

Honda Report 2022

HONDA





At Honda, we believe in dreams.
Dreams that bring joy to people.
Driven by a challenging spirit,
each of us at Honda seeks to create new value
that brings dreams to life.
The smile on people's faces gives us passion
and courage to take on new challenges.
Through "The Power of Dreams,"
we will continue to share joy
with our customers and society.

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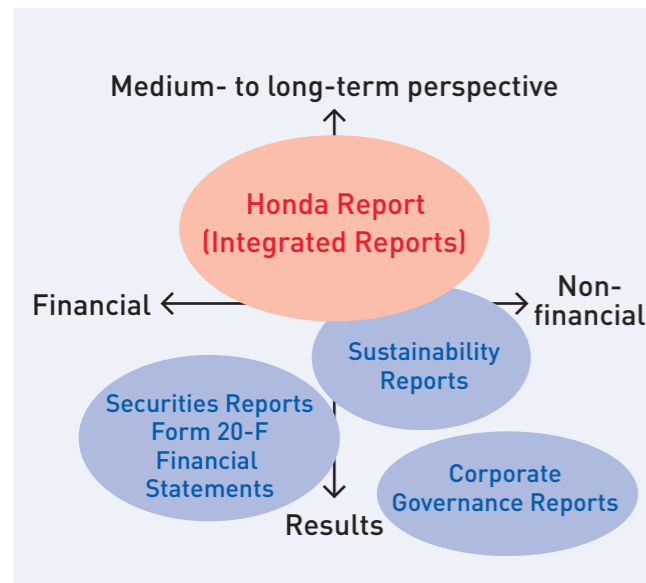
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Disclosure Material



Honda believes that promoting constructive dialogue with shareholders and investors is essential for achieving its sustained growth and increasing corporate value over the mid- to long term.

Honda strives to expand opportunities for dialogue and information disclosure with stakeholders such as institutional investors and analysts. We then appropriately feedback their opinions and requests to management in a timely manner for use in discussions to further raise corporate value.



Corporate site
<https://global.honda/about/>



Sustainability site
<https://global.honda/sustainability/>



Upon Publishing the Honda Report

Starting from this year, in addition to the Sustainability Report, Honda began publishing the Honda Report, an integrated report that is one value creation initiative for the future.

Honda seeks to evolve to continue creating new value while upholding our desire to "help people and society" and "expand people's life's potential" since its founding.

By issuing the Honda Report, we intend to facilitate an understanding among stakeholders of what Honda envisions and what we do to provide value. We will also use it as a communication tool to enhance our corporate value in a sustainable manner.

Your continued understanding and support for our activities in the future are truly appreciated.

Director, President and
 Representative Executive Officer and
 Chief Executive Officer

Toshihiro Mibe



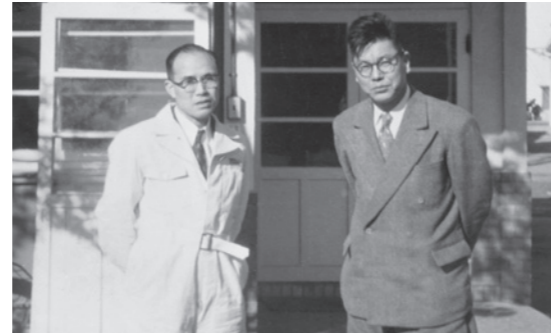
Source of Value Creation

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Honda Philosophy

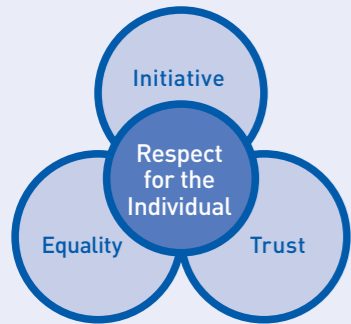
The Honda Philosophy, imbued in the Company by its founders Soichiro Honda and Takeo Fujisawa, comprises Fundamental Beliefs (Respect for the Individual and The Three Joys), the Company Principle and Management Policies.

The Honda Philosophy is not only shared by all associates, but also forms the basis for all company activities and sets the standard for the conduct and decision-making of all associates throughout the Honda Group. Driven by its dreams and reflecting its values, Honda will continue taking on challenges to share joys and excitement with customers and communities around the world to strive to become a company society wants to exist.



Fundamental Beliefs

Respect for the Individual



Initiative: Initiative means not to be bound by preconceived ideas, but think creatively and act on your own initiative and judgment, while understanding that you must take responsibility for the results of those actions.

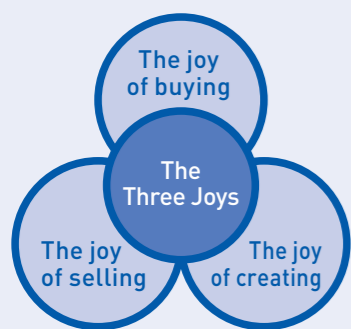
Equality: Equality means to recognize and respect individual differences in one another and treat each other fairly. Our company is committed to this principle and to creating equal opportunities for each individual. An individual's race, sex, age, religion, national origin, educational background, and social or economic status have no bearing on the individual's opportunities.

Trust: The relationship among associates at Honda should be based on mutual trust. Trust is created by recognizing each other as individuals, helping out where others are deficient, accepting help where we are deficient, sharing our knowledge, and making a sincere effort to fulfill our responsibilities.

Honda is a group of individuals who fulfill their respective roles toward realizing common goals. In the process of fulfilling these roles, each person is expected to utilize his or her unique attributes. Every achievement at Honda is the culmination of the hard work of each and every person. Therefore, each individual deserves respect for making these efforts.

Respect for the Individual must also be applied not only to the members of the Honda Group but also to our business partners and all the people and companies we work with.

The Three Joys



The joy of buying: The joy of buying is achieved through providing products and services that exceed the needs and expectations of each customer.

The joy of selling: The joy of selling occurs when those who are engaged in selling and servicing Honda products develop relationships with a customer based on mutual trust. Through this relationship, Honda associates, dealers and distributors experience pride and joy in satisfying the customer and in representing Honda to the customer.

The joy of creating: The joy of creating occurs when Honda associates and suppliers involved in the design, development, engineering and manufacturing of Honda products recognize a sense of joy in our customers and dealers. The joy of creating occurs when quality products exceed expectations and we experience pride in a job well done.

Honda's businesses enhance personal mobility and provide products with value and create employment opportunities. At the same time, however, these businesses also have a negative impact on the environment and local communities. To win the trust of society, Honda must provide products, technologies and services demanded by society while minimizing negative impacts on society.

We believe that sincerely responding to the changing demands of society based on the philosophy of "The Three Joys" will truly make Honda a company recognized and counted on by society.

Company Principle

Maintaining a global viewpoint (1), we are dedicated (4) to supplying products of the highest quality yet at a reasonable price (3) for worldwide customer satisfaction (2).

(1) Maintaining a Global Viewpoint

Honda's operations span the world. For this reason, all Honda associates must continuously improve the quality of their work with an eye toward attaining the world's highest levels while striving to provide products and services that exceed customer expectations in accordance with the different characteristics of each region of the world. The world is currently facing issues on a global scale such as environmental destruction, depletion of resources and energy, and food shortages. Honda recognizes that its own activities also have a significant negative impact on society and in response will tackle the challenge of addressing global issues.



(2) For Worldwide Customer Satisfaction

Honda's business is assured only by the existence of customers who buy our products. With this in mind, all associates at Honda must make their utmost efforts at their respective jobs to meet and exceed the expectations of all our customers throughout the world.

Besides just responding to the specific needs of our customers, we must also address changes in the times encompassing society, culture and lifestyles. We must be always ahead of the times and highly perceptive to quickly pinpoint latent customer needs.



(3) Supplying Products of the Highest Quality Yet at a Reasonable Price

The high-quality products we strive for are created through a series of corporate activities. They include carrying out the best design in terms of safety, the environment and performance; using the most appropriate raw materials; undertaking production utilizing the most productive manufacturing methods; and then carrying out sales and providing services that ensure the joy of our customers. At the same time, to realize reasonable prices, we must aim for maximum effectiveness and efficiency in all aspects of product design, manufacturing, sales and other business activities. Genuine improvements are created by discovering new ways to attain the dual imperatives of high-quality products and reasonable prices.



(4) We Are Dedicated

Honda's success is the result of all colleagues making their utmost efforts toward reaching common goals. The word "we" is used in recognition of the importance of each and every person making up our company. All Honda associates play their respective roles as they participate in corporate activities. The word "we" also expresses the idea that each person is an individual who thinks and acts independently toward the attainment of common goals. At the same time, it signifies that we are colleagues who mutually learn from and trust. "We are dedicated" will ultimately lead to the true joy of our work.



Management Policies

- Proceed always with ambition and youthfulness.
- Respect sound theory, develop fresh ideas and make the most effective use of time.
- Enjoy your work and encourage open communications.
- Strive constantly for a harmonious flow of work.
- Be ever mindful of the value of research and endeavor.

Handing Down Our Values

Values That Have Been Handed Down throughout Honda's History.



Let's Think,
"What Can I
Do for Society
and for Others?"

Honda founder Soichiro Honda urged us to think, "What can I do for society and for others?" In other words, this strong determination asks how we can keep our aspirations high and maintain a burning passion for realizing these aspirations. To be useful to society and share joy with many stakeholders, we will continue anticipating the needs of the times and contribute to advancing a mobility society leveraging our unique technologies.

Utilize Uniqueness Not Difference

Honda believes "there is no difference among people, there is only uniqueness, in the abilities of each individual." Put simply, it is more important to demonstrate the capabilities of each person than comparing the superiority of his or her strengths with those of others. To maximize capabilities as an organization, we believe that it is crucial to recognize each person's individuality and make efforts to bring out such special qualities to the fullest.



Carry Our Own Torch



Since its founding, Honda has continuously been a company which has "carried the torch with our own hands." In other words, Honda will walk its own path while exploring new paths where no person has yet set foot, opening unexplored lands overgrown with thorns, brightly burning "the torch of great ambition" and holding the torch on its own.

Take the Hardest Road

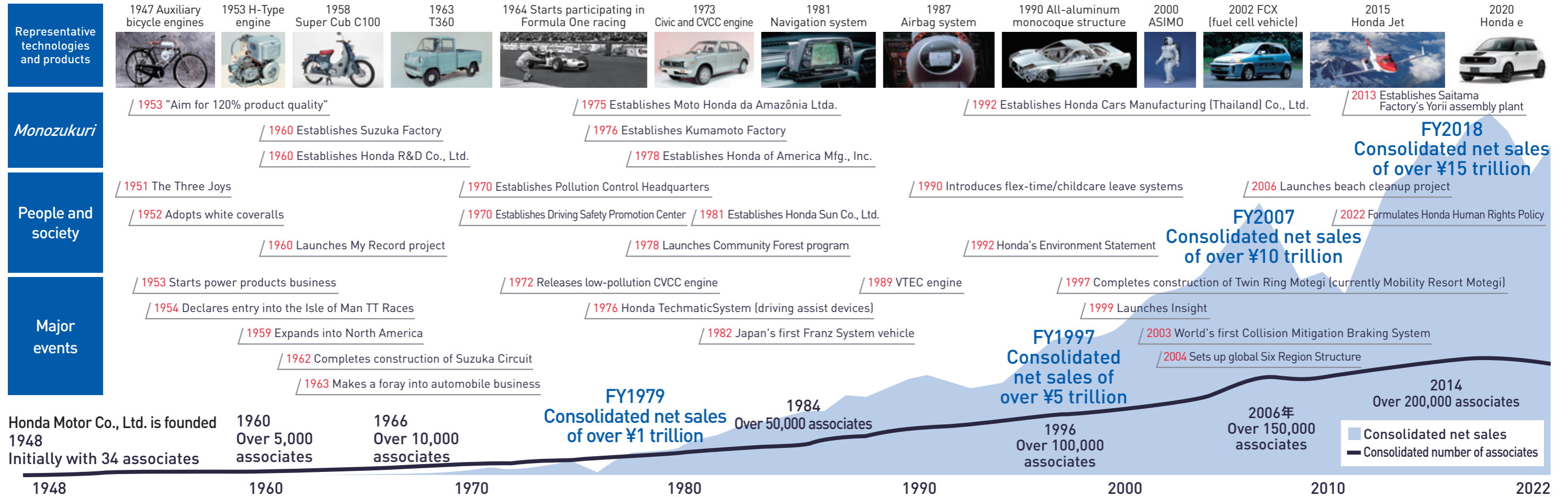


We have continued to take on challenges, no matter how difficult they may seem, to fulfill our aspirations, thinking outside the box and making the "impossible" happen.

Growth Trajectory

Using dreams as a driving force, Honda has created products that make the daily lives of people more convenient across the world by responding to the needs of each era and continuing to take on challenges in the fields of automobiles, motorcycles, power products, aircraft and robotics through innovative technologies and ideas.

- History of Challenges Honda Has Taken On to Fulfill Dreams and Respond to the Needs of the Times -



1948-1960
Founding
- "How easy would riding a bicycle be if it had an engine?" -

[Historical background]
As a nation defeated prior to the conclusion of the San Francisco Peace Treaty, Japan was still under the occupation of the Allied Forces, suffering from food shortages and starvation. Amid the traffic situation that has worsened from before the war, bicycles were a daily means of transportation for people and an instrument to carry a large amount of goods.

[Honda's initiatives]
Upon encountering the former Imperial Army's generator engines for powering wireless radios, Soichiro Honda converted them into auxiliary engines for bicycles and then launched sales. He subsequently developed and commercialized an original engine. He then pushed ahead with his ambition of giving shape to his unique ideas and creating world-first products with bold and original designs. These efforts culminated in the creation of the Super Cub motorcycle, which became a huge hit.

1960-1980
Aim to be the No. 1 in the world
- Provide joy to customers throughout the world -

[Historical background]
As motorization picked up speed across the globe, the Ministry of International Trade and Industry announced the National Car Concept in 1955, which also accelerated motorization in Japan. Nonetheless, from the standpoint of protecting industries, the country announced the Specified Industry Promotion Bill in 1961 (to limit the entry of new companies, which was defeated later). Pollution from automobile exhaust gas also emerged as a major problem. In response, the Muskie Act was passed in the United States in 1970.

[Honda's initiatives]
Under the belief that there should be free competition, Honda prepared for the enforcement of the bill by accelerating its entry into the automobile business. In 1972, Honda released the world's first low-pollution CVCC engine to fully comply with the Muskie Act, which was said to be the most stringent emission regulations at the time. Also, driven by its conviction that Honda can become No. 1 in Japan only when it becomes the best in the world, Honda bolstered its international competitiveness by establishing sales networks and production bases worldwide to create products that offer the world's top levels of performance from the customer's perspective.

1980-2000
Taking on challenges toward new technologies
- Dreams and technologies, rolling out appealing products -

[Historical background]
Electronics technologies were developed rapidly in the automobile industry from the 1970s with the worldwide advance in improvements and spread of IT and other technologies. However, this technological progress also had a downside, as underscored by such social issues as the degradation of the natural environment, traffic congestion, frequent traffic accidents and issues involving defective vehicles.

[Honda's initiatives]
Honda focused on sketching an image of automobiles that evolve in step with advances in electronics technologies, formulated an electric component strategy that anticipates the future and created new value (navigation system, etc.). While providing products equipped with features that consider social issues, such as the Franz System, Honda also actively developed products that appeal to customers by utilizing its involvement in Formula One racing, high performance and design.

2000-Present
Toward becoming a company society wants to exist
- Serve people worldwide with the "joy of expanding their life's potential" -

[Historical background]
The world became connected through the Internet while digitalization and mobilization continue to advance. Meanwhile, globalization progressed both politically and socially. There was a relative rise of emerging countries following the U.S. 9-11 terrorist attacks, the Iraq War and the collapse of Lehman Brothers. Expectations are being placed on companies to resolve environmental and social issues, including making efforts toward the SDGs.

[Honda's initiatives]
To meet the needs of customers worldwide, Honda undertook its business with the global Six Region Structure, which includes the Regional Operations in China and South America. As a frontrunner in terms of the environment and safety, Honda has offered customers worldwide products with technologies that realize low pollution, low fuel consumption and superior safety. Honda aims to further create new value during the current transformation period that occurs only once in 100 years.



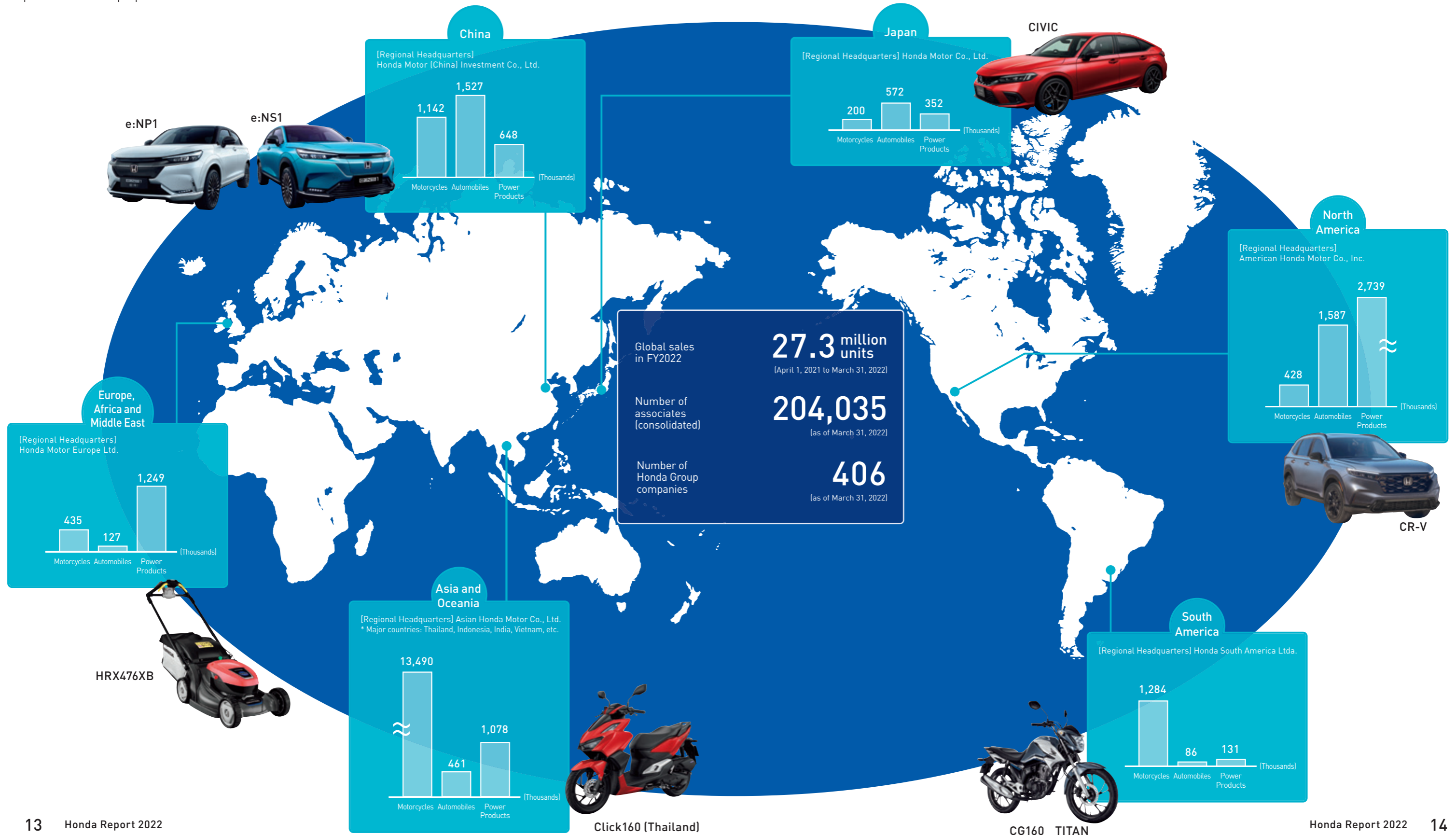
Honda's Businesses

Honda's Businesses

As a total mobility company that realizes the joy and freedom of mobility Honda undertakes creative *monozukuri* (the art of manufacturing) in the respective fields of automobiles, motorcycles, power products, aircraft, aircraft engines and robotics technology. By linking our technologies and know-how, Honda will continue to produce products beneficial to next-generation mobility that opens up future possibilities and to people's lives.

Global Development

Based on the concept that "important matters lie beyond the road of globalization," Honda has expanded overseas since commencing the export of motorcycles in the 1950s. Currently, we operate Regional Operations in the six regions of Japan, North America, South America, Asia/Oceania, Europe/Africa/Middle East and China and provide products and services to customers throughout the world.



Honda Brand

Since its founding in 1948, it has been Honda's desire to

"help people and society" and
"expand the potential of people's lives."

By offering a broad range of mobility and power units that leverage our own technologies, ideas and designs, we have been providing people with power to take action and value that contributes to the evolution of mobility and livelihoods.

Our "2030 Vision" makes the statement that Honda will

"Serve people worldwide with the
'joy of expanding their life's potential'."

While sharing this feeling,

each and every associate has been making
individual efforts to create the Honda Brand.

At the core is the Honda Philosophy.

Honda regards the basic principles of "Respect for the Individual" and "The Three Joys" as not mere words but also as something shared as the values of each person and the standards of behavior and judgment.

The accumulation of these principles is nothing less than a brand asset.

By becoming a force that supports people
who are determined to take a step forward,

Honda will continue striving to expand the potential of people's lives.

As a banner for leading these activities, we aim to strengthen the Honda Brand.





Value Creation Story

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Message from the President and CEO



Taking on the Challenge of Creating New Value with the Same Commitment as Our Founding Period

Toshihiro Mibe

Director, President and Representative Executive Officer and Chief Executive Officer

Leveraging Honda's Strengths to Lead the World

A Commitment Passed Down from Our Founding Period

Honda's origins lie in a desire to help people. Honda is a company that was established soon after the end of World War II, and even at that time, Honda had high aspirations with the world in its sights. Convinced that Honda can become No. 1 in Japan only when it becomes the best in the world, Honda competed in a field of over 2,000 motorcycle manufacturers that were larger in both capital and size at the time. With faith in our own wisdom and passion, however, we continued to grow on the strength of our unique technologies, ideas and designs. In order to be original but never self-righteous, Honda humbly researched state-of-the-art technology and management practices from that time, incorporating what was good and combining its own ideas and turning that into innovation with overwhelming speed. I think what truly reflects that attitude is accomplishments, such as being the first Japanese company to take part in the Isle of Man TT Races, then the world's most prestigious motorcycle race, soon after our founding. I think these achievements have been

Honda's strength since its founding.

An internal speech given by our founder, Soichiro Honda, has been upheld from the time when more stringent environmental regulations were to soon take effect in California. He said that it was precisely at such a time with regulations changing significantly where opportunities lie, and that if we worked together with high aspirations and diligence, a path forward would surely open up.

From society to technology and Honda's presence in the world, the surrounding environment has significantly changed; however, Honda's founding philosophy has not. In view of the advance of digital technologies, the automobile industry is in the midst of a transformation period that occurs only once in 100 years, but I believe that if we remain passionate and resolute in our efforts, the road is always open. With this belief, we have been making concerted efforts under the internal term "second foundation phase."

Honda's Second Foundation Phase — Becoming the "Power" That Supports People around the World Who Are Trying to Do Things Based on Their Own Initiative

What are our aims in this second foundation phase? Honda seeks to be a company that contributes to advances in mobility. Humanity has expanded its spheres of living through migration, and it is said that mobility is a fundamental desire etched into our DNA. Through automobiles, motorcycles, power products, aircraft and more, it could be said that Honda is a company that

has continued to enhance the value of that fundamental need to move through the evolution of mobility. More specifically, we want to help evolve mobility by providing individual people with the joy of freedom of mobility while enhancing its temporal and spatial value. Mobility also expands the potential of people's lives by forging interpersonal connections. Honda's mobility

efforts will increase the number of people who enjoy expanded potential in their lives, and by connecting with one another, they will achieve greater power and lead to the creation of

a better society. As president, I sincerely believe that Honda wants to become the "power" that supports people around the world who are trying to do things based on their own initiative.

The Environment and Safety—Contributing to a Better Society

Honda seeks to contribute to society as a company that places a priority on mobility. While mobility products and power units that drive them represent Honda's core domains, in an effort to continue doing so, I think we have to tackle the challenges of eliminating our environmental impact and achieving absolute safety. To date, Honda has taken the lead in developing environmental and safety technologies and promoting the span of safe driving to address the negative aspects of motorization, but there is still much to be done.

Achieving carbon neutrality and realizing a society with zero traffic collision fatalities are crucial social issues and must not

to be judged in terms of business feasibility. Moreover, there are limits to what Honda can do alone. It is critical to involve other companies and organizations and have initiatives permeate society as a whole, like the "SDGs Domino Effect." Instilling this awareness in all associates, we want to achieve Honda's aims of realizing the joy and freedom of mobility and serving people worldwide with the joy of expanding their life's potential together with the value of eliminating our environmental impact and achieving absolute safety. This is how we wish to contribute to the development of a better society.

The New Value Honda Provides

We recognize that a major challenge is how we should incorporate digital technologies from the perspective of enhancing the value of mobility. Conventional hardware-centric thinking is based on the idea that the value of a motorcycle or automobile is the highest when purchasing and subsequently decreases over time. In the software domain, however, the reverse can be said, where its value is expanded through version updates. By combining hardware with software, we can continue to provide value to customers over an extended product life cycle. In addition, the utilization of digital technologies holds huge hidden potential for expanding value not only by connecting mobility units with one another but also by linking them with all of society through the effects of networks, direct to consumer (D2C), matching and more. Although we have cultivated expertise as a hardware manufacturer, just like Honda in its founding period we will never be self-righteous. Instead, we will learn about the world's cutting-edge technologies and management practices, leveraging our skill in combining this insight with our own ideas to reach implementation ahead of the competition.

I am confident that Honda is a company and corporate group capable of this evolution. I think our growth story in the world of Formula One racing represents such a step. When Honda first returned to F1 racing in 2015, we got off to a rough start. The first thing I did when I took on the helm of Honda R&D Co., Ltd. was gain an accurate understanding of all the cutting-edge technologies used in F1 the same as an engineer. From there, the task was to create opportunities for members from not only the F1 team but also the aircraft and basic research teams to combine different knowledge, hold frank discussions and find solutions. The ideas that emerged from that process were put to the test very quickly, with adjustments made based on the results, speeding up the plan-do-check-act (PDCA) cycle. As a result, we ultimately managed to win the Drivers' Championship.

I believe this culture represents Honda's strength. We will take on the challenge of improving the value of mobility through advances in digital technologies in concert with the challenge of eliminating our environmental impact and achieving absolute safety, and do so in the spirit of Honda's second foundation phase.



Message from the President and CEO

A Period of Change Presenting Honda's Greatest Opportunity

This current period of change thought to come only once in a century is believed to be more advantageous to emerging forces not beholden to conventional approaches than existing automakers with past assets such as accumulated experience and expertise. Again, I regard this as a tremendous opportunity for Honda. That's because a time of change also presents a once-in-a-lifetime opportunity on a level playing field. Taking advantage of such a time to create new businesses and technologies is the path Honda followed in the past, such as when Honda produced the world's first low-pollution CVCC engine in the 1970s over major global competitors.

I started out as an engineer who worked on engine development. Every time we faced a difficulty due to changes in regulations or technologies, the mood inside the company

would shift to a positive one of "this might be a golden opportunity" or "we should take the lead in making changes," and I was there to witness many situations that led to great results. When the U.S. government was deliberating on emissions control standards, Honda lobbied to set even higher standards on the basis of its superior technologies.

Taking on the challenge to bring about change leads to new opportunities to help society and enrich people's lives. I see that as a promising opportunity for us to evolve. A spirit of continually taking on challenges is the essence of Honda and is in our DNA that has been passed down to the present. This is known as the Honda Philosophy and a belief that all associates highly value, as well as truly represents a way of life and belief for Honda.

p. 07 **Honda Philosophy**

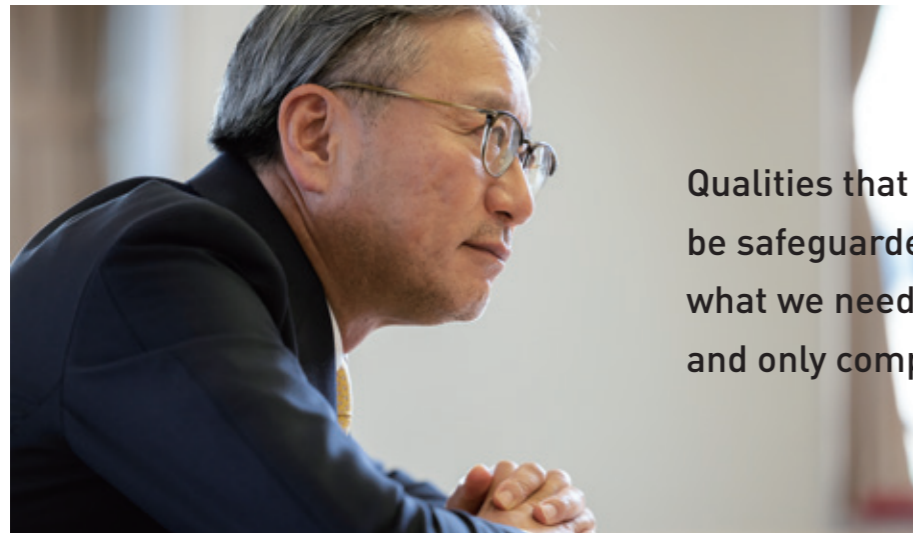
People as the Source of Value Creation

Honda Is a Company Built on People, Not Technology

I believe Honda's greatest strength lies in its people. I sometimes hear that outsiders' impression of Honda is associated with technology. Actually, we are a company founded not on our technologies but by the people who create them. I believe that the products brought to market by the people who possess Honda's qualities and put their passion and soul into ongoing challenges are accepted by customers as bearing the unique quality of Honda. When I hear comments like "this product must be good because it was created by a person exhibiting the qualities of Honda," it replaces the hard work

experienced during development with a sense of fulfillment.

While I believe this spirit of taking on challenges is the essence of Honda and in our DNA, in the process of long and steady growth and the organization swelling in size, I cannot deny that in some areas, our willingness to take on challenges has faded and we have become more defensive. Perhaps we may have been bound by past successes and held ourselves back in certain aspects. That is why I think the first order of business during this second foundation phase to newly transform is to change our mindset.



Qualities that make Honda unique should be safeguarded, and I believe these are what we need to continue being a one and only company in the world.

Leveraging the Things That Make Honda Unique

As a measure to control COVID-19 infections, we had placed restrictions on work attendance. We recently ended the practice and shifted to an in-person work style with associates coming to the office as a general rule. Honda's human resources create its technologies. Innovative technologies do not come about by simply relying on the individual ideas and expertise of associates. Honda's many hit products have originated from its unique *waigaya* brainstorming sessions, a construction of intersubjectivity generated from the resonance between strong personalities. At *waigaya* meetings, people possessing expertise gather to share their subjective views and ideas. During the product development process, I have also stayed over for several days locked in discussions. Having people with various knowledge debate with one another can arrive at the essence of an issue in depth and sometimes produces surprising ideas. As part of that process, bonds between people are forged, laying the groundwork for everyone to work toward the same goal with a sense of unity. This is a chemical reaction

that occurs when people interact face-to-face. It is also one of Honda's strengths. Honda's corporate culture cannot be adequately conveyed through training and established systems alone. Rather, our associates learn firsthand about the attitude of taking on challenges through their day-to-day work, tackling issues and engaging in regular conversation. Of course, it is imperative that systems are in place to allow diverse work styles.

The nature of a company or organization, or how it functions, may be very different from corporate management in Europe and the United States. But the qualities that make Honda unique should be carried on, and I believe these assets are what we need to continue being a one and only company in the world. As we promote reforms going forward, nurturing and acquiring human resources who exhibit those unique Honda qualities will become increasingly important. To attract and develop people from inside and outside the Company, we will clearly convey Honda's future vision.

p. 59 **Initiatives Related to Human Resources**

Toward a Future in Which People Gain Freedom with Honda Mobility

Reaching for the Dream

I can already see in my mind the world in 2050 in which Honda's dreams have come true. It is a world where mobility units emblazoned with the Honda logo come and go over land and sea, in the air and in space. It is a future in which people have gained the freedom of mobility. I believe that a future imagined by humans will always come to fruition, and Honda's mobility offerings will create free space for people and provide value that expands the time and space in which people can flourish. I envisage that this value will further unleash human potential and become a driving force that changes society.

Honda's Japanese corporate name does not include the word "automobile." Instead, it is suffixed with *Giken-kogyo*, meaning "technical research" and "industrial." This reflects founder

Soichiro Honda's desire to create technologies that will benefit people and society. That commitment is carried forward to this day, with every Honda associate making possible the freedom of technological development full of dreams and hopes for the future, from our various automobiles, motorcycles and power products to ASIMO, the Honda Jet, Honda electric vertical takeoff and landing (eVTOL) aircraft and more. Our journey of taking on the challenge of developing new technologies will never end. Join us in realizing the future of free and enjoyable mobility that we at Honda will create.

p. 29 **Honda's Vision**

Value Creation Process

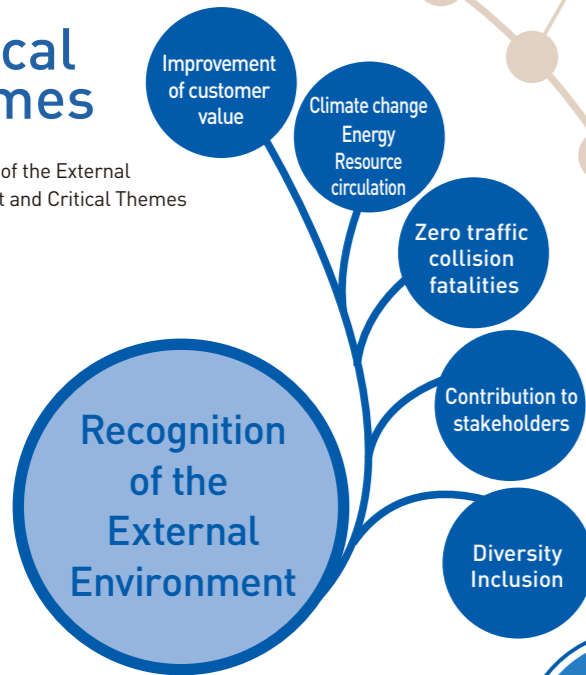
Source of Value Creation

Chapter 1 Honda Philosophy (⇒ p. 07)



Critical Themes

Chapter 2
Recognition of the External Environment and Critical Themes (⇒ p. 25)



Chapter 2
Resource Investment (⇒ p. 27)

Resource Investment

Financial capital

- Net cash
- Total capital
- Interest-bearing debt
- Research and development expenses

Intellectual capital

- Number of patents held in Japan
- Research and development expenses/investments

Manufacturing capital

- Quality management system
- Quality management education

Human capital

- Organizational culture that allows associates to demonstrate their creativity
- Human resources with a strong will
- Number of associates

Social and relationship capital

- Honda brand built to date
- Relationships of trust with Honda fans
- Partnerships for new value creation

Natural capital

- Energy input
- Resource input

Business Model

Improve the quality of value Honda provides

Portfolio transformation

Generating resources by strengthening the business structure

Chapter 3 Message from the CFO (⇒ p. 39)

Zero impact on the global environment

Zero traffic collision fatalities

New value creation

- Combined solutions
- Expanding into new areas

Chapter 3 Corporate Strategy (⇒ p. 32)

Honda's Vision

Chapter 2 Honda's Vision (⇒ p. 29)

Direction in the 21st century
Toward becoming a company society wants to exist

2030 Vision
Serve people worldwide with the "joy of expanding their life's potential"

Creating the Joys

Expanding the Joys

Ensuring the Joys for the Next Generation

Improve Quality of Initiatives

Increase added value toward maximizing the joy for customers

Raise brand value

Overwhelming No. 1 in customer service

Quality of associate workstyles

Value provided to society

Aim to vitalize organizations and people

Sophistication of sustainable management

Quality of business(efficiency)

Strengthen sources of new value creation

Chapter 4
Initiatives to Support Value Creation (⇒ p. 53)

Company-wide management targets

Climate change
Energy Resource circulation

Ratio of electrified products
CO₂ emissions (company-wide)

Zero traffic collision fatalities

Number of traffic collision fatalities

Corporate strengths

SRI indexes
Associate engagement
ROS

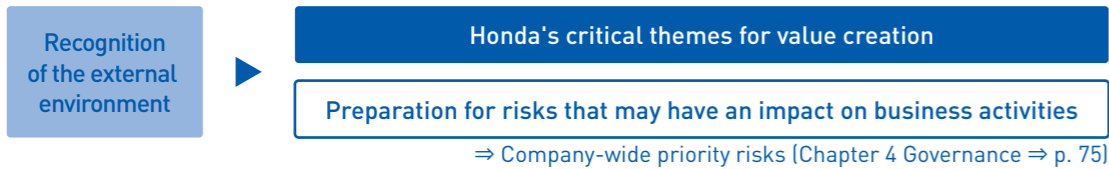
Governance

Chapter 4 Governance (⇒ p. 67)

Shareholder return

Recognition of the External Environment and Critical Themes

Honda has established as "critical themes" issues we should address toward realizing what we envision and has been working to address these issues. Upon recognizing the external environment, we have identified "critical themes" from the dual perspectives of Honda and our stakeholders. Such critical themes are reflected in corporate strategy and incorporated in strategy for each Business Operation. Also, Honda has specified company-wide priority risks that may have an impact on our business activities and is taking measures to prepare for these risks.



Recognition of the External Environment

Macroenvironment

Environmental issues
Stronger international response is demanded, as exemplified by the agreement to aim for the 1.5°C target at the 26th Conference of the Parties (COP26).



SDGs/ESG
As expectations rise for realizing a sustainable society, it is required to resolve various social issues such as diversity and inclusion in addition to environmental issues.



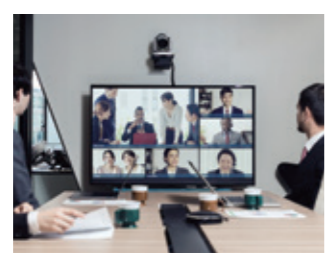
Stakeholder capitalism
Proactive relationship building with all stakeholders involved in corporate activities is essential not only in terms of financial interest but also for addressing long-term social issues.



Diversification of values
People's sense of values is diversifying in step with changes in lifestyles triggered by accelerating digitization.



COVID-19
Society is dramatically changing, such as widening inequity brought by changes in the daily living environment and customs as well as a combination of real and online environments to live in a world with COVID-19.



Geopolitics
With the world increasingly divided, there is a rising need for countermeasures to various risks throughout the supply chain such as an impact on the procurement of energy and raw materials.



Automobile industry

CASE revolution
Through innovations in connected, autonomous, shared & services and electric (CASE) technologies, the automobile industry has entered a transformation period that occurs only once in a century. Following changes in the existing value chain structure, new non-asset-type players and players from different industries are entering the market at an accelerated pace, and it is expected to provide new added value such as products and services that combine hardware and software.



Process for Determining Critical Themes

We specify critical themes after discussions by management upon evaluating importance based on what Honda envisions, such as the Honda Philosophy and the 2030 Vision, as well as the opinions and expectations obtained through dialogue with external stakeholders. Such critical themes are reflected in corporate strategy

and incorporated in strategy for each Business Operation. At the same time, the progress and results of initiatives are shared with management, which leads to further improvements and new initiatives.

Honda's Initiatives and Critical Themes toward Value Creation

Critical themes	Directions of approaches and initiatives	Contribution to SDGs	Related section
Improvement of customer value	Aiming to the "power" that supports people around the world who are trying to do things based on their own initiative and the company to help people reach out to achieve their potential, Honda will provide a variety of new services and value to customers through products that combine hardware with software.	8, 9, 11	Chapter 2 "Message from the President and CEO" (=> p. 19) Chapter 3 "Corporate Strategy" (=> p. 32) Chapter 3 "Automobiles Business" (=> p. 43) Chapter 3 "Motorcycles Business" (=> p. 47) Chapter 3 "Power Products Business" (=> p. 51)
Climate change Energy Resource circulation	To continue to be a company society wants to exist globally, Honda works comprehensively to preserve the global environment. We aim to realize Zero impact on the global environment throughout the product life cycle by 2050 through expanding the sales of electrified products based on the three pillars "carbon neutrality," "clean energy" and "resource circulation."	2, 3, 7, 11, 13	Chapter 3 "Corporate Strategy" (=> p. 32) Chapter 3 "Automobiles Business" (=> p. 43) Chapter 3 "Motorcycles Business" (=> p. 47) Chapter 3 "Power Products Business" (=> p. 51) Chapter 4 "Environment - Disclosure of Information Based on the TCFD Recommendations" (=> p. 55)
Zero traffic collision fatalities	Based on the mission to ensure the safety of all people living in a mobility society, Honda will strive for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050 by advancing future safety technologies and expanding safety education.	3, 11	Chapter 3 "Corporate Strategy" (=> p. 32) Chapter 3 "Automobiles Business" (=> p. 43) Chapter 3 "Motorcycles Business" (=> p. 47)
Contribution to stakeholders	Based on the belief that "contributing to the world through resolving social issues will ultimately lead to the creation of economic value," Honda will provide solutions matched to diverse social characteristics and individual needs to enrich lives.	1, 4, 8, 13, 16	Chapter 3 "Corporate Strategy" (=> p. 32) Chapter 3 "Automobiles Business" (=> p. 43) Chapter 3 "Motorcycles Business" (=> p. 47) Chapter 3 "Power Products Business" (=> p. 51)
Diversity Inclusion	Upholding the Honda philosophy of the Fundamental Beliefs of "Respect for the Individual," Honda will strive to prevent human rights infringement. We will also strengthen efforts toward expanding the roles of women while instilling an understanding of LGBT issues based on the concept that the fusion of diverse values will inspire new innovations.	4, 5, 8, 10, 16	Chapter 4 "Initiatives Related to Human Resources" (=> p. 59)

Resource Investment

Honda aims to realize its 2030 Vision and leverage the unique strengths it has built to date while investing capital as follows to further raise corporate value.

	Honda's Strengths	Resource Investments for Long-Term Value Creation
Financial Capital	<p>Strong Financial Base</p> <p>Honda has a solid profit structure and a strong financial foundation built through efforts to strengthen the business structure that include automobiles, motorcycles and power products. Moreover, Honda is able to efficiently and effectively invest resources by utilizing diverse types of fundraising.</p>	<p>Financial foundation at the end of FY2022</p> <ul style="list-style-type: none"> • Net cash (excluding financial business)Approx. ¥2.4 trillion • Total capital.....Approx. ¥11 trillion • Interest-bearing debt (excluding financial business)Approx. ¥0.8 trillion *Includes US\$2.75 billion in Green Bond issuance • Research and development expenses for the next 10 years.....Approx. ¥8 trillion
Intellectual Capital	<p>Unique Intellectual Property and Intangible Assets</p> <p>We strive to create unique intellectual property and intangible assets by taking on the challenge of expanding the joys of our customers. We leverage intellectual property and intangible assets created through the process of utilizing intellectual capital in our business activities.</p>	<ul style="list-style-type: none"> • Number of patents held worldwide (as of March 31, 2022).....Over 43,000 patents • Research and development expenses / investments for the next 10 years: Area of electrification / software technologiesApprox. ¥5 trillion Preparations for new growth.....Approx. ¥1 trillion
Manufacturing Capital	<p>A System That Achieves Unparalleled High Quality</p> <p>We have established and globally deployed the Honda Quality Cycle, which is Honda's proprietary know-how for continuously improving quality at each stage from planning and development to production, sales and services.</p>	<ul style="list-style-type: none"> • Globally standardized quality management system • Thoroughgoing quality management education
Human Capital	<p>Free and Distinctive Human Resources</p> <p>Honda believes that humans are free and distinctive beings who can think and create to realize their dreams and hopes. Such strong individuals possessing an intrinsic desire will create authentic value by mutually resonating while sometimes facing differences in opinion to overcome difficulties. This is the essence of Honda's strength.</p>	<ul style="list-style-type: none"> • An organizational culture that allows associates to fully demonstrate their abilities, characteristics and creativity through independence, equality and trust • Human resources with a strong intrinsic will for what they want to be or do • Number of associates (consolidated) 204,035 (as of March 31, 2022)
Social and Relationship Capital	<p>Relationship of Trust with Stakeholders</p> <p>Through the Honda brand that embodies the ideas of "helping people and society" and "expanding the potential of people's lives," Honda strives to link the desire of each and every stakeholder to joy. This approach has enabled us to grow into a company trusted by customers and business partners the world over.</p>	<ul style="list-style-type: none"> • Honda brand built to date • Relationships of trust with Honda fans • Partnerships for new value creation
Natural Capital	<p>Coexistence and Co-Prosperity with the Environment</p> <p>Since its founding, Honda has been continuously committed to ensuring coexistence with the environment. Honda boasts a long history of developing environmentally conscious products and technologies. Honda has achieved growth while always striving for coexistence with the environment, as exemplified by such products as low-pollution CVCC engines.</p>	<p>End of FY2022</p> <ul style="list-style-type: none"> • Energy input Direct*1: 20,400 TJ Indirect*2: 24,100 TJ • Resource input Water intake: 32,500 km³ <p>*1 Amount of fuel consumed at Honda's own site and energy input from renewable energy generation at own site *2 Amount of energy input from electricity, heat and steam purchased from other companies</p>

Initiatives for Realizing the Vision
<p>Sustained improvements in corporate value</p> <p>Honda carries out resource management that supports the transformation of its business portfolio to raise future corporate value. To this end, we strive to strengthen management that gives consideration to capital cost utilizing return on invested capital (ROIC). Additionally, Honda believes it is important to ensure a correct understanding of the direction of management and gain the empathy of stakeholders. As such, we continuously promote constructive dialogue with stakeholders. Chapter 3 "Message from the CFO" (⇒ p. 39)</p>
<p>Strengthen competitiveness in new value creation</p> <p>Through the intellectual capital investment cycle, we will strengthen our competitiveness in new value creation by realizing carbon neutrality, achieving zero traffic collision fatalities and expanding our patent portfolio in new growth areas. Chapter 4 "Initiatives for Intellectual Capital" (⇒ p. 63)</p>
<p>Further raise quality</p> <p>Utilizing the know-how cultivated through the Honda Quality Cycle, we will work to raise the quality of services, including in new areas. Chapter 4 "Initiatives Related to Quality" (⇒ p. 65)</p>
<p>Promotion of human resources strategy</p> <p>To ensure that Honda continues to provide products and services that exceed the expectations of customers and society, we will implement a comprehensive human resources strategy to encourage, support and boost the growth of highly motivated associates. We will also promote comprehensive human resources and organizational strategies to encourage and support the growth of motivated associates and provide them with the incentive to thrive at Honda. Chapter 4 "Initiatives Related to Human Resources" (⇒ p. 59)</p>
<p>New value creation through collaboration and taking on the challenge in new areas</p> <p>Honda will continue to increase the number of partners who share its commitments and work for new value creation through collaboration. We will also aim for additional joys by increasing the value we provide by expanding our business into new areas. Chapter 4 "Supply Chain Management" (⇒ p. 66)</p>
<p>Promotion of Triple Action to ZERO</p> <p>We are committed to the Triple Action to ZERO concept and will proactively take on the challenge of creating new solutions to realize long-term coexistence and co-prosperity with society. Chapter 3 "Corporate Strategy - Environment" (⇒ p. 33) Chapter 4 "Environment - Disclosure of Information Based on the TCFD Recommendations" (⇒ p. 55)</p>

Improving the Quality of Value Honda Provides
<p>Zero impact on the global environment</p> <p>Zero traffic collision fatalities</p> <p>New value creation</p> <p>Strengthening business structure</p>
<p>Improve Quality of Initiatives</p> <p>Increase added value toward maximizing the joy for customers</p> <p>Raise brand value</p> <p>Overwhelming No. 1 in customer service</p> <p>Quality of associate workstyles</p> <p>Aim to vitalize organizations and people</p> <p>Value provided to society</p> <p>Sophistication of sustainable management</p> <p>Quality of business [efficiency]</p> <p>Strengthen sources of new value creation</p>

Chapter 3 "Corporate Strategy" (⇒ p. 32)

Chapter 4 "Initiatives to Support Value Creation" (⇒ p. 53)

Honda's Vision

Honda has formulated the 2030 Vision as its ideal image for the future. Even amid a rapidly changing business environment, Honda believes it must establish its next direction in the form of a vision for the society Honda aims to realize. The 2030 Vision embodies an ideal image of what Honda wants to be in the year 2030 so that it can continue being a company society wants to exist in 2050, when the Company will have marked more than 100 years since its founding. In formulating the vision, Honda considered two perspectives: forecasting, or looking ahead to the future from the present point in time, and backcasting, or looking back from 2050 to the present. The 2030 Vision makes the statement, "Serve people worldwide with the 'joy of expanding their life's potential'—Lead the advancement of mobility and enable people everywhere in the world to improve their daily lives—." To attain this Vision, Honda set the direction of its specific initiatives from three perspectives as action guidelines for the 21st century: "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation."

From the first perspective of "Creating the Joys," Honda will work on "creating value for 'mobility' and 'daily lives'." The Company will focus on three areas, namely mobility, robotics and energy, as it seeks to provide people with the "joy and freedom of mobility" and "joy of making their lives better."

From the second perspective of "Expanding the Joys," Honda will strive to "accommodate the different characteristics of people and society."

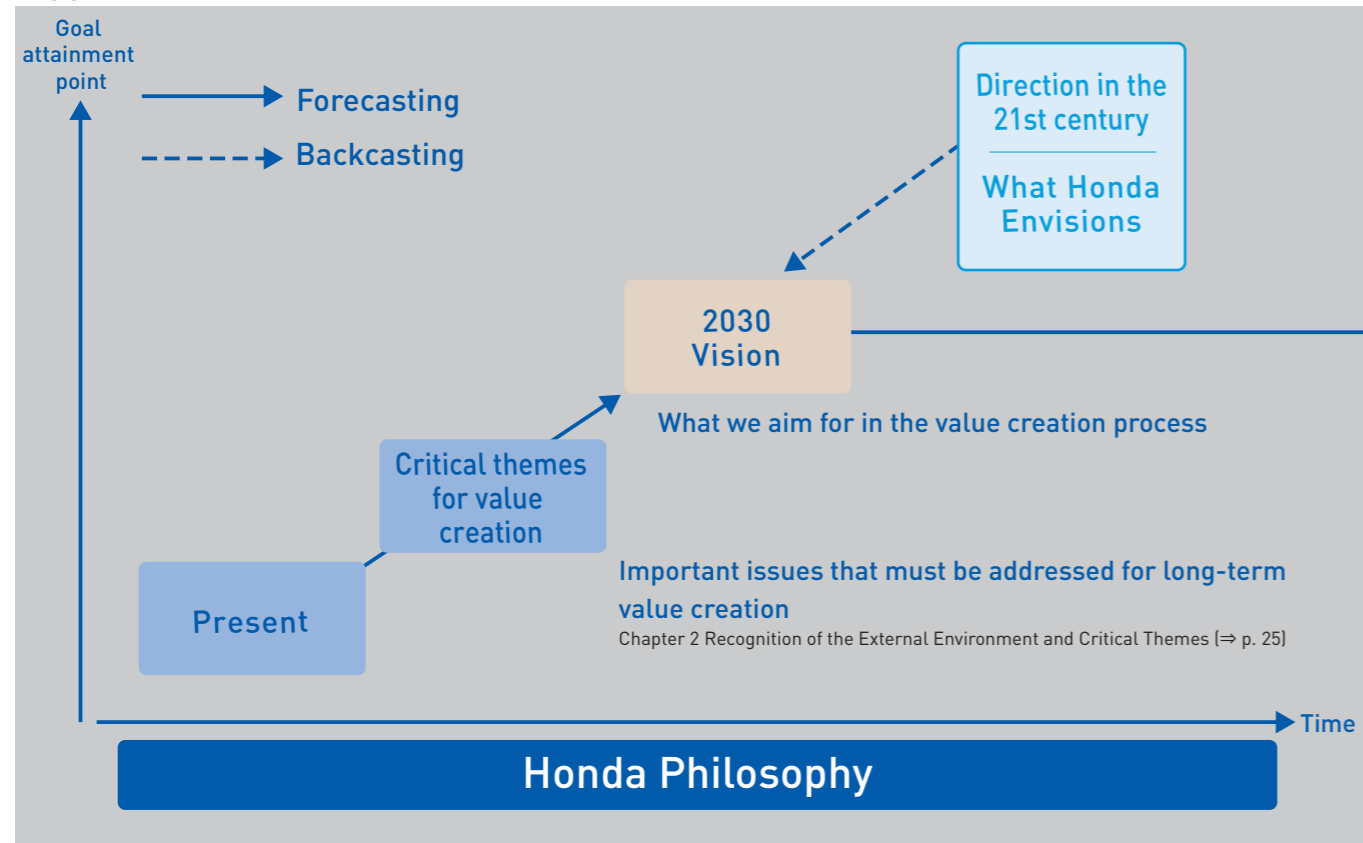
In this area, we will seek to further expand joy by offering products and services that are optimized for all people reflecting different cultures and values and diverse societies, irrespective of whether they are in developed or developing nations.

From the third perspective of "Ensuring the Joys for the Next Generation," "we will make progress" toward a clean and safe/secure society." Striving to become No. 1 in the areas of the environment and safety, Honda will invest more resources in these areas and will strive to become a company that leads efforts to realize a carbon-free and collision-free mobile society.

In this Vision, Honda has returned to its universal passion and made a major shift in its direction from quantity to quality. This is how we have set our corporate attitude to realize "growth through the pursuit of quality." We will aim to expand the circle of joy and let the Honda brand shine even brighter through the steadfast pursuit of the "quality of value Honda provides" and "quality of its initiatives."

To realize this Vision, we will make effective use of limited corporate resources to transform and evolve existing businesses and create new value.

Approach to Achieve What Honda Envisions



Direction for the 21st century "Company society wants to exist"



2030 Vision

Serve people worldwide with the "joy of expanding their life's potential"

- Lead the advancement of mobility and enable people everywhere in the world to improve their daily lives -

Growth through the pursuit of quality

- 〈Creating the Joys〉
Creating value for "mobility" and "daily lives"

 - Provide people with the joy and freedom of mobility
 - Provide people with the joy of making their lives better

- 〈Expanding the Joys〉
Accommodate the different characteristics of people and society

 - Provide the ideal products and services that fulfill societies' expectations and meet individual needs

- 〈Ensuring the Joys for the Next Generation〉
Toward a clean and safe/secure society

 - Lead efforts to realize a carbon-free society
 - Lead efforts to realize a collision-free mobile society

Business viewpoint to focus on: **Effective utilization of corporate resources**



Value Creation Strategy

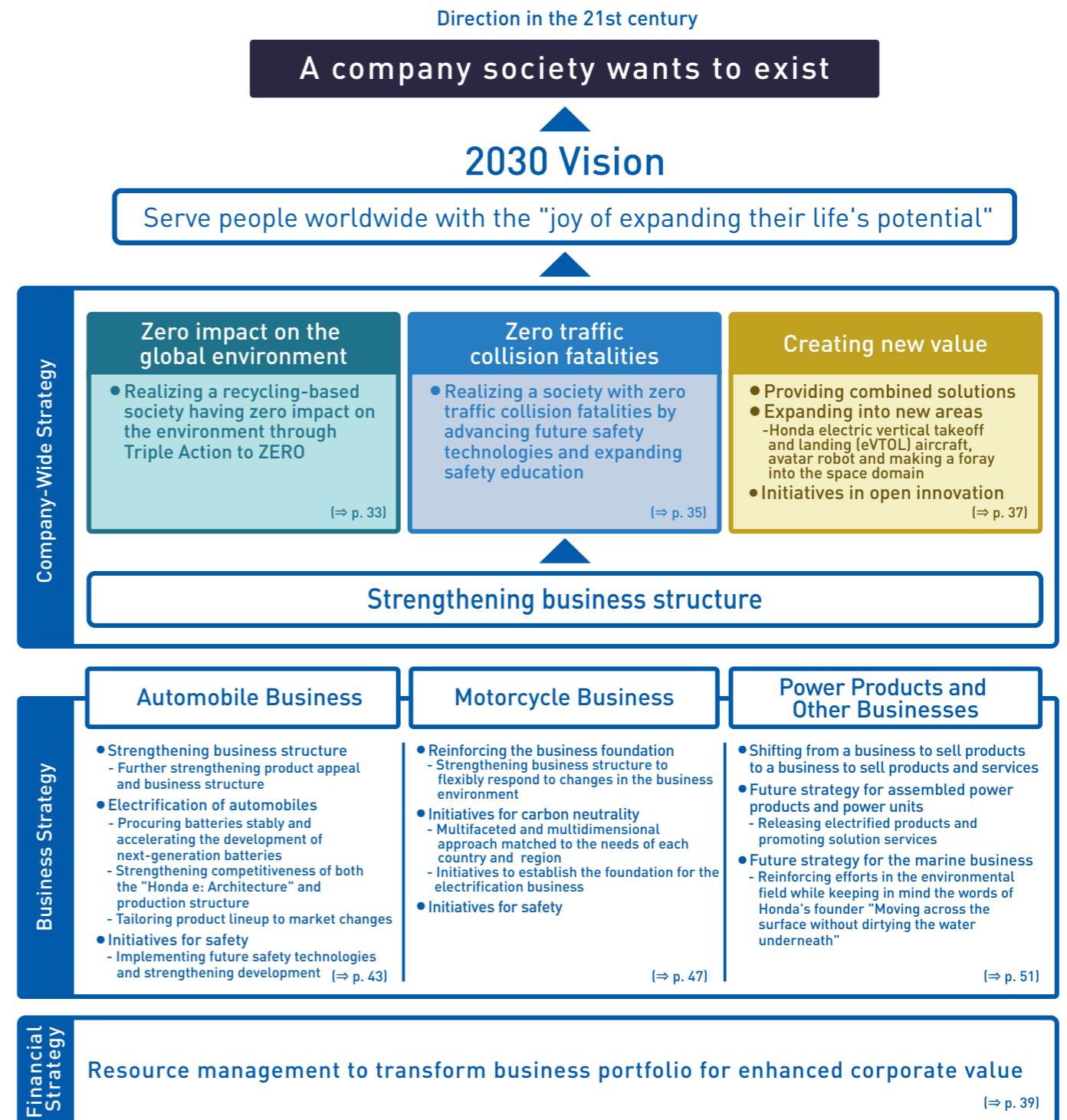
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Corporate Strategy

Toward Achieving Honda's Visions

With a Focus on the Environment and Safety and Creating New Value

To remain a company society wants to exist, Honda is undertaking corporate activities to "Serve people worldwide with the 'joy of expanding their life's potential'," as stated in its 2030 Vision. As the world's largest power unit manufacturer with annual sales of approximately 30 million units, Honda has been fully focusing on the environment and safety, and for the creation of new value, making company-wide efforts to expand its combined solutions business while taking on challenges in new areas. We will also strengthen our business structure further to generate the investment resources needed for the transformation of our business portfolio.

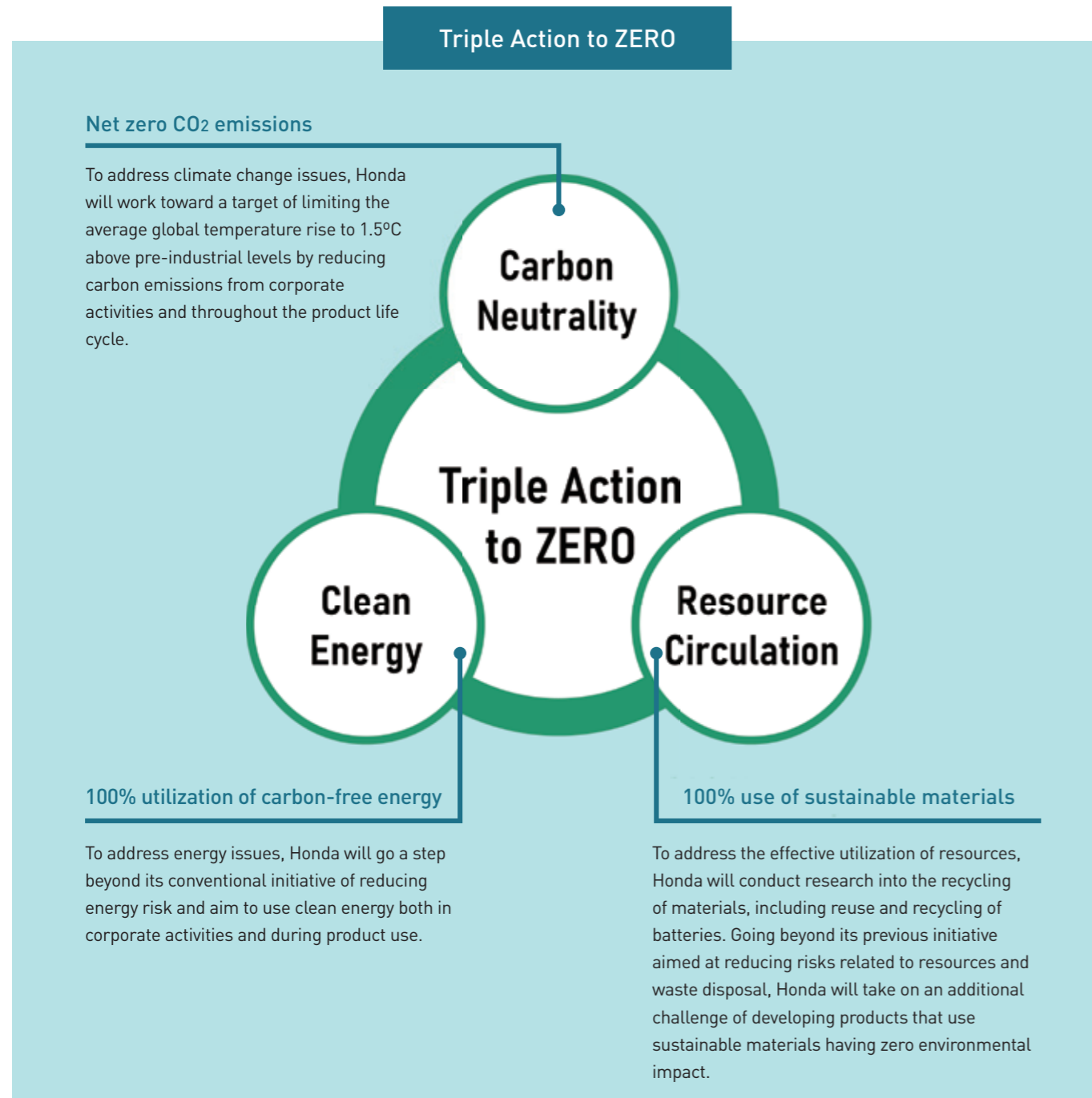


Corporate Strategy – Environment

Initiative toward Zero Impact on the Global Environment

Triple Action to ZERO

Honda will strive for zero environmental impact of not only its products but the entire product life cycle, including its corporate activities, by 2050, focusing on the three-pillars of "carbon neutrality," "clean energy" and "resource circulation" (Triple Action to ZERO). Through this initiative, Honda aims to curb the consumption of natural resources to the extent possible and realize a recycling-based society having zero impact on the environment.



Toward Achieving Triple Action to ZERO

To realize a recycling-based society with zero environmental impact, Honda aims to achieve carbon neutrality for all products and corporate activities Honda is involved in by 2050. In order to make steady progress toward that goal, Honda has defined phased targets for total CO₂ emissions from corporate activities and for ratios of electrified products in overall global product sales, will accelerate efforts accordingly.

Targets		2021 results	2030 targets	State envisioned for 2050
Total CO ₂ emissions from corporate activities (compared to 2019)		-18%	-46%	Net zero CO ₂ emissions
Sales ratio of electrified products	Motorcycles	0.01%	15%	
	Automobiles	0.37%	30%	
	Power products	0.52%	36%	

Toward Reducing CO₂ Emissions from Corporate Activities

As a response to climate change and energy issues, Honda will reduce total CO₂ emissions from corporate activities. Specific efforts that will be promoted toward the 2030 target are improving production efficiency, implementing energy-saving measures, shifting to low-carbon energy and using renewable energy. In particular, when building or renovating plants, we will aggressively introduce the latest energy-saving technologies and know-how to reduce both energy consumption and CO₂ emissions. Additionally, we also plan to achieve 100% use of carbon-free electricity at our production bases. Honda intends to ultimately achieve net zero CO₂ emissions by 2050 by proactively utilizing clean energy.

Toward Reducing CO₂ Emissions of Products

In the area of products, Honda will reduce CO₂ emissions from product use by adopting electrification and other innovative environmental technologies, diversifying energy sources and conducting total energy management. In particular, we have been accelerating product electrification while setting the 2030 target sales ratios of electrified products for respective businesses and expanding and enhancing their lineup. By doing so, Honda has been helping to resolve social issues and striving to expand business opportunities. As for achieving net zero CO₂ emissions, we will work to increase the ratio of electric vehicles (EVs) and fuel cell vehicles (FCVs) within overall unit sales to 100% globally by 2040. The goal is to make all new automobiles to be released in 2040 carbon-free and achieve carbon neutrality throughout the product life cycle by 2050. In addition to climate change issues, Honda believes product electrification will also be helpful in dealing with air pollution and for preserving clean air, as electrified products emit cleaner exhaust.

Efficient Utilization of Resources for Realizing a Circular Economy Society

As for efficient utilization of resources, Honda is proactively promoting 3R (reduce/reuse/recycle) activities while giving consideration to risks of resource depletion and environmental contamination caused by waste disposal.

To reduce waste generated from corporate activities, Honda has set the goal of reducing the total waste generation by 14.5% as compared to business as usual (BAU*) in all corporate activities in FY2031. For water resources as well, Honda is giving consideration to water supply risk that affects its businesses and depletion risk that impacts local communities. Honda has thus established the target of reducing total industrial water intake by 14.5% as compared to BAU in all corporate activities in FY2031.

As for resource circulation of products, Honda has been carrying out research on reuse schemes and technologies, as well as recycled materials (biomass materials), for all parts and materials used in each product. At the same time, we have set an internal milestone for achieving 100% use of sustainable materials by 2050 and already initiated related efforts toward that goal. We will also take on the challenge of building a new recycling-based value chain by setting up an appropriate schemes transcending industrial borders.

*Business as usual: Production volume that varies depending on the production plan

Establishing a Circular Economy Society by Utilizing Resources Even More Efficiently

Honda recognizes that in order to achieve Triple Action to ZERO, it is essential to integrate efforts to reduce CO₂ emissions and those to circulate resources from the viewpoint of the product life cycle. As such, we will promote life cycle assessment (LCA), which calculates total CO₂ emissions from all domains of corporate activities and life cycle CO₂ emissions spanning from the procurement of raw materials to product disposal and visualizes the effects of CO₂ reduction efforts, and utilize the process broadly in reducing environmental impact.

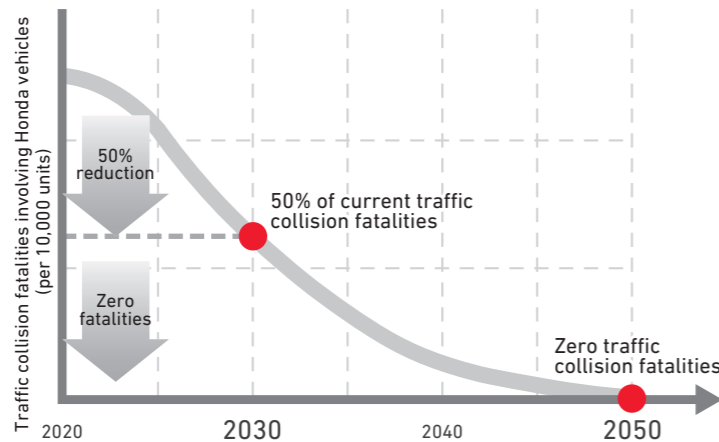
Corporate Strategy – Safety

Initiatives for Zero Traffic Collision Fatalities

Reducing Traffic Collision Fatalities by Half by 2030 and to Zero by 2050

In April 2021, Honda announced that it "will strive for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050." In achieving this goal, Honda has also set a milestone of reducing global traffic collision fatalities involving Honda motorcycles and automobiles by half globally by 2030. This applies not just to new models but also to Honda motorcycles and automobiles already on the market.

Scenario for Zero Traffic Collision Fatalities by 2050



For achieving zero traffic collision in developed countries

Honda will apply the Honda SENSING 360 omni-directional safety and driver-assistance system and technologies for pedestrian protection, enhanced collision mitigation and advanced, automatic reporting system of collisions (including those involving pedestrians), which fully cover fatal collision situations, to all automobile models to be released in developed countries by 2030.

For achieving zero traffic collision fatalities in emerging countries

In emerging countries, Honda will install safety technologies applicable to both motorcycles and automobiles in all models while simultaneously seeking to provide to all people opportunities to receive safe riding education. As for safety technologies for motorcycles, Honda will equip more models with its advanced braking system and headlights that provide better visibility to other road users. Moreover, we installed Honda SENSING capable of detecting motorcycles to the VEZEL released in 2021 and will progressively expand its use in subsequent models. This is one of the Safety for Everyone technologies that make the most effective use of Honda's characteristics of manufacturing both motorcycles and automobiles.

For achieving zero traffic collision fatalities globally by 2050

Honda will strive for achieving "zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050" by leveraging two technologies. One is the Intelligent Driver-Assistive Technology, which is the world's first AI-based technology providing assistance that is suited to the ability and situation of each individual to reduce driving errors and risks, helping the driver achieve safe and sound driving. The other is the Safe and Sound Network Technology that connects all road users, both people and mobility products, through telecommunications, making it possible to predict potential risks and help people avoid such risks before collisions actually occur.

Intelligent Driver-Assistive Technology Eliminating Human Errors When Driving

With the goal to unravel the underlying causes of driving errors that make the driver feel anxious, Honda has been conducting research and development of "technologies to understand people" with an original method that utilizes fMRI*. In addition to technologies to understand human behavior and conditions, which Honda has amassed to date, the Intelligent Driver-Assistive Technology uses, for the first time in the world, advanced driver-assistance system (ADAS) sensors and cameras to recognize potential risks in the vehicle's surroundings, which enables AI to detect driving risks. At the same time, AI will determine optimal driving behavior on a real-time basis and offer assistance suited to the cognitive state and traffic situations of each

individual driver.

With the next-generation driver-assistive functions currently under research and development, Honda will strive to offer the new value of "error-free" safety and peace of mind which are suited to the driving behavior and situation of each individual driver and keep them away from any potential risks. Moving ahead, we will continue our development efforts to further evolve the Intelligent Driver-Assistive Technology, aiming to establish relevant elemental technologies in the first half of the 2020s and put this into practical use in the second half.

*Functional magnetic resonance imaging [one of the methods to obtain images of brain's functioning areas based on changes in blood flow]

Intelligent Driver-Assistive Technology (Human x AI)

Three values Honda will offer with its next-generation driver-assistive technology

<p>No driving operation errors</p> <p>- Operational assist - Vehicle offers AI-based assist to reduce drifting and prevent a delay in operations.</p>	<p>No oversight/ No prediction errors</p> <p>- Cognitive assist - Vehicle communicates risks with visual, tactile and auditory sensations.</p>	<p>No errors due to daydreaming and careless driving</p> <p>- Attentiveness assist - Vehicle helps reduce driver fatigue/drowsiness.</p> <p>Vibration stimulus</p>
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Next-generation driver-assistive technologies (under R&D)

AI to recognize risks 	AI to understand driver's conditions 	Risk indicator
3D audio 	Seatbelt control 	Bio feedback

Safe and Sound Network Technology Connecting All Road Users

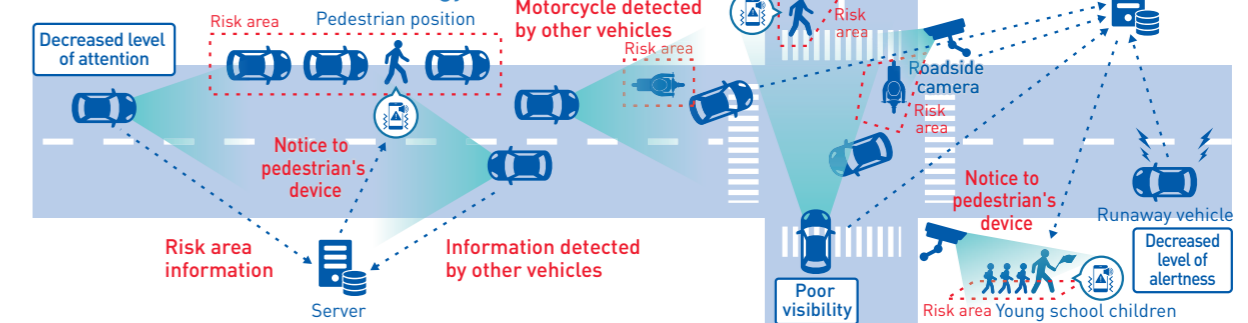
As an effort to realize a collision-free traffic society for all road users, Honda is striving to create a "cooperative safety society" where utilization of telecommunication technologies will enable everyone sharing the road to be connected and coexist.

With the Safe and Sound Network Technology, potential risks in the traffic environment will be detected based on information obtained from roadside cameras, on-board cameras and mobile phones. The information will be aggregated in the server to reproduce that traffic environment in the virtual space. In that virtual space, in consideration of the conditions and characteristics of each individual road user, the system predicts and simulates the behaviors of road users at high risk of a collision. Then, the system derives the most appropriate

support information to help the road users avoid risks. Such support information will be communicated intuitively to automobile drivers, motorcycle riders and pedestrians through "cooperative risk human-machine interface (HMI)," which will make it possible for the system to encourage road users to take action to avoid a collision before it happens.

Aiming for real-world implementation of this technology after 2030, Honda will build the system and complete verification of its effectiveness in the first half of the 2020s, then accelerate industry-wide and public-private collaboration with an aim to standardize the technology in the second half of the 2020s.

Safe and Sound Network Technology (Human x AI x Connected Technology)



Corporate Strategy – Creating New Value

Creating New Value

Providing Combined Solutions

Honda aims to offer greater value not only with each of its products, but also by linking various products to realize connectivity beyond product domains. Because technologies and a framework to regard electrified and other products as "terminals" and connect energy and information stored in each product with the users and society will be the key to achieving this goal, we will work on the establishment of a cross-domain connected platform and create value. In the areas of electrification

technologies, including batteries, as well as software and connected technologies, we aim to accelerate development in the future and will make efforts to enhance our development capabilities, which will include strengthening recruitment from outside Honda. Also, in these areas, Honda will proactively pursue partnerships that generate synergy between Honda and the other parties, such as inter-industry collaboration and alliances as well as investments in venture companies.

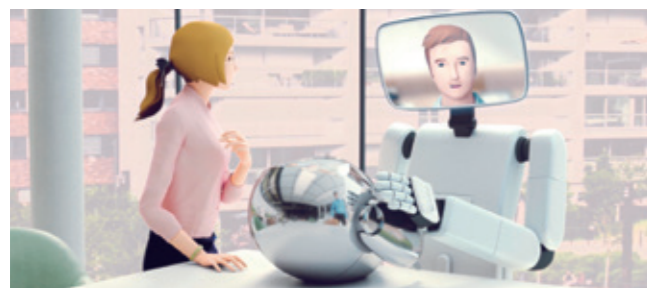
Connected platform



Expanding into New Areas

Since 2020, Honda R&D Co., Ltd. has become specialized in the research of future technologies. In addition to its advanced technologies aimed at realizing a zero environmental impact society and a collision-free society, Honda R&D is making progress with research on technologies which will expand mobility into the 3rd and 4th dimensions, into the skies, the ocean, outer space and the area of robotics.

Three specific research themes, namely Honda eVTOL, Honda



Honda avatar robot

Avatar Robot and taking on a challenge in the space domain, all derive technologies from Honda's existing businesses at their core. Thus, we are tackling these themes, believing they are an extension of Honda's core businesses as a mobility company. Looking ahead, we will steadily secure resources for conducting research on future and advanced technologies and strengthen our unique and original technology development.



Honda eVTOL

Initiatives in Open Innovation

Honda R&D Co., Ltd., a research and development subsidiary of Honda, established Honda Research Institute (HRI) in 2003. The purpose of the institute is to evolve cutting-edge intelligence research, which explores the fields of brain research and visual/aural recognition in addition to traditional mechanical engineering. With bases in Frankfurt in Germany, Silicon Valley and Columbus in the United States and Wako City in Saitama Prefecture, Japan, HRI has been working to develop and advance its research domains while establishing a global network of researchers in the areas of advanced sciences. Honda R&D Innovations, Inc., a Honda subsidiary in Silicon Valley, has been engaging in co-creation and open innovation with transformative startups. The company has been promoting

the Honda Xcelerator program since 2015 primarily in Silicon Valley but also in Israel, Europe, China, Japan and other areas. Honda Xcelerator helps startups with innovative ideas through funding, access to a collaborative workspace, test vehicles and support from Honda mentors. Besides conducting the research and development of basic technologies, including personal mobility, automated vehicles, artificial intelligence, smart materials, robotics, energy, human machine interface and production technology, the program focuses on developing businesses, collaborating and forming alliances toward the realization of a carbon neutral society and establishing a sustainable business environment encompassing resource circulation and recycling.

IGNITION New Business Creation Program to Give Shape to Associates' Ideas and Dreams

Honda IGNITION is a new business creation program that solicits business proposals from Honda associates. The program is being conducted in cooperation with venture capital firms, and during the evaluation process, proposers undergo a stringent review and receive advice from the investor's perspective. An internal task force also provides support for making proposals more viable. After going through the process, Ashirase, Inc. and Striemo, Inc. were established in June and August 2021, respectively, as the first and second business ventures originated from IGNITION.

Ashirase, Inc.

Ashirase, Inc. has developed "Ashirase," an in-shoe navigation system to support the visually impaired with walking, and plans to initiate its sales during FY2023. It is a navigation system consisting of a smartphone app and a three-dimensional vibration device with a motion sensor, which is attached inside the shoe. Based on the route set with the app, the device vibrates to provide navigation. The Ashirase device enables the user to intuitively understand the route, thereby eliminating the need to be constantly mindful of the direction and allowing the user to walk more safely and with a more relaxed state of mind.



Wataru Chino
Representative Director
Ashirase, Inc.

After a family member got involved in an accident, I started working with an aspiration to realize safer and freer mobility for the visually impaired. Even though we may face a number of difficulties toward releasing Ashirase, we will overcome these difficulties one by one and make our utmost efforts to provide the freedom of mobility to the visually impaired.

Striemo, Inc.

Striemo, Inc. has been developing a one-person, three-wheeled electric micro-mobility product, also named "Striemo." It features a carefully designed and balanced center of gravity (adjusted by 0.1 mm) and an original balance assist mechanism, which enable stable riding with less likelihood of falling through its entire speed range, from walking slowly to riding a bicycle. Striemo is scheduled to go on sale in Japan before the end of 2022 and in Europe in 2023.



Yotaro Mori
Co-Founder & CEO
Striemo, Inc.

I have developed Striemo based on my challenging spirit to create a means of transportation which lets anyone go out more spontaneously just like putting on our shoes to go out. My goal is to make Striemo one of the most commonly used mobility products in people's everyday lives around the world and create a better world where people enjoy the freedom of mobility.

Message from the CFO



Accelerating Transformation of Our Business Portfolio through Appropriate Resource Allocation to Achieve Enhanced Corporate Value

Director, Executive Vice President and Representative Executive Officer, and Chief Financial Officer (CFO)

Kohei Takeuchi

Direction of Business Portfolio Transformation

To Continue Being a Company Society Wants to Exist

As stated in its 2030 Vision, Honda has been undertaking initiatives to "Lead the advancement of mobility and enable people everywhere in the world to improve their daily lives," and by doing so, to "Serve people worldwide with the 'joy of expanding their life's potential'." More specifically, we will not only work to achieve carbon neutrality and zero traffic collision fatalities, but also take on the challenge of providing greater value by combining hardware with software and services as a step to transform ourselves into a mobility company that focuses on services and solutions. Society is undergoing a drastic change as digital technology continues to evolve. Amid such a climate, creating and delivering new value suited to customer needs is essential for Honda to continue being a company society wants to exist.

Helping People and Society

In creating and delivering new value, we need to accelerate product electrification toward achieving carbon neutrality, and at the same time, transform our business by shifting from

non-recurring hardware (product) sales business centered on development, manufacture and sales of products to a business focusing on and connecting to customers, namely, people. This means evolving into a recurring business, in which Honda, in addition to selling hardware, continues to offer various services and value to our customers after the sale. This will also serve to drive our desire to "help people" and "expand the potential of people's lives," which we have upheld since our founding.

In 2030 onward, we will strengthen our move toward this direction and extend the scope in which we offer value from people to the entire social system. We will provide combined solutions through mobility products to contribute to the resolution of broader social issues. Simultaneously, we will work to provide new value with no time or space restrictions to customers by focusing on the three fields of Honda eVTOL, Honda Avatar Robot and making a foray into the space domain.

Even though these goals will entail significant changes in our previous sense of value and business style, Honda will proceed and make the most of its strengths cultivated to date to transform its business portfolio. By providing new value to customers, we intend to continue being a company society wants to exist.

Financial Foundation and Resource Investments Supporting the Transformation

Strengthening Business Structure to Support the Transformation

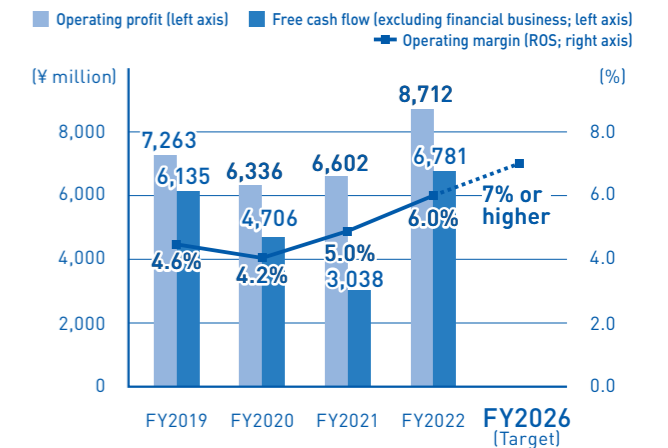
To realize the transformation of its business portfolio, Honda as a whole has worked as one team to strengthen our business structure. Particularly in the automobile business, we have adopted the Honda Architecture and endeavored to optimize our production capacity. These efforts have led to a steady improvement in the earnings structure of the automobile business.

In the latest business results in FY2022, the entire Company's return on sales (ROS), which is an indicator of profitability, increased 1.4 percentage points from 4.6% in FY2019 to 6.0%. We faced approximately a 20% decline in the Group's automobile unit sales amid the difficult business environment due to the COVID-19 pandemic and semiconductor shortage. However, as a result of strengthening our business structure and working to mainly reduce fixed costs in all businesses and regions, we have successfully acquired a better structural capability to generate profits.

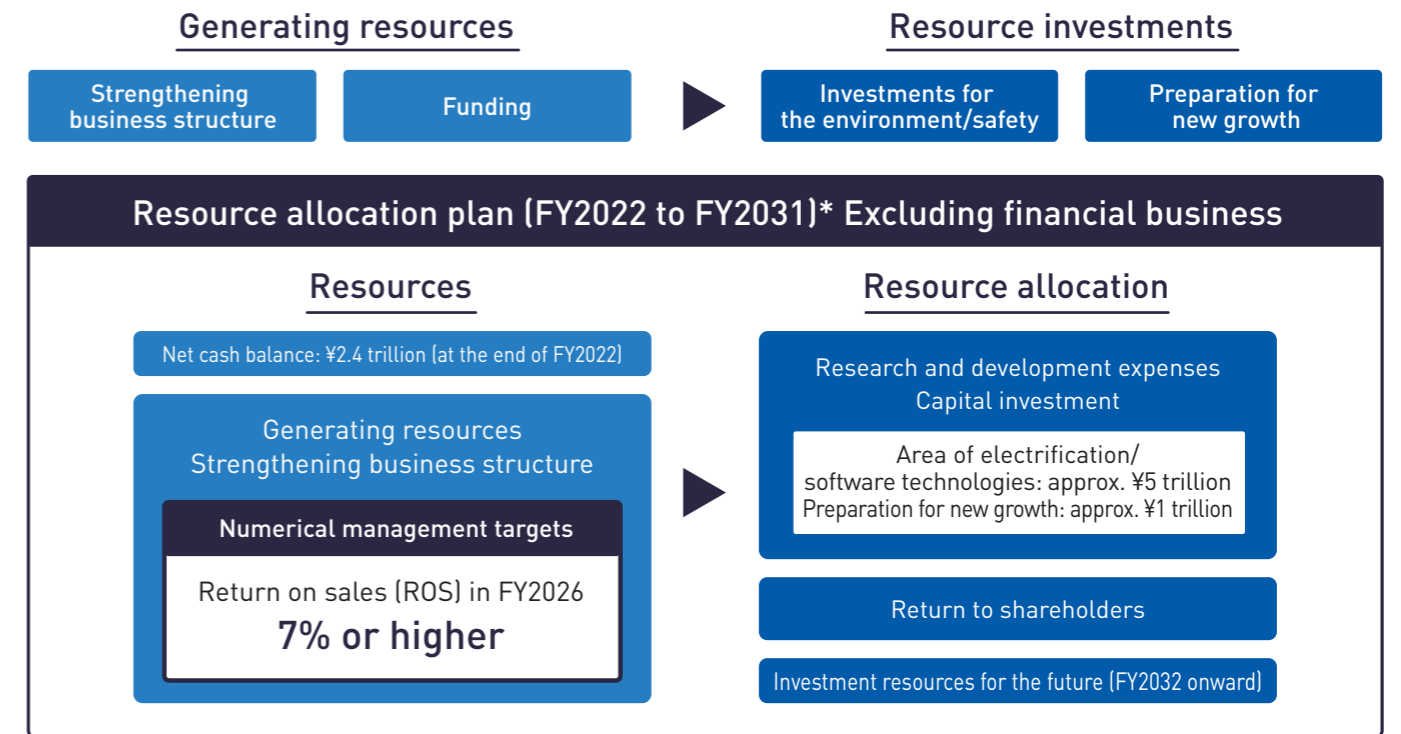
The future outlook in the business environment still remains uncertain, with the continued spread of COVID-19 infections and escalation of geopolitical risks. Nonetheless, by further reinforcing the earnings structure built to date, we expect to achieve ROS of 7.0% or higher, which has been our medium-to long-term target, in FY2026. Moreover, Honda's net cash

balance at the end of FY2022 was ¥2.4 trillion. Honda was able to maintain a healthy level of net cash balance amid the difficult business environment and is confident that we have already established a financial foundation to generate the investment resources needed for the transformation of our business portfolio.

Business Performance



Resource Management to Enable the Transformation of Business Portfolio



Message from the CFO

Resource Investments to Accelerate New Value Creation

Based on the established financial foundation, we plan to allocate roughly ¥8 trillion for research and development expenses over the next 10 years as a resource investment for the transformation. This mainly includes about ¥3.5 trillion in the area of electrification and software technologies and about ¥1 trillion for preparation for new growth. In the area of electrification and software technologies, we currently have a plan to invest about ¥1.5 trillion over the next decade for the construction of dedicated electric vehicle (EV) plants and for other purposes, and a total amount of resource investment in this area, combined with the research and development expenses, will amount to ¥5 trillion.

Moreover, we will invest in startups with high-potential advanced technologies and business models at a scale of ¥10 billion per year. At the same time, we will utilize alliances to expand the range of Honda technologies and businesses, provide attractive products and services and accelerate the development of new businesses, while carefully choosing what to proceed with independently and what to promote through collaboration

Diverse Funding Methods Including Green Bonds

In March 2022, Honda issued Green Bonds totaling US\$2.75 billion. By allocating the proceeds from these Green Bonds to the development and production of zero-emission vehicles, such as EVs and fuel cell vehicles (FCVs), Honda will work to realize a society with zero environmental impact. We will utilize such external funding methods on an as needed basis in the future and promote our efforts toward the transformation.

In order to transform our business portfolio, it will be essential to utilize resources generated by strengthening our business structure and make Company-wide efforts to create new value. Going forward, we will strive to further strengthen our business structure, work to ensure more efficient and effective resource management and realize the transformation.

Initiatives for Enhancing Corporate Value

Utilizing ROIC to Strengthen Our Management with a Focus on Capital Cost

When viewing corporate value from a financial perspective, sustained cash flow growth, which will be achieved through the transformation of our business portfolio, and higher capital efficiency are needed to enhance corporate value. In order to ensure appropriate resource management to support the business portfolio transformation, we will utilize the return on invested capital (ROIC) figures to strengthen our management with a focus on capital cost.

In each business, we will utilize optimum management indicators matched to the corresponding business structure and work to continuously generate returns exceeding the capital cost.

In our business domains other than financing, such as motorcycles, automobiles and power products, we will utilize ROIC to lead the generation of resources for the transformation from the viewpoint of financial management. We aim to maximize profit, which is the numerator of ROIC, while optimizing capital invested, which is its denominator, by thoroughly utilizing assets we own and carefully identifying necessary investments. Through these efforts, we aim to increase the capital efficiency and generate a maximum amount of resources to support our transformation.

As for the financial services business, which is basically debt financing, we will use the return on equity (ROE) to balance profitability and soundness in order to optimize capital efficiency and support the transformation.

Distributing Profit with a Focus on Shareholder Returns

In distributing profit, we regard returning profit to shareholders as one of the most important management tasks and will make related decisions from a long-term perspective, while taking into consideration internal reserves for future growth and consolidated business results. We will work to pay dividends stably and continuously at the consolidated dividend payout ratio of about 30% and buy back our own shares as appropriate.

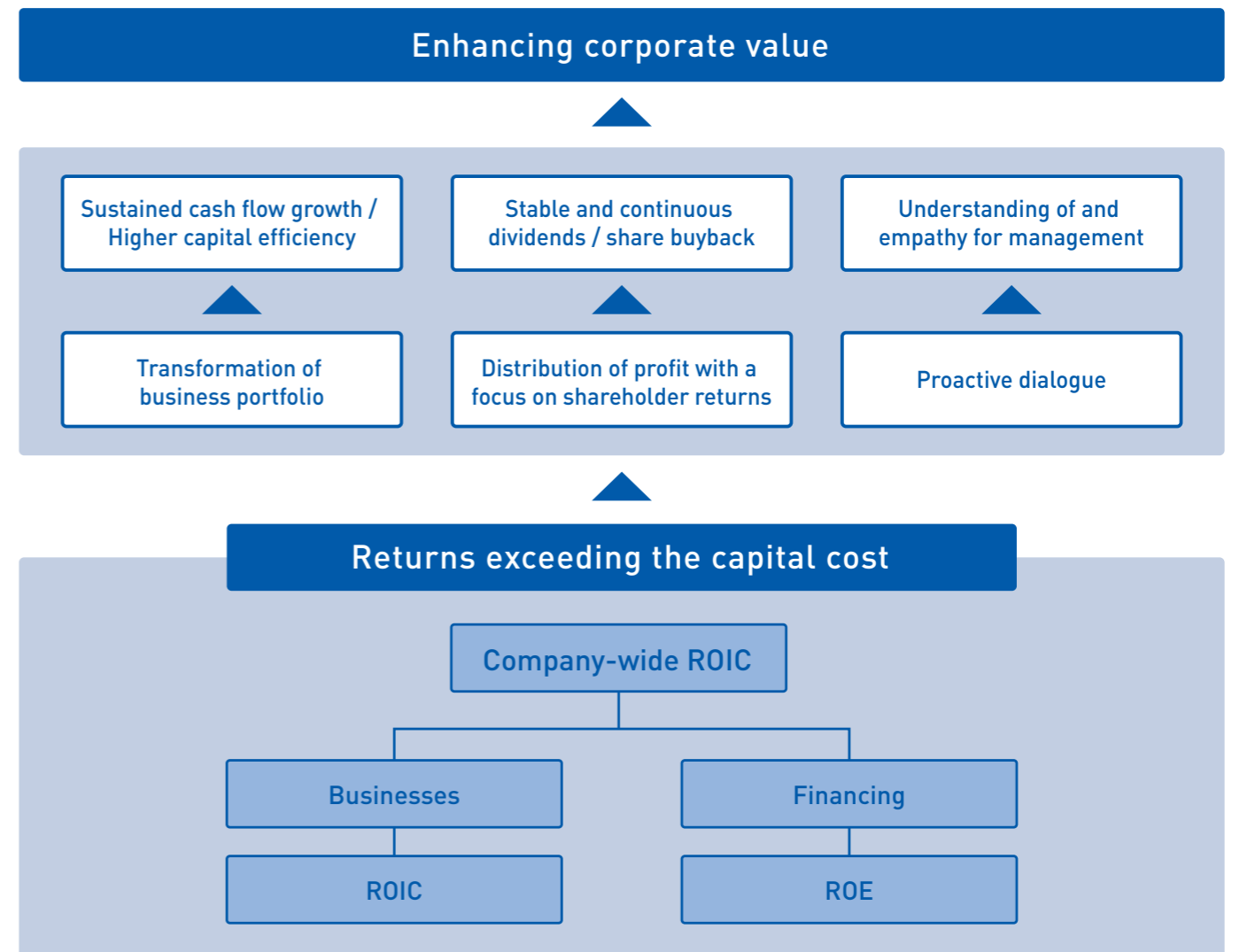
Increasing Trust in Our Management through Proactive Dialogue

We believe that enhancing corporate value requires repeated efforts to make known Honda's appeal and potential throughout the capital markets, in addition to sustained cash flow growth and higher capital efficiency. To this end, we will proactively hold dialogues with shareholders, investors and other stakeholders. Because a correct understanding and fair assessment of the direction of our management are extremely

important in transforming our business portfolio, we will provide appropriate information after determining what the capital markets need and want to know. While doing so, we will utilize valuable feedback from stakeholders in our management and link it to enhanced corporate value.

Your continued support for our accomplishments in the future is truly appreciated.

Initiatives for Enhancing Corporate Value



Automobile Business

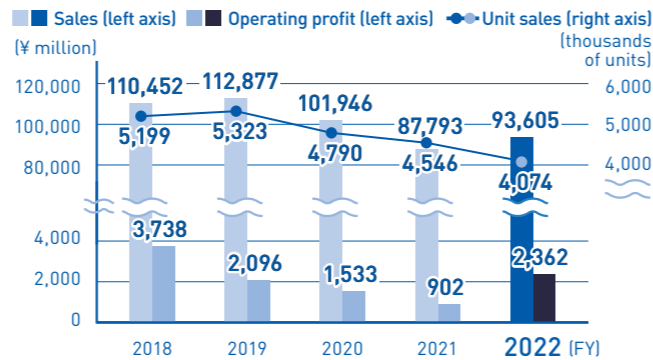


Business Overview

Delivering Attractive Automobile Products and Services to the Entire World

"Let's change the landscape of the automobile industry." Honda's automobile business began under this slogan in 1963 and has currently grown to annual sales of about 5 million vehicles globally. To enrich the lives of its customers, Honda seeks to provide automobiles and services that are secure, stress-free and uniquely Honda and that support the freedom of mobility for all.

Revenue Highlights of the Automobile Business



Value Honda Seeks to Provide

"Joy of Driving" and "Joy of Using," Together with Realizing Carbon Neutrality and Safety

"Joy of Driving," "Joy of Using"

Honda will continue to provide unique user experiences through the evolution of hardware and software and user communications. This approach is based on the "joy of driving," a Honda strength that brings vitality and fun to people's lives, and the "joy of using," which makes everyday life more convenient.

Leading the Realization of a Carbon-Free Society

In order to realize a carbon-free society, we aim to increase the ratio of electric vehicles (EVs) and fuel cell vehicles (FCVs) in overall unit sales in all major markets combined to 40% by 2030, 80% by 2035 and then 100% globally by 2040.

Leading the Realization of a Society with Zero Traffic Collisions

We will work to reduce traffic collision fatalities involving Honda motorcycles and automobiles globally by 50%* by 2030. The ultimate goal is to achieve zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050 through the early establishment of future safety technologies.

*Achieve a 50% reduction by 2030 in traffic collision fatalities involving Honda motorcycles and automobiles per 10,000 vehicles from the 2020 level

Changes in the Business Environment and Associated Issues

Forging a Business Foundation amid an Uncertain Environment

In a digitalized society, more flexible and individually optimized lifestyles are becoming possible as various things and experiences are getting connected seamlessly. Even automobiles are required to offer integrated services and new, customized experiences in addition to their universal value, namely, the freedom of mobility with a sense of security. We will steadily reinforce the area of software and connected technologies to provide new value that responds to such a society.

With increasingly tighter environmental regulations being adopted across the world, an expansion of the EV business in the automobile industry is expected to intensify competition for rare metals and other resources among automakers or countries/regions. Under such an uncertain environment, we will take more concerted efforts to strengthen our business structure in order to unflinchingly promote electrification and initiatives for safety.

Direction of Business Growth

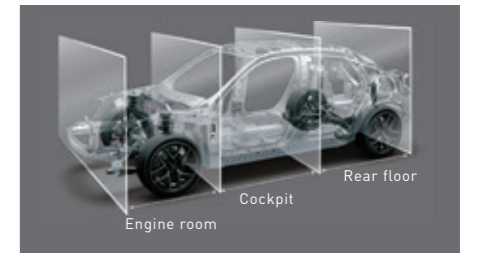
Strengthening Business Structure

Further Strengthening Product Appeal and Business Structure

As a result of Honda's ongoing effort of reforming its *monozukuri* (the art of manufacturing), the new VEZEL and Civic released in 2021 have gained high recognition in the market. Honda will further evolve its strengths, such as packaging technologies to realize an open space and visibility as well as weight reduction technologies, and continue to enhance product appeal in order to bring joy to customers.

Additionally, Honda has adopted the Honda Architecture, which is designed to integrate platform layouts and share parts, on a full scale starting with the new Civic. By upgrading the architecture further and adopting it broadly in more models, we intend to develop and manufacture quality products in a more efficient manner.

Moreover, strengthening the business structure is important not just to increase profit but also to encourage investment in the electrification and new growth areas. By 2025, we will reduce the total number of variations at the trim and option level for our global models to one-third of what we had in 2018 to consolidate them into even more competitive models. Also by 2025, we will curtail production costs by 10% versus 2018 and reduce the number of research and development manhours by 30%. We will repurpose those manhours to develop future, next-generation technologies.



Three modules of the Honda Architecture.

Electrification of Automobiles

Procuring Batteries Stably and Accelerating the Development of Next-Generation Batteries

The key challenge in the era of electrification is the global procurement of batteries. Honda will procure batteries from external partners from now to the second half of the 2020s and aims to accelerate independent research and development from the late 2020s to establish production technology in-house.

From Now to the Second Half of the 2020s: Procurement through External Partnerships

For liquid lithium-ion batteries needed for the time being, Honda aims to secure a stable procurement volume by strengthening external partnerships. In order to maintain its competitiveness from the perspective of the product life cycle as well, Honda has set respective procurement policies for each of the major markets, based on its commitment to "build EV batteries close to the vehicle production site."

Liquid Lithium-ion Battery Procurement Policy by Region

Region	Procurement policy
North America	<ul style="list-style-type: none"> Plan to procure Ultium batteries from General Motors Company (GM) Establish a joint venture company for EV battery production with LG Energy Solution Ltd.
China	<ul style="list-style-type: none"> Further strengthen collaboration with Contemporary Amperex Technology Co., Ltd. (CATL)
Japan	<ul style="list-style-type: none"> Agreed to procure batteries for mini-EVs from Envision AESC Japan Ltd.

Second Half of the 2020s Onward: Accelerating Independent Development of Next-Generation Batteries

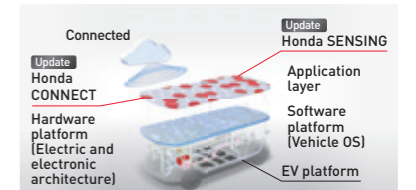
Honda will accelerate its independent research and development of all-solid-state batteries in and after the second half of the 2020s. We have been conducting technology and production verification at our lab to determine the batteries' target performance. Additionally, to ensure performance at the mass production level and verify superiority in terms of cost and safety, we have decided to build a demonstration line in Sakuragi City, Tochigi Prefecture, which will enable product design encompassing production processes. The plan is to invest approximately ¥43 billion and make it operational in spring 2024. We are accelerating research with a goal to adopt these batteries to models to be introduced to the market in the second half of the 2020s. Nonetheless, mass production of these batteries is a challenge even for Honda. We will make proactive efforts to strengthen the required structure in the future, including securing more human resources with specialized knowledge.

Strengthening Competitiveness of Both the "Honda e: Architecture" and Production Structure

"Honda e: Architecture" Platform for EVs

In 2026, Honda will begin adopting the Honda e: Architecture, a new EV platform that combines hardware and software platforms of EVs. More specifically, it combines an EV's hardware platform, including batteries, with a next-generation electronic platform serving as a foundation for over-the-air (OTA) technology

necessary for updating vehicles' functions later. By blending hardware and software, we will be able to stay connected with our customers after product sales and provide various services and values. We intend to offer added value only we can provide to its customers by applying the platform beyond automobiles to other types of mobility products in the future.



Automobile Business

EV Production Structure

GAC Honda Automobile Co., Ltd. (GAC Honda), an automobile production and sales joint venture in China, has begun construction of its new EV plant, taking a forward step in establishing a suitable EV production system and capability in preparation for an increase in the number of EV models in its product lineup. The new EV plant, with a planned annual production capacity of 120,000 units, will become a symbolic production operation that supports a broad EV lineup that GAC Honda will roll out in the coming years. It also will serve as a core operation of Honda EV production in China, together with the new EV plant which will be built by Dongfeng Honda Automobile Co., Ltd. and is planned to begin operation in 2024.



GAC Honda's new EV plant

Tailoring Product Lineup to Market Changes

From the Present to the Second Half of the 2020s (Stage of Increasing the Use of EVs)

During the stage of increasing the use of EVs, from the present to the second half of the 2020s, Honda will release products matched to the respective characteristics of major markets such as North America, China and Japan.

EV Release Roadmap by Region

Region	EVs to be released
North America	<ul style="list-style-type: none"> Introduce two mid- to large-size EV models currently being developed with GM in 2024 (all-new Honda brand Prologue EV SUV and an EV SUV model for the Acura)
China	<ul style="list-style-type: none"> Leverage the characteristics of the country's advanced EV market and make a swift response via independent, local development Introduce a total of 10 new Honda-brand EV models by 2027
Japan	<ul style="list-style-type: none"> Introduce a commercial-use mini-EV model at the ¥1 million price range in early 2024 and subsequently plan to make the timely introduction of personal-use mini-EVs and EV SUVs

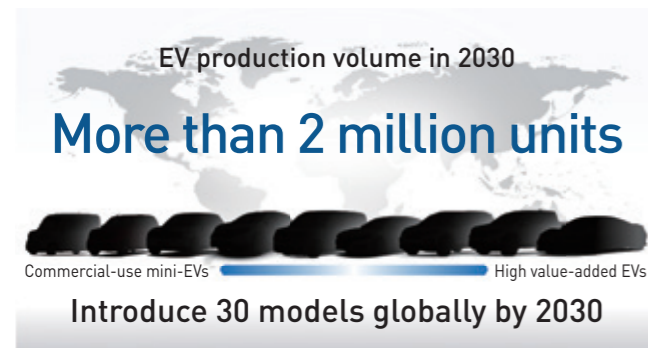
Second Half of the 2020s Onward

(Stage of More Widespread Popularity of EVs)

From the second half of the 2020s onward, during which EVs are expected to enter a stage of more widespread popularity, we will evolve our strategy from introducing the "best EVs matched to each region" to releasing the "best EVs from a global perspective."

Global Automobile Lineup

By 2030, Honda is planning to launch 30 EV models globally, with a full lineup from commercial-use mini-EVs to flagship-class models, and achieve annual production volume of more than 2 million units.



Sports Models to Deliver Fun

While taking on challenges toward carbon neutrality and electrification, Honda always wishes to offer FUN for our customers. We are considering the global launch of two sports models, a specialty and a flagship model, which will embody Honda's abiding sports mindset and distinctive characteristics. These models will also inherit the "joy of driving" even in the era of electrification, a trait that is expected of Honda and on which Honda has continued to focus. We will set and work toward ambitious targets in our efforts to tackle the challenge of achieving carbon neutrality and another challenge related to sports models.



Two sports models, specialty and flagship

Alliance with GM

Through an alliance with GM, Honda is planning to introduce affordable EVs with a cost and driving range that will be as competitive as gasoline-powered vehicles in 2027, starting with North America. Under the joint development, Honda will work to expand the foundation for the widespread use of EVs globally, including extending its efforts to joint procurement.

Establishment of an EV Joint Venture Company with Sony

In June 2022, Honda concluded a joint venture agreement with Sony Group Corporation to establish a new company, Sony Honda Mobility Inc. We position the establishment of the new company as an attempt to extend the concept of mobility, pursuing new value of mobility which cannot be achieved by a mobility manufacturer alone. Aiming for 2025, we will release a software-defined, high value-added model that integrates the strengths of the two companies. The model will be a joint project with Sony and clearly differ from Honda's usual automobile lineup. Nonetheless, we hope to adopt new value generated from the project, including advanced software programs and new forms of entertainment, in developing future Honda products.

Initiatives for Safety

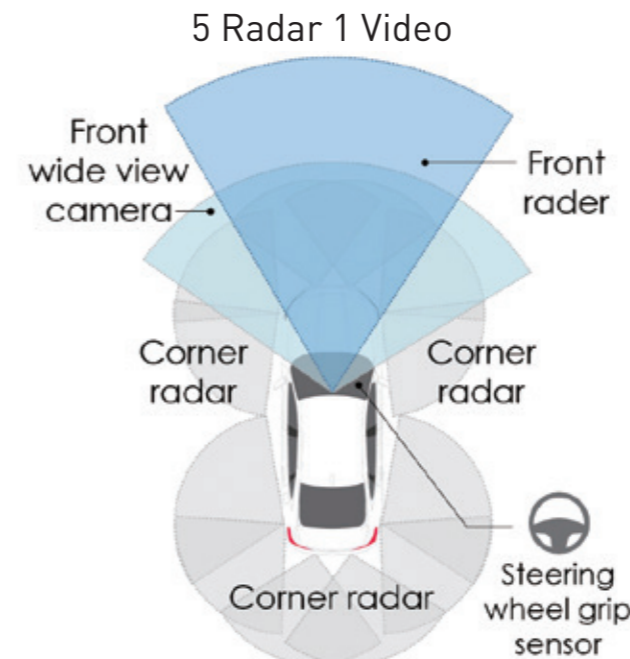
Implementing Future Safety Technologies and Strengthening Development

Under its slogan "Safety for Everyone," Honda has been undertaking research and development of safety technologies both in terms of hardware and software with the aim of realizing a collision-free society for all road users. To realize such a society, we will add our Honda SENSING 360 omni-directional safety and driver-assistance system to all automobile models sold in developed countries by 2030. While doing so, we will work to cover collision patterns by progressively increasing models equipped with a function to detect motorcycles and utilizing our expertise and know-how cultivated in the research and development of the Level 3 automated driving system in further updating the Intelligent Driver-Assistance Technology used in advanced driver-assistance systems (ADAS).

Honda SENSING 360 Omni-Directional Safety and Driver-Assistance System

Honda SENSING 360 realized 360-degree sensing by adding a total of five units of millimeter-wave radar in front and at each corner of the vehicle, in addition to the monocular camera that is used by the current Honda SENSING. This expanded sensing range covers blind spots around the vehicle, which are difficult for the driver to visually check, and contributes to the avoidance of collisions with other vehicles and pedestrians as well as a reduction of the driver burden.

Honda SENSING 360



Honda SENSING Capable of Detecting Motorcycles

As an automobile technology to protect motorcycles, we have been progressively installing Honda SENSING capable of detecting motorcycles to various models, starting with the Vezele released in 2021. Additionally, the new Civic has received a Five Star rating from ASEAN NCAP, a third-party safety evaluation program in the ASEAN region, under its newly launched protocols that include evaluation of motorcycle protection technologies. The Civic became the first vehicle to receive the rating among vehicles equipped with an ADAS capable of detecting motorcycles. Going ahead, we intend to lead society in terms of expanded and widespread application of our Safety for Everyone technologies that make the most effective use of Honda's characteristics of manufacturing both motorcycles and automobiles.



Honda SENSING capable of detecting motorcycles

Conducting Connected Car Verification Test Jointly with SoftBank

SoftBank Corp. and Honda R&D Co., Ltd., a research and development subsidiary of Honda, have conducted a use case based verification of technologies to reduce collisions between pedestrians and vehicles using a 5G standalone mobile communication system (5G SA) and a cellular V2X communication system. The verification has been conducted in an effort to realize a society where both pedestrians and vehicles can enjoy mobility safely and with total peace of mind. In the future, we will utilize network technologies involving a connection between pedestrians and vehicles and continue our efforts toward the realization of a society that ensures safe and secure mobility.



Identifying a pedestrian showing hazardous behavior using an on-board camera (image)



Human-machine interface (HMI) on pedestrian's device

Motorcycle Business

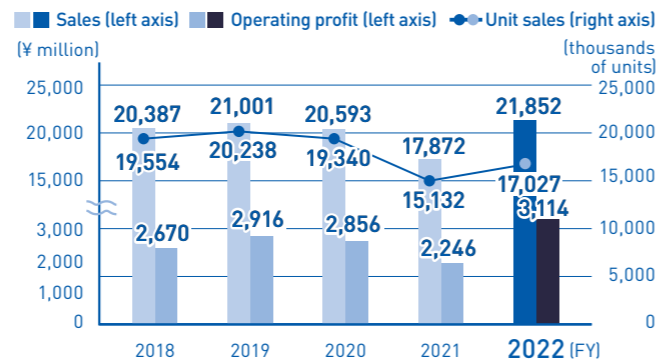


Business Overview

Origin of Honda's *Monozukuri* and Business

Motorcycles represent the origin of both Honda's *monozukuri* (the art of manufacturing) and business. We have put into practice *monozukuri* rooted in each country and region, and our motorcycle business has grown to manufacture more than 20 million units globally each year, with over 30,000 dealers across the world. Our platform designs and global supplementary supply system, both capitalizing on the world's largest production capacity, have resulted in appealing products with superior cost competitiveness. All of our management resources have contributed to our strong earnings structure, and we have delivered a cumulative total of more than 400 million motorcycles to customers. Going ahead, we will open up new possibilities in the motorcycle market and lead the world as a top-notch company while continuing to meet the expectations of customers worldwide.

Revenue Highlights of the Motorcycle Business



Value Honda Seeks to Provide

Leading Environmental and Safety Efforts for Additional Convenience and Greater Freedom

Motorcycles are an essential means of mobility supporting people's lives in emerging countries, including countries in Asia. They are integral to social infrastructure, and we believe it is important that we offer our motorcycles at affordable prices. In the motorcycle business, we will undertake business

activities with the goal of bringing more joy to customers while aiming to deliver additional convenience and greater freedom to people worldwide as we take on the challenge of realizing a safe and secure mobility society and offering next-generation minimum mobility products toward 2030.

Changes in the Business Environment and Associated Issues

Shifting to a Business Geared to a New Era

With more stringent environmental regulations being enforced across the world, emerging countries, including India, Thailand and Indonesia, have followed the move in developed countries and announced their respective governmental targets of electrification, and accordingly, are beginning to show signs of change.

Amid such an environment, electrified vehicles have been gaining popularity in some parts of India, the world's largest motorcycle market, on the back of the growing environmental consciousness and surging gasoline prices.

In other emerging countries, however, a shift to electrified vehicles still involves uncertainty as the demand for such motorcycles is contingent on government incentives. There are some practical issues as well, because charging infrastructure is vulnerable in many regions.

Facing such changes in the business environment and varying

local characteristics, we need to take a multifaceted and multidimensional approach toward achieving carbon neutrality in the area of motorcycles.

Regarding safety, the most recent international trend is to give responsibility of a collision not just to the road users but to all stakeholders involved in the traffic system. It represents a paradigm shift to a Safe System approach under the Safe System concept advocated by the United Nations (UN) and the World Health Organization (WHO).

As for our 2030 target of reducing traffic collision fatalities by 50%, we will increase the application of safety technologies to motorcycles themselves, while at the same time connecting more motorcycles to social infrastructure and further reinforcing our activities to spread safe riding practices.

Direction of Business Growth

Strengthening Business Structure

Strengthening Business Structure to Flexibly Respond to Changes in the Business Environment

In working to achieve these environmental and safety goals, we first need to strengthen our business structure without fail because this will provide a foothold for our efforts. To this end, we need to respond to changes in the business environment quickly and flexibly and reinforce its structure to withstand uncertainties over the future. Specifically, we will work to augment our earnings structure over the medium to long term.

Efforts over the Medium Term

Over the medium term, we will make the following efforts to mitigate impacts on revenue of world affairs and changes in the business environment.

- Respond to supply risk of parts
- Respond to impacts of material price fluctuations
- Undertake cost reduction efforts globally
- Reinforce investment management

Through these efforts, we will work to maintain the current high profitability in the area of motorcycles toward our medium-term target of 7% or higher Company-wide ROS.

Efforts over the Long Term

Over the long term, we will mainly promote the following efforts in order to create a structure more immune to changes.

- Standardize specifications and parts beyond categories, displacements and motorcycle classes
- Implement an appropriate platform to increase business efficiency in engineering operations and the supply chain

Through these efforts, we will enable more compact operations throughout the value chain of the internal combustion engine (ICE) domain and shift resources to the areas of electrification and safety.

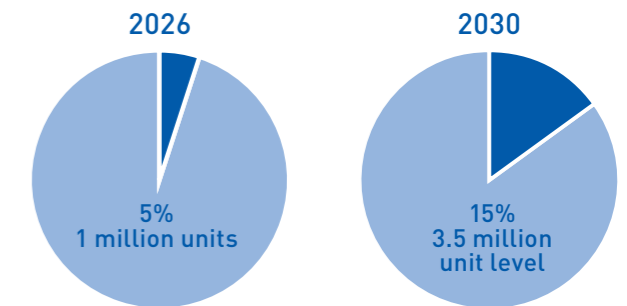
Initiatives for Carbon Neutrality

To achieve carbon neutrality by 2050, we have defined phased targets for the ratio of electrified products in global unit sales also in the field of motorcycles and will accelerate initiatives accordingly. Specifically, Honda aims for unit sales of 1 million electrified products within the next five years and 3.5 million by 2030, which accounts for 15% of all unit sales. Ultimately, we will strive to make 100% of our products carbon free by 2040 through the advancement of ICEs and electrification.

On the other hand, emerging countries constitute the primary market for motorcycles, and we need to give consideration to the complex mix of social needs of each country and region, such as energy demand, employment and convenience of life. As such, it is necessary to strike a fine balance between the convenience of motorcycles and carbon neutrality. In addition to the development of electrified vehicles, we will take a multifaceted and multidimensional approach toward carbon neutrality, such as

applying technology for significantly improving the fuel efficiency of ICE vehicles and technology for using carbon-neutral fuel.

Sales Ratio of Electrified Vehicles



Multifaceted and Multidimensional Approach Matched to the Needs of Each Country and Region

Initiatives in the ICE Domain

For ICE vehicles, we have been developing technologies to improve the fuel efficiency of the engine alone, including technologies to improve thermal efficiency and reduce friction, as well as technologies to achieve even higher fuel efficiency for the entire vehicle. We will adopt these technologies progressively starting in 2025.

We will work to develop a technology to use carbon-neutral fuels, which are gasoline mixed with ethanol and other substances, while taking into consideration the local

characteristics of each region.

Specifically, in addition to Brazil, where a flexible-fuel (E100)* compatible model is already available, we will first release an E20 compatible model in India, one of the primary markets for motorcycles, in or after 2023 and subsequently an E100 compatible model in 2025.

*Gasoline fuel mixed with ethanol. There are various mixture ratios from 100% gasoline to 100% ethanol, with E100 being 100% ethanol and E20 being 20% ethanol.

Motorcycle Business

Initiatives to Establish the Foundation for the Electrification Business

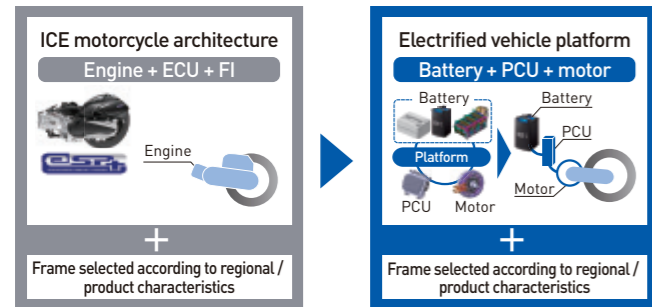
Our Policy for Promoting the Electrification Business

Working with the Business Development Operations established in April 2022, we will transform ourselves from a non-recurring hardware (product) sales business to a recurring business that provides various services and value to customers.

As one initiative, based on a policy to contribute to the provision of the freedom of mobility and expanded use of renewable energy by connecting electrified mobility products and energy services, we will enhance the range of electrified products through the electrification of our motorcycles and automobiles and with our Mobile Power Pack swappable batteries, and at the same time, expand the utilization of renewable energy by enabling infrastructure-linked smart power operations.

In addition, based on the competitive manufacturing know-how cultivated through the development of ICE vehicle platforms, we will develop and utilize a platform for electric motorcycles that combines the three main components of electrified vehicles (battery, power control unit (PCU) and motor). Honda intends to deliver electrified vehicles that ensure the joy of mobility at an affordable price by meeting customer needs with highly efficient manufacturing.

As for batteries, which are a key component of electrified vehicles, we will proactively utilize our own resources and aim to equip our motorcycles with all-solid-state batteries, which are currently under development.



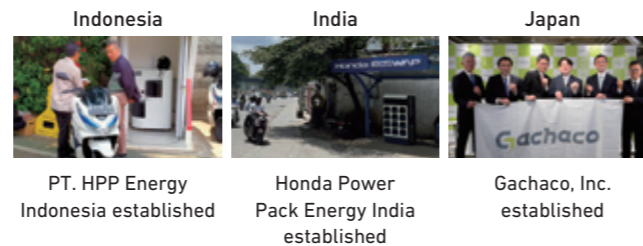
Initiatives for Promoting More Widespread Use of Battery Services

The enhancement of the charging infrastructure is key to the widespread acceptance of electric motorcycles. As part of the development of the charging infrastructure, we have established a joint venture company in Indonesia to make battery sharing a more widespread practice that utilizes Honda's Mobile Power Packs and vehicles equipped with them. A small-scale battery-sharing service is currently available in Bali. In India, a battery-sharing service for rickshaws is slated to begin in 2022. We are also planning similar initiatives in other Asian countries. In Japan, ENEOS Holdings, Inc. and four motorcycle manufacturers (Honda, Kawasaki Motors, Ltd., Suzuki Motor Corporation and Yamaha Motor Co., Ltd.) established Gachaco, Inc. in April 2022 and plan to launch a battery-sharing service for motorcycles in fall 2022.

In addition, we are proactively participating in standardization initiatives on a global scale to popularize safe and convenient replaceable batteries. Specifically, four Japanese motorcycle manufacturers agreed on common specifications based on JASO TP21003*1 whereas Honda participates in a battery consortium in Europe*2 and works with partner companies to standardize swappable batteries.

*1 Guideline for swappable batteries of electric two wheel vehicles, a JASO Technical Paper 21003 issued by the Society of Automotive Engineers of Japan, Inc.

*2 Swappable Batteries Motorcycle Consortium (SBMC) established to promote the widespread use of electric motorcycles and small electrified mobility products



[2] Commuter EMs*/EBs*6

EMs/EBs currently account for more than 90% of the global electric motorcycle market (approximately 50 million units). In China, which is the world's largest market, they have become a popular and convenient means of transportation in daily life. Honda has been providing products by utilizing its local supplier infrastructure and manufacturing system.

[3] FUN EVs

Honda will proactively promote electrification not only in the commuter field but also in the FUN field.

Through these initiatives, we plan to launch a total of more than 10 new commuter and FUN electrified vehicles by 2025.

*3 Vietnam Post Corporation

*4 Thailand Post Company Limited

*5 Electric moped with a maximum speed ranging from 25 km/h to 50 km/h

*6 Electric bicycle with a maximum speed of 25 km/h or slower; excluding battery-assisted bicycles

Initiatives in the Area of Software Technologies

As an initiative to reinforce software development, we will work with Drivemode, Inc.*7, a wholly owned Honda subsidiary since 2019, to reinforce new value creation in the area of connected technologies. Cutting-edge connected services will be progressively released starting from a commuter EV scheduled to be released in 2024. What we will provide is a user experience that sustainably enriches the quality of traveling time through connected technologies, for example, by proposing optimal routes considering EV travel distance, showing charging spots, providing coaching on riding safety and supporting after-sales services.

Looking ahead, Honda will work toward the establishment of a connected platform where greater value will be generated not only by connecting its motorcycles, but by linking a wide range of Honda products and realizing connectivity beyond their product domains.

*7 Software development company to transform mobility user experience aimed at building smarter, safer, connected driving technology for everyone on the road

Initiatives for Safety

We will strive for "zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050." Technology research is obviously a way to achieve this goal. However, particularly in emerging countries, traffic safety education activities, developing required infrastructure and engaging the local governments can also serve to prevent many accidents. Honda will also make focused efforts in these areas. We will lead the realization of a collision-free mobile society both in terms of "hardware" and "software" by leveraging our capabilities cultivated to date.

Direction toward Motorcycle Safety

Based on the comprehensive Safe System approach advocated by the UN and WHO, we will promote initiatives in accordance with the traffic environment in each region while engaging various stakeholders.

As one such initiative, we will continue to reduce costs and extend the scope of application to deliver to more customers a sense of security through our existing technologies. These technologies include advanced brake systems, such as the Antilock Brake System (ABS) and Combined Brake System (CBS), and LED headlights that make riders more visible from other road users.

We strive for the ultimate goal of achieving zero traffic collision fatalities involving motorcycles, riders of which are deemed a vulnerable road user (VRU). However, it has its limits if Honda works alone and focuses only on technologies concerning motorcycles. This is why we will encourage collaboration with the automobile and other mobility industries as well as with government agencies to realize a society where motorcycles are connected to more road users and social infrastructure for greater safety. At the end of 2020, the Connected Motorcycle Consortium (CMC), which was established jointly by Honda, Yamaha Motor Co., Ltd. and BMW Motorrad, developed and publicized the CMC Basic Specification for Cooperative-Intelligent Transportation System (C-ITS) for powered two-wheelers.

Riding Safety Promotion Activities

Since its founding, Honda has proactively promoted riding safety promotion activities for motorcycles. We undertake a broad range of activities matched to the local conditions in various countries in the world, including Japan, through our dealers and Honda Traffic Education Centers.

In emerging countries facing a continued rise in traffic fatalities, it is essential to expand riding safety training and other educational activities along with applying safety technologies. Even though we already have more than 7,000 motorcycle instructors in Asia and Oceania, we will continue to work with dealers, who serve as a customer contact point, to nurture more instructors and spread safe riding practices jointly with users, local communities and society. With a traffic system and environment varying from country to country, we will also extend our efforts to improve not just riding skills but also hazard prediction ability and safety awareness to both automobile and motorcycle users. In the future, we will extend the scope of our education to both automobile drivers and motorcycle riders so that we could provide better protection to motorcycle riders who are a VRU in a mixed traffic environment.



Product Offerings for the Expansion of Electrified Vehicles

(1) Commuter EVs

The demand for electric motorcycles for business use has increased in recent years in step with growing environmental consciousness among companies. Accordingly, Honda has released the Honda e: business-use motorcycle series, which has been adopted by Japan Post and Vietnam Post*3. In addition, we have conducted joint feasibility tests with Thailand Post*4 and initiated local production and sales of the Benly e: series of electric motorized scooters in Thailand in September 2022, thereby accelerating the overseas marketing of business-use electrified vehicles. These models are highly desirable for business use such as small cargo delivery and are equipped with Honda's Mobile Power Pack, which helps resolve the issues of cruising distance and charging time to promote widespread use. Going forward, Honda will add and expand products for not only business use but also personal use. We will also consider options other than swappable batteries in view of the market environment, applications and technological advancement in the future.

Initiatives by Electrified Vehicle Category

Region	Initiatives
Commuter EVs	<ul style="list-style-type: none"> Two personal-use smart EVs adopting connected and BaaS technologies scheduled to become commercially available in Asia, Europe and Japan in 2024 and 2025
Commuter EMs / EBs	<ul style="list-style-type: none"> Plan to release more compact, reasonably priced electrified vehicles in China, Asia, Europe and Japan, which will be adapted to the respective market characteristics and respond to the need to use such motorcycles more affordably A total of five EM/EB models to be released by 2024
FUN EVs	<ul style="list-style-type: none"> Develop a platform for large FUN EV models Plan for commercial release of three models in Japan, the United States and Europe between 2024 and 2025 Plan for commercial release of one small electrified vehicle model for children by 2025

Power Products Business



Business Overview

Providing Products That Deliver Convenience to Daily Lives by Utilizing the "Power" of Engines

Honda's power products business originated from developing, manufacturing and selling general-purpose engines that can be mounted as a power source on various types of commercial-grade work equipment as well as assembled work equipment fitted with these engines. Currently, we have extended our business domain from general-purpose engines to electrified products, portable batteries and other products, thereby expanding the potential of the power products business to provide new value to mobility and people's daily lives.

Value Honda Seeks to Provide

Supporting People's Daily Lives through Technologies and Continuously Providing Enrichment and Joy

役立つ喜び、もっと広げたい。
Helping People Get Things Done

Since our founding in 1948, Honda has developed products, provided services and engaged in various activities with an aspiration to "make people's lives easier and more enriching if by only slightly" and "help their lives through technologies." Seeing farmers spending much of their precious life on heavy labor, founder Soichiro Honda wondered if Honda's engine technologies could reduce their workload and liberate Japan from poverty. His passion led to the launch of Honda's power products business in 1953. Since then,

we have continued to provide products closely related to people's lives, including generators, tillers and snow throwers, which embrace our feeling of compassion that how these products, if developed successfully, would make lives much easier for people. The aspiration has connected Honda with people across the world, and we have continuously been tackling social issues while always feeling the joy of helping people.

Changes in the Business Environment and Associated Issues

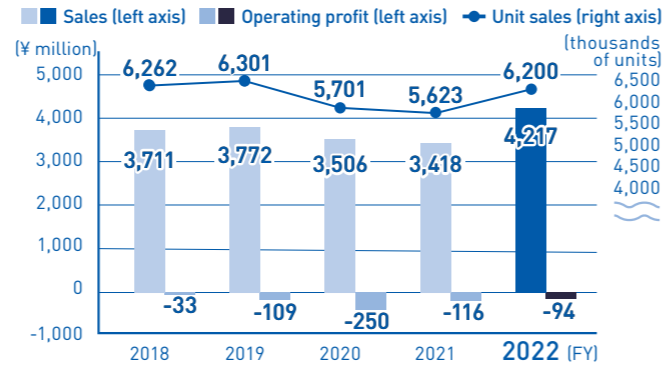
Making Work Equipment Safer and More User-Friendly

A decline in the working population and an increase in older workers require work equipment to become safer and more user-friendly. In order to compensate for a decline in experts and skilled workers, equipment needs to be easy to operate for older or novice workers and effortlessly ensure professional results. As an effort to simultaneously evolve equipment and advance sensor and AI technologies, Honda will gather the know-how of experts and skilled workers, aggregate the collected know-how into data and improve the quality of work. We will also tackle the development of automated work equipment.

The call for decarbonization has become stronger not just in the automobile industry but also in the work equipment industry. Honda will look into a variety of possible approaches while considering what is best for customers, going beyond merely replacing engines with batteries for electrification.

In this way, while continuously dealing with issues related to an aging population and the environment, we will constantly improve the quality of work in order to help enhance people's quality of life.

Revenue Highlights of the Power Products and Other Businesses * Including aircraft and aircraft engines

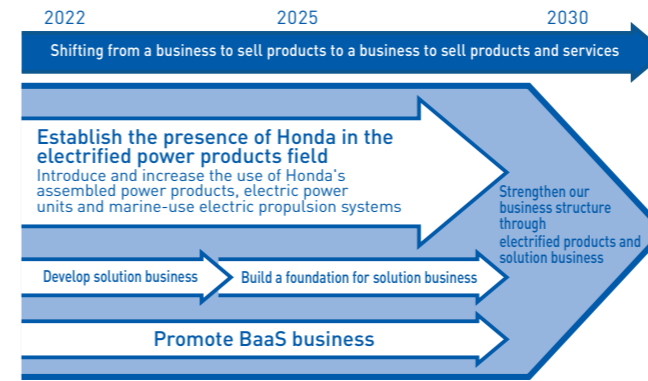


Operating Profit of Aircraft and Aircraft Engines Included Above

FY	2018	2019	2020	2021	2022
millions of yen	-418	-402	-422	-323	-337

Direction and Roadmap of Business Growth

Shifting from a Business to Sell Products to a Business to Sell Products and Services



- Promote the establishment of our presence in developed countries by releasing electrified products.
- Use Internet of Things (IoT) and automated driving technologies and develop a solution business that will help professional gardening, construction and other operators to improve management efficiency.
- Promote a battery as a service (BaaS) business that will contribute to the accelerated progress in electrification and expanded use of renewable energy.
- Aim to become a company leading the resolution of social issues toward 2030 through electrified products combined with the solution business.

Future Strategy for Assembled Power Products and Power Units

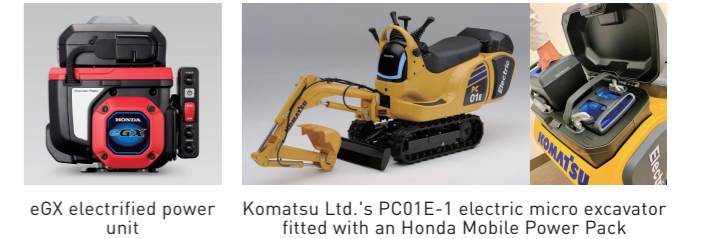
Releasing Electrified Products and Promoting Solution Services

Honda boasts a strong presence in the gardening market for its engine-powered lawnmowers having such strengths as a clean cut and durability. In the future, we will promote the electrification of assembled products and offer strengths equivalent to those of engine-powered products.

To corporate customers in the construction industry, who account for a large share of our engine sales, we will sell electrified power units and provide support for mounting the unit in machinery. By doing so, we will assist small construction machinery manufacturers in electrifying their products.

As for the promotion of electrified products, we will go a step beyond conventional sales and after-sales services and seek to contribute

to the business operation of corporate customers by promoting an improvement in their operational efficiency and helping them to reduce required investment. For example, we will promote a BaaS business utilizing our Honda Mobile Power Pack batteries and expand IoT-based solution services.



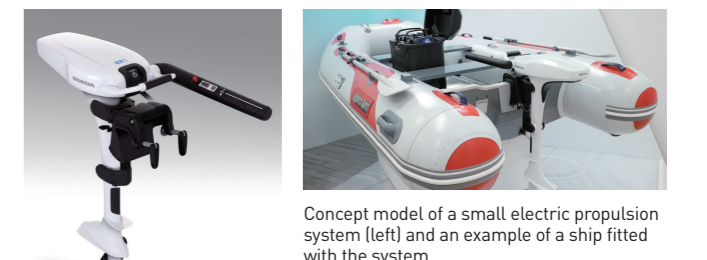
Future Strategy of the Marine Business

Reinforcing Efforts in the Environmental Field While Keeping in Mind the Words of Honda's Founder "Moving across the Surface without Dirtying the Water Underneath"

Soichiro Honda once said, "Moving across the surface without dirtying the water underneath." Following his words as its basic philosophy, since 1964 Honda's marine business has consistently focused on the manufacture and sales of more environmentally friendly four-stroke outboard engines. Upholding the philosophy, Honda will continue to reinforce its efforts in the environmental field.

A small electric propulsion system, the concept model of which was announced in 2021, was the first step in this direction. We will move ahead with building technologies for propulsion systems and batteries, and by combining them with AI technologies in the future, aim to develop an environmentally conscious service business. Additionally, through the progress in electrification and AI technologies, we will continue to evolve large-size outboard engines, for which the market is expanding in Europe

and the United States. The BF115-150, a large-size outboard engine redesigned in 2021, has adopted an electronic throttle control mechanism that ensures a customer's smooth accelerator operation. The mechanism is also scalable to adopt a future ship operation support system to be combined with AI technologies.





Initiatives to Support Value Creation

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Approach to Sustainability and Management Structure

Honda's value creation process seeks to continuously create value for stakeholders over the long term. To realize this, we promote stakeholder engagement, incorporate their needs into the process and manage material issues.

Basic Approach

Aiming for Corporate Growth beyond the Resolution of Social Issues

Honda seeks to resolve social issues and achieve corporate growth that lies beyond. To do so, we base our efforts on the Honda Philosophy, which serves as the basis of all our corporate activities as well as employees' action and judgment, and engage in activities to realize what Honda envisions. Accordingly, we have set aiming to be a company society wants to exist as our direction for the 21st century and are proceeding with initiatives for "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation."

For Honda to achieve sustainability, it is important to contribute to the reduction of its impact on the environment and society and resolution of social issues in providing value through its products and services that capture stakeholders'

expectations and needs.

We use socially responsible investment (SRI) indices to assess and manage our sustainability-related initiatives and aim to achieve the industry's top rating for these initiatives. Specifically, we base our assessment on the Dow Jones Sustainability Indices (DJSI), one of the key benchmarks for environmental, social and governance (ESG) investing, which evaluates sustainability from three perspectives in terms of economic, environmental and social criteria. In FY2023, Honda was included in the top-ranking group in the global Automobiles sector and selected for the fifth consecutive year as a component of the Dow Jones Sustainability World Index.

Management Structure

Two Strategy Committees Chaired by CEO

Honda established the Corporate Integration Strategy Meeting with the aim of building consensus on the company-wide direction based on recognition of the environment both internally and externally, as well as material issues that Honda as a whole should tackle. Policies and initiatives for sustainability issues are discussed and examined in the meeting.

While continuing activities to "increase Honda's value of existence and receive due recognition from society by showing to the public its entire corporate activities rooted in the Honda Philosophy," the Corporate Integration Strategy Meeting will plan company-wide strategies that reflect a sustainability perspective.

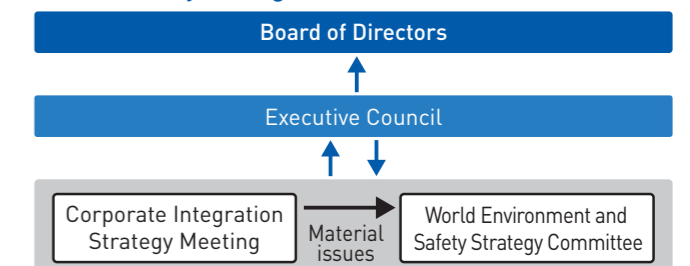
To promote and reinforce efforts in the environmental and safety-related domains, which represent the most important material issue as a mobility company, we have established the World Environment Strategy and Safety Committee.

Since strategies in the environmental domain also include Honda's response to climate change, the CO2 emissions

reduction targets set by the Committee are examined and decided by the Board of Directors.

Taking into consideration the material issues examined at these committees, both of which are chaired by the CEO, we determine corporate strategies through the Executive Council and Board of Directors. We then break them down into policies and measures for business operations, functional Supervisory Unit and subsidiaries for actual execution.

Sustainability Management Structure



Environment – Disclosure of Information Based on the TCFD Recommendations



Disclosure of Information Based on the TCFD Recommendations

Response to the TCFD Recommendations

Regarding responses to climate change and energy issues as one of the most important material issues in the environmental field, Honda announced in April 2021 its vision to “realize carbon neutrality for all products and corporate activities Honda is involved in by 2050.” We have declared our support to the Task Force on Climate-related Financial Disclosures (TCFD) established

by the Financial Stability Board (FSB) and disclose information based on the information disclosure framework recommended by the TCFD. We will promote the disclosure of information related to climate change, while conducting scenario analysis on climate change risks and opportunities and reflecting the results in our management strategies.

Governance

Monitoring System by Directors

As climate change can have a significant impact on Honda’s business performance as a whole, we continuously hold meetings of the World Environment and Safety Strategy Committee every year. The Committee monitors long-term policies, targets, strategies and progress related to climate change and other environmental and safety issues. The total CO2 emissions reduction targets set by the Committee are reported to and supervised by the Board of Directors. Please refer to “Remuneration Structure for Directors” (⇒ p. 72) for our remuneration structure for Directors and Executive Officers, which takes into account ESG aspects.

Roles of Members of Top Management

The World Environment and Safety Strategy Committee is chaired by the CEO. Climate change and other environmental issues handled by each business and region are reported to and discussed at the Committee. For these issues, the Committee develops strategies, sets CO2 emissions reduction targets, formulates plans to achieve the targets, monitors progress and handles unmet targets. Important matters are reported to the Executive Council and Board of Directors. Please refer to “Management Structure” (⇒ p. 54) for our management structure for the overall area of sustainability, including activities of the World Environment and Safety Strategy Committee.

Key Risks and Opportunities for Honda

	Risk	Time frame*	Opportunity	Time frame*	Response
1.5°C	More stringent fuel efficiency and ZEV regulations <ul style="list-style-type: none"> Drop in unit sales of internal-combustion engine (ICE) vehicles due to more stringent fuel efficiency regulations Drop in unit sales of ICE vehicles due to more stringent emissions regulations (ZEV regulations) 	Short / medium / long term	<ul style="list-style-type: none"> Increase in sales due to a sales expansion of electrified products and services 	Short / medium / long term	<ul style="list-style-type: none"> Allocate the proceeds from the issuance of Green Bonds to such expenditures as the development and production of electrified products (⇒ p. 41) Enhance the lineup of electrified products (⇒ pgs. 45, 49 and 52) Invest approx. ¥5 trillion in the areas of electrification and software technologies over the next 10 years Utilize alliances with General Motors Company (GM) and other companies
	Changes in customers' sense of value <ul style="list-style-type: none"> Drop in sales caused by failure to meet customer demand Drop in sales caused by changes in consumer behavior (e.g., progress in sharing services and changes in a means of mobility) 	Medium / long term	<ul style="list-style-type: none"> Increase in sales due to a sales expansion of electrified products and services 	Medium / long term	<ul style="list-style-type: none"> Allocate the proceeds from the issuance of Green Bonds to such expenditures as the development and production of electrified products (⇒ p. 41) Enhance the lineup of electrified products (⇒ pgs. 45, 49 and 52) Invest approx. ¥5 trillion in the areas of electrification and software technologies over the next 10 years Utilize alliances with GM and other companies Provide a combined solution (⇒ p. 37)
	Widespread use of energy technologies <ul style="list-style-type: none"> Increase in capital investment costs following introduction of renewable energy and energy-saving technologies 	Short / medium term	<ul style="list-style-type: none"> Drop in business operation costs due to a shift to renewable energy and production facilities with higher energy efficiency 	Short / medium term	<ul style="list-style-type: none"> Promote strategies toward the Triple Action to ZERO (⇒ p. 33)
4°C	More frequent and severe natural disasters <ul style="list-style-type: none"> Drop in sales due to suspension of production resulting from natural disasters damaging Honda production bases or disrupting its supply chain 	Short / medium / long term	<ul style="list-style-type: none"> Increase in sales of electrified products that can be used as an emergency power source when the need for power supply increases during a disaster 	Short / medium / long term	<ul style="list-style-type: none"> Establish a stable production structure through a global value chain Enhance the lineup of electrified products (⇒ pgs. 45, 49 and 52)

*For time frame, short, medium and long mean less than one year, one to less than three years and three years or longer, respectively.

Strategies

Climate change causes various impacts, not just on the automobile industry but also on people’s living environment and lifestyles. Honda utilizes scenario analysis noted in the TCFD recommendations to evaluate and examine the impacts of climate change on business. Our scenario analysis uses 2030 as the target year and identifies climate change risks and opportunities for Honda under multiple scenarios, including a net zero scenario. The identified risks and opportunities are reflected in our company-wide strategies and strategies of each business.

Climate Scenarios Used by Honda

Based on the reports of the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC), we have defined two scenarios to identify risks and opportunities: 1.5°C and 4°C scenarios. These scenarios assume the perspective of the world and changes in the business environment, in the future. Even though we already have an experience in dealing with flood damage in Thailand and Mexico, we expect that various events, including intensifying natural disasters, will occur as climate change proceeds and impact our business environment. In our scenario analysis on the automobile, motorcycle and power products businesses, we have identified risks and opportunities in each scenario, based on the transition and physical risks and opportunities described in the TCFD recommendations, and examined their degree of impact on our financial condition.

The failure to make an appropriate response to the anticipated events in each scenario will pose a risk to our business. Nonetheless, we are undertaking initiatives so that we can generate new business opportunities by advancing Honda’s technologies, products and services. In order to minimize damage or the risk of incurring damage caused by a natural disaster, we will promote the establishment of a stable production structure through a global value chain.

Climate Scenarios Used by Honda

1.5°C Scenario

We have developed our 1.5°C scenario by using the Net Zero Emissions by 2050 Scenario (NZE) of the IEA and the IPCC Representative Concentration Pathway (RCP) scenarios (RCP2.6 and RCP1.9).

- In the 1.5°C scenario, we assume that measures to achieve carbon neutrality by 2050 will be promoted across the world, with widespread use of carbon-free products and renewable energy.
- In the automobile industry, we expect even more stringent regulations on fuel efficiency and zero-emission vehicles (ZEVs) toward decarbonization and a rise in demand mainly in developed countries for electric vehicles (EVs) and fuel cell vehicles (FCVs).
- In parallel with the tightening of regulations, we assume that customers’ sense of value will shift, with an increasing number of customers preferring carbon-free products, such as EVs and FCVs, and services.
- Toward decarbonization, we also expect an advancement and the widespread use of renewable energy and energy-saving clean technologies.

4°C Scenario

We have developed our 4°C scenario by using the Stated Policies Scenario (STEPS) of the IEA and RCP8.5, scenarios of the IPCC.

- In the 4°C scenario, we assume no reinforcement of decarbonization policies, a continued rise in average temperatures and more frequent and more severe natural disasters.

Environment – Disclosure of Information Based on the TCFD Recommendations

Risk Management

Honda has formulated the Honda Global Risk Management Policy and has been conducting activities that will lead to sustainable growth and stable corporate management by actively controlling risks.

Under the supervision of the company-wide Risk Management Officer elected by the Board of Directors, we categorize, manage and monitor risks defined as potentially inflicting significant damage or loss on the Honda Group's tangible and intangible assets, corporate activities and stakeholders and possibly affecting our corporate management. Each organization identifies and evaluates risks. Based on the evaluation results (frequency of occurrence and degree of impact in terms of monetary amounts), the Operations Risk Management Officers identify priority risks for respective Operations. Based on the recognition of risks within Honda and reflecting external risk trends, we also identify risks deemed particularly important for an entire corporate entity as company-wide priority

risks and check and discuss our response status against them. Management of these risks is conducted by the Risk Management Committee established within Honda, and details of their activities are reported to the Executive Council as appropriate.

The risk items managed and monitored by the Committee also cover regulatory, natural disaster and other risks arising from climate change, and we are promoting more effective risk management activities while considering the characteristics of respective Operations. For risks related to environmental regulations, for example, we manage risks related to both existing and new regulations. In surveying, evaluating and monitoring risks of the occurrence of natural disasters, we use Aqueduct of the World Resources Institute (WRI) and Water Risk Filter of the World Wildlife Fund (WWF) to assess water risk. The assessment results are reported to the Risk Management Committee on a periodic basis.

Environmental Management Structure

At the annual meeting of the World Environment and Safety Strategy Committee, Honda formulates medium- and long-term environmental policies and plans at the global level encompassing measures against climate change on the basis of company-wide direction and medium- and long-term business plans.

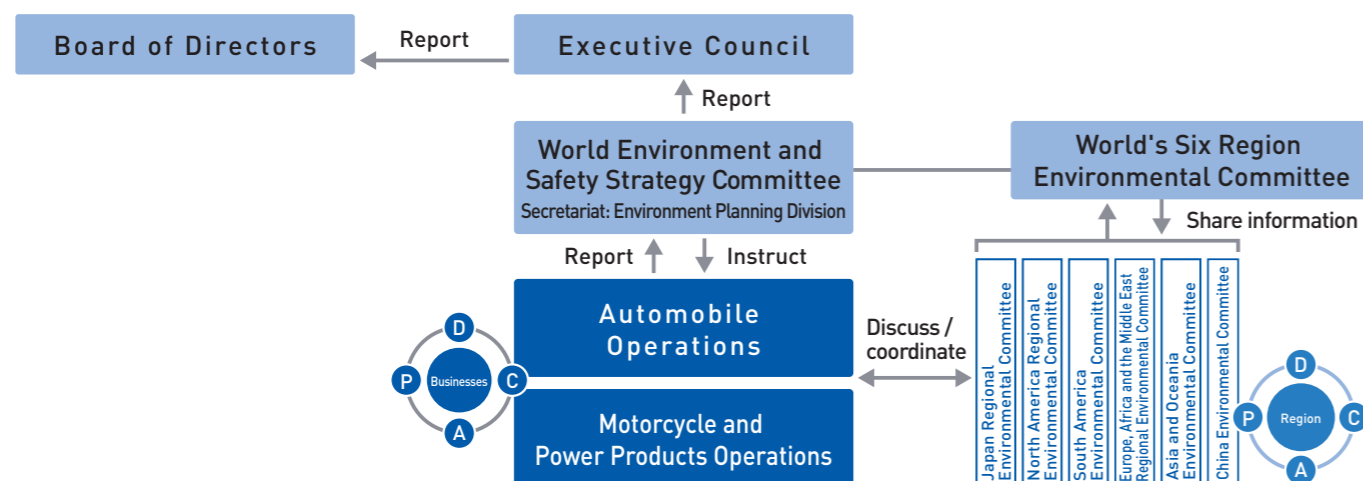
The progress of Honda's environmental initiatives and the themes applicable worldwide are discussed and aligned among the Business Operations and Regional Operations. The Corporate Planning Supervisory Unit collects relevant information from the Business Operations, discusses the priorities of these initiatives and themes and reports them at the meeting of the World Environment and Safety Strategy Committee. We are striving to continuously enhance environmental management by reflecting them in our next medium-term business plan and rotating the plan-do-check-act (PDCA) cycle at each of the Business

Operations, Regional Operations and environmental divisions.

Following the decisions made at the above meeting, the World's Six Region Environmental Committee, made up of the environmental divisions of the respective Regional Operations, also meets to discuss environmental measures in each region. After sharing information at the meeting, these divisions formulate concrete action plans and then implement necessary measures.

Toward achieving the company-wide policy of Triple Action to ZERO and 2030 milestones, we have recently been facilitating collaboration through various global meetings to promote company-wide environmental initiatives while giving consideration to local situations. Efforts include sharing information on national regulations and the actions of competitors in each region and developing and promoting low-carbon technologies for use in products.

Environmental Management Structure



Metrics and Targets

Metrics for Risks and Opportunities

Honda is seeking to realize carbon neutrality for all products and corporate activities Honda is involved in by 2050. As the world's largest power unit manufacturer with total annual sales of approximately 30 million units in the motorcycle, automobile, power product, outboard engine and aircraft fields, we have been working to develop carbon-neutral power sources for a broad range of products.

In order to make steady progress toward carbon neutrality by 2050, Honda has defined corresponding targets and has been promoting efforts accordingly. In the area of products, in addition to the ratios of electrified products in global sales, we have selected another

2030 milestone concerning CO2 emissions intensity from the use of products. In the area of corporate activities, we aim to reduce our total CO2 emissions by 46% from FY2020. To achieve this target, we will promote initiatives to increase production efficiency and save energy, a shift to low-carbon energy and the use of renewable energy.

Additionally, for water resources vulnerable to climate change, we are giving consideration to water supply risk that affects our businesses and depletion risk that impacts areas surrounding our production bases, and will undertake initiatives to reduce our industrial water intake.

References to Environmental Metrics

Metric	Reference
Ratios of electrified products in global sales	Honda Report 2022 (⇒ pgs. 34, 43 and 48); Sustainability Report 2022 (⇒ pgs. 63 and 77)
Renewable Energy	Sustainability Report 2022 (⇒ pgs. 61 and 64)
GHG (Scopes 1 + 2)	Sustainability Report 2022 (⇒ pgs. 61, 64 and 72–75)
Other environmental metrics (water, energy, waste management, etc.)	Sustainability Report 2022 (⇒ pgs. 65–67, 69, 70, 75 and 76)

Honda's GHG Emissions

Honda believes that calculating and disclosing its greenhouse gas (GHG) emissions as a responsible mobility company are needed to proactively promote GHG emissions reduction efforts across the world.

Given our business characteristics, we have large emissions from our value chain, including those from product use. As such, it is important

to calculate and disclose Scope 3 emissions. We thus calculate and disclose emissions from our value chain (Scope 3) in addition to direct (Scope 1) and indirect (Scope 2) emissions from Honda.

We will continue to identify and manage related data and utilize the data in implementing GHG emissions reduction measures.

Honda's GHG Emissions

(million t-CO2e)	FY2019	FY2020	FY2021	FY2022
Emissions from entire value chain	315.29	331.2	254.48	280.02
Scope 1	1.38	1.24	1.12	1.16
Scope 2	4.09	3.79	3.38	3.14
Scope 3	398.2	298.09	249.98	275.72*

- The definitions of Scopes 1, 2 and 3 are provided in the GHG Protocol.
- Scopes 1, 2: Indirect GHG emissions from corporate activities of Honda and its consolidated subsidiaries and affiliated companies in and outside Japan, excluding some small companies.
- The Scope 3 figures are the sum of emissions from categories 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12 and 15.

* We changed the calculation method of Scope 3, category 11 emissions from FY2022. For details, please refer to pp. 72–73 of Sustainability Report 2022.

Targets and Results

Honda's Triple Action to ZERO represents its targets for realizing a recycling-oriented society with zero environmental impact in order for people to live on the earth in a sustainable manner (⇒ p. 33).

Initiatives Related to Human Resources



Basic Approach

Basic Policy for Personnel Management

Honda believes that human beings are free and unique individuals with the capacity to think, reason and create — and the ability to dream. Honda wishes to be a company where people with a true will to realize a better society come together, respect individual differences, trust each other as equal partners, exercise abilities, characteristics and creativity to the fullest, overcome difficulties while sometimes disagreeing and share joy.

With a view to becoming the "power" that supports people around the world who are trying to do things based on their own initiative and to constantly creating products and services surpassing customers' and society's expectations, we will promote comprehensive human resources and organizational strategies to encourage and support the growth of motivated associates and provide them with the means to thrive at Honda.

Principles of Personnel Management

Respect for the Individual



Three Principles of Personnel Management

Respecting Initiative	Honda respects the individuality, creative thinking and judgment of each associate.
Ensuring Fairness	At Honda, every person should have equal employment opportunities. An individual's race, gender, age, religion, national origin and social or economic status have no impact on the individual's opportunities.
Encouraging Mutual Trust	Honda and its associates should respect, trust and recognize each other as individuals and make sincere efforts to fulfill our responsibilities.

Vision of Human Resources and Organizational Strategies

To prevail through a major turning point said to occur in the automobile industry once in a century, Honda regards the current business environment as its "second foundation phase" and has been working to transform itself into a company capable of achieving new growth and creating new value.

In our human resources and organizational strategies as well, we have formulated a vision to ensure the advancement of our people and corporate culture to accelerate the Company's transformation. More specifically, we will promote the evolution into an even more innovative and attractive corporate culture that can embrace changes by making the most of the strong commitment, passion and challenging spirit of our associates, who are self-reliant individuals.

Direction of the Strategies to Achieve the Vision

Organization: Maximize a challenging spirit and innovation



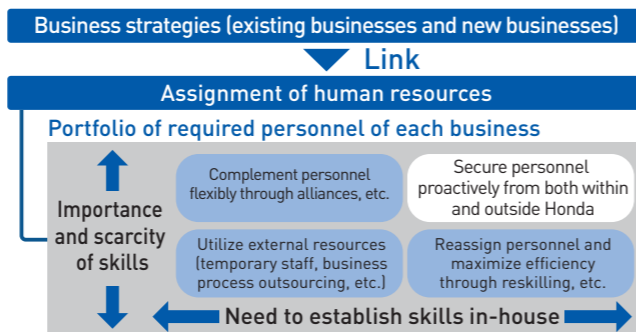
Initiatives Related to Human Resources

Human Resources Management Linked to Business Strategies

We will develop an optimum personnel strategy based on the portfolio of required personnel, while linking this with our business strategies in our existing business domains of motorcycles, automobiles and power products and in new business domains that mainly involve electrification and the development of new value businesses. The aim is to maximize our company-wide, total workforce strength.

In particular, for securing human resources to be tasked with electrification and the development of new value businesses, we will proactively recruit executive-level human resources from outside in addition to nurturing and promoting human resources within Honda.

Link between Business Strategies and the Assignment of Human Resources



Overview of Initiatives to Realize the Vision of Human Resources and Organizational Strategies

Toward achieving the vision of our human resources and organizational strategies, we are implementing initiatives to encourage and support the growth of motivated associates and further encourage them so they can thrive at Honda.

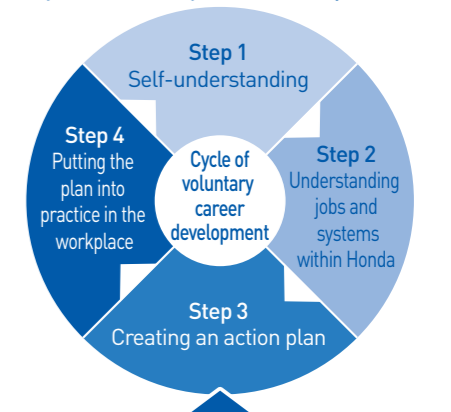
In each region, we use associate engagement as a management indicator. In Japan, we aim to continuously achieve a "very good" engagement level (3.5 or higher average overall points on a five-point scale; 3.48 points in FY2022).

Recruitment	Hiring diverse human resources and the evolution of approaching and matching processes <ul style="list-style-type: none"> Strengthen the employment of women (April 2022 result: 19.5%) Strengthen mid-career recruitment, including executive-level human resources (FY2022 result: 297 persons) Expand internship program (FY2022 result: 594 persons) Proactively use owned media recruiting
Capability development	Initiatives to support the autonomous learning of motivated associates <ul style="list-style-type: none"> Define common capabilities Honda requires for its associates and create a guidebook Introduce selectable learning programs Introduce a learning management system <small>(⇒ p. 61)</small>
Career support	Supporting voluntary career development practicing the idea of "working for yourself" <ul style="list-style-type: none"> Strengthen two-way communication between supervisors and subordinates Introduce age-based career training Conduct interviews regarding career path with career advisors <small>(⇒ p. 61)</small>
Utilization of resources	Maximizing human resources through optimum assignment linked to business strategies <ul style="list-style-type: none"> Transfer human resources to the area of electrification for achieving carbon neutrality Recruit human resources from outside Honda for the area of software and connected technologies Reinforce recurrent and reskilling education
Development and selection of next-generation human resources	Nurturing and selecting next-generation leaders embracing our corporate philosophy <ul style="list-style-type: none"> Introduce succession planning for key positions Develop a Global Competency Model (GCM) Promote Global Leadership Programs (GLPs) <small>(⇒ p. 61)</small>

Owned media recruiting through "Me and Honda, Career" website



We proactively disseminate the attractiveness of Honda associates through our special recruitment website and utilizing various social media. (Cycle of voluntary career development)



Support by management-level associates

Proactive support by management-level associates, believing that "people must plan and forge a career on their own"

Treatment and working environment

Evolving into a remuneration structure that accelerates corporate transformation

- Introduce a new remuneration system that motivates associates in management positions to enhance the organizational and commitment of associates and take on challenging initiatives

Supporting all associates to stay healthy both physically and mentally and work with vitality

- Put a ban on smoking on the company premises (planned for April 2023)
- Enlighten associates about the fun and benefit of physical exercise to make it a habit
- Provide healthy menus at company cafeterias
- Increase health literacy through in-house enlightenment activities

Initiatives to maintain a good relationship of trust between associates and Honda and create a workplace where associates can thrive

- Measure associate engagement
- Enhance feedback of the results to managers
- Strengthen support to various internal organizations

Increasing the participation of diverse associates to spur innovation (⇒ p. 62)

Initiatives Related to Human Resources

Nurturing and Selecting Next-Generation Leaders Embracing Our Corporate Philosophy

Developing a Global Competency Model

With the aim of systematically and permanently nurturing and appointing competent and motivated personnel regardless of an individual's attributes (such as nationality and gender), we have developed a Global Competency Model (GCM), which represents behavioral traits required of a global leader, and placed it at the center of our human resources development efforts. Utilizing the GCM to design leader development measures and define items used in human resources assessment, we have started aggregating information on required talent on a global basis. By defining the experiences and capabilities required of major global positions, we will work to promote the matching of human resources and the defined talent information and more strategically nurture next-generation leaders.

Global Competency Model

- Capture changes
- Have a global viewpoint
- Keep taking on new challenges
- Believe in people
- Show a way to the future
- Make decisions with courage
- Persevere to the end
- Overcome one's limits in the past

Promoting Global Leadership Programs

Based on the GCM, we updated our global leadership programs (GLPs) in 2021 and are now providing distinctive programs, all in English, for three levels. For example, with the cooperation of the International Institute for Management Development (IMD), one of the world's leading business schools, we offer a program for General Managers to refine the qualities required of business leaders. It includes facilitating an understanding of the latest business trends, interacting with prominent business leaders and executive presence training.

Overview of the GLPs

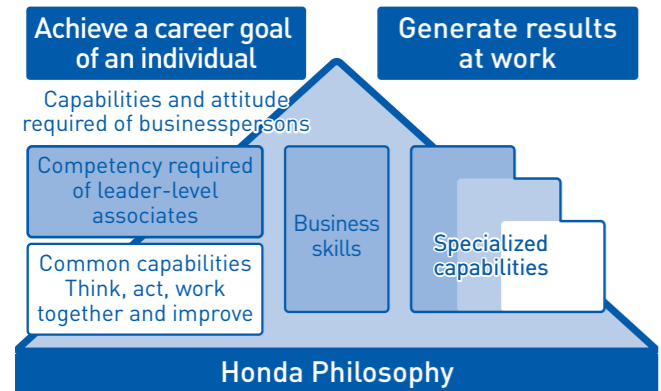


Initiatives to Support Growth and Autonomous Career Development of Motivated Associates

Defining Common Capabilities and Introducing Selectable Learning Programs

We have defined the common capabilities required of businesspersons to turn our associates into professionals who are competent both within and outside Honda. We provide a guidebook that describes tips on how to cultivate and hone each capability as well as e-learning programs to support associates' voluntary and autonomous efforts. Additionally, we plan to evolve our learning management system introduced in FY2022 into a one-stop platform that offers more learning opportunities and visualizes the progress in capability development.

System of Capability Development



Initiatives to Support Voluntary Career Development

We have been strengthening two-way communication in which associates think about their career vision with their supervisors based on a career plan developed by themselves. As an opportunity to explore a career in the future, we have introduced and enhanced career training, which associates can take at their convenience, and career interviews. Going forward, we will strive to provide more career choices within Honda by expanding the existing internal job recruitment system.

Initiatives for Career Development



Increasing Participation of Diverse Associates to Spur Innovation

Workforce diversification at Honda has been promoted by defining the ideal state, "Associates with diverse attributes and values shining and demonstrating individuality will contribute to maximizing Honda's comprehensive strength," under the idea of "Respect for the Individual," which represents one Fundamental Belief of the Honda Philosophy.

Initiatives to Expand Women's Participation

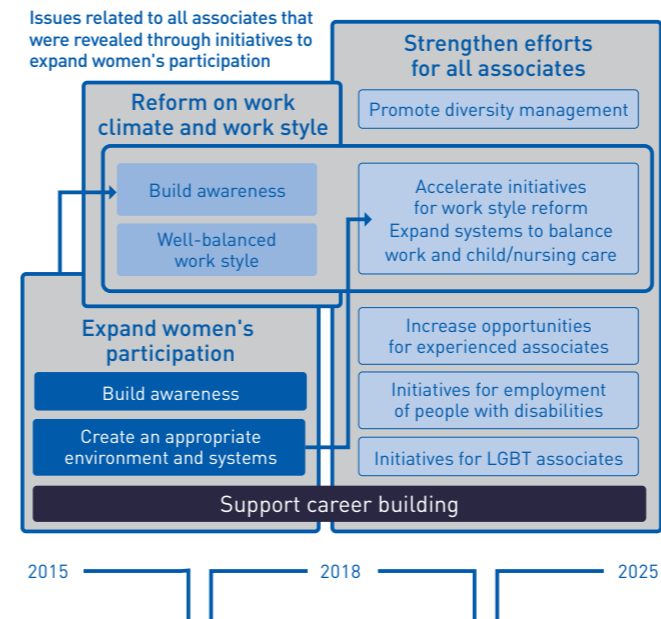
In achieving the 2030 Vision, it is essential to spur innovation through the fusion of diverse values where "people" play a main role. Since 2015, Honda has been positioning and promoting workforce diversification as a company-wide priority task toward demonstrating the total strength of its workforce.

In January 2015, we established the Diversity Promotion Office, an organization specialized in diversifying Honda's workforce. In Japan, we first embarked on the expansion of women's participation. We regarded the three years from 2015 as a phase to build awareness within Honda. During this period, we proactively promoted initiatives under three pillars, namely "Build awareness and foster an appropriate work climate," "Support career building" and "Create an appropriate environment and systems," while placing our priority on the expansion of women's participation. Additionally, as an action plan to encourage women's participation, we announced our targets both internally and externally to increase the number of women in management positions threefold from the 2014 level in 2020 and ninefold in 2025.

After reaching the action plan's 2020 target in FY2022, we have updated our targets and now aim to triple and quadruple the number by 2025 and 2030, respectively, compared with 2020.

We regard the period starting from 2018 as a phase of evolution and expansion. Under the belief that diversity concerns all associates, we have been promoting activities with an extended scope and in accordance with an expanded roadmap.

Overview of Initiatives to Diversify Honda's Workforce



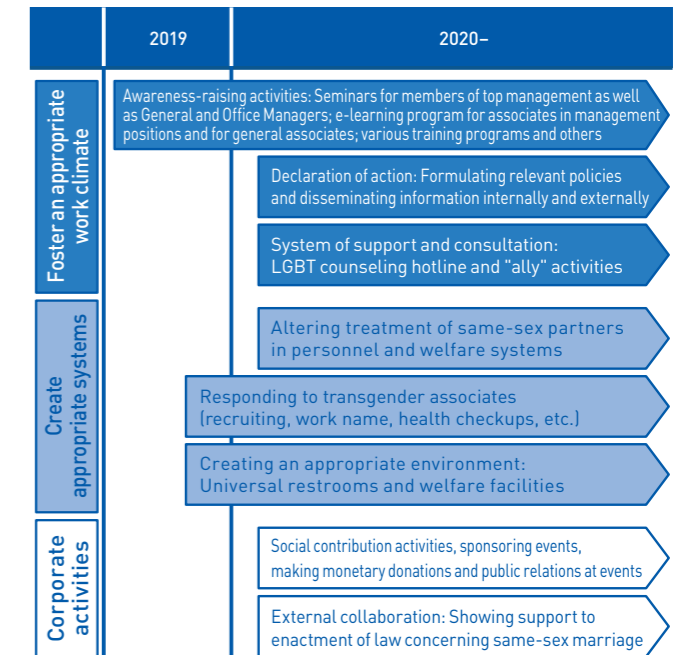
Initiatives to Spread an Understanding of LGBT

Honda has been working to create a corporate culture and environment to eliminate discrimination in terms of gender identity and sexual orientation and to naturally accept LGBT since 2019. Specifically, we offer a seminar for members of company management, an e-learning program for all associates and an "ally"*1 seminar, treat associates' same-sex partners as spouses and operate an LGBT counseling hotline. As a result of such various activities, Honda has received the highest Gold rating in the PRIDE Index*2 for two consecutive years since 2020.

*1 Associates who have basic knowledge of LGBT issues, personally regard LGBT issues and think and act as supporters on their own accord

*2 Index created by the voluntary organization "work with Pride" to evaluate companies' efforts to create an LGBT-friendly workplace in Japan

Overview of Initiatives for LGBT Associates



Other initiatives

Since FY2019, we have been promoting a training program for cultivating supervisor capabilities to reinforce their ability for diversity management. We have also implemented career training to increase opportunities for experienced associates, a career change support system and a system of shorter workweek and shorter working hours. We have also been accelerating a variety of initiatives, such as launching full-scale efforts to promote engagement of male associates in child care, announcing in 2022 an action plan to achieve the percentage of men taking child care leave of 100% by 2025 and introducing an after-childbirth leave for partners, which is a special leave system for child care.

Initiatives for Intellectual Capital

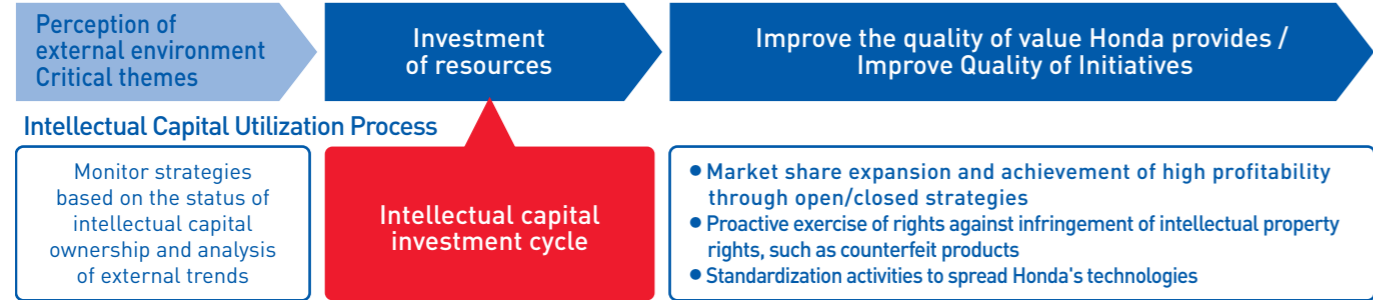


Intellectual Capital Utilization Process

The Managing Executive Officer is tasked with the management of intellectual properties and standardization, aligns development efforts, businesses and activities concerning intellectual properties and standardization and takes the leadership role in making strategic resource investments related to intellectual capital in the value creation story. In our intellectual capital utilization process, we invest

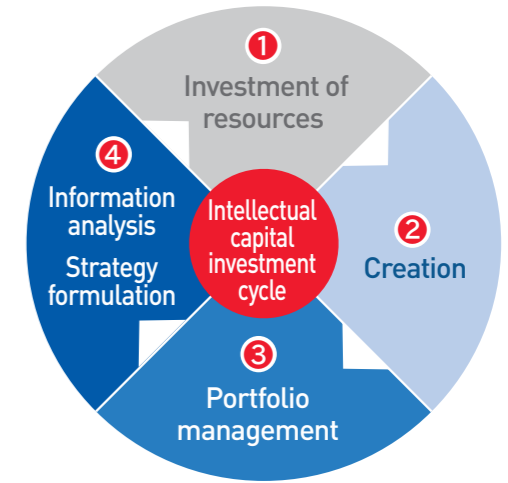
intellectual capital based on our perception and analysis of the external environment and our own strategies and work to enhance our patent portfolio in new areas. Leveraging our present portfolio, we plan and execute various intellectual property strategies and aim to improve the quality of the value we provide and that of initiatives we undertake.

Value Creation Story



Intellectual Capital Investment Cycle

As for investments of resources, including research and development expenses, for strengthening our business structure and creating new value, we have been creating intellectual capital such as intellectual properties (patents, industrial designs, trademarks, know-how, etc.) and intangible assets (brand, product designs, data, corporate climate, trust, etc.) and promoting patent applications and the acquisition of associated rights in Japan and overseas under our global intellectual property management system. From the perspectives of strengthening our business structure and preparing for new areas, we have established a global patent portfolio with a focus on the utilization of our patent rights and have been practicing management appropriate to each region. By analyzing our competitiveness quantitatively and qualitatively based on the global patent portfolio, we have also been formulating and promoting strategies to both enhance Honda's strengths and supplement weaknesses and carrying out resource reinvestments in a manner that contributes to our businesses. Through this cycle of intellectual capital investment, we have been making more coordinated efforts with business and R&D activities.



Specific Efforts in the Intellectual Capital Investment Cycle

1 Investment of resources

Strengthening business structure

Areas of electrification and software technologies Allocate approx. ¥5 trillion (over the next 10 years)

Honda e: Architecture, an EV platform that combines hardware and software, etc.

Continuously applying for patents and increasing inventors

We have made continuous R&D investments in the areas of electrification and software technologies, including automated driving technologies. The number of inventors has increased along with R&D investments, and we have submitted numerous patent applications. Honda will continue to strengthen efforts in the future.

Applying for patents for automated driving technologies

Honda obtained the world's first type approval for Level 3 automated driving systems for the Legend, which is equipped with the Honda SENSING Elite safety and driver-assistance system. In its development process, we amassed an abundance of intellectual capital, including technologies related to Level 3 automated driving, some 430 patent applications and development know-how.

Honda SENSING Elite (Equipped with Level 3 automated driving technology)

Strengthening patent applications for all-solid-state batteries

Since initiating development of all-solid-state batteries, we have continuously strengthened patent applications. The number of inventors is also increasing in step with an expansion in technological development areas. We will continue to strengthen our efforts in line with the increase in R&D investment, including the launch of a next-generation battery demonstration line in 2024.

2 Creation

Number of patents currently held in and outside Japan: More than 43,000

To realize the 2030 Vision, such as carbon neutrality and zero traffic collision fatalities, and to provide new value to customers, we are practicing management that strategically builds a patent portfolio in order to both strengthen our business structure and prepare for new growth.

Ratios of various patents held in our portfolio

Among patents we have obtained in each area, we enforce the required number of patents in necessary countries based on the global marketing status and plans for our products and services. "Number of patents held worldwide" Chapter 5 (⇒ p. 82)

3 Portfolio management

Competitiveness analysis and resource strategy based on the status of intellectual capital investment

Honda analyzes the status of the establishment of its patent portfolio from quantitative and qualitative perspectives as one of the performance indicators of its R&D activities. By doing so, we select technological areas that should be expanded and complemented, update KPIs for patent applications in future growth areas and make proposals for strategies for future development and formulate strategies for collaboration.

Patent portfolio value in growth areas

* An index that considers not only the number of patents but also adds the perspective of quality. Prepared by Honda using PatentSight® of LexisNexis

4 Information analysis Formulation of strategies Reinvestment of resources

Initiatives Related to Quality



"We have to aim for 120% product quality. If 99% of the products we make are perfect, that would seem like a pretty good record. However, the customers who become the owners of the remaining 1% will surely consider their products 100% defective. It is unacceptable that even one customer in a thousand — even one customer in ten thousand — should receive a defective product. That's why we have to aim for 120%." These words of our founder define our basic approach to becoming a company society wants to exist and are why Honda exists, which constantly aspires to offer products exceeding customer expectations.

Honda seeks to both improve product reliability with a focus on safety and achieve a new level of excellent quality. To this end, we have created the Honda Quality Cycle that continuously enhances quality at every stage. Honda also works to satisfy customers at every stage from sales to after-market service so that customers can continue using Honda products and services with a sense of security.

Basic Approach

Offering a New Level of Outstanding Quality

Over the years, Honda has implemented different activities aimed at realizing products that offer a new level of outstanding quality.

Meanwhile, the industry is heading toward an unprecedented turning point concerning response to the environment, safety and intelligence.

Honda will accelerate powertrain electrification as well as the introduction of driver-assistance technologies for the realization of a collision-free mobile society. We are now working to create new value through open innovation by teaming up with other companies, including

those from different industries, to take up a challenge of creating new forms of mobility that incorporate the Internet of Things (IoT).

Moving ahead, Honda aims to reduce problems at all points of customer contact in step with an evolution in mobility and living in addition to ensuring the utmost quality in products and services provided to customers. Through the pursuit of quality in each domain, we have been advancing our initiatives to realize a new level of outstanding quality.

Initiatives Related to Quality

Honda Quality Cycle to Continuously Enhance Quality

Honda has created the Honda Quality Cycle that continuously enhances quality at every stage, encompassing planning, development, production, sales and after-sales service in order to realize products offering a new level of outstanding quality. The goal is to achieve the highest quality by creating drawings designed to facilitate manufacturing and by developing manufacturing control techniques that limit process variability.

Honda Quality Cycle

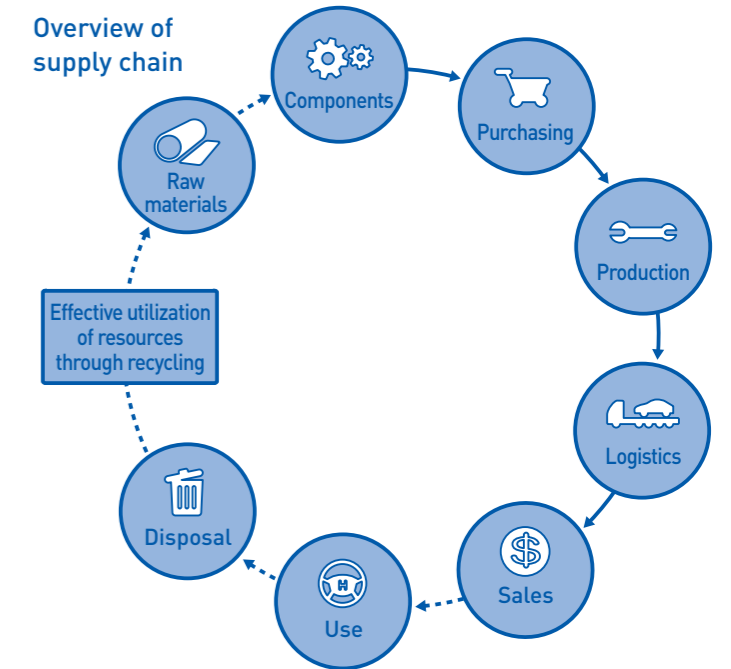


Supply Chain Management



Honda will actively promote sustainable initiatives in cooperation with all its business partners around the world. By doing so, we are seeking to realize a supply chain where Honda co-exists and co-prospers with local communities as a company that society wants to exist.

We are striving to strengthen supply chain sustainability mainly in the areas of purchasing and logistics.



Initiatives Related to Purchasing

Working Together with Suppliers Worldwide

Honda's goal is to achieve a sustainable society across the supply chain. We implement initiatives with consideration for the environment, safety, human rights, compliance and social responsibility, among others, in partnership with our suppliers worldwide. Based on the Honda Philosophy, we have established the Purchasing Belief and Three Purchasing Principles and engage in business that is fair and equitable with transparency. We have also published the Honda Supplier Sustainability Guidelines to share our approach to sustainability with suppliers worldwide and to promote Honda initiatives.

Initiatives Related to Logistics

Responding to Various Logistics Issues

Due to the extremely large volume of transportation that takes place from the upstream to the downstream of the manufacturing process at Honda, increasing efficiency, along with reducing environmental impact and compliance and risk management in logistics, are regarded as critical issues. Honda formulates, implements and centrally manages action policies and measures in response to various logistics-related pending issues and challenges. These include environmental response for CO2 reduction, management of transportation companies, promotion of response to laws and regulations, policies concerning insurance and risk management.

Initiatives Related to Sustainability

Reducing Environmental Impact in Procurement Operations

In the Honda Global Environmental Purchasing Vision, we have adopted the concept of coexisting in shared prosperity with local communities by reducing environmental impact together with Honda's suppliers worldwide in our component procurement operations. Based on this vision, we have also formulated the Environmental Purchasing Grand Design, which shows the steps toward our priority of attaining a low-carbon society. When launching new transactions, we share the guidelines and the grand design with all suppliers in each region, and with their consent, jointly work to realize a low-carbon supply chain.

Initiatives Related to Human Rights

ESG Inspection for Suppliers

Honda distributes a check sheet based on international standards to suppliers to confirm their compliance status of the Honda Green Purchasing Guidelines. The check sheet encompasses all aspects of human rights and labor matters, including eliminating race, ethnicity, nationality, religion, gender and other discrimination, as well as banning child labor, forced labor and human trafficking and guaranteeing minimum wages. We also conduct an interview survey with high-risk suppliers.

Governance – Corporate Governance



Basic Approach

Enhancing Corporate Governance toward Becoming a Company Society Wants to Exist

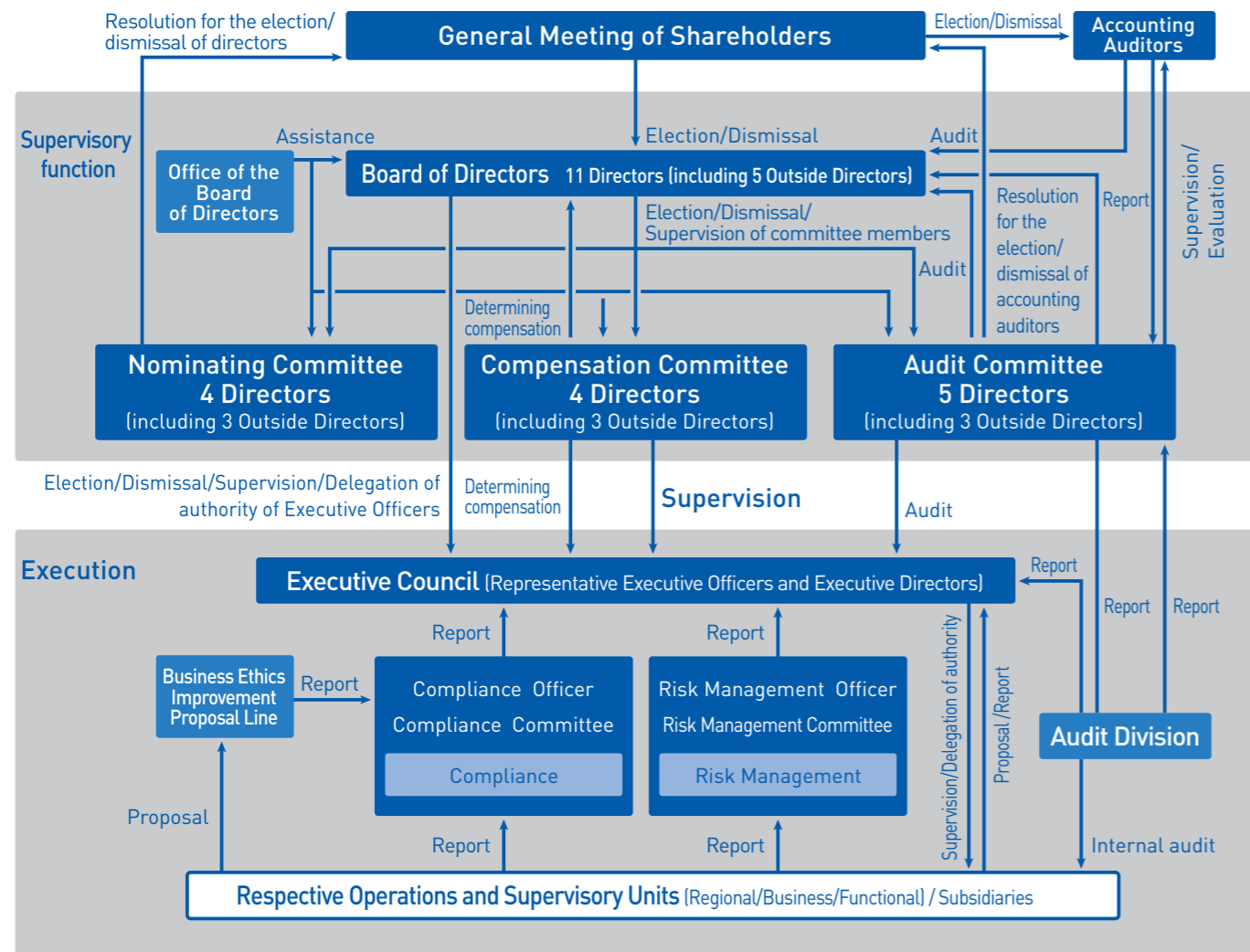
Honda strives to enhance corporate governance as one of the most important tasks for its management, based on the Company's basic principle, in order to strengthen the trust of its shareholders/investors, customers and society; encourage timely, decisive and risk-considered decision-making; seek sustainable growth and the enhancement of corporate value over the mid- to long-term; and become "a company that society wants to exist."

In order to clearly segregate the supervisory function and execution function of management, to strengthen the supervisory function and to enable prompt and flexible decisions, Honda has a "Nominating Committee," "Audit Committee" and "Compensation Committee," each

of which is composed of more than one half of Outside Directors, and has adopted a company with three committees structure which allows broad delegation of the business execution authority from the Board of Directors to the Executive Officers.

Honda is making efforts to appropriately disclose corporate information including the release and disclosure of quarterly financial results and management policies in a timely and accurate manner to bolster trust and appreciation from shareholders/investors and society. Going forward, we will continue to strive to ensure the transparency of its management.

Corporate Governance Structure (as of June 22, 2022)



For details, please refer to "Honda Corporate Governance Basic Policies" and "Corporate Governance Report."



"Honda Corporate Governance Basic Policies" "Corporate Governance Report" > <https://global.honda/investors/policy/governance.html>

Decision-Making for Executing Business Matters

Adopting a Company with Three Committees System

Honda has adopted a company with three committees system in order to delegate the decision-making authority of executing important business matters from the Board of Directors to the Executive Officers in accordance with the provisions of the Company's Articles of Incorporation and resolutions approved by the Board. The system enables quick decision-making and prompt business execution while clearly separating management supervision and business execution so that the Board's function is focused on the overseeing of business execution.

The Board of Directors has established criteria for deliberation

and delegated some of its authority to the Executive Council, which in turn delegates some of its authority to the Business Operating Board.

The Executive Council conducts preliminary deliberation on items such as that will be decided by the Board of Directors, and, within the limits of authority delegated to it by the Board of Directors, deliberates on important management matters. The Business Operating Board deliberates on important management matters within their respective regions, within the limits of authority delegated to them by the Executive Council.

Board of Directors

The Board of Directors is comprised of six Inside Directors and five Outside Directors.

In order to respond to the mandate of the shareholders to achieve sustainable growth and enhance the corporate value of the Company over the medium to long term, the duties of the Board of Directors include making decisions concerning key Company matters such as its basic management policies and monitoring of operations by Directors and Executive Officers. In addition, the Board of Directors discusses and makes decisions concerning matters specified in the regulations of the Board of Directors, as well as matters set forth in the Articles of Incorporation and applicable laws. All other matters are delegated to the Representative Executive Officers or the Executive Officers.

In order to fulfill the above roles, the candidates for Directors shall be persons of superior character and insight who have high expertise in company management, laws, politics, accounting, education or the Company's business. The Nominating Committee shall consider the balance of gender, nationality, knowledge and experience in each field for nomination.

Audit Committee

In order to respond to the entrustment of the shareholders, the Audit Committee shall conduct audits of the execution of duties by the Directors and Executive Officers and perform other duties of the committee prescribed by the laws and regulations and the Articles of Incorporation with the aim of ensuring sound and sustainable growth of the Honda Group. The Audit Committee is composed of two Inside Directors and three Outside Directors. The Chairperson of the Audit Committee shall be an Independent Director. In order to ensure the effectiveness of the audit, full-time Member(s) of the Audit Committee are elected by the resolution of the Board of Directors.

Each member of the Audit Committee audits the execution of duties by Directors and Executive Officers in accordance with the auditing criteria for the Audit Committee, auditing policies and division of duties, etc., as determined by the Audit Committee. The audit is carried out through the following main activities by using such online means as web conferencing systems.

To provide timely and accurate reports to the Audit Committee, standards for Audit Committee reports are being established. Based on these standards, reports are made periodically to the Audit Committee on the status of the business operations of Honda and its subsidiaries, the status of implementation and operation of internal control systems, and other matters. Also, reporting is required whenever there is an item that has a major impact on Honda.

We have formed the Board of Directors Office as an organization to support the Board of Directors, Nominating Committee, Audit Committee and Compensation Committee, serving full-time.

Employees of the Board of Directors Office execute their duties under the supervision of the Board of Directors and three committees. Performance evaluation, personnel changes, etc., of these employees require the consent of the Audit Committee in order to ensure independence from Executive Officers and effectiveness of instructions of the Audit Committee.

In addition to the above, the Audit Division, which was organized to directly report to the President and CEO, conducts internal audits of each department of Honda. It also provides supervision and guidance to internal audit departments in major subsidiaries, as well as directly auditing subsidiaries when necessary.

Aside from regularly reporting to the Audit Committee on audit policies, plans and results, the Audit Division also makes additional reports on results at the request of the Audit Committee. In addition, the Audit Committee and the Audit Division implement audits independently or in collaboration.

Nominating Committee

The Nominating Committee makes determinations regarding proposals for appointment or removal of Directors to be submitted to the shareholders' meeting and other duties prescribed by laws and regulations and the Articles of Incorporation. The Nominating Committee is composed of four Directors which include at least three Outside Directors. The Chairperson of the Nominating Committee shall be an Independent Director.

Compensation Committee

The Compensation Committee makes determinations regarding the details of compensation for each Director and Executive Officer and other duties of the committee prescribed by laws or regulations or the Articles of Incorporation. The Compensation Committee is composed of one Inside Director and three Outside Directors. The Chairperson shall be an Independent Director.

Governance – Corporate Governance



Committee Members

Name	Term of office	Current position	Responsibilities	Attendance record for the fiscal year ended March 31, 2022 (number of meetings attended/ number of meetings held)				Skills						
				Board of Directors	Nominating Committee	Audit Committee	Compensation Committee	Corporate management	Internationality	Industrial experience	New business strategies	HR	Accounting & finance	Legal & risk management
Seiji Kuraishi	6 years	Chairman and Director	Chairman of the Board of Directors	10/10 100%	-	-	5/5 100%	•	•	•	•	•	•	•
Toshihiro Mibe	2 years	Director President and Representative Executive Officer	Member of the Nominating Committee Chief Executive Officer	10/10 100%	7/7 100%	-	-	•	•	•	•	•	•	•
Kohei Takeuchi	9 years	Director Executive Vice President and Representative Executive Officer	Member of the Compensation Committee Chief Financial Officer Risk Management Officer	10/10 100%	-	-	-	•	•	•	•	•	•	•
Shinji Aoyama	-	Director Senior Managing Executive Officer	Chief Officer for Business Development Operations Chief Officer for Automobile Operations Corporate Brand Officer	-	-	-	-	•	•	•				•
Asako Suzuki	1 year	Director	Member of the Audit Committee (Full-time)	8/8 100%	-	6/6 100%	-	•	•	•	•	•	•	
Masafumi Suzuki	5 years	Director	Member of the Audit Committee (Full-time)	10/10 100%	-	6/6 100%	-	•	•				•	
Kunihiko Sakai	3 years	Director	Member of the Nominating Committee Member of the Audit Committee	10/10 100%	7/7 100%	6/6 100%	-	•						•
Fumiya Kokubu	2 years	Director	Member of the Nominating Committee (Chairperson) Member of the Compensation Committee	10/10 100%	7/7 100%	-	5/5 100%	•	•	•	•			
Yoichiro Ogawa	1 year	Director	Member of the Audit Committee (Chairperson) Member of the Compensation Committee	8/8 100%	-	6/6 100%	5/5 100%	•	•				•	
Kazuhiro Higashi	1 year	Director	Member of the Nominating Committee Member of the Compensation Committee (Chairperson)	8/8 100%	7/7 100%	-	5/5 100%	•		•	•	•	•	
Ryoko Nagata	1 year	Director	Member of the Audit Committee	8/8 100%	-	6/6 100%	-			•	•			•

Reasons for Appointment of Outside Directors

Five Outside Directors Having Abundant Experience and Deep Insight

Honda appoints Outside Directors who have abundant experience and deep insight, and who are capable of overseeing our entire business management from an objective, highly sophisticated and broader viewpoint based on the standpoint independent from Honda. The Outside Directors shall be at least two in number, and one-third or more of the Board of Directors shall be composed of Independent Directors who

satisfy the Independence Criteria of the Company. All five Outside Directors currently in office satisfy the Criteria for Independence of Outside Directors and their interests are not in conflict with those of the Company nor the shareholders. Based on this, the Company has reported all five Outside Directors to the Tokyo Stock Exchange as Independent Directors as stipulated in the regulation of the Tokyo Stock Exchange.

Name	Reasons for appointment
Kunihiko Sakai	Mr. Kunihiko Sakai has high expertise and abundant experience as a legal affairs specialist having served as Public Prosecutor and a lawyer, including posts of Superintending Prosecutor at High Public Prosecutors' Offices from July 2014 to March 2017.
Fumiya Kokubu	Mr. Fumiya Kokubu held positions of President and CEO, and Chairman of the Board of Marubeni Corporation from 2013, and has abundant experience and deep insight regarding corporate management.
Yoichiro Ogawa	Mr. Yoichiro Ogawa has high expertise and abundant experience as an accounting specialist having served as a Certified Public Accountant for many years, including posts of CEO of Deloitte Tohmatsu Group from July 2015 to May 2018.
Kazuhiro Higashi	Mr. Kazuhiro Higashi held positions of President and Chairman of Resona Holdings, Inc. from April 2013, and has abundant experience and deep insight regarding corporate management.
Ryoko Nagata	Ms. Ryoko Nagata held positions of Executive Officer and Audit & Supervisory Board Member of Japan Tobacco Inc. from 2008, and has abundant experience and deep insight regarding corporate management and auditing.

Support Systems for Outside Directors

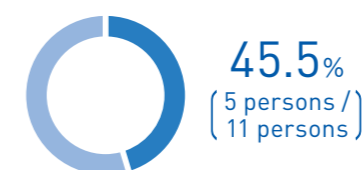
Board of Directors Office Providing Necessary Support as Appropriate

Honda's Board of Directors Office provides necessary support to Outside Directors as appropriate. Prior to each meeting of the Board of Directors, the Office distributes information materials on the agenda and holds preliminary briefing sessions for Outside Directors. At the same time, it continuously provides information that will help them monitor corporate management on various occasions, including upon their appointment.

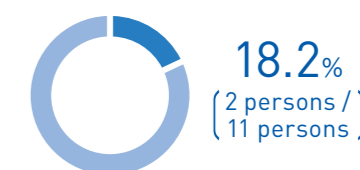
Related Data

As of June 22, 2022

Percentage of Outside Directors



Percentage of female directors



Governance – Corporate Governance



Evaluation of Effectiveness of the Board of Directors

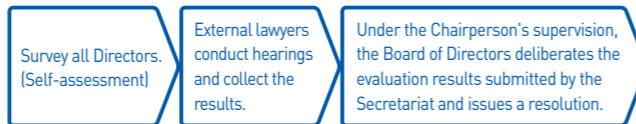
Conducting Questionnaire and Interviews in Each Fiscal Year to Increase Effectiveness

Each fiscal year, the Company conducts an evaluation of the overall effectiveness of the Board of Directors in order to confirm the current status of the Board's functions, with the aim of further improving its effectiveness and promoting an understanding among shareholders and stakeholders.

The evaluation confirmed that the effectiveness of the Board of Directors has been adequately ensured. This has been achieved by a number of changes made after the management approach was updated in response to the transition to a company with three committees. The evaluation confirmed improvements to the discussion of management policies from a medium- to long-term perspective and the provision of information relevant to these, and an improvement in the quality of deliberations and appropriate operation of the three committees.

The evaluation cited a need to provide more timely information to Outside Directors to enhance opportunities for business site visits and to enable more active discussions at Board of Directors meetings. We will address these issues to further enhance effectiveness as a monitoring-type Board of Directors.

Evaluation process



Evaluation Results

	Tasks for FY2021	Main initiatives for FY2022	Evaluation for FY2022	Tasks and initiatives for the future
Composition	Enhance discussions on expertise and diversity of the Board of Directors.	The Nominating Committee discussed and resolved the Board Skills Matrix.	The scale is appropriate and the structure is well-balanced in terms of skills, expertise, diversity, etc.	Continue to consider the composition of the Board of Directors for further functional enhancement
Shared information			Information provision is appropriate in terms of both quality and quantity.	More timely information sharing and enhancement of opportunities for business site visits for Outside Directors
Agenda items for deliberation, etc.	Enhance preliminary briefings for Outside Directors and streamline the explanation process during meetings to improve the quality of deliberation by the Board of Directors. Brief the Outside Directors on management-related interests and enhance dialogue and discussion with Executive Officers.	Provided an update on operational progress alongside deliberation of quarterly financial statements. Set up the preliminary briefings from the General Managers or equivalents. Simplified the explanation and focused on deliberation during meetings. Held discussions on management-related interests. Provided venues for communication between Outside Directors. Held briefings on strategies and corporate governance.	The items to be deliberated have been carefully selected, and each agenda item has been thoroughly discussed.	Further enhance opportunities to share information and exchange opinions about the progress status of the medium-term management plan and the direction of the next term plan
Deliberation at meetings			The quality of deliberation by the Board of Directors has improved due to the enhancement of preliminary briefings The points of the explanation on the day are properly narrowed down.	Further revitalize discussions at the Board of Directors
Committee			Improved objectivity and transparency in the process of nomination and remuneration decision. Each committee is performing its function well.	Maintain and strengthen collaboration between each committee and the Board of Directors

Board of Directors

Term of office
Average term of office

3.2 years
 ■ 0-4 years 8 persons
 ■ 5-9 years 3 persons
 ■ 10 years or longer 0 persons

Attendance rate(FY2022)

100%
(held 10 times)

Nominating Committee

Composition of members
Percentage of Outside Directors

75%
(3 persons / 4 persons)

Attendance rate(FY2022)

100%
(held 7 times)

Audit Committee

Composition of members
Percentage of Outside Directors

60%
(3 persons/5 persons)

Attendance rate(FY2022)

100%
(held 6 times)

(Audit and Supervisory Committee held for a total of 4 times from April to June 2021 with an attendance of 100%)

Compensation Committee

Composition of members
Percentage of Outside Directors

75%
(3 persons/4 persons)

Attendance rate(FY2022)

100%
(held 5 times)

Remuneration Structure for Directors

Remuneration Structure for Directors Linked to Medium- to Long-Term Business Performance

Honda's remuneration structure for Directors and Executive Officers is designed to motivate officers to contribute to an improvement of Honda's business performance not only over the short term but also over the mid- to long term, so that we can continuously enhance our corporate value, and it consists of monthly remuneration, a fixed amount paid each month as remuneration for the execution of duties, STI (Short Term Incentive) based on our business performance for the relevant fiscal year, and LTI (Long Term Incentive) based on the mid- to long-term business performance.

Monthly remuneration shall be paid as a fixed amount each month based on remuneration standards resolved by the Compensation Committee.

STI shall be determined and paid by resolution of the Compensation Committee, taking into consideration the business performance of each fiscal year.

Based on standards and procedures approved by the Compensation Committee, LTI is based on the mid- to long-term performance and paid in the form of the Company's shares and cash, in order to function as a sound incentive for sustainable growth.

Remuneration paid to Directors (who concurrently serve as Executive Officers) and Executive Officers shall consist of monthly remuneration, STI and LTI, and the composition rate shall be determined based on the remuneration standards resolved by the Compensation Committee. The composition ratio of variable compensation is increased according to the weight of management responsibility.

Remuneration paid to Outside Directors and other Directors who do not concurrently serve as Executive Officers shall consist only of monthly remuneration. In order to advance the Company's sustainable growth and enhance its corporate value over the mid- to long-term by sharing common interests with the shareholders through having a shareholding in the Company, even Directors and Executive Officers who are not eligible for LTI shall acquire the Company's stock by contributing a certain portion of their remuneration to the Officers Shareholding Association.

Directors and Executive Officers shall continuously hold, throughout their term of office and for one year after their retirement, any stock of the Company acquired as LTI or acquired through the Officers Shareholding Association.

Total amount of remuneration by category Before transition to a company with three committees (from April 2021 to June 2021) Yen (millions)

Category	Total amount of remuneration, etc.	Total amount by type of remuneration, etc.		Number of eligible Directors (number of persons)
		Fixed remuneration	Performance-linked remuneration	
Directors (excluding Audit and Supervisory Committee Members) (excluding Outside Directors)	139	113	- 26	6
Outside Directors (excluding Audit and Supervisory Committee Members)	8	8	- -	2
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	36	36	- -	2
Outside Directors (Audit and Supervisory Committee Members)	12	12	- -	3
Total	195	169	- 26	13

- The Company transitioned from being a Company with an Audit and Supervisory Committee to being a Company with three committees based on a resolution of the 97th Ordinary General Meeting of Shareholders held on June 23, 2021. The above table shows the amount of remuneration and the total number of officers in each category who were in office prior to the Company's transition to being a Company with three committees.
- Remuneration is limited to JPY 1,160 million per year for Directors (excluding Audit and Supervisory Committee Members) and JPY 270 million per year for Directors (Audit and Supervisory Committee Members).
- The above shows the amounts of remuneration, etc. paid to the Company's Directors by the Company during the fiscal year ended March 31, 2022, and includes the amounts paid to two Directors (excluding Audit and Supervisory Committee Member), one Outside Director (excluding Audit and Supervisory Committee Member) and two Outside Directors (Audit and Supervisory Committee Members) who retired at the close of the 97th Ordinary General Meeting of Shareholders held on June 23, 2021.
- STI to Directors (excluding Audit and Supervisory Committee Members) are included in the previously mentioned maximum amount for remuneration to Directors (excluding Audit and Supervisory Committee Members), and the amount shown was decided by the meeting of the Compensation Committee held on May 17, 2022.
- The total amount of LTI is the amount recorded as expenses related to the share delivery points granted during the fiscal year in connection with the directors' remuneration BIP (Board Incentive Plan) trust. The remuneration falls under non-monetary remuneration.

Remuneration of Accounting Auditors

Determining Remuneration with Prior Approval to Uphold Independence

Honda has had its financial statements audited in accordance with the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, the Securities Exchange Act of 1934 (United States) and the Exchange Act of 1933 (United States) by KPMG AZSA LLC. Within KPMG AZSA LLC, a total of 83 staff members conducted external audits of our financial statements. These accounting firm staff members are composed of three certified public accountants (Masahiko Chino, Isao Kamizuka and Takeshi Kamada), who are in overall charge of the Outside Audits, and 72 professional staff members

(including 26 certified public accountants and 46 other staff members). In deciding the amount of remuneration for services rendered by the Accounting Auditor, various factors are taken into consideration in discussions with the accounting firm, including Honda's size/characteristics, the time schedule for the audit and other matters. In addition, to preserve the independence of the Accounting Auditor, remuneration to be paid is required to obtain the prior approval of the Audit Committee.

Governance – Compliance



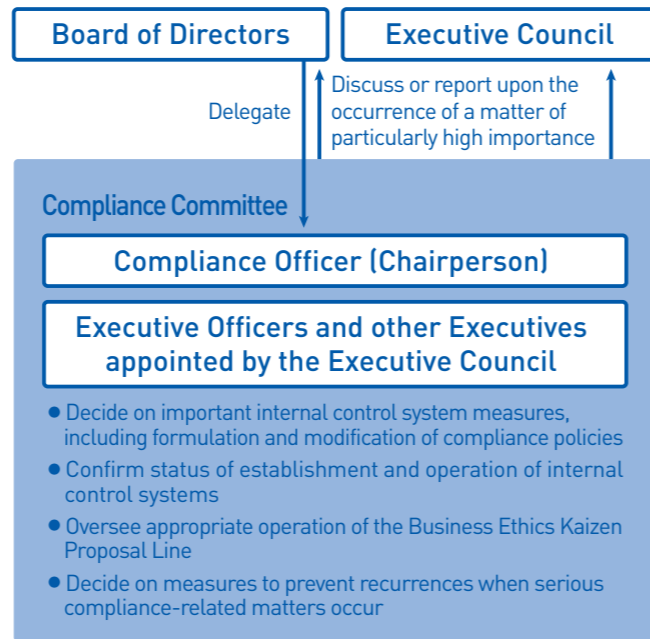
Compliance Committee

Compliance Committee Working with the Board of Directors and Executive Council

To improve compliance within the Honda Group, Honda has established a Compliance Committee, headed by a Compliance Officer designated by the Board of Directors. This Committee is composed of the Compliance Officer as well as Executive Officers and other Executives who are appointed by the Executive Council. The Committee makes decisions regarding important internal control system measures, which include formulating and amending of compliance policies. In addition, the responsibilities of the Committee encompass from confirming the status of establishment and operation of internal control systems to performing oversight to ensure the appropriate management of the Business Ethics Kaizen Proposal Line and deciding measures to prevent recurrences when serious compliance-related matters occur. For matters of compliance that are of particularly high importance, deliberation or reporting at a meeting of the Executive Council or the Board of Directors is carried out depending on the details of the matter.

The Compliance Committee met four times (four regular meetings) in FY2022 to report on the establishment and operating status of internal control systems as well as the operating status of the Business Ethics Kaizen Proposal Line, among other things. There were no major violations of laws or regulations in FY2022.

Structure to ensure compliance



Honda Code of Conduct

Sharing Sincere Behavior to be Practiced by Associates throughout the Honda Group

In order to earn the trust of customers and society and grow sustainably, companies must not only comply with laws and regulations but go beyond those legal structures by practicing sincere and ethical conduct. Recognizing this, Honda formulated the Honda Code of Conduct, which summarizes the sincere behavior to be practiced by people working at Honda around the world. This is shared throughout the entire Honda Group, including subsidiaries in Japan and overseas.

We work to instill the Honda Code of Conduct in each and every associate through actions such as the distribution of leaflets, the publication of in-house newsletters and the posting of explanations of actual case examples on our intranet and through training. Each of Honda's departments and subsidiaries regularly checks the status of such activities to ensure awareness of the Code and reports to the Compliance Committee.



Honda Code of Conduct



In-house newsletters

Business Ethics Kaizen Proposal Line

Accepting Proposals and Requests for Consultation from Subsidiaries and Business Partners in Japan and Overseas

Honda established the Business Ethics Kaizen Proposal Line as a structure for improving corporate ethics issues. This hotline addresses issues involving corporate ethics in cases of actions that violate laws or internal rules. This allows us to accept proposals and provide consultation, from a fair and neutral standpoint, for associates who face barriers in improving or resolving issues in the workplace for reasons such as difficulties in consulting with superiors.

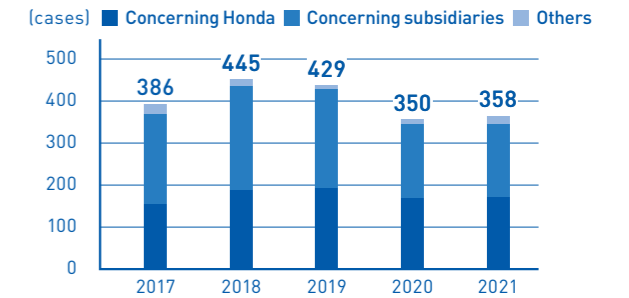
Furthermore, in addition to cases of a clear violation of laws or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable actions have occurred, and also engages in fact checking related to such cases. Proposals are accepted by email, letter, telephone or fax from all subsidiaries and suppliers in Japan and overseas, as well as from the parent company. We ensure protection of the Kaizen proposers and anonymous proposals are also accepted. Moreover, we established a point of contact within an external law office to facilitate associates to submit proposals. As for overseas, local points of contact have been established in all Regional Operations, while some subsidiaries set up their own points of contact.

In FY2022, 358 proposals and consultations were handled by the Business Ethics Kaizen Proposal Line (including points of contact outside Honda). Among these, 158 concerned the parent company, 181 concerned subsidiaries and 19 concerned other matters. Following investigations of the proposals and consultations submitted, disciplinary action was taken in four cases in the parent company and 13 cases in subsidiaries. There were no cases involving the Company that resulted in punitive dismissal. None of the cases involved violations of the Honda Policy on the Prevention of Bribery.

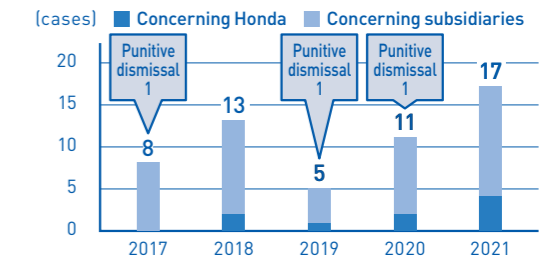
In order to raise internal awareness of the points of contact, we provide notice on our intranet, distribute information cards to all associates, including fixed-term employees and temporary workers, and display information posters in each workplace. These tools clearly state that the Kaizen proposers are protected. In addition, we observe how well these points of contact are

recognized through an annual associate vitality survey for all associates. For departments found in these surveys to have low recognition of the points of contact, Honda makes additional efforts to increase their awareness.

Proposals and Requests for Consultation Made to Business Ethics Kaizen Proposal Line (including external points of contact)



Number Leading to Disciplinary Action as a Result of Investigations of Cases Submitted to Business Ethics Kaizen Proposal Line



Initiatives to Prevent Bribery and Corruption

Instilling the Idea to Maintain Appropriate Relationships with Political and Administrative Entities

Honda prohibits bribery and corruption.

The Honda Code of Conduct requires that we comply with laws and regulations, and states that "as an independent corporate entity, Honda maintains appropriate relationships with political entities (political organizations and politicians) and administrative entities (governmental agencies and government officials)" and "will interact with political and administrative entities in an appropriate manner in compliance with laws, regulations and company policies and will not offer politicians or government officials entertainment or gifts (both monetary and non-monetary) that are prohibited by laws, regulations and company policies." Moreover, the Code stipulates that associates "will not receive from or provide to business partners benefits in the form of goods (both monetary and non-monetary) or entertainment beyond what is generally considered appropriate by society."

In addition to the above, we also have established the Honda Policy on the Prevention of Bribery and Corruption, which stipulates basic policy about bribery and corruption, and the Honda Guideline for the Prevention of Bribery and Corruption, which stipulates specific compliance items and prohibited items. These are posted on the intranet for Honda associates along with related educational content.

While raising awareness by integrating bribery and corruption prevention-related knowledge, including the said policy and guidelines, into Honda's pre-assignment training for personnel stationed overseas and training for newly appointed managers, we are also providing all associates of Honda Motor Co., Ltd. with video training with content tailored to job positions. With regard to our subsidiaries, we have launched training programs, matched to conditions in each company, aimed at raising awareness.

Governance – Risk Management



Risk Management Structure

Each Organization Building Its Own Independent Risk Management Structure

Honda formulated the Honda Global Risk Management Policy, with Group subsidiaries included in its scope of application.

The Honda Global Risk Management Policy aims at driving the Company's sustainable growth and stabilizing management based on the Honda Philosophy and targets all risks with the potential to impact operations on a global scale.

In implementing its risk management activities, Honda is creating a relevant framework and is taking follow-up measures to support implementation, with efforts centered around a company-wide Risk Management Officer elected by the Board of Directors.

Additionally, each organization is building its own independent risk management structure after setting up a Risk Management Secretariat.

These organizations are responsible for promoting their own independent risk management activities in accordance with the basic policies of these regulations.

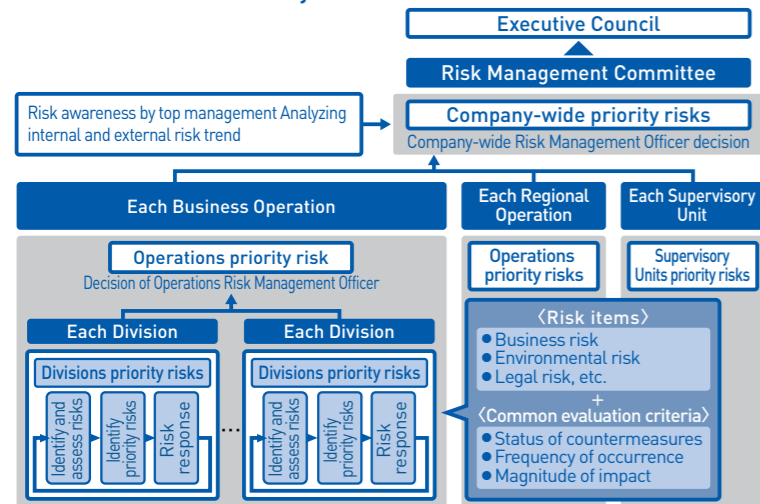
As main initiatives, Honda has established the Risk Management Committee for discussing and monitoring Honda's risks from a company-wide perspective. In parallel with this monitoring initiative, each organization in the Company also undertakes risk assessment activities for identifying, evaluating and devising responses to risks using common methods.

In addition, when a crisis occurs, the Company establishes a Global Emergency Headquarters for crisis response proportionate to the anticipated magnitude of impact.

Risk Assessment Activities

Foreseeing Potential Business-Related Risks and Responding in Advance

Risk Assessment Activity Structure



Honda carries out risk assessment activities for each of its Business Operations, Regional Operations and Supervisory Units. The purpose of these activities is to foresee potential risks surrounding Honda's businesses and respond beforehand to minimize these risks.

Each department performs annual risk evaluation using the Group's common risk items and evaluation criteria to identify the division priority risks. Each of the Operations and the Supervisory Units carries out repeated discussions based on the results of the risk assessment of each department. They then identify and respond to the Operations priority risks based on the judgment of the Operations Risk Management Officer.

Additionally, the status of Operations priority risks based on the risk awareness of the Operations and the Supervisory Units is reported to the Risk Management Committee. This effort leads to the identification and discussion of company-wide priority risks by comparing these with internal and external risk trends.

Through these efforts, Honda aims to firmly establish risk management activities within each Operations and Supervisory Unit, reduce the risk of the entire Group and raise risk awareness of each and every associate.

Company-Wide Priority Risks

Identifying Company-Wide Priority Risks to Be Addressed by Departments in Charge

In FY2022 as well, Honda identified company-wide priority risks, which will be addressed mainly by the departments in charge. In the meantime, the status of progress is confirmed and discussed at the Risk Management Committee.

Company-wide priority risk items	Risk perspective
Infectious disease risk	Impact on business and associates' health/livelihoods due to the occurrence of an infectious disease pandemic
Regional risk	Impact on business due to changes in each country's local laws, regulations, systems and business practices (e.g., personal information protection regulations and economic security policies)
Purchasing and procurement risk	Stagnation or delay in production activities caused by suppliers being unable to supply parts and due to rising prices of raw materials and parts

Company-wide priority risk items	Risk perspective
Information security risk	Suspension of important operations/services and leakage of information assets due to cyberattacks and other incidents
Environmental risk	Impact such as an increase in costs in responding to regulations concerning climate change and revised fuel efficiency or emissions regulations of each country
Intellectual property risk	Impact on business caused by an infringement of Honda's intellectual property rights or by the substantial payment of a compensation or license fee to other companies
Natural disasters risk	Impact on production, research, sales and other operations due to suspension of business resulting from natural disasters (e.g., earthquakes, flooding)
Financial and economic risk	Impact on business caused by market contraction due to an economic slowdown and by exchange rate fluctuations
Brand image risk	Impact on business caused by a damage to Honda's brand image

Crisis Response

Monitoring, Reporting and Quickly Responding to Signs of Crisis

Honda carries out risk sensing activities to monitor and report on signs of crisis. While collecting a wide range of crisis information that may have an impact on Honda, we have established an information coordination system in case a crisis becomes apparent.

When a crisis occurs, Honda sets up a Global Emergency Headquarters for crisis response proportionate to the anticipated magnitude of impact. In this way, we lay out a structure to prevent the situation from spreading and to quickly bring the situation under control.

Through its activities, Honda's Global Emergency Headquarters is working to strengthen functions based on its initiatives related to crisis and other events in the past.

As the first step, to share information and discuss activities on a daily basis, group leader meetings are held to convene the group leaders essential for crisis responses. By holding these meetings, we are striving to raise the level of our crisis response capabilities as well as create a culture that enables effective cooperation when a crisis occurs.

Next, Honda regularly holds Emergency Headquarters drills as a verification of its crisis response capabilities. We have held drills assuming the occurrences of an earthquake directly under the Tokyo metropolitan area and the Nankai Trough earthquake. We have also reaffirmed (confirmed cooperation among each group) how to respond to a crisis occurring at multiple bases as well as basic actions in our crisis response.

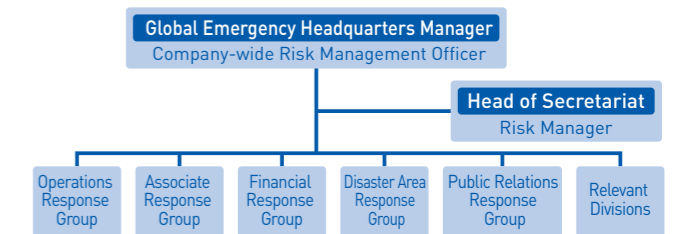
Also with regard to disaster drills, besides ensuring the safety of human life and procedures to account for our associates, Honda continuously holds training from a business continuity planning (BCP) viewpoint on procedures to share information for the purpose of identifying the impact on business at an earlier

stage.

As a recent example of its crisis response, to counter COVID-19 Honda launched a Global Emergency Headquarters. It promotes company-wide cross-sectional responses and strengthens functions by reflecting back on these responses. Although countries around the world are taking measures to find a balance between maintaining social and economic activities and controlling new infections, it still remains uncertain when the spread of COVID-19 will subside. Going forward, Honda will continue to monitor trends in new virus variants and the spread of COVID-19 infections in each country. By placing top priority on the safety of our customers and associates, we will work to prevent the spread of infections and undertake business activities.

In addition, Honda is promoting company-wide cross-sectional measures to minimize the impact of the semiconductor supply issue, which is having a significant impact worldwide.

Global Emergency Headquarters Structure



Information Management

Protecting Confidential Information, Personal Information and Other Information Assets throughout the Group

To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy (GCP) and the Global IT Security Policy (GITSP), with its scope of application extending to Group subsidiaries. These policies stipulate a systematic response structure, compliance items when handling confidential information and personal information and security standards for information systems and networks. They also specify the line of reporting in the event of any information leakage.

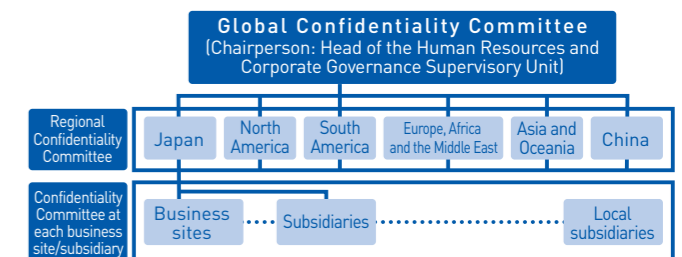
While effectively applying these policies, Honda set up the Global Confidentiality Committee, chaired by the Head of the Human Resources and Corporate Governance Supervisory Unit, to ensure timely responses to changes in information flows and other issues.

The Global Confidentiality Committee determines globally common medium-term policies and an annual activity plan. Based on this plan, each Regional Confidentiality Committee takes the lead in promoting activities to safely handle information obtained through Honda's business activities, including personal information and confidential information.

Besides continuously strengthening activities to ensure information

security against cyberattacks that are becoming increasingly sophisticated and complex, the Company performs monitoring on a daily basis while establishing systems capable of immediately responding to events that must be addressed.

Global Information Management Structure



Governance – Messages from Outside Directors



We asked Outside Directors leading respective committees about the effectiveness of our governance, Honda's strengths and initiatives undertaken by each committee.

Chairperson of the Nominating Committee

Outside Director Fumiya Kokubu

Wishing to Witness the Evolution of Honda, Placing Much Expectations on Management Based on a Challenging Spirit

I decided to become an Outside Director of Honda because I was personally interested in the Company. In my youth, I was fascinated, like everybody else, by a Honda vehicle. Then, for a time, Honda appeared to be losing its edge and somewhat becoming an "ordinary" company. Nonetheless, under a new framework and strong leadership of management, Honda is now generating a sense of anticipation for the future, making a bold decision to shift to electric vehicles (EVs) and fuel cell vehicles (FCVs) and proactively embarking on external collaboration while doing away with its insistence on developing technologies on its own. I have strong expectations for Honda's further growth.

"Multiplying" Management Approach That Can Lead to Explosive Growth

Honda now operates the businesses of motorcycles, automobiles, power products and aircraft, and multiplying assets beyond the business boundaries can lead to explosive growth. Honda has outstanding potential, as only a few companies own such an abundant pool of assets covering broad domains from automobiles to space. What will trigger the explosive growth would be an "intellectual" battle Honda will skillfully launch in the future. In this battle, it is absolutely essential to capture the millennial generation and Gen Z and create products truly needed by users based on a customer-based "market in" concept. I believe that Honda will grow and reach a dimension totally different from that in the past through this "multiplying" management approach, not the conventional "selection and concentration" approach.

Clearly Defining Leaders to Play a Key Role at Honda

A growing company needs leaders who are a person of action and who can also operate a brake and an accelerator properly in step with the times. At the Nominating Committee, we have been holding repeated discussions to clarify leaders' necessary qualifications. We may allow a person satisfying such qualifications to serve as a leader over the long term, because achieving transformation and nurturing new businesses sometimes require continuity in leadership. The unique sense of value of Honda embraces its founder's entrepreneurial spirit. But amid a second foundation phase, it is also vital to take up the challenge of creating its own, new uniqueness. As an Outside Director, I would like to support Honda's sound risk-taking efforts in the coming years.



Chairperson of the Compensation Committee

Outside Director Kazuhiro Higashi

To Remain a Company Openly Expressing Its Dreams

Not many companies' products are renowned to "have soul," and Honda is one of them. The automobile industry is entering a period of transformation, and for Honda, which is skilled in developing unique technologies, it presents an opportunity. With the establishment of the Business Development Operations in FY2023, Honda is accelerating new ways of vehicle development. As Honda has nurtured diverse forms of mobility, it has often given Outside Directors a feeling of excitement about "What will Honda create next?" In order to let Honda to remain a company that can openly convey its dreams to its shareholders, customers and associates, the Board of Directors and Outside Directors need to play two different roles. For the Board, the role involves discussing what Honda should do now to remain such a company and delegating authority and monitoring necessary for Operating Officers to take prompt action. For Outside Directors, it means to give these officers a supportive push.

Achieving Transformation with a Sense of Speed, Enabling Quick Action and Linking Failures to Next Challenges and Improvements

What Honda needs in its period of transformation are diversity and flexibility. Even though a company organization is formed on the basis of its existing businesses, it is crucial during a period of transformation to update the organization flexibly and increase the diversity of its workforce and technologies. For Honda, it is fortunate that the Honda Philosophy created by its founders is already instilled among associates. Social



needs for carbon neutrality, safety and sustainability represent areas Honda has already taken the lead in responding, and its corporate culture easily unites associates toward these goals. But transformation also requires speed. In order to act quickly and link failure to next challenges and improvements, Honda needs to reinforce its sense of speed and ability to execute.

Establishing a Remuneration Structure to Give Fair Evaluation to Forward-Looking Associates

At the Compensation Committee established in FY2021, we are holding thorough discussions toward the establishment of a remuneration structure that evaluates the contribution of a leader from various perspectives in order to enable each of the leaders involved in Honda's management to openly express their individual dreams. Our particular effort in FY2022 was to set up a new remuneration system that places a greater weight on long-term incentives. This will serve as a driving force for Honda to enhance its corporate value in the future. In corporate management, a distinctiveness from other companies becomes a source of profits. Honda has many new, "different" seeds, including those in the aircraft and space domains, which have yet to generate financial value. We hope to create an environment and a better ability to provide information for facilitating a correct understanding of these seeds with unrealized financial value among stakeholders and developing them into businesses, with the ultimate goal of maintaining Honda's overwhelming presence in the world market.

Chairperson of the Audit Committee

Outside Director Yoichiro Ogawa



Strong Leadership Spreading Empathy Internally and Externally

The idea of "second foundation" declared by President Toshihiro Mibe is centered on a shift to EVs and FCVs and clearly shows the direction Honda will take. The next task is to draw a roadmap. If we were to generate new things while continuously operating a large organization and businesses, we must be prepared to make economically painful decisions. Unwavering, strong leadership is needed now to determine milestones and paths to reach the goal. The key to success is empathy. Honda associates take pride in creating technologies that can help society, and this sense of pride gives energy to their growth. It is true that transformation needs speed, but it should not be a self-righteous move of top management. It is important to go through the process of gaining empathy from associates and then encourage changes in mindset and behavior from within Honda.

Establishing a Business Ecosystem with Honda at Its Core

Such empathy should also be extended from within Honda to its stakeholders and other industries with which Honda is collaborating. By doing so, Honda can concentrate tremendous power. Even though a strength of Honda lies in its originality, transformation may lose momentum if Honda clings to its own resources, including technological capabilities, in this era of rapid changes. It is thus essential to proactively introduce technologies and the necessary human resources from outside and build a business ecosystem with Honda at its core. Honda has already made steady steps toward this direction, as it has started working with Sony Group Corporation, formed an alliance with GM and issuing ESG bonds (Green bonds).

Seeking Proper Governance Based on Respect for the Individual

At the Audit Committee, we conduct an audit in internal control and business areas, with the latter including organizational restructuring, from the perspectives of the soundness of business management and improvement of efficiency. Our audit covers a broad range of topics, from governance that clearly defines the authority and responsibility of Operating Officers to ESG-focused business management encompassing human rights issues, such as child labor and forced labor in the supply chain, human resources development and compliance. I understand that Honda's transition to a company with three committees structure clearly shows its intention to steadily and correctly drive reform. At the core of Honda's business management and businesses, there is "Respect for the Individual" as stipulated in the Honda Philosophy. By always keeping this in mind and doing the right things in the right manner, I am confident that Honda will further achieve significant growth.



Governance – Directors and Executive Officers

Directors and Executive Officers (as of June 22, 2022)



Chairman and Director
Seiji Kuraishi
● Chairman of the Board of Directors

Apr. 1982	Joined Honda Motor Co., Ltd.	Apr. 2017	In Charge of Strategy, Business Operations and Regional Operations
Jun. 2011	Operating Officer	Jun. 2017	Executive Vice President and Representative Director
Nov. 2013	President of Honda Motor (China) Technology Co., Ltd.	Apr. 2019	Director in Charge of Strategy, Business Operations and Regional Operations
Apr. 2014	Managing Officer of the Company	Apr. 2019	Chief Officer for Automobile Operations
Apr. 2016	Senior Managing Officer	Jun. 2021	Director, Executive Vice President and Representative Executive Officer
Jun. 2016	Executive Vice President, Executive Officer and Representative Director	Jun. 2021	Compensation Committee Member
Jun. 2016	Risk Management Officer	Apr. 2022	Chairman and Director (presently held)
Jun. 2016	Corporate Brand Officer	Apr. 2022	Chairman of the Board of Directors (presently held)
Apr. 2017	Chief Operating Officer		



Director, President and Representative Executive Officer
Toshihiro Mibe
● Chief Executive Officer

Apr. 1987	Joined Honda Motor Co., Ltd.	Apr. 2019	President and Representative Director of Honda R&D Co., Ltd.
Apr. 2012	Managing Officer of Honda R&D Co., Ltd.	Apr. 2019	In Charge of Intellectual Property and Standardization of the Company
Apr. 2014	Operating Officer of the Company	Apr. 2020	Senior Managing Officer
Apr. 2014	Executive in Charge of Powertrain Business for Automobile Operations	Apr. 2020	In Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT)
Apr. 2014	Head of Powertrain Production Supervisory Unit of Automobile Production for Automobile Operations	Apr. 2020	Risk Management Officer
Apr. 2015	Executive in Charge of Powertrain Business and Drivetrain Business for Automobile Operations	Jun. 2020	Senior Managing Director
Apr. 2015	Head of Drivetrain Business Unit in Automobile Production for Automobile Operations	Jun. 2020	Director in Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT)
Apr. 2016	Senior Managing Officer and Director of Honda R&D Co., Ltd.	Apr. 2021	President and Representative Director
Apr. 2018	Managing Officer of the Company	Apr. 2021	Chief Executive Officer (presently held)
Apr. 2018	Executive Vice President and Director of Honda R&D Co., Ltd.	Jun. 2021	Director, President and Representative Executive Officer (presently held)
		Jun. 2021	Nominating Committee Member (presently held)



Director, Executive Vice President and Representative Executive Officer
Kohei Takeuchi
● Chief Financial Officer
● Risk Management Officer

Apr. 1982	Joined Honda Motor Co., Ltd.	Apr. 2019	Chief Financial Officer and Director in Charge of Finance and Administration (Accounting, Finance, Human Resources, Corporate Governance and IT)
Apr. 2011	Operating Officer	Apr. 2019	Compliance Officer
Apr. 2013	Chief Officer for Business Management Operations	Apr. 2020	Chief Financial Officer and Director in Charge of Finance and Administration (Accounting, Finance, Human Resources, and Corporate Governance)
Jun. 2013	Operating Officer and Director	Apr. 2021	Chief Financial Officer (presently held)
Apr. 2015	Managing Officer and Director	Jun. 2021	Director, Senior Managing Executive Officer
Apr. 2016	Senior Managing Officer and Director	Apr. 2022	Director, Executive Vice President and Representative Executive Officer (presently held)
Apr. 2016	Chief Officer for Driving Safety Promotion Center	Apr. 2022	Compensation Committee Member (presently held)
Apr. 2017	Chief Financial Officer (Accounting, Finance, Human Resources, Corporate Governance and IT)	Apr. 2022	Risk Management Officer (presently held)
Jun. 2017	Senior Managing Director		



Director, Senior Managing Executive Officer
Shinji Aoyama
● Chief Officer for Business Development Operations
● Chief Officer for Automobile Operations
● Corporate Brand Officer

Apr. 1986	Joined Honda Motor Co., Ltd.	Nov. 2018	President, Chief Operating Officer and Director of Honda North America, Inc.
Apr. 2012	Operating Officer	Nov. 2018	President, Chief Operating Officer and Director of American Honda Motor Co., Inc.
Apr. 2013	Chief Officer for Motorcycle Operations	Apr. 2019	Chief Officer for Regional Operations (North America) of the Company
Jun. 2013	Operating Officer and Director	Apr. 2019	President, Chief Executive Officer and Director of Honda North America, Inc.
Apr. 2017	Chief Officer for Regional Operations (Asia & Oceania)	Apr. 2019	President, Chief Executive Officer and Director of American Honda Motor Co., Inc.
Apr. 2017	President and Director of Asian Honda Motor Co., Ltd.	Apr. 2019	President, Chief Executive Officer and Director of American Honda Motor Co., Inc.
Jun. 2017	Operating Officer of the Company (resigned from position as Director)	Apr. 2019	President, Chief Executive Officer and Director of American Honda Motor Co., Inc.
Apr. 2018	Managing Officer	Jul. 2021	Managing Officer in Charge of Electrification of the Company
Apr. 2018	Vice Chief Officer for Regional Operations (North America)	Oct. 2021	Managing Executive Officer
Apr. 2018	Senior Executive Vice President, Chief Operating Officer and Director of Honda North America, Inc.	Apr. 2022	Senior Managing Executive Officer
Apr. 2018	Senior Executive Vice President, Chief Operating Officer and Director of American Honda Motor Co., Inc.	Apr. 2022	Chief Officer for Business Development Operations (presently held)
		Apr. 2022	Corporate Brand Officer (presently held)
		Jun. 2022	Chief Officer for Automobile Operations (presently held)
		Jun. 2022	Director, Senior Managing Executive Officer (presently held)



Director
Asako Suzuki

Apr. 1987	Joined Honda Motor Co., Ltd.	Apr. 2019	Chief Officer for Human Resources and Corporate Governance Operations
Apr. 2014	President of Dongfeng Honda Automobile Co., Ltd.	Apr. 2020	Operating Executive
Apr. 2016	Operating Officer of the Company	Jun. 2021	Director (presently held)
Apr. 2018	Vice Chief Officer for Regional Operations (Japan)	Jun. 2021	Full-time Audit Committee Member (presently held)



Director
Masafumi Suzuki

Apr. 1987	Joined Honda Motor Co., Ltd.	Apr. 2013	General Manager of Accounting Division for Business Management Operations
Apr. 2012	General Manager of Regional Operation Planning Office for Regional Operations (Europe, CIS, the Middle & Near East and Africa)	Jun. 2017	Director [Full-time Audit and Supervisory Committee Member]
		Jun. 2021	Director (presently held)
		Jun. 2021	Full-time Audit Committee Member (presently held)



Director
Kunihiko Sakai

Apr. 1979	Public Prosecutor of Tokyo District Public Prosecutors' Office	Apr. 2017	Registered with the Dai-Ichi Tokyo Bar Association
Jun. 2012	President of Research and Training Institute of Ministry of Justice	Apr. 2017	Advisor Attorney to TMI Associates (presently held)
Jul. 2014	Superintending Prosecutor of Takamatsu High Public Prosecutors' Office	Jun. 2018	Audit and Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (presently held)
Sep. 2016	Superintending Prosecutor of Hiroshima High Public Prosecutors' Office (resigned in March 2017)	Jun. 2019	Outside Director (Audit and Supervisory Committee Member) of the Company
		Jun. 2021	Outside Director (presently held)
		Jun. 2021	Nominating Committee Member (presently held)
		Jun. 2021	Audit Committee Member (presently held)



Director
Fumiya Kokubu

Apr. 1975	Joined Marubeni Corporation	Apr. 2019	Chairman of the Board of Marubeni Corporation (presently held)
Apr. 2012	Senior Executive Vice President of Marubeni Corporation	Jun. 2019	Outside Director of Taisei Corporation (presently held)
Jun. 2012	Senior Executive Vice President, Member of the Board of Marubeni Corporation	Jun. 2020	Outside Director of the Company (presently held)
Apr. 2013	President and CEO, Member of the Board of Marubeni Corporation	Jun. 2021	Nominating Committee Member [Chairperson] (presently held)
		Jun. 2021	Compensation Committee Member (presently held)



Director
Yoichiro Ogawa

Oct. 1980	Joined Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC)	Jun. 2015	Global Managing Director for Asia Pacific of Deloitte Touche Tohmatsu Limited (United Kingdom) (resigned in May 2018)
Mar. 1984	Registered as Japanese Certified Public Accountant	Jul. 2015	CEO of Deloitte Tohmatsu Group
Jun. 2011	Vice Chairman of the Board of Directors of Deloitte Touche Tohmatsu Limited (United Kingdom)	Jun. 2018	Senior Advisor of Deloitte Tohmatsu Group (resigned in October 2018)
Oct. 2013	Deputy CEO of Deloitte Touche Tohmatsu LLC	Nov. 2018	Founder of Yoichiro Ogawa CPA Office (presently held)
Oct. 2013	Deputy CEO of Tohmatsu Group (currently Deloitte Tohmatsu Group)	Jun. 2020	Outside Audit & Supervisory Board Member of Recruit Holdings Co., Ltd. (presently held)
		Jun. 2021	Outside Director of the Company (presently held)
		Jun. 2021	Audit Committee Member [Chairperson] (presently held)
		Jun. 2021	Compensation Committee Member (presently held)



Director
Kazuhiro Higashi

Apr. 1982	Joined Resona Group	Jun. 2017	Chairman of Osaka Bankers Association (resigned in June 2018)
Apr. 2011	Director, Deputy President and Representative Executive Officer of Resona Holdings Inc.	Apr. 2018	Chairman of the Board, President, Representative Director and Executive Officer of Resona Bank, Limited
Apr. 2011	Executive Officer of Resona Bank, Limited	Apr. 2020	Chairman and Director of Resona Holdings, Inc. (presently held)
Apr. 2012	Representative Director, Deputy President and Executive Officer of Resona Bank, Limited	Apr. 2020	Chairman and Director of Resona Bank, Limited (presently held)
Apr. 2013	Director, President and Representative, Executive Officer of Resona Holdings, Inc.	Jun. 2020	Outside Director of Sampo Holdings, Inc. (presently held)
Apr. 2013	Representative Director, President and Executive Officer of Resona Bank, Limited	Jun. 2021	Outside Director of the Company (presently held)
Jun. 2013	Chairman of Osaka Bankers Association (resigned in June 2014)	Jun. 2021	Nominating Committee Member (presently held)
Apr. 2017	Chairman of the Board, President and Representative Director of Resona Bank, Limited	Jun. 2021	Compensation Committee Member (Chairperson) (presently held)



Director
Ryoko Nagata

Apr. 1987	Joined Japan Tobacco Inc.	Jun. 2021	Outside Director of the Company (presently held)
Jun. 2008	Executive Officer of Japan Tobacco Inc.	Jun. 2021	Audit Committee Member (presently held)
Mar. 2018	Standing Audit & Supervisory Board Member of Japan Tobacco Inc. (presently held)		

Executive Officers and Managing Officers (as of June 1, 2022)

Managing Executive Officer
Noriaki Abe
● Chief Officer for Regional Operations (Japan)
● Chief Officer for Traffic Safety Promotion Operations
● Compliance Officer

Managing Executive Officer
Keiji Ohtsu
● President and Representative Director of Honda R&D Co., Ltd.

Senior Managing Officer
Yasuhide Mizuno
● Honda-Sony JV Prep Office

Senior Managing Officer
Hisao Takahashi
● General Manager of Mono-zukuri Center for Automobile Operations
● Director of Honda R&D Co., Ltd.

Managing Officer
Noriya Kaihara
● Chief Officer for Regional Operations (North America)
● President, Chief Executive Officer and Director of American Honda Motor Co., Inc.

Managing Officer
Mitsugu Matsukawa
● President and Director of Honda Development & Manufacturing of America, LLC

Managing Officer
Katsushi Inoue
● Chief Officer for Regional Operations (China)
● President of Honda Motor (China) Investment Co., Ltd.
● President of Honda Motor (China) Technology Co., Ltd.

Managing Officer
Yoshishige Nomura
● Chief Officer for Motorcycle and Power Products Operations

Managing Officer
Masayuki Igarashi
● Chief Officer for Regional Operations (Asia & Oceania)
● President and Director of Asian Honda Motor Co., Ltd.

Managing Officer
Kensuke Oe
● Head of Production Supervisory Unit for Automobile Operations



Data Section

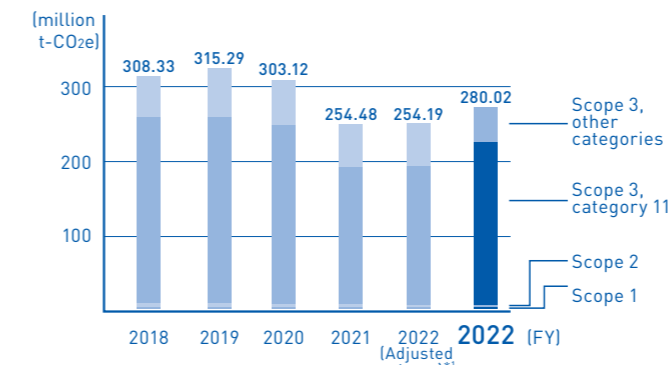
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Major Indicators

ESG Information

Environment

Total GHG Emissions



*1 FY2022 figure (adjusted volume) is calculated by Honda using the conditions applied until FY2021.

Social

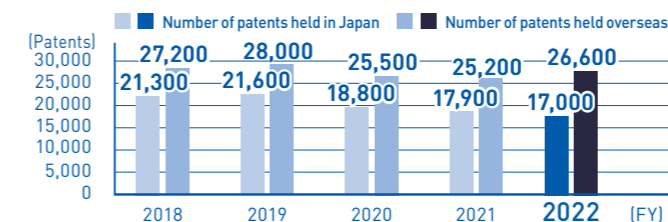
	FY2018	FY2019	FY2020	FY2021	FY2022
Consolidated number of associates	215,638	219,722	218,674	211,374	204,035
Percentage of women in the Honda workplace	13.8%	13.9%	13.8%	14.0%	15.1%
Associate engagement in Japan*2	-	3.46	3.48	3.55	3.48

*2 Total of 24 questions in six categories; average on a scale of 1 to 5 (Target: 3.50 points or more)

Governance

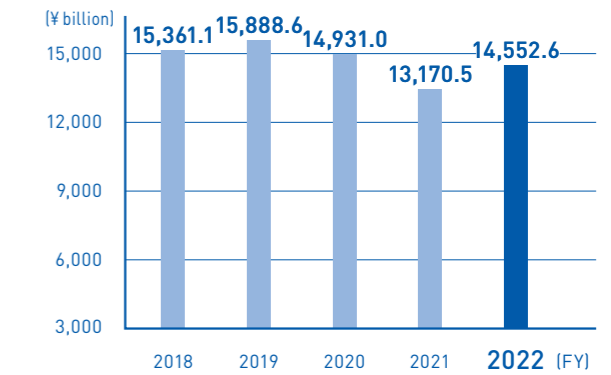
	FY2018	FY2019	FY2020	FY2021	FY2022
Number of Directors	14	13	13	11	11
Percentage of Outside Directors	35.7%	38.5%	38.5%	45.5%	45.5%

Number of Patents Held Worldwide

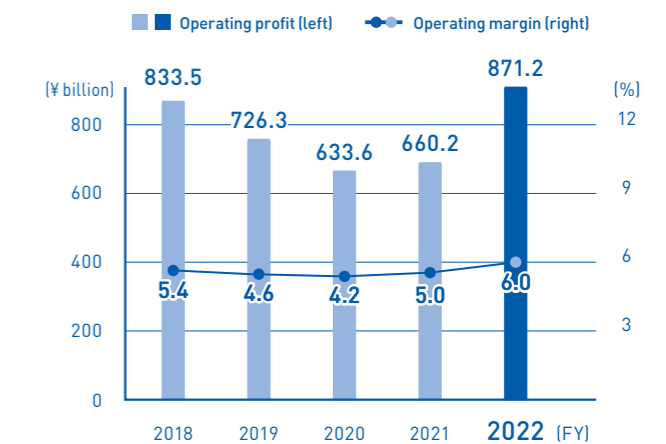


Financial Information

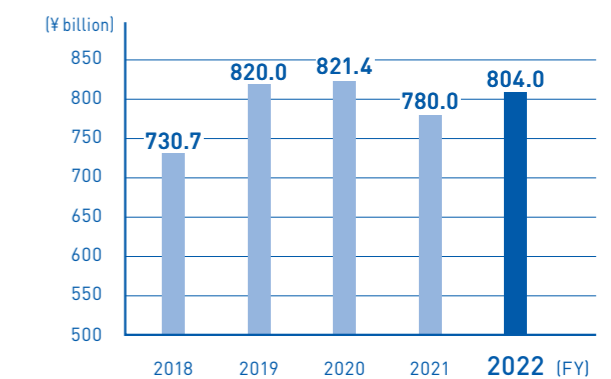
Sales Revenue



Operating Profit/Operating Margin



R&D expenditures



10-Year Summary

Fiscal years ended March 31
IFRS: Yen (millions)

U.S. GAAP: Yen (millions)												
	2012	2013		2014	2015	2016	2017	2018	2019	2020	2021	2022
Sales, income and dividends			Sales, income and dividends									
Net sales and other operating revenue	¥7,948,095	¥9,877,947	Sales revenue	¥12,506,091	¥13,328,099	¥14,601,151	¥13,999,200	¥15,361,146	¥15,888,617	¥14,931,009	¥13,170,519	¥14,552,696
Operating income	231,364	544,810	Operating profit	823,864	670,603	503,376	840,711	833,558	726,370	633,637	660,208	871,232
Operating margin	2.9%	5.5%	Operating margin	6.6%	5.0%	3.4%	6.0%	5.4%	4.6%	4.2%	5.0%	6.0%
Income before income taxes and equity in income of affiliates	257,403	488,891	Share of profit of investments accounted for using the equity method	130,916	96,097	126,001	164,793	247,643	228,827	164,203	272,734	202,512
Income taxes	135,735	178,976	Profit before income taxes	933,903	806,237	635,450	1,006,986	1,114,973	979,375	789,918	914,053	1,070,190
Equity in income of affiliates	100,406	82,723	Income tax expense	267,992	245,139	229,092	327,592	(13,666)	303,089	279,986	218,609	309,489
Net income attributable to non-controlling interests	(10,592)	(25,489)	Profit for the year	665,911	561,098	406,358	679,394	1,128,639	676,286	509,932	695,444	760,701
Net income attributable to Honda Motor Co., Ltd.	211,482	367,149	Profit for the year attributable to owners of the parent	624,703	509,435	344,531	616,569	1,059,337	610,316	455,746	657,425	707,067
Cash dividends paid during the period	108,138	129,765	Dividends paid to owners of the parent	142,381	158,601	158,601	162,205	174,221	194,271	196,795	145,090	188,402
Research and development	519,818	560,270	R&D expenditures	625,698	670,331	719,810	659,918	730,734	820,037	821,478	780,065	804,025
Interest expense	10,378	12,157	Interest expense	12,803	18,194	18,146	12,471	12,970	13,217	24,689	13,877	16,867
Assets, long-term debt and shareholders' equity			Assets, liabilities and equity									
Total assets	¥11,787,599	¥13,635,357	Total assets	¥16,048,438	¥18,425,837	¥18,229,294	¥18,958,123	¥19,349,164	¥20,419,122	¥20,461,465	¥21,921,030	¥23,973,153
Long-term debt	2,235,001	2,710,845	Financing liabilities (Non-current liabilities)	3,224,512	3,926,276	3,736,628	4,022,190	3,881,749	4,142,338	4,221,229	4,715,361	4,984,252
Total Honda Motor Co., Ltd. shareholders' equity	4,398,249	5,043,500	Equity attributable to owners of the parent	6,335,534	7,108,627	6,761,433	7,295,296	7,933,538	8,267,720	8,012,259	9,082,306	10,472,824
Capital expenditures (excluding purchase of operating lease assets)	424,413	630,408	Additions to property, plant and equipment	803,231	703,920	687,306	588,360	484,778	466,657	455,169	390,081	366,829
Depreciation (excluding property on operating leases)	345,105	335,536	Depreciation	419,022	451,052	486,410	484,133	513,455	499,036	470,320	428,063	438,269
Net cash provided by operating activities	761,538	800,744	Net cash provided by operating activities	449,108	1,020,404	1,390,995	885,073	987,671	775,988	979,415	1,072,379	1,679,622
Net cash used in investing activities	(673,069)	(1,069,756)	Net cash used in investing activities	(921,023)	(840,496)	(875,077)	(650,618)	(615,113)	(577,555)	(619,481)	(796,881)	(376,056)
Net cash provided by (used in) financing activities	(68,230)	119,567	Net cash provided by (used in) financing activities	355,458	12,488	(95,299)	115,423	(174,334)	22,924	(87,411)	(283,980)	(615,718)

U.S. GAAP: Yen			IFRS: Yen									
Per common share			Per share									
Net income attributable to Honda Motor Co., Ltd.			Profit for the year attributable to owners of the parent									
Basic	¥117.34	¥203.71	Basic	¥346.62	¥282.66	¥191.16	¥342.10	¥590.79	¥345.99	¥260.13	¥380.75	¥411.09
Diluted	117.34	203.71	Diluted	346.62	282.66	191.16	342.10	590.79	345.99	260.13	380.75	411.09
Dividends	60	76	Dividends	82	88	88	92	100	111	112	110	120
Honda Motor Co., Ltd. shareholders' equity	2,440.35	2,798.37	Equity attributable to owners of the parent	3,515.27	3,944.23	3,751.59	4,047.81	4,461.36	4,698.74	4,640.46	5,260.06	6,122.31

Yen (millions)			Yen (millions)									
Sales			Sales									
Sales amounts*			Sales revenue*									
Japan	¥1,517,927	¥1,652,995	Japan	¥1,920,114	¥1,800,439	¥1,754,167	¥1,799,772	¥1,919,130	¥2,042,891	¥1,985,945	¥1,849,268	¥1,943,649
	19%	17%		15%	14%	12%	13%	12%	13%	13%	14%	13%
Overseas	6,430,168	8,224,952	Overseas	10,585,977	11,527,660	12,846,984	12,199,428	13,442,016	13,845,726	12,945,064	11,321,251	12,609,047
	81%	83%		85%	86%	88%	87%	88%	87%	87%	86%	87%
Total	¥7,948,095	¥9,877,947	Total	¥12,506,091	¥13,328,099	¥14,601,151	¥13,999,200	¥15,361,146	¥15,888,617	¥14,931,009	¥13,170,519	¥14,552,696
	100%	100%		100%	100%	100%	100%	100%	100%	100%	100%	100%

Thousands			Thousands									
Unit sales			Unit sales									
Motorcycle Business	15,061	15,494	Motorcycle Business	17,008	17,592	17,055	17,661	19,554	20,238	19,340	15,132	17,027
Automobile Business	3,108	4,014	Automobile Business	4,340	4,367	4,743	5,028	5,199	5,323	4,790	4,546	4,074
Life Creation Business	5,819	6,071	Life Creation Business	6,018	5,983	5,965	6,121	6,262	6,301	5,701	5,623	6,200
Number of employees	187,094	190,338	Number of employees	199,368	204,730	208,399	211,915	215,638	219,722	218,674	211,374	204,035
Exchange rate (yen amounts per U.S. dollar)			Exchange rate (yen amounts per U.S. dollar)									
Rates for the period-end	¥82	¥94	Rates for the period-end	¥103	¥120	¥113	¥112	¥106	¥111	¥109	¥111	¥122
Average rates for the period	79	83	Average rates for the period	100	110	120	108	111	111	109	106	112

* The geographic breakdown of sales amounts is based on the location of customers.

Company Overview

Company Overview (As of March 31, 2022)

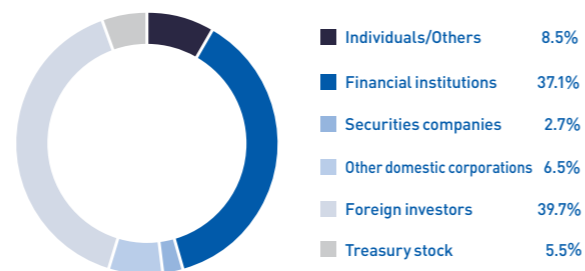
Company Name	Honda Motor Co., Ltd.	Number of Associates	Consolidated 218,674
Head Office	2-1-1, Minami-Aoyama, Minato-ku, Tokyo, Japan	Non consolidated	25,379
Established	September 1948	Consolidated Subsidiaries	339
Capital	86 billion yen	Equity-Method	
		Affiliated Companies	67

Stock Information

Stock Exchange Listings	Japan: Tokyo Stock Exchange Overseas: New York Stock Exchange
Securities Code Number	7267
Number of Shares per Trading Unit	100 shares
Transfer Agent for Common Stock	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Breakdown of Shareholders by Type (As of March 31, 2022)

Number of Shares Authorized	7,086,000,000 shares
Total Number of Shares Issued	1,811,428,430 shares



Major Shareholders (As of March 31, 2022)

Individual or Organization	Number of Shares Held (thousands)	Percentage against Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	269,361	15.7
Moxley & Co. LLC	107,517	6.3
Custody Bank of Japan, Ltd. (Trust Account)	107,250	6.3
SSBTC CLIENT OMNIBUS ACCOUNT	59,665	3.5
Meiji Yasuda Life Insurance Company	51,199	3.0
Tokio Marine & Nichido Fire Insurance Co., Ltd.	35,461	2.1
Nippon Life Insurance Company	28,666	1.7
STATE STREET BANK WEST CLIENT – TREATY 505234	28,320	1.7
MUFG Bank, Ltd.	23,234	1.4
JPMorgan Chase Bank 385781	22,491	1.3

Notes:
 1. The number of shares described above rounds off figures of less than 1,000 shares.
 2. Ownership percentages are calculated using the total number of shares issued minus treasury stock (99,789 thousand shares).
 3. Moxley & Co. LLC is an official holder of stock of JPMorgan Chase Bank, which is a depository institution for American Depository Receipts (ADRs).

Editorial Policy

Production Structure

The Corporate Planning Supervisory Unit plays the lead role in planning and formulating the overall composition of the Integrated Report. With the cooperation of each division, we published the Integrated Report after holding repeated discussions regarding the value creation diagrams, concepts, composition, content and designs and obtaining the approval of management.

This report has been structured to communicate to all stakeholders in and outside Honda its initiatives for further improving its corporate value and how it will continue bringing joy to society.

■ Editorial Committee
 Chairperson:
 Kohei Takeuchi, Director, Executive Vice President and Representative Executive Officer

Head of Secretariat:
 Hiroshi Naito, Chief Officer of the Sustainability Planning Division, Corporate Planning Supervisory Unit

Production Secretariat:
 Sustainability Planning Division, Corporate Planning Supervisory Unit
 Sumihiro Takahashi, Section Chief
 Junpei Katsuta
 Ayaka Omomo

Reference Framework

In producing this report, we used as reference such sources as the International Integrated Reporting Framework of the Value Reporting Foundation, which was consolidated into the IFRS Foundation on August 1, 2022, and Integrated Reporting for Corporate Value Creation of the Ministry of Economy, Trade and Industry.

Organizations Covered

This report covers the entire Honda Group, which consists of Honda Motor Co., Ltd. and its 406 group companies in and outside Japan (comprising 339 consolidated subsidiaries and 67 affiliated companies accounted for by the equity method). Sections that do not cover the entire Honda Group are indicated as such with a reference to the specific scope. Furthermore, unless the context otherwise requires, the terms "we," "us," "our," "Company" and "Honda" as used in this Integrated Report each refer to the Honda Group.

Period Covered

This report focuses primarily on the activities undertaken during FY2022 (April 1, 2021 – March 31, 2022), and also includes past background information and activities conducted up to the time of publication, as well as other matters including future outlook and plans.

Disclaimer

This report contains past and current factual data of Honda Motor Co., Ltd. as well as plans and outlook and future projections based on its management policies and management strategies as of the date of publication. These future projections are assumptions or decisions derived from the information available at the time this report was produced. Please note that the results of future business activities and events may vary depending on changes in conditions and circumstances. This report may also contain corrections, restatement or significant changes to information provided in previous reports.