continuously advanced these products at affordable prices. This product lineup is a strength that enables us to realize the recent watchwords of "personal mobility rather than automobiles" and "supporting the last mile."

Our vision for realizing Suzuki's mission is to "become a life infrastructure company that solves mobility issues encountered by numerous people each day and that energizes many people and revitalizes the economy." In other words, I believe that to fully deploy Suzuki's strengths throughout society, we must make proposals with a holistic view of the entire environment surrounding our products. This includes not only the actual products but also related infrastructure and the structures that will be used with our products. To respond to the need for realizing the ideal form of mobility that supports people's lives in the future, we aim to create new value matched to the needs of society by integrating all our businesses, including electro senior vehicles. These efforts will include thinking of automobiles as a form of personal mobility that incorporates various

concepts related to motorcycles instead of advancing motorcycle and automobile technologies separately as we further pursue the true meaning of Sho (smaller) in "Sho-Sho-Kei-Tan-Bi," which is Suzuki's strength.

Under the new management structure, Suzuki launched the New Mobility Service Division and the EV Operations Division that eliminate barriers between motorcycles and automobiles while revising its internal information sharing system and establishing an environment for facilitating flexible ideas and efficient cooperation. Recognizing the importance of encouraging all officers and employees to promote internal communication and incorporate new perspectives and different ways of thinking, we will work as one team in addressing various issues while mutually listening to each other's opinions.

Environment Surrounding Automobiles and Suzuki's Response to CASE Technology

The automobile industry is currently in the midst of accelerating technological innovations typified by CASE (Connected, Autonomous, Shared & Services, Electric) as the industry moves toward the next generation. By advancing technologies in these four areas, each automaker is steering toward a mobility service business.

To speed up its response to CASE under these circumstances, Suzuki newly established the aforementioned New Mobility Service Division in October 2020 and the EV Operations Division in July 2021.

In addition, in July 2021 Suzuki announced that together with Daihatsu Motor Co., Ltd. it will participate in the Commercial Japan Partnership (CJP), a commercial vehicles project launched by Toyota Motor Corporation, Hino Motors Limited and Isuzu Motors Limited in April 2020.

Minivehicles now account for around 31 million of the approximately 78 million vehicles on the road in Japan and are instrumental in people's daily lives, especially in rural areas. Among these, mini-commercial vehicles play a key

role in supporting last-mile logistics. The addition of Suzuki and Daihatsu to CJP will enable improvements in the efficiency of integrated logistics, from trucks to mini-commercial vehicles.



Press conference announcing the participation in CJP (July 2021)

Review of Operations

Looking back on our performance in FY2020 (fiscal year ended March 31, 2021), the sharp decline in business results at the beginning of the fiscal year due to COVID-19 subsequently rebounded thanks to recovery in sales in Japan and India and efforts to reduce expenses. On a full-year basis, however, both net sales and operating income decreased from the previous fiscal year.

In FY2021, our business results have been better than those of the previous fiscal year, when performance declined sharply because of COVID-19. Nevertheless, net sales and operating income have yet to recover to the levels recorded in the first half of FY2019, owing mainly to production cutbacks arising from resurgence of COVID-19 in India and

shortage of semiconductors in Japan as well as to soaring raw material prices and an increase in R&D expenses.

Furthermore, the adverse impact of the semiconductor shortage is ongoing, which we expect will persist at least until the end of the fiscal year ending March 2022. Besides modifying specifications and designs to manufacture products that are minimally affected by the current circumstances, Suzuki is promoting a host of other measures that include introducing mechanisms for visualizing its supply chain. Moreover, I believe Suzuki must rebuild relationships with business partners and reevaluate inventory and procurement strategies. I intend to take the lead in these efforts as we continue to promote dialogue.

New Mid-Term Management Plan

In February 2021, Suzuki formulated a new Mid-Term Management Plan “Sho-Sho-Kei-Tan-Bi” (April 2021 to March 2026). Under this plan, we aim to return to our origins of “focusing on the customer” inherited from our founder and provide valuable products and services by pursuing the concept of “smaller, fewer, lighter, shorter and neater.”

In this management plan, Suzuki has clearly articulated its initiatives amid the global trend toward carbon neutrality and will prioritize the three key issues of “CO₂ emissions in use,” “CO₂ emissions from production,” and “quality assurance.” We regard the five years of this plan as a period for creating a foundation for building on our electrification technologies in anticipation of 2030 and will proactively promote various technological developments to attain this goal.

There are even some automakers around the world that are setting the ambitious goal of converting all models to electric vehicles (EVs) by 2030. However, most of Suzuki’s customers are ordinary consumers and the existence of our business necessitates us to stay closely attuned to their needs. For precisely this reason, instead of rushing too far ahead and focusing solely on advancing technologies, we must first consider what kinds of vehicles our customers will actually need and use in the coming years. In collaboration with the national and local governments, we wish to move forward by giving consideration to what is needed in society for electrified vehicles to be prevalent, such as charging stations and other infrastructure, and by contemplating what must be done to small vehicles.

Toward Solving Social Issues

There is an urgent need to resolve globally common social issues such as achieving the Sustainable Development Goals (SDGs). To date, Suzuki has contributed to the development and spread of environment-friendly small cars and the creation of jobs in emerging countries. Suzuki will continue to consider what it can do for and what is needed by society as it works toward solving social issues while earning profits through business activities that leverage its strengths.

On the environmental front, Suzuki formulated Environmental Vision 2050. Under this vision, we have set challenging goals with an eye toward 2050 based on four themes of “mitigation of climate change,” which we place particular focus on, “air conservation,” “water resource conservation,” and “resource circulation.” Through manufacturing, Suzuki is making efforts to not only reduce its carbon footprint, but also to recycle resources and reduce the burden on the water environment. In 2021, Suzuki also commenced various innovative initiatives through its businesses, such as introducing the device for outboard motors to collect marine microplastics.

Having people capable of generating ideas for and actively working on such initiatives will become increasingly crucial. It is often said that “companies are made up of people.” However, without an environment in which employees can thrive, such imaginative ideas will never be born. For this reason, it is important for all employees to share information and move into action. As such, we are working to create open workplaces with active communication that enable easy exchanges of opinions and consultations. Labor-management strife that once occurred in India was solved by mutually sharing information and ideas through

In addition, we need to place emphasis on quality more than ever before to address the sophistication of automobile technologies accompanying electrification and software development. We aim to create valuable products that offer superb quality and affordability from the customer’s perspective. At the same time, while heeding the lessons learned from past recalls, we will redouble efforts toward the prompt investigations of causes of product defects and implementation of countermeasures, strive for product manufacturing with less variants, and expand traceability management to prevent the occurrence of quality issues, enable early detection of problems, and avert the outflow of defective products.

Meanwhile, in the automobile business, we aim to secure a market share of 30% or more for minivehicles in Japan and a market share of 50% or more in the passenger car segment in India while advancing measures for electrification. We will also work to achieve our profit targets in the motorcycle business and marine business.

Additionally, we plan ambitious investments in R&D totaling ¥1 trillion over the five-year period of the management plan and aim for consolidated net sales of ¥4.8 trillion and an operating margin of 5.5% in the fiscal year ending March 31, 2026. Regarding shareholder returns, we are striving for ROE of 8% and a dividend payout ratio of 30%.

persistent communication, and unity there has since been strengthened.

Communication is also important from the perspective of compliance. Regarding the case of improper conduct during final vehicle inspections, as our efforts were insufficient for confirming what was occurring and identifying the problems at inspection sites, we failed to make needed improvements. We are now pushing ahead with various improvements by automating inspections to reduce workloads and taking other measures so that inspectors can feel a sense of reassurance and devote themselves to their work in compliance with applicable laws, regulations, and rules.

Turning to corporate governance, I believe that diversity in the composition of the Board of Directors is also important. For example, advice from outside directors with knowledge that differs from that of someone inside Suzuki serves as a good stimulus while repeated discussions often yield positive results. One person alone cannot manage a company so Team Suzuki must work as one. Here, as well, communication among a variety of people is the key.

I should point out that the importance of diversity is not limited to the Board of Directors. For a company on the scale of Suzuki, with its extensive range of customers and stakeholders, respecting and incorporating diverse opinions and ideas is paramount. We will also strive to create work environments in which human resources from extensive backgrounds can flourish in the most suitable jobs and demonstrate their abilities regardless of gender, nationality, age, disabilities, etc.

Toward the Future

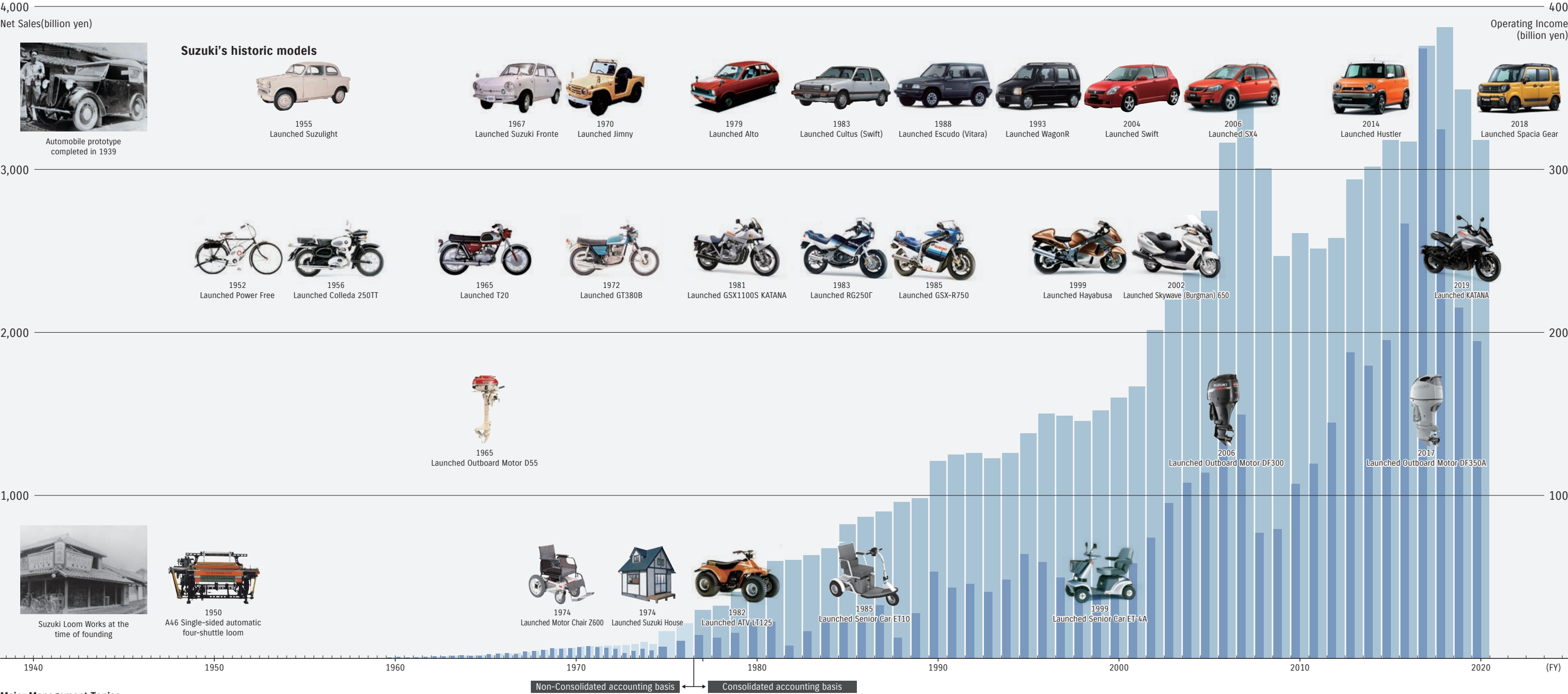
This marks the first time that Suzuki’s philosophy and ideas, future business strategies, and vision for the future have been summarized in the form of an integrated report. Suzuki will continue to hold dialogue after properly communicating to stakeholders how we plan to realize our management philosophy while making the most of our strengths as well as the ways we will contribute to a sustainable society. I believe that fulfilling this mission is crucial.

Each officer and employee will once again return to the mission statement of “Develop products of superior value by focusing on the customer” with a strong awareness of creating environment-friendly products demanded by customers. At the same time, we will also pursue the concept of “Sho-Sho-Kei-Tan-Bi” in every area to contribute to the realization of sustainable management and a sustainable society.



SUZUKI HISTORY

*Below graph is ased on non-consolidated figures until 1976, and consolidated figures from 1977.
*Until 1974, the accounting period was 6 months. *Operating income has been disclosed since 1960.



Major Management Topics

Starting Out as a Loom Manufacturer, Ambition for cars	Transformation to an Automobile Manufacturer	Taking on the World: Growth as a Global Company	Working toward the Next 100 Years
1909 Oct. Michio Suzuki founds Suzuki Loom Works 1911 - Invented Upper and Lower Shuttle Device and developed Two-shuttle Tread Loom 1912 - Invented Warp regulator and developed Suzuki Power Loom 1920 Mar. Suzuki Loom Manufacturing Co. incorporated on March 15 with Michio Suzuki as president 1929 - Inveted Card-saving Device fit for quad-shuttle loom and developed Sarong Loom 1930 - Started export of Sarong Loom to Southeast Asia 1936 Aug. Commences research on automobiles 1937 - Succeeds in developing engine prototype 1939 - Completes small four-wheel sedan prototype 1941 - Halts research on automobiles	1951 Nov. Commences development of motorcycle engine prototype 1952 Jan. Succeeds in developing small engine prototype Jun. Enters the transportation equipment field 1954 Jan. Commences research on minivehicles Jun. Company name changed to Suzuki Motor Co., Ltd. 1955 Oct. Launches the Suzulight, blazing a trail for minivehicles 1957 Feb. Shunzo Suzuki appointed as president 1962 Mar. Mission Statement established 1965 Apr. Enters the outboard motor field 1973 May Jitsujiro Suzuki appointed as president 1974 Apr. Enters the medical equipment field Aug. Enters the housing field 1975 - Suffers severe difficulties owing to delays in compliance with car emission regulations 1978 Jun. Osamu Suzuki appointed as president	1981 Aug. Enters business tie-ups with General Motors Corp. (GM) 1982 Sep. Commences automobile production at Pak Suzuki Motor Co., Ltd. in Pakistan 1983 Dec. Commences automobile production at Maruti Udyog Ltd. (currently Maruti Suzuki India Limited) in India 1990 Oct. Company name changed to Suzuki Motor Corporation 1991 Mar. Consolidated sales reach ¥1 trillion 1992 Oct. Commences automobile production at Magyar Suzuki Corporation Ltd. in Hungary 2000 Jun. Masao Toda appointed as president Osamu Suzuki appointed as chairman and CEO 2003 Mar. Consolidated sales reach ¥2 trillion Apr. Hiroshi Tsuda appointed as president 2007 Mar. Consolidated sales reach ¥3 trillion 2008 Nov. Dissolves business tie-ups with GM Dec. Chairman and CEO Osamu Suzuki additionally appointed as President 2009 Dec. Reaches framework agreement with Volkswagen AG (VW) for a comprehensive partnership 2011 Nov. Notifies VW that Suzuki terminated the comprehensive partnership and commenced arditration process for divesting Suzuki shares held by VW	2015 Jun. Toshihiro Suzuki appointed as president Announces the new mid-term management plan “SUZUKI NEXT 100” Aug. Receives an award whereby the tribunal found that the Framework Agreement with VW was validly terminated, and orders VW to divest its shares in Suzuki Sep. Acquires all the shares in Suzuki held by VW 2016 Jun. President Toshihiro Suzuki additionally appointed as CEO 2017 Feb. Commences automobile production at Suzuki Motor Gujarat Private Limited in India Feb. Concludes memorandum toward business partnership with Toyota Apr. Reaches basic agreement with Toshiba and Denso to establish a joint venture company for production of automotive lithium-ion battery packs in India Nov. Concludes memorandum with Toyota on EV introduction in India 2018 Mar. Reaches basic agreement with Toyota toward mutual supply of hybrid and other vehicles in India 2019 Aug. Enters into capital alliance agreement with Toyota 2020 Mar. Celebrates the 100th anniversary Nov. Announces the Suzuki Environmental Vision 2050 2021 Feb. Announces the new mid-term management plan “Sho-Sho-Kei-Tan-Bi” (April 2021 to March 2026)

At a Glance

Strength of Suzuki

Strength	Reference
Popularization of hybrid vehicles ● Ratio of hybrid models (FY2020) ■ Japan 52.3% ■ India 8.9% ■ Europe 74.9% ■ Global 23.9%	Suzuki has been working to popularize hybrid vehicles (HVs) as part of its efforts on climate change. In FY2020, HVs accounted for 24% of Suzuki's global sales, more specifically, over half in Japan and 75% in Europe. We plan to focus on promoting the widespread use of HVs in India as well. p33 Environmental
Large market share in Japan and India ● Market share (FY2020) ■ Japan (minivehicles) 30.7% ■ India (passenger cars) 47.7%	Suzuki has also been working to popularize minivehicles in Japan and compact cars in emerging countries, which provide an indispensable means of mobility for local communities and people's daily lives. In FY2020, Suzuki's minivehicle market share was 30.7% in Japan, and the passenger car market share was 47.7% in India. We will continue to aim for a minivehicle market share of 30% or more in Japan and a passenger car market share of 50% or more in India. p23 Value Creation
Sound financial foundation ● Consolidated net income ■ Consecutive years of profits ... 70	Suzuki's consolidated net income has been profitable for 70 consecutive years since the fiscal year ended November 1950. The shareholders' equity ratio was 41.8% as of March 31, 2021. We will continue to aim for a shareholders' equity ratio of 45% and undertake efforts toward improvement as an important management issue, while maintaining a healthy balance in securing funds. p07 SUZUKI HISTORY p63 Financial Review

Suzuki's No.1 market share for automobiles

9 countries

Asia / Pakistan, India, Bhutan, Myanmar, Nepal,
Latin America / Barbados, Bolivia
Africa / Ivory Coast
Europe / Hungary (passenger car)

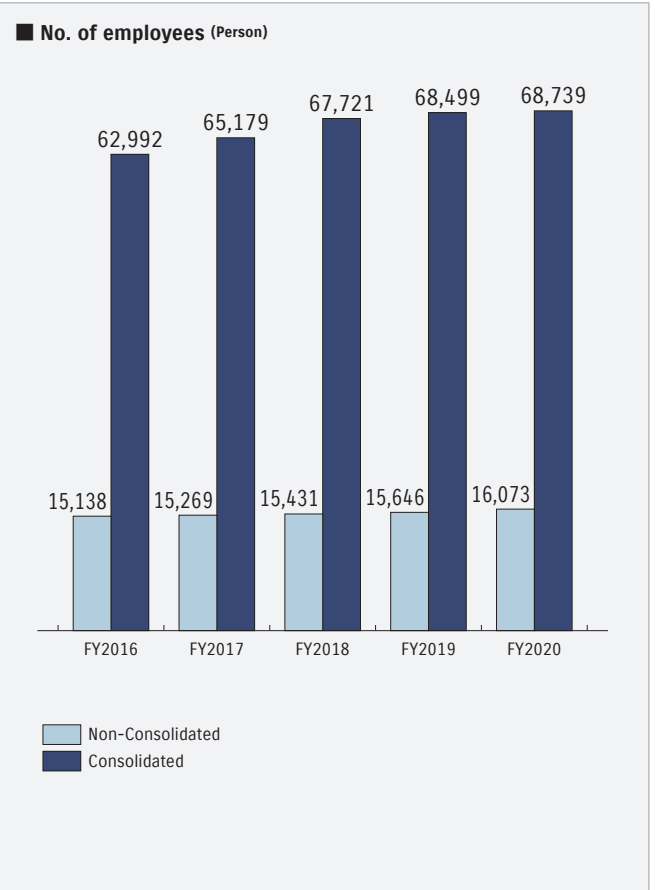
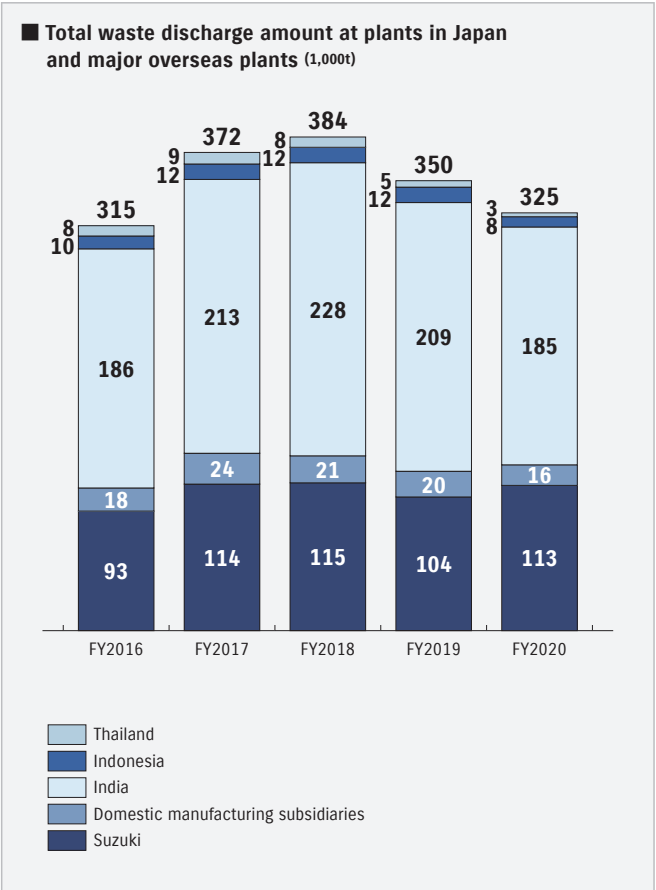
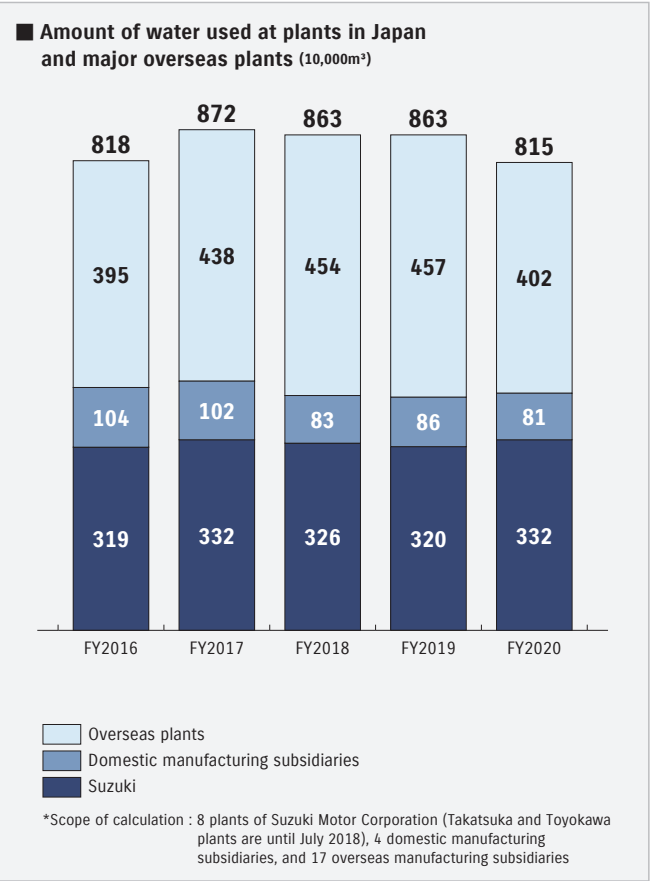
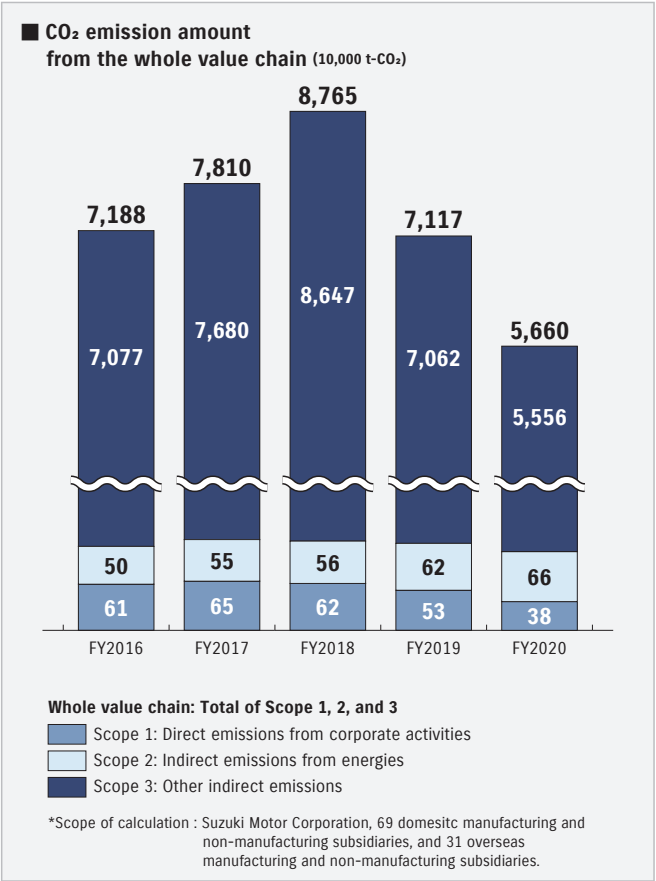


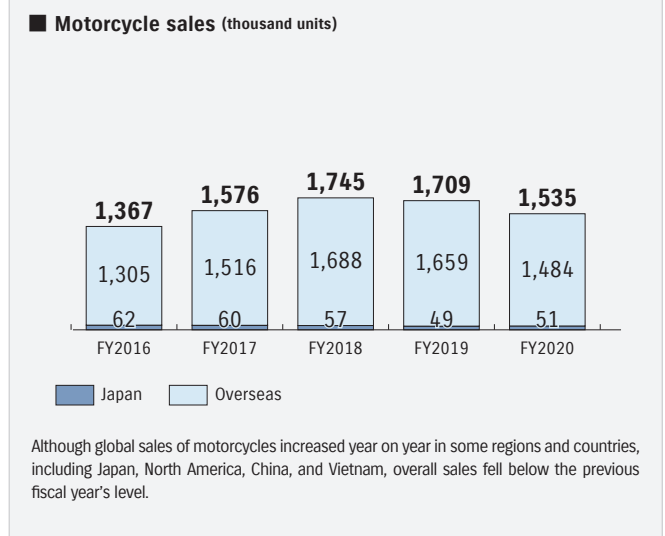
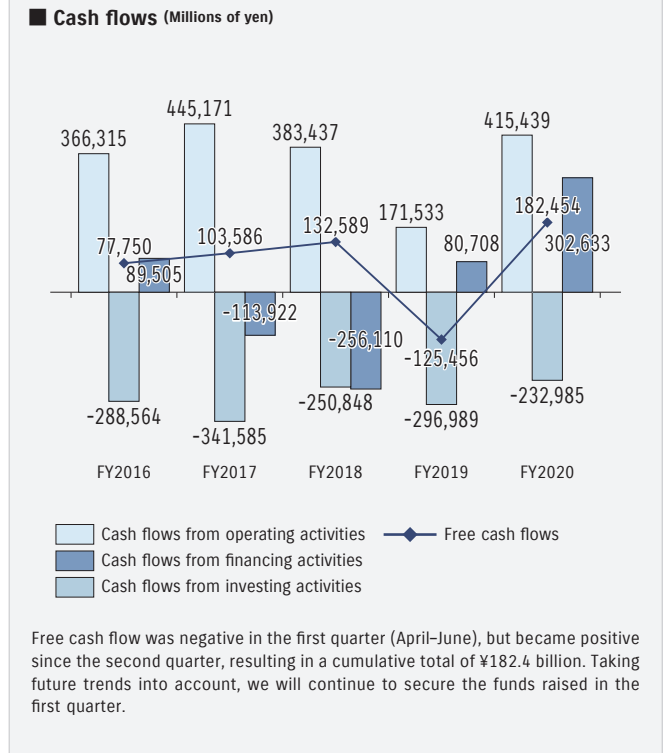
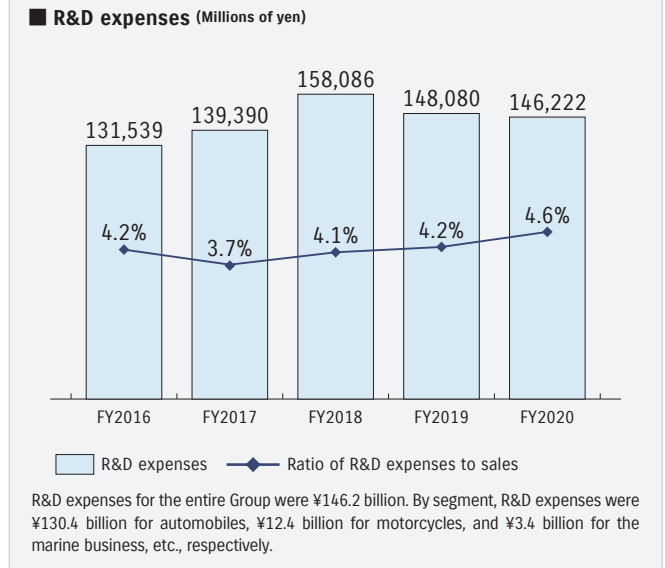
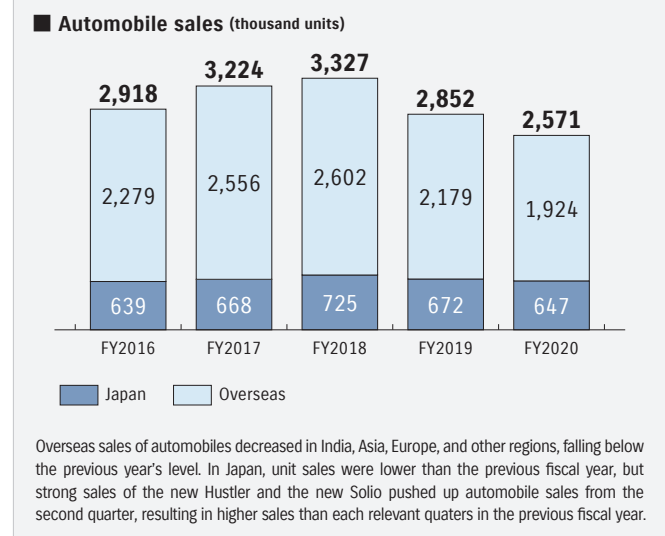
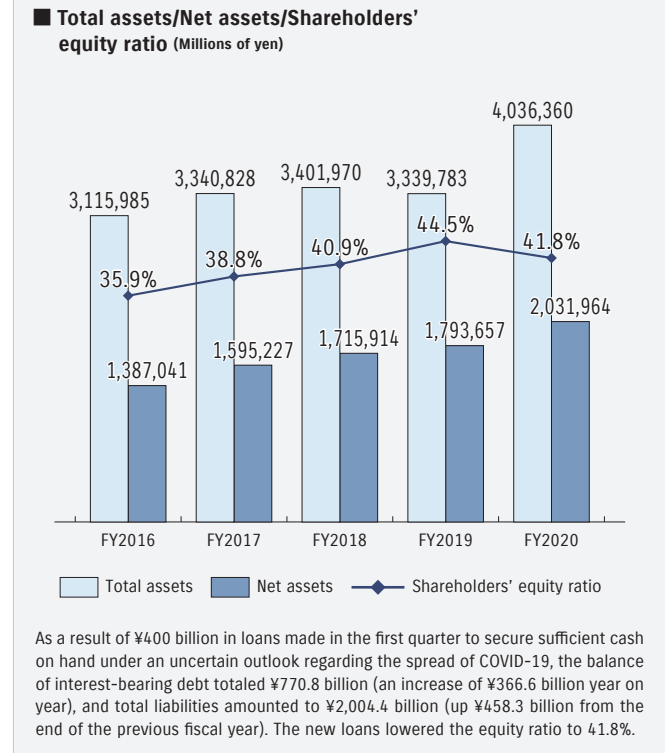
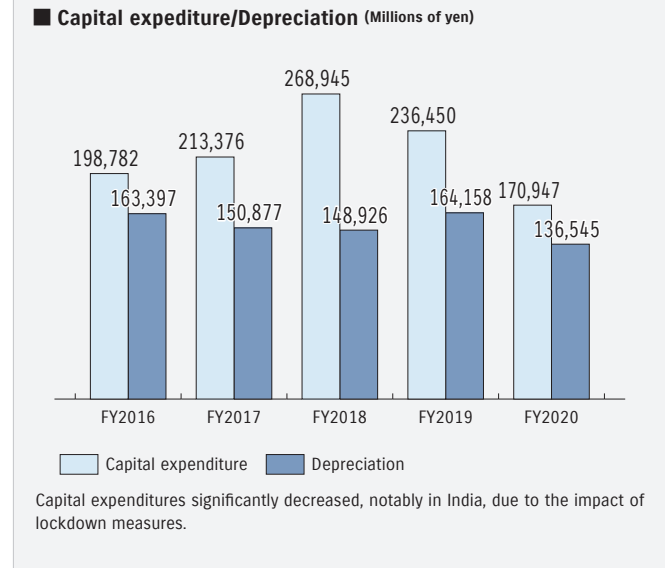
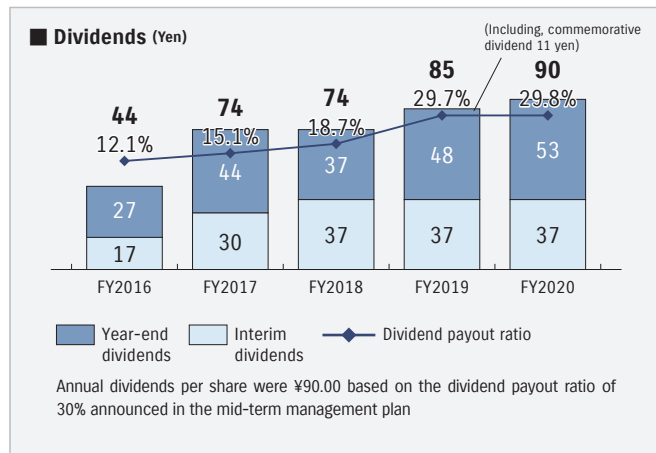
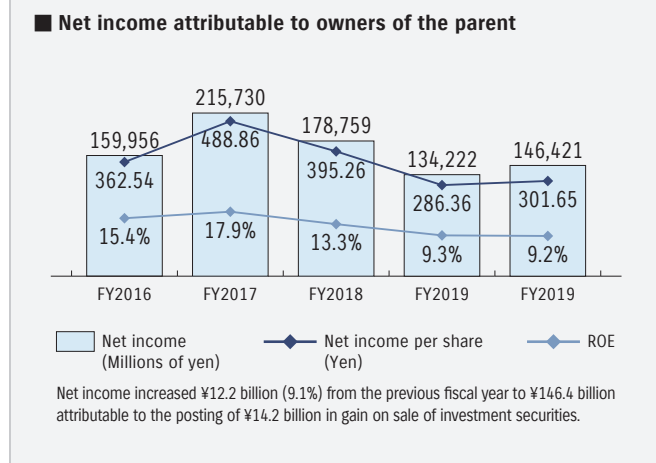
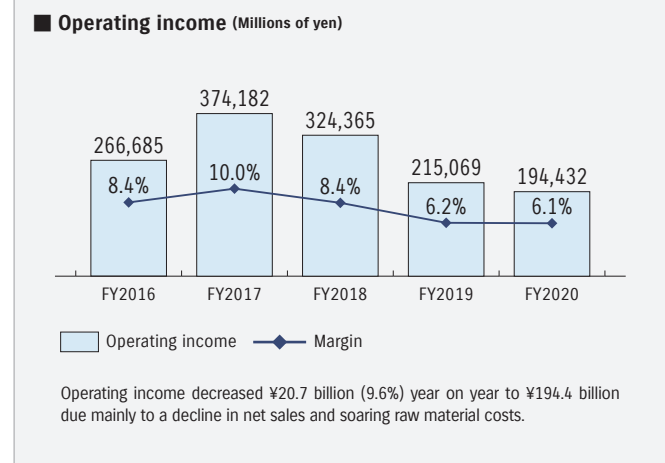
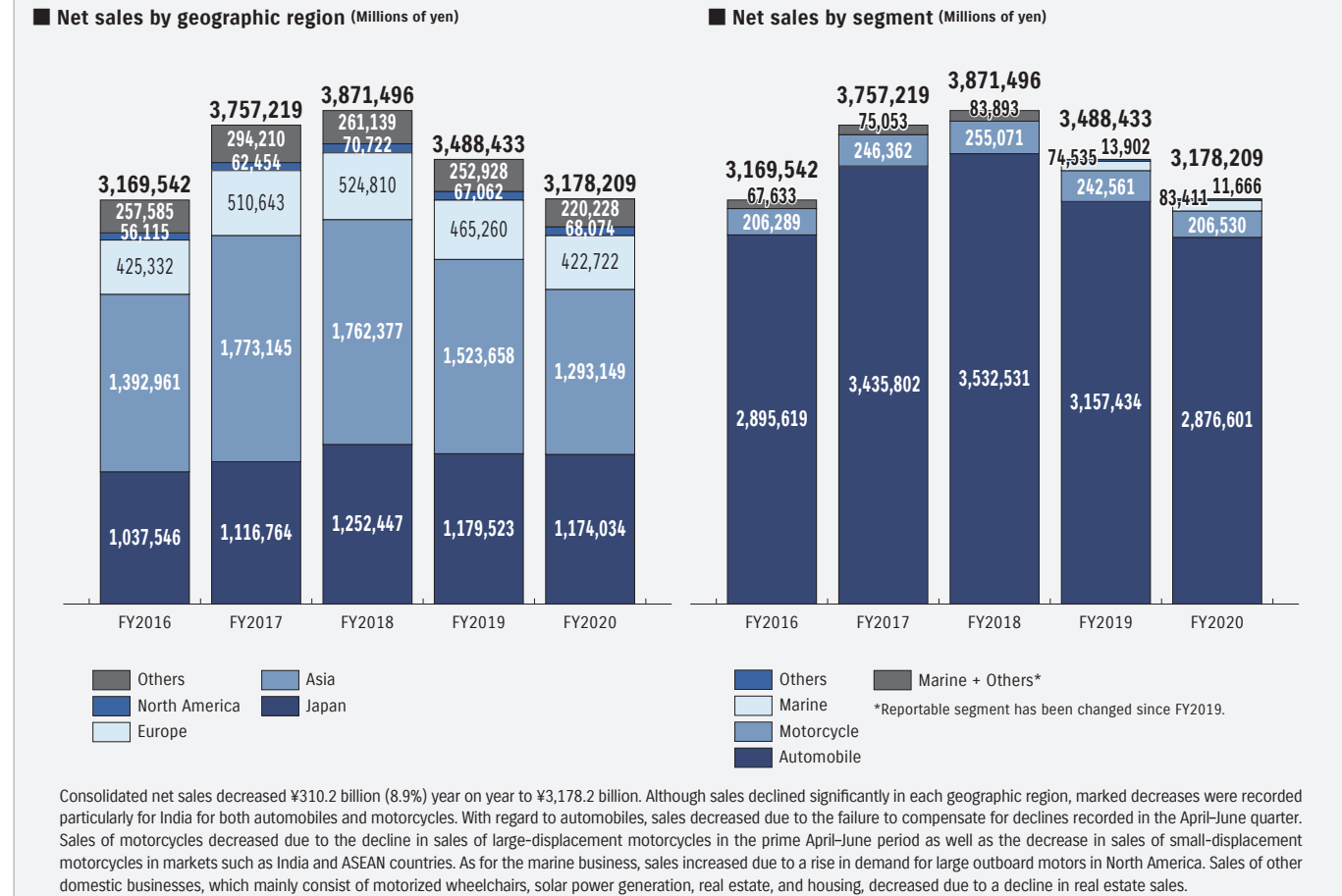
Pakistan



Bolivia

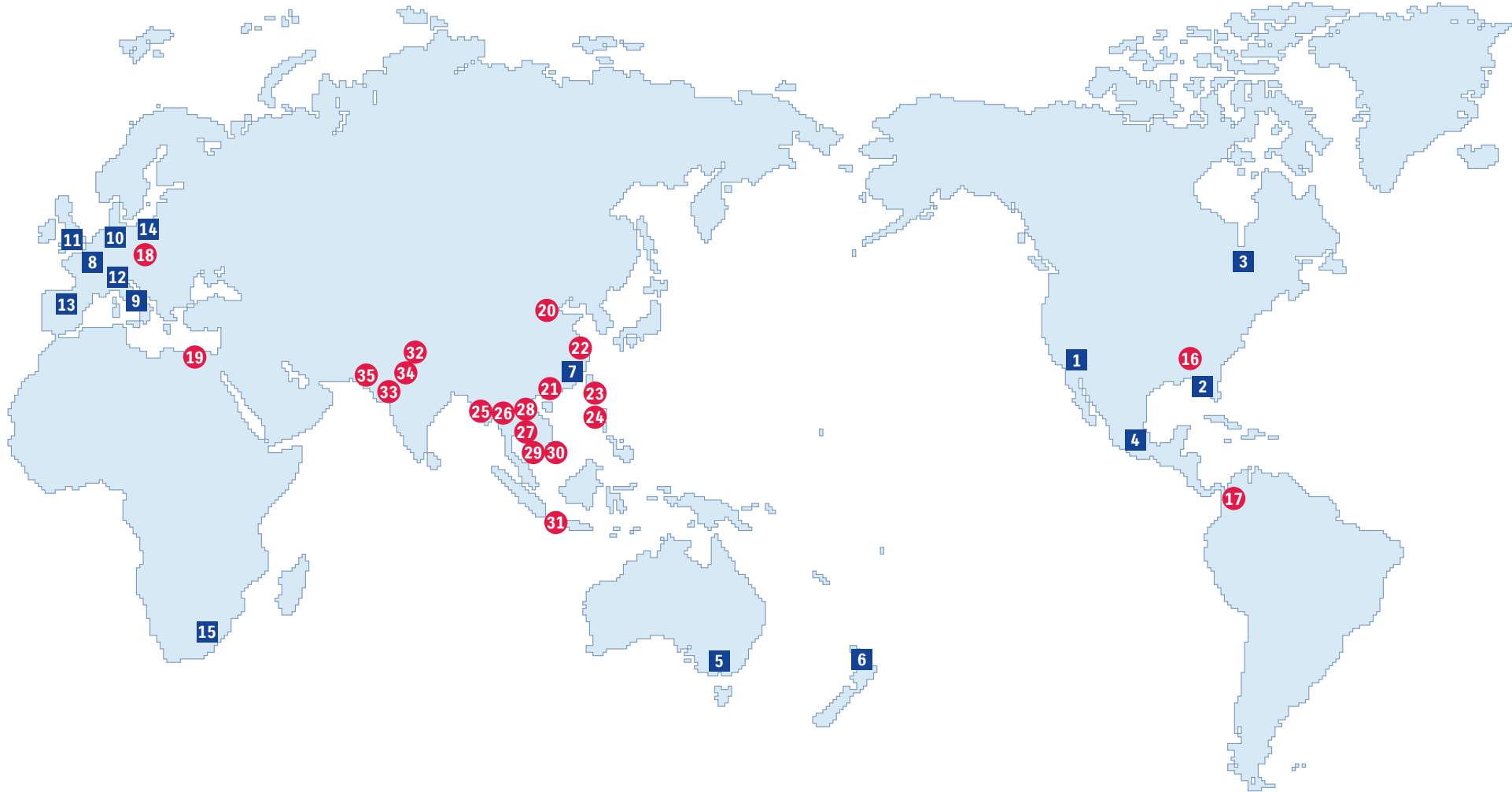
Non-financial





Global Network

User-friendly and high-quality SUZUKI products are favored by customers of each contry and area worldwide.



Major Overseas Distributors

	Automobile	Motorcycle	Outboard Motor
1 SUZUKI MOTOR USA, LCC (USA)		★	
2 SUZUKI MARIN USA, LCC (USA)			★
3 SUZUKI CANADA INC. (Canada)		★	★
4 SUZUKI MOTOR DE MEXICO, S.A. DE C.V. (Mexico)	★	★	★
5 SUZUKI AUSTRALIA PTY. LTD. (Australia)	★	★	★
6 SUZUKI NEW ZEALAND LTD. (New Zealand)	★	★	★
7 SUZUKI MOTOR (CHINA) INVESTMENT CO., LTD. (China)		★	★
8 SUZUKI FRANCE S.A.S. (France)	★	★	★
9 SUZUKI ITALIA S.P.A. (Italy)	★	★	★
10 SUZUKI DEUTSCHLAND GmbH (Germany)	★	★	★
11 SUZUKI GB PLC (UK)	★	★	★
12 SUZUKI AUSTRIA AUTOMOBIL HANDELS GmbH (Austria)	★	★	
13 SUZUKI MOTOR IBERICA S.A.U. (Spain)	★	★	
14 SUZUKI MOTOR POLAND SP. Z.O.O. (Poland)	★	★	★
15 SUZUKI AUTO SOUTH AFRICA (PTY.) LTD. (South Africa)	★	★	★

Major Overseas Manufacturing Companies

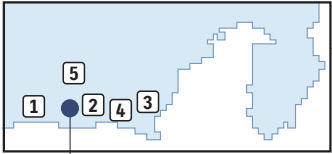
	Automobile	Motorcycle	Outboard Motor
16 SUZUKI MANUFACTURING OF AMERICA CORPORATION (USA)		○ (ATV)	
17 SUZUKI MOTOR DE COLOMBIA S.A. (Colombia)		○ ★	★
18 MAGYAR SUZUKI CORPORATION LTD. (Hungary)	○ ★	★	★
19 SUZUKI EGYPT S.A.E. (Egypt)	○		
20 JINAN QINGQI SUZUKI MOTORCYCLE CO., LTD. (China)		○ ★	
21 JIANGMEN DACHANGJIANG GROUP CO., LTD. (China)		○ ★	
22 CHANGZHOU HAOJUE SUZUKI MOTORCYCLE CO., LTD. (China)		○ ★	
23 TAI LING MOTOR CO., LTD. (Taiwan)		○ ★	
24 SUZUKI PHILIPPINES INC. (Philippines)	★	○ ★	★
25 SUZUKI (MYANMAR) MOTOR CO., LTD. (Myanmar)	○ ★	★	
26 SUZUKI THILAWA MOTOR CO., LTD. (Myanmar)	○ ★		
27 SUZUKI MOTOR (THAILAND) CO., LTD. (Thailand)	○ ★		
28 THAI SUZUKI MOTOR CO., LTD. (Thailand)		○ ★	○ ★
29 CAMBODIA SUZUKI MOTOR CO., LTD. (Cambodia)	★	○ ★	
30 VIETNAM SUZUKI CORP. (Vietnam)	○ ★	○ ★	
31 PT. SUZUKI INDOMOBIL MOTOR (Indonesia)	○ ★	○ ★	★
32 MARUTI SUZUKI INDIA LIMITED (India)	○ ★		
33 SUZUKI MOTOR GUJARAT PRIVATE LIMITED (India)	○		
34 SUZUKI MOTORCYCLE INDIA PRIVATE LIMITED (India)		○ ★	
35 PAK SUZUKI MOTOR CO., LTD. (Pakistan)	○ ★	○ ★	★

Locations

	Asia	Europe	North America	Latin America	Africa	Middle East	Oceania
Number of trading countries/Regions	21	45	2	48	53	18	19
Number of manufacturing companies	18	1	1	3	1	1	0

Domestic Plants

	Automobile	Motorcycle	Outboard Motor
1 Kosai Plant	○		○
2 Iwata Plant	○		
3 Sagara Plant	○		
4 Osuka Plant	Foundry		
5 Hamamatsu Plant		○	



Number of domestic subsidiary distributors

56 companies	sales of automobiles, motorcycles and outboard motors, etc.
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24 SUZUKI PHILIPPINES INC.



31 PT. SUZUKI INDOMOBIL MOTOR (Cikarang Plant)



35 PAK SUZUKI MOTOR CO., LTD.



32 MARUTI SUZUKI INDIA LIMITED (Gurgaon Plant)



32 MARUTI SUZUKI INDIA LIMITED (Manesar Plant)



33 SUZUKI MOTOR GUJARAT PRIVATE LIMITED (Gujarat Plant)

Major Product Lineup

J Japan **I** India **A** ASEAN **E** Europe **N** North America **O** Others

*Global sales unit, sales market, and production site are based on FY2020 results, photos are as of March 2021.

Automobiles



Spacia
Global Sales Unit **145,000**
Sales Market **J**
Production Site **J**



Hustler
Global Sales Unit **86,000**
Sales Market **J O**
Production Site **J**



Solio
Global Sales Unit **44,000**
Sales Market **J O**
Production Site **J**



XBEE
Global Sales Unit **15,000**
Sales Market **J**
Production Site **J**



Alto
Global Sales Unit **351,000**
Sales Market **J I A O**
Production Site **J I O**

* Global sales unit includes overseas Alto, etc., besides the Japanese minivan Alto and Lapin (Photo: Japanese minivan Alto)



WagonR
Global Sales Unit **238,000**
Sales Market **J I A O**
Production Site **J I A O**

* Global sales unit includes overseas WagonR, besides the Japanese minivan WagonR (Photo: Japanese minivan WagonR)



Carry
Global Sales Unit **150,000**
Sales Market **J I A O**
Production Site **J I A O**

* Global sales unit includes overseas Carry, etc., besides the Japanese minivan Carry (Photo: Japanese minivan Carry)



Every
Global Sales Unit **200,000**
Sales Market **J I A O**
Production Site **J I A O**

* Global sales unit includes overseas Every, etc., besides the Japanese minivan Every (Photo: Japanese minivan Every)



Swift
Global Sales Unit **306,000**
Sales Market **J I A E O**
Production Site **J I A O**



Jimny
Global Sales Unit **98,000**
Sales Market **J I A E O**
Production Site **J I O**



Vitara
Global Sales Unit **85,000**
Sales Market **J A E O**
Production Site **E O**



SX4 S-CROSS
Global Sales Unit **50,000**
Sales Market **J I A E O**
Production Site **I E O**



Baleno
Global Sales Unit **183,000**
Sales Market **J I A E O**
Production Site **I**



Ignis
Global Sales Unit **90,000**
Sales Market **J I A E O**
Production Site **J I**



Dzire
Global Sales Unit **141,000**
Sales Market **I A O**
Production Site **I**



Ertiga/XL6/XL7
Global Sales Unit **167,000**
Sales Market **I A O**
Production Site **I A**



Celerio
Global Sales Unit **88,000**
Sales Market **I A E O**
Production Site **I A O**



Vitara Brezza
Global Sales Unit **97,000**
Sales Market **I O**
Production Site **I**



Ciaz
Global Sales Unit **33,000**
Sales Market **I A O**
Production Site **I A O**

Motorcycles



Hayabusa
Global Sales Unit **2,000**
Sales Market **J I A E N O**
Production Site **J I O**



KATANA
Global Sales Unit **2,000**
Sales Market **J A E N O**
Production Site **J**



GSX-S125/150/750/1000
Global Sales Unit **21,000**
Sales Market **J A E N O**
Production Site **J A O**

* Global sales unit includes GSX-S1000F (Photo: GSX-S750)



GSX-R125/150/600/750/1000
Global Sales Unit **19,000**
Sales Market **J A E N O**
Production Site **J A O**

* Global sales unit includes GSX-R1000R (Photo: GSX-R1000R)



V-Strom 250/650/1000
V-STROM 1050
Global Sales Unit **35,000**
Sales Market **J I A E N O**
Production Site **J O**

* Global sales unit includes V-Strom 650XT/1000XT as well as V-STROM 1050XT (Photo: V-STROM 1050XT)



GIXXER/GIXXER 250
Global Sales Unit **90,000**
Sales Market **J I A O**
Production Site **I A O**

* Global sales unit includes GIXXER SF/GIXXER SF250 (Photo: GIXXER)



Access 125
Global Sales Unit **455,000**
Sales Market **I A O**
Production Site **I O**

Outboard Motors



DF350A
Sales Market **J A E N O**
Production Site **J**



DF140BG
Sales Market **J A E N O**
Production Site **J**



ET4D
Sales Market **J**
Production Site **J**

What Suzuki strives for

Suzuki's Value Creation Process p17-p18
Suzuki mid-term management plan p19-p22

Suzuki's Value Creation Process

Based on an unwavering commitment to "Focusing on the customer" inherited from our founder, Suzuki has provided a diverse array of products and services around the world that are closely attuned to and enrich people's daily lives.

Going forward, we will continue to offer Suzuki's unique value, which is created by leveraging its strengths, in Japan, India, and every corner of the world. Suzuki aims to be a company that strives to resolve social issues and make people's lives brighter.

What Suzuki strives for Basic policy

Mission statement "Focusing on the customer"

Mission

Continue to be an Indispensable Presence by Staying Closely Attuned to People's Lives and Providing a Means of Mobility for Local Communities

Social issues and changes

- 〈 Environment 〉
- Climate change
 - Air conservation
 - Water resource conservation
 - Resource circulation
 - Biodiversity

- 〈 Social 〉
- Product quality and safety
 - Regional and elderly mobility issues
 - Traffic accidents
 - Parts procurement
 - Diversity of human resources
 - Human rights
 - Social contribution

Toward Solving Social Issues

Strength of Suzuki

Product lineup for automobiles, motorcycles, and marine

Minivehicle and compact car

Two business bases, Japan and India

SME management
Speed, Three Reality Principle, Sound financial foundation

Fundamentals of Manufacturing "Smaller, Fewer, Lighter, Shorter, Neater"

Business activities utilizing our strengths

Business Activities

Business bases

- **Sales and service**
Japan : Subsidiary distribution companies 55
Overseas : Sales distributors 206 countries / regions
Sales distributors 144 countries / regions
- **Production and Procurement**
Manufacturing plants
Japan : 5 plants
Overseas : 18 countries, 27 plants
Local procurement rate in India : 90% or more
- **Research and development**
Japan : 7 facilities
Overseas : 3 facilities (India, North-America)
- **Number of Employees**
68,739 persons (consolidated)
*as of March 2021

Promotion of business activities

Output (Products)

- **Automobiles**
Global sales : 257 thousand units (India : 132/ Japan : 65)
Net sales : 2,876.6 billion yen
Operating income : 172.0 billion yen
- **Motorcycles**
Global sales : 153 thousand units
Net sales : 206.5 billion yen
Operating income : 2.6 billion yen
- **marine**
Net sales 83.4 billion yen
Operating income 17.1 billion yen
*As of March 2021"

Outcomes for stakeholders

Contribute to the economic development of emerging countries

Contribute to the environment through smaller products

Suzuki's unique value that combines its strengths to provide a means of mobility and support people's lives

Provide economically competitive and high-quality products and services

Engage in manufacturing that excites and touches people's lives

Provide an indispensable means of mobility for local communities and people

Contribute to solve social issues while profits from business activities



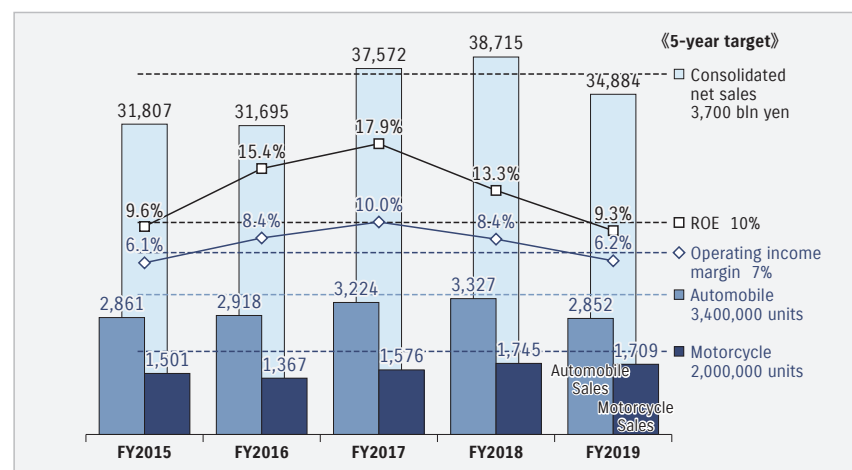
Suzuki Mid-Term Management Plan (April 2021 to March 2026) - “Smaller, Fewer, Lighter, Shorter, Neater” -

Suzuki celebrated its 100th anniversary in March 2020. Over the past 100 years, we have taken on many challenges, including looms, motorcycles, automobiles, and outboard motors. Based on the unwavering commitment to “Focusing on the customer” inherited from our founder, we will make even greater efforts to provide customers with the value of “Sho-Sho-Kei-Tan-Bi” through our products and services. Suzuki will stay focused on the customer throughout the next 100 years, and with our “Sho-Sho-Kei-Tan-Bi” concept, we strive to create value-packed products and services. We would like to convey our thought together with the slogan of “Small cars for a big future.”



Review of the previous mid-term management plan

- Net sales target achieved in FY2017 and FY2018
- Operating profit ratio target achieved in FY2016 to FY2018
Target not achieved in its final year of FY2020



(Review and determination)

- Frequent quality problems and recalls
- Fraud in fuel efficiency tests and final inspection
- Delay in CASE development

Return to basics in the Mission Statement by founder Michio Suzuki
“If the customer needs something we must do whatever we can to respond. Hard work guarantees success.”

Suzuki's Commitment

Assure people's “means of mobility”

- Mini-cars in Japan function as local transportation and is an indispensable means of living.
- As a mobility company, Suzuki contributes to the environment providing small products worldwide.

Emerging economies continue to be a pillar of growth

- Providing economical and quality products and services to customers in emerging countries
- Emerging economies as a pillar of Suzuki's future growth, anticipating the medium-and long-term development



New mid-term management plan

Amid the global trend toward carbon neutrality, it is necessary to place even greater emphasis on quality as shift to electrification and software development are to take place. Therefore, we will give priority to three issues: CO₂ emissions in use, CO₂ emissions from production, and quality assurance.

1. CO₂ emissions in use

With regard to CO₂ emissions in use, we will develop electrification technologies by 2025, fully implement these technologies in products from 2025, and make full-scale quantitative increase from 2030. In order for Suzuki to prevail in 2025 and beyond, we will intensively engage in the development of electrification technologies. These include a hybrid system for mini, compact, and commercial vehicles as well as plug-in hybrid models evolved from Suzuki's hybrid system. In the field of electric vehicles (EVs), we will develop mini and compact EVs. Joint development will also be carried out with Toyota Motor Corporation.

2. CO₂ emissions from production

With regard to CO₂ emissions from production, we will advance and expand the use of existing technologies and develop new technologies during the period covered by the mid-term management plan. We will also engage in field testing to achieve zero CO₂ emissions at the Hamamatsu Plant by 2030. At the same time, we will apply our results to all other production sites and take concerted efforts toward achieving zero CO₂ emissions in 2050.

3. Quality assurance

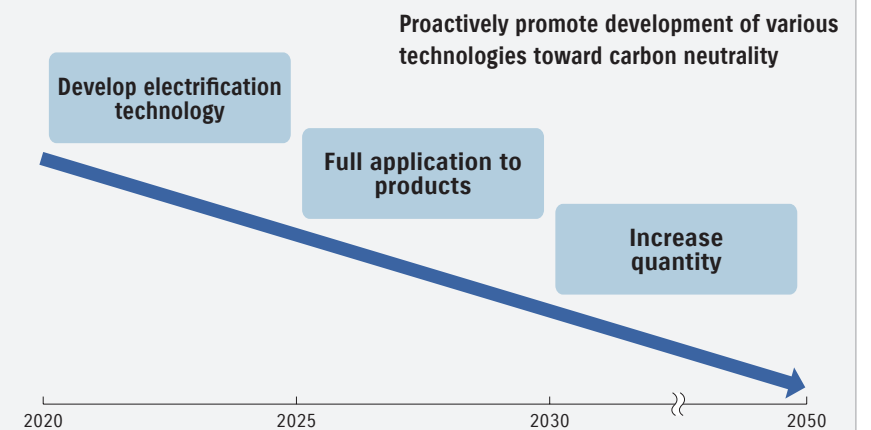
As a manufacturer, we will continue to work toward the development of new technologies. Nonetheless, technological excellence alone is not sufficient. The resulting products will not be accepted by customers unless they excel in quality and affordability. Suzuki's business can only exist when customers buy, use, and are satisfied with our products.

We will strive to prevent the occurrence, early detection, and outflow of quality problems by promptly investigating the causes and taking countermeasures, producing products with reduced variants, and expanded traceability management.

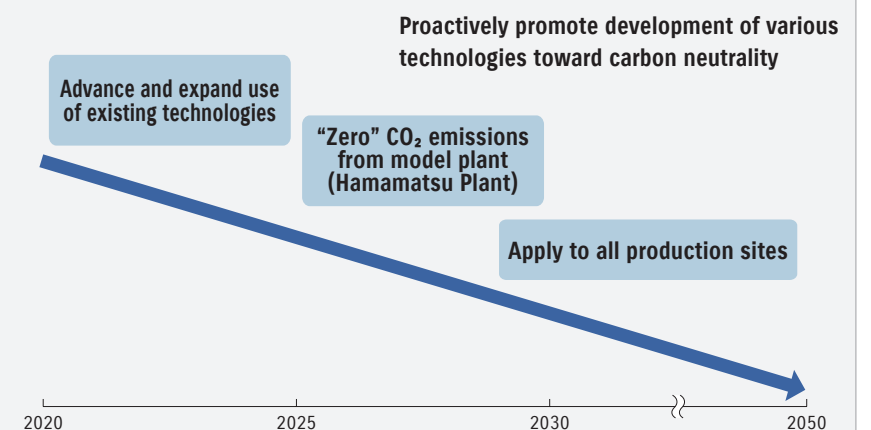
Top priority on the following three issues

1. CO₂ emissions in use
2. CO₂ emissions from production
3. Quality assurance

Visual image toward “zero” CO₂ emissions



Visual image toward “zero” CO₂ emissions



Drawings	Production	Inspection	Market
Prompt investigation of causes and countermeasures (Early detection and countermeasures) ▪ Not to miss a single defect ▪ AI management of market quality information ▪ Automatic acquisition of vehicle data			
Production with less variants (Prevention of occurrence)		Expand traceability management (Prevention of outflow)	
Human resources development			

Business Strategy

	Japan	India
Automobile	• Maintain market share of 30%+ in mini segment • Increase compact car sales by 50% (vs FY2020)	• Taking the initiative in promoting electrification required by society in response to environmental issues in India • Maintain market share of more than 50% in passenger car segment
Electrification	• Expand sales of models equipped with Suzuki Hybrid System • Expand charging infrastructure to cope with future EV sales	• Promote penetration of hybrids • Introduce EV
Strengthen sales capability	• Strengthen distributor function • Update direct sales outlet, increase sales and service personnel • Digitization for effective sales	• Increase number of rural small outlets, allocate circuit service car • Develop demand in rural areas • Increase sales efficiency through digitization
Enhance product lineup	• Enhance lineup of compact cars • Strengthen preventive safety technology • Continuous introduction of new models	• Strengthen SUV segment • Promote CNG cars
Production	• Flexible production operations to meet the changes in demand • BCP administration of supply chain	• Strengthen production capacity in line with the growth of the Indian market

Alliance with Toyota Motor Corporation	Deepening of alliances
Cooperation in electrification	• Expand mutual supply of hybrid vehicles • Promote use of batteries for hybrid vehicles produced in India • Development of small EV platform
Collaboration in Africa	• Market development • Introduction of products from India and establishment of logistics and Service System
Complementing products and components	• Enlarge mutual supply of vehicles and powertrain

Motorcycles	2 million sales units, Secure operating profit of 5% or more
Commonization	• Commonization of platform • Attractive and diverse lineup
Electrification	• Elntrouction of EV scooters

Marine	Net sales target ¥100 billion
Earnings increase	• Increase sales of large 4-stroke models (leisure use) • 2 stroke models →4 stroke (business use)
Comprehensive brand recognition	• Promote Clean Ocean Project with customer participation
New technologies	• New technologies including electrification • Integrated vessel controls



Efforts for SDGs	Contribute to solve social issues while earning profits from business activities
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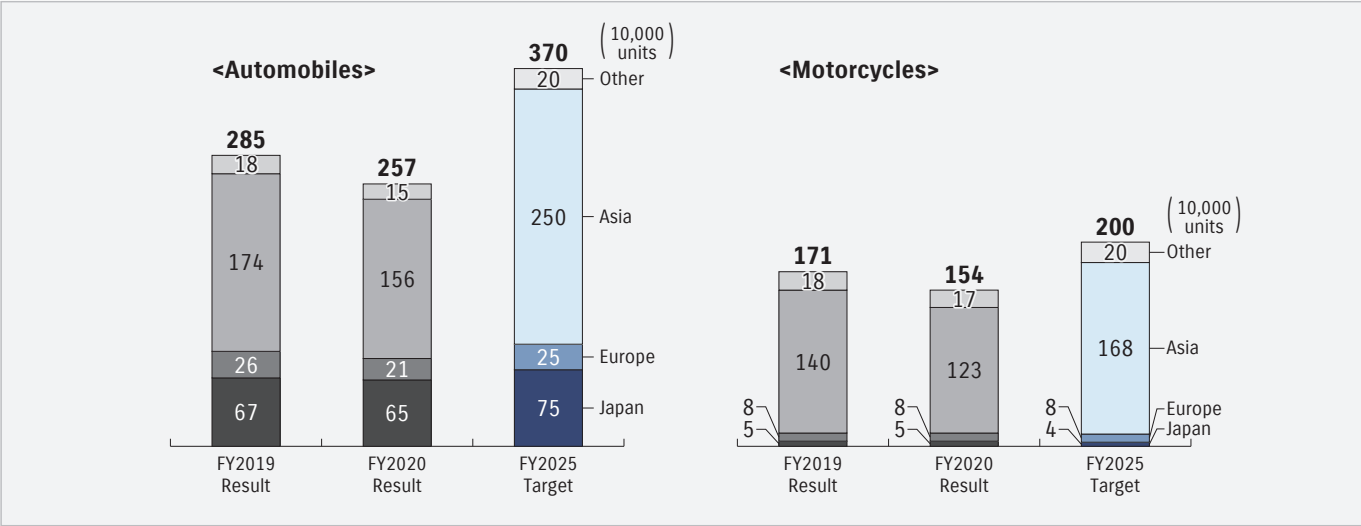


Management performance targets

		FY2019 Result	FY2020 Result	FY2025 Target
Performance	Net Sales	3.4884 trillion yen	3.1782 trillion yen	4.8 trillion yen
	Operating income margin	6.2%	6.1%	5.5%
Shareholder return	ROE	9.3%	9.2%	8.0%
	Payout ratio	29.7%	29.8%	30.0%
Investment	R&D	148.1 billion yen	146.2 billion yen	1.0 trillion yen/5 years (200.0 billion/year)
	Capital Investment	236.4 billion yen	170.9 billion yen	1.2 trillion yen/5 years (240.0 billion/year)
Global sales	Automobiles	2.85 million units	2.57 million units	3.7 million units
	Motorcycles	1.71 million units	1.54 million units	2.0 million units

Note. Exchange rate assumptions ... US \$1 = 104 yen, 1 Euro = 124 yen, 1 INR = 1.42 yen

Global sales target

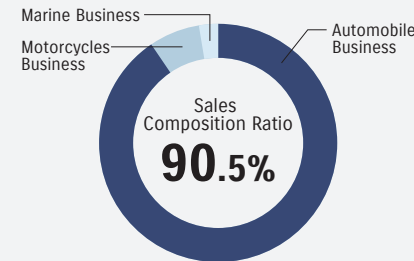


Business Overview [Automobile Business]

Business Policy

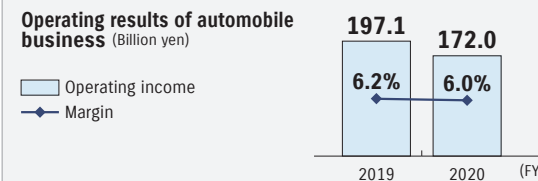
In Japan, the Group will aim to increase its share of minivehicles by at least 30% and to increase sales of sub-compact and standard-sized vehicles by a factor of 1.5 (in comparison with FY2020). In addition to maintaining and strengthening our business sales network, we will also aim to strengthen our direct sales capabilities and expand sales of sub-compact and standard-sized vehicles by increasing the size of our stores and securing human resources to accommodate this expansion. In terms of software development, we will promote the digitalization of sales operations.

In India, we will encourage the widespread adoption of hybrid vehicles, work to introduce electric vehicles (EVs), and take the initiative in advancing electrification, which society is demanding as a response to environmental issues. We will also aim to increase our passenger car market share to at least 50% by enhancing our sales capabilities, boosting product appeal, and reinforcing the production structure.



Operating results for FY2020

Net sales decreased by ¥280.8 billion (8.9%) to ¥2,876.6 billion year-on-year. The decreased net sales and profit for April-June period could not be covered with factors including recovery of sales in India and Japan from July, and efforts to decrease expenses. Operating profit decreased by ¥25.1 billion (12.7%) to ¥172.0 billion year-on-year partly owing to increase in price of raw materials, in addition to decrease in sales.

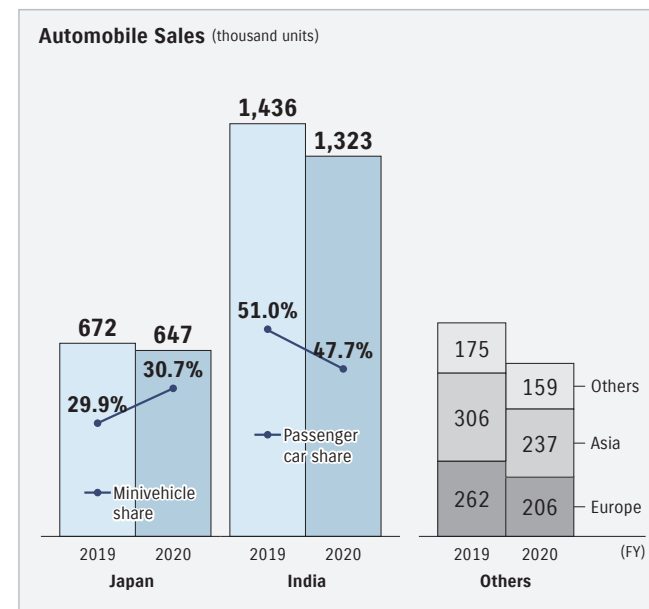
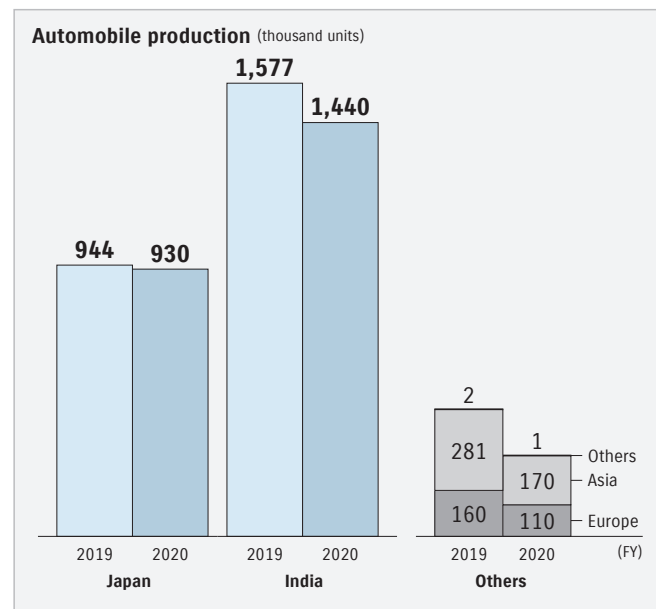


Production Units / Sales Units

* Sales units are from Suzuki's own survey based on external data.

Total overseas automobile production for FY2020 decreased by 14.8% year on year to 1,721,000 units. Worldwide production, including Japan, also posted a year-on-year decrease of 10.6% to 2,651,000 units. Sales of automobiles

in overseas markets decreased by 11.7% to 1,924,000 units from the previous fiscal year, while total global sales, including Japan, also decreased by 9.9% to 2,571,000 units.



Mid-Term Management Plan initiatives

	Japan	India
Automobile	- Maintain market share of 30%+ in mini segment - Increase compact car sales by 50% (vs FY2020)	- Taking the initiative in promoting electrification required by society in response to environmental issues in India - Maintain market share of more than 50% in passenger car segment
Electrification	- Expand sales of models equipped with Suzuki Hybrid System - Expand charging infrastructure to cope with future EV sales	- Promote penetration of hybrids - Introduce EV
Strengthen sales capability	- Strengthen distributor function - Update direct sales outlet, increase sales and service personnel - Digitization for effective sales	- Increase number of rural small outlets, allocate circuit service car - Develop demand in rural areas - Increase sales efficiency through digitization
Enhance product lineup	- Enhance lineup of compact cars - Strengthen preventive safety technology - Continuous introduction of new models	- Strengthen SUV segment - Promote CNG cars
Production	- Flexible production operations to meet the changes in demand - BCP administration of supply chain	Strengthen production capacity in line with the growth of the Indian market

Alliance with Toyota Motor Corporation

Deepening of alliances

Cooperation in electrification	- Expand mutual supply of hybrid vehicles - Promote use of batteries for hybrid vehicles produced in India - Development of small EV platform
Collaboration in Africa	- Market development - Introduction of products from India and establishment of logistics and Service System
Complementing products and components	Enlarge mutual supply of vehicles and powertrain

Market Summary and Suzuki's Business Overview

[Japan]

1. Market Trends and Business Environment

Total domestic automobile sales volume in FY2020 decreased by 8% to 4,657,000 units from the previous fiscal year, marking a second successive year-on-year decrease due to the impact of plant shutdowns resulting from the COVID-19 pandemic.

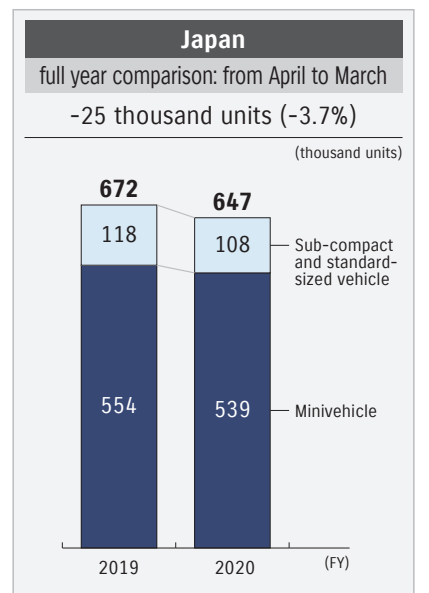
Suzuki's total domestic automobile sales volume also fell for the second consecutive fiscal year, decreasing 4% to 647,000 units. Despite the decline, sales in the SUV/Crossover category, for which Suzuki has a unique advantage in the minivehicle and compact car market, grew significantly, with sales of the Hustler, Jimny, and Jimny SIERRA up by 36%, 60%, and 81% year on year, respectively.

2. Suzuki's Market Advantage and Strategies

Suzuki's key advantage is in providing compact and economical automobiles to customers in all regions of Japan to meet their day-to-day mobility needs. In addition to our lineup of low-cost, fuel-efficient products, we have built a business sales* network to maintain sales and provide after-sales services to customers nationwide.

Looking ahead, although we expect that increasingly high product pricing will be unavoidable due to the introduction of EVs and other advances in electrification as part of efforts aimed at achieving carbon neutrality, we will continue to provide unique products suited to the daily lifestyles of consumers and will work to strengthen our sales and service network that allows customers to drive our cars with peace of mind.

*Business sales: One of the sales systems by which Suzuki sells automobiles via Suzuki Motors, car maintenance shops, and other dealers that supply Suzuki products



[India]

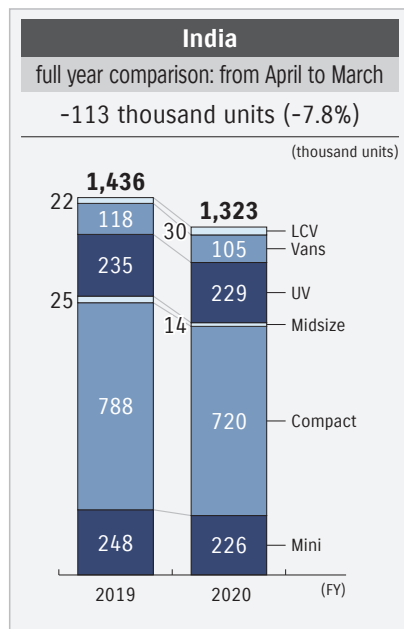
1. Market Trends and Business Environment

New car sales (total market of passenger cars and commercial cars) in India decreased in FY2020 by 211,000 units (6%) from 3,491,000 units in the previous fiscal year to 3,280,000 units. This was due to the impact of constraints on production and sales activities as a result of lockdowns accompanying the spread of COVID-19. Suzuki's sales also totaled 1,323,000 units, a decrease of 8% year on year. Going forward, it will be necessary to pay close attention to the impact of soaring raw material prices and the tightening of regulations on fuel efficiency, exhaust gas emissions, and safety.

At the same time, in our sales activities we will need to respond to changes in customer preferences and purchasing habits due to the advent of the new normal in recent times.

2. Suzuki's Market Advantage and Strategies

Currently, we are further strengthening our new vehicle sales network (3,120 locations as of March 31, 2021) and service network (4,044 locations as of March 31, 2021), which are the source of Suzuki's strength, and building an online customer support system. Based on more than 40 years of experience leading the Indian market, we are also working to swiftly identify market needs and actively introduce CASE (Connected, Autonomous, Shared & Services, Electric) and other new technologies to provide new value to our customers.



[ASEAN]

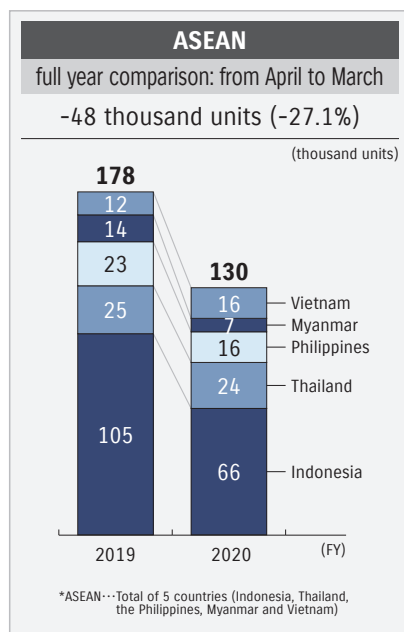
1. Market Trends and Business Environment

New car sales in the ASEAN market in FY2020 contracted by 26% year on year to 2,598,000 units. In our primary market of Indonesia, the decline was particularly pronounced due to the impact of the COVID-19 pandemic, decreasing 46% year on year. Suzuki's sales in ASEAN countries decreased by 26% from the previous fiscal year to 133,000 units, with a 5.1% market share, despite bolstering our online sales activities.

2. Suzuki's Market Advantage and Strategies

As sales activities continue to be restricted in each country owing to the spread of COVID-19, we will aim to expand sales of the Indonesian-produced Carry to small-lot delivery business operators in response to the expansion of the e-commerce business in addition to further bolstering our online sales activities.

Additionally, in consideration of the electrification policies being advanced by governments such as Indonesia and Thailand, we will seek to establish a supply system for mild hybrid vehicles to ASEAN countries as a first step.



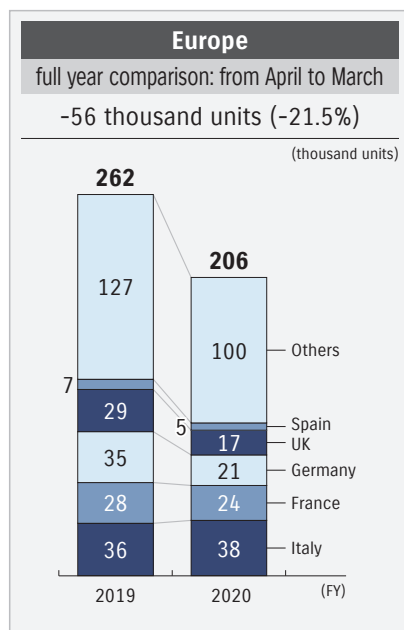
[Europe]

1. Market Trends and Business Environment

Looking at market trends and the business environment in Europe, new car sales in FY2020 decreased by 15% year on year to 14,560,000 units, given temporary suspensions and restrictions on production and sales activities due to the spread of COVID-19. Although Suzuki proactively carried out sales activities such as online sales and digital marketing while instituting COVID-19 protocols, the lockdowns that took place from January to March 2021 resulted in a decrease in sales of 21% from the previous fiscal year to 206,000 units.

2. Suzuki's Market Advantage and Strategies

In the medium to long term, we expect CO₂ and exhaust gas emissions regulations to become more stringent amid society's shift toward carbon neutrality. In response, Suzuki has begun switching all of its passenger cars to hybrids, preparing for the introduction of EV models by 2025 and enhancing carbon neutrality initiatives in its production structures and sales networks.



[Pakistan]

1. Market Trends and Business Environment

Overall market sales in Pakistan in FY2020 stood at 143,300 units, a decrease of 6% year on year (as announced by the Pakistan Automobile Manufacturers Association). This was due to the impact of the decline in production and sales activities associated with the spread of COVID-19 during the first half of the fiscal year. In the second half, sales recovered as a result of an increase in installment sales arising from the Pakistani government's deregulation policy, but the rebound could not fully offset the negative effects of the first half. Suzuki's sales totaled 74,000 units (down 17% year on year). Travel restrictions put in place to contain the impact of the spread of COVID-19 resulted in a significant decrease in sales of models (Wagon R) for which we had secured demand for taxis.

[Others]

● Oceania

Overall market sales in FY2020 decreased by 9% to 1,076,000 units, reflecting decreases in both Australia and New Zealand due to the impact of the COVID-19 pandemic. Suzuki's market share increased from 1.9% to 2.1%, despite a minor year-on-year decrease in sales of 2% to 23,000 units.

● Latin America

Overall market sales in FY2020 decreased by 26% to 4,059,000 units. Sales decreased year on year in many markets, including the major markets of Brazil and Mexico, due to the impact of COVID-19. Suzuki's sales in Latin America decreased by 23% year on year to 84,000 units. Although sales were down in comparison with the previous fiscal year, Suzuki increased its market share from 2.0% to 2.1% and maintained the top market share in Bolivia and Barbados.

2. Suzuki's Market Advantage and Strategies

In FY2020, we remained the market share leader at 51.3%. Given the recent increase in installment sales, demand for automobiles in the middle-income demographic is increasing. Looking ahead, we will seek to introduce new models and strengthen our sales network by increasing the number of sales and service locations from the current 168 sales locations and 152 service locations throughout Pakistan.

● Middle East

Overall market sales in the Middle East (excluding Iran) in FY2020 decreased 24% year on year to 934,000 units, reflecting the impact of the COVID-19 pandemic. In comparison, Suzuki's sales decreased only slightly, falling 7% year on year to 11,000 units, thanks to an increase in sales in the UAE and Qatar from the previous fiscal year.

● Africa

Overall market sales in FY2020 decreased by 14% to 1,030,000 units year on year, attributable to the impact of COVID-19. On the other hand, Suzuki's sales increased by 31% over the previous fiscal year to 40,000 units due to the contribution of sales in South Africa, which posted record sales for the fourth consecutive fiscal year.

► FY2020 Topics

[July]

Expanded mutual supply of completed vehicles with Toyota

As part of the business alliance between Toyota Motor Corporation and Suzuki, we have been expanding the mutual supply of completed vehicles since FY2020.

We started supply of the compact passenger car Baleno (Toyota name: Glanza), produced by Maruti Suzuki, a subsidiary in India, and supplied to Toyota's domestic market in India from 2019, to the African market from July 2020 (Toyota name: Starlet). In addition, we have expanded our selection of models of the compact SUV Vitara Brezza (Toyota name: Urban Cruiser), starting its supply to the domestic market in India from October 2020 and to the African market from January 2021.

Furthermore, in Europe, Suzuki accepted the supply of vehicles from Toyota and started sale of the SUV Suzuki Across (Toyota name: RAV4) from September 2020, and the station wagon Suzuki Swace (Toyota name: Corolla Touring) from November 2020.

[November]

Launched the all-new compact passenger car SOLIO and SOLIO BANDIT

SOLIO and SOLIO BANDIT both have compact and easy-to-handle bodies with large interior space, sliding doors on both sides of the rear seats and walk-throughs on the front, back, left and right. They are compact height wagons with excellent usability with layouts that make it easy to get on and off.

In this makeover, while maintaining good maneuverability, the luggage compartment space has been expanded in addition to creating large seating spaces by expanding the body size. We have further evolved the preventative safety technologies of Suzuki Safety Support; for example, these cars are the first in Suzuki compact cars to use a colored heads-up display that shows information necessary for driving, in an easy-to-read manner.



[Solio]



[Solio BANDIT]

Business Overview [Motorcycle Business]

Business Policy

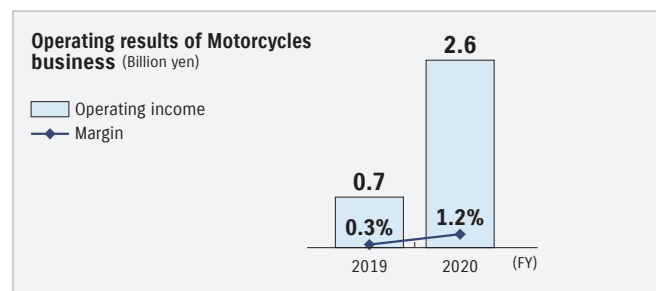
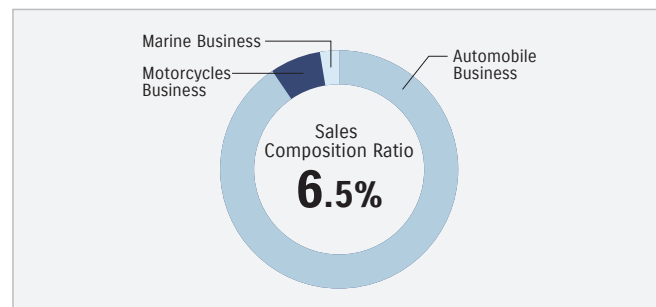
In the motorcycle business, we will aim to achieve sales of 2 million units and an operating income margin of 5% or more, as set forth in our mid-term management plan, by building a universal platform and a diverse, attractive lineup.

Main products

Motorcycles, ATV

Operating results for FY2020

Net sales decreased by ¥36.1 billion (14.9%) to ¥206.5 billion year-on-year owing to decrease in sales during the sales season of large motorcycles in April-June period, and the impact of decrease in sales of small motorcycles in markets including India and ASEAN. Operating profit increased by ¥1.9 billion to ¥2.6 billion year-on-year mainly owing to decrease in expenses through improvement of business quality.

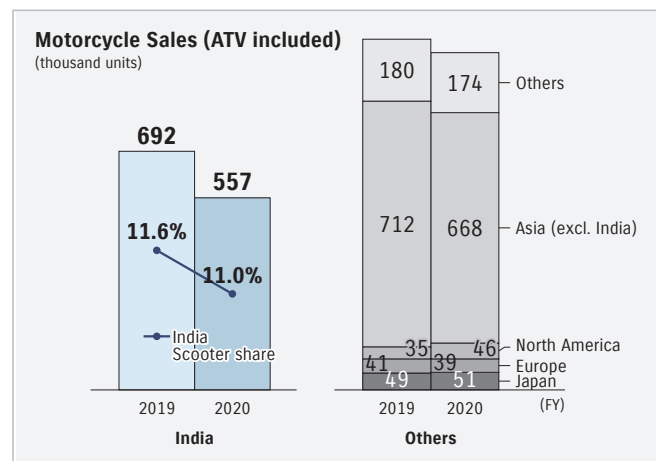
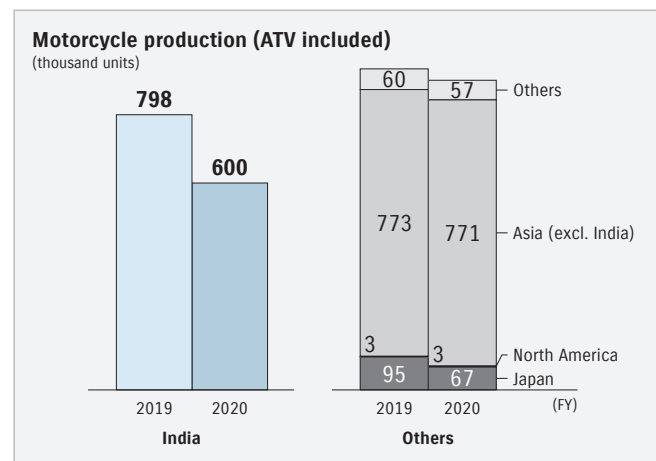


Production Units / Sales Units

* Sales units are from Suzuki's own survey based on external data.

Total overseas motorcycle production (including ATVs) for FY2020 decreased by 12.5% to 1,430,000 units year on year. Worldwide production, including Japan, also decreased by 13.2% to 1,497,000 units. Sales of motorcycles (including

ATVs) in overseas markets decreased by 10.7% year on year to 1,484,000 units, while total global sales, including Japan, also decreased by 10.2% to 1,535,000 units. All markets suffered a major impact as a result of the global spread of COVID-19.



Mid-Term Management Plan initiatives

Motorcycles

2 million sales units, Secure operating profit of 5% or more

Commonization

- Commonization of platform
- Attractive and diverse lineup

Electrification

- Introduction of EV scooters

Market Summary and Suzuki's Business Overview

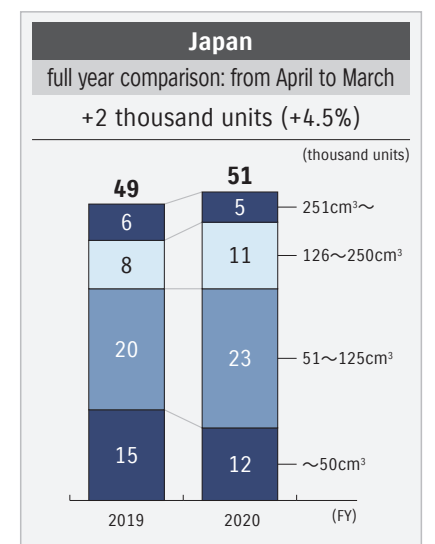
[Japan]

1. Market Trends and Business Environment

Overall market sales in Japan in FY2020 increased by 5% to 375,000 units year on year. Suzuki's overall sales also increased by 5% to 51,000 units year on year. This was due to a 13% year-on-year increase in sales of models with engine displacements of 126cm³ and higher and a 36% increase in sales of light motorcycles, including the newly launched GIXXER 250, despite a slump in sales of models with engine displacements of 50cm³ due to a decline in customer demand for models with engine displacements up to 125cm³. As the COVID-19 pandemic prompted consumers to avoid the three Cs (closed spaces, crowded places, and close-contact settings), motorcycles were re-evaluated as a mode of transport for commuting and daily mobility as well as for leisure purposes.

2. Suzuki's Market Advantage and Strategies

In addition to catering to the growing demand for models with engine displacements of 126cm³ and higher and light motorcycles, we will aim to expand our market share by boosting sales of large displacement models. There is growing demand in these categories as motorcycles have been re-evaluated by consumers as a mode of transport for commuting and daily mobility to avoid the three Cs during the COVID-19 pandemic as well as for leisure purposes. Suzuki will aim to expand its market share by increasing sales of large displacement models in addition to models with engine displacements of 126cm³ and higher and light motorcycles.



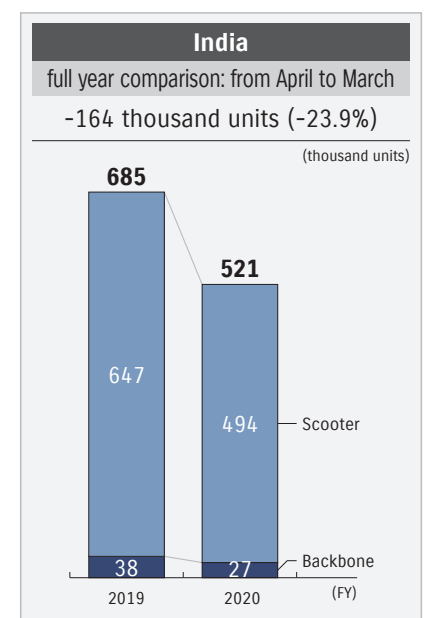
[India]

1. Market Trends and Business Environment

Overall market sales of motorcycles in India in FY2020 decreased by 13% year on year to 15,119,000 units. With record sales achieved in the second half of the year, Suzuki's sales recovered to 521,000 units (down 24% year on year). Despite lockdowns during April and May and delays in the delivery of some parts due to the impact of COVID-19, which hindered production from keeping up with the sudden recovery in demand, sales improved as a result of monitoring the status of suppliers and seeking to bring back production capacity.

2. Suzuki's Market Advantage and Strategies

We will continue to successively introduce new models and maintain the industry's top market share for 125cm³ class scooters, which are our key focus, and link this to an increase in units sold. With regard to backbone frame type models, we will strengthen our sales network by increasing our number of premium stores with exhibition areas and expand the sales volume of these models as an additional pillar beside scooters, our mainstay product.



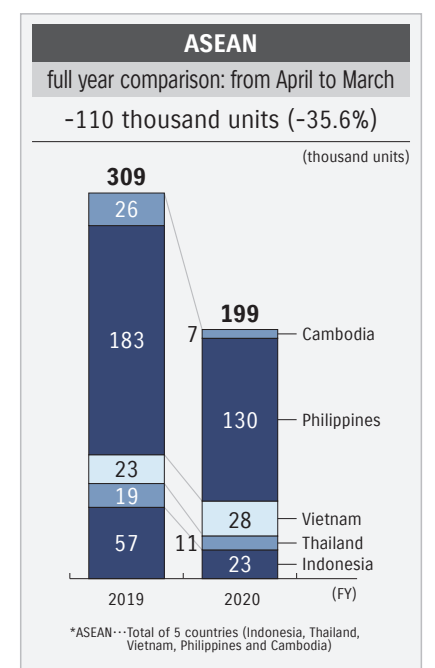
[ASEAN]

1. Market Trends and Business Environment

Overall market sales of motorcycles in five ASEAN countries (Indonesia, Thailand, Vietnam, the Philippines, and Cambodia) in FY2020 decreased by 33% year on year to 8,868,000 units. Indonesia, in particular, suffered a serious impact from COVID-19. Suzuki's total sales in five ASEAN countries decreased by 36% year on year to 199,000 units, with sales down in all countries except Vietnam. Although market conditions were uncertain due to the impact of COVID-19 and there were supply shortages of parts from suppliers, subsidiaries and dealers in each country worked to restore sales by enhancing their measures to prevent infection and improve hygiene.

2. Suzuki's Market Advantage and Strategies

We will work to expand sales, primarily of scooters and underbone frame type models. Given persistent demand for underbone frame type models in addition to a growing scooter market, we will step up efforts to offer contactless sales at subsidiaries and dealers in each country as a response to COVID-19, while continuing to approach customers in anticipation of a recovery in post-COVID-19 demand and linking this to an increase in sales.



*ASEAN---Total of 5 countries (Indonesia, Thailand, Vietnam, Philippines and Cambodia)

[Europe/North America]

1. Market Trends and Business Environment

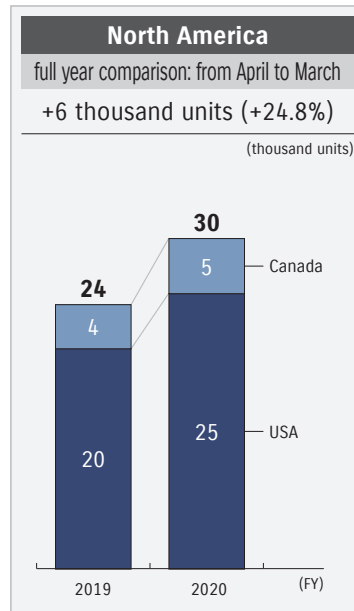
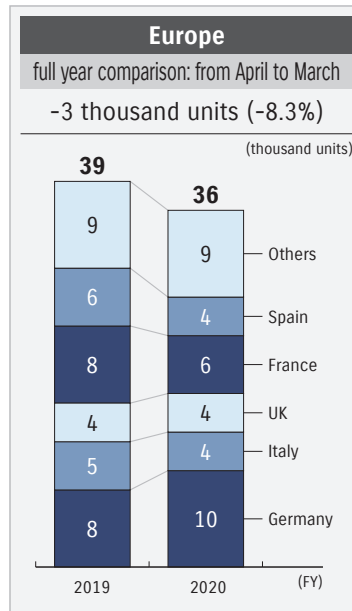
Overall market sales of motorcycles in North America in FY2020 rose by 20% year on year to 610,000 units due to increased consumer attention on motorcycles as a form of leisure that enables riders to maintain social distancing during the COVID-19 pandemic. Suzuki increased its sales by 25% year on year to 30,000 units primarily for off-road motorcycles and small displacement models.

Overall market sales in Europe also increased by 7% year on year to 1,137,000 units. This was attributable to the front-loaded increase in demand for Euro4-compliant motorcycles toward the end of 2020, in addition to a recovery in sales from June onward. Suzuki's sales recovered to 36,000 units (down 2% year on year), boosted by sale of the new DL1050 model.

Both Europe and North America faced uncertain market conditions due to the impact of COVID-19. Against a backdrop of strong demand, however, we proactively engaged in sales activities focused mainly on new models and worked to recover sales by strengthening our remote responsiveness while improving our brand image.

2. Suzuki's Market Advantage and Strategies

We will strive to proactively expand sales of large displacement models by achieving good results in MotoGP racing, combined with the synergistic effects of the introduction of new models. By introducing new large displacement models such as the



Hayabusa and winning both rider and team annual titles in MotoGP racing, we will continue to improve our brand image and promote sales of large displacement models, primarily sports and standard models.

[China]

1. Market Trends and Business Environment

Overall market sales in China for FY2020 increased by 2% year on year to 6,272,000 units. Suzuki's sales increased by 40% year on year to 388,000 units, significantly

2. Suzuki's Market Advantage and Strategies

We will increase our market share by expanding sales mainly of 125cm³ scooters and the 150/250cm³ backbone frame type models. We will further strengthen online sales and aim to

outperforming the overall market growth thanks to an increase in sales of 125cm³ scooters and the 150/250cm³ backbone frame type models.

increase sales mainly of 125cm³ scooters and the 150/250cm³ backbone frame type models, which are highly sought after by the market, while paying attention to other market sales trends.

FY2020 Topics

[November]

Joan Mir became 2020 MotoGP world champion

Team SUZUKI ECSTAR's Joan Mir aboard the GSX-RR in the MotoGP class became the 2020 world champion. This is the first time in 20 years for a Suzuki rider to become champion since Kenny Roberts Jr. in 2000.

Also, with Alex Rins ranking third in this season, the team won the first team title as Team SUZUKI ECSTAR, giving double crown for Suzuki.



[February]

Unveiled the flagship model, the all-new Hayabusa

We have made full-model change of our flagship motorcycle, the Hayabusa. Worldwide sales of the all-new Hayabusa has started from Europe, subsequently followed by markets including North America and Japan.

The all-new Hayabusa is the third-generation model. Under the product concept "Ultimate Sport", inherited from the very first generation, it has further evolved the unique styling design with outstanding aerodynamic performance and superior riding performance. The 1,340cm³ in-line four engine features ride-by-wire electronic throttle system and revised intake and exhaust mechanism for enhanced output and torque in the low-to-mid speed range. It meets the Euro5 emission standards (for European specification) while maintaining its best performance in the highspeed range by pursuing a high level of aerodynamic performance.



*The image includes an optional accessory

Business Overview [Marine Business]

Business Policy

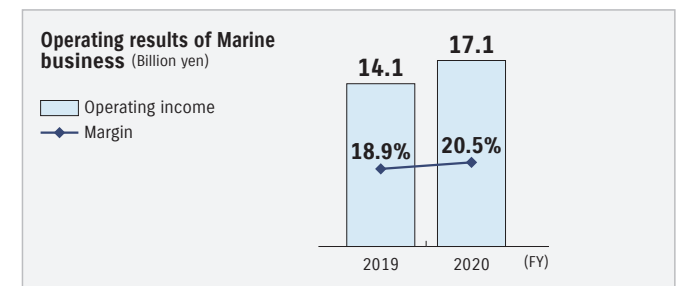
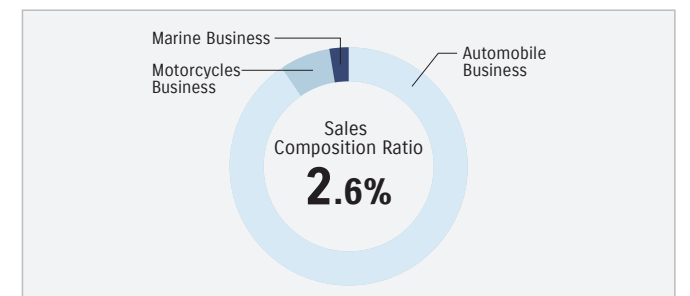
The Group will work with the aim of achieving the sales target of ¥100 billion as set forth in the mid-term management plan under the brand slogan "THE ULTIMATE OUTBOARD MOTOR." We will also continue to advance the Suzuki Clean Ocean Project and engage in global activities to protect the Earth's beautiful oceans.

Main products

Outboard Motors

Operating results for FY2020

Net sales increased by ¥8.9 billion (11.9%) to ¥83.4 billion year-on-year, and operating profit increased by ¥3.0 billion (21.1%) to ¥17.1 billion year-on-year owing to growing demand for large outboard motors mainly in North America.



Mid-Term Management Plan initiatives

Net sales target ¥100 billion	
Earnings increase	• Increase sales of large 4-stroke models (leisure use) • 2 stroke models → 4 stroke (business use)
Comprehensive brand recognition	• Promote Clean Ocean Project with customer participation 
New technologies	• New technologies including electrification • Integrated vessel controls

Market Summary and Suzuki's Business Overview

1. Market Trends and Business Environment

At the beginning of FY2020, the outboard motor market shrank significantly overall due to the global spread of COVID-19. Since then, however, boats have been recognized as a leisure activity that enables avoidance of the three Cs, and the leisure market has expanded rapidly, especially in Europe and North America.

We have increased our production capacity to keep pace with this market expansion, and sales and income increased year on year due to sales expansion of large outboard units, primarily in North America.

2. Suzuki's Market Advantage and Strategies

In October 2020, we announced the world's first micro-plastic collecting device for outboard motors (to be launched in 2022). In addition, we are implementing the Suzuki Clean Ocean Project, an initiative that combines continuous waterside cleanup activities with the reduction of plastic packaging of outboard motors and marine genuine parts, on a global scale.

By providing a better marine lifestyle while stimulating customer empathy for a cleaner environment, we will seek to differentiate the Suzuki outboard motor brand from the competition and further strengthen our business.

FY2020 Topics

[June] Unveiled new DF140BG/115BG outboardmotors

We have unveiled new DF140BG/115BG outboard motors, the first 4-stroke 140/115 horsepower outboards in the world* to offer drive-by-wire throttle and shift.

The DF140BG/115BG have adopted the Suzuki Precision Control, drive-by-wire throttle and shift control technology which were installed on Suzuki's large-sized outboards ranging from 150 to 350 horsepower before. This control system replaces the conventional mechanical cable with electrical wires to realize smooth and secure shifting as well as swift and precise throttle control. Combined with the Lean Burn Control System, its fuel efficiency has been enhanced in a wide range of speeds.

*Based on Suzuki research as of the end of March 2021.



DF115BG

Mechanisms Supporting Value Creation

Sustainability Policy	p31-p32	Compliance System and Risk Management System	p54-p56
Environmental	p33-p36	Interview with the Outside Directors	p57-p58
Social	p37-p46	Risks and Measures	p59
Directors, Auditors and Officers	p47-p48	Stakeholder Engagement	p60
Corporate Governance	p49-p53		

Sustainability Policy

Structure for promoting sustainability

At the Executive Committee meetings attended by Representative Directors and Directors and Managing Officers concerned, issues, policies, and measures concerning sustainable activities are discussed. Issues of particular importance are discussed by the Board of Directors. Along with the management, the Company as

a whole, aims to promote viable sustainable activities.

Following the organizational change in September 2021, we established the Sustainability Promotion Department within the Corporate Planning Office to promote cross-organizational initiatives to respond to social issues, including the SDGs.

Defining materiality (key issues)

Following the formulation of the new mid-term management plan, we performed a review of the materiality (key issues) specified in 2015 by giving consideration to changes in the environment surrounding our business.

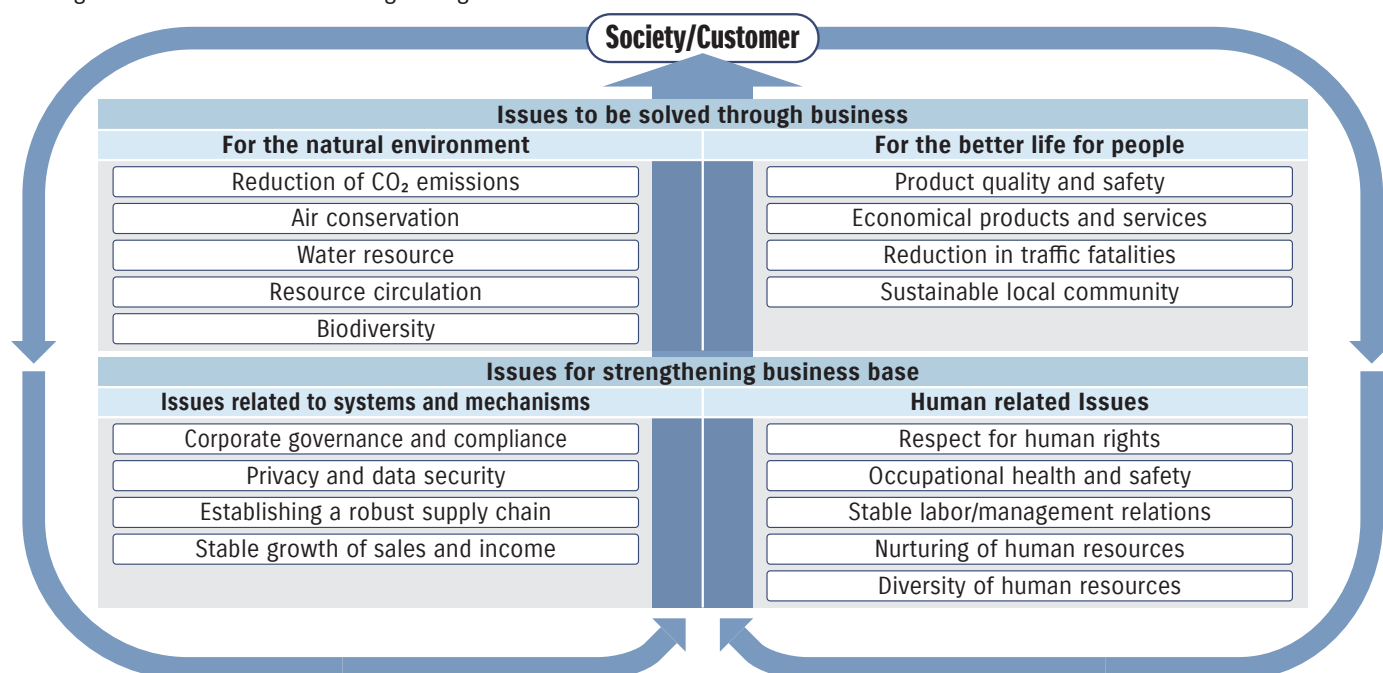
Steps in defining materiality

Step 1	Identify issues by using as reference various indices specified in the ESG guidelines, such as the GRI Standards and SASB Materiality Map.
Step 2	Check their alignment with the issues specified in the mid-term management plan at the Corporate Planning Office and other sustainability-related departments.
Step 3	Check their adequacy and completeness by examining their significance from the perspective of stakeholders through engagement with ESG investors, environmental NGOs, and ESG rating agencies.
Step 4	Specify materiality by discussing the adequacy and completeness of the identified issues at the Executive Committee, verify the significance of these issues depending on the nature of each, and confirm the appropriate method of disclosure.
Step 5	Discuss and approve the materiality at the Board of Directors.

Materiality matrix

While “focusing on the customer” as stated in our mission statement and remaining mindful of how to contribute to society and customers by solving issues, we have divided the identified materiality (key issues) broadly into two groups: Issues to be solved through business and Issues for strengthening business base.

We will promote our future initiatives by using the newly identified and verified materiality as the basis of Suzuki’s sustainability policy. We will also review each topic periodically in accordance with changes in the surrounding business environment.



Efforts for SDGs

The Suzuki Group supports SDGs and will actively take responsibilities in goals that we can contribute in their achievements through our business activities.

Suzuki contributed to creating jobs in emerging countries, through development and penetration of environmentally friendly compact cars. Through business activities that take advantage of Suzuki’s strengths, Suzuki will contribute to solve social issues while increasing profits.

*SDGs (Sustainable Development Goals): adopted by the United Nations in 2015.



Through our business



For the natural environment

- Reduction in amount of CO₂ emitted (products and business activities)
- Air conservation
- Water resource
- Resource circulation
- Biodiversity
- Suzuki Clean Ocean Project

For the better life for people

- Product quality
- Suzuki Safety Support technologies
- Alliance with Toyota Motor Corporation, CJP collaboration

Through strengthening business base



Issues related to systems and mechanisms

- Corporate governance
- Compliance

Human related Issues

- Respect for human rights
- Occupational health and safety
- Health care
- Nurturing of human resources
- Diversity of human resources

Through our community contribution activities



- Traffic safety activities
- Educational supports
- Disaster support activities
- Forest conservation activities
- Other social contribution activities

Basic policy regarding human rights

As stated in the “Suzuki Group Code of Conduct”, we believe that respect for human rights is the base for all corporate activities and thorough efforts are made even in the business activities. The Suzuki Group has no intention of taking part in any action that would lead to infringement of human rights. We will promote respect of human rights with all stakeholders.

(Initiatives concerning human rights)

- Prohibiting all types of harassments
- Safe and healthy working environment, and good employee relations
- Eliminating discrimination in employment
- Prohibiting child labor and forced labor
- Not using conflict minerals causing human rights infringement

Environmental

Response to the TCFD's recommendations

In April 2020, Suzuki became a signatory to the Task Force on Climate-related Financial Disclosures (TCFD)* in support of its intent. Along with promoting information disclosure in a manner easily comprehensible to

stakeholders, we will work to improve the level of sophistication of our scenario analysis and enhance the content of information to be disclosed in order to further increase our resilience against climate change.

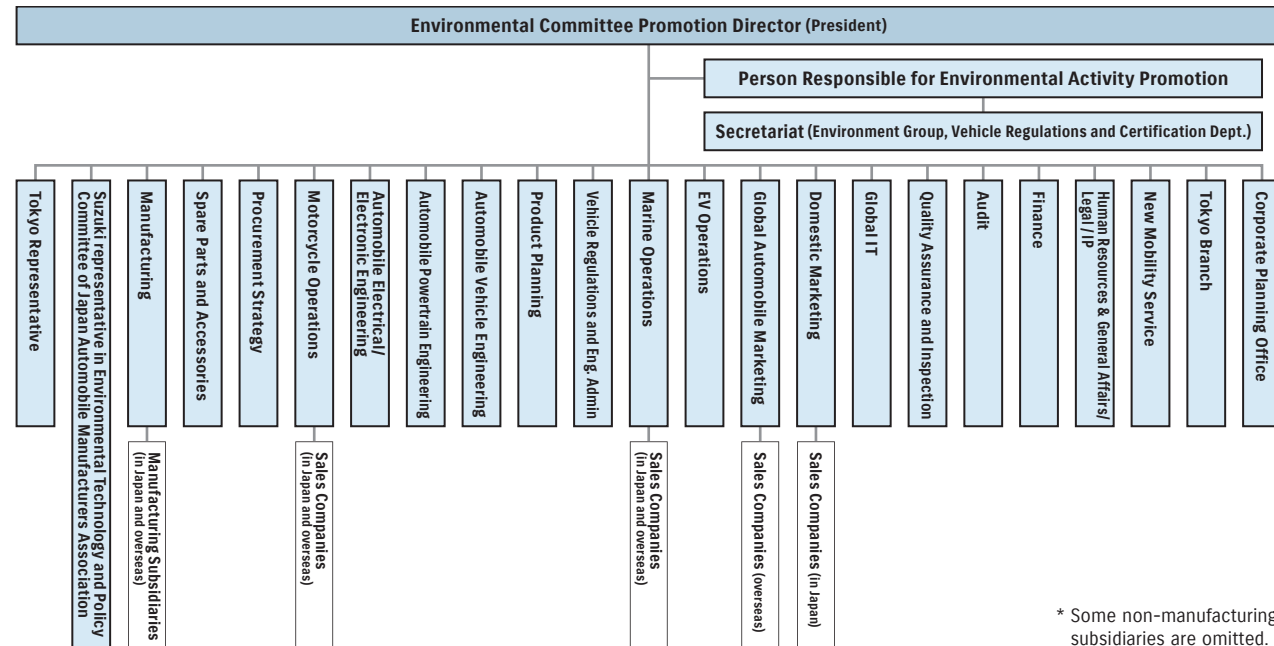
Governance

In April 2001, Suzuki established the Suzuki Environmental Committee as the top decision-making body in the environmental management system for the entire Group. Meetings by Suzuki Environmental Committee are held twice a year to determine our environmental policy and long-

and mid-term environmental goals, check the progress in the existing issues, and discuss urgent problems. The Management Committee and the Board of Directors discuss and report on important issues such as environmental policy and long- and mid-term environmental targets.

Suzuki Group Environmental Organizational Chart

As of January 2022



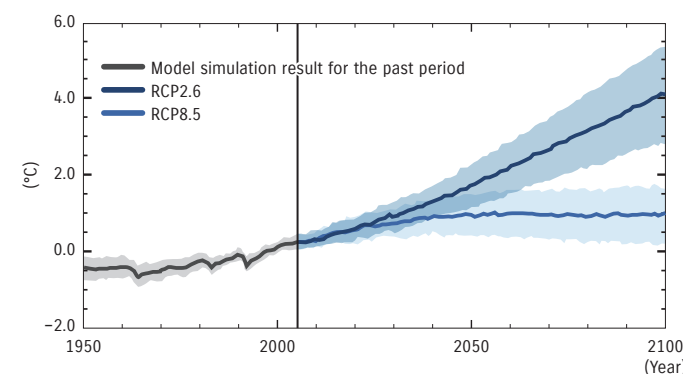
* Some non-manufacturing subsidiaries are omitted.

Climate-related risks and opportunities, scenario analysis

Suzuki has been identifying business risks and opportunities to promote business activities in a sustainable manner. Since the impact of climate change, in particular, is intrinsically uncertain, we believe that it is crucial to assess degrees of its impact on risks and opportunities from a broader future perspective and make appropriate response.

Based on this recognition, we have evaluated differences in the impact of climate change on risks and opportunities by using two

scenarios. One is the "4°C scenario" in which climate change causes marked physical effects, and the other is the "below 2°C scenario" in which mitigation measures are being implemented at an accelerated pace toward the realization of the Paris Agreement. In assuming these scenarios, we have referred to externally developed scenarios that are based on the scientific knowledge of the International Energy Agency (IEA), Intergovernmental Panel on Climate Change (IPCC), and other organizations.



4°C scenario without mitigation

Climate change causing a large impact

- ✓ Considerably stricter regulations than current ones not adopted
- ✓ Intensifying natural disasters (e.g., torrential rains and heat waves)
- ✓ A rise of 3.2-5.4°C from pre-industrial temperatures

Below 2°C scenario with stringent mitigation

New or reinforced policies causing a large impact

- ✓ Stricter regulations adopted at an accelerated pace
- ✓ Severity of natural disasters unchanged
- ✓ A rise of 0.9-2.3°C from pre-industrial temperatures

Source: IPCC AR5 WG1 SPM Fig. SPM. 7(a)

<Climate-related risks and opportunities for Suzuki>

As more stringent regulations, including exhaust gas, CO₂ emissions, and fuel efficiency standards, are being adopted as mitigation measures against climate change, the resulting increase in development expenses needed to comply with these regulations may greatly impact Suzuki's business performance. On the other hand, small cars, which represent a strength of Suzuki, require less materials and energy to manufacture and emit less

CO₂ while in use. We believe that we can create opportunities by leveraging such a unique strength of Suzuki and by handling risks appropriately.

We will continue to hold careful discussions to reduce or avoid risks caused by climate change, capture opportunities for the future, and increase our competitive edge, and incorporate the outcomes of these discussions into our business strategies.

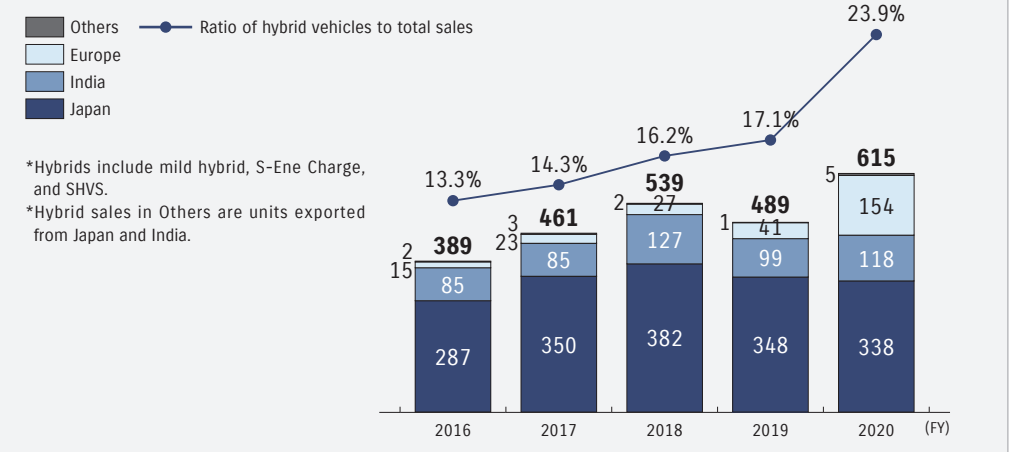
List of Suzuki's climate-related risks and differences in impact by scenario

Key risks (examples of anticipated impact) *Underlined items represent particularly significant risks			Differences in impact	
			4°C scenario	Below 2°C scenario
Transition risks	Policies, regulations, and technologies	(1) More stringent CO₂ and fuel efficiency standards for automobiles (Payment of fines, loss of sales opportunities, etc.)	No change	Increase
		(2) Implementation or reinforcement of carbon tax and other systems (Increase in operating costs, etc.)	No change	Increase
	Reputation	(3) Changes in consumer preference and/or investor behavior (Decline in corporate value, etc.)	No change	Increase
Physical risks	Chronic	(4) Rise in the average temperature (Increase in energy costs, etc.)	Increase	No change
		(5) Changes in water resource risk (Disruptions in the supply chain, increase in production costs, etc.)	Increase	No change
	Acute	(6) More frequent and intensifying natural disasters (Offices sustaining disaster damage, suspension of business activities, etc.)	Increase	No change

Details of particularly significant risks, creation of opportunities, and status of Suzuki's response

	Risks	Opportunities	Status of Suzuki's response
(1) More stringent CO ₂ and fuel efficiency standards for automobiles	● Loss of market share due to being slow in adopting carbon neutral (electrification and other) technologies and making response in terms of costs ● Increase in investment in development of carbon neutral technologies ● Increase in investment in production facilities (batteries, etc.) for carbon neutral technologies ● Payment of fines and loss of sales opportunities due to regulatory non-conformance	● Maintaining and reinforcing competitiveness and enhancing corporate value through small cars that emit less CO₂ throughout their life cycle ● Capturing sales opportunities by developing electrified vehicles at affordable prices ● Contributing to sustainable economic development by leading electrification in India and emerging countries	● Intensively developing electrification technologies, increasing the number of models equipped with a hybrid system, and promoting development of mini and compact EVs ● Promoting electrification in India (releasing electrified vehicles, investing in a battery plant, etc.) ● Deepening alliance with Toyota Motor Corporation
(2) Implementation or reinforcement of carbon tax and other systems	● Increase in investment in production facilities that implement carbon neutral technologies ● Increase in operating costs due to carbon tax, emissions trading, carbon border adjustment mechanism, etc.	● Extending energy-saving technologies that leverage the benefits of "Sho-Sho-Kei-Tan-Bi" to Group companies and business partners ● Contributing to sustainable economic development by leading the use of renewable energy in India and emerging countries	● Promoting ongoing CO₂ reduction measures ● Creating carbon neutral energy

Sales of automobiles equipped with hybrid system (1,000 units)



Suzuki Environmental Vision 2050 - Smaller, Fewer, Lighter, Shorter, Neater -

“Smaller, fewer, lighter, shorter, and neater”: these are the words which Suzuki has been holding since the early 1990s to express the base of manufacturing.

While maximizing the value offered to customers, these words are meant to make things smaller with fewer resources, with lighter weight, in shorter time and distance, and neater as much as possible.

We believe that this “smaller, fewer, lighter, shorter, and neater” concept applies to the initiatives toward tackling global environmental issues including climate change, water shortage, and resource depletion.

On the occasion of the Company's 100th anniversary, we have set the Suzuki Environmental Vision 2050 as a compass toward 2050, in order to “contribute to the society and become a company loved and trusted throughout the world” for the next 100 years.

Based on the “smaller, fewer, lighter, shorter, and neater” concept, Suzuki will aim to realize our ideal future which makes environmental impact from our business activities smaller and fewer, makes environmental load lighter, shortens the time to tackle various environmental issues, and keeps the earth bountiful and beautiful.

Suzuki Environmental Vision 2050 - Smaller, Fewer, Lighter, Shorter, Neater -

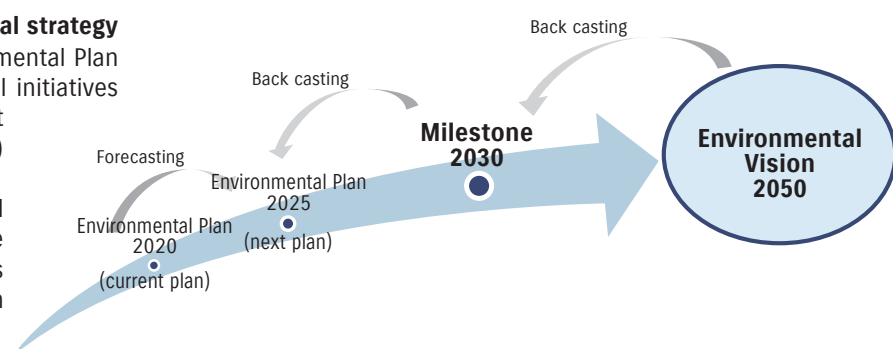


Theme		Suzuki Environmental Vision 2050	Milestone 2030
Climate change	CO ₂ emitted from products	● Reduce CO ₂ emitted from new automobiles by 90% in Well-to-Wheel base compared to FY2010 by 2050	● Reduce CO ₂ emitted from new automobiles by 40% in Well-to-Wheel base compared to FY2010 by 2030
	CO ₂ emitted from business activities	● Reduce CO ₂ from business activities by 80% in base unit per sales unit compared to FY2016 by 2050	● Reduce CO ₂ from business activities by 45% in base unit per sales unit compared to FY2016 by 2030
Air conservation		● Minimize air-polluting substances emitted from business activities and products by 2050	● By 2030: - Reduce use of fossil fuel in business activities and expand use of renewable energies - Contribute in improving air-pollution in each country/region by promoting development of clean products - Reduce volatile organic compounds (VOC) from manufacturing and products
Water resource		● Realize use of sustainable water resources through minimizing load on water environment by 2050	● Implement reduction of water withdrawal and purification of discharged water at all manufacturing sites through specifying water risks surrounding Suzuki by 2030
Resource circulation		● Promote reduction, recycle, and proper treatment of wastes from manufacturing activities and products through globally expanding recycling technologies and systems developed in Japan by 2050	● By 2030: - Globally expand automobile recycling system - Promote recycling, rebuilding, and reusing of secondary (rechargeable) batteries used for propulsion of electric vehicles - Mitigate waste discharge amount at global manufacturing sites - Reduce plastic packaging materials

● Overall image of Suzuki's environmental strategy

Suzuki has formulated the Suzuki Environmental Plan every five years to promote environmental initiatives and ensure continuous improvement through the plan-do-check-action (PDCA) cycle.

Toward achieving the Suzuki Environmental Vision 2050 and Milestone 2030, we will continue to promote our initiatives by setting short-term targets through backcasting.

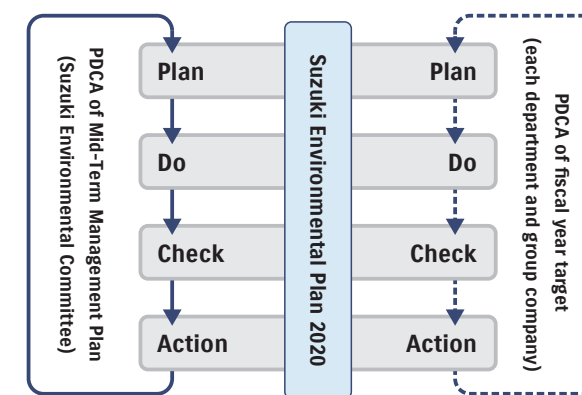


Environmental plan

► Suzuki Environmental Plan 2020

In order to hand over the beautiful earth and affluent society to the next generations, Suzuki had established and been striving to accomplish “Suzuki Environmental Plan 2015” for environmental conservation activities from FY2012 to FY2015 based on “Suzuki Global Environment Charter”. We then established “Suzuki Environmental Plan 2020” for continuous environmental conservation activities from FY2016 to FY2020 to clearly present the direction and actions of Suzuki's business operations in relation to environment.

As we reached the final year of the Suzuki Environmental Plan 2020, we conducted a comprehensive evaluation of our activities. We were able to achieve most of the plan's targets, even though some were unachievable due mainly to a decline in production resulting from the COVID-19 pandemic. We will seek further improvement for items we have achieved and carefully review and reflect on those we have not. Toward the achievement of the new targets specified in



the Suzuki Environmental Vision 2050 and Milestone 2030, we will carry out operations management and continuous improvement through the PDCA* cycle and promote business activities in a way to reduce environmental impact.

*PDCA is a way of making initiatives in a cycle of Plan, Do, Check, and Action. It not only covers planning and doing, but also checking and making actions, thereby enabling to make initiatives by constantly improving through feeding back effects and reflections.

Suzuki Environmental Plan 2025

Following the previous Suzuki Environmental Plan 2020, we formulated a new plan, the Suzuki Environmental Plan 2025, which represents our environmental conservation initiatives over the five years to 2025.

The Suzuki Environmental Plan 2025 is an effort toward achieving the Suzuki Environmental Vision 2050 and Milestone 2030, which were

formulated in 2020, and is designed to promote initiatives under the four themes of climate change, air conservation, water resources, and resource circulation. The progress concerning the Suzuki Environmental Plan 2025 and enhancement of related initiatives will be reported in our Sustainability Report in FY2022 onward.

► Climate change

● Reducing CO₂ emissions amount in use of products

Object	Base year	Target (FY2025)
Automobiles	FY2010	Reduce by 30%
Motorcycles		Reduce by 15%
Outboard motors		Reduce by 15%

● Reducing CO₂ emissions from business activities

Reducing CO₂ emissions in production

Object	Base year	Target (FY2025)
CO ₂ emission per production	FY2016	Reduce by 25%

Reducing CO₂ emissions in development, sales, and other activities

- Proactively promote energy-saving activities toward achieving carbon neutrality, including introduction of energy-saving equipment and solar panels

Reducing CO₂ emissions in logistics and other activities

- Improve transportation efficiency by revising transportation routes and packing methods
- Introduce eco-driving support equipment and improve fuel efficiency of transportation vehicles
- Promote the use of transportation by rail
- Reduce CO₂ emissions from Suzuki's entire transportation activities in Japan

Object	Base year	Target (FY2025)
CO ₂ emission per sales	FY2016	Reduce by 9%

Please refer to the Sustainability Report for other targets and initiatives related to air conservation, water resources, and resource circulation.

Disclosure of GHG emissions occurred in the entire value chain

The amount of CO₂ emissions generated through the entire value chain during FY2020 stood at 56.60 million tons, of which the emissions falling under Scope 3 (other indirect emissions than those classified into

Scope 2) were 55.56 million tons that include CO₂ emissions classified into “Category 11 (Use of products sold by Suzuki)” accounting for as much as 81.1% of the total emissions through the overall value chain.

		Unit	FY2016	FY2017	FY2018	FY2019	FY2020
GHG emissions occurred in the entire value chain			7,188	7,810	8,765	7,177	5,660
	Scope1	10,000t-CO ₂	61	65	62	53	38
	Scope2		50	55	56	62	66
	Scope3		7,077	7,690	8,647	7,062	5,556

Product Quality

As a manufacturer, Suzuki has been taking on the challenge of developing new technologies. No matter how good a technology is, however, it will not be recognized by customers as a product unless it is of good quality and an affordable price. Suzuki’s business is viable only when customers buy and use its products to their satisfaction. We therefore work to create high-quality, valuable products at an affordable price from the customer’s point of view.

Production of high quality

In its Mid-Term Management Plan (April 2021 to March 2026) “Sho-Sho-Kei-Tan-Bi,” Suzuki has set “maintaining high quality” as one of three priority issues and has been taking measures accordingly. (“Sho-Sho-Kei-Tan-Bi” is an abbreviation of Japanese terms meaning “smaller,” “fewer,” “lighter,” “shorter,” and “neater.”) We will work, focused on customer, to create products of high quality, value-packed products at affordable price. In addition, we will strive to prevent the occurrence, early detection, and outflow of quality problems by promptly investigating the causes and taking countermeasures, production with reduced variants, and expanded traceability management.

Drawings	Production	Inspection	Market
Prompt investigation and countermeasures (Early detection and countermeasures) • Not to miss a single defect • AI management of market quality information • Automatic acquisition of vehicle data			
Production with less variants (Prevention of occurrence)		Expand traceability management (Prevention of outflow)	
Human resources development			

Quality management system

Suzuki Group has adopted the international standard ISO9001 as its quality-management system. In addition to 5 plants in Japan, major overseas plants in India, Indonesia, Thailand, Hungary, etc., have also adopted the ISO9001. Suzuki Philippines Inc., which is a subsidiary for production of motorcycles, also acquired the certificate in FY2020.

As a result, the ratio of production at plants certified by ISO9001 against the entire global production of automobiles in the Suzuki Group in FY2020 (2,651,000 vehicles) reached approximately 99.3%. We will promote quality management in the entire Suzuki Group, and continue to make efforts to realize quality improvement.

Acquisition of ISO9001 Series Certification by Major Manufacturing Bases

	Country	Plant
1	Japan	Suzuki Motor Corporation: Kosai Plant
2		Osuka Plant
3		Sagara Plant
4		Iwata Plant
5		Hamamatsu Plant
6	India	Maruti Suzuki India Limited
7		Suzuki Motor Gujarat Private Limited
8		Suzuki Motorcycle India Private Limited
9	Pakistan	Pakistan Pak Suzuki Motor Co., Ltd.
10	Indonesia	PT. Suzuki Indomobil Motor

	Country	Plant
11	Thailand	Suzuki Motor (Thailand) Co., Ltd.
12		Thai Suzuki Motor Co., Ltd.
13	Vietnam	Vietnam Suzuki Corp.
14	Philippines	Suzuki Philippines Inc.
15	Hungary	Magyar Suzuki Corporation
16	U.S.A.	Suzuki Manufacturing of America Corp.
17	Colombia	Suzuki Motor de Colombia S.A.
18	China	Jinan Qingqi Suzuki Motorcycle Co., Ltd.
19		Changzhou Haojue Suzuki Motorcycle Co., Ltd.
20	Taiwan	Tai Ling Motor Co., Ltd.

Safety

Suzuki reinforces “efforts for safety technologies” and actively improves the safety so that every single person including pedestrian and bicycle, motorcycle, and automobile can co-exist in a safe mobility society with each other.

Suzuki Safety Support

Suzuki Safety Support was born from our wish to have everyone enjoy their cars safely.

In order to prevent accident and secure occupant’s safety in case of an accident, we will make our utmost effort to minimize even near-miss accidents through various driving-support technologies.



● Products installed with Suzuki Safety Support

(As of September 2021)

Installed model	 WagonR Smile	 Spacia	 Hustler	 Swift	 Solio	 Escudo
Collision-mitigation braking	Dual Camera Brake Support	Dual Camera Brake Support	Dual Camera Brake Support	Dual Sensor Brake Support	Dual Camera Brake Support	Dual Sensor Brake Support
Back-up Brake Support	◎	◎	◎	◎	◎	
Unintended Start Prevention Function	Front/ Rear	Front/ Rear	Front/ Rear	Front/ Rear	Front/ Rear	Front/ Rear
Lane Departure Prevention Function			◎	◎		◎
Lane Departure Warning Function	◎	◎	◎	◎	◎	◎
Weaving Warning Function	◎	◎	◎	◎	◎	◎
Adaptive Cruise Control	◎ (Follows at safe distance between vehicles in all speed range)	◎ (Follows at safe distance between vehicles in all speed range)	◎	◎ (Follows at safe distance between vehicles in all speed range)	◎ (Follows at safe distance between vehicles in all speed range)	◎ (Follows at safe distance between vehicles in all speed range)
Road Sign Recognition Function	◎	◎	◎	◎	◎	◎
Head-up Display	◎	◎			◎	
High Beam Assist	◎	◎	◎	◎	◎	◎
Preceding car Departure Announce Function	◎	◎	◎	◎	◎	◎
Blind Spot Monitor				◎		◎
Rear Cross Traffic Alert				◎		◎
Camera for all-direction monitor	◎	◎	◎	◎	◎	

*Each system functions under certain condition. For detail, please check their instructions.
*Systems vary depending on model, variant, and specification. For detail, please refer to each model’s catalogue.

Human Resources

Under the mission statement “Develop products of superior value by focusing on the customer”, Suzuki takes actions to accomplish the mission that our every single employee thinks and acts by themselves and provides customers with products that will enrich their life.

We give the first priority to assurance of stable employment. Also, we try to improve work conditions in order to build a healthy and better working environment. Employees mutually help each other and try to be a person who can contribute to the society with the spirit of “Team Suzuki”, and the management and employees band together and build a refreshing and innovative company.

In addition, we strive to create systems and environments, focusing on the following points, in order to cultivate the corporate climate that employees go for a big future with motivation and ambition.

- Create a safe and healthy workplace for our employees
- Create a system that fairly evaluates and supports human resources who challenge higher goal
- Create good and stable relationship between employer and employees

Efforts for safety, health and traffic safety

Safety and health

Suzuki is promoting the safety and health management activities through our basic safety concept.

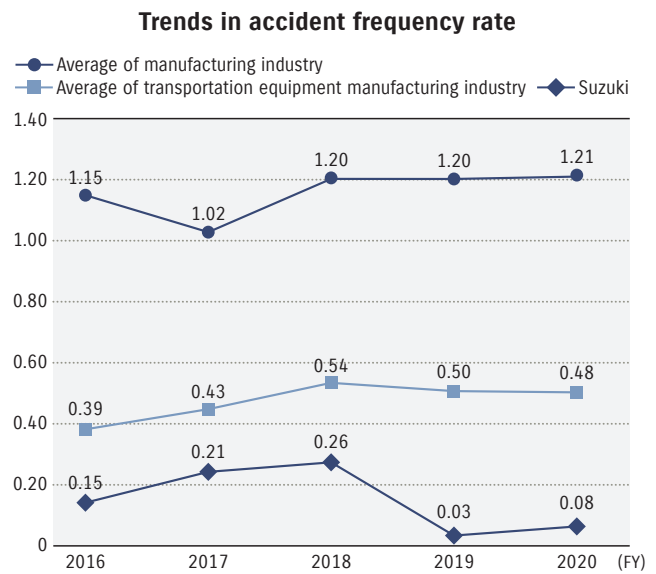
Basic Safety Concept

- Make safety as first priority. (Safety First)**
The basis of corporate activities is “people”.
The first priority must be always given to safety that protects “people”.
- All accidents are preventable.**
Managers must lead the workplace, having the strong belief “all labor accidents can be prevented”.
- Safety is everyone’s responsibility.**
While the corporate conducts what they should do, every single person must take responsible actions to protect themselves.
Let’s make the culture where everyone follows the rules and mutually warns each other in the workplace.

Safety and health control system

The “Central Safety and Health Committee” to which representatives from offices and labor unions attend is held twice a year to determine basic policies related to corporate “work safety”, “labor health” and “traffic safety”.

In addition, the Central Safety and Health Committee conducts the central safety patrol once a year to raise safety awareness within the company through cross-functional safety activities by inter-department crosschecks. The Departmental offices and plants and Health Committee is established at each office and constantly conducts activities related to safety and health based on the policy of the Central Safety and Health Committee.



Risk assessment activities

Suzuki implements “risk assessment” mainly for prevention of risks as safety prefetch activities. Through these activities, we try to improve safety by identifying potential risks in operations and promoting countermeasures to prevent them. We have introduced risk assessment for the close call cases in 2001 and have been working on risk assessment in regular operations since 2013.



Safety education at overseas plant

Health management

Health Declaration

The Suzuki Group will aim toward making an open working environment where all employees can work happily and with enthusiasm by helping each other. To promote the safety and health of all employees, who are tasked with daily corporate activities, the Company will take on health initiatives as “Team Suzuki”.

- Promotion structure**
Headed by the Representative Director and President, the Human Resources Department take the lead in promoting employee health. Accordingly, the department will proactively take opinions from experts, including health-promoting industrial physicians, public health nurses, and nurses, and carry out activities through labor-management cooperation.
- Focused initiatives**
 - Creating a working environment where employees stay healthy at work: Early detection, early treatment**
The Company has been making efforts in early detection and early treatment by calling for periodical health checks and the 100% achievement of thorough examinations. The Company will work toward maintaining and enhancing the working environment by preventing lifestyle-related diseases while employees are still young.
 - Improving mental health**
In addition to conducting stress checks, the Company is proactively making efforts in treating employees’ mental health after stress checks to realize a better working environment.
 - Undertaking efforts toward realizing a mentally and physically healthy body**
The Company will address health promotion issues so that employees can proactively do so by aiming to create opportunities for developing exercise habits for a healthy body.
 - Raising health literacy**
In order to encourage employees to maintain their health in their daily lives, the Company will make its utmost efforts to raise the health literacy of employees and their families.

Representative Director and President **Toshihiro Suzuki**

Health Indicators			
Category	FY2019	FY2020	Target
Percentage of employees who received regular health checks	100.0%	100.0%	100%
Percentage of employees who underwent a thorough examination after a regular health checkup	75.2%	74.2%	100%
Specific health guidance implementation rate	38.1%	47.1%	55%
Stress test response rate	95.5%	95.6%	100%
Smoking rate	27.9%	26.6%	22% or less by 2026

Initiatives to combat COVID-19 (examples)

- Established an in-house COVID-19 response headquarters
 - Conducted workplace vaccinations for COVID-19
 - Established a code of conduct to prevent and limit the spread of COVID-19 within the company
 - Regularly educated employees about precautions in the workplace and in private to prevent infection
 - Created and utilized an app that can record behavior history and physical condition management
- Conducted online interviews and health guidance
 - Installed hand sanitizer for hand disinfection and alcohol for wiping surfaces at each workplace
 - Conducted workplace patrols to measure CO₂ concentration at each workplace and encouraged ventilation
 - Made cloth masks and distributed them to employees



Workplace vaccination



Secure and comfortable working environment

● Diversity (varieties of human resources)

The Suzuki Group Code of Conduct, which applies to all those working in the Suzuki Group, addresses to make a workplace that does not have any discrimination or harassment due to gender, age, nationality, race, religion, belief, etc. Variety of human resources regardless of gender, age and nationality are active in various departments.

We will maintain and improve our working environment so that a wide variety of human resources can work actively.

● Actions to promote participation by women

In order to further realize workplace where women can demonstrate their abilities and work successfully from FY2020, the Company will raise “increase in number of female employees with job titles” and “promotion to take paid holiday” for building better working environment as our issues. Based on these issues, the Company will target to “triple the number of female employees with job titles compared to FY2015 in 2025” as well as to “improve rate of paid holiday taken by all employees including managers by 10% compared to FY2018 in 2025”.

Specifically, the Company will systematically conduct initiatives including “education for promoting understanding of work and family balancing for young employees and employees with job titles”, “gathering of employees taking childcare leave”, “opening website to provide information regarding work and family balancing”, and “clarifying the situation of paid holiday taken.

● Initiatives for shortening overtime working hours

Initiatives are made to shorten working hours by introducing various systems so not to have our employees to become ill due to long working hours.

- Strict management of overtime working hours based on total working hours
- Introduction of flexible time system that bans early and late working hours

		FY2016	FY2017	FY2018	FY2019	FY2020
Employees	Male	13,603	13,711	13,808	13,932	14,220
	Female	1,535	1,558	1,623	1,714	1,853
	Total	15,138	15,269	15,431	15,646	16,073
Of which with job titles	Male	4,162	4,243	4,339	4,403	4,577
	Female	70	90	98	115	133
	Total	4,232	4,333	4,437	4,518	4,710
Of which managers	Male	1,004	1,037	1,066	1,121	1,185
	Female	10	12	14	19	19
	Total	1,014	1,049	1,080	1,140	1,204
Employees rate of people with disabilities		2.04%	2.02%	2.14%	2.20%	2.23%
New employment	Male	674	541	445	569	651
	Female	120	101	118	139	168
	Total	794	642	563	708	819
Of which college graduates	Male	523	396	396	413	474
	Female	62	60	79	81	103
	Total	585	456	475	494	577
Turnover rate		3.80%	4.20%	3.90%	3.10%	2.21%
Utilization rate of paid holiday		70.2%	75.7%	76.7%	84.8%	77.2%

- Introduction of interval system between working hours to secure continuous resting time
- Setting a day with no overtime work aimed for work and life balancing

► Employment of people with disabilities

Suzuki strives to create a working environment where people with disabilities can work for long time at ease. We allocate the dedicated person in charge of employing people with disabilities, as well as psychiatric social

● Deployment of a special subsidiary “Suzuki Support”

Suzuki Support Co., Ltd., a special subsidiary company established in February 2005, has been conducting business activities for 16 years. As of the end of May 2020, 60 disabled employees including those having severe intellectual disabilities are performing janitorial service and stationery management service at Suzuki’s main office, employee dormitories and related facilities, as well as farm work at Suzuki’s farm together with supervisors.

Their sincere and cheerful attitude toward work greatly encourages all the people in Suzuki.

In line with the corporate philosophy, which is intended to make a contribution to society, Suzuki Support will further provide job assistance for people with disabilities in order for them to feel happiness through working and to build their experience through social participation.

worker in the Human Resources Department to provide individual consultations periodically and assign a vocational life consultant for persons with disabilities also to each workplace for caring for their problems.

[Summary of Suzuki Support]

- | | |
|---|--|
| 1. Company Name | 5. Establishment |
| Suzuki Support Co., Ltd. | February 2005 |
| 2. Capital | 6. Business category |
| 10 million yen | Office cleaning, farming |
| 3. Capital Investor | 7. Representative |
| Suzuki Motor Corporation | Takatoshi Okabe, Representative Director |
| 4. Location | 8. Number of employees |
| 300 Takatsuka-cho, Minami-ku, Hamamatsu, Shizuoka | 104 (60 employees with disabilities) |



Efforts for career advancement

Suzuki believes that setting high goals is an excellent way to grow one’s self and that such trial itself is the DNA of Suzuki. In order to cope with rapid changes in the market environment, every single

employee must set higher goals and strive to acquire higher technical capabilities. Suzuki implements the rich human resource development program that supports such individual challenging spirit.

► Goal Challenge System

Suzuki believes that it is an excellent way to improve one’s self by not simply waiting for instructions from the supervisor but voluntarily setting and striving for the goal in terms of accomplishment of the work. Our Goal Challenge System is introduced to allow employees to set and achieve higher goals. In this system, employees confer with their supervisors every half period and set specific goals to be achieved over the course of six months. Through this process, employees can clarify their own goals and improve motivation toward them. In addition, their supervisors can appropriately evaluate their goal attainment levels

and recognize the training points required to further improve their capabilities.

Suzuki’s personnel system places greater emphasis on occupational ability than seniority. Intended to develop professional human resources who will lead Suzuki’s further growth, it is based on an objective and fair personnel evaluation system according to types of work, roles, responsibilities and results of individual employees. The performance-based personnel system and the Goal Challenge System motivate employees’ intentions to step up each rung of the corporate ladder.

► Self-assessment system

This system is to grant employees with opportunities to review their work and capabilities once a year, reconfirm their own strength and weakness, and lead them to further improvement in capabilities. In addition, they can clarify jobs and departments

that they want to try as the career plan, and submit it to their supervisors and the Human Resources Department. The submitted contents are effectively utilized as the basic data for development and optimal assignment of human resources.

► Rotation system

Suzuki implements systematic rotations of human resources by preparing the companywide personnel change plan in order to improve employees’ knowledge and technical skills and

activate our organizations. The goal we set in this system is to have all young employees of technical jobs, office jobs and sales jobs experience the transfer to different departments

► International training program

Since FY2015, we have been implementing “6-month overseas training expatriate” that sends young employees to overseas affiliates, aiming to develop global human resources.

(FY2015~2019 total 31 persons...FY2015-6 persons, FY2016-6 persons, FY2017-5 persons, FY2018-10 persons, FY2019-4 persons, FY2020-not implemented due to COVID-19.)



► Foreign language training program

In order to improve language skills of employees, we have introduced a system where employees can take the TOEIC test for free (examination fees are paid by the Company).

In addition, we support improvement of language skills by

introducing online correspondence courses of English, Spanish, Chinese, Thai, Indonesian, etc. provided by external educational organizations. Suzuki provides employees who have completed such programs with a subsidy for a part of the expenses.

In-house education system

Suzuki’s education system is comprised of three pillars, which are group training, in-house training, and voluntary skill development. At the Training Center (Suzuki Juku), a group in charge of education, enterprise education including seminars according to managerial hierarchy are conducted based on the policy of our mission statement. Training Center also cooperates with engineering and manufacturing departments to conduct individual occupational (specialized) training of fundamental knowledge and abilities needed for execution of operation.

Also, active efforts are made to enhance employee performances by educating specific knowledge and skills in each department to nurture human resources, as well as through e-learning, correspondence course, and language seminars.

In seminars according to managerial hierarchy, main focus is emphasizing education for “enhancing abilities of young employees”, “developing leaders in each managerial hierarchy”, and “systematically developing management class”.

① Training for enhancing abilities of young employees

- Trainings according to the year of joining the company are conducted every year for young employees from 2nd to 7th year employees.

② Selected trainings for systematically developing management class

- Trainings for new employees with job titles and their follow-up

Number of training participants (Suzuki Group)

2018	76,100
2019	88,800
2020	55,700



In-house training in FY2019 (At present, online training is conducted.)

Employee relations

Through mutual trust, we have developed a good relationship with the Suzuki Labor Union, which represents Suzuki employees. Among the labor union's goals are stable employment and maintaining and improving work conditions. In order to meet these conditions, stable development of the company is required. When negotiating salaries, bonuses, labor hours, etc. as distributions of the results of corporate

Employee communication

We arrange frequent labor-management consultations to ensure that employee ideas are reflected in all of our departments, such as research and development, design, manufacturing, sales, etc.

In addition to discussing requirements (salaries, bonuses, labor hours, etc.) we hold monthly discussions that regularly cover a wide range of issues such as management policies, production planning, working hours, welfare, safety and health, etc., and

activities, we do share the same basic vector, which aims for stable development of the company while having discussions from different standpoints: the company and labor union.

The number of the labor union members is 16,927 as of the end of FY2020, and the unionization rate of full-time employees (excluding managers and non-union members defined in the labor agreement) is 100%.

earnestly exchange ideas on what Suzuki and the labor union can do to deliver quality products to the customer.

	Frequency
Central Labor-Management Consultation	Monthly
District Labor-Management Consultation	Monthly

Building a stable relationship with the labor union in the Suzuki Group

The Suzuki Group has 126 member companies (manufacturers, non-manufacturers, sales companies) at home and abroad. It is our hope that those 126 member companies are individually trusted by the local residents, society, and customers.

At Suzuki, seminars are given to union officials and human resource management personnel of overseas companies to make them understand the importance of cooperative

Initiatives by Maruti Suzuki India Limited

At Maruti Suzuki India Limited, maintaining harmonious industrial relations to facilitate smooth plant operations and achieve competitive business goals, is the pivotal aspect of human resources business strategy of the plant.

By recognizing the above, establishing good relations with unions across all three plants (Gurgaon, Manesar, and Manesar Powertrain) and making unions aware of business challenges and accordingly taking them together onboard in decisions pertaining to employee welfare policies, has also been an essential aspect of industrial relations at the company. Based on the integral philosophy of connection between people, the company has designed its employee engagement framework wherein proactive communication with all stakeholders and making them more skillful in their work has been the core focus area.

The company is making efforts in continuously strengthening mutual labor-management communication by holding periodical meetings between union, Managing Director, plant managers, human resources managers and other shop floor employees.

Consolidating its strong connection between people and employee engagement ambit, the company organizes various welfare and employee engagement activities jointly with unions on cultural, academic and sports front so as to get connected with employees and their families, resulting in enhanced motivation and commitment of employees. Accordingly, the company organizes plant tour for the employee's families, sports tournaments, family day, upgrading the existing skills of associates (Higher Education Scheme), career counseling for the children of employees and various other initiatives where all employees participate. (In FY2020, we refrained from holding these activities due to the COVID-19.)

The company respects the right of employees to form and join a union. Its management officially recognizes three employee unions, one each at its three plants. These are internal and independent labor unions and their elections are held as per

relationship and smooth communication between labor and management, as well as the need for a fair and equal personnel management system, etc. We also work with the labor union to promote global personnel exchanges both domestically and abroad, and we strive to establish a work climate which allows our 68,000 employees in 126 companies to enjoy working with a highly creative and stable labor- management relationship.

union by-laws. A minimum notice period of 21 days, as per regulatory requirements, is typically given to employees prior to implementation of any significant change in the conditions of service, that could affect them substantially. All major policy changes affecting employees are discussed with union representatives and the same are communicated to employees directly and through union representatives.



Periodical meeting (online)

Meeting	Frequency
Managing Director meeting with managers & above	Quarterly
Managing Director meeting with unions	Monthly
Top management (executive officers, plant managers, human resources managers) meeting with unions	Monthly
Top management (production and human resources) meeting with associates and supervisors	Monthly
Plant human resource managers & plant managers with union	Monthly



Plant tour for family members (FY2019)

Social contribution activities

Support for Healthcare in India

As part of its CSR business, Maruti Suzuki India Ltd. established a general hospital in Sitapur, Gujarat, which is fully equipped with the latest facilities, in cooperation with Zydus Hospital, an Indian hospital renowned for its medical services. The hospital opened in April 2021.

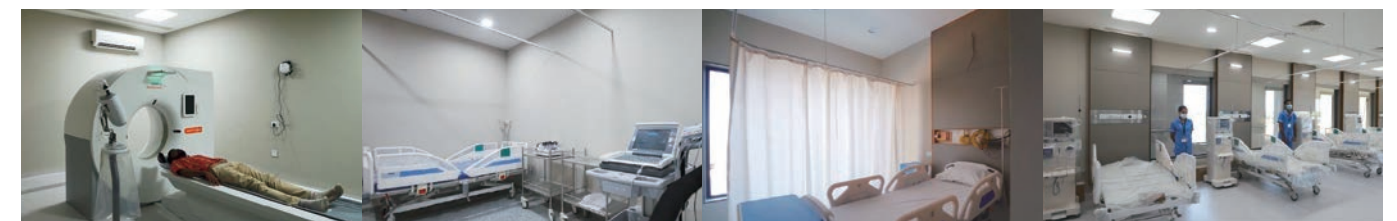
When the Gujarat car plant started in 2017, there was no major medical facility available in the region. The establishment of the hospital has made it possible to provide medical care not only to the Gujarat factory workers but also to more than 375 thousand people living in Sitapur and adjoining villages.

As the first multi-speciality hospital in and around Hansalpur and Sitapur region, Ahmedabad, the hospital provides 24x7 emergency outpatient care and inpatient treatment for COVID-19.

Starting with a 50-bed facility, the hospital can be progressively expanded to 100 beds basis the demand.

Total capital expenditure: 1,260 million Rupee (1,890 million yen)
Staff: 20 doctors, 50 nurses, 60 support staff

Diagnostic and support facilities	Clinical department		
Health Check-up	Dental OPD	Trauma Center	Internal Medicine
Radiology	Cardiac OPD	Emergency Care	E.N.T.
Ophthalmology	Gynecological OPD	Critical Care	Neurology
Physiotherapy	General OPD	Mother & child Care	Urology
Dialysis	Orthopedics	General Surgery	Nephrology



(Latest inspection facilities and private rooms are available)

SUZUKI Foundation

SUZUKI Foundation was established in 1980, as one of the commemorations of the company's 60th anniversary. Foundation offers subsidies to higher academic institutions and research organizations for studies in various fields, as well as sponsoring major international academic symposia. In commemoration of the 40th anniversary of the foundation, we are actively developing activities such as establishing the "Yaramaika Grand Prize / Special Award" as a prominent project.

Outline (as of 25 June, 2021)

Name of foundation: SUZUKI Foundation

Location: Minato-ku, Tokyo

Chairman: Osamu Suzuki

(Senior Corporate Advisor of Suzuki Motor Corporation)

Asset: 11,371 million yen

Number of subsidies: 1,855

Total amount of subsidies:

2,255 million yen



SUZUKI Education & Culture Foundation

In October 2000, SUZUKI Education & Culture Foundation was established as a commemorative activity for the 80th anniversary of the foundation of Suzuki Motor Corporation. The foundation performs various activities, such as educational support through the supply of scholarship to the youth having difficulties in concentrating on their study for financial reason, support for special-needs school and support provided for sport activities for young people for the development of the youth.

Outline (as of 31 March, 2021)

Name of Foundation: SUZUKI Education & Culture Foundation

Location: Hamamatsu-shi, Shizuoka

Chairman: Toshihiro Suzuki

(Representative Director and President of Suzuki Motor Corporation)

Asset: 4,665 million yen

Total amount of subsidies:

514 million yen



Starting a multi-speciality hospital



Salient features of the hospital

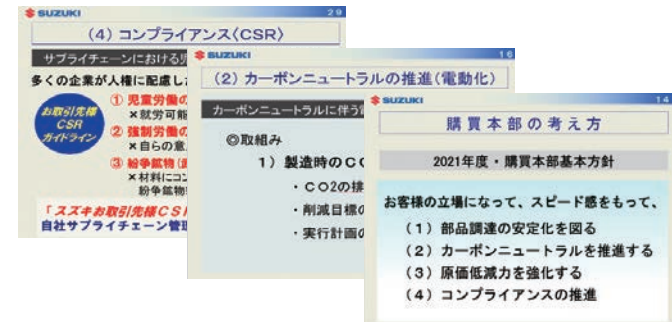
- 24x7 super specialization hospital offering services such as emergency care
- Manned by qualified and experienced doctors recruited and trained by Zydus Hospitals
- Integrated residential facility with dormitory occupancy, flats, gymnasium, cafeteria, shops, library and garden for staff employed in managing operations of the hospital.

Business Partners

Suzuki intends to make a social contribution under the first paragraph of the mission statement: “Develop products of superior value by focusing on the customer”. In creating such valuable products, we believe that it is our role to work in mutual cooperation with our business partners so that both parties may prosper. Those business partners are selected through an impartial procedure based on quality, cost, delivery deadline, technical development capabilities, risk management, and past track record. We also have an open-door policy, which offers the chance of teaming up with Suzuki regardless of size, track record, or countries/regions.

Sustainable relationships

In creating trusting relationships with our business partners, we aim to establish sustainable relationships. For that purpose, we regard the mutual communications as the most important factor, and are making efforts in mutual understanding by holding Procurement Policy Presentation once a year to our business partners to share Suzuki’s policy and product/production plans as well as to inform our procurement policy based on those plans. Also, we are sharing ideas not only between the top and middle managements, but also between managements and individuals responsible for daily business operations.



*In consideration of the COVID-19, Procurement Policy Presentation FY2020 was held in the form of web conference. (Photo: Presentation materials)

Global procurement

We will accelerate global procurement activities by working with worldwide manufacturing bases. Previously, procurement activities were carried out mainly on individual local bases, but we have shifted to a more global-basis approach to obtain the most suitable parts at competitive prices. That

benefits not only Suzuki, but also our business partners who can stably receive orders and accumulate various technologies. By sharing those merits, we can build more confident relationships.

Business continuity plan

In addition to earthquake-proof reinforcing of individual office buildings, we have started compilation of a business continuity plan (BCP). We regard the preparation for earthquakes, tsunami and other wide-scale disasters as part of our responsibility to local community, business partners,

and customers. We recommend disaster measures such as quakeproofing to our partners located in areas that are likely to experience heavy damage. We are tackling such initiatives together with our business partners for their early recovery if they should fall victim to such disaster.

Efforts for compliance with laws and regulations, respect for human rights and environmental conservation

Suzuki is complying with laws and regulations of each country and region (for example, compliance with “Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors” and business operations according to the five principles for procurement in “Automotive Industry Appropriate Transaction Guidelines” in Japan), respect for

human rights and environmental conservation. Also, we establish Suzuki CSR Guidelines for Suppliers and request our business partners to practice efforts for compliance with laws and regulations, respect for human rights and environmental conservation.

● Basic policy regarding human rights

As stated in the “Suzuki Group Code of Conduct”, thorough efforts are made by the Suzuki Group (Suzuki Motor Corporation and domestic/overseas Group companies) to respect human rights. The Suzuki Group has no intention of taking part in any action that would lead to infringement of human rights even in procurement activities. We will promote respect of human rights with our business partners.

(Initiatives concerning human rights)

- Prohibiting all types of harassments
- Safe and healthy working environment, and good employee relations
- Eliminating discrimination in employment
- Prohibiting child labor and forced labor
- Not using conflict minerals causing human rights infringement

● Suzuki CSR guidelines for our business partners

Stakeholders including business partners of Suzuki are getting multi-nationalized and diversified as our business activities are developed globally. Therefore, we are expected to fulfill social responsibilities with due considerations to other cultures and histories, in addition to follow legal and social norms of various countries.

Based on such social demand, we compiled basic concept and practices of social responsibilities that we should accomplish with our business partners as “Suzuki CSR Guidelines for Suppliers”. We are requesting our partners to comply with the guidelines upon making procurement throughout the Suzuki Group.

We kindly request our business partners to understand the purpose and cooperate with us to promote CSR activities together.

https://www.globalsuzuki.com/corporate/environmental/green_policy/pdf/SUZUKICSRGuidelinesforSuppliers.pdf

(Initiatives to maintain workable guideline)

- ①In the basic principles of the Basic Purchase Agreement that we conclude with our business partners, we state clearly that “both we and our business partners shall recognize our social responsibilities in civic society and comply with relevant laws and regulations, both in Japan and overseas,” and strive to conform to social norms.
- ②Efforts are made in understanding the environmental conservation initiatives of our business partners by

● Declaration of Partnership Building

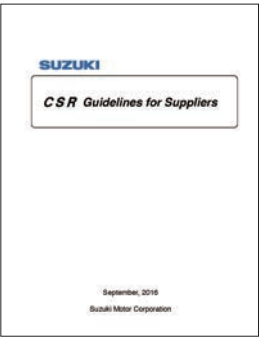
Suzuki has published the Declaration of Partnership Building on the Declaration of Partnership Building Portal Site to build new partnerships by complying with desirable transaction practices between ordering parties and subcontractors (“Promotion Standards” based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) and by promoting cooperation, coexistence, and co-prosperity with business partners (suppliers) in the supply chain and value creators.



- Based on this Declaration of Partnership Building, Suzuki is:
- Strengthening cooperative relationships with our business partners, who are important partners, to create new value in diverse areas such as development, manufacturing, quality, and cost reduction.
 - Working to improve our transaction practices in compliance with the Subcontract Act and the “Promotion Standards” of the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises.
 - Working to increase opportunities for information exchange with our business partners to learn about product (and parts) delivery problems, financing concerns, and other issues, and take sincere measures to resolve them promptly.

conducting research on greenhouse gas emissions and water usage amount once a year.

- ③Aimed to prevent one-sided cost reduction request and delay in payment to suppliers throughout the whole supply chain, we are holding case-by-case presentation to widely notify about proper trading.
- ④In the case of any compliance issues or doubts regarding transactions with Group companies, we work to resolve them through the use of our whistleblowing hotlines (Suzuki Group Risk Management Hotline and those run by third-party organizations) for consultations.
- ⑤Quality audit is held periodically (frequency based on rank in quality) under the Supplier Quality Assurance Manual that compiles Suzuki’s basic policy, activities, and requests for quality assurance.



*Suzuki Motor Corporation Declaration of Partnership Building
<https://www.biz-partnership.jp/declaration/282-05-23-shizuoka.pdf>

Suzuki Motor Corporation Declaration of Partnership Building (excerpt)

1. Coexistence and co-prosperity of the entire supply chain and new collaborations beyond scale and Group

2. Adherence to “Promotion Standards”

- 1) Price determination methods
- 2) Cost burdens such as die management
- 3) Payment conditions
- 4) Intellectual properties and expertise
- 5) Strain associated with work style reforms, etc.

3. Other

Directors, Auditors and Officers

(as of 1 October 2021)

Representative Directors



Representative Director and President
Toshihiro Suzuki



Representative Director and Senior Technical Executive in charge of Technology and Logistics Strategy
Osamu Honda

Directors

*Mr. Osamu Kawamura, Mr. Hideaki Domichi, and Ms. Yuriko Kato are outside director as stipulated in Article 2, Item 15 of the Companies Act of Japan.



Director and Senior Managing officer
Tokyo Representative for Government and Industry Relations
Masahiko Nagao



Director and Senior Managing officer
Executive General Manager, Domestic Marketing I, Domestic Marketing
Toshiaki Suzuki



Director and Senior Managing officer
Global Automobile Marketing
Kinji Saito



Director and Senior Managing officer
Chief Technology Officer, and in charge of Automobile Engineering Quality
Yukihiro Yamashita



Director (Outside Director)
Osamu Kawamura

■ Resume
Jan. 1973 Representative Director and President of CHANSON COSMETICS HONPO CO., LTD.
Representative Director and President of CHANSON SHOJI CO., LTD.
(Both companies were merged in September 1997 into a company currently known as CHANSON COSMETICS INC.)
Feb. 1973 Representative Director and Chairman of Shizuoka Information Processing Center (To the present)
July 1975 Representative Director and Chairman of CHANSON YUSHI KOGYO CO., LTD. (currently known as CARING JAPAN INC.) (To the present)
Feb. 1977 Representative Director and President of Takken Inc. (To the present)
Nov. 2006 Representative Director and Chairman of CHANSON TEA WORLD CO., LTD. (To the present)
Oct. 2017 Representative Director and Chairman of CHANSON COSMETICS INC. (To the present)
June 2002 Outside Director, Suzuki Motor Corporation (to the present)



Director (Outside Director)
Hideaki Domichi

■ Resume
Apr. 1972 Joined Ministry of Foreign Affairs
Aug. 2003 Director-General of Middle Eastern and African Affairs Bureau
June 2004 Ambassador of Japan to Iran
Sept. 2007 Ambassador of Japan to India and Kingdom of Bhutan
Feb. 2011 Ambassador in Charge of Economic Diplomacy
Apr. 2012 Executive Senior Vice President of Japan International Cooperation Agency
Oct. 2016 Senior Managing Officer of Hotel Management International Co., Ltd.
June 2017 External Audit & Supervisory Board Member of Konoike Transport Co., Ltd.
June 2002 Outside Director, Suzuki Motor Corporation (to the present)



Director (Outside Director)
Yuriko Kato

■ Resume
Oct. 2009 Founder and President of M2Labo. Inc. (To the present)
June 2015 Outside Director of Toclas Corporation
Mar. 2017 Founder and Representative Director of VegiBus Inc. (To the present)
Mar. 2018 Outside Director of SHIZUOKA GAS CO., LTD. (To the present)
July 2018 Representative Director of Glocal Design School Inc.
May 2020 Audit, TERRACE MILE, Inc. (to the present)
June 2020 Outside Director, Suzuki Motor Corporation (to the present)

(as of 1 October 2021)

Audit & Supervisory Board Members

*Mr. Norio Tanaka, Mr. Nobuyuki Araki and Mr. Norihisa Nagano are outside audit & supervisory board member as stipulated in Article 2, Item 16 of the Companies Act of Japan.



Audit & Supervisory Board Member
Taisuke Toyoda



Audit & Supervisory Board Member
Masato Kasai



Audit & Supervisory Board Member (Outside)
Norio Tanaka



Audit & Supervisory Board Member (Outside)
Nobuyuki Araki



Audit & Supervisory Board Member (Outside)
Norihisa Nagano

Officers

Executive Vice President

Kenichi Ayukawa
Managing Director and CEO, Maruti Suzuki India Limited (India)

Senior Managing Officers

Ichizo Aoyama
Managing Director, TDS Lithium-Ion Battery Gujarat Private Limited (India)

Naomi Ishii
Supporting President, and Executive General Manager, Corporate Planning Office

Managing Officers

Keiichi Asai	Executive General Manager, Cost Control/Reduction
Keiji Miyamoto	Executive General Manager, Domestic Marketing II, Domestic Marketing
Shinichi Imaizumi	Executive General Manager, Domestic Marketing Administration & Promotion
Naoki Suzuki	New Mobility Service, in charge of Engineering Transformation
Kazunobu Hori	Executive General Manager, Human Resources & Affairs, and Committee, Inspection Reform Committee
Katsuhiro Kato	Executive General Manager, Quality Assurance and Inspection, and Chief Officer, Inspection Reform Committee
Shigeo Yamagishi	Executive General Manager, Vehicle Regulations and Engineering Administration, and Deputy Chief Officer, Inspection Reform Committee
Yasuharu Osawa	Division General Manager, Marine Operations, and Managing Officer in charge of USA
Satoshi Uchida	Managing Director, Suzuki Motorcycle India Limited
Shigetoshi Torii	Managing Officer in charge of manufacturing in India, and Joint Managing Director, Maruti Suzuki India Limited
Masayuki Fujisaki	Executive General Manager, Product Planning
Yutaka Kikukawa	Executive General Manager, Legal/IP, and Committee, Inspection Reform Committee
Masahiro Ikuma	Executive General Manager, Procurement Strategy, and Executive General manager, Automobile Vehicle Engineering
Hisanori Takashiba	Executive General Manager, Automobile Electrical/Electronic Engineering
Hisashi Takeuchi	Joint Managing Director, Maruti Suzuki India Limited
Kenichiro Toyofuku	Supporting CEO, Maruti Suzuki India Limited
Masayoshi Ito	Executive General Manager, Motorcycle Operations
Tatsuro Takeuchi	President, Suzuki Motor Sales Kinki Inc.
Kenichi Goto	Managing Officer in charge of IT and Spare Parts, and in charge of Parts Center and PDI Operations Reform

Corporate Governance

Basic Policy on Corporate Governance

Through fair and efficient corporate activities, the Company aims to earn the trust of our shareholders, customers, suppliers, local communities, employees, and other stakeholders, and to make further contribution to the international community in order to continue to grow and develop as a sustainable company. To achieve this goal, the Company recognizes that continuous improvement of corporate governance is essential, and as a top priority management issue, we are actively working on various measures.

In consideration of the meaning of the respective principles of the Corporate Governance Code, the Company will make continuing efforts to ensure the rights and equality of the

shareholders and the effectiveness of the Board of Directors and the Audit & Supervisory Board as well as to upgrade the internal control system.

Also, in order to be trusted further by society and stakeholders, we will disclose information quickly in a fair and accurate manner prescribed in laws and regulations and actively disclose information that we consider is beneficial to deepen their understanding of the Company. Thus we will further enhance the transparency of the Company.

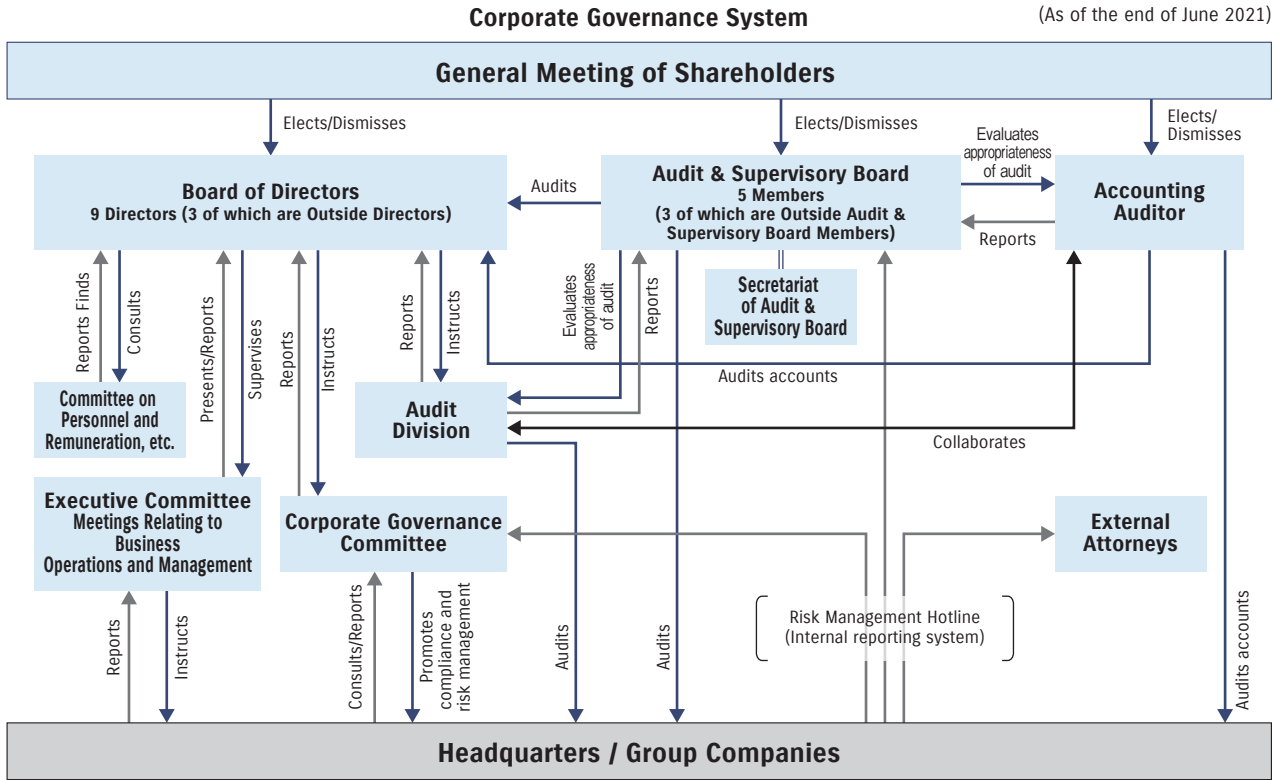
Corporate Governance Report
<https://www.globalsuzuki.com/ir/library/governance/pdf/report.pdf>

Corporate Governance Enhancement

		pre FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21～
Mid-Term Management Plan		Mid-Term Management Target FY10～FY14	Mid-Term Management Plan SUZUKI NEXT 100 FY15～FY19						Mid-Term Management Plan "Sho-Sho-Kei-Tan-BI" FY21～FY25
Chairman		Osamu Suzuki Chairman and President from 2008 to 2015							
President									
Board of Directors	Term	Term of board members shortened to 1 year from 2002							
	Supervision Execution	Introduced executive officers system in 2006							
	Outside directors, total directors	Appointed 2 outside directors among 9 total			2/8		2/7	3/9	
	Supporting div.		Corporate Governance Dept. / Secretariat of Audit Supervisory Board						
	Seats	Not more than 30 from 1989				Reduced to 15			
Committees			Committee on Personnel and Remuneration, etc						
			Corporate Governance Committee						
Vision	Corporate mission	Drafted "Mission Statement" in 1962							
	Code of conduct	Drafted Suzuki Activity Charter, Suzuki employees Activity Charter in 2003			Suzuki Group Code of Conduct (Feb. 2020 distributed the compliance handbook to employees)				

Corporate Governance System

The Company has adopted the current system with the thought of statutory company auditor system being the foundation and establishment of optional committee on Personnel and Remuneration, etc. and appointment of highly independent Outside Directors enables improvement of governance.



[Board of Directors]

In June 2006, the Company reduced the number of Directors from 29 to 14 persons following the introduction of Managing Officers System to facilitate agile execution of operations and clarification of a responsibility framework. After that, the Company has continued to further streamline the structure of the Board of Directors now consisting of 9 members (including 3 outside independent directors) in order to speed up decision-making processes thereat. Further, the Company has appointed two Outside Directors since June 2012 and has appointed three Outside Directors since June 2020, in order to strengthen the management oversight function and receive useful advice, suggestions, etc. on the Company's business management based on their respective extensive experience and expertise and various perspectives.

In principle, the Board of Directors meets once a month and also as needed to strengthen supervision by making decisions on basic management policies, important business execution matters, matters authorized by the General Meeting of Shareholders to the Board of Directors, and other matters prescribed by law and the Articles of Incorporation based on sufficient discussion, including from the perspective of legal compliance and corporate ethics, as well as receiving reports on the execution of important business operations as appropriate.

In order to clarify managerial accountability for individual Directors and flexibly respond to the changing business environment, the term of each Director is set to one year.

Directors (9 persons) (Age and years of service are as of September 2021)

Name	Gender	Age	Years of service	Attribute	Current positions at the Company (*Background of outside directors)	Attendance at the Board of Directors in FY2020
Toshihiro Suzuki	Male	62	18 years		Representative Director & President, Chairman of the Board of Directors	100% (15 times/15 times)
Osamu Honda	Male	71	11 years		Representative Director & Senior Technical Executive	100% (15 times/15 times)
Masahiko Nagao	Male	63	6 years		Senior Managing Officer, Tokyo Representative for Government and Industry Relations	100% (15 times/15 times)
Toshiaki Suzuki	Male	63	1 year		Senior Managing Officer, and Executive General Manager of Domestic Marketing I, Domestic Marketing	100% (12 times/12 times*)
Kinji Saito	Male	63			Senior Managing Officer, Global Automobile Marketing	—
Yukihiro Yamashita	Male	53			Senior Managing Officer and Chief Technology Officer, in charge of Automobile Engineering Quality	—
Osamu Kawamura	Male	78	1 year	Independent Outside	Business owner (Corporate management in cosmetic business and other businesses)	91% (11 times/12 times*)
Hideaki Domichi	Male	72	1 year	Independent Outside	Former diplomat (Served as the Ambassador of Japan to India and Kingdom of Bhutan)	100% (12 times/12 times*)
Yuriko Kato	Female	47	1 year	Independent Outside	Business owner (Corporate management such as social business to solve agricultural problems)	100% (12 times/12 times*)

*Attendance is to those held after assumption of office on June 26, 2020

[Company Auditor’s Audit]

As an independent organization which plays a part in corporate governance, the Company Auditors conduct audits conforming with the auditing standards of the Audit & Supervisory Board for proper managerial executions, as well as expressing their opinions to the management members as appropriate.

Company Auditors’ audit procedures conform to the auditing standards of the Audit & Supervisory Board, and according to the auditing policy and division of duties, which are formulated after the General Meeting of Shareholders, Company Auditors audit the proper execution of corporate management and communicate their opinions by attending meetings of the Board of Directors, Executive Committee and other important meetings, inspecting ringi (request for approval) documents and minutes of meetings, and receiving reports and interviews from directors and employees on the status of operations. In addition, Company Auditors review and discuss the audit plan and topics formulated by Audit HQ, which is an internal audit division, and the results of operational audits conducted by Audit HQ.

Full-time Company Auditors actively and proactively exercise their authority to express their opinions at meetings of the Board of Directors and other important meetings on management and execution of operation as described below as appropriate. In addition, as an observer, Company Auditors participate in the Corporate Governance Committee, the Inspection Reform Committee, the Quality Assurance Committee, and the

Environment Committee, and express their opinions as necessary.

In addition, Company Auditors inspect the status of operations and properties at the Head Office and major places of business by carrying out the inspection of important decision documents, etc. and the audit, etc. on the performance of duties by the senior management. With respect to subsidiaries, Company Auditors inspect the status of operations and properties, etc. by receiving business reports and collecting management data, etc. and make proposals for improvement in business management through discussions with executives of subsidiaries by means of video conference, etc. Further, Company Auditors receives reports of audits conducted over the Head Office, major places of business and subsidiaries from Audit HQ, which is an internal audit division, conveyed their opinions, and confirm the status of activities under the internal control reporting system for financial reporting.

Outside Company Auditors attend meetings of the Board of Directors, the Audit & Supervisory Board as well as various meetings related to business management and execution of operations as appropriate and express their opinions as needed, and exchange opinions with the Representative Director. All of them are observers of the Advisory Committee on Personnel and Remuneration, etc. Regarding “Key Audit Matters (KAM),” the Audit & Supervisory Board has discussions, receives reports on the status of audits on such matters and seeks explanation as needed.

Audit & Supervisory Board Members (5 persons) (Age and years of service are as of September 2021)

Name	Gender	Age	Years of service	Attribute	Attendance at the Board of Directors meeting in FY2020	Attendance at the Audit & Supervisory Board meeting in FY2020
Taisuke Toyoda	Male	64		Full-time		
Masato Kasai	Male	65	2 years	Full-time	100% (15 times/15 times)	100% (13 times/13 times)
Norio Tanaka	Male	70	9 years	Independent / Outside (Certified Public Accountant)	100% (15 times/15 times)	100% (13 times/13 times)
Nobuyuki Araki	Male	82	5 years	Independent / Outside (Doctor of Engineering)	100% (15 times/15 times)	100% (13 times/13 times)
Norihisa Nagano	Male	71	2 years	Independent / Outside (Solicitor)	100% (15 times/15 times)	100% (13 times/13 times)

[Executive Committee and other various meetings on management and execution of operation]

In order to promptly deliberate and decide on important management issues and measures, the Executive Committee, which is attended by Executive Officers and General Managers, etc. as well as the Company Auditors as an observer, and other various meetings attended by Directors, Company Auditors and divisional responsible persons (Managing Officers and divisional general managers, etc.) are held weekly and as needed to report and share information on management and business execution.

[Corporate Governance Committee]

Corporate Governance Committee has been established to examine matters to ensure compliance and risk management, as well as to promote the implementation of measures and policies for the Suzuki Group’s sustainable growth and the medium- to long-term enhancement of corporate value. The Committee also verifies the results of effectiveness evaluation of internal controls over financial reporting in accordance with

Also, various meetings are held weekly and monthly to deliberate business plans etc. and to receive reporting on operation of the company, enabling the Company to appropriately plan, identify administrative issues and grasp the situation on execution of operation.

In such way, the Company is enhancing efficiency of decision making at the meetings of Board of Directors and supervision on execution of operation.

Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act.

The Corporate Governance Committee is chaired by the Managing Officer in charge of Corporate Planning and consists of other Managing Officers and Executive General Managers who serve as vice chairpersons or members, and full-time Audit & Supervisory Board Members who serve as observers.

completed to solve issues at an early timing.

In addition, the effectiveness evaluation of internal controls over financial reporting in accordance with Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act is conducted by the Corporate Governance Committee, and the results are reported by the Corporate Governance Committee to the Board of Directors and the Board of Company Auditors.

For subsidiaries with an internal audit division, Internal Audit checks their activities, receives reports on their audit plans and results, and provides advice and guidance as necessary.

Furthermore, Audit results are shared with the accounting auditor as needed, and regular meetings are held to share information, enhance communication, and maintain close cooperation.

[Committee on Personnel and Remuneration, etc.]

Aimed to enhance clarity and objectivity upon electing candidates for Directors and Auditors, as well as deciding remuneration of Directors, as an optional committee the Company establishes the “Committee on Personnel and Remuneration, etc.”, where Outside Directors make up a majority of the membership.

The Committee discusses issues such as election standards and adequacy of candidates for Directors and Auditors, as well as adequacy of system and level of Director’s

remuneration. The Board of Directors decides based on their results. Also, some matters are delegated to the committee.

Decision for election and remuneration of Senior Managing Officers are also based on results of the Committee’s discussion.

The Committee meetings are held as needed and the frequency of meetings varies from year to year. The Committee has the functions of both the Nominating Committee and the Remuneration Committee.

Committee on Personnel and Remuneration, etc. (5 committee members and 3 observers)

Name	Attribution	Responsibility
Toshihiro Suzuki	Representative Director	Member (Chairperson)
Osamu Honda	Representative Director	Member
Osamu Kawamura	Outside Director	Member
Hideaki Domichi	Outside Director	Member
Yuriko Kato	Outside Director	Member
Norio Tanaka	Outside Company Auditor	Observer
Nobuyuki Araki	Outside Company Auditor	Observer
Norihisa Nagano	Outside Company Auditor	Observer

<Policy on Directors’ and Auditors’ remuneration>

Regarding the decision-making policy for individual remuneration of Directors (hereinafter referred to as the “Decision-making Policy”), a report on the validity of the proposed Decision-making Policy is received from the Committee on Personnel and Remuneration, etc. The Board of Directors deliberates and makes a resolution based on the report. The outline of the Decision-making Policy as of the filing of this report is as follows. Remuneration of Directors (excluding Outside Directors) consists of basic remuneration, bonuses linked to the Company’s performance of each fiscal year, and restricted stock remuneration linked to the medium- to long-term stock price to function as an incentive for continuous improvement of the Company’s corporate value. The ratio is roughly 40% basic remuneration, 30% bonuses, and 30% restricted stock remuneration. Outside Directors’ remuneration shall be solely basic remuneration, given their duties.

Basic remuneration for Directors is fixed monthly remuneration, which is determined and paid in consideration of duties and responsibilities, remuneration levels at other companies, and employee salary levels.

Bonuses are paid to Directors (excluding Outside Directors) in order to raise awareness of improvement of each fiscal year’s performance and to function as an incentive for continuous improvement of the corporate value. The specific amount of remuneration for each individual is calculated by

multiplying the performance indicators predetermined by the Board of Directors by a stipulated percentage and the multiplication rate by position predetermined by the Board of Directors. The performance indicator shall be consolidated operating income based on the perspective of company profitability.

Restricted stock remuneration is paid to Directors (excluding Outside Directors) in order to function as an incentive for continuous improvement of the corporate value and to further promote shared value with shareholders. Eligible Directors shall receive common stock of the Company by paying all remuneration (monetary remuneration rights) paid as contribution in kind based on the resolution of the Board of Directors. The transfer restriction period shall be until the date of retirement from the position of Director. If a Director falls under certain grounds, such as the Director retires for any reason other than that deemed as reasonable by the Board of Directors, the Company shall acquire the shares allotted for no fee.

The remuneration of Audit & Supervisory Board Members shall be limited to monthly fixed remuneration and is determined and paid based on consultations with Audit & Supervisory Board Members.

Please refer to pages 9–10 of [Corporate Governance Report](#) regarding the amount of remuneration for Directors and Audit & Supervisory Board Members in FY2020.

<Independence of Outside Directors and Outside Company Auditors>

As to independence from the Company with regard to the election of Outside Director/Company Auditor, the Company judges their independence under the “Standard for Independence of Outside Directors and Outside Company Auditors of the Company” based on “independence criteria” set by Tokyo Stock Exchange, Inc. Suzuki reports all the

elected Outside Directors and Outside Auditors to the Tokyo Stock Exchange as independent officers.

About the “Standard for Independence of Outside Directors and Outside Company Auditors”, please refer to pages 14–15 of the [Corporate Governance Report](#).

Assessment of the effectiveness of the Board of Directors

To further improve the effectiveness of the Board of Directors, we identified issues pertaining to the Board of Directors and undertook analysis and assessment by rotating the PDCA (Plan, Do, Check, Act) cycle as a mechanism. A summary is as follows.

(1)Method
The Company carried out a survey on how the Board of Directors should be in terms of information materials for meetings, time spent for deliberations, proceedings, decision-making, oversight, etc. by sending questionnaires to Directors and Company Auditors and reported the results to the Board of Directors.

(2)Outline of Results
While there was an opinion that constructive discussions had been done with Directors and Company Auditors actively making statements at meetings of the Board of Directors, there were suggestions on oversight over the progress of a mid-term management plan, discussions on sustainability/ESG issues, explanation to Outside Directors and Outside Company Auditors, allocation of time for deliberations, improvement of information materials, etc. The company will further improve the effectiveness of the Board of Directors by making efforts for improvement in those aspects and continuously carrying out evaluation.

Support system for Outside Directors

Suzuki provides each Outside Director with dedicated support (Board of Directors Secretariat staff) in addition to comprehensive support by the Board of Directors Secretariat. In this way, the Company builds a system that enables

timely, prompt, and accurate access to internal information necessary for actively expressing opinions and fully participating in decision-making at the Board of Directors.

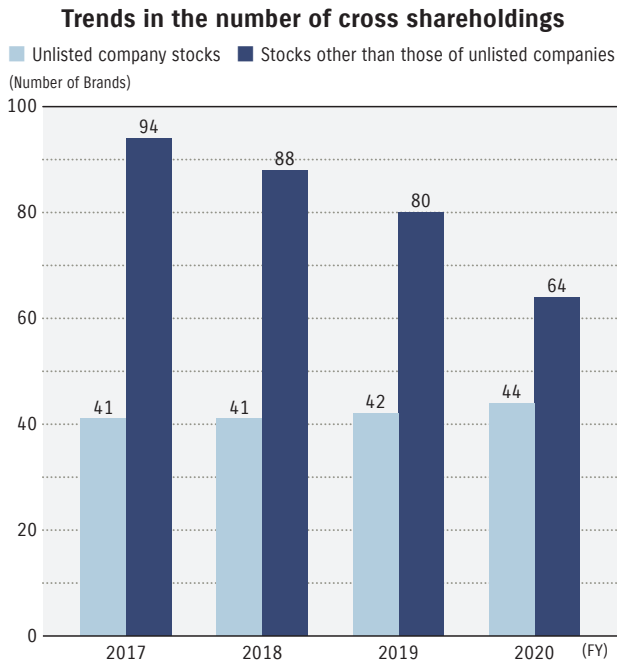
Training for executives

When a new Outside Director or a new Outside Audit & Supervisory Board Member assumes post in the Company, the Company will explain to the person the corporate philosophy, lines of business, finances, organizations, etc. In addition, the Company will prepare opportunities, such as interaction with Directors, Managing Officers and employees in the Company, attending various meetings related to corporate management and business execution, and joining factory inspections, to ensure that the person can deepen understanding of the Company. The Company also implements trainings that allow Directors and Audit & Supervisory Board Members to deepen their understanding of their respective roles, responsibilities,

etc. Main training themes in recent years have been “risk management (including compliance)” and “awareness change.” In the training for which we invite outside experts and knowledgeable persons to serve as lecturers, various topics are covered in accordance with the main themes. For example, training on awareness change held in 2020 was held on the themes of “cyber security (as a management issue)” and “AI.” We intend to make the training an opportunity in which Directors and Audit & Supervisory Board Members take part together in principle, so that they can share the information on their respective roles, responsibilities, etc.

Situation of Cross-Shareholdings

Appropriateness of individual cross-shareholdings is examined by the Board of Directors every year. The Company makes a comprehensive judgment on the accompanying benefits, risks, etc. of holdings taking into consideration nature, scale, etc. of transactions and setting qualitative criterion including aspect of enhancement of corporate value and quantitative criterion including comparison with capital costs for judgment, and once a stock is decided to be sold, then the company shall advance reduction. The changes in the number of cross-shareholdings are as shown in the chart.



Compliance System and Risk Management System

Compliance

Basic policy
For the Suzuki Group to achieve sustainable growth and development, it must be trusted by society and its activities need to be supported and understood. For this purpose, Suzuki recognizes that it is essential to not only comply with laws and internal regulations, but also adhere to social norms and carry out activities based on high ethical standards. On the basis of the tradition and spirit passed down since the Company’s founding, in 1962 Suzuki established the mission statement that expresses the corporate philosophy of “what kind of company we seek to become” with the aim of sharing values throughout the Suzuki Group. (Please refer to page 10 of Sustainability Policy for details.)

In keeping with the spirit of the mission statement, in 2016 Suzuki formulated the Suzuki Group Code of Conduct (hereinafter, the Code of Conduct) as a set of rules for enabling all persons working in the Suzuki Group to dedicate themselves to their duties healthily, efficiently, and energetically. This Code of Conduct has been made into a booklet so that all Suzuki Group employees can carry it at all times. Besides a Japanese version, English and Portuguese versions have been created and distributed to non-Japanese employees working in Japan. Also, at overseas subsidiaries, booklets written in the respective local native languages are distributed to employees.

Compliance system
<Corporate governance committee>

A corporate governance committee, chaired by the Director or Managing Officer in charge of Corporate Planning, is established under the Board of Directors. The Corporate Governance Committee shall deploy measures for advancing in thorough compliance and promote efforts to address cross-sectional challenges in coordination with the relevant sections.

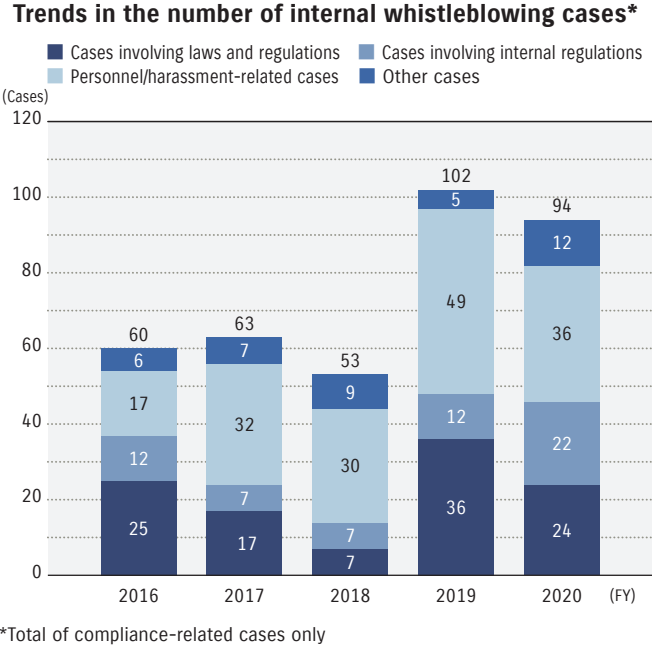
<Whistleblowing system (Suzuki Group Risk Management Hotline)>

With the aim of preventing and promptly addressing non-compliance matters, Suzuki has established an internal reporting system (Suzuki Group Risk Management Hotline) that enables violations of laws and regulations or possible violations to be reported without consequentially being subject to disadvantageous treatment. All Suzuki Group executives and employees (including temporary employees, fixed-term contract employees, and retired employees), whether in Japan or overseas, can report to the hotlines (two internal hotlines and one external hotline (law firm)). Suzuki also accepts reports from external parties such as business partners. Education, training, and urging posters at all worksites are some methods being used to ensure awareness of the “Suzuki Group Risk Management Hotline” in an effort to discover compliance issues early and to respond appropriately. The number of whistle-blowers since FY2016, when the whistle-blowing system was introduced, is as follows.

Furthermore, based on the Code of Conduct, in 2020 Suzuki created and distributed the Compliance Handbook to all employees in Japan. This handbook specifically summarizes what people working in the Suzuki Group must and must not do from the perspective of compliance. Along with a Japanese version, Suzuki also created an English and Portuguese versions of the handbook to enable employees to confirm and review their conduct at any time in their daily work.



The Committee engages in enhancement of compliance awareness by employees and urges caution for individual legal compliance throughout the Company. Furthermore, if compliance issues arise, the Committee conducts deliberation for each issue, formulates required measures, and reports the details to the Directors and the Audit & Supervisory Board Member as appropriate.



*Total of compliance-related cases only

● **Ongoing status accompanying effective measures to prevent recurrence of improper sampling inspection of fuel consumption and exhaust gas in 2016 and improper conducts in final vehicle inspection in 2018**

Concerning the improper conduct regarding final vehicle inspection in 2018, Suzuki worked on recurrence prevention measures for a total of 120 items, including management commitment, company-wide awareness reforms, and improvements in organizational culture. In June 2020, we reported to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) that we completed the implementation of all these items.

Among these items, for final vehicle inspection, Suzuki has made efforts that include increasing the number of inspectors, updating inspection equipment, establishing various types of regulations, implementing thorough education for inspectors, and improving on-site communication. Suzuki will continue to aim for easier inspections and proceed with the establishment of new inspection lines that further tighten inspections at all automobile and motorcycle plants. Through such improvement activities, Suzuki is striving to firmly establish a

strong framework and awareness that ensure problems never occur during inspections.

As a company-wide compliance initiative, we will raise awareness of compliance by utilizing the Compliance Handbook distributed to all employees, hold “Remember 5.18” activities so that we never forget the improper sampling inspection of fuel consumption and exhaust gas in 2016 as well as the improper conduct regarding final vehicle inspection in 2018. We will also further enhance and utilize the Quality Education Room, which features panel displays for both issues. Concurrently, we are also focusing on improving internal communications and striving to prevent such inappropriate actions from occurring again.

Suzuki made voluntary reports to the MLIT in October 2020 and June 2021. While receiving various advice, we are continuously working to solve new problems that have emerged through communication as we operate an organization.



Entry/exit control using automated gates



Inspection records through biometric authentication



Quality Education Room

► **Risk Management**

● **Risk management system**

The Company has established a system in which issues occurring or recognized in any department are deliberated on promptly by the Executive Committee or the Corporate Governance Committee, depending on their urgency and severity. The Company checks concerns of the impact and

measures from each divisions every week at the Executive Committee in order to quickly grasp the impact of issues related to product quality, certifications, final vehicle inspections, as well as COVID-19, and issues of shortages of parts or raw materials on the business and make necessary management decisions.

● **Response to quality issues**

The Company is working to strengthen its system for prompt investigation of causes and swift implementation of countermeasures to avoid situations where the prolonged response to quality issues causes major inconvenience to customers and an increase in the cost of countermeasures, and the Company

constantly keeps track of the latest status of quality issues at weekly and monthly meetings such as the Executive Committee. Market actions such as recalls are decided after deliberation by the Quality Assurance Committee, which is composed of related officers, Executive General Managers, General Managers, etc.

● **Response to COVID-19**

Centered around the COVID-19 Response Headquarters established in March 2020, the Company is thoroughly implementing infection prevention measures for Suzuki Group employees by frequently exchanging updated information with all domestic and overseas bases while promoting remote work, staggering office hours, ensuring social

distancing in workplaces and cafeterias, and establishing and spreading awareness for standards of conduct. In addition, the Company is working to reduce the risk of infection for its customers by adopting customer service and sales methods in which representatives do not directly interact with customers in on-site sales.

● **Protecting personal information**

We fully recognize that personal information (information regarding our customers, business partners, shareholders, investors, employees, etc.) is a valued asset that we receive from individuals, and it is our obligation under the law and our accountability to society, to handle this information properly and with care. In response to this, we establish the “Basic policy on protection of personal information” and work hard for protection of personal information. Details on the handling of personal information are released on our public website: <https://www.globalsuzuki.com/cookies/index.html>

We establish the in-house rules and revise them as

required according to revision of related laws etc. in order to handle personal information appropriately. To familiarize our employees with these rules, Suzuki provides education through employee seminars or enlightenment from the internal webpage so that all employees thoroughly become aware of protection and appropriate handling of personal information. In addition, the “Basic policy on protection of personal information” is followed also at Suzuki Group companies to thoroughly ensure protection of personal information. We will continuously review and improve the personal information protection system.

● **Initiatives for information security**

To properly manage personal and confidential information, based on the Suzuki Basic Policy for Information Security, an information security officers’ committee was established under the Corporate Governance Committee to deal with information security in general including product security, and the Company is promoting the Suzuki Group’s information security measures.

● **Efforts for preventing bribery**

Suzuki makes efforts to prevent bribery. The Suzuki Group Code of Conduct explicitly prohibits the bribery to public officials while the Compliance Handbook cites examples of specific prohibited acts (e.g., making facilitation payments, providing entertainment for public officials who have an influence on corporate activities).

● **Efforts for preventing anti-competitive behavior**

Within the Suzuki Group Code of Conduct, Suzuki calls for compliance with competition laws and regulations and provides thoroughgoing education in this area.

Moreover, Suzuki is working to raise the level of

● **Efforts for compliance with laws and regulations, respect for human rights and environmental conservation in the supply chain**

In step with the global development of Suzuki’s business activities, its business partners and other stakeholders are increasingly multi-nationalized and diversified. As such, there are rising expectations for Suzuki to not only comply with the laws and social norms of each country but also fulfill its corporate social responsibilities (CSR) while giving consideration to the culture and history of each region.

● **Business continuity plan (BCP)**

As part of measures to prepare for natural disasters, the Company has formulated the BCP assuming the occurrence of the potential Nankai Trough Earthquake, and based on

Suzuki’s information security basic policy (Excerpt)

- 1) Legal compliance
- 2) Initiatives for information security and product security
- 3) Building of information security management system
- 4) Establishment of internal regulations
- 5) Establishment of audit system
- 6) Implementation of information security measures
- 7) Implementation of education
- 8) Management of outsourced contractors
- 9) Implementation of continuous improvements

Additionally, to build and maintain fair and proper relationships with all our business partners, Suzuki has prescribed rules regarding entertainment received from our business partners and strives to instill these rules in all executives and employees through the Corporate Governance Committee.

understanding among employees such as by citing specific prohibited behavior in an easily comprehensible manner in the Compliance Handbook

this, the Company has secured the necessary cash on hand and lines of credit.

Interview with the Outside Directors

We held an interview with Mr.Osamu Kawamura, Mr.Hideaki Domichi, and Ms.Yuriko Kato, the three Outside Directors of Suzuki, who were appointed in June 2020 and have since been supporting Suzuki's new management structure.



Osamu Kawamura



Hideaki Domichi



Yuriko Kato

Q. Could you explain your background and involvement with Suzuki?

Kawamura: I've been running businesses mainly in the cosmetics sector for many years, while placing particular emphasis on supporting working women, promoting quality-oriented and environmentally friendly manufacturing operations, and proactively achieving the SDGs through business activities.

Domichi: I was the ambassador to India from 2007 to 2011, and it was during this period that I became acquainted with Suzuki. I recall that I deepened a feeling of respect for former Chairman Osamu Suzuki (currently Senior Corporate Advisor) as I had close talks with him during his many visits to India. In 2012, I became involved in the development of the Thilawa Industrial Park in Myanmar as the Executive Senior Vice President of the Japan International Cooperation Agency (JICA). In this project, Suzuki's investment decision

served as a driver of the development effort. Looking back, I feel an unusual connection with Suzuki because I have had many contacts with the company, dating back to when Suzuki made a foray into Hungary.

Kato: After engaging in research and development of industrial machinery and robots, I established a company with the aim of helping to create a sustainable society. In order to solve such social issues given the decline in agricultural workers and an aging society, I've been proactively working toward the development of agricultural machinery and robots, improvement of logistics efficiencies of agricultural products, and human resources development through agriculture. I became acquainted with Suzuki mainly through the development of agricultural machinery and robots.

Q. How do you perceive your role in Suzuki's Board of Directors?

Kawamura: The cosmetics company, in which I've been involved for many years, was established in the postwar period and has grown together with women while always remaining closely attuned to their needs. Amid the current trend advocating diversity, I hope to leverage such an empathetic and caring perspective of the cosmetics company to assist Suzuki's growth. It is now essential to carry out business activities while keeping pace with various global trends toward sustainability. My company likewise regards the achievement of the SDGs as a central issue in its business activities. In the funding market as well, consideration for ESG issues and the SDGs will be an important enabler in the future to sustain a capital structure to generate profits. It will be also important to monitor how Suzuki's business activities are aligned with these factors at the Board of Directors in its decision-making process.

Domichi: Suzuki is both a Japanese company and a global company. From now on, how it can lead the electrification and achievement of carbon neutrality particularly in India will make an impact in other emerging country and developing country markets. Suzuki has achieved success by turning its attention to today's emerging country markets ahead of others. I have a role to ensure that Suzuki will not lose its global perspective, covering developed, developing, and emerging countries, in making important decisions. It is encouraging that so far Suzuki has shown no such tendency.

Kato: I provide both engineering and management-related insights based on my experience in serving as an R&D manager for industrial machinery and in continuing to create businesses that strive to resolve issues in local communities. Manufacturing companies, including Suzuki, have a

tendency to focus more on technology. So, I currently make recommendations and proposals from service design and social design perspectives where back casting and a holistic view of society are needed to deal with Mobility as a Service

(MaaS), CASE technology, and carbon neutrality. The most urgent tasks, in particular, are to secure human resources for future business development and enhance both personnel systems and techniques to promote business operations.

Q. What is the atmosphere of Suzuki's Board meetings?

Domichi: Even though the Board members were changed following the General Meeting of Shareholders in 2021, the Board itself maintains a free and open atmosphere with no constraints nor the need to "read between the lines." Suzuki makes sure to report what has been discussed by the Executive Council, and we, Outside Directors, as well as Outside Audit & Supervisory Board Members are treated the same as everyone else. It's true that we have to learn about technical terms, Suzuki's broad business lineup, the impact of a disruption in its global supply chain, and many other topics, but what Suzuki requires us to provide is a different, non-limiting perspective. I believe that an important thing is to hold meaningful discussions and swiftly draw a conclusion.

Kato: The Board holds lively discussions, with each member demonstrating respective expertise. Suzuki still falls short in terms of diversity in my opinion, but is beginning to show a clearer and more proactive attitude toward reform as we've held repeated discussions. Matters pointed out, big or small, are quickly dealt with, and nothing is left unresolved. I feel that initial response has become quicker both among directors and employees.

Q. How have each of you, as an Outside Director, been involved in the formulation of Suzuki's new mid-term management plan announced in February 2021? How did the Board discuss and determine the plan?

Kawamura: From the viewpoint of supervising the decision-making process and execution of operation, we need to perform a check on management strategies and plans made by the management team in terms of how these have been examined and formulated. In doing so, it is crucial that we promote Board discussions from the perspective of whether each has been fully considered internally and whether the decision thus made will contribute to Suzuki's sustainable growth and improved corporate value over the medium to long term. It is also important that we, Outside Directors, monitor the adequacy of decisions from a standpoint free of the "common sense" unique only to Suzuki.

Domichi: We share the same recognition that the mid-term management plan covering the next five years will determine the future of Suzuki. While facing the difficult tasks of developing electric vehicles (EVs) and other types of electrified vehicles, ensuring quality, reducing costs, and more swiftly issuing recalls, Suzuki has declared its intention to assure people's means of mobility by continuing to provide minivehicles. As Outside Directors, we highly regard Suzuki's stance. Creating electrified variants of mini and compact vehicles will be difficult in terms of prices and various other aspects, but Suzuki is determined to prepare for their widespread market use in the next five years.

Q.What challenges will Suzuki face in achieving the targets of the new mid-term management plan?

Domichi: The move toward vehicle electrification is outpacing a shift in society from fossil fuel-derived energy to alternate energy sources. I think this accelerated move has been driven by Europe and the United States, the former in particular, as they have the power to create global standards and norms in this area. Amid this environment, Suzuki's decision to keep manufacturing vehicles affordable for many people is important in providing "people's cars" in developing countries. This represents a strength of Suzuki, and what matters now is whether Suzuki can manufacture affordable vehicles and at the same time promote vehicle electrification at a high quality level. Global standards have virtually been established for EVs. China already provides markedly inexpensive EVs, and Europe is beginning to roll out relatively low-priced EVs. It has become a race against time.

Kato: If I were to name one challenge, it would be how to overcome a loss of self-confidence as quality issues and low-price strategies have diminished the joy of making cars. Schemes are needed to make employees confident and proud of working for Suzuki and providing great value to society. As one such scheme, Suzuki may need a function to collect information on the human community and global environment and perform analysis from a holistic perspective. In implementing the mid-term management plan, I expect that Suzuki will steadily proceed with the development of each required technology. A service design that determines how to deliver value to society based on these technologies is equally important as a product design because both are inextricably linked to Suzuki's manufacturing operations.

Risks and Measures

Risks in Operations		Measures
Significant Risk	Influences of natural disasters, epidemics and pandemics, wars, terrorism and strikes, etc.	Stocking inventory, long-term contracts, creation of supply chain visualization system, and cost reduction
	Dependence on specific suppliers	
	Change in product prices and purchase prices	
Risk relating to markets	Change in economic situations, demand fluctuation in the markets	<u>Automobile business</u> Japan: Strengthen distributor network, strengthen direct sales outlet (Larger sales outlet, securing human resources), expand sales of compact cars, digitalization of sales India: Promote penetration of hybrids, introduce EV, strengthen sales, strengthen product lineup, strengthen production capacity <u>Alliance with Toyota Motor Corporation</u> Cooperation in electrification, collaboration in Africa, deepening of alliance by complementing products and components <u>Motorcycle business</u> Commonization of platform, attractive and diverse lineup
	Severer competitions with other companies	
Risk relating to business	New product development and launching abilities	Production with high-quality Develop products of superior value by focusing on the customer, quality assurance and affordable price, prompt investigation of cause and countermeasures, production with less variants, expand traceability management, early detection, prevention of occurrence, prevention of outflow
	Quality assurance	
	Dependency on information technology	Strengthen information security (obtain ISO27001 certification), Recruitment and development of human resources with expertise that will lead the next generation
	Focus on specific businesses and markets	<u>Alliance with Toyota Motor Corporation</u> collaboration in Africa (Introduction of products from India and establishment of logistics and service systems, Market development)
	Compliance to laws and regulations	Continuation of measures to prevent recurrence of inappropriate incidents
	Alliance with other companies	<u>Alliance with Toyota Motor Corporation</u> Cooperation in electrification, collaboration in Africa, deepening of alliance by complementing products and components
	Leakage of information	Strengthen information security (obtain ISO27001 certification)
Risk relating to finance and the economy	Fluctuations of exchange rates and interest rates	Hedges such as forward exchange contracts, decentralization and global optimization of production facilities
Risk relating to politics, regulations, legal procedures, disasters, etc.	Government regulations	Carbon neutralization of CO ₂ emissions in use, CO ₂ emissions from production
	Protection of intellectual property	Differentiation from other companies' products, accumulation and protection of intellectual property such as technology and know-how, measures to prevent infringement of intellectual property by third parties
	Legal proceedings	<u>Production with high-quality</u> Develop products of superior value by focusing on the customer, quality assurance and affordable price, prompt investigation of cause and countermeasures, production with less variants, expand traceability management, early detection, prevention of occurrence, prevention of outflow
	Business development in various countries in the world	Hedges such as forward exchange contracts, decentralization and global optimization of production facilities

Stakeholder Engagement

Policy for stakeholders

Main stakeholders	Policy	Ways of dialogue and communication
Customers	For Customer Satisfaction While keeping in step with the times and taking the opinions of the public into full consideration, use our knowledge and skills to create useful products of real value that satisfy the customer. We do our best to provide quick, reliable, and stress-free sales and after-sales services in order to enhance customer satisfaction.	- Marketing activity (sales and after-service) - Customer Relations Office - Customer events - Safety driving lectures, etc.
Business Partners	For Prosperous Coexistence Cooperate with our business partners on even ground to maintain confidential and prosperous relationships for manufacturing value-packed products while practicing initiatives for compliance to laws and regulations, respect of human rights, and preservation of the environment.	- Presentation of procurement policy - Procurement activity - Co-development - Exchange of opinions between the management or persons in charge, etc.
Shareholders & Investors	For Enhancement of Corporate Value Disclose information promptly, appropriately, and fairly while seeking communication with shareholders and investors, and strive to reinforce management base and improve our corporate value.	- Annual General Meeting of Shareholders - Presentation for institutional investors - IR events for individual investors - Publication of various reports, etc.
Employees	For Comfortable and Worthwhile Workplaces Create a workplace based on the following points that allows for employee self-improvement and advancement. 1. Create a safe and healthy workplace for employees. 2. Create a system that fairly evaluates and supports those who want to take the initiative in advancing their careers. 3. Create a good and stable employer-employee relationship.	- Safety and health committee - Consultation desk - Goal-challenging system - Self-actualization system - In-house education and training program - Labor-management consultations, etc.
Local Community	For a Community-Friendly Company Contribute to the development of social community through positive communications with local communities and social action programs, and act as a responsible member of society.	- Local contribution activities in each domestic and overseas office - Educational support activity - Suzuki Plaza, etc.
Environment	For Global Environmental Conservation We acknowledge that activities in environmental conservation are the most important part of business management. Environmental conservation is promoted in accordance with our "Suzuki Global Environment Charter" through our business activities and products in order to achieve a society with sustainable development.	- Establishment, promotion, and reporting of Environment Plan 2020 - Opening of and participation into various environment events - Environment education and lectures, etc.

Stakeholder Engagement and / Examples of Communication Initiatives

Customers	The voices of customers opinions and suggestions received at the Customer Relations Office is distributed to related departments in order to develop better products and improve manufacturing, quality, sales, and after-sales services. We have established a system enabling such information to be promptly fed back to the relevant persons in charge depending on the criticality of the information. Also, we fully examine the collected information, and we often summarize potential customer needs and inform the relevant departments.
Business Partners	We are making efforts in mutual understanding by holding Procurement Policy Presentation once a year to our business partners to share Suzuki's policy and product/production plans as well as to inform our procurement policy based on those plans.
Shareholders & Investors	The financial briefing for analysts is held every quarter of the year. In addition, investors' conference and other presentation meetings, domestic/ international IR meetings, new model announcement (to invite analysts), and plant tour events for analysts are held as well. Amid the COVID-19 where we are unable to hold face-to-face meetings, we continue to have communication with investors by utilizing online tools. We periodically hold IR presentations for individual investors by officers or IR representative. Since the annual meeting of shareholders held in 2008, we have been inviting shareholders to the Suzuki Plaza, after the meeting, for better understanding of Suzuki. (Due to the COVID-19, we cancelled the event for 2021.)
Local Community	At domestic automobile assembly plants, we accept students from the local schools as part of the field trips. We are also holding the exchange meeting with local community, plant festivals for promoting friendship among employees, their families, and local residents.

11-Year Financial/Non-Financial Data

		Unit	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Automobile	Production unit	Thousand units	2,878	2,803	2,878	2,857	3,043	2,951	3,074	3,338	3,394	2,964	2,651
	Domestic production		994	1,020	1,044	998	1,055	861	871	971	1,011	944	930
	Overseas production		1,884	1,782	1,834	1,859	1,988	2,090	2,203	2,367	2,383	2,020	1,721
	Of which India		1,273	1,134	1,169	1,153	1,308	1,424	1,585	1,781	1,850	1,577	1,440
	Sales unit	Thousand units	2,643	2,560	2,661	2,709	2,867	2,861	2,918	3,224	3,327	2,852	2,571
	Domestic sales		588	596	672	728	756	630	639	668	725	672	647
	Oversas sales		2,055	1,964	1,989	1,981	2,111	2,231	2,279	2,556	2,602	2,179	1,924
	Of which India		1,133	1,006	1,051	1,054	1,171	1,305	1,445	1,654	1,754	1,436	1,323
	Sales unit of hybrid models	Thousand units	—	—	—	—	55	249	389	461	539	489	615
Motorcycle	Production unit	Thousand units	2,735	2,574	2,269	2,033	1,799	1,480	1,370	1,627	1,747	1,729	1,497
	Domestic production		185	174	169	180	154	122	141	152	115	95	67
	Overseas production		2,550	2,400	2,100	1,852	1,645	1,358	1,229	1,475	1,632	1,634	1,430
	Sales unit	Thousand units	2,695	2,589	2,312	2,022	1,764	1,501	1,367	1,576	1,745	1,709	1,535
	Domestic sales		79	78	76	74	67	61	62	60	57	49	51
	Overseas sales		2,616	2,511	2,236	1,948	1,697	1,440	1,305	1,516	1,688	1,661	1,484

	Unit	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales		2,608.2	2,512.2	2,578.3	2,938.3	3,015.5	3,180.7	3,169.5	3,757.2	3,871.5	3,488.4	3,178.2
	Automobile	2,302.0	2,209.0	2,297.8	2,615.7	2,702.0	2,878.5	2,895.6	3,435.8	3,532.5	3,157.4	2,876.6
	Motorcycle	257.7	254.8	230.3	266.6	250.5	233.9	206.3	246.4	255.1	242.6	206.5
	Marine	—	—	—	—	—	—	—	—	—	74.5	83.4
	Other	—	—	—	—	—	—	—	—	—	13.9	11.7
	Marine + Other	48.5	48.4	50.2	56.0	63.0	68.3	67.6	75.0	83.9	88.4	95.1
	Domestic sales	937.4	986.8	1,040.9	1,132.7	1,094.6	1,047.9	1,037.5	1,116.7	1,252.4	1,179.5	1,174.0
	Overseas sales	1,670.8	1,525.4	1,537.4	1,805.6	1,920.8	2,132.8	2,132.0	2,640.5	2,619.1	2,308.9	2,004.2
	Europe	395.1	350.9	286.5	398.9	372.0	404.7	425.3	510.6	524.8	465.3	422.7
	North America	99.0	105.3	95.6	65.1	66.0	67.0	56.1	62.5	70.8	67.0	68.1
	Asia	973.0	886.3	985.4	1,112.0	1,214.5	1,394.7	1,393.0	1,773.2	1,762.3	1,523.7	1,293.2
	Others	203.5	182.9	169.9	229.7	268.3	266.3	257.6	294.2	261.2	252.9	220.2
Operating income	Billion yen	106.9	119.3	144.6	187.7	179.4	195.3	266.7	374.2	324.4	215.1	194.4
Ordinary income		122.5	130.6	155.6	197.8	194.3	209.1	286.7	382.8	379.5	245.4	248.3
Net income*		45.2	53.9	80.4	107.5	96.9	116.7	160.0	215.7	178.8	134.2	146.4
Capital expenditures	Billion yen	130.3	126.7	169.3	213.6	194.5	171.5	198.8	213.4	268.9	236.4	170.9
Depreciation expenses		138.4	103.1	93.7	117.2	134.4	168.3	163.4	150.9	148.9	164.2	136.5
R&D expenses		104.1	109.8	119.3	127.1	125.9	131.0	131.5	139.4	158.1	148.1	146.2
Interest-bearing debt		484.6	439.8	427.5	445.3	554.7	529.3	639.9	577.9	375.4	404.2	770.8
Total assets	Billion yen	2,224.3	2,302.4	2,487.6	2,874.1	3,252.8	2,702.0	3,116.0	3,340.8	3,402.0	3,339.8	4,036.4
Net assets		1,107.0	1,111.8	1,298.6	1,494.4	1,701.4	1,187.7	1,387.0	1,595.2	1,715.9	1,793.7	2,032.0
Shareholders' equity ratio	%	43.6	42.9	46.1	46.2	45.6	35.4	35.9	38.8	40.9	44.5	41.8
Net income per share, Basic	Yen	80.65	96.06	143.31	191.60	172.67	234.98	362.54	488.86	395.26	286.36	301.65
Cash dividends per share (annual)		13.00	15.00	18.00	24.00	27.00	32.00	44.00	74.00	74.00	85.00	90.00
ROE	%	4.7	5.5	7.5	8.7	6.9	9.6	15.4	17.9	13.3	9.3	9.2

*Net income attributable to owners of parent

		Unit	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees		Person	14,532	14,389	14,405	14,571	14,751	14,932	15,138	15,269	15,431	15,646	16,073
	Male		13,269	13,147	13,140	13,260	13,347	13,467	13,603	13,711	13,808	13,932	14,220
	Female		1,263	1,242	1,265	1,311	1,404	1,465	1,535	1,558	1,623	1,714	1,853
	Employees with job titles* ¹	Person	—	—	—	—	—	4,184	4,232	4,333	4,437	4,518	4,710
	Male		—	—	—	—	—	4,131	4,162	4,243	4,339	4,403	4,577
	Female		—	—	—	—	—	53	70	90	98	115	133
	Ratio of female	%						1.27	1.65	2.08	2.21	2.55	2.82
	Managers	Person	—	—	—	—	926	965	1,014	1,049	1,080	1,140	1,204
	Male		—	—	—	—	921	957	1,004	1,037	1,066	1,121	1,185
	Female		—	—	—	—	5	8	10	12	14	19	19
	Ratio of female	%	—	—	—	—	0.54	0.83	0.99	1.14	1.30	1.67	1.58
Employment rate of people with disabilities		%	—	—	—	—	2.09	2.08	2.04	2.02	2.14	2.20	2.23
New employment		Person	249	306	427	588	571	635	794	642	563	708	819
	Male		232	268	364	496	496	532	674	541	445	569	651
	Female		17	38	63	92	75	103	120	101	118	139	168
	College graduates	Person	230	280	367	446	462	472	585	456	475	494	577
	Male		214	247	328	404	425	412	523	396	396	413	474
	Female		16	33	39	42	37	60	62	60	79	81	103
Turnover rate		%	—	—	—	—	4.3	4.1	3.8	4.2	3.9	3.1	2.2
Number of employees (consolidated)		Person	52,731	54,484	55,948	57,749	57,409	61,601	62,992	65,179	67,721	68,499	68,739
Ratio of paid holiday taken* ²		%	—	—	—	—	—	76.0	70.2	75.7	76.7	84.8	77.2

*1: Manager, assistant manager, supervisor, and foremen (including expert and technical master) *2: Excludes managers

		Unit	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
GHG emissions occurred in the entire value chain	Scope1	10,000 t-CO ₂	—	—	—	—	—	—	7,188	7,810	8,765	7,177	5,660
	Scope2		—	—	—	—	—	—	61	65	62	53	38
	Scope3		—	—	—	—	—	—	50	55	56	62	66
			—	—	—	—	—	—	7,077	7,690	8,647	7,062	5,556
Global average CO ₂ emission amount of new models	Average fuel efficiency in Japan	km/L g/km	19.8	20.1	22.0	24.9	26.4	27.2	27.4	27.1	25.9	25.6	24.5
	Average CO ₂ emissions amount in Europe		135.6	130.9	128.8	125.3	126.1	119.4	118.6	114.9	113.9	120.7	100.2
	Average CO ₂ emissions amount in India		—	—	120.3	118.5	117.5	112.1	111.1	109.9	108.7	111.2	112.9
Amount of water used globally		10,000m ³	409	413	434	782	780	772	818	872	863	863	815
	Suzuki		330	329	342	347	330	314	319	332	326	320	332
	Domestic manufacturing subsidiaries		79	84	92	99	106	116	104	102	83	86	81
	Overseas manufacturing subsidiaries		—	—	—	336	344	342	395	438	454	457	402
Total global waste discharge amount		1,000t	133	136	130	281	290	297	315	372	384	350	325
	Suzuki		119	114	110	102	102	93	93	114	115	104	113
	Domestic manufacturing subsidiaries		14	22	20	22	20	18	18	24	21	20	16
	India		—	—	—	130	147	166	186	213	228	209	185
	Indonesia		—	—	—	21	17	13	10	12	12	12	8
	Thailand		—	—	—	6	4	7	8	9	8	5	3

Financial Review

Business Segments and Scope of Consolidation

The corporate group of the Company consists of subsidiaries of 122 companies and affiliates of 34. The main businesses are manufacturing and marketing of automobiles, motorcycles, outboard motors, motorized wheelchairs, and houses, and also businesses of logistics and other services related to the respective operations.

[Significant notes that are fundamental in making the consolidated financial statement]

1. Note regarding scope of consolidation
Consolidated subsidiaries 120 companies
2. Note regarding scope of equity method
Affiliates accounted for using equity method 31 companies

Management results of FY2020

With respect to the management environment of the Group for FY2020, the spread of the new coronavirus infection has slowed the global economy significantly. Although the economy gradually recovered with settling down of the spread of infection temporarily, the outlook remains uncertain due to the respreads of the new coronavirus including new variants, the semiconductor shortage, and increase in price of raw materials, etc.

Under such circumstances, with respect to the Group's operating results for FY2020, consolidated net sales decreased by ¥310.2 billion (8.9%) to ¥3,178.2 billion year-on-year. The decreased net

sales and profit for April– June period could not be covered with factors including recovery of sales in India and Japan from July, and efforts to decrease expenses. Operating profit decreased by ¥20.7 billion (9.6%) to ¥194.4 billion year-on-year mainly owing to decrease in sales and increase in price of raw materials.

Ordinary profit increased by ¥2.9 billion (1.2%) to ¥248.3 billion year-on-year partly owing to improvement in financial revenue. Profit attributable to owners of parent increased by ¥12.2 billion (9.1%) to ¥146.4 billion year-on-year partly owing to recording ¥14.2 billion as gain on sale of investment securities.

R&D Expenses

Suzuki Motor Corporation takes the lead in R&D activities for the entire Suzuki Group. Proactive efforts are being made to provide unique and competitive products that respond to environmental issues and customers' diversifying needs.

In its mid-term management plan “Sho-Sho-Kei-Tan-Bi” (April 2021 to March 2026), Suzuki has declared its commitment to assuring people's means of mobility as one tenet under the plan's basic philosophy. While focusing on this tenet, the production, engineering, purchasing, and IT departments of Suzuki are working in concert and taking up the challenge of delivering valued products and services to customers. Suzuki is also aiming to become carbon neutral globally. Efforts in this area include developing technologies necessary to electrify products and to manufacture such products; reducing CO₂ emissions from manufacturing processes by

curbing energy use through energy saving and better production efficiencies and by developing technologies to shift to other forms of energy; and leveraging data utilization technologies, including AI, in improving and assuring the quality of new technologies.

In FY2020, R&D expenses of the entire Group amounted to ¥146.2 billion, and the breakdown by segment is as shown below.

Segment	R&D Expenses
Automobile business	¥130.4 billion
Motorcycle business	¥12.4 billion
Marine business, etc.	¥12.4 billion
Total	¥146.2 billion

Capital Expenditures

Capital expenditures for FY2020 were ¥170,947 million, which were used for production, R&D, and marketing

facilities. Breakdown by segment is as per below.

Segment	Capital Expenses	Facilities	Financing
Automobile business	¥160,762 million	Production, R&D, and marketing facilities, etc. of automobiles	Self-financing and outside financing
Motorcycle business	¥8,350 million	Production, R&D, and marketing facilities, etc. of motorcycles	Same as above
Marine business, etc.	¥1,833 million	Production, R&D, and marketing facilities, etc. of outboard motors	Same as above
Total	¥170,947 million	—	

Note 1. The above amounts do not include consumption tax, etc.

2. Capital expenditure amount is a total of the Company and its subsidiaries.

3. Investment in each segment are as per below.

In the automobile business, the Company made capital expenditure of ¥51,485 million, which includes expansion of production ability and production facilities for new models. Maruti Suzuki India Ltd. also made capital expenditure of ¥33,822 million, which includes expansion of production ability, production facilities for new models. Suzuki Motor Gujarat Private Ltd. made capital expenditure of ¥30,993 million, which includes expansion of production ability.

In the motorcycle business, the Company made capital expenditure of ¥3,390 million, which includes expansion of production ability.

Liquidity and Source of Funds

(Assets, liabilities and net assets)

With respect to the financial positions at the end of FY2020, total assets were ¥4,036.4 billion (increased by ¥696.6 billion from the end of the previous consolidated fiscal year). With respect to liabilities, the company borrowed ¥400.0 billion for securing sufficient cash on hand in April-June period as the outlook of the spread of the new coronavirus infection was uncertain. As a result, interest-bearing debt were ¥770.8 billion (increased by ¥366.6 billion from the end of the previous consolidated fiscal year) and total liabilities were ¥2,004.4 billion (increased by ¥458.3 billion from the end of the previous consolidated fiscal year). Total net assets were ¥2,032.0 billion (increased by ¥238.3 billion from the end of the previous consolidated fiscal year).

As for the shareholders' equity ratio, the company had been working to improve it to 45% till the previous consolidated fiscal year. However, it dropped to 41.8% at the end of FY2020 due to the borrowings in April-June period. The company will continue to work for improving the shareholders' equity ratio as an important management issue, in balance with securing funds.

(Capital Resources, Liquidity of Funds, and Cash flows)

The balance of cash and cash equivalents at the end of FY2020 amounted to ¥924.4 billion (increased by ¥504.0 billion from the end of the previous consolidated fiscal year). Cash flows for FY2020 are as follows.

① Cash flows from operating activities

Net cash provided by operating activities for FY2020 amounted to ¥415.4 billion of positive due to recovery of performance from July (¥171.5 billion of positive year-on-year).

Basic Dividend Policy and Dividends

The company places shareholder return as one of the most important management issues. With respect to the dividends, our basic policy is stable dividend under the indication of 30% dividend payout ratio announced on the “Mid-Term Management Plan (April 2021 to March 2026) ~ “Sho-Sho-Kei-Tan-Bi” ~” announced on February 24, 2021.

Under this dividend policy, Suzuki increased the year-end dividend per share by ¥5.00 over the previous fiscal year to ¥53.00 in FY2020. Including the interim dividend, Suzuki paid

② Cash flows from investing activities

Net cash provided by investing activities for FY2020 amounted to ¥233.0 billion of negative which was used for capital investment in Japan and India, etc (¥297.0 billion of negative year-on-year). As a result, free cash flow amounted to ¥182.4 billion of positive (¥125.5 billion of negative year-on-year).

Capital expenditures amounted to ¥170.9 billion in FY2020 (¥236.4 billion in the previous fiscal year), affected by the spread of COVID-19. More specifically, some investment projects were put on hold under an austere fiscal policy, while investment activities were not possible for a certain period due to lockdowns. In the future, Suzuki will continue to promote growth investment in accordance with its mid-term management plan, which aims to make investments totaling ¥1.2 trillion over five years.

③ Cash flows from financing activities

Net cash provided by financing activities for FY2020 amounted to ¥302.6 billion of positive (¥80.7 billion of positive year-on-year). This resulted from borrowing ¥400.0 billion in April-June period to secure sufficient cash on hand due to the uncertain outlook for the new coronavirus. Given such factors as the possibility of COVID-19 spreading again and in consideration of the risk concerning business funds in the future, Suzuki intends to maintain the current level of cash on hand for the time being.

annual cash dividends per share of ¥90.00.

Suzuki's basic policy is to pay dividends from surplus twice a year in the forms of interim and year-end dividends. The Articles of Incorporation of Suzuki permit the Company to pay an interim dividend on the basis of a resolution of the Board of Directors, using every September 30 as the record date. The interim dividend and year-end dividend are based on a resolution of the Board of Directors and that of the General Meeting of Shareholders, respectively.

Consolidated Financial Statement

Consolidated Balance Sheets

(Amount: Millions of yen)

	FY2019 (As of 31 March 2020)	FY2020 (As of 31 March 2021)
Assets		
Current assets		
Cash and deposits	485,808	1,024,553
Notes and accounts receivable-trade	427,358	448,601
Securities	118,584	201,549
Merchandise and finished goods	245,409	246,567
Work in process	47,420	46,298
Raw materials and supplies	62,662	63,045
Other	155,349	132,315
Allowance for doubtful accounts	(2,871)	(4,138)
Total current assets	1,539,722	2,158,793
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	186,544	202,409
Machinery, equipment and vehicles, net	241,974	270,729
Tools, furniture and fixtures, net	68,402	61,065
Land	304,652	317,813
Construction in progress	118,571	126,897
Total property, plant and equipment	920,144	978,916
Intangible assets	1,604	2,351
Investments and other assets		
Investment securities	662,194	704,305
Long-term loans receivable	549	545
Retirement benefit asset	—	4,261
Deferred tax assets	174,320	140,922
Other	41,843	46,825
Allowance for doubtful accounts	(445)	(329)
Allowance for investment loss	(150)	(232)
Total investments and other assets	878,312	896,298
Total non-current assets	1,800,060	1,877,566
Total assets	3,339,783	4,036,360

(Amount: Millions of yen)

	FY2019 (As of 31 March 2020)	FY2020 (As of 31 March 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	257,996	330,522
Electronically recorded obligations-operating	71,869	78,663
Short-term borrowings	121,082	287,577
Current portion of long-term borrowings	74,515	281,277
Current portion of bonds with share acquisition rights	2,972	—
Accrued expenses	207,996	228,726
Income taxes payable	22,310	32,138
Provision for product warranties	315,835	254,076
Provision for bonuses for directors	95	83
Other	150,830	195,397
Total current liabilities	1,225,506	1,688,462
Non-current liabilities		
Bonds with share acquisition rights	8,560	8,560
Long-term borrowings	197,064	193,413
Deferred tax liabilities	5,121	5,802
Provision for retirement benefits for directors	1,161	17
Provision for disaster	436	358
Provision for product liabilities	4,646	4,217
Provision for recycling expenses	9,654	12,363
Retirement benefit liability	67,206	62,081
Other	26,768	29,120
Total non-current liabilities	320,619	315,932
Total liabilities	1,546,126	2,004,395
Net assets		
Shareholders' equity		
Share capital	138,202	138,262
Capital surplus	146,490	143,400
Retained earnings	1,414,665	1,519,826
Treasury shares	(21,775)	(21,027)
Total shareholders' equity	1,677,583	1,780,462
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	87,455	121,133
Deferred gains or losses on hedges	(269)	(484)
Foreign currency translation adjustment	(255,266)	(193,295)
Remeasurements of defined benefit plans	(21,951)	(20,337)
Total accumulated other comprehensive income	(190,032)	(92,984)
Share acquisition rights	115	115
Non-controlling interests	305,990	344,371
Total net assets	1,793,657	2,031,964
Total liabilities and net assets	3,339,783	4,036,360

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Amount: Millions of yen)

	FY2019 (1 April 2019 – 31 March 2020)	FY2020 (1 April 2020 – 31 March 2021)
Net sales	3,488,433	3,178,209
Cost of sales	2,514,779	2,311,592
Gross profit	973,654	866,617
Selling, general and administrative expenses	758,585	672,184
Operating profit	215,069	194,432
Non-operating income		
Interest income	25,450	36,221
Dividend income	3,325	5,282
Foreign exchange gains	—	7,196
Share of profit of entities accounted for using equity method	6,315	7,900
Other	15,930	11,942
Total non-operating income	51,021	68,543
Non-operating expenses		
Interest expenses	5,555	4,935
Foreign exchange losses	3,508	—
Other	11,612	9,784
Total non-operating expenses	20,675	14,720
Ordinary profit	245,414	248,255
Extraordinary income		
Gain on sale of non-current assets	1,501	741
Gain on sale of investment securities	170	14,173
Total extraordinary income	1,672	14,914
Extraordinary losses		
Loss on COVID-19	—	*1 15,542
Loss on sale of non-current assets	279	1,238
Loss on sale of investment securities	215	1
Impairment losses	565	*2 5,323
Total extraordinary losses	1,060	22,106
Profit before income taxes	246,027	241,064
Income taxes-current	48,881	50,772
Income taxes-deferred	34,537	20,869
Income taxes	83,418	71,641
Profit	162,608	169,422
Profit attributable to non-controlling interests	28,386	23,000
Profit attributable to owners of parent	134,222	146,421

*1 Loss on COVID-19 FY2020 (1 April 2020– 31 March 2021)

¥15,542 million equivalent to fixed expenses related to production suspension due to lockdown in countries including India and Hungary to prevent the spread of the new coronavirus pandemic was recorded as extraordinary losses.

*2 Impairment losses

FY2020 (1 April 2020– 31 March 2021)

The Group recorded impairment losses in the following group of assets.

Use	Location	Classification	Amount
Assets for rent	Japan	Land	5,245
Idle assets	Japan	Land	78
	Total		5,323

(Amount: Millions of yen)

Consolidated Statement of Comprehensive Income

(Amount: Millions of yen)

	FY2019 (1 April 2019 – 31 March 2020)	FY2020 (1 April 2020 – 31 March 2021)
Profit	162,608	169,422
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,603)	47,078
Deferred gains or losses on hedges	(313)	(44)
Foreign currency translation adjustment	(119,454)	75,167
Remeasurements of defined benefit plans, net of tax	(1,239)	2,737
Share of other comprehensive income of entities accounted for using equity method	(1,308)	927
Total other comprehensive income	(124,919)	125,865
Comprehensive income	37,688	295,287
Comprehensive income attributable to:		
owners of parent	34,425	243,469
non-controlling interests	3,263	51,817

Consolidated Statement of Cash Flows

(Amount: Millions of yen)

	FY2019 (1 April 2019 – 31 March 2020)	FY2020 (1 April 2020 – 31 March 2021)
Cash flows from operating activities		
Profit before income taxes	246,027	241,064
Depreciation and amortization	164,158	136,545
Impairment losses	565	5,323
Increase (decrease) in allowance for doubtful accounts	(1,868)	801
Increase (decrease) in retirement benefit liability	185	(6,799)
Increase (decrease) in provision for product warranties	(6,339)	(62,750)
Interest and dividend income	(28,776)	(41,503)
Interest expenses	5,555	4,935
Foreign exchange losses (gains)	(2,527)	(7,146)
Share of loss (profit) of entities accounted for using equity method	(6,315)	(7,900)
Loss (gain) on sale of property, plant and equipment	(1,222)	496
Loss (gain) on sale of investment securities	45	(14,172)
Decrease (increase) in trade receivables	1,109	(5,547)
Decrease (increase) in inventories	(29,177)	22,145
Decrease (increase) in accounts receivable-other	(23,360)	18,045
Increase (decrease) in trade payables	(51,727)	63,593
Increase (decrease) in accrued expenses	(4,850)	15,451
Other, net	(54,742)	57,815
Subtotal	206,736	420,400
Interest and dividends received	28,525	41,826
Interest paid	(4,808)	(5,021)
Income taxes paid	(58,921)	(41,766)
Net cash provided by operating activities	171,533	415,439
Cash flows from investing activities		
Payments into time deposits	(97,968)	(128,363)
Proceeds from withdrawal of time deposits	93,678	97,598
Purchase of securities	(682,913)	(561,233)
Proceeds from sale and redemption of securities	698,776	463,488
Purchase of property, plant and equipment	(245,825)	(171,706)
Other, net	(62,736)	67,231
Net cash provided by investing activities	(296,989)	(232,985)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	36,358	153,355
Proceeds from long-term borrowings	72,741	285,118
Repayments of long-term borrowings	(70,395)	(80,166)
Purchase of bonds with share acquisition rights	—	(2,970)
Proceeds from disposal of treasury shares	96,096	—
Dividends paid	(34,139)	(41,254)
Dividends paid to non-controlling interests	(19,975)	(11,490)
Other, net	23	41
Net cash provided by financing activities	80,708	302,633
Effect of exchange rate changes on cash and cash equivalents	(7,956)	18,912
Net increase (decrease) in cash and cash equivalents	(52,704)	503,999
Cash and cash equivalents at the beginning of period	473,097	420,392
Cash and cash equivalents at the end of period	420,392	924,392

Company Information/Stock Information

Company Name	SUZUKI MOTOR CORPORATION	
Date of Incorporation	March 1920 Incorporated as Suzuki Loom Manufacturing Co. June 1954 Name changed to Suzuki Motor Co., Ltd. October 1990 Name changed to Suzuki Motor Corporation	
Representative	Representative Director and President Toshihiro Suzuki	
No. of Employees	[Consolidated] 68,739 [Non-consolidated] 16,073 (as of 31 March 2021)	
Net Sales	[Consolidated] 3,178,209 million yen [Non-consolidated] 1,707,133 million yen (FY2020)	
Head Office	300 Takatsuka-cho, Minami-ku, Hamamatsu, Shizuoka 432-8611 Japan Website Address: https://www.globalsuzuki.com	
Fiscal Year-End	31 March	
Public Accounting Firm	Seimei Audit Corporation	
Main Products	Automobiles, Motorcycles, Outboard Motors, Motorized Wheelchairs, etc.	
Main Facilities	Head Office Hamamatsu, Shizuoka Kosai Plant Kosai, Shizuoka Iwata Plant Iwata, Shizuoka Osuka Plant Kakegawa, Shizuoka Sagara Plant Makinohara, Shizuoka Hamamatsu Plant Hamamatsu, Shizuoka Tokyo Branch Office Minato-ku, Tokyo Yokohama Lab. Yokohama, Kanagawa Marine Technical Center Kosai, Shizuoka	

Suzuki Group Companies (as of 31 March 2021)		
	Consolidated subsidiaries	120 companies
	< Japan >	
	Consolidated subsidiaries in Japan	67 companies
	Manufacturing companies including Suzuki Auto Parts Mfg. Co., Ltd., Snic Co., Ltd., etc. Sales companies including Suzuki Motor Sales Tokyo Inc., Suzuki Motor Sales Kinki Inc., etc.	
	< Overseas >	
	Overseas consolidated subsidiaries	53 companies
	Manufacturing companies including Maruti Suzuki India Ltd. (India), Pak Suzuki Motor Co., Ltd. (Pakistan), PT. Suzuki Indomobil Motor (Indonesia), Magyar Suzuki Corporation Ltd. (Hungary), etc. Sales companies including Suzuki Deutschland GmBH (Germany), etc.	

Capital and Situation of Stock (as of 31 March 2021)

Capital	138,262 million yen
Total number of authorized shares	1,500 million
Total number of shares issued	491,098,300
Number of shareholders	31,588
Stock Listing	Tokyo Stock Exchange
Securities Code	7269
Ordinary General Meeting of Shareholders	June
Record Dates	• Ordinary General Meeting of Shareholders 31 March • Year-End Dividend 31 March • Interim Dividend 30 September
Shareholders' Register Manager	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo

< Top Ten Largest Shareholders >

Name of Shareholders	Number of Shares (1,000 shares)	Percentage of Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	52,404	10.8
Custody Bank of Japan, Ltd. (Trust Account)	24,508	5.0
Toyota Motor Corporation	24,000	4.9
Tokio Marine & Nichido Fire Insurance Co., Ltd.	17,961	3.7
MUFG Bank, Ltd	16,000	3.3
Resona Bank, Ltd.	13,000	2.7
The Shizuoka Bank, Ltd.	11,600	2.4
JP Morgan Chase Bank 385632	8,415	1.7
Sompo Japan Insurance Inc.	7,761	1.6
Nippon Steel Corporation	7,759	1.6

(Note) 1. Number of shares less than 1,000 is truncated.
2. Percentage of shareholding is calculated excluding treasury stock (5,459 thousand shares).

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Total Shareholder Return	%	155.0	194.2	169.0	95.0	179.1
TOPIX Net Total Return Index	%	(114.7)	(132.9)	(126.2)	(114.2)	(162.3)



SUZUKI MOTOR CORPORATION

300 Takatsuka-Cho,
Minami-Ku, Hamamatsu,
Shizuoka, Japan 432-8611
<https://www.globalsuzuki.com>

FINANCIAL SECTION

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Five-Year Summary

SUZUKI MOTOR CORPORATION

CONSOLIDATED

Years ended 31 March	Millions of yen (except per share amounts)				
	2021	2020	2019	2018	2017
Net sales	¥3,178,209	¥3,488,433	¥3,871,496	¥3,757,219	¥3,169,542
Profit attributable to owners of parent	146,421	134,222	178,759	215,730	159,956
Profit per share:					
Primary	301.65	286.36	395.26	488.86	362.54
Fully diluted	301.61	286.32	395.20	473.74	362.48
Cash dividends per share*	90.00	85.00	74.00	74.00	44.00
Net assets	2,031,964	1,793,657	1,715,914	1,595,227	1,387,041
Total assets	4,036,360	3,339,783	3,401,970	3,340,828	3,115,985
Depreciation and amortization ...	136,545	164,158	148,926	150,877	163,397

*Cash dividends per share of ¥85.00 for the year ended 31 March 2020 include a 100th-year-anniversary commemorative dividend of ¥11.00 per share.

Consolidated Financial Statement

Consolidated Balance Sheets

As of 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents *Note 13	¥924,392	¥420,392
Receivables:		
Notes and accounts receivable-trade *Note 5	448,601	427,358
Allowance for doubtful accounts	(3,854)	(2,570)
Inventories *Note 7	355,911	355,492
Other *Note 5	433,741	339,049
Total current assets	2,158,793	1,539,722
 Property, plant and equipment:		
Land *Note 7	317,813	304,652
Buildings and structures *Note 7	536,179	500,588
Machinery, equipment and vehicles	1,384,597	1,284,302
Tools, furniture and fixtures	654,875	622,197
Construction in progress	126,897	118,571
	3,020,363	2,830,311
Accumulated depreciation	(2,041,447)	(1,910,167)
Total property, plant and equipment	978,916	920,144
 Investments and other assets:		
Investment securities *Note 5	670,278	633,342
Investments in affiliates *Note 5	47,346	38,102
Retirement benefit asset *Note 2 and 9	4,261	—
Deferred tax assets *Note 2 and 10	140,922	174,320
Other	35,841	34,150
Total investments and other assets	898,650	879,916
Total assets	¥4,036,360	¥3,339,783

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

As of 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2021	2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Short-term borrowings *Note 5 and 7	¥287,577	¥121,082
Current portion of long-term borrowings *Note 5 and 7	281,277	74,515
Current portion of bonds with share acquisition rights *Note 5 and 6	—	2,972
Accounts payable-trade *Note 5	330,522	257,996
Electronically recorded obligations-operating	78,663	71,869
Income taxes payable	32,138	22,310
Accrued expenses *Note 2 and 5	228,726	207,996
Provision for product warranties *Note 2	254,076	315,835
Other *Note 7	195,480	150,926
Total current liabilities	1,688,462	1,225,506
Non-current liabilities:		
Bonds with share acquisition rights *Note 5 and 6	8,560	8,560
Long-term borrowings *Note 5 and 7	193,413	197,064
Retirement benefit liability *Note 2 and 9	62,081	67,206
Provision for disaster	358	436
Deferred tax liabilities *Note 2 and 10	5,802	5,121
Other *Note 7	45,717	42,231
Total non-current liabilities	315,932	320,619
Total liabilities	2,004,395	1,546,126
Net assets:		
Shareholders' equity:		
Share capital:		
Common stock		
Authorized: 1,500,000,000 shares Issued:		
as of 31 March 2021 :491,098,300 shares		
as of 31 March 2020 :491,067,800 shares	138,262	138,202
Capital surplus	143,400	146,490
Retained earnings	1,519,826	1,414,665
Treasury shares	(21,027)	(21,775)
Total shareholders' equity	1,780,462	1,677,583
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	121,133	87,455
Deferred gains or losses on hedges	(484)	(269)
Foreign currency translation adjustment	(193,295)	(255,266)
Remeasurements of defined benefit plans	(20,337)	(21,951)
Total accumulated other comprehensive income	(92,984)	(190,032)
Share acquisition rights *Note 16	115	115
Non-controlling interests	344,371	305,990
Total net assets	2,031,964	1,793,657
Total liabilities and net assets	¥4,036,360	¥3,339,783

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

Years ended 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2021	2020
Net sales	¥3,178,209	¥3,488,433
Cost of sales	2,311,592	2,514,779
Gross profit	866,617	973,654
Selling, general and administrative expenses *Note 11 and 12	672,184	758,585
Operating profit	194,432	215,069
Other income (expenses):		
Interest and dividend income	41,503	28,776
Interest expenses	(4,935)	(5,555)
Share of profit of entities accounted for using equity method	7,900	6,315
Impairment losses *Note 3	(5,323)	(565)
Gain on sale of investment securities *Note 2	14,173	170
Loss on COVID-19 *Note 4	(15,542)	—
Other, net *Note 2	8,856	1,815
Profit before taxes	241,064	246,027
Income taxes *Note 10:		
Current	50,772	48,881
Deferred	20,869	34,537
	71,641	83,418
Profit	169,422	162,608
Profit attributable to non-controlling interests	23,000	28,386
Profit attributable to owners of parent	¥146,421	¥134,222
Yen		
Profit per share:		
Primary	¥301.65	¥286.36
Fully diluted	301.61	286.32
Cash dividends per share	90.00	85.00

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

(Consolidated Statement of Comprehensive Income)

Years ended 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2021	2020
Profit	¥169,422	¥162,608
Other comprehensive income *Note 14		
Valuation difference on available-for-sale securities	47,078	(2,603)
Deferred gains or losses on hedges	(44)	(313)
Foreign currency translation adjustment	75,167	(119,454)
Remeasurements of defined benefit plans, net of tax	2,737	(1,239)
Share of other comprehensive income of entities accounted for using equity method	927	(1,308)
Total other comprehensive income	125,865	(124,919)
Comprehensive income	295,287	37,688
Comprehensive income attributable to:		
Owners of parent	243,469	34,425
Non-controlling interests	51,817	3,263

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

Consolidated Statement of Changes in Net Assets

Years ended 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen					
	Thousands of shares of common stock	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of 31 March 2019	491,049	¥138,161	¥143,965	¥1,314,587	¥(113,963)	¥1,482,750
Issuance of new shares....	19	41	41	—	—	82
Dividends of surplus.....	—	—	—	(34,144)	—	(34,144)
Profit attributable to owners of parent	—	—	—	134,222	—	134,222
Purchase of shares of consolidated subsidiaries.....	—	—	(1,411)	—	—	(1,411)
Purchase of treasury shares ..	—	—	—	—	(12)	(12)
Disposal of treasury shares ..	—	—	3,894	—	92,201	96,096
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes during the fiscal year	19	41	2,524	100,078	92,188	194,832
Balance as of 31 March 2020	491,068	¥138,202	¥146,490	¥1,414,665	¥(21,775)	¥1,677,583
Issuance of new shares....	31	60	60	—	—	120
Dividends of surplus.....	—	—	—	(41,261)	—	(41,261)
Profit attributable to owners of parent	—	—	—	146,421	—	146,421
Purchase of shares of consolidated subsidiaries.....	—	—	(2,400)	—	—	(2,400)
Purchase of treasury shares ..	—	—	—	—	(1)	(1)
Disposal of treasury shares ..	—	—	(749)	—	750	0
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Total changes during the fiscal year	31	60	(3,089)	105,160	748	102,879
Balance as of 31 March 2021	491,098	¥138,262	¥143,400	¥1,519,826	¥(21,027)	¥1,780,462

Consolidated Financial Statement

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen							
	Valuation difference on available- for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure- ments of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non- controlling interests	Total net assets
Balance as of 31 March 2019	¥95,873	¥(219)	¥(164,544)	¥(21,369)	¥(90,260)	¥115	¥323,309	¥1,715,914
Issuance of new shares....	—	—	—	—	—	—	—	82
Dividends of surplus.....	—	—	—	—	—	—	—	(34,144)
Profit attributable to owners of parent	—	—	—	—	—	—	—	134,222
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	—	(1,411)
Purchase of treasury shares ..	—	—	—	—	—	—	—	(12)
Disposal of treasury shares ..	—	—	—	—	—	—	—	96,096
Net changes in items other than shareholders' equity....	(8,417)	(49)	(90,722)	(581)	(99,771)	—	(17,318)	(117,090)
Total changes during the fiscal year	(8,417)	(49)	(90,722)	(581)	(99,771)	—	(17,318)	77,742
Balance as of 31 March 2020	¥87,455	¥(269)	¥(255,266)	¥(21,951)	¥(190,032)	¥115	¥305,990	¥1,793,657
Issuance of new shares....	—	—	—	—	—	—	—	120
Dividends of surplus.....	—	—	—	—	—	—	—	(41,261)
Profit attributable to owners of parent	—	—	—	—	—	—	—	146,421
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	—	(2,400)
Purchase of treasury shares ..	—	—	—	—	—	—	—	(1)
Disposal of treasury shares ..	—	—	—	—	—	—	—	0
Net changes in items other than shareholders' equity....	33,678	(215)	61,971	1,613	97,048	—	38,380	135,428
Total changes during the fiscal year	33,678	(215)	61,971	1,613	97,048	—	38,380	238,307
Balance as of 31 March 2021	¥121,133	¥(484)	¥(193,295)	¥(20,337)	¥(92,984)	¥115	¥344,371	¥2,031,964

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

Consolidated Statement of Cash Flows

Years ended 31 March 2021 and 2020

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2021	2020
Cash flows from operating activities		
Profit before income taxes	¥241,064	¥246,027
Depreciation and amortization	136,545	164,158
Impairment losses	5,323	565
Increase (decrease) in allowance for doubtful accounts	801	(1,868)
Increase (decrease) in retirement benefit liability	(6,799)	185
Increase (decrease) in provision for product warranties ^{★Note 2}	(62,750)	(6,339)
Interest and dividend income	(41,503)	(28,776)
Interest expenses	4,935	5,555
Foreign exchange losses (gains)	(7,146)	(2,527)
Share of loss (profit) of entities accounted for using equity method	(7,900)	(6,315)
Loss (gain) on sale of property, plant and equipment	496	(1,222)
Loss (gain) on sale of investment securities	(14,172)	45
Decrease (increase) in trade receivables	(5,547)	1,109
Decrease (increase) in inventories	22,145	(29,177)
Decrease (increase) in accounts receivable-other	18,045	(23,360)
Increase (decrease) in trade payables	63,593	(51,727)
Increase (decrease) in accrued expenses ^{★Note 2}	15,451	(4,850)
Other, net ^{★Note 2}	57,815	(54,742)
Sub-total	420,400	206,736
Interest and dividends received	41,826	28,525
Interest paid	(5,021)	(4,808)
Income taxes paid	(41,766)	(58,921)
Net cash provided by (used in) operating activities	415,439	171,533
Cash flows from investing activities		
Payments into time deposits	(128,363)	(97,968)
Proceeds from withdrawal of time deposits	97,598	93,678
Purchases of securities	(561,233)	(682,913)
Proceeds from sales and redemption of securities	463,488	698,776
Purchases of property, plant and equipment	(171,706)	(245,825)
Other, net ^{★Note 2}	67,231	(62,736)
Net cash provided by (used in) investing activities	(232,985)	(296,989)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	153,355	36,358
Proceeds from long-term borrowings	285,118	72,741
Repayment of long-term borrowings	(80,166)	(70,395)
Purchase of bond with share acquisition rights	(2,970)	—
Proceeds from disposal of treasury shares	—	96,096
Dividends paid	(41,254)	(34,139)
Dividends paid to non-controlling interests	(11,490)	(19,975)
Other, net	41	23
Net cash provided by (used in) financing activities	302,633	80,708
Effect of exchange rate changes on cash and cash equivalents	18,912	(7,956)
Net increase (decrease) in cash and cash equivalents	503,999	(52,704)
Cash and cash equivalents at the beginning of period	420,392	473,097
Cash and cash equivalents at the end of period ^{★Note 13}	¥924,392	¥420,392

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

Notes to Consolidated Financial Statements

NOTE 1: Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Suzuki Motor Corporation (the "Company"), consolidated subsidiaries (the "Group") have been prepared on the basis of generally accepted accounting principles and practices in Japan, and the consolidated financial statements were filed with the Financial Services Agency as required by the Financial Instruments and Exchange Act of Japan.

The preparation of the consolidated financial statements requires the management to select and adopt accounting standards and make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses, and the corresponding methods of disclosure.

As such, the management's estimates are made reasonably based on historical results. However, due to the inherent uncertainties involved in making estimates, actual results could differ from these estimates.

For the convenience of readers outside Japan, certain reclassifications and modifications have been made to the original consolidated financial statements.

As permitted, an amount of less than one million yen has been omitted.

NOTE 2: Summary of significant accounting policies

(a) Principles of consolidation

a. Scope of consolidation and Application of the equity methods

The consolidated financial statements for the years ended 31 March 2021 and 2020 include the accounts of the Group, and the numbers of consolidated subsidiaries were 120 and 127 respectively. In addition, the numbers of investments in affiliated companies for the years ended 31 March 2021 and 2020 were 31 and 28 respectively. All significant inter-company accounts and transactions are eliminated in consolidation. Investments in affiliated companies are accounted for using equity method.

b. Method for amortization of goodwill and terms of amortization

The difference at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries (goodwill) is amortized on a straight-line basis over a period of five years after appropriate adjustments.

c. Fiscal year

1) The number of consolidated subsidiaries for which the account settlement date is different from the consolidated account settlement date (31 March) is as follows.

31 December 14, including Magyar Suzuki Corporation Ltd.

30 September 2, including Suzuki (Myanmar) Motor Co., Ltd.

2) The above consolidated subsidiaries are consolidated based on the financial statements with the provisional settlement of accounts on the consolidated account settlement date (31 March).

(b) Allowance for doubtful accounts

In order to allow for loss from bad debts, estimated uncollectible amount based on the actual ratio of bad debt is recorded as general allowance. With respect to specific receivable with higher default possibility, recoverable amount is estimated respectively and uncollectible amount is recorded.

(c) Allowance for investment loss

The differences between the book value and the fair value of securities and investment not quoted at an exchange are determined and recorded as reserve in order to allow for losses from these investments.

(d) Provision for product warranties

The provision is recorded into this account based on the warranty agreement, laws and past experience in order to allow for expenses related to the maintenance service of products sold.

(e) Provision for Directors' bonuses

In order to defray bonuses for Directors and Audit & Supervisory Board Members, estimated amount of such bonuses is recorded.

(f) Provision for Directors' retirement benefits

The amount to be paid at the end of the fiscal year had been recorded pursuant to the Company's regulations on the retirement allowance of Directors and Audit & Supervisory Board Members. However, the Company's retirement benefit system for them was abolished at the closure of the Ordinary General Meeting of Shareholders held on 29 June 2006. And it was approved at Ordinary General Meeting of Shareholders that reappointed Directors and Audit & Supervisory Board Members would be paid their retirement benefit at the time of their retirement, based on their years of service. Estimated amount of such retirement benefits is recorded at the end of the current fiscal year. Furthermore, in some of consolidated subsidiaries, the amount to be paid at the end of the year is recorded pursuant to their regulation on the retirement allowance of Directors and Audit & Supervisory Board Members.

(g) Provision for disaster

Reasonably estimated amount is recorded for anticipated loss mainly caused by relocation of plants and facilities located in Ryuyo Region in Iwata City, Shizuoka Prefecture where massive tsunami damages caused by Tokai and Tonankai Earthquake are anticipated.

(h) **Provision for product liabilities**

The provision is recorded for product compensation related to North American market which is not covered by "Product Liability Insurance" based on the actual payments in the past periods.

(i) **Provision for recycling expenses**

The provision is recorded for an estimated expense related to the recycle of products of the Company based on the number of vehicles owned in the market, etc.

(j) **Securities and Investment securities**

The Group holds securities of listed companies, which have a risk of price fluctuations, and non-listed companies whose stock prices are difficult to be evaluated.

If the Group judges the decline in investment value is not temporary, the Group recognizes revaluation loss based on the reasonable standard. If the stock market falls, the Group may incur significant loss on valuation of securities.

Securities have to be classified into four categories: trading securities; held-to-maturity debt securities; investments of the Company in equity securities issued by consolidated subsidiaries and affiliates; and available-for-sale securities.

Available-for-sale securities with available fair values are stated at market value method based on the market values as of the consolidated account settlement date (the valuation differences shall be reported as other comprehensive income, and costs shall be calculated mainly by moving average method).

Available-for-sale securities with no available fair values are stated at cost by moving average method.

(k) **Hedge accounting**

The derivatives designated as "hedging instruments" by the Group are principally forward exchange contracts, interest rate swap and cross currency interest rate swap. The related hedged items are foreign currency denominated transaction and borrowings.

Gains or losses arising from changes in fair value of the hedging instruments are deferred until the gains and losses on the hedged items or transactions are recognized.

If hedging instruments meet certain criteria, special hedge accounting is applied and these contracts are handled together with hedged items.

The Group has a policy to utilize the above hedging instruments in order to reduce our exposure to the risks of the fluctuation of interest rate and foreign exchange. Therefore, our purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Group evaluates effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(l) **Foreign currency translation**

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are converted into Japanese yen at the exchange rates at the balance sheet date. Resulting gains and losses are included in profit or loss for the period.

Assets and liabilities of the foreign subsidiaries are converted into Japanese yen at the exchange rates at the balance sheet date.

The components of net assets are converted into Japanese yen at their historical rates. Profit and loss accounts for the fiscal year are converted into Japanese yen by using the average exchange rate during the fiscal year. Differences in yen amounts arising from the use of different rates are presented as "Foreign currency translation adjustment" and "Non-controlling interests" in the net assets.

(m) **Inventories**

Cost method mainly determined by the gross average method (figures on the consolidated balance sheet are measured by the method of book devaluation based on the reduction of profitability).

(n) **Method of depreciation and amortization of significant depreciable assets**

a. Property, plant and equipment (excluding lease assets)

..... Mainly declining balance method for the Company and domestic subsidiaries and mainly straight-line method for foreign subsidiaries.

Main durable years were as follows:

Buildings and structures 3 to 75 years

Machinery, equipment and vehicles 3 to 15 years

b. Intangible assets (excluding lease assets)

..... Straight-line method

c. Lease assets

Finance leases which transfer ownership

..... The same method as depreciation and amortization of self-owned non-current assets.

Finance leases which do not transfer ownership

..... Straight-line method with the lease period as the durable years. With respect to lease assets with guaranteed residual value under lease agreement, remaining value is the guaranteed residual value. Regarding other lease assets, remaining value is zero.

(o) Income taxes

The provision for income taxes is computed based on the income before income taxes included in the consolidated statements of income. The asset and liability approach is adopted to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

In making a valuation for the recoverability of collection of deferred tax assets, the Group estimates their future taxable income reasonably. If the estimated amounts of future taxable income decrease, deferred tax assets may decrease and income taxes may be recorded.

Consolidated tax payment has been applied to the Company and its domestic wholly owned subsidiaries from the fiscal year ended 31 March 2012.

(p) Retirement benefits

With respect to calculation of retirement benefit obligations, benefit formula basis method is used to attribute expected benefit to period up to the end of this fiscal year. With regard to past service costs, they are treated as expense on a straight-line over the certain years within the period of average length of employees' remaining service years at the time when it occurs. Regarding the actuarial gain or loss, the amounts, prorated on a straight-line over the certain years within the period of average length of employees' remaining service years in each year when it occurs, are respectively treated as expenses from the next term of the year in which they arise.

Retirement benefit cost and retirement benefit obligation are calculated based on the actuarial assumptions, which include discount rate, assumed return of investment ratio, revaluation ratio, salary rise ratio, retirement ratio and mortality ratio. Discount rate is decided based on yield on low-risk and long-term bonds, and assumed return of investment ratio is decided based on the investment policies of pension assets of each pension system etc.

Decreased yield on long-term bond leads to a decrease in discount rate and it has an adverse influence on the calculation of retirement benefit cost. However, the pension system adopted by the Company has a cash balance type plan, and therefore the revaluation ratio, which is one of the base ratios, can reduce adverse effects caused by the decrease in discount rate.

If the investment yield of pension assets is less than the assumed return of investment ratio, it will have an adverse effect on the calculation of retirement benefit cost. However, by focusing on low-risk investments, this influence should be minimal in the case of the pension fund systems of the Group.

(q) Profit per share

Primary profit per share is computed based on the weighted average number of shares issued during the respective years. Fully diluted profit per share is computed assuming that all stock options are exercised. Cash dividends per share are the amounts applicable to the respective periods including dividends to be paid after the end of the period.

(r) Cash and cash equivalents

All highly liquid investments with original maturities of three months or less when purchased are considered as cash equivalents.

(s) Application of the Consolidated Taxation System

The Group applies the Consolidated Taxation System.

Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

The Company and some domestic consolidated subsidiaries do not apply the provisions of paragraph 44 of "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No.28, issued on 16 February 2018), in accordance with the treatment of paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Solution No.39, issued on 31 March 2020), regarding the transition to the Group Aggregation System created in "Act on Partial Revision of the Income Tax Act, etc." (Act No.8 of 2020) and items on Non-Consolidated Tax Payment System which are reviewed in line with the transition to the Group Aggregation System.

Therefore, the amounts of deferred tax assets and liabilities are calculated on the basis of the tax laws prior to the revision.

(t) Significant accounting estimates**a. Provision for product warranties**

1) Amounts recorded in the consolidated financial statements for the current consolidated fiscal year
(Millions of yen)

	FY 2021
Opening balance	¥315,835
Current payment	(89,725)
Provisions	30,004
Other (increase/decrease of subsidiaries, etc.)	(2,038)
Ending balance	¥254,076

2) Details of accounting estimates for the identified items

The Group recognizes provision for product warranties to allow for costs associated with future warranties which may arise in the future.

Costs associated with future warranties include the cost of free repairs based on (i) the warranty and (ii) notification to the competent authorities, etc.

With respect to the former of two types of costs, provisions are recognized when the products are sold. With regard to the latter, provisions are recognized based on comprehensive and individual estimates which consider past occurrences, if such expenses are likely to be incurred and the amount can be reasonably estimated.

The amount of these provisions is calculated by estimating projected number of units and the projected cost per unit based on information currently available, such as past sales results, repair results and experience. The amount of these provisions also reflects the amount expected to be recovered upon a request for compensation from the supplier. The provision for product warranties is calculated on estimates, therefore inherently involves uncertainties. Therefore, the actual repair cost may differ from the estimate.

b. Retirement benefit asset and Retirement benefit liability

1) Amounts recorded in the consolidated financial statements for the current consolidated fiscal year

Retirement benefit asset ¥4,261 million

Retirement benefit liability ¥62,081 million

2) Details of accounting estimates for the identified items

The Group's retirement benefit expenses and retirement benefit obligations are calculated based on various assumptions, including the discount rate, the long-term expected rate of return on plan assets, the revaluation rate, the rate of salary increases and the death rate. The discount rate is determined based on the yield on long-term bonds that are highly safe, and the long-term expected rate of return is determined based on the pension asset management policy of each pension plan.

A decline in long-term bond yields results in a decline in the discount rate, which will adversely affect the calculation of retirement benefit expenses. However, under the cash balance corporate pension plan adopted by our company, the revaluation rate, which is one of the basic rates, has the effect of reducing the negative impact of the decline in the discount rate.

If the investment return on plan assets is lower than the long-term expected rate of return, it will have an adverse effect on the calculation of retirement benefit expenses. However, the effect is expected to be minor for corporate pension funds in our company and in the Group, which are committed to stable management.

The difference between these assumptions and the actual results is expensed using the straight-line method over a fixed number of years within the average remaining years of service of the employees when incurred.

c. Deferred tax assets

1) Amounts recorded in the consolidated financial statements for the current consolidated fiscal year

Deferred tax assets ¥140,922 million

Deferred tax liabilities ¥5,802 million

2) Details of accounting estimates for the identified items

The recoverability of deferred tax assets is examined by whether certain or all deductible temporary differences, net operating loss carryforwards and tax credit carryforwards have the effect of reducing future tax consequences.

In evaluating the recoverability of deferred tax assets, the Company considers the elimination of expected taxable temporary differences, the estimation of future taxable income, and tax planning.

With respect to such estimates, changes in future market trends, business activities and other assumptions relating to the Group may affect the amounts of deferred tax assets and income taxes-deferred in and after the following fiscal year.

(u) New accounting standards not yet adopted

a. Accounting Standard for Revenue Recognition

"Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, revised on 31 March 2020)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, revised on 26 March 2021)

1) Outline

The aforementioned standard and guidance are comprehensive revenue recognition standards. Revenue is recognized by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

2) Scheduled date of application

The aforementioned standard and guidance will be applied at the start of the year ending 31 March 2022.

3) Effect of application of the accounting standards

The effect of the application of the aforementioned standards and guidance on the Group's consolidated financial statements is under evaluation.

b. Accounting Standard for Fair Value Measurement

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, issued on 4 July 2019)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, issued on 4 July 2019)

"Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, revised on 4 July 2019)

"Accounting Standard for Financial Instruments" (ASBJ Statement No.10, revised on 4 July 2019)

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, revised on 31 March 2020)

1) Outline

In order to improve comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" were developed and relevant guidance was established.

The Accounting Standard for Fair Value Measurement is applied to the fair value of the following items.

- Financial Instruments in "Accounting Standard for Financial Instruments"
- Inventories held for trading purposes in "Accounting Standard for Measurement of Inventories"

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised to include notes on the breakdown of each level of fair value of financial instruments.

2) Scheduled date of application

The aforementioned standard and guidance will be applied at the start of the year ending 31 March 2022.

3) Effect of application of the accounting standards

The effect of the application of the aforementioned standard and guidance on the Group's consolidated financial statements is under evaluation.

(v) Changes in Presentation

a. Consolidated Balance Sheets

Future recall expenses for which measures had already been implemented of ¥71,915 million were presented as "Accrued expenses" in the previous consolidated fiscal year. Future recall expenses not included in "Accrued expenses" and future warranty expenses, were presented as "Provision for product warranties" in the previous consolidated fiscal year. However, in the current fiscal year, these are presented in "Provision for product warranties" in "Current liabilities" to present the financial positions more clearly. To reflect this change in presentation, the consolidated financial statement of the previous fiscal year has been reclassified.

As a result, "Accrued expenses" of ¥279,911 million and "Provision for product warranties" of ¥243,920 million in "Current liabilities" in the consolidated balance sheets in the previous fiscal year are presented as "Accrued expenses" of ¥207,996 million and "Provision for product warranties" of ¥315,835 million.

b. Consolidated Statement of Income

"Contribution", which was presented separately under "Other income (expenses)" in the previous fiscal year, is included in "Other, net" in the current fiscal year due to low materiality. "Gain on sale of investment securities", which was included in "Other, net" under "Other income (expenses)" in the previous fiscal year, is presented separately in the current fiscal year due to the quantitative materiality. To reflect this change in presentation, the consolidated financial statement of the previous fiscal year has been reclassified.

As a result, "Contribution" of ¥(526) million and "Other, net" of ¥2,513 million under "Other income (expenses)" in the consolidated statement of income of the previous fiscal year has been reclassified as "Gain on sale of investment securities" of ¥170 million and "Other, net" of ¥1,815 million.

c. Consolidated Statement of Cash Flows

Following reclassification in the Consolidated Balance Sheets, ¥(2,815) million of "Increase (decrease) in accrued expenses" in "Cash flows from operating activities" has been reclassified to "Increase (decrease) in provision for product warranties".

As a result, "Increase (decrease) in provision for product warranties" of ¥(3,524) million and "Increase (decrease) in accrued expenses" of ¥(7,665) million in the consolidated statement of cash flows of the previous fiscal year are presented as "Increase (decrease) in provision for product warranties" of ¥(6,339) million and "Increase (decrease) in accrued expenses" of ¥(4,850) million.

d. Application of Accounting Standard for Disclosure of Accounting Estimates

The Group has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, issued on 31 March 2020) from the financial statements at the end of the year ending 31 March 2021, and note significant accounting estimates to the consolidated financial statements.

However, in accordance with the transitional treatment as provided in the proviso of Article 11 of the Accounting Standard for Disclosure of Accounting Estimates, significant accounting estimates to the consolidated statements of previous fiscal year are not noted.

(w) Additional Information

In India, lockdown orders have been implemented excluding some areas and medical oxygen has been in shortage owing to the spread of the new coronavirus infection. They have been affecting production and sales activity of the Group significantly. Due to many uncertain factors, the impact on business results in the future is uncertain.

NOTE 3: Impairment losses

The Group recorded impairment losses in the following group of assets in year ended 31 March 2021.

(Millions of yen)

Usage	Location	Classification	Amount
Assets for rent	Japan	Land	¥5,245
Idle assets	Japan	Land	78
Total			¥5,323

The assets are grouped mainly in units of business facilities, and divided into the assets for business and for rent respectively. With respect to the assets which are decided to be disposed and idle assets which are not expected to be used in the future, the necessity of recording of impairment losses is judged based on individual assets.

With regard to assets for rent and idle assets, the Group has reduced the book value of the asset group whose market value has particularly fallen to the recoverable amount and recorded impairment losses as extraordinary losses.

The recoverable amount is measured by the net realizable value or the value in use, and the land value is evaluated by the real estate appraised value, etc.

The Group recorded impairment losses in year ended 31 March 2020.

This information is not provided due to its low materiality.

NOTE 4: Loss on COVID-19

The Group recorded loss on COVID-19 in year ended 31 March 2021.

¥15,542 million equivalent to fixed expenses related to production suspension due to lockdown in countries including India and Hungary to prevent the spread of the new coronavirus pandemic was recorded as extraordinary losses.

NOTE 5: Financial Instruments**(a) Status of financial instruments****a. Policy for financial instruments**

With respect to the fund management, the Group uses short-term deposits and securities, and with regard to the fund-raising, the Group uses borrowings from financial institutions such as banks and issuance of bonds. The Group uses derivatives to hedge and manage the risks of the fluctuations of interest rates and exchange rates, and does not use derivatives for speculative purposes.

b. Type of financial instruments, risks and risk management

With respect to customers' credit risks from operating receivables such as notes and accounts receivable-trade, in order to reduce the risks, the Group identifies credit standing of major counterparties and manages due date and receivable balance of each counterparty in line with our rules and regulations for credit control. The Group hedges the risks of the fluctuation of exchange rate from operating receivables denominated in foreign currency by forward exchange contract in principle.

Investment securities are mainly stocks of companies with which the Group has business relationship, and with regard to listed stocks, the Group quarterly identifies those fair values and reports them to the Board of Directors.

Basically, accounts payable-trade is due within one year.

Applications of borrowings are fund for operating capital (mainly short-term) and capital expenditures (long-term), and the Group uses interest rate swap or cross currency interest rate swap for the risks of the fluctuation of interest rate and exchange rate of some long-term borrowings.

Derivative transactions are foreign currency forward contracts to hedge the risks of the fluctuation of exchange rate related to receivables and payables denominated in foreign currencies, interest rate swap to hedge the risks of the fluctuation of interest rate related to borrowings, and cross currency interest rate swap to hedge the risks of the fluctuation of exchange rate and interest rate related to borrowings and lending. The Group executes and manages derivatives within the actual demand in line with our rules and regulations which set out the authority to trade. In addition, in using derivatives, the Group deals with financial institutions which have high credit grade in order to reduce credit risks.

In addition, each company of the Group manages liquidity risk related to accounts payable and borrowings by making a financial plan.

c. Supplement to fair values of financial instruments

The fair values of financial instruments include values based on quoted prices in active markets and values assessed by rational valuation techniques in case quoted prices are not available. Since the rational valuation techniques include variable factors, the results of valuation may differ when different assumptions are applied. In addition, in Note 5 (d) Derivative transactions, contract amounts do not indicate market risks related to the derivative transactions.

(b) Fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair values and difference as of 31 March 2021 and 2020 were as follows. Financial instruments whose fair value cannot be reliably measured are not included in the below table. (Refer to *2)

Millions of yen

	2021			2020		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥1,024,553	¥1,024,553	¥—	¥485,808	¥485,808	¥—
(2) Notes and accounts receivable-trade	448,601	449,995	1,393	427,358	431,231	3,872
(3) Securities and Investment securities						
Available-for-sale securities	851,467	851,467	—	730,305	730,305	—
Investment in entities	771	1,125	354	744	619	(124)
Total of assets	¥2,325,393	¥2,327,141	¥1,748	¥1,644,217	¥1,647,965	¥3,747
(1) Accounts payable-trade	330,522	330,522	—	257,996	257,996	—
(2) Short-term borrowings	287,577	287,577	—	121,082	121,082	—
(3) Current portion of long-term borrowings	281,277	281,324	(46)	74,515	74,563	(47)
(4) Current portion of bonds with share acquisition rights	—	—	—	2,972	2,909	63
(5) Accrued expenses*1	228,726	228,726	—	207,996	207,996	—
(6) Bonds with share acquisition rights	8,560	10,751	(2,191)	8,560	8,311	248
(7) Long-term borrowings	193,413	192,663	749	197,064	196,788	275
Total of liabilities	¥1,330,076	¥1,331,565	¥(1,488)	¥870,188	¥869,648	¥539
Derivatives*2						
Hedge accounting is applied	(707)	(707)	—	(469)	(469)	—
Hedge accounting is not applied	334	334	—	5,106	5,106	—

*1 Accrued expenses for FY2020 are figures after reclassification in note 2(v) "Changes in Presentation".

*2 Assets or liabilities derived from derivatives are shown on a net basis and net liabilities are shown as ().

*1. Matters for methods used to measure fair values of financial instruments

Assets:

(1) Cash and deposits

Since fair values of deposits are approximately equal to the book values, book values are used as fair values.

(2) Notes and accounts receivable-trade

Fair values of sales finance receivables are calculated on the discount method by the expected rate applied to new loan contract, on each receivable classified into a certain term.

Notes and accounts receivable-trades except sales finance are settled in short term and those fair values are approximately equal to the book values. Therefore, book values are used as fair values.

(3) Securities and Investment securities

With respect to these fair values, fair values of stock are prices of exchanges. With respect to negotiable certificate of deposit and other types of securities, book values are used as fair values since they are settled in short term and those fair values are approximately equal to the book values.

Liabilities:

(1) Accounts payable-trade, (2) Short-term borrowings and (5) Accrued expenses

Since these are settled in short term and those fair values are approximately equal to the book values. Therefore, book values are used as fair values.

(3) Current portion of long-term borrowings and (7) Long-term borrowings

These fair values are measured by discounting. The discounting is based on the estimated interest rates on the assumption of similar new loans with total amount of principal and interest.

(6) Bonds with share acquisition rights

They are calculated based on the prices offered by financial institutions, etc.

Derivatives:

Please refer to Note 5 (d) Derivative transactions.

*2. Financial instruments whose fair value cannot be reliably measured.

	Millions of yen	
	2021	2020
Available-for-sale securities		
Unlisted stock other than stocks of affiliates....	¥17,797	¥17,399
Unlisted stock of affiliates	33,023	27,958
Other	2,794	4,371

These fair values cannot be reliably measured since market values are unavailable and future cash flows cannot be estimated. Therefore, they are not included in "(3) Securities and Investment securities" of assets.

*3. The amounts to be redeemed after the account settlement date of monetary receivables and available-for-sale securities

Millions of yen

	2021				2020			
	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years	Over 10 years	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years	Over 10 years
Cash and deposits	¥1,024,553	¥ —	¥ —	¥ —	¥485,808	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	261,536	186,719	346	—	258,115	168,799	443	—
Securities and investment securities with maturities	201,549	—	40,000	—	118,584	—	—	56,000
Total	¥1,487,639	¥186,719	¥40,346	—	¥862,508	¥168,799	¥443	¥56,000

(c) Securities

a. Available-for-sale securities with market value

Millions of yen						
	Carrying amount	2021 Acquisition cost	Difference	Carrying amount	2020 Acquisition cost	Difference
Securities whose carrying amount exceeds the acquisition costs						
(1) Stocks	¥166,493	¥87,693	¥78,799	¥78,634	¥32,170	¥46,464
(2) Bonds.....	—	—	—	—	—	—
(3) Other	616,676	504,448	112,228	522,817	428,630	94,187
Sub-Total	¥783,170	¥592,142	¥191,027	¥601,452	¥460,800	¥140,651
Securities whose carrying amount does not exceed the acquisition costs						
(1) Stocks	¥5,777	¥6,831	¥(1,053)	¥52,172	¥64,639	¥(12,466)
(2) Bonds.....	32,514	40,000	(7,486)	46,680	56,000	(9,319)
(3) Other	30,004	30,004	—	30,000	30,000	—
Sub-Total	¥68,296	¥76,836	¥(8,539)	¥128,853	¥150,639	¥(21,785)
Total	¥851,467	¥668,979	¥182,487	¥730,305	¥611,439	¥118,866

b. Available-for-sale securities sold

Millions of yen		
	2021	2020
Amounts sold	¥745,985	¥847,112
Gain on sale of available-for-sale securities	14,173	170
Loss on sale of available-for-sale securities	1	215

c. Marketable securities impaired / Loss on valuation of securities

Year ended 31 March 2021

This information is not provided due to its low materiality.

Year ended 31 March 2020

The Group recognized impairment of ¥1,812 million on available-for-sale securities. With respect to securities with a market value, if the market value at the end of the period has significantly declined compared to the acquisition cost, the Group recognizes impairment to the extent deemed necessary based on recoverability. With regard to securities without a market value, if the real price has significantly declined compared to the acquisition cost, the Group recognizes impairment to the extent deemed necessary based on recoverability.

(d) Derivative transactions

The contract/notional amounts of derivatives which are shown in the below table do not represent the Group's exposure to market risk. With respect to fair values of derivatives which are shown in the below tables, commodity transactions are valued based on market price. Other transactions are valued based on the price offered by financial institutions.

a. Derivative transactions for which hedge accounting is not applied

(1) Currency-related transactions (non-market transactions)

Millions of yen

Type	2021				2020			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts								
Sell								
USD	¥544	¥ —	¥4	¥4	¥ —	¥ —	¥ —	¥ —
Buy								
USD	21,536	—	(926)	(926)	12,672	—	2,335	2,335
JPY	4,870	—	(1)	(1)	13,350	—	336	336
Cross currency option								
Buy								
JPY	—	—	—	—	8,000	—	110	110
Cross currency swap								
Pay JPY receive EUR	11,300	11,300	1,858	1,858	11,300	11,300	747	747
Total	¥38,251	¥11,300	¥934	¥934	¥45,322	¥11,300	¥3,529	¥3,529

(2) Interest and currency related transactions (non-market transactions)

Millions of yen

Type	2021				2020			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Cross currency Interest rate swap								
Pay fixed receive floating	¥24,015	¥23,120	¥(982)	¥(982)	¥20,040	¥20,040	¥(98)	¥(98)
Pay INR receive USD								
Pay fixed receive floating	—	—	—	—	8,200	—	554	554
Pay THB receive USD								
Pay fixed receive floating	11,220	—	(95)	(95)	—	—	—	—
Pay IDR receive USD								
Total	¥35,235	¥23,120	¥(1,078)	¥(1,078)	¥28,240	¥20,040	¥456	¥456

(3) Commodity-related transactions (market transactions)

Millions of yen

Type	2021				2020			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Commodity futures contract								
Buy	¥1,118	¥—	¥478	¥478	¥13,538	¥—	¥1,120	¥1,120
Total	¥1,118	¥—	¥478	¥478	¥13,538	¥—	¥1,120	¥1,120

b. Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

Millions of yen

Type	2021			2020		
	Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Foreign currency forward contracts (Principle hedge accounting)						
Sell (Principal hedged item: Accounts receivable-trade)						
USD	¥3,864	¥—	¥(104)	¥6,534	¥—	¥(199)
EUR	13,523	—	(183)	11,599	—	139
CAD	—	—	—	661	—	59
AUD	—	—	—	1,109	—	107
NZD	147	—	1	—	—	—
GBP	67	—	(2)	2,358	—	105
CNY	287	—	(1)	135	—	1
PLN	—	—	—	462	—	64
ZAR	—	—	—	375	—	29
Foreign currency forward contracts (Special hedge accounting)						
Sell (Principal hedged item: Accounts receivable-trade)						
USD	4,952	—	*	10,197	—	*
EUR	27,838	—	*	12,609	—	*
CAD	63	—	*	—	—	*
AUD	1,161	—	*	324	—	*
NZD	803	—	*	328	—	*
GBP	8,434	—	*	12,678	—	*
MXN	2,759	—	*	8,240	—	*
PLN	1,846	—	*	3,054	—	*
CNY	95	—	*	153	—	*
ZAR	481	—	*	783	—	*
Total	¥66,326	¥—	¥(291)	¥71,606	¥—	¥308

* Since these foreign currency forward contracts are handled together with hedged items, their fair values are included in that of hedged items.

(2) Interest and currency related transactions

Millions of yen

Type	Principal hedged item	2021			2020		
		Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Interest rate swap (Special hedge accounting)							
Pay fixed receive floating	Long-term borrowings	¥12,500	¥ —	*	¥12,500	¥12,500	*
Cross currency interest rate swap (Principle hedge accounting)							
Pay fixed receive floating Pay IDR receive USD	Long-term borrowings	23,619	8,303	(416)	28,566	16,923	(777)
Cross currency interest rate swap (Special hedge accounting)							
Pay fixed receive floating Pay JPY receive USD	Long-term borrowings	58,000	10,000	*	69,172	58,000	*
Total		¥94,119	¥18,303	¥(416)	¥110,238	¥87,423	¥(777)

* Since these transactions are handled together with hedged items, their fair values are included in that of hedged items.

NOTE 6: Bonds with share acquisition rights

(1) Name of the bond	SUZUKI MOTOR CORPORATION Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023
(2) Total issue amount	100 billion yen plus the aggregate principal amount of the bonds in respect of replacement certificates of the bonds with share acquisition rights
(3) Issue price	100.0% of principal amount
(4) Offer price	102.5% of principal amount
(5) Balance as of 31 March 2021 (Millions of yen)	8,560
(6) Coupon	Zero
(7) Closing and issue date	1 April 2016
(8) Redemption price	100% of principal amount
(9) Redemption at maturity, Early redemption and Cancellation by acquisition	31 March 2023 by 100% of principal amount Early redemption and cancellation by acquisition of the bonds under certain circumstances are specified in the Information Memorandum.
(10) Matters concerning the bonds with share acquisition rights	
i. Type of share to be issued upon exercise of share acquisition rights	Common stock of the Company
ii. Total number of share acquisition rights	10,000 units plus the units of the aggregate principal amount of the bonds in respect of replacement certificates of the bonds with share acquisition rights divided by ¥10 million
iii. Conversion price	4,001.7 yen (please refer to vii.)
iv. Exercise period and Supplementary conditions	From 15 April 2016 to 17 March 2023 [Automatic-acquisition-upon-exercise clause (subject to the maximum number of shares to be delivered)] Exercising by 31 December 2022 [One-time acquisition clause (subject to the maximum number of shares to be delivered)] Giving notice from 31 March 2022 to 16 December 2022 [Contingent conversion mechanism (130%)] Until 31 December 2022
v. Asset and amount to be paid upon exercise of share acquisition rights	The bonds in respect of the share acquisition rights shall be contributed upon exercising of each share acquisition right, and the price of the bonds shall be equal to the principal amount of the bonds.
vi. Share capital and capital surplus increased in case the stocks are issued by exercising share acquisition rights	The amount of share capital increased in case the stocks are issued by exercising share acquisition rights shall be half of the maximum increase of share capital and etc., calculated in accordance with Article 17 of the "Company Calculation Ordinance", and any amount less than one yen arising from such calculation shall be rounded up. The increase in capital surplus shall be obtained by subtracting the share capital increased from the maximum increase of share capital and etc.
vii. Adjustments of the conversion price	The dividend of fiscal year end retained earnings was approved as 53 yen per share and the annual dividend was determined as 90 yen per share during the Ordinary General Meeting of Shareholders held on 25 June 2021. By the approval and determination, the conversion price of Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023 have been adjusted to 3,960.0 yen from 4,001.7 yen retroactively since 1 April 2021 in accordance with the clause of Adjustments of the Conversion Price in the guideline for the bonds.
(11) Security or guarantee	None
(12) Use of proceeds	Proceeds from the issuance of the bonds shall be used as strategic investment for accelerating the Group's mid-term management plan and for strengthening its competitive position.

NOTE 7: Short-term debts and long-term debts

Short-term debts were as follows:

	Millions of yen	
	2021	2020
Short-term borrowings and Current portion of long-term borrowings	¥568,855	¥195,598
Lease obligations due within one year	20	18
	<u>¥568,876</u>	<u>¥195,616</u>

Long-term debts were as follows:

	Millions of yen	
	2021	2020
Long-term borrowings maturing through 2025	¥193,413	¥197,064
Lease obligations due more than one year	35	10
Other interest-bearing debts	16,641	14,463
	¥210,090	¥211,538

As is customary in Japan, both short-term and long-term bank loans are subjected to general agreements which provide that the banks may, under certain circumstances, request additional security for those loans, and may treat any security furnished to the banks, as well as cash deposited with them, as security for all present and future indebtedness.

The aggregate annual maturities of long-term debts excluding other interest-bearing debts as of 31 March 2021 were as follows:

Year ending 31 March	Millions of yen
2023	¥73,963
2024	34,536
2025	79,947
Thereafter	5,000
	¥193,448

Assets pledged as collateral were as follows:

	Millions of yen	
	2021	2020
Merchandise and finished goods	¥—	¥14,698
Buildings and structures	447	371
	¥447	¥15,070

Secured liabilities were as follows:

	Millions of yen	
	2021	2020
Short-term borrowings	¥—	¥10,722
Other (non-current liabilities)	284	243
	¥284	¥10,965

NOTE 8: Loan commitment

The Company has the commitment line contracts with six banks for effective financing. The outstanding balance of these contracts was as follows:

	Millions of yen	
	2021	2020
Commitment line contract total	¥300,000	¥300,000
Actual loan balance	—	—
Balance	¥300,000	¥300,000

NOTE 9: Retirement benefits**1. Outline of adopted retirement benefit systems**

The Company established cash balance corporate pension plan and lump-sum retirement benefit plan. Some of consolidated subsidiaries established defined benefit corporate pension plan and lump-sum retirement benefit plan. Some of foreign consolidated subsidiaries established defined contribution plan.

Some of consolidated subsidiaries adopt simplified method for the calculation of retirement benefits.

2. Defined benefit plan**(a) Reconciliation of retirement benefit obligation from the opening balance to the closing balance**

	Millions of yen	
	2021	2020
Opening balance of retirement benefit obligation	¥188,958	¥186,087
Service cost	10,397	9,593
Interest cost	1,058	1,043
Actuarial differences	1,295	1,790
Retirement allowance paid	(8,124)	(8,475)
Other	2,511	(1,081)
Closing balance of retirement benefit obligation	¥196,096	¥188,958

(b) Reconciliation of pension assets from the opening balance to the closing balance

	Millions of yen	
	2021	2020
Opening balance of pension assets	¥121,751	¥103,273
Expected return on pension assets	2,520	2,065
Actuarial differences	2,750	(2,981)
Contribution from employers	17,278	26,163
Retirement allowance paid	(5,035)	(6,141)
Other	(989)	(627)
Closing balance of pension assets	¥138,276	¥121,751

(c) Reconciliation between closing balance of retirement benefit obligation and pension assets and net amount of liability/asset for retirement benefits recognized in consolidated balance sheet

	Millions of yen	
	2021	2020
Defined benefit obligation of funded severance plan	¥143,532	¥138,046
Pension assets	(138,276)	(121,751)
	5,256	16,294
Defined benefit obligation of unfunded severance plan	52,563	50,911
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	¥57,819	¥67,206
Retirement benefit liability	¥62,081	¥67,206
Retirement benefit asset	4,261	—
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet	¥57,819	¥67,206

(d) Breakdown of retirement benefit expenses

	Millions of yen	
	2021	2020
Service cost	¥10,397	¥9,593
Interest cost	1,058	1,043
Expected return on pension assets	(2,520)	(2,065)
Amortization of actuarial gains and losses	1,105	836
Amortization of past service cost	1,227	2,029
Other	687	242
Total amount of retirement benefit expenses for defined benefit plans	¥11,955	¥11,680

(e) Adjustment for retirement benefits (before tax effect)

Breakdown of adjustment for retirement benefits recognized was as follows:

	Millions of yen	
	2021	2020
Past service cost	¥1,392	¥2,133
Actuarial gains and losses	2,395	(4,039)
Total	¥3,788	¥(1,905)

(f) Accumulated adjustment for retirement benefits (before tax effect)

Breakdown of accumulated adjustment for retirement benefits recognized was as follows:

	Millions of yen	
	2021	2020
Unrecognized past service cost	¥(13,523)	¥(14,944)
Unrecognized actuarial gains and losses	(15,507)	(17,875)
Total	¥(29,031)	¥(32,819)

(g) Pension assets

a. Major breakdown of pension assets

Portion of major components to total pension assets was as follows:

	2021	2020
Debt securities	46.7%	47.2%
General account of life insurance companies	33.2%	34.4%
Other	20.1%	18.4%
Total	100.0%	100.0%

b. Method to determine long-term expected rate of return on pension assets

Long-term expected rate of return on pension assets was determined by considering the current and anticipated future portfolio of pension assets and the long-term performance of various assets that comprise pension assets.

(h) Actuarial assumptions

	2021	2020
Discount rate	mainly 0.15%	mainly 0.15%
Long-term expected rate of return on pension assets	mainly 1.80%	mainly 1.80%

3. Defined contribution plan

Year ended 31 March 2021

Contribution to defined contribution plan by the Group was ¥355 million.

Year ended 31 March 2020

Contribution to defined contribution plan by the Group was ¥306 million.

NOTE 10: Income taxes

(a) Significant components of deferred tax assets and deferred tax liabilities were as follows:

	Millions of yen	
	2021	2020
Deferred tax assets		
Impairment losses and Excess-depreciation	¥68,594	¥64,156
Various provisions	86,095	81,364
Unrealized profits elimination	19,319	19,123
Loss on valuation of securities	7,526	9,402
Deferred assets	7,674	6,170
Net operating loss carryforwards*	14,859	11,729
Other	18,107	39,546
Deferred tax assets sub-total	222,177	231,493
Valuation allowance for net operating loss carryforwards*	(9,528)	(8,615)
Valuation allowance for deductible temporary differences*	(26,554)	(22,419)
Deferred tax assets total	¥186,095	¥200,458
Deferred tax liabilities		
Valuation difference on available-for-sale securities	¥(26,003)	¥(8,524)
Variance from the complete market value method of consolidated subsidiaries	(8,090)	(8,090)
Reserve for advanced depreciation of non-current assets	(3,927)	(3,940)
Prepaid pension costs	(1,540)	—
Other	(11,412)	(10,703)
Deferred tax liabilities total	(50,974)	(31,258)
Net amounts of deferred tax assets	¥135,120	¥169,199

*The amount of net operating loss carryforwards and those deferred tax assets by due date were as follows:

Millions of yen							
2021							
	2022	2023	2024	2025	2026	Thereafter	Total
Net operating loss carryforwards (a)	434	25	1,480	2,843	2,881	7,194	14,859
Valuation allowance	(434)	(25)	(807)	(1,716)	(2,881)	(3,662)	(9,528)
Deferred tax assets	—	—	672	1,126	—	3,532	5,331

(a) Net operating loss carryforwards are calculated by multiplying the statutory tax rate.

Millions of yen							
2020							
	2021	2022	2023	2024	2025	Thereafter	Total
Net operating loss carryforwards (b)	2,029	388	22	703	1,317	7,268	11,729
Valuation allowance	(1,809)	(388)	(22)	(703)	(1,317)	(4,374)	(8,615)
Deferred tax assets	220	—	—	—	—	2,893	3,114

(b) Net operating loss carryforwards are calculated by multiplying the statutory tax rate.

(b) Breakdown of the differences between the statutory tax rate and the effective tax rate

	2021	2020
Statutory tax rate	—	29.86 %
Different tax rates applied to consolidated subsidiaries..	—	(1.08)%
Tax credit.....	—	(1.80)%
Retained earnings in subsidiaries etc.	—	4.73 %
Other.....	—	2.20 %
Effective tax rate	—	33.91 %

Notes to FY2021 are omitted because the difference between the statutory tax rate and the effective tax rate is 5/100 or less of the statutory tax rate.

NOTE 11: Selling, general and administrative expenses

Main items of selling, general and administrative expenses were as follows:

	Millions of yen	
	2021	2020
Delivery expenses	¥98,028	¥101,775
Advertising expenses.....	55,192	71,004
Sales promotion expenses.....	67,757	80,600
Wages and salaries.....	90,701	93,395
Research and development expenses	146,221	148,080
Provision of allowance for doubtful accounts.....	804	(1,950)
Provision for product warranties	29,440	54,110
Retirement benefit expenses	5,429	4,912
Provision for product liability insurance.....	(254)	661
Provision for recycling	2,716	(593)

NOTE 12: Research and development expenses

Research and development expenses included in selling, general and administrative expenses were as follows:

	Millions of yen	
	2021	2020
Research and development expenses	¥146,221	¥148,080

NOTE 13: Cash and cash equivalents

Cash and cash equivalents were as follows:

	Millions of yen	
	2021	2020
Cash and deposits	¥1,024,553	¥485,808
Securities	201,549	118,584
Sub-total.....	1,226,103	604,393
Time deposits with maturities of over three months	(100,160)	(65,416)
Bonds etc. with redemption period of over three months	(201,549)	(118,584)
Cash and cash equivalents	¥924,392	¥420,392

NOTE 14: Other comprehensive income

	Millions of yen	
	2021	2020
Valuation difference on available-for-sale securities		
Gain (loss) arising during the period	¥100,990	¥4,521
Reclassification adjustments.....	(41,240)	(12,258)
Before tax effect.....	59,750	(7,737)
Tax effect.....	(12,672)	5,134
Balance at the end of the period.....	¥47,078	¥(2,603)
Deferred gains or losses on hedges		
Gain (loss) arising during the period	¥(319)	¥756
Reclassification adjustments.....	191	(1,122)
Before tax effect.....	(127)	(365)
Tax effect.....	82	52
Balance at the end of the period.....	¥(44)	¥(313)
Foreign currency translation adjustment		
Gain (loss) arising during the period	¥75,222	¥(119,457)
Reclassification adjustments.....	(54)	3
Balance at the end of the period.....	¥75,167	¥(119,454)
Remeasurements of defined benefit plans		
Gain (loss) arising during the period	¥1,544	¥(4,784)
Reclassification adjustments.....	2,243	2,878
Before tax effect.....	3,788	(1,905)
Tax effect.....	(1,051)	665
Balance at the end of the period.....	¥2,737	¥(1,239)
Share of other comprehensive income of entities accounted for using equity method		
Gain (loss) arising during the period	¥927	¥(1,308)
Total other comprehensive income	¥125,865	¥(124,919)

NOTE 15: Cash dividends

	Resolutions	
	Ordinary General Meeting of Shareholders held on 26 June 2020	Meeting of the Board of Directors held on 5 November 2020
Total amount of cash dividends	¥23,299 million	¥17,961 million
Cash dividends per share	¥48.00	¥37.00
Record date	31 March 2020	30 September 2020
Effective date	29 June 2020	30 November 2020

Dividends which record date was in the current fiscal year and effective date was in the next fiscal year:

	Resolution
	Ordinary General Meeting of Shareholders held on 25 June 2021
Total amount of cash dividends	¥25,738 million
Cash dividends per share	¥53.00
Record date	31 March 2021
Effective date	28 June 2021

NOTE 16: Stock option plans

The Company adopts stock option plan by using share acquisition rights.
The details of the plans were as follows:

	The plan adopted at 28 June 2012	The plan adopted at 27 June 2013	The plan adopted at 27 June 2014
Category and number of people to whom stock options are granted	10 Directors of the Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors	7 Directors of the Company (excluding Outside Directors) 10 Senior Managing Officers and Managing Officers who do not concurrently serve as Directors	6 Directors of the Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors
Class of shares that are the subject of share acquisition rights	92,000 of Common stock of the Company	49,800 of Common stock of the Company	32,400 of Common stock of the Company
Adoption date	20 July 2012	19 July 2013	22 July 2014
Terms of exercise of share acquisition rights	(1) A person who is allocated share acquisition rights shall be able to exercise share acquisition rights only up until 10th day (the next business day if the 10th day falls on a non-business day) from the day immediately following the date of resignation as the Company's Director as well as the Senior Managing Officer or Managing Officer without the role of Director being served concurrently. (2) If a person who is allocated share acquisition rights was dead, the person's heir shall be able to exercise the rights.		
Period during which share acquisition rights can be exercised	From 21 July 2012 to 20 July 2042	From 20 July 2013 to 19 July 2043	From 23 July 2014 to 22 July 2044
Number of shares which share acquisition rights have not exercised	35,000	18,000	10,600

NOTE 17: Contingent liabilities

As of 31 March 2021 and 2020, the Company and some of consolidated subsidiaries had the contingent liabilities as follows:

	Millions of yen	
	2021	2020
Guarantee of indebtedness of overseas sales companies and other	¥1,920	¥1,052

NOTE 18: Segment Information**1. Outline of reportable segments**

The reportable segments of the Company are the components of the Company business for which discrete financial information is available, and whose operating results are regularly reviewed by our decision-making body such as Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance.

The Company has three reportable segments of "Automobile business", "Motorcycle business" and "Marine business, etc." based on the form of management organization and nature of products and services.

Main products and services of each segment are as follows:

Segment	Main products and services
Automobile business	Mini vehicles, Sub-compact vehicles, Standard-sized vehicles
Motorcycle business	Motorcycles, All-terrain vehicles
Marine business, etc.	Outboard motors, Motorized wheelchairs, Solar power generation, Real estate

2. Methods of measurement for the amounts of net sales, profit or loss, assets and other items for each reportable segment

The accounting policies of the reportable segments are consistent to the description of the "Summary of significant accounting policies" (Note 2).

3. Information about the amounts of net sales, profit or loss, assets and other items by reportable segment

	Millions of yen					
	2021					
	Automobile business	Motorcycle business	Marine business, etc.	Total	Adjustment	Consolidated
Net sales:						
Net sales to external customers	¥2,876,601	¥206,530	¥95,077	¥3,178,209	¥ —	¥3,178,209
Segment profit	172,066	2,575	19,791	194,432	—	194,432
Segment assets	2,823,212	219,262	73,593	3,116,067	920,292	4,036,360
Other items:						
Depreciation	124,937	8,619	2,987	136,545	—	136,545
Impairment losses	5,277	25	20	5,323	—	5,323
Investments in entities accounted for using equity method	38,477	8,395	472	47,346	—	47,346
Increase in property, plant and equipment and intangible assets ...	160,762	8,350	1,833	170,947	—	170,947
Millions of yen						
	2020					
	Automobile business	Motorcycle business	Marine business, etc.	Total	Adjustment	Consolidated
Net sales:						
Net sales to external customers	¥3,157,434	¥242,561	¥88,437	¥3,488,433	¥ —	¥3,488,433
Segment profit	197,100	693	17,275	215,069	—	215,069
Segment assets	2,556,172	219,044	63,791	2,839,008	500,775	3,339,783
Other items:						
Depreciation	146,858	13,729	3,570	164,158	—	164,158
Amortization of goodwill	88	46	0	135	—	135
Impairment losses	540	14	10	565	—	565
Investments in entities accounted for using equity method	32,956	4,708	438	38,102	—	38,102
Increase in property, plant and equipment and intangible assets ...	220,098	13,753	2,598	236,450	—	236,450

(Reference information)

As reference information, operating results by geographical regions were as follows:

The amount of net sales based on external customers

Millions of yen				
2021				
	Japan	India	Other	Consolidated
Net sales	¥1,174,034	¥966,721	¥1,037,453	¥3,178,209

Millions of yen				
2020				
	Japan	India	Other	Consolidated
Net sales	¥1,179,523	¥1,121,164	¥1,187,746	¥3,488,433

(Supplementary information)

The amount of net sales, operating profit or loss based on location of the Group

Millions of yen							
2021							
	Japan	Europe	Asia	Other regions	Total	Eliminations	Consolidated
Net sales							
Net sales to external customers...	¥1,337,708	¥352,541	¥1,307,977	¥179,982	¥3,178,209	¥ —	¥3,178,209
Internal net sales or transfer among geographical regions.....	562,817	145,984	87,319	375	796,498	(796,498)	—
Total	1,900,526	498,526	1,395,297	180,357	3,974,707	(796,498)	3,178,209
Operating profit	118,373	10,823	55,957	8,641	193,796	636	194,432

Millions of yen							
2020							
	Japan	Europe	Asia	Other regions	Total	Eliminations	Consolidated
Net sales							
Net sales to external customers...	¥1,369,326	¥392,007	¥1,541,745	¥185,354	¥3,488,433	¥ —	¥3,488,433
Internal net sales or transfer among geographical regions.....	617,406	175,406	109,631	266	902,712	(902,712)	—
Total	1,986,733	567,414	1,651,377	185,621	4,391,145	(902,712)	3,488,433
Operating profit	123,188	17,678	62,671	6,531	210,069	4,999	215,069

*Notes: 1. Classification of countries or regions is based on a geographical adjacency.
 2. The major countries or regions belonging to classifications other than Japan:
 (1) EuropeHungary, Germany, United Kingdom and France
 (2) Asia.....India, Pakistan, Indonesia and Thailand
 (3) Other regions...United States, Australia, Mexico, Colombia and South Africa

Independent Auditor's Report

To the Board of Directors of
Suzuki Motor Corporation

Opinion

We have audited the consolidated financial statements of Suzuki Motor Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 March 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, all expressed in Japanese Yen, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended 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 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.

Key Audit Matters

In the audit of the consolidated financial statements for the current year, the Key Audit Matters are those that the auditor, as a professional expert, determined to be particularly important. The Key Audit Matters are those that have been addressed in the process of conducting the audit of the entire consolidated financial statements and in the formation of the audit opinion. We do not express our opinion on these matters individually.

1. Renewal of the Company's accounting system	
Key audit matter description	How our audit addressed the key audit matter
The Company undertook a complete renewal of its accounting system with the aim of improving the efficiency of accounting operations and centralizing the management of accounting information implementing the new accounting system in the current consolidated fiscal year. We identified the risks that incorrect financial accounting figures could be repeatedly and continuously processed and reported unless data migration from the old system to the new system and reconfiguration of various masters in the new system had been processed properly. From the aforementioned reasons, we determined that the implementation of the new accounting system shall be treated as one of our "Key Audit Matters".	We conducted the following audit procedures with the use of members with expertise in the IT area in order to examine whether the new accounting system has been implemented properly. • Assess the operating effectiveness of internal controls over management transition test for the implementation of the new accounting system. • Performed procedures to verify that the data have been completely and accurately migrated. • Performed procedures to verify that master data including the chart of accounts have been reconfigured correctly. • Assess the effect of the implementation of the new accounting system to the IT general control assessment.

2. Liabilities for individual repair costs based on notifications to competent authorities	
Key audit matter description	How our audit addressed the key audit matter
As of March 31, 2021, the Group recorded a provision for product warranties of ¥254,076 million in the consolidated balance sheet to allow for expenses related to after services of products sold. The related disclosures are in "Notes to Consolidated Financial Statements", "NOTE 2: Summary of significant accounting policies" (d) and (t)-a. The provision for product warranties includes liabilities related to individual repair costs based on notifications to competent authorities. Liabilities related to individual repair costs based on notifications to competent authorities are recorded based on estimates of comprehensive or individual repair costs for products which may arise in the future. Individual repair costs for products which may arise in the future are estimated based on historical repair costs, projected number of vehicles to be repaired and estimated repair cost per vehicle, which are reviewed periodically and modified as necessary. Since this estimate of repair costs involves significant judgement by management, a high degree of auditor judgements are required in evaluating the estimate. From the aforementioned reasons, we determined that the individual estimates of liabilities for individual repair costs based on notifications to competent authorities is specifically important in the audit of the consolidated financial statements of the current fiscal year and therefore is one of our "Key Audit Matters".	In auditing the individual estimates of liabilities for individual repair costs based on notifications to competent authorities, we performed the following audit procedures. • Assess the operating effectiveness of internal controls over liabilities related to individual repair costs based on notifications to competent authorities, including the internal controls related to the determination of significant assumptions and underlying data used in estimating the projected number of units to be repaired as well as the projected repair cost per unit. • Examine that the data used to determine the projected number of units to be repaired and the projected repair cost per unit are supported by evidences and its consistency with historical repair data. • Examine the completeness of the individual estimates of liabilities for individual repair costs based on notifications to competent authorities through reviewing the consistency with minutes of meetings and approval documents related to repair costs as well as information on recalls and defects published by competent authorities.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. The responsibility includes establishment and management of internal control that the management determines to require in order to enable the preparation of consolidated financial statements that are free from material misstatement due to fraud or errors.

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over 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, 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or error, and design, and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we 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 purpose of the consolidated financial statement 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 of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, 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 responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters.

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

From the matters communicated with Audit & Supervisory Board Members and Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Satoru Imamura
Designated Engagement Partner
Certified Public Accountant

Koji Nishikawa
Designated Engagement Partner
Certified Public Accountant

Takashi Imamura
Designated Engagement Partner
Certified Public Accountant

Seimei Audit Corporation
Tokyo, Japan
25 June 2021