

HONDA




**Honda
Sustainability
Report
2022**

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Editorial Policy

● 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 Sustainability 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.

● Standards

This report has been prepared in accordance with the GRI Standards: Comprehensive option. For details, please refer to the GRI Content Index (⇒ p. 166).

• The guidelines referenced in calculations and/or the basis for calculations are shown in the corresponding sections.

● Assurance

The environmental and social data indicated with for the year ended March 31, 2022 received the independent practitioner’s assurance.

● Accounting standards

Figures up to FY2014 are compiled pursuant to generally accepted accounting principles in the United States (U.S. GAAP) while figures from FY2015 and thereafter are compiled pursuant to International Financial Reporting Standards (IFRS).

● Date of publication

Publication of this report: July 2022
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 Honda releases a Sustainability Report every year.

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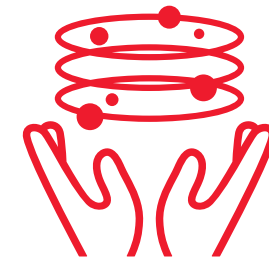
● Published by

Corporate Planning Supervisory Unit, Honda Motor Co., Ltd.

● Cover page pictogram

The design of the pictogram on the cover page symbolizes Honda’s concept of sustainability.

Three Ellipses = “Creating the Joys,” “Expanding the Joys” and “Ensuring the Joys for the Next Generation” (⇒ p. 13)
 Six Precise Circles = Motorcycles, Automobiles, Power Products and New Businesses for the future (⇒ p. 06,07)
 Supporting Hands = The desire of stakeholders who empathize with Honda’s initiatives (⇒ p. 24)



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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.



Message from the President and CEO

Having our origin in a desire to “help people and society” and “expand the potential of people’s lives,” Honda will proactively contribute to the realization of a sustainable society.

Toshihiro Mibe

Director, President and Representative Executive Officer
Chief Executive Officer

To Readers of the Honda Sustainability Report

On behalf of Honda, I would like to express our gratitude for your cooperation and tremendous support for our activities.

Honda is undertaking corporate activities with a goal to “Serve people worldwide with the ‘joy of expanding their life’s potential’” as stated in its 2030 Vision.

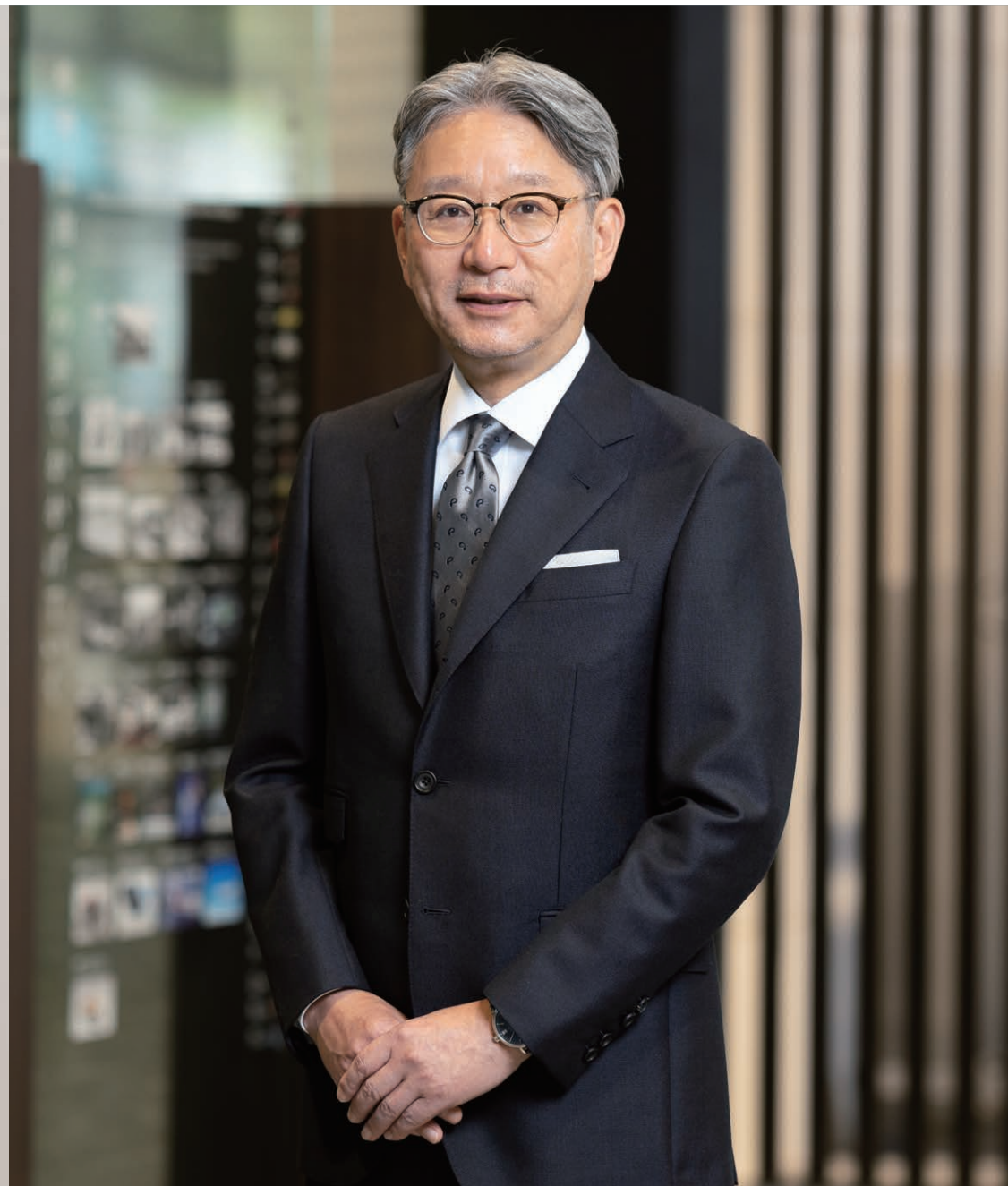
Honda has upheld a desire to “help people and society” and “expand the potential of people’s lives” since its founding. Accordingly, we have endeavored to bring joy to more stakeholders by providing products that help people’s lives and constantly paying attention to the environment and safety in its activities as “a company that society wants to exist.” At the center of its efforts has always been people, as Honda believes in the potential of people.

Honda thinks that intrinsic value it provides serves to enrich people’s lives by generating more time and space for them and to become a force that supports people who are determined to take a step forward. Moreover, in providing such value, we should never be the ones to cause a negative impact on the environment, or our automobiles and motorcycles should never be involved in fatal accidents.

Honda has thus defined two focused themes: “elimination of environmental impact” and “realization of safety protecting precious human lives.” Under these themes, we will continue to take on related challenges while setting high targets. Seeking to contribute to the realization of a sustainable society, we will steadily strive to achieve carbon neutrality in the environmental field through our automobile electrification strategy while aiming to reduce traffic collision fatalities in the safety field by adopting safety technologies.

Honda will make proactive efforts in this regard under a belief that its efforts will lead to the resolution of social issues and realization of a better society.

I appreciate your further support for the challenges Honda will take on in the future.



Honda Philosophy

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 Philosophy forms the values shared by all Honda Group companies and all of their associates. It is the basis for Honda's corporate activities and associates' behavior and decision-making.

The Philosophy is more than mere words. Every person in the Company is responsible for continually putting it into practice. That is why Honda incorporates the Philosophy into training programs for its associates and gives it life by turning it into action, from everyday business activities to management decision-making.

Additionally, Honda adheres to a corporate culture of "Free and Open, Challenge, Co-evolution." This means, in other words, "taking up challenges without fear of failure, unshackled by conventional thinking, and with a foundation of teamwork built on trust." Our corporate activities leverage this corporate culture.

Society's expectations of Honda continue to evolve with the times. As a responsible global company, Honda will continue to tackle and resolve various issues while listening to the voices of its diverse stakeholders, so as to meet their expectations and earn their trust.

3 philosophy



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.

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.

Company Principle

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

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.



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Overview of Honda

Business Domains

Principal Businesses Segments

Motorcycles

Motorcycles represent the origin of both Honda's "*mono-zukuri* (the art of manufacturing)" and business. Under the philosophy of "building products close to the customer," Honda has practiced *mono-zukuri* rooted in each country and region and has delivered a cumulative total of more than 400 million motorcycles to customers. In 2021, annual sales amounted to approximately 17 million units across the world in spite of the impact of COVID-19.

In fall 2021, Honda initiated sales of the new NT1100 sport tourer in Europe, which realizes both ease of handling for everyday use and outstanding comfort for long-distance touring. The model has subsequently been sold in Japan, China and Asia. As a way to respond to the growing global concerns about environmental issues, Honda has also expanded its lineup of Honda e: business-use motorcycles. In addition to the existing Benly e: series and Gyro e: series of electric motorized scooters, Honda now sells the Gyro Canopy e: series of electric motorized three-wheel scooters with a canopy. In this way, Honda remains committed to meeting the expectations of customers worldwide and opening up new frontiers for the motorcycle market, thus becoming a driving force in the global motorcycle industry.



NT1100<DTC>



Gyro Canopy e:, Gyro e: and Benly e:

Automobiles

"Let's change the landscape of the automobile industry." Honda's automobile business began under this slogan in 1963 and has grown to annual sales of about 4.07 million vehicles globally in FY2022. 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.

With the aim of realizing carbon neutrality by 2050, Honda has been expanding sales of hybrid vehicles and electric vehicles (EVs). As part of this effort, Honda recently announced a plan to release 10 e:N series models in China over the next five years. The e:N is the first Honda brand EV.

Additionally, in striving for zero traffic collision fatalities by 2030, Honda will add its Honda SENSING 360 omnidirectional safety and driver-assistance system to automobiles to be released in China in 2022. Honda is working to equip the system in all automobile models sold in developed countries by 2030.



e:N series

Overview of Honda

Business Domains

Power Products

Honda has been providing products equipped with general-purpose engines, which are used for various types of work.

Today, Honda sells more than 6 million units each year on a global basis and has delivered a cumulative total of over 150 million units to customers in a total of more than 150 countries to date.

Recently, Honda launched mass production of the eGX electrified power unit offering a high level of installation compatibility with the GX series of general-purpose engines, which are regarded highly as a power source for various types of commercial-grade work equipment. The eGX delivers quiet operation and high environmental performance, both unique to electrified power units.

Honda has also started providing electrified products with both excellent environmental performance and superior quietness of operation, including the HRX476 cordless lawnmower and the Grass Miimo robotic lawnmower.

In seeking to realize carbon neutrality by 2050, Honda has been rapidly expanding its lineup of products that are easier to use, have more excellent environmental performance and satisfy customers.



eGX electrified power unit



Grass Miimo robotic lawnmower

Aircraft and Aircraft Engines

The development of aircraft and aircraft engines has been an important R&D theme since the establishment of the Wako Center in 1986, which engages in research on basic technologies, and a dream since the founding of Honda itself. In 2003, a proof-of-concept version of the HondaJet, fitted with the HF118, a high-efficiency turbofan engine originally and wholly designed by Honda, successfully made its first flight. Subsequently, in 2004 Honda established GE Honda Aero Engines LLC to jointly develop and commercialize engines with General Electric (GE) as well as Honda Aero, Inc. to manufacture engines. The Company also established Honda Aircraft Company in 2006 to develop, manufacture and sell the HondaJet.

The HondaJet is noteworthy for its main wing airfoil and fuselage nose shape, which features Honda's original Natural Laminar Flow (NLF) to reduce aerodynamic drag, as well as its revolutionary Over-The-Wing Engine Mount (OTWEM) design. The HondaJet fitted with a production version of the HF120 engine reached the market in 2015, followed by the release of the HondaJet Elite with a longer cruising distance and upgraded avionics performance and interior design in 2018. In 2021, Honda unveiled the HondaJet Elite S, an upgraded model with improved operational performance thanks to an increased maximum takeoff weight by some 200 pounds (approximately 91 kg). Honda has been constantly evolving in order to deliver performance that always exceeds customers' expectations.

The HondaJet is a fusion of its beautiful and unique fuselage design, innovative aerodynamic and structural technologies and highly efficient engine. The fusion has led to excellent fuel efficiency, high flight performance, a more spacious cabin (about 30% larger than that of other companies' equivalent models) and less noise. These and other features earned high marks, and as a result, the HondaJet became the most delivered aircraft* in the very light business jet category for the fifth consecutive year since 2017. In December 2021, Honda realized delivery of the 200th HondaJet.

*Survey by the General Aviation Manufacturers Association (GAMA)



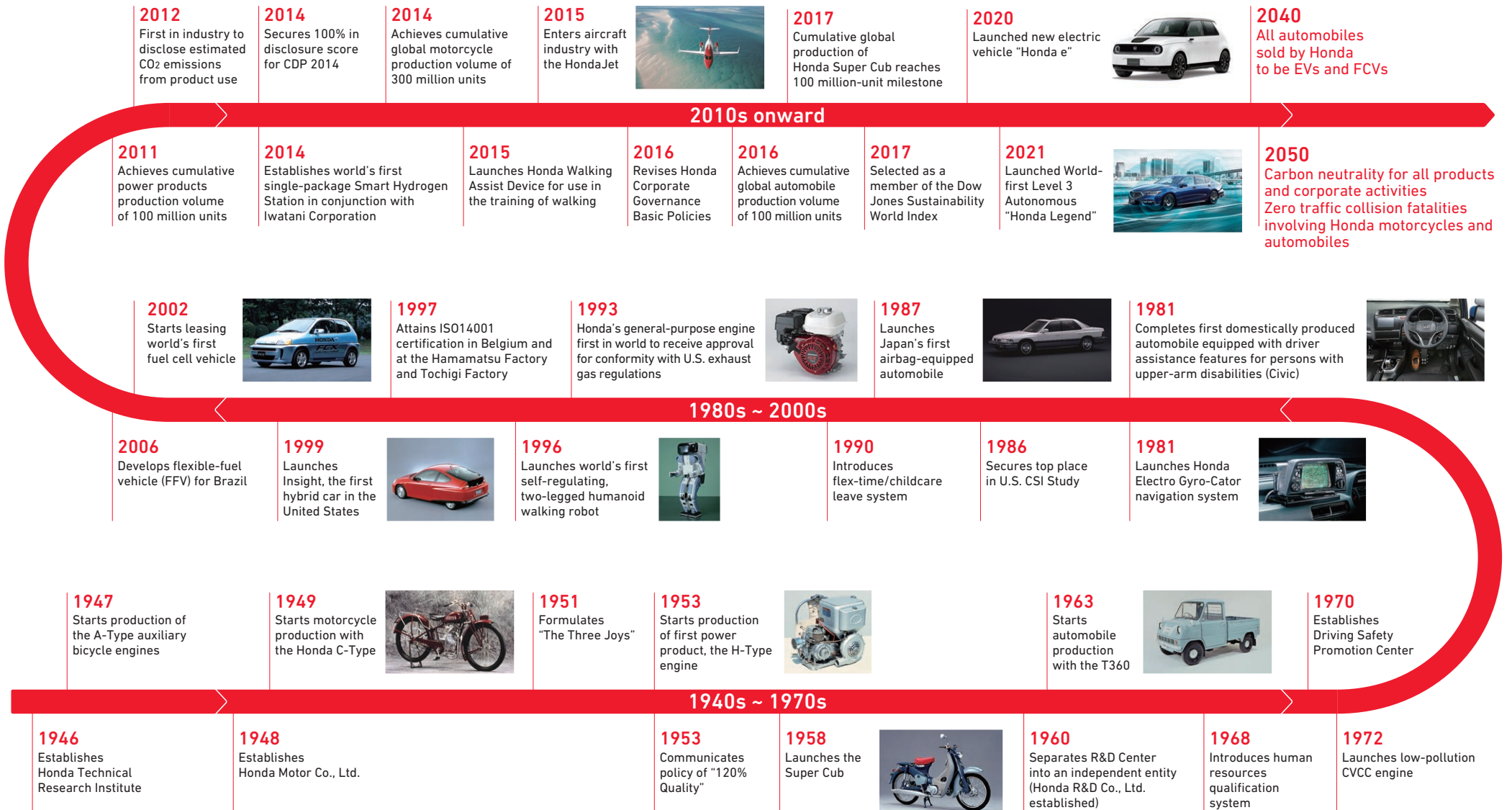
HondaJet Elite S



HF120 turbofan engine

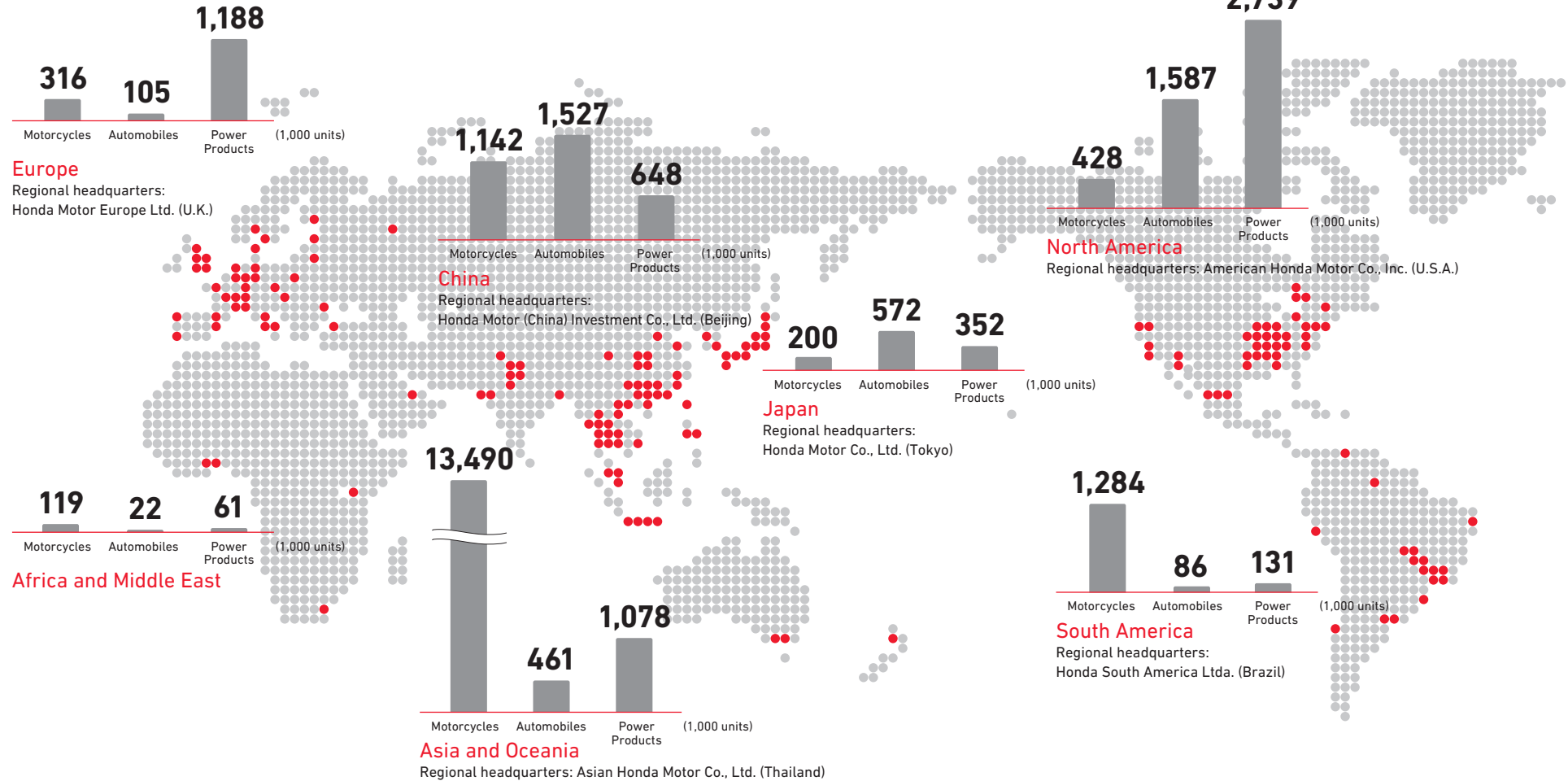
Overview of Honda

Value Creation History



Overview of Honda

Unit Sales and Principal Operation Bases



Joy of mobility to **27.3 million** people transcending national borders

Company name: Honda Motor Co., Ltd.
 Established: September 1948
 Director, President and Representative Executive Officer Toshihiro Mibe
 Capital: 86,067 million yen (as of March 31, 2022)

• The graphs show unit sales (retail) of motorcycles, automobiles and power products (in units of 1,000) for FY2022. (April 2021 to March 2022).
 The symbol ● represents the approximate locations of Honda Group companies.

Overview of Honda

Matrix Management System

Organizational Operating System

Honda has established an operational system aimed at dual goals. One is to accelerate new growth and new value creation by shifting resources to fields with new value. The other is to respectively reinforce the motorcycle, automobile and power products businesses. In order to strengthen new value creation by combining hardware with software and services, Honda has established the Business Development Operations that consolidate functions to develop businesses and areas of software and core electrification technologies. The Company has also established the Automobile Operations and Motorcycle and Power Products Operations, each with its own functions of sales, production, development and purchasing, etc.. Each Business Operations also develops medium-to-long-term plans for respective products, controls resource on a global basis and takes the lead in spurring further growth, creating new value and making business operations efficiency in the six Regional Operations.

Honda has also established individual functional supervisory units, etc., namely, the Corporate Planning Supervisory Unit, Corporate Communications Supervisory Unit, Accounting and Finance Supervisory Unit, Human Resources and Corporate Governance Supervisory Unit, Digital Supervisory Unit, Quality Innovation Supervisory Unit, Customer First Supervisory Unit, and Intellectual Property and Standardization Supervisory Unit. Each of these supervisory units, etc., supports and coordinates efforts to increase the effectiveness and efficiency of the Honda Group as a whole in terms of their respective functional roles.

In addition, R&D activities targeting the pure and applied research of new technologies, the new technology development, and the research and development of new value products, are conducted mainly by Honda R&D Co., Ltd., which is an independent subsidiary of the Company,

and its subsidiaries. Honda aims to create new value that is distinctive and internationally competitive by developing world-leading technologies.

*On April 1, 2022, Honda changed the name of the Life Creation Business to the Power Products Business.

Business Development Operations

- Development of
- Electrification business
- New business
- Combined solution business
- Software
- Core electrification technologies

Business Operations

Automobile Operations



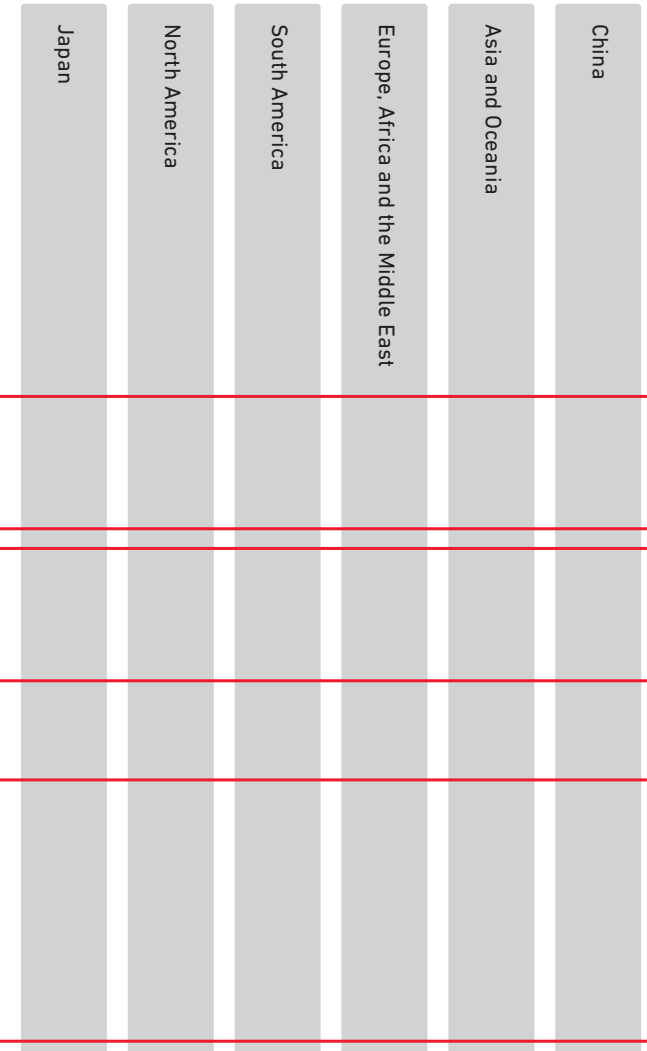
Motorcycle and Power Products Operations



Functional Supervisory Unit

- Corporate Planning
- Corporate Communications
- Accounting and Finance
- Human Resources and Corporate Governance
- Digital
- Quality Innovation
- Customer First
- Intellectual Property and Standardization

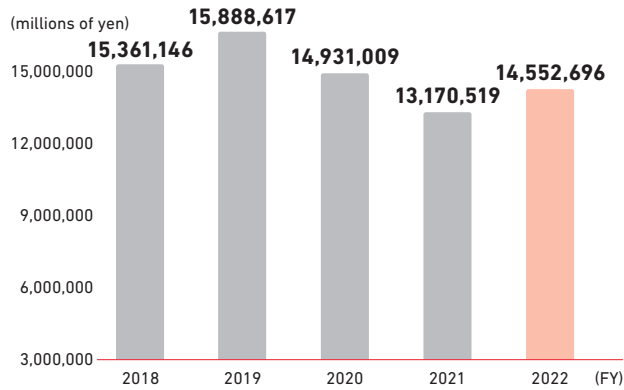
Regional Operations



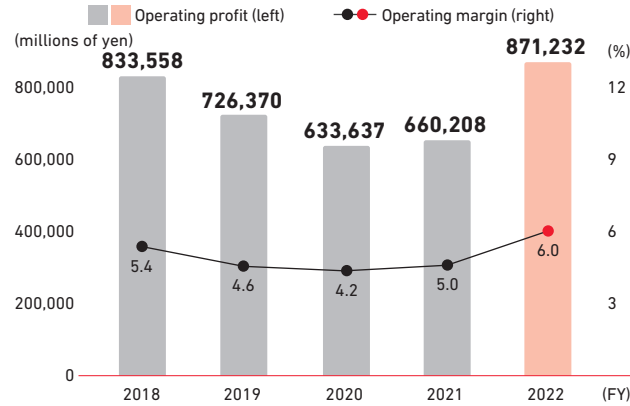
Overview of Honda

Financial Highlights

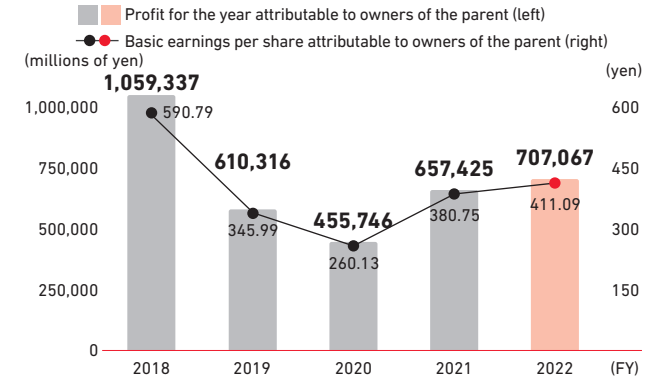
Sales revenue



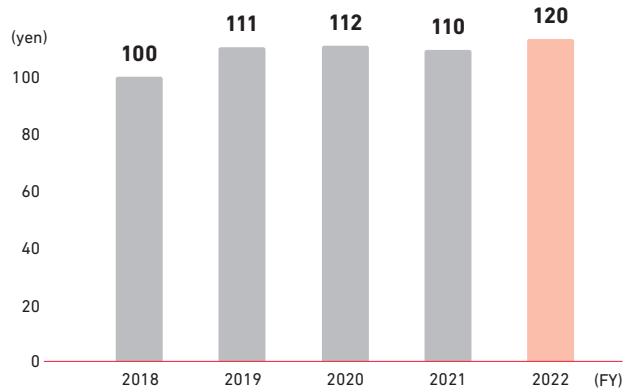
Operating profit/Operating margin



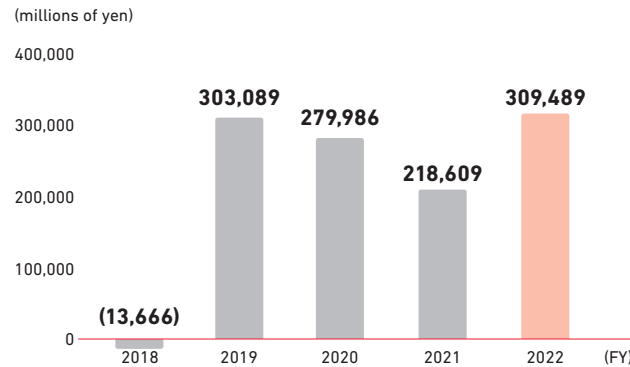
Profit for the year attributable to owners of the parent/
Basic earnings per share attributable to owners of the parent



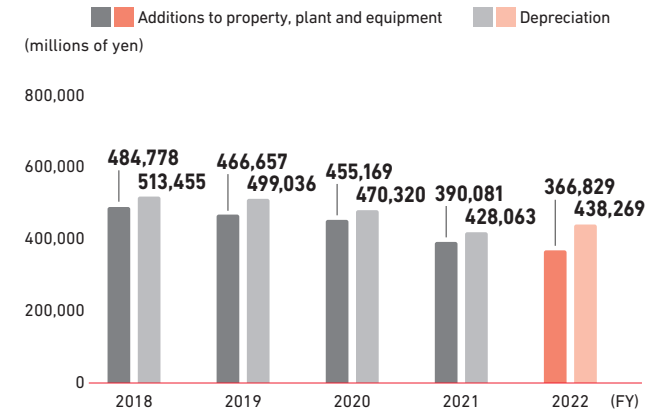
Dividend per share



Income tax expense



Additions to property, plant and equipment/Depreciation



5 Strategy

Material Issues

- Advancing powertrain electrification
- Eliminating the mobility divide
- Improving the quality of the mobility experience
- Applying automation and information technologies to everyday life
- Strengthening brand management
- Utilizing management resources efficiently
- Contributing to the economic development of developing countries



5 Strategy

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Honda's Sustainability

The Honda Philosophy forms the values shared by all Honda Group companies and all of their associates. It is the basis for Honda's corporate activities and the associates' behavior and decision-making.

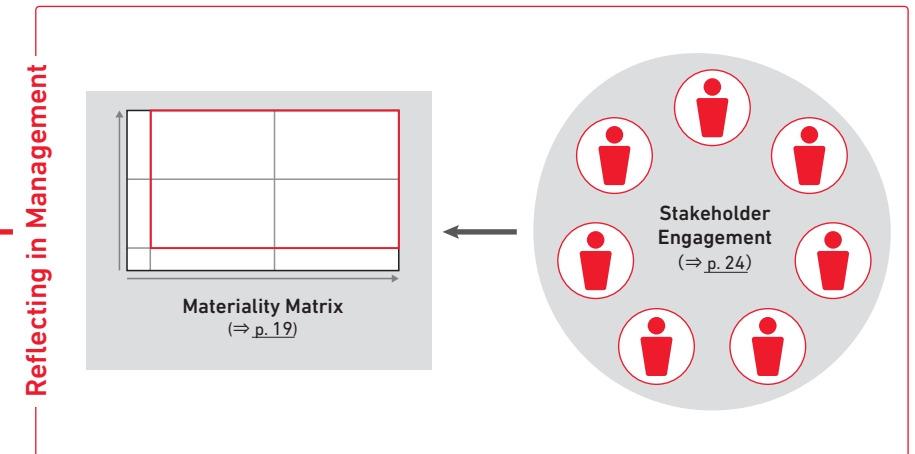
To achieve both the creation of growth opportunities for the Company and a sustainable society, Honda has set Striving to be a company society wants to exist as its direction for the 21st century. It is also advancing initiatives known as "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation."



The "2030 Vision" is one milestone indicating in concrete terms the direction Honda ought to take toward realizing these objectives.

For Honda to achieve sustainability, it is important to meet stakeholders' expectations and needs by providing value through its products and services. Equally important is to fulfill its corporate social responsibility, for instance, by considering its impact on the environment and society and to contribute to the resolution of social issues through its business activities.

To this end, Honda devises medium- and long-term strategies that are based on the perspectives of both stakeholders and Honda itself. In determining these perspectives, Honda uses the materiality matrix as its guide and considers the roles it should play and contributions it should make, geared to the characteristics of each region around the world.



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Roadmap for Sustainable Growth

There are numerous social issues that have been much discussed, including poverty and refugee problems, human rights issues, climate change, energy issues, improvement of occupational health and safety, and the aging of society. Within this context, for Honda, which undertakes a diverse range of businesses globally, understanding its opportunities and responsibilities in the value chain will also be essential for identifying priority issues in management. In addition, to swiftly respond to and accommodate rapid changes in the business environment, it is important to set forth Honda's future direction in the form of a vision.

The "2030 Vision" embodies an ideal image of what Honda wants to be in the year 2030 in order to continue being a company society wants to exist in 2050, when the Company will have marked more than 100 years since its founding.

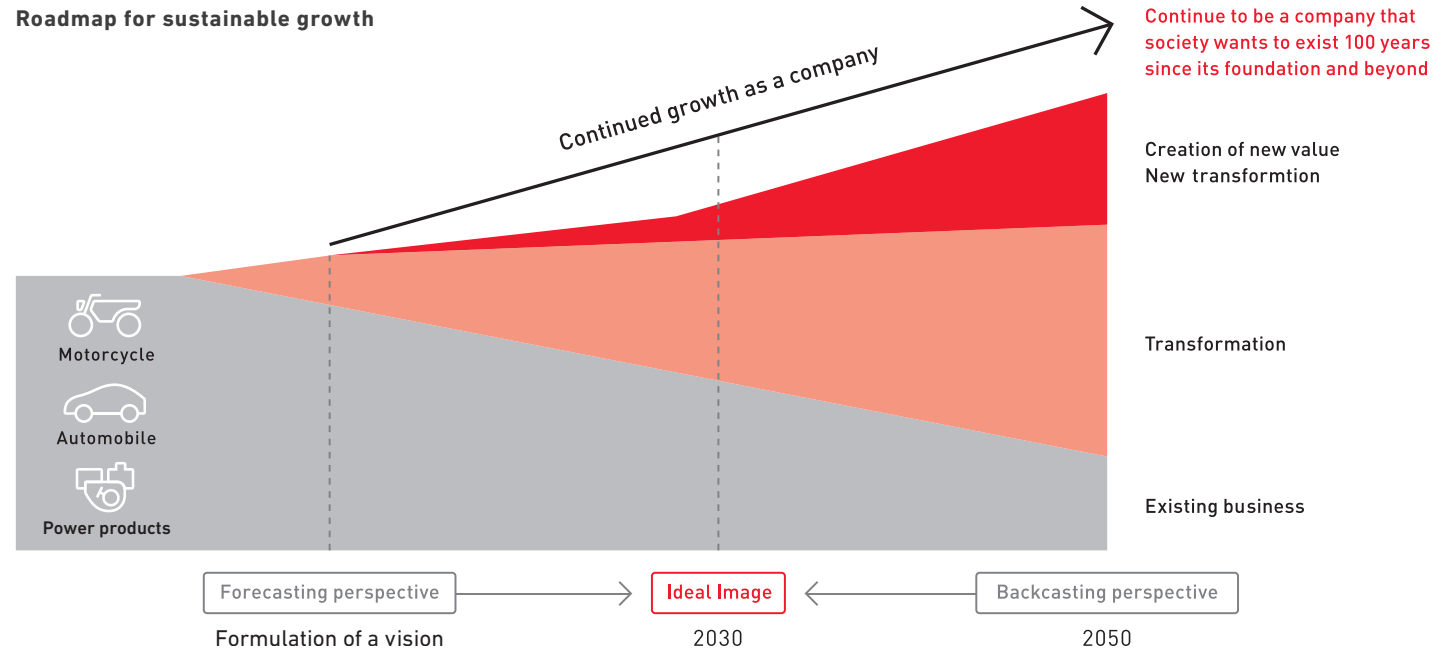
In producing the Vision, Honda examined long-term changes in the operating environment from two perspectives: forecasting, or looking ahead to the future from the present point in time, and backcasting, or looking back from 2050 to the present. As the Company continues

operating existing businesses, how is it going to transform and evolve the value of existing businesses in step with the rapidly changing expectations of society and the needs of Honda customers? Moreover, how is Honda going to create unprecedented new value in the motorcycle, automobile and power products businesses, as well as in new areas beyond the framework of its existing operations? To produce a vision that will enable sustainable growth over the long term, Honda has examined the direction of the transformation of its businesses toward 2030 from the three perspectives of "Current, Transformation and New."

Honda has been completely dedicated to addressing two challenges, namely "elimination of our environmental impact" and the "realization of safety protecting precious human lives." Aiming to realize a sustainable society, the Company will work tirelessly to achieve carbon neutrality through the electrification of automobiles and to reduce traffic collision fatalities by incorporating safety technologies into automobiles.

Honda will strive to achieve sustained growth by expanding its business into new domains that combine hardware with software to create all-embracing social value.

Roadmap for sustainable growth



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2030 Vision

The 2030 Vision formulated by Honda is expressed in 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 embody this Vision, the Company 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, the Company 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," the Company 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 the Company has set its corporate attitude to realize "growth through the pursuit of quality." The Company 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."

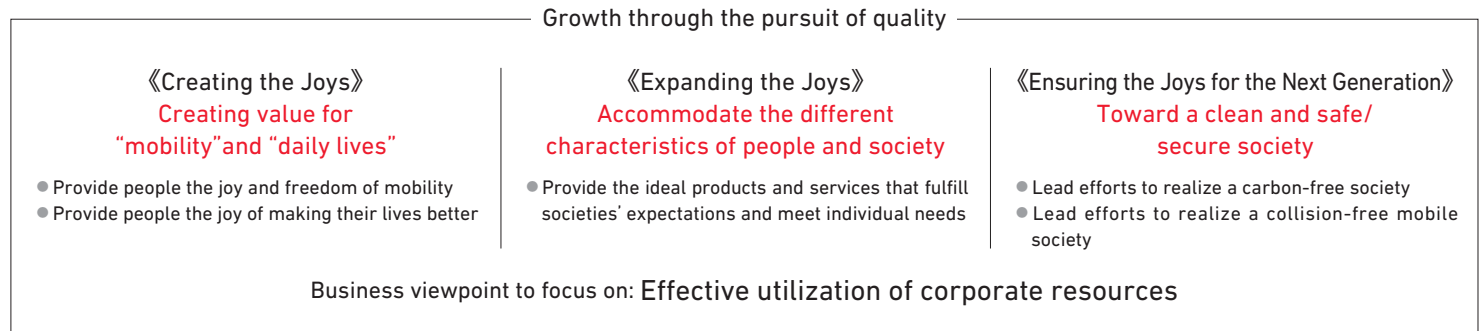
To realize this Vision, the Company will make effective use of limited corporate resources to transform and evolve existing businesses and create new value.



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—



5 Strategy

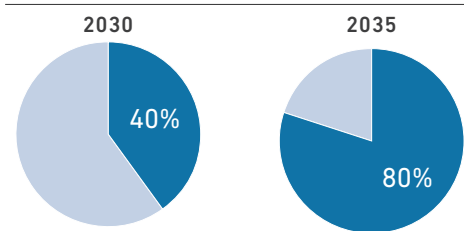
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Initiatives for Zero Environmental Impact

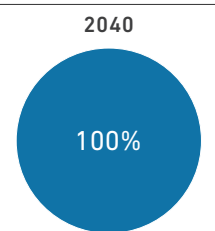
Strategy for Automobile Electrification

Setting “elimination of our environmental impact” as an overarching theme, Honda has been striving for the environmental target of achieving carbon neutrality by 2050. Accordingly, the Company has been working 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. The following highlights Honda’s initiatives concerning automobile electrification, which is one important means of achieving the environmental target.

Ratio of EVs and FCVs in overall unit sales
All major markets combined



Global



Battery Procurement Strategy

The key challenge in the EV era is the global procurement of batteries. Honda’s basic approach to this challenge is to procure batteries from external partners at the moment and to accelerate independent research and development in the future.

Procurement of Liquid Lithium-Ion Batteries

For the procurement of liquid lithium-ion batteries needed now and for the time being, 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” in order to maintain its competitiveness from the

perspective of the product life cycle as well. Honda aims to secure a stable procurement volume by strengthening external partnerships.

Initiatives for All-Solid-State Batteries

Honda will accelerate its independent research and development of all-solid-state batteries, aiming for their realization in the second half of the 2020s.

Currently, Honda is conducting technology and production verification at its 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, the Company has decided to build a demonstration line in Sakura 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.

Honda is accelerating research and development 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. The Company will make proactive efforts to strengthen the required structure in the future, including securing more human resources with specialized knowledge.

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) • Explore the possibility of creating a joint venture company for battery production
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.

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Initiatives for Zero Environmental Impact

Roadmap for EV Product Releases

During the early stage of proliferating EVs (at present to the latter half of the 2020s), Honda will release products matched to the respective characteristics of major markets such as North America, China and Japan.

In realizing the more widespread use of EVs (from the latter half of the 2020s onwards), the Company will evolve its strategy from introducing the "best EVs matched to each region" to releasing the "best EVs from a global perspective."

EV release roadmap by region

Region	EVs to be released
North America	<ul style="list-style-type: none"> • Introduce mid- to large-size EV models currently being developed with GM • Introduce a large-size EV SUV model for the Acura along with all-new Honda brand Prologue EV in 2024
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 yen price range in early 2024 • Make the timely introduction of personal-use mini-EVs and EV SUVs

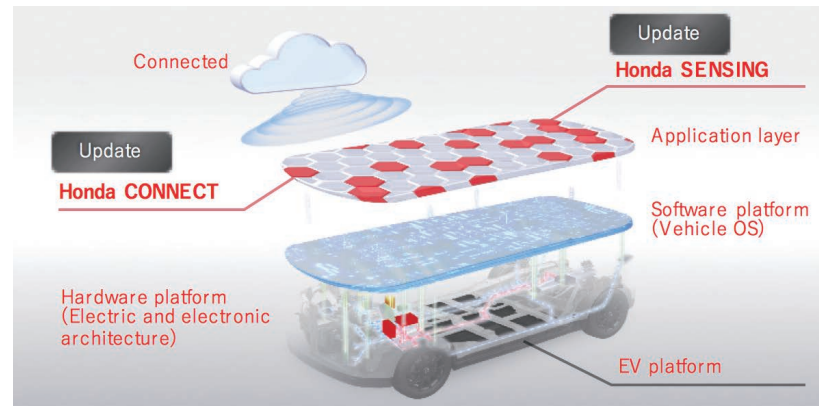
"Honda e: Architecture" Platform for EVs

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, Honda will be able to stay connected with its customers after product sales and provide various services and values. The Company intends to offer added value only Honda can provide to its customers by applying the platform beyond automobiles to other types of mobility products in the future.

Alliance with GM

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

Honda e: Architecture



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Initiatives for Zero Environmental Impact

Production Structure

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. As a production structure to sustain the volume, Honda is planning to build a dedicated EV production plant in Wuhan and Guangzhou, China, and a dedicated EV production line in North America.

Honda is committed to “sourcing and manufacturing products close to the market” from the perspective of the product life cycle. As this strategy will in turn generate competitiveness, the Company will examine the required production capacity for each of the major markets in a timely manner.



EV production plant in Wuhan, China (image)

Building a Cross-Domain Connected Platform

In promoting electrification, 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. To do so, it will be necessary to connect energy and information stored in electrified and other products with the users and society. Honda will work on the establishment of a cross-domain connected platform, which will be the key to achieving its goal. Going ahead, in the areas of electrification technologies, including batteries, as well as software and connected technologies, Honda will make efforts to enhance its 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



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Materiality Analysis

Evaluation of Issues from the Stakeholders' Perspective

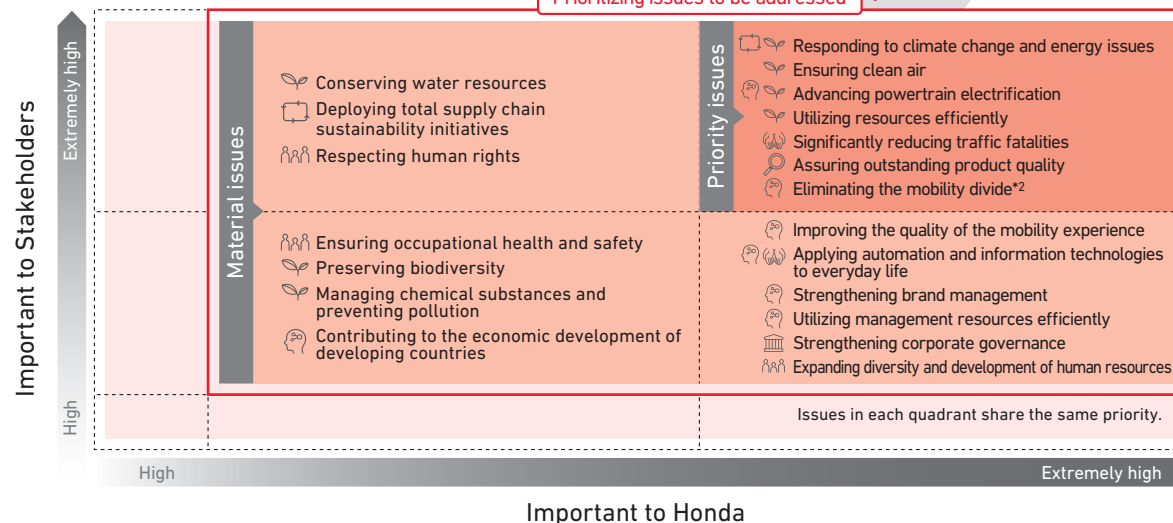
Toward achieving our long-term vision which is based on the Honda Philosophy, key issues to be addressed are identified and prioritized from our perspective and from the viewpoint of our stakeholders. The materiality matrix provides the essential framework for organizing these issues. By creating and employing this matrix, we confirmed the coverage of overall issues and clarified where each of them is positioned.

The materiality matrix was prepared in two stages: identifying issues and then categorizing them according to their materiality. Issues were identified through dialogue among members of respective operating divisions within the Company. The process also took into account various viewpoints including global and value chain perspectives, the status of technological innovation, the Sustainable Development Goals (SDGs)*1 and social issues pursuant to

the Paris Agreement. We evaluated the materiality of these issues in light of the views of stakeholders through dialogue with leading environmental, social and corporate governance (ESG) rating agencies and NGOs in Europe and the United States that focus on sustainability issues. The contents were also evaluated and assessed by management at the Company's Sustainability Strategy Committee meetings and other occasions.

This resulted in the successful visualization of material issues on a priority basis as a mobility company, including the realization of a carbon-free and collision-free mobile society. We believe our efforts should contribute to the achievement of certain SDGs, notably Goal 13 "Take urgent action to combat climate change and its impacts"; Goal 7 "Ensure access to affordable, reliable, sustainable and modern energy for all"; and Goal 3 "Ensure healthy lives and promote well-being for all at all ages." Critical issues specified based on the views of stakeholders are being reflected in company-wide strategy and incorporated into respective business activities to achieve the Company's vision.

Materiality matrix



Strategy (⇒p. 12)
Governance (⇒p. 30)
Environment (⇒p. 55)
Safety (⇒p. 79)
Quality (⇒p. 96)
Human Resources (⇒p. 112)
Supply Chain (⇒p. 139)

Initiatives toward each critical issue are explained in each part.

*1 The SDGs are international objectives related to such areas as poverty, hunger, energy, climate change and a peaceful society adopted at the United Nations Sustainable Development Summit in 2015.
 *2 Disparity in quality of life between those who do and do not have access to mobility

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Honda's Initiatives and the SDGs

Contributing to the Achievement of the SDGs

In order to share joys with stakeholders, Honda seeks to contribute to the advancement of a mobile society with its original and useful technologies that anticipate the needs of the times.

This approach aligns with the United Nations' SDGs, specifically, Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation," Goal 12 "Ensure sustainable consumption and production patterns" and Goal 17 "Strengthen the means of implementation and revitalize the global partnership for

sustainable development," and aligns with Honda's overall corporate activities.

Honda also believes that creating value for society while pursuing economic value will lead to sustainable corporate management and ultimately contribute to the sustainability of society.

In accordance with the material issues for the realization of the 2030 Vision (⇒ p. 19), Honda will contribute to the achievement of the SDGs through its corporate activities.

SUSTAINABLE DEVELOPMENT GOALS



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Honda's Initiatives and the SDGs

Honda's Initiatives

Common Efforts of Honda's Corporate Activities

By leveraging its proprietary technologies that anticipate the needs of the times, Honda will promote the spread of products that will provide increased value to mobility and people's daily lives. Through these products, relevant industries and technologies that can help resolve social issues will become prevalent in society. Also, Honda intends to play a leading role in resolving environmental, safety and other social issues in cooperation with its stakeholders.

Initiatives by priority issue

Priority issues	Honda's initiatives		SDGs supported by Honda
Responding to climate change and energy issues	Initiatives for zero environmental impact (⇒p.16) Responses to climate change and energy issues (⇒ p.60) Logistics initiatives (⇒ p.143) Reducing environmental impact together with suppliers (⇒ p.149)	With a view to leading the way in realizing a carbon-free society, Honda undertakes corporate activities while giving consideration to everything from the purchase of raw materials to end use of its products. Honda believes its measures against climate change, including vehicle electrification and the use of portable batteries and hydrogen energy, will lead to stabilizing food production, ensuring energy supply and facilitating the creation of more comfortable communities.	
Advancing powertrain electrification	Strategy for automobile electrification (⇒p.16) Advancing powertrain electrification (⇒ p.63)		
Preservation of Clean Air	Preservation of clean air (⇒ p.68)	Honda is pushing ahead with the preservation of clean air and water resources by developing technologies to clean exhaust emissions from product usage and reducing the amount of harmful substances in exhaust air and wastewater from production processes.	
Utilizing resources efficiently	Efficient utilization of resources (⇒ p.65)	Honda is cooperating and collaborating with both internal and external stakeholders to realize zero risk in relation to resources and waste generated during the stages spanning from resource procurement to product disposal. From the standpoint of resource circulation, Honda strives to offer products that fully contribute to the environment and reduce waste.	
Significantly reducing traffic fatalities	Toward a collision-free mobile society (⇒ p.80)	Under its global safety slogan, "Safety for Everyone," Honda aims to realize a collision-free society in terms of hardware and software through the development and spread of safety technologies for automobiles, such as the Honda SENSING advanced safety and driver-assistance system, while engaging in worldwide initiatives to provide education on traffic safety including motorcycles.	
Eliminating the mobility divide	Business domains (⇒ p.06, 07) Value creation history (⇒ p.08) Honda's sustainability (⇒ p.13)	Honda seeks to provide more options of mobility to reduce the gap in social participation. As such, the Company is supporting the expansion of opportunities and venues for persons with disabilities to be active by providing welfare vehicles. Looking ahead, Honda will provide a sustainable means of mobility through its technologies and services and help resolve social issues through business activities while leveraging its unique strengths in having a broad range of businesses and products, including motorcycles, automobiles and power products.	

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Honda's Initiatives and the SDGs

Initiatives by material issue

Material issues	Honda's initiatives		SDGs supported by Honda
Conserving water resources	Conserving water resources (⇒ p. 69)	Honda contributes to the conservation of precious freshwater by thoroughly managing the amount of water intake and quality of wastewater at its plants and by installing equipment capable of 100% water recycling and reuse. Honda also manages a water conservation fund in North America, which supports the improvement and preservation of coastal areas for future generations.	
Deploying total supply chain sustainability initiatives	Strengthening supply chain sustainability (⇒ p. 140) Reducing environmental impact together with suppliers (⇒ p. 149)	Together with suppliers around the world, Honda is making efforts throughout the supply chain to realize a sustainable society while taking into account the environment, safety, human rights, compliance and social responsibilities. In doing so, Honda has formulated the Honda Green Purchasing Guidelines and Honda Supplier Sustainability Guidelines and has been confirming adherence based on these guidelines. Honda has initiated an ESG survey on suppliers having significant influences on the Company and will expand application of the survey in collaboration with overseas purchasing sites.	
Respecting human rights	Human rights (⇒ p. 116) Honda human rights policy (⇒ p. 137) Initiatives related to diversity (⇒ p. 120)	Honda upholds the idea of "Respect for the Individual" in the Honda Philosophy and includes "Respect of Human Rights" in the Honda Code of Conduct to show its policy to "maintain its stance as a company committed to practicing fairness and sincerity and respecting human rights." In its company-wide risk management activities, Honda also regards human rights as an important risk and manages it accordingly.	
Utilizing management resources efficiently	Roadmap for sustainable growth (⇒ p. 14)	Understanding opportunities and responsibilities in the value chain is essential in identifying, among a number of social issues, Honda's priority issues in management. Honda aims to create new value by considering how to transform and evolve the value of existing businesses in step with the rapidly changing social expectations and customer needs from the two perspectives of forecasting and backcasting.	
Strengthening governance	Corporate governance (⇒ p. 31)	Honda seeks sustainable growth and the enhancement of corporate value over the medium to long term and strives to be a company society wants to exist. Honda strives to enhance corporate governance as one of the most important tasks for its management. At the same time, it will continue to work for ensuring the transparency of its management through appropriate disclosure of corporate information to further bolster trust and appreciation from society.	
Expanding diversity and the development of human resources	Diversification aimed at leveraging total workforce strength (⇒ p. 118) An approach based on on-the-job training (⇒ p. 118) Initiatives related to diversity (⇒ p. 120)	Honda respects individual differences and encourages the integration of these individualities. While positioning workforce diversification as a company-wide priority task, Honda is working to expand women's participation, promote an understanding and acceptance of LGBT persons, increase opportunities for experienced associates and expand employment of people with disabilities. Also, Honda carries out personnel education based on on-the-job training (OJT) and ensures to assign associates to the most suitable positions by setting up the Global Job Grade System.	
Ensuring occupational health and safety	Occupational safety and health (⇒ p. 128)	Honda has been seeking to realize a work environment which brings the joy that all people can work with a true sense of security under this principle. At Honda, the Health and Safety Audit Committee performs health and safety audits throughout the Company by using an Occupational Safety and Health Management System (OSHMS).	
Biodiversity conservation	Biodiversity conservation (⇒ p. 70)	Honda believes that minimizing the environmental impact resulting from its products and corporate activities represents its greatest contribution to biodiversity conservation. Accordingly, Honda has specified the priorities in the Honda Biodiversity Guidelines, including the development of environmental technology, initiatives based on corporate activities and initiatives for living in harmony with local communities. The Company has been proactively promoting them.	
Managing chemical substances and preventing pollution	Management and reduction of chemical substances (⇒ p. 70)	Honda manages and works to reduce chemical substances contained in automotive components from the product design and development stages. Relevant information is tabulated and managed throughout the supply chain via a system to collect information on materials and chemical substances contained in components. Honda is also making efforts to reduce heavy metals that are considered to have negative impacts on the environment, including water quality.	
Contributing to the economic development of developing countries	2030 Vision (⇒ p. 15)	Under its 2030 Vision, Honda aims to enrich people's lives by providing more efficient means of mobility and greater opportunities for business or learning. In expanding business overseas, Honda has evolved its business model from exporting finished products to local production and then to local development, thereby strengthening production and development functions in emerging countries. Honda aims to contribute to each region through employment and OJT-based education.	

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Sustainability Management Structure

Structure for Deliberating Sustainability Initiatives

Honda established the Corporate Integration Strategy Meeting chaired by the Chief Executive Officer (CEO) 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.

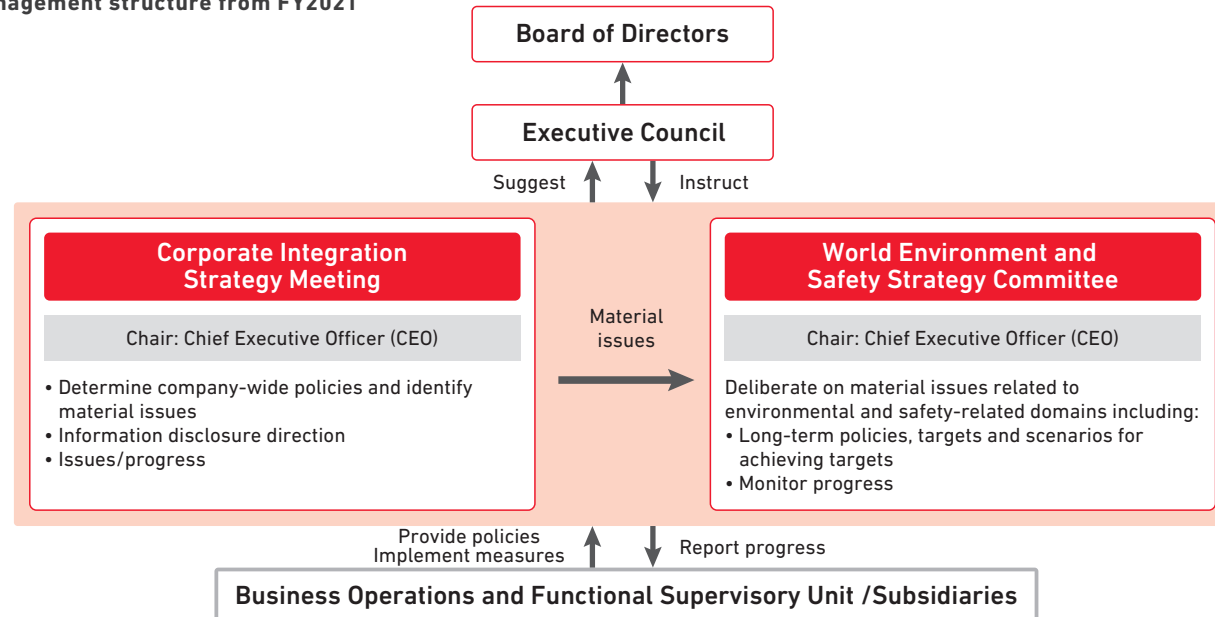
While continuing activities to “increase Honda’s value of existence and receive due recognition from society by showing to the public its entire corporate activities rooted in the Honda Philosophy,” the Corporate Integration Strategy Meeting will plan company-wide strategies that reflect a sustainability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

To promote and reinforce efforts in the environmental and safety-related domains, which represent the most important material issue as a mobility company, Honda has established the World Environment and Safety Strategy Committee chaired by the Chief Executive Officer (CEO).

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, Honda determines corporate strategies through the Executive Council and Board of Directors. The Company then breaks them down into policies and measures for business operations, functional Supervisory Unit and subsidiaries for actual execution.

Sustainability management structure from FY2021



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Stakeholder Engagement

Basic Approach

To be a “company that society wants to exist,” Honda must put into practice a communication cycle. This means to: 1) appropriately and accurately convey to society the value that it seeks to provide; 2) engage in dialogue with diverse stakeholders to grasp and understand the demands and expectations placed on the Company; 3) translate these into concrete measures and implement them; and 4) listen to stakeholders’ evaluations of its activities.

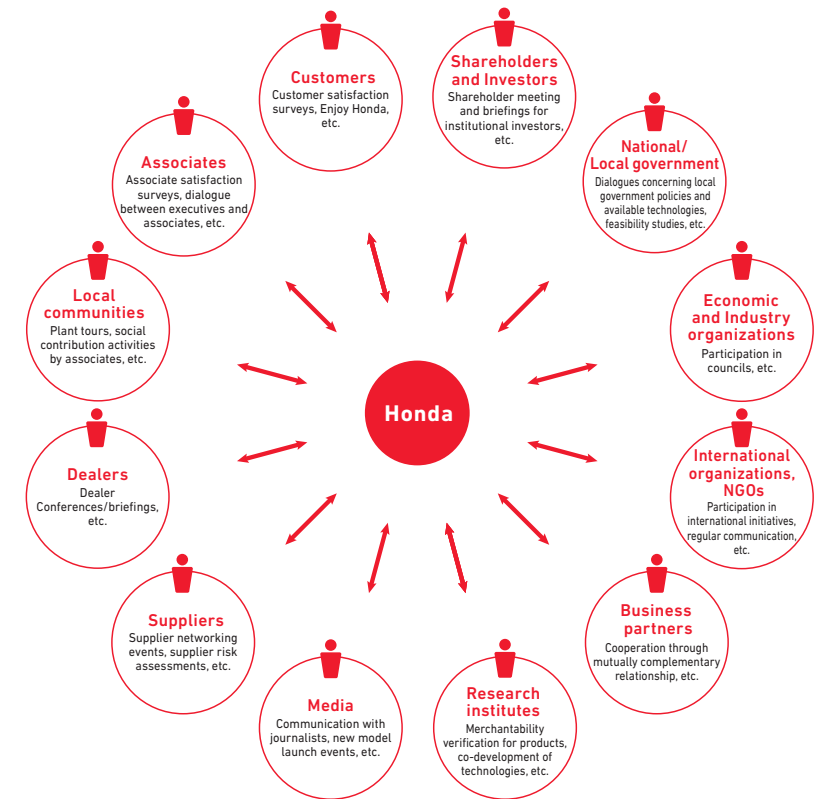
Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that stakeholder dialogue is a beneficial tool that leads to a proper understanding of stakeholders regarding the Company’s initiatives while also giving the Company an understanding of changes and risks in the social environment.

Based on this understanding, Honda engages in dialogues globally through various opportunities. These dialogues are conducted between key stakeholders (that are either impacted by Honda’s business activities or whose activities impact Honda’s business activities) as shown in the diagram indicated at the right and respective divisions within Honda.

As an example, engagement with shareholders and investors consists of dialogue aimed at ensuring that Honda is understood accurately through shareholder relations and investor relations activities.

In addition, opinions gained from dialogues with leading ESG rating agencies and NGOs are reflected in the Materiality Analysis (⇒ p. 19), which is utilized in identifying issues Honda ought to be addressing.

Stakeholder engagement



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Stakeholder Engagement

Examples of Initiatives in FY2022

Stakeholder	Key means of dialogue	Overview	Frequency	Corresponding items in the materiality matrix	Point of contact	Reference
Customers	Customer satisfaction survey	To ensure customer satisfaction worldwide, we conduct a customer satisfaction survey for customers who have received after-sales service at a dealer around the world and engage in improvement activities to provide high-quality service operations.	Annually	Strengthening brand management	Customer-related divisions	⇒ p.104
Shareholders and investors	Financial results press conference	We hold press conferences and teleconferences to review our financial results and various initiatives. We use the feedback and requests thus obtained in maximizing our corporate value.	4 times/year		Financial divisions	https://global.honda/investors/
	Individual sessions and conferences	We hold sessions and opinion exchange meetings to explain our financial conditions as well as production, R&D and business strategies. We use the feedback and requests thus obtained in maximizing our corporate value.	Year round			
Suppliers	Suppliers Conferences	We hold periodic conferences to share with suppliers the direction of our business and the substance of our initiatives and to communicate Honda's company-wide policies and purchasing policies. We also present Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDD*. At the end of a conference, we conduct a questionnaire survey for participants to identify their level of satisfaction and what can be improved for the next event as an effort to further enhance this activity.	Annually	Assuring outstanding product quality Deploying total supply chain sustainability initiatives	Purchasing divisions	⇒ p.154
	Business plan networking events and meetings to share business status	We share our medium- to long-term management policies, business plans and information on sustainability-related matters (ESG issues, compliance, corporate governance and risk assessment).	Annually			
	ESG inspection for suppliers	We conduct an ESG inspection for key suppliers to prevent compliance violations and reduce environmental impact in accordance with the Honda Supplier Sustainability Guidelines. (⇒ p.147).	Annually	Deploying total supply chain sustainability initiatives; Strengthening corporate governance		⇒ p.152
Economic and industry organizations	Participation in activities of industry organizations	We participate in various councils to identify the expectations and demands of society through activities of industrial organizations, create a sustainable business environment and contribute to society.	Year round		Division in charge of government and industry relations, others	
International organizations and NGOs	Participation in international initiatives	We participate in various councils to identify the expectations and demands of society and contribute to society toward the realization of a sustainable society.	Year round		Divisions in charge of sustainability planning, others	
Local communities	Driving safety promotion activities	For preventing collisions, we are proactively engaging in traffic safety awareness activities based on the ideas "To pass on safety education from person to person" and "To provide a participatory hands-on education program." Targeting not just drivers and riders but also all people involved in the traffic society, from children to senior citizens, the activities are currently carried out in 43 countries and regions around the world.	Year round	Significantly reducing traffic fatalities	Divisions in charge of promoting driving safety	⇒ p.83
	Helping persons with disabilities wishing to resume driving	In addition to providing driving assist devices, we support occupational therapists and other professionals to promote the creation of a local support environment with the aim of helping people wishing to resume driving.	Year round	Eliminating mobility divide		⇒ p.87
	Beach cleanup project	We undertake joint activities among members of the Honda Group and local residents to clean up the beaches using our originally developed equipment. Since the launch of the project in 2006, we have conducted the activities about 400 times at more than 200 locations across Japan, and the cumulative total of beach trash collected by the project amounts to 490 tons.		Expanding diversity and the development of human resources	Divisions in charge of promoting social contribution activities	⇒ p.158
	Activities to conserve <i>satoyama</i> landscapes	We have concluded an agreement with Hachioji City, Tokyo, in which Honda's associates and their families carry out <i>satoyama</i> landscape conservation activities within the Kamikawa no Sato special green conservation area.	About 11 times per year			
National and local governments	Support activities to prevent the spread of COVID-19	We undertook support activities while examining what Honda can do to prevent the spread of COVID-19 and help resolve issues and problems encountered in various parts of the world in the face of the pandemic.			Divisions in charge of promoting social contribution activities, others	https://global.honda/sustainability/community/activities/COVID19.html
Associates	Associate survey	We conduct an associate survey and measure associate engagement for building a healthier work environment.	Associate survey: once every 3 years Measurement of associate engagement: every year	Expanding diversity and the development of human resources	Human resources divisions	⇒ p.128

* Quality, cost, delivery, development and environment

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Stakeholder Engagement

Cooperation with External Organizations

To carry out our responsibility as a global mobility company, Honda engages in dialogues with government, economic and industry organizations and also cooperates with external bodies. In Japan, Honda executives serve as vice chairman and committee head within the Japan Automobile Manufacturers Association(JAMA); committee head in the Japan Business Federation (Keidanren); and vice chairman and committee head in the Tokyo Chamber of Commerce and Industry.

In addition, Honda executives serve as committee and working group chairs and other representatives in the international motorcycle and automobile industry bodies such as The International Motorcycle Manufacturers Association (IMMA) and Organisation Internationale des Constructeurs d'Automobiles (OICA). Furthermore, Honda cooperates with initiatives related to sustainability through membership in the World Economic Forum (WEF) and the World Business Council for Sustainable Development (WBCSD).

At Honda, we delegate authority to Regional Operations within a certain scope when executing business in respective regions in order to enhance local autonomy and enable speedy decision-making. Political contributions* can be made following required internal procedures based on the laws and regulations of respective countries.

* Political contributions were made to the People's Political Association in the amounts of ¥25 million in FY2019, ¥25 million in FY2020 and ¥25 million in FY2021. Honda has confirmed that these expenditures do not infringe on "the Honda Guideline for the Prevention of Bribery and Corruption."

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Stakeholder Engagement

External Evaluations

Honda Selected to the Dow Jones Sustainability World Index

In December 2021, Honda was selected for the fifth consecutive year as a component of the Dow Jones Sustainability World Index after being ranked within the top five in the global Automobiles sector in the annual review of the Dow Jones Sustainability Indices (DJSI), one of the key benchmarks for socially responsible investing. At the same time, the Company was selected for the seventh consecutive year as a component of the Dow Jones Sustainability Asia/Pacific Index.

The DJSI are investment indices run by U.S.-based S&P Dow Jones Indices LLC. The sustainability of the world's leading companies is evaluated from three perspectives in terms of economic, environmental and social criteria and select companies that demonstrate overall excellence for inclusion in the indices.

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Selected for a Silver Class Rating in Sustainability Assessment by S&P Global Inc.

Honda won a Silver Class rating in the Automobiles sector of the Sustainability Award 2022 issued by S&P Global Inc. S&P Global evaluates the sustainability of approximately 7,500 companies worldwide in terms of economic, environmental and social criteria. Companies deemed to be particularly outstanding in each sector are rated in categories of Gold Class, Silver Class and Bronze Class each year.

Sustainability Award Silver Class 2022

S&P Global

Securing a B Rating in the CDP Japan 500 Climate Change Report 2021

In December 2021, CDP released the results of a survey on climate change initiatives and reduction of GHG emissions for major companies worldwide.

Honda received a B rating in the CDP Japan 500 Climate Change Report 2021, one of those categories.

CDP is an international NPO that provides a global system for measuring, disclosing, managing and sharing important environmental information from companies and cities. The level of company initiatives in environmental challenges is evaluated in the four stages of information disclosure, awareness, management and leadership.

Please refer to the Environment section of the Performance Report (⇒ p. 55) for the items required by the FSB Task Force on Climate-related Financial Disclosures (TCFD), one of the CDP evaluation indices.

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Research and Development

Basic Approach

In 1960, with a view to creating new value through the cultivation of uncharted domains, Honda spun off the research and development division from Honda Motor Co., Ltd. and established Honda R&D Co., Ltd. as an independent research and development subsidiary.

Since then, Honda R&D has demonstrated a spirit embodied in Honda's Fundamental Beliefs, which encourages diverse individuals to demonstrate their respective capabilities to the fullest. At the same time, the company has thoroughly pursued core values and accordingly undertaken research with a particular focus on people's values. By doing so, Honda R&D has taken on challenges of creating new value. This stance will remain the same even when facing significant changes in society, such as the rapid global movement toward a carbon neutral society and digitalization. Honda believes that maintaining a global perspective and pursuing the joy for each customer through its technologies, products and services represent the true essence of Honda's corporate activities and research and development operations.

Aiming to Transform into a Mobility Company Focused on Services and Solutions

Honda consolidated functions related to research and development of motorcycles as well as automobiles into Honda Motor Co., Ltd. in April 2019 and April 2020, respectively. This reorganization enables a unified structure that integrates development, sales, production and purchasing operations to provide competitive products in a timely manner.

In April 2022, Honda Motor Co., Ltd. established the Business Development Operations as a new organization tasked with combining hardware with software and services. The goal is to transform Honda into a mobility company that can achieve new growth and new value creation. Honda is further accelerating its development efforts in the fields of software and each of the core electrification components in order to facilitate the development and early launch of the electrification business, new businesses and combined solutions business.

In addition, Honda R&D has been reorganized into the Innovative Research Excellence center, Innovative Research Excellence – Power Unit & Energy center, the Solution System Development Center and the Design Center. The Innovative Research Excellence center is a facility dedicated to innovative mobility technologies for the future and the creation of advanced technologies. The Innovative Research Excellence – Power Unit & Energy center brings together the experts of the power unit and environmental energy fields, which represent the strengths of Honda and serve as a source of its competitive edge beyond product boundaries. The Solution System Development Center creates new value in people's daily lives, while the Design Center is tasked with delivering brand messages transcending product boundaries in the form of consistent designs, which are the origin of Honda's value creation.

Toward the creation of new value, Honda will pursue research and development not only internally but also in collaboration with other companies and business partners with a vision to "serve people worldwide with the 'joy of expanding their life's potential'."

Research and Development Structure



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Innovation Management

Efforts to Expand into New Domains through 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. It was originally launched in 2017 by Honda R&D Co., Ltd., a research and development subsidiary of Honda, and was later transitioned into a company-wide initiative in April 2021, thereby giving all Honda associates in Japan a chance to create a new business.

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. The main purpose of this program is to nurture innovative ideas, create new value and swiftly link such innovation to resolving societal issues. Honda will proactively work to create value not only through efforts undertaken internally, but also by creating venture companies and engaging in open innovation initiatives with external companies. By expanding the fruits born from such efforts to society, Honda is committed to offering further value to a wider range of customers.

Since its founding, Honda has taken on the challenge of creating new value while respecting the ideas and dreams of individual associates. Honda will create things and services that do not yet exist by encouraging associates in all areas, not just engineers but also those in production, sales, administration and various other departments, to take the lead in realizing their ideas and dreams with support from their respective organizations and experts. At the same time, Honda will consciously foster an organizational culture that spurs innovation.

6 Governance



Material Issues

- Strengthening corporate governance

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Corporate Governance

Basic Approach

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, Honda will continue to strive to ensure the transparency of its management.

Please refer to “Honda Corporate Governance Basic Policies” and “Corporate Governance Report” for Honda’s basic policy related to corporate governance. (Please refer to the link below.)

WEB

“Honda Corporate Governance Basic Policies”
“Corporate Governance Report”

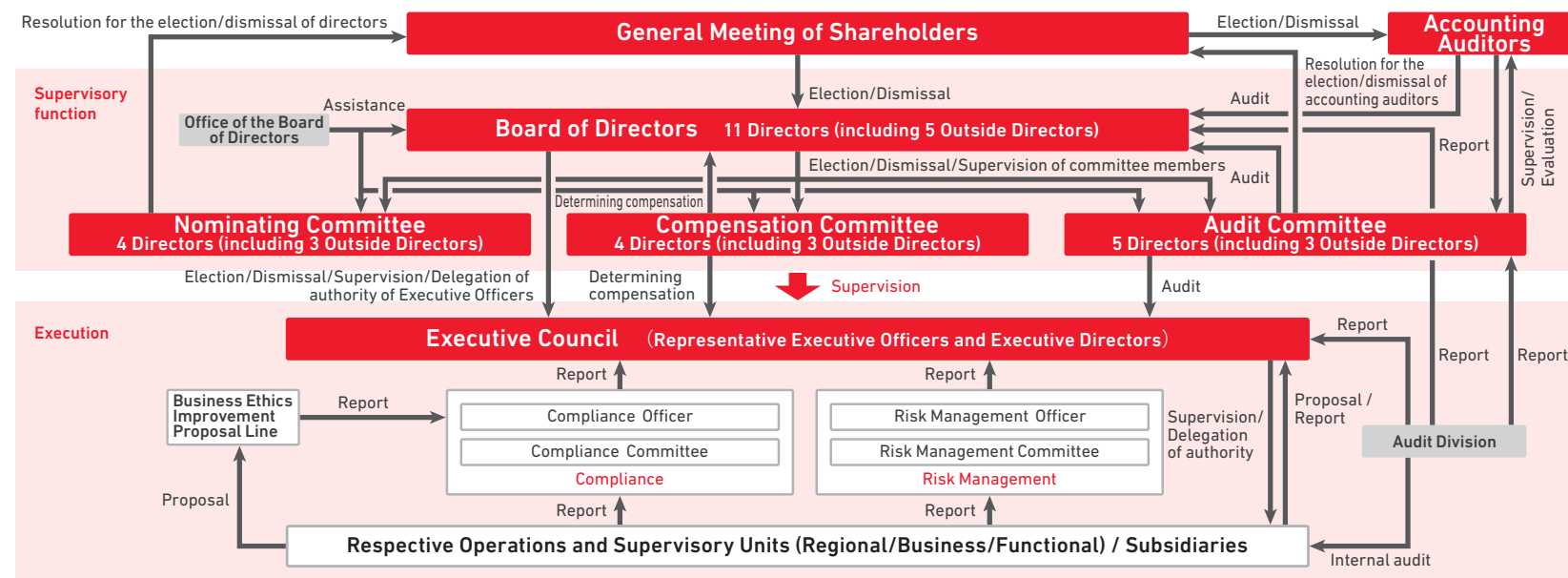
> <https://global.honda/investors/policy/governance.html>

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Corporate governance structure (as of June 22, 2022)



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Corporate Governance

Decision-Making and Supervision of Business Execution

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.

Principal Matters Discussed by the Board of Directors in FY2022

- Medium-term management plan and its progress
- Quarterly consolidated financial statements and business outlook
- Quarterly operational execution status
- Duty execution statuses of committees
- Maintenance and operation of the internal control system

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.

Nominating Committee, Audit Committee and Compensation Committee

Aiming to reinforce the supervisory function, the Company has established the “Nominating Committee,” “Audit Committee” and “Compensation Committee” of which a majority of the members are Outside Directors.

1. 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.

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Nominating Committee Members (as of June 22, 2022)

Fumiya Kokubu (Chairperson) (Outside Director)

Toshihiro Mibe

Kunihiko Sakai (Outside Director)

Kazuhiro Higashi (Outside Director)

Principal Matters Discussed by the Nominating Committee in FY2022

- Basic policy/annual activity plan
- President succession plan
- Skill matrix
- Prospective Director candidates

2. 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.

Audit Committee Members (as of June 22, 2022)

Yoichiro Ogawa (Chairperson) (Outside Director)

Asako Suzuki (Full-time Audit Committee Member)

Masafumi Suzuki (Full-time Audit Committee Member)

Kunihiko Sakai (Outside Director)

Ryoko Nagata (Outside Director)

Mr. Yoichiro Ogawa, a Director, has abundant experience and considerable knowledge as a certified public accountant, and Mr. Masafumi Suzuki, also a Director, has had sufficient operating experience in the finance and accounting departments of the Company and its subsidiaries. Both of them qualify as “persons with considerable knowledge related to finance and accounting,” as specified under Article 121-9 of Regulation for Enforcement of the Companies Act of Japan. In addition, the Company’s Audit Committee has recognized Messrs. Yoichiro Ogawa and Masafumi Suzuki as “specialists in finance in the Audit Committee” as specified in the regulations of the U.S. Securities and Exchange Commission, based on Article 407 of the U.S. Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act of 2002). All five members of the Audit Committee remain independent as specified by the regulations of the U.S. Securities and Exchange Commission.

Principal Matters Discussed by the Audit Committee in FY2022

- Basic policy/annual activity plan
- Quarterly audit implementation status
- Quarterly review of consolidated financial statements by the Accounting Auditor
- Implementation status of internal audits

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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.

Main activities of the Audit Committee

Initiative	Details
Dialogue with Executive Officers	Hold opinion exchanges with Executive Officers regarding the management environment and business environment (held 84 times during FY2022, of which Outside Directors participated 25 times)
Attendance at important meetings	Monitor and verify the status of execution of duties by Directors and Executive Officers by attending the Executive Council and expressing opinions as necessary (full-time members).
Implementation of on-site audits	Implement on-site audits based on the annual audit plan. For certain subsidiaries in Japan and overseas Group companies, business site inspection visits are conducted by utilizing remote audits via web conferencing systems and videos. (FY2022) <ul style="list-style-type: none"> • Honda headquarters/business sites 26 places (4 places with the participation of Outside Directors) • Group companies in Japan 16 companies (4 companies with the participation of Outside Directors) • Group companies outside Japan 24 bases (9 bases with the participation of Outside Directors)
Collaboration with the Accounting Auditor and the Audit Division	Hold opinion exchanges regarding the accounting audit plan and results (held meeting with the Accounting Auditor 9 times in FY2022). Also implement audits in collaboration with the internal Audit Division.
Strengthening Group governance structure	Maintain and strengthen the Group governance structure by sharing information and exchanging opinions with the auditors of Group companies in Japan and by holding lectures by Outside Directors.

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 the Company 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 the Company.

The Company has 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 the Company. 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.

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3. 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.

Compensation Committee Members (as of June 22, 2022)

Kazuhiro Higashi (Chairperson) (Outside Director)

Kohei Takeuchi

Fumiya Kokubu (Outside Director)

Yoichiro Ogawa (Outside Director)

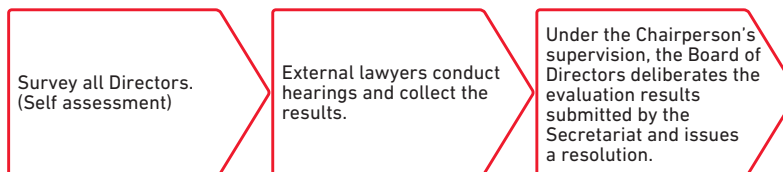
Principal Matters Discussed by the Compensation Committee in FY2022

- Basic policy/annual activity plan
- Remuneration criteria for Directors and Executive Officers
- Stock-based remuneration system and stock delivery regulations

Evaluation of Effectiveness of the Board of Directors

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 understanding among shareholders and stakeholders.

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		<ul style="list-style-type: none"> • 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. 	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.	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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			<ul style="list-style-type: none"> • 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			<ul style="list-style-type: none"> • Improved objectivity and transparency in the 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

Summary of evaluation results

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. The Company will address these issues to further enhance effectiveness as a monitoring-type Board of Directors.

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Outside Directors

Honda appoints Outside Directors who have abundant experience and deep insight, and who are capable of overseeing the entire business management of the Company from an objective, highly sophisticated and broader viewpoint based on the standpoint independent from the Company. The Company shall have at least two Outside Directors, and at least one third of the members of the Board of Directors shall be Independent Directors who fulfill the Company's Criteria for Independence of Outside Directors. 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. The five Outside Directors are specified as Independent Directors as prescribed in a provision of the Tokyo Stock Exchange (TSE); the names of those persons have been submitted to the TSE.

Please refer to "Honda Corporate Governance Basic Policies" for Honda's Independence Criteria for Outside Directors. (Please refer to the link below.)

If any Outside Director also serves as an officer at another listed company, such Director shall only serve at four companies other than the Company so that they can secure sufficient time to perform their duties for the Company.

WEB

"Honda Corporate Governance Basic Policies"

> <https://global.honda/investors/policy/governance.html>

Support Systems for Outside Directors

Honda's Board of Directors Office plays a central role in providing the following support to Outside Directors to ensure they can maximize the functions of Outside Directors.

1. Orientation at the time of assuming position

Honda provides training in industry trends, the Company's history, business, finances, organizations, internal control system and other matters to Outside Director candidates to be newly appointed.

2. Holding preliminary briefing sessions and information sharing meetings
Preliminary briefing sessions are held for Outside Directors in advance of

the convening of each Board of Directors meeting for two purposes. One is to enable Outside Directors to fully understand the details and background of each agenda item submitted to the Board of Directors and the necessary presupposed information such as positioning within the medium- to long-term management plan. The other is to ensure that essential deliberation is undertaken at the Board of Directors. In addition, Honda provides opportunities to share information and discuss important matters among Directors in relation to the status of the medium- to long-term management plan.

3. Opinion exchange meetings on matters of management concern
Honda holds opinion exchange meetings regarding matters of concern among Directors. Its aims are to share with Outside Directors an awareness of the Honda Group's long-term challenges and directions to be pursued and to deepen their understanding of management initiatives. Such meetings are also intended to utilize the knowledge of Outside Directors in discussing future management policies.

4. Dialogue with Executive Officers/Dialogue among Outside Directors
To facilitate forthright communication among Directors, Honda enables dialogue between Outside Directors and Executive Officers or Internal Directors as well as dialogue among Outside Directors as needed.

5. Inspection visits to business sites

Honda arranges inspection visits as necessary to plants and other business sites to promote an understanding of its business.



Inspection visit to Saitama Factory's Yorii assembly plant

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Business Execution Management (Organizational Management)

In order to facilitate quick and appropriate management decisions at the regional and working levels, Honda appoints Executive Officers and Other Executives who have been delegated the business execution authority from the Representative Executive Officers as the responsible persons in their respective fields of Regional, Business and Functional Operations and other major organizational units.

Director and Operating Officer Training

Honda provides training in the Companies Act, corporate governance, etc., to operating officers who are considered as prospective Director candidates, and after they assume their respective position as Directors, the Company also provides training to continually update their knowledge as necessary. Honda provides training in industry trends, the Company's history, business, finances, organizations, internal control system and other matters to Outside Director candidates to be newly appointed, and after they assume their respective position as Directors, the Company also provides them with opportunities including visits to subsidiaries located in regions in order to deepen their understanding of the Honda Group's business.

Tax Policy

The Honda Tax Policy prescribes the basic stance and thinking regarding taxes for Honda Motor Co., Ltd. and its consolidated subsidiaries. The policy aims to contribute to society as well as maintain and increase corporate value by complying with the tax laws and regulations, and their intent, for each country and region where Honda conducts business activities, and by making proper tax payments.

Tax systems of each country and region and international taxation rules are frequently changed. In this environment, to ensure proper the conducting of its business in a stable manner Honda carries out accurate and high-quality tax affairs and responds to tax risks associated with its businesses in accordance with the Tax Policy.

For details, please refer to the Honda Tax Policy. (Please refer to the link below.)

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Honda Tax Policy

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Corporate Governance

Remuneration of Directors

The Company views remuneration for Directors and Executive Officers, the key to its corporate governance, as an important driving force in realizing our fundamental beliefs, management policies, and aspirations. The Compensation Committee has established the following decision-making policy in order to encourage appropriate risk-taking and accurately reflect management responsibility in an effort to promote speedy reforms to achieve our vision amidst a drastically changing environment.

The Company’s remuneration structure for Directors and Executive Officers is designed to motivate officers to contribute to the improvement of the Company’s business performance not only over the short-term, but also over the mid- to long-term, so that the Company can continuously enhance its 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 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.

Please refer to Article 13 of the “Honda Corporate Governance Basic Policies” concerning the policy for determining remuneration for Directors. (Please refer to the link below.)

WEB

“Honda Corporate Governance Basic Policies”

> <https://global.honda/investors/policy/governance.html>

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Total amount of remuneration for Directors and Executive Officers

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Annual total remuneration and bonuses of highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan)

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Rate of increase in annual total remuneration and bonuses of highest-paid individuals (President and Representative Executive Officer, Chief Executive Officer) (Japan)

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Remuneration of Accounting Auditors

The Company 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 75 staff members conducted external audits of the Company’s financial statements. These accounting firm staff members are composed of 3 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 the Company’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.

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Corporate Governance

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



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

[Reasons for Appointment]
 Mr. Seiji Kuraishi has broad experience primarily in the areas of supply chain management and sales and marketing, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2022, he has properly fulfilled his duties as Director, Executive Vice President and Representative Executive Officer, and Chief Operating Officer by demonstrating strong leadership and being responsible for business execution of the entire Company Group, as well as overseeing business execution.

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	Member of the Compensation Committee
Jun. 2016	Risk Management Officer	Apr. 2022	Chairman and Director (present)
Jun. 2016	Corporate Brand Officer	Apr. 2022	Chairman of the Board of Directors (present)
Apr. 2017	Chief Operating Officer		



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

[Reasons for Appointment]
 Mr. Kohei Takeuchi has broad experience primarily in the area of accounting and finance, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2022, he has properly fulfilled his duties as Chief Financial Officer by demonstrating high degree of expertise and strong leadership, and being responsible for business execution of the entire Company Group, as well as overseeing business execution.

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



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

[Reasons for Appointment]
 Mr. Toshihiro Mibe has broad experience primarily in the areas of R&D and production, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2022, he has properly fulfilled his duties as Director, President and Representative Executive Officer, and Chief Executive Officer of the Company by demonstrating strong leadership and being responsible for the management of the entire Company Group, as well as overseeing business execution.

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



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

[Reasons for Appointment]
 Mr. Shinji Aoyama has broad experience primarily in the area of sales and marketing in the Motorcycle Operations, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the first half of the fiscal year ended March 31, 2022, he demonstrated strong leadership to increase the joy of customers as an officer responsible for North America, while contributing to the business from a global perspective. Since July 2021, he has achieved satisfactory results as the person in Charge of Electrification for the entire Company by driving the acceleration of business development for electrification in order to achieve a carbon-free society.

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

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Corporate Governance

Directors (as of June 22, 2022)



Director
Asako Suzuki

[Reasons for Appointment]

Ms. Asako Suzuki has broad experience primarily in the area of sales and marketing, accounting and finance, human resources and corporate governance, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2022, she has properly fulfilled her duties as Director and a Member of the Audit Committee by auditing and overseeing the execution of duties by Directors and Executive Officers.

- | | | | |
|-----------|--|-----------|---|
| 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 (present) |
| Apr. 2018 | Vice Chief Officer for Regional Operations (Japan) | Jun. 2021 | Member of the Audit Committee (Full-time) (present) |



Director
Masafumi Suzuki

[Reasons for Appointment]

Mr. Masafumi Suzuki held the position of General Manager of Accounting Division for Business Management Operations of the Company. He has high expertise and abundant experience in the areas of accounting and finance, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2022, he has properly fulfilled his duties as Director and a Member of the Audit Committee by auditing and overseeing the execution of duties by Directors and Executive Officers.

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



Director
Kunihiko Sakai

[Reasons for Appointment]

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. He has properly fulfilled his duties as Outside Director who is an Audit and Supervisory Committee Member since June 2019, and as Outside Director and a Member of the Nominating Committee and the Audit Committee since June 2021, by auditing and overseeing the entire business management of the Company from an independent standpoint.

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



Director
Fumiya Kokubu

[Reasons for Appointment]

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. He has properly fulfilled his duties as Outside Director since June 2020, and as Outside Director, the Chairperson of the Nominating Committee and a Member of the Compensation Committee since June 2021 by overseeing the entire business management of the Company from an independent standpoint.

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

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Directors (as of June 22, 2022)



Director
Yoichiro Ogawa

[Reasons for Appointment]
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. He has properly fulfilled his duties as Outside Director, the Chairperson of the Audit Committee and a Member of the Compensation Committee since June 2021 by auditing and overseeing the entire business management of the Company from an independent standpoint.

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



Director
Ryoko Nagata

[Reasons for Appointment]
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 audit. She has properly fulfilled her duties as Outside Director and a Member of the Audit Committee since June 2021 by auditing and overseeing the entire business management of the Company from an independent standpoint.

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



Director
Kazuhiro Higashi

[Reasons for Appointment]
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. He has properly fulfilled his duties as Outside Director, the Chairperson of the Compensation Committee and a Member of the Nominating Committee since June 2021 by overseeing the entire business management of the Company from an independent standpoint.

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

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Corporate Governance

Skill Matrix

Name	Position	Committee <small>* Chairperson indicated in red</small>	Corporate management	Internationality	Industrial experience	New business strategies	HR	Accounting & finance	Legal & risk management	ESG & sustainability
Seiji Kuraishi	Chairman and Director	—	✓	✓	✓		✓		✓	✓
Toshihiro Mibe	Director, President and Representative Executive Officer	Nominating	✓	✓	✓	✓	✓		✓	✓
Kohei Takeuchi	Director, Executive Vice President and Representative Executive Officer	Compensation	✓	✓	✓		✓	✓	✓	✓
Shinji Aoyama	Director, Senior Managing Executive Officer	—		✓	✓	✓				✓
Asako Suzuki	Director (inside)	Audit		✓	✓		✓	✓	✓	
Masafumi Suzuki	Director (inside)	Audit		✓	✓			✓		
Kunihiko Sakai	Director (outside)	Nominating/ Audit		✓					✓	
Fumiya Kokubu	Director (outside)	Nominating/ Compensation	✓	✓		✓	✓			
Yoichiro Ogawa	Director (outside)	Audit/ Compensation	✓	✓			✓	✓		
Kazuhiro Higashi	Director (outside)	Nominating/ Compensation	✓			✓	✓	✓	✓	
Ryoko Nagata	Director (outside)	Audit				✓	✓			✓

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



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



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



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



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



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



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



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



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



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



Managing Officer
Kensuke Oe
 ● Head, Production Supervisory Unit, Automobile Operations

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Compliance

Honda Code of Conduct

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.

The Company works 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 its 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.

WEB

"Honda Code of Conduct"

> <https://global.honda/about/codeofconduct.html>



Honda Code of Conduct



In-house newsletters

Compliance Committee

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.

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Compliance

Business Ethics Kaizen Proposal Line

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 the Company 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, the Company 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 the Company). 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 was no case 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, Honda provides notice on its intranet, distributes information cards to all associates, including fixed-term employees and temporary workers, and displays information posters in each workplace. These tools clearly state that the Kaizen proposers are protected. In addition, Honda observes 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, the Company makes additional efforts to increase their awareness.

Initiatives to Prevent Bribery and Corruption

Honda prohibits bribery and corruption.

The Honda Code of Conduct requires that the Company complies 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 the 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, the Company also 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, Honda is also providing all associates of Honda Motor Co., Ltd. with video training with content tailored to job positions. With regard to its subsidiaries, Honda has launched training programs, matched to conditions in each company, aimed at raising awareness.

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Compliance**Initiatives for the Prevention of Anti-Competitive Behavior**

As a company engaged in business globally, Honda takes great care in its daily business activities to comply with competition laws in the countries where it operates.

The Honda Code of Conduct states that “Honda will engage in free and open competition with competitors to maintain its stance as a company trusted by customers and society” and that each associate “will comply with competition laws (antitrust laws)” to ensure compliance with competition laws.

As a part of its measures to strengthen compliance, Honda implements individual training for related departments on anti-competitive behavior. It also incorporates programs on the topic of anti-competitive behavior in training for personnel stationed overseas and for newly appointed managers. Additionally, Honda publishes awareness-raising content concerning anti-competitive behavior on the Company’s intranet for its associates.

Rules on Conflict Minerals

The final rule for disclosure on conflict minerals adopted by the U.S. Securities and Exchange Commission (SEC) mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires corporations to confirm that the purchase and use of conflict minerals from the Democratic Republic of the Congo and adjoining countries are contributing neither to the funding of armed groups nor to the abuse of human rights in that region.

Honda’s policy is to aim to be free from conflict minerals which contribute to the funding of armed groups or human rights infringement. Accordingly, Honda conducts surveys based on the standards prescribed in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. To achieve this goal and help resolve the global problem of conflict minerals, the Company is actively engaged with domestic and international industry organizations and its suppliers.

For conducting the surveys, Japan Automobile Manufacturers Association, Inc. has created for suppliers a manual for filling out survey forms as well as tools for tabulating survey results. Also, in collaboration with such entities as the Japan Auto Parts Industries Association and the Japan Electronics and Information Technology Industries Association, Honda is examining efficient survey methods and is working to understand and analyze survey results while implementing various working activities on a regular basis.

In North America, Honda is working with the Responsible Minerals Initiative (RMI), an international initiative promoting responsible mineral procurement, to encourage smelters and refiners to participate in the Responsible Minerals Assurance Process (RMAP).

With its suppliers, Honda shares the Honda Supplier Sustainability Guidelines that summarize what is expected of them with regard to CSR activities, including how to deal with conflict minerals, and is encouraging procurement in line with the guidelines. Honda is encouraging tier 1 suppliers to implement the same initiatives at sub-tier suppliers.

Since 2013, Honda has surveyed its suppliers worldwide concerning the use of conflict minerals. In FY2022, Honda received responses from more than 7,000 suppliers. In addition to reporting survey results to the SEC, the Company also makes them publicly available on its website. (Please refer to the link below.)

In the event that the survey reveals any minerals of concern, regardless of source country, Honda works together with its suppliers to take appropriate measures. The Company is also working to improve the accuracy of its survey, requesting further investigation when survey responses are insufficient.

In addition, demand for cobalt is rising in step with growing electrification. Honda recognizes it could lead to human rights issues such as the use of child labor. In Japan, the Company uses templates provided by RMI and works to identify refiners with the cooperation of its suppliers. Going forward, Honda will also consider global initiatives.

PDF

“Honda Supplier Sustainability Guidelines”

> https://global.honda/sustainability/cq_img/report/pdf/supply-chain/supplier-sustainability-guidelines.pdf

WEB

Under the IR Library website “Form SD/ Conflict Minerals Report”

> <https://global.honda/investors/library.html>

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Risk Management

Establishing an Effective 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 Management Committee

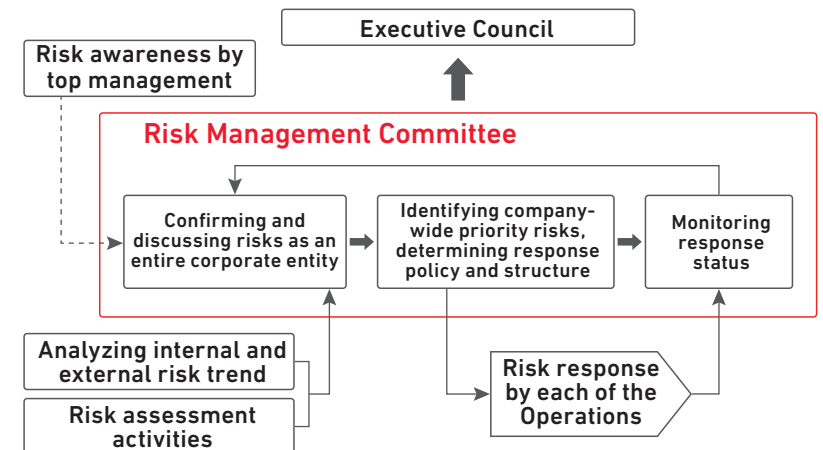
The business environment surrounding companies is undergoing drastic changes in recent years regardless of business category. Accordingly, the complexity and uncertainty of risks are rising, which requires effective risk management activities. Honda set up the Risk Management Committee chaired by a company-wide Risk Management Officer (RMO) for identifying, discussing and monitoring important risks from a holistic perspective.

The Risk Management Committee not only identifies internal risks but also gathers information that flexibly keeps abreast of external risk trends. The committee uses such internal and external information to ascertain specific risk scenarios and conduct an impact analysis in contrast to Honda's business strategies. Management members hold discussions based on this objective risk analysis to determine a response policy and structure for company-wide risks that Honda should address and that are consistent with management strategies.

Among these risks, Honda regularly monitors the response status for company-wide priority risks deemed particularly important as an entire corporate entity.

The discussions and monitoring status at the Risk Management Committee are reported to the Executive Council in a timely and appropriate manner.

Risk Management Committee



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Risk Management

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 risks

Company-wide priority risk items	Risk perspective
Infectious disease risk	Impact on business and employees' 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
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 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
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

Risk Assessment Activities

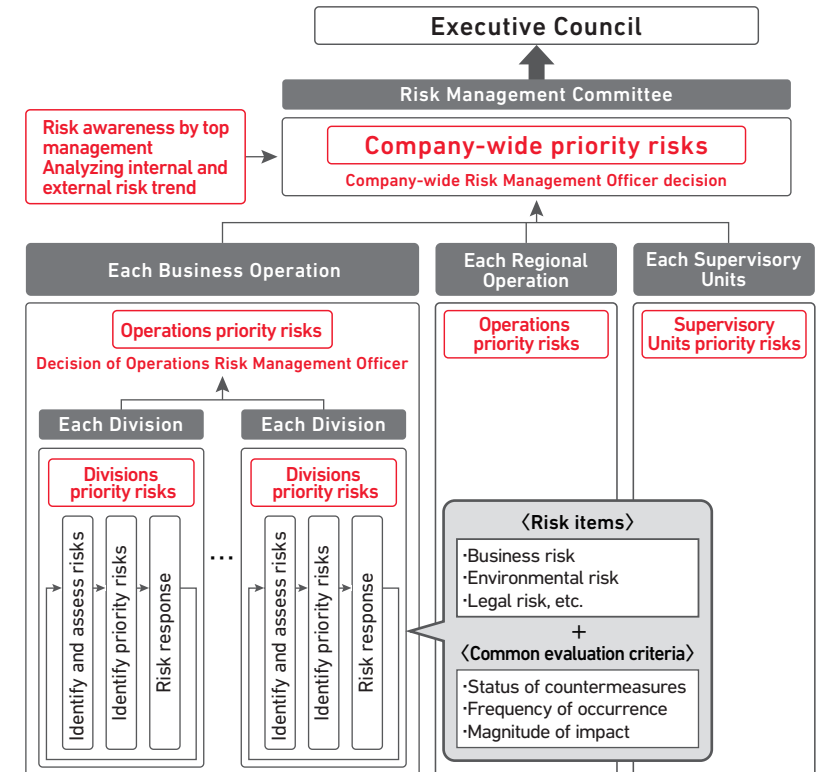
Honda carries out risk assessment activities for each of its Business Operations, Regional Operations and Supervisory Units.
 The purpose of these activities is to foresee potential risks surrounding Honda's businesses and respond beforehand to minimize these risks.
 Each department performs annual risk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

Risk Assessment Activity Structure



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Risk Management

Crisis Response

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, the Company is establishing an information coordination system in case a crisis becomes apparent.

When a crisis occurs, the Company sets up a Global Emergency Headquarters for crisis response proportionate to the anticipated magnitude of impact. In this way, Honda lays 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, Honda is striving to raise the level of its 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. Honda has held drills assuming the occurrences of an earthquake directly under the Tokyo metropolitan area and the Nankai Trough earthquake. The Company has also reaffirmed (confirmed cooperation among each group) how to respond to a crisis occurring at multiple bases as well as basic actions in its crisis response.

Also with regard to disaster drills, besides ensuring the safety of human life and procedures to account for its 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.

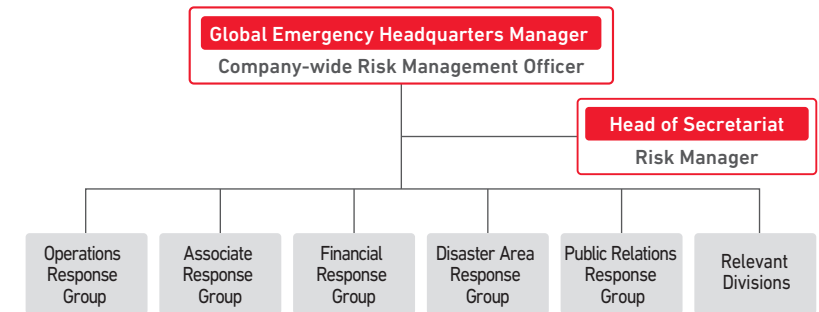
As a recent example of its crisis response, to counter COVID-19 Honda launched a Global Emergency Headquarters. It promotes company-wide cross-sectional responses and strengthens functions by reflecting back on these responses.

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, Honda 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



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Risk Management

Information Management

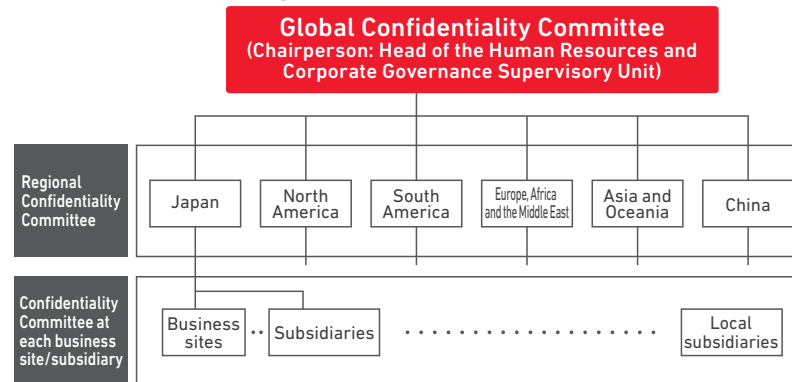
To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy (GCP) and the Global IT Security Policy (GITSP), with its scope of application extending to Group subsidiaries. These policies stipulate a systematic response structure, compliance items when handling confidential information and personal information, 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



Protection of Personal Information

Honda recognizes the importance of protecting personal information and regards placing top priority on protecting customer information as its social responsibility. To ensure the proper handling of customer information, Honda has formulated the Global Privacy Policy (GPP) that covers Group subsidiaries. The policy prescribes matters that must be complied universally on a global basis as well as an implementation structure.

The Company has appointed information supervisors and information managers in departments handling personal information and provides training on the protection of personal information. Concurrently, Honda reports methods for managing personal information it holds and the information management status at outsourcing contractors to the Confidentiality Committee of each business site and company. To keep the details of the reports updated, the Company conducts a review at least once each year at all departments. In addition, Honda sets stricter security standards for information systems containing customer information while regularly confirming the status of implementation of security measures.

Honda has built a structure for collaboration between the Global Confidentiality Committee and each Regional Confidentiality Committees to respond to personal information protection regulations in each country that are being established at an accelerating pace in recent years. The Company is thoroughly and steadily making responses while closely monitoring trends.

Additionally, Honda utilizes data to contribute to solving social issues and provide its customers with even better products and services. Honda has formulated the Risk Management Guidelines for Data Utilization to handle data properly, reduce related risks and promote effective data utilization while establishing the Board for Judging Data Utilization Risks, with the Head of the Intellectual Property and Standardization Supervisory Unit serving as the decision-making authority. Honda deliberates on the risk response status from each specialized perspective of data collection, storage management and utilization and decides whether or not to implement relevant measures.

In the event of leakage or request for disclosure of personal information, Honda is putting into place structures that respond quickly in accordance with the laws and regulations of each country. In FY2022, there were no occurrences of any major loss or leakage of personal information or serious complaints about customer privacy.

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Risk Management

Product Cybersecurity

Honda participates in the Automotive Information Sharing & Analysis Center (Auto-ISAC), which has begun operations in Japan and the United States, for sharing and analyzing information related to automotive cybersecurity. The Auto-ISAC collects information on incidences detected within the industry.

Moreover, Honda obtains information on its own, including information on relevant laws and specifications as well as industry standards. By utilizing these initiatives in its own responses, Honda is proactively promoting activities to ensure the safety and security of its products.

Moreover, in September 2016 the Company launched the Cybersecurity Committee as its promotion structure and has undertaken activities under this committee. In April 2022, Honda reorganized this committee by expanding the participation of members of management. Its aim is to further accelerate the speed of decision-making and execution across all related departments.

6 Governance

Corporate Governance 31

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— Governance Data 52

Governance Data

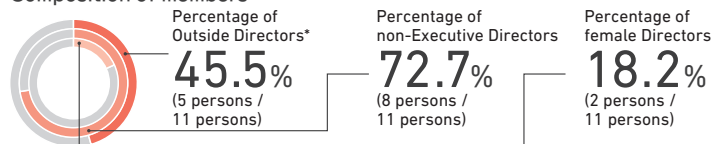
Overview of corporate governance (as of June 22, 2022)

Form of organization

Company with Three Committees

Board of Directors

Composition of members



* All five Outside Directors currently in office are Independent Directors who satisfy the Company's Criteria for Independence of Outside Directors.

Term of office



Attendance rate (FY2022)

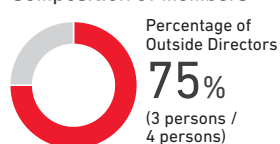


Nominating Committee

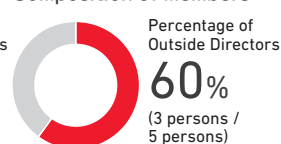
Audit Committee

Compensation Committee

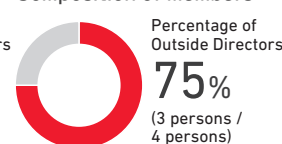
Composition of members



Composition of members



Composition of members



Attendance rate (FY2022)



Attendance rate (FY2022)



Attendance rate (FY2022)



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

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— **Governance Data** 52**Governance Data****Total amount of remuneration by category****Before transition to a company with three committees (from April 2021 to June 2021)**

Category of Directors	Total amount by type of remunerations (millions of yen)			Number of eligible Directors (Number of persons)
	Total amount of remuneration (millions of yen)	Fixed remuneration	Performance-linked remuneration STI (short-term incentive) LTI (long-term incentive)	
Directors (excluding Directors who are Audit and Supervisory Committee Members) (excluding Outside Directors)	139	113	- 26	6
Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)	8	8	- -	2
Directors (Directors who are Audit and Supervisory Committee Members) (excluding Outside Directors)	36	36	- -	2
Outside Directors (Directors who are Audit and Supervisory Committee Members)	12	12	- -	3
Total	195	169	- 26	13

• At the approval of the 97th Ordinary General Meeting of Shareholders held on June 23, 2021, the Company transitioned from a company with an Audit and Supervisory Committee to a company with a Nominating Committee, etc. The above table shows the compensation and total number of executives before Honda transitioned to a company with a Nominating Committee, etc.

• Remuneration is limited to 1,160 JPY million per year for Directors (excluding Audit and Supervisory Committee Members) and 270 JPY million per year for Directors (Audit and Supervisory Committee Members).

• These amounts indicate remuneration paid to Directors for the fiscal year ended March 31, 2022 and include remuneration paid to two Directors who ended their tenure as of the closing of the 97th Ordinary General Meeting of Shareholders held on June 23, 2021, comprising two Directors who are not Audit and Supervisory Committee Members, one Outside Director who is not an Audit and Supervisory Committee Member and two Outside Directors who are Audit and Supervisory Committee Members.

• Short-term incentives (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 Board of Directors held on May 17, 2022.

• The total amount of long-term incentives (LTI) is the amount recorded as expenses related to the share delivery points granted during the fiscal year ended March 31, 2020 in connection with the Directors' remuneration BIP (Board Incentive Plan) trust and falls under non-monetary remuneration.

After transition to a company with three committees (from July 2021 to March 2022)

Category of Directors	Total amount of remuneration (millions of yen)	Fixed remuneration	Total amount by type of remunerations (millions of yen)		Number of eligible Directors (Number of persons)
			Performance-linked remuneration STI (short-term incentive) LTI (long-term incentive)		
Directors (excluding Outside Directors)	181	181	-	-	3
Outside Directors	66	66	-	-	5
Executive Officers	586	265	188	133	6
Total	833	512	188	133	16

• "Directors" in the table above does not include the three Directors who concurrently serve as Executive Officers.

• The amount of STI for Executive Officers was determined by 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 ended March 31, 2022 in connection with the Directors' remuneration BIP (Board Incentive Plan) trust and falls under non-monetary remuneration.

Annual total remuneration and bonuses of highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan)

Annual total remuneration and bonuses of highest-paid individual President and Representative Executive Officer, Chief Executive Officer (millions of yen)	195
Ratio to median annual total remuneration for all associates (%)	2,460

Rate of increase in annual total remuneration and bonuses of highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan)

Rate of increase in annual total remuneration and bonuses of highest-paid individual President and Representative Executive Officer, Chief Executive Officer (%)	0
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Governance Data

Honda Tax Policy

1. Purpose of Policy

The Honda Tax Policy prescribes the basic stance and thinking regarding taxes for Honda Motor Co., Ltd. (hereafter HM) and its consolidated subsidiaries (HM and its consolidated subsidiaries collectively referred to as Honda). The Policy aims to contribute to society as well as maintain and increase corporate value by complying with the tax laws and regulations, and their intent, for each country and region where Honda conducts business activities and by making proper tax payments.

Tax systems of each country and region and international taxation rules are frequently changed. In this environment, to ensure proper the conducting of its business in a stable manner Honda carries out accurate and high-quality tax affairs and responds to tax risks associated with its businesses in accordance with the Tax Policy described below.

2. Tax Policy

(1) Compliance

Honda complies with letter and intent of laws, regulations and rules of countries and regions in which it conducts business, as well as tax conventions and international standards such as OECD guidelines. Honda also adopts and complies with internal rules, including tax-related policies and guidelines such as this policy and Honda Corporate Governance (HCG). Based on the foregoing, Honda makes proper tax payments consistent with the actual state of business.

(2) Prohibition of tax avoidance

Honda shall not engage in any transactions such as the use of tax havens aimed at tax avoidance but make proper tax payments consistent with the actual state of business in keeping with the concept of "returning profits to the communities where profits are earned," which has been Honda's basic stance.

(3) Transfer pricing

Honda shall establish proper pricing (Arm's Length Price (ALP)) by giving sufficient consideration to transfer pricing taxation systems for transactions carried out within Honda to ensure the proper payment of taxes corresponding to the value created by business activities.

(4) Ensuring transparency

Honda recognizes the importance of fulfilling accountability to tax authorities and other tax-related stakeholders through the timely and proper disclosure of tax-related information and properly responds by disclosing tax-related information based on laws and regulations.

(5) Relationships with governments and tax authorities

Honda shall make efforts to ensure transparency and continuously build relationships of trust through sincere responses to governments and tax authorities in the countries and regions where it conducts business by ensuring timely and proper provision of tax-related information based on laws and regulations and requests from governments and tax authorities.

(6) Corporate governance

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 our 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 society wants to exist. In the same manner, Honda shall establish governance on taxation based on this concept, framework and management policy.

7 Environment



environment

Material Issues

- Responding to climate change and energy issues
- Ensuring clean air
- Advancing powertrain electrification
- Utilizing resources efficiently
- Conserving water resources
- Preserving biodiversity
- Managing chemical substances and preventing pollution

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Basic Approach

Honda Environmental and Safety Vision/ Honda's Environment Statement

Ever since the 1960s, Honda has actively endeavored to solve environmental issues. In the 1970s, Honda developed the low-pollution CVCC* engine that successfully reduced carbon monoxide, hydrocarbon and nitrogen oxide (NOx) emissions, making Honda the world's first automaker to comply with the U.S. Clean Air Act – a regulation thought at the time to be the most stringent in the world.

In 1992, Honda's Environment Statement was released to serve as the Company's guideline for all environmental initiatives. The statement articulates the basic stance to reduce environmental impact at every stage in the life cycle of its products, from product procurement to design, development, production, transportation, sale, use and disposal stages.

In addition, for Honda to further promote the above-mentioned environmental initiatives and continue to be a company society wants to exist, the Honda Environmental and Safety Vision was established in 2011. Aimed at the realization of the joy and freedom of mobility and a sustainable society where people can enjoy life, as is declared in this vision, each of Honda's global business sites is engaging in the reduction of an array of environmental impacts from the aspects of both production-based and corporate activities. Such initiatives include reduction of greenhouse gas (GHG) emissions, which are considered to be a cause of climate change, as well as energy use; efficient use of resources, including water and minerals; and appropriate treatment and reduction of waste.

Honda will conduct these activities while sharing Honda's Environment Statement with everyone associated with Honda, including suppliers and distributors in addition to Honda Group companies, in order to realize this vision.



Honda Environmental and Safety Vision

Realizing the joy and freedom of mobility and a sustainable society where people can enjoy life

Honda's Environment Statement

As a responsible member of society whose task lies in the preservation of the global environment, the Company will make every effort to contribute to human health and the preservation of the global environment in each phase of its corporate activities. Only in this way will we be able to count on a successful future not only for our company, but for the world.

We should pursue our daily business under the following principles:

1. We will make efforts to recycle materials and conserve resources and energy at every stage of our products' life cycle—from research, design, production and sales, to services and disposal.
2. We will make every effort to minimize and find appropriate methods to dispose of waste and contaminants that are produced through the use of our products, and in every stage of the life cycle of these products.
3. As both a member of the company and of society, each associate will focus on the importance of making efforts to preserve human health and the global environment, and will do his or her part to ensure that the company as a whole acts responsibly.
4. We will consider the influence that our corporate activities have on the regional environment and society, and endeavor to improve the social standing of the company.

Established and announced in June 1992 Honda's Environment Statement



* CVCC: Compound Vortex Controlled Combustion

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Global Management

Environmental Management Promotion Structure and Management Cycle

Honda recognizes that environmental issues such as climate change and energy/resource issues, which require global responses, are material issues that impact Honda’s business operations. Based on this recognition, the Environmental Committee was established in 1991, chaired by the Chief Executive Officer (CEO) and comprised of members of company management. In 1995, the Committee became the World Environmental Committee and assumed responsibility for discussing and formulating plans for environmental protection activities worldwide. Since then, it had continued to meet every year as the World Environment and Safety Strategy Committee.

Chaired by the CEO, this re-established Committee deliberates on the PDCA cycle of each region as well as risks and opportunities concerning climate change, energy and resources. It also explores Honda’s short-, medium- and long-term environmental strategies based on these risks and opportunities.

Medium- and long-term environmental policies and plans at the global level are formulated at the meeting of the World Environment and Safety Strategy Committee on the basis of company-wide direction and medium- and long-term business plans. All committee members are involved in the meeting’s decision-making.

Following the decisions made at the above meeting, the World’s Six Region Environmental Committee, made up of the environmental divisions of each regional headquarters, also meets every year. Once the information sharing process at these meetings concludes, these divisions formulate concrete action plans and then implement necessary measures.

In terms of the progress of Honda’s environmental initiatives and the themes applicable worldwide, the Corporate Planning Supervisory Unit collects information from Regional Operations and reports it at the meeting of the World Environment and Safety Strategy Committee. The Company is striving to continuously enhance environmental management through the reflection of the above information in the medium-term business plan and policy for the following term and the implementation of the PDCA cycle by each Regional Operation and environmental division.

Environmental regulations prompted by climate changes and risks related to natural disasters are managed, monitored, reflected in risk management activities and integrated into company-wide priority risks (⇒ p. 48).

Environmental Management System

Honda’s existing global vehicle assembly and product assembly plants have acquired ISO14001, an international certification for environmental management systems (as of March 2022). Therefore, coverage of environmental management systems is virtually 100%. Honda is in the process of obtaining certification for newly built plants.

Current Status of Compliance with Environmental Regulations

In accordance with Honda’s Environment Statement, the Company has introduced environmental management systems at all business sites and in each division. Along with promoting continuous efforts to improve environmental performance, it strives to comply with its own voluntary environmental standards, which are more stringent from an environmental perspective than any national or local regulations.

In the last five years, Honda has not committed any serious noncompliance with environmental laws and regulations, paid substantial fines/sanctions in breach thereof or recorded any major chemical releases.

In addition, no environment-related complaints were received through the official complaint resolution program.



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Global Management

Environmental Accounting

Environmental Accounting in Japan

To facilitate efficient environmental management, Honda tabulates the cost reduction and profit attributable to its environmental protection activities, thus working to keep abreast of their economic impact.

Going forward, Honda is committed to continuing improvement of the accuracy of this data, which it sees as an indicator of corporate value and as a tool for making environment-related management decisions.

DATA

Cost of environmental conservation activities and investments

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DATA

Economic benefits (Effect on revenue and expenses)

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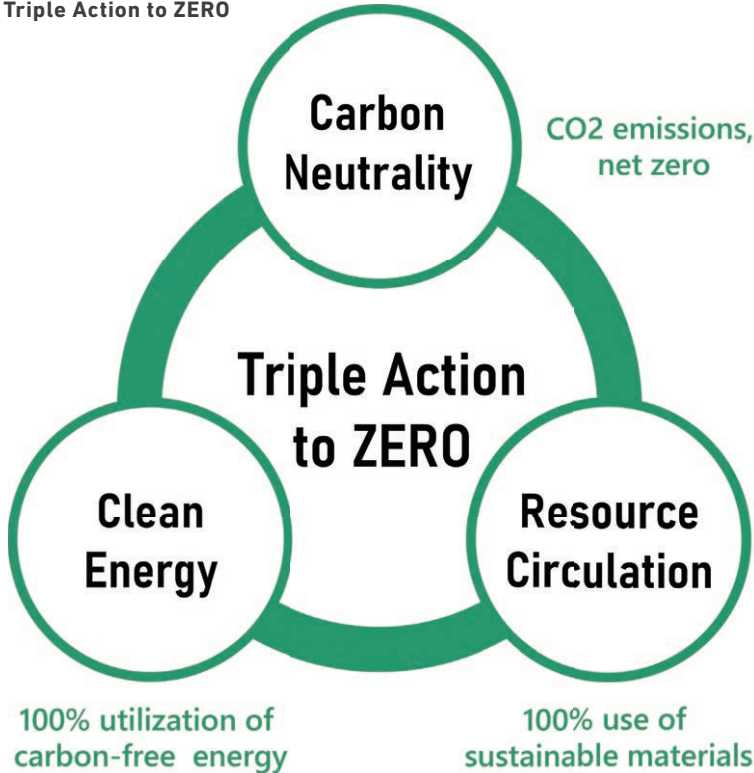
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Material Issues in the Environmental Dimension

Honda's Material Issues

Through Honda's proprietary technologies and business activities, the Company will work to deal with climate change issues, energy issues, effective utilization of resources and preservation of clean air, which are outlined as challenges in the materiality matrix, with an aim to realize a zero-environmental impact society in the future.

Triple Action to ZERO



Triple Action to ZERO

In order for people to live on the earth in a sustainable manner, Honda seeks to realize a recycling-based society with zero environmental impact. Accordingly, the Company has set even higher targets than our previous Triple ZERO initiative.

Efforts will be centered around the Triple Action to ZERO, which integrates three elements, namely carbon neutrality, clean energy and resource circulation, into one concept.

CO2 emissions, net zero by 2050

To address climate change issues, Honda will work toward a target of limiting the global temperature rise to 1.5°C above pre-industrial levels by reducing carbon emissions from corporate activities and throughout the product life cycle.

100% utilization of carbon-free energy by 2050

To address energy issues, Honda will go a step beyond its conventional initiative of reducing energy risk and aim to use clean energy both during product use and in corporate activities.

100% use of sustainable materials by 2050

To address the effective utilization of resources, Honda will conduct research into the recycling of materials, including reuse and recycling of batteries. Going beyond its previous initiative aimed at reducing risks related to resources and waste disposal, Honda will take on an additional challenge of developing products that use sustainable materials having zero environmental impact.



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Responses to Climate Change and Energy Issues

Climate Change: Risk and Opportunity Analysis Based on Multiple Scenarios

Honda performs scenario analysis, noted as an important tool in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and creates strategies based on multiple scenarios for today and for the future.

Each scenario contains uncertainty caused by varying factors, which

makes it important to conduct analysis and verification assuming different situations. Honda believes that identifying risks and opportunities in respective scenarios will enable more sustainable corporate management.

Accordingly, Honda has developed strategies based on multiple scenarios. The Company utilizes these strategies in undertaking business and promoting products and seeks to reduce risks and create opportunities, thereby ensuring that it offers services and products with greater resilience.

The table below provides a list of Honda's efforts in each risk and opportunity category. Honda is making a range of efforts to increase the resilience of its strategies against the identified risks and opportunities.

	Climate-related risks (From TCFD recommendations)	Risks for Honda Specific response / corresponding section	Climate-related opportunities (From TCFD recommendations)	Opportunities for Honda Specific opportunity / corresponding section
Transition risk ⇒ 2°C/1.5°C Major impact • Changes in the market to eliminate forms of mobility with greater CO ₂ emissions • Diversification of energy needed for product use and services	Policy and legal risks • More stringent regulations for GHG emissions • Greater obligation to report emissions	• Promotion of better fuel efficiency and electrification (⇒ p. 06, 07, 62, 63) • Disclosure of emissions from the entire product life cycle (⇒ p. 73)	Products and services • Development of new products and services • Expansion of low-carbon products and services • Diversification of business activities	• Reduction of TCO* through eMaaS (⇒ p. 61) • Sales expansion of electrified products and services (⇒ p. 06, 07, 16, 63) • Expansion of product sales under the multi-pathway strategy (⇒ p. 61)
	Technology risk • Replacement with low-carbon products	• Promotion of electrified products (⇒ p. 06, 07, 62, 63)	Markets • Access to new markets	• Market expansion through high value-added products and services (⇒ p. 06, 07)
	Market risk • Changes in consumer behavior • Uncertainty in market signals • Higher raw materials costs	• Product development under the multi-pathway strategy (⇒ p. 61) • Product designs based on 3Rs (reduce, reuse and recycle) (⇒ p. 65, 66)	Energy source • Use of energy with lower emissions • Shifting to distributed energy sources	• Reduction of production costs through the use of renewable energy and energy saving (⇒ p. 64) • Expansion of battery sharing through Honda Mobile Power Pack (⇒ p. 68)
	Reputation risk • Changes in consumer perceptions • Accusations against the industry • Growing concerns among stakeholders	• Promotion of low-emissions products and services (⇒ p. 61, 62, 63) • Transition to carbon neutral status (⇒ p. 61) • Communicating resilient strategies (⇒ p. 60)	Resource efficiency • Utilization of more efficient transportation means • Promotion of recycling	• Active promotion of 3Rs (⇒ p. 65, 66, 67)
Physical risk ⇒ 4°C Major impact • Disruption of infrastructure caused by extreme weather events • Increased necessity for products and services that respond to extreme weather events	Acute risk • Increased severity of floods and other extreme weather events • Increase in floods and other extreme weather events • Disruption of supply chain	• Formulation of a global BCP (⇒ p. 47, 48) • Establishment of a global value chain (⇒ p. 149) • Measures against procurement risk (⇒ p. 152)	Resilience • Improvement of reliability and operational capability of supply chain • Expanding products and services related to ensuring resilience	• Stable production structure based on a global value chain (⇒ p. 152) • Contribution to early recovery by providing products and services responding to disasters (⇒ p. 63) • Stable energy supply through eMaaS (⇒ p. 61)
	Chronic risk • Shifts in rain and other climate patterns • Higher average temperatures	• Efforts to reduce water intake and energy use (⇒ p. 64, 65, 69) • More efficient energy consumption (for air conditioning) (⇒ p. 64)		

* Total cost of ownership

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Responses to Climate Change and Energy Issues

Honda's Approach

The mobility environment is currently undergoing dramatic changes. Amid such changes, Honda is moving forward with its response to climate change through initiatives that link Honda's business strategy with its environmental strategy. The Company is proactively striving to reduce environmental impact while foreseeing changes in the marketplace and among customers as well as placing its priority on contributing to the lives of customers.

In October 2020, Honda announced its intent to realize carbon neutrality. Going a step further, in April 2021 the Company announced its vision to "realize carbon neutrality for all products and corporate activities Honda is involved in by 2050" in order to achieve a circular society with zero environmental impact. The concept behind this vision is to reduce carbon emissions based on the targets laid out in the Paris Agreement to keep the temperature rise below 1.5°C.

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, Honda has selected another 2030 milestone concerning CO₂ emissions intensity from the use of products. In the area of corporate activities, Honda aims to reduce its total CO₂ emissions by 46% from FY2020.

Honda has already applied to the Science Based Targets (SBT) initiative to receive validation of these targets.

Honda determined the introduction of internal carbon pricing (ICP) to further accelerate reduction of CO₂ emissions in its business activities at the 2021 meeting of the World Environment and Safety Strategy Committee. Preparation for the introduction is currently underway.

There is more than one approach to the protection of the global environment, and efforts to maximize the use of renewable energy are also crucial. Recognizing there are diverse approaches to solutions toward the use of renewable energy and CO₂ reduction, Honda has formulated a "multi-pathway" concept to proactively offer environmentally friendly products matched to each region.

A symbolic technology in this area is "Honda e: Technology," a set of Honda's electrification technologies. As for maximizing the use of renewable energy, Honda is moving ahead with the development of technologies necessary to build a future society, which links energy management service with mobility service. In 2019, the Company announced the "Honda eMaaS" concept along with a plan to formulate proposals for commercialization and conduct market feasibility tests. The concept combines Energy as a Service (EaaS), a next-generation service to optimize power supply and energy use, and Mobility as a Service (MaaS), a next-generation mobility service. Honda will align its groups of products in different fields and offer diverse value to society and customers.

In its corporate activities as well, Honda is working to increase the use of renewable energy by introducing a type of renewable energy suited for each region.

In addition to CO₂ reduction, technologies to separate, capture and reuse CO₂ play another important role in realizing carbon neutrality. As such, Honda is also promoting research for net zero CO₂ emissions.



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Responses to Climate Change and Energy Issues

Product Initiatives

Three Initiatives to Reduce GHG Emissions

Emissions from “use of products” account for approximately 80% of CO₂ emissions from Honda’s entire product life cycle. In light of this, Honda works to reduce CO₂ emissions during usage in all of its products, and manufactures and sells items that can be supplied with confidence as environmentally friendly products.

To date, Honda has carried out the following three initiatives to reduce GHG emissions, most notably CO₂ emissions, while expanding production and sales globally.

- ① Reducing CO₂ emissions through efficiency improvements of internal combustion engines
- ② Reducing CO₂ emissions by applying environmentally innovative technologies and diversifying energy sources
- ③ Eliminating CO₂ emissions through the use of renewable energy and total energy management

By implementing these in phases, Honda is steadily and ultimately reducing CO₂ emissions to net zero.

Honda has been undertaking the three initiatives in accordance with the Honda Environmental Performance Standard (HEPS), which are unique and advanced-level product guidelines formulated in 2011.

In the future, Honda will formulate the HEPS 2.0, an upgraded version of the original HEPS, to achieve zero environmental impact in 2050.

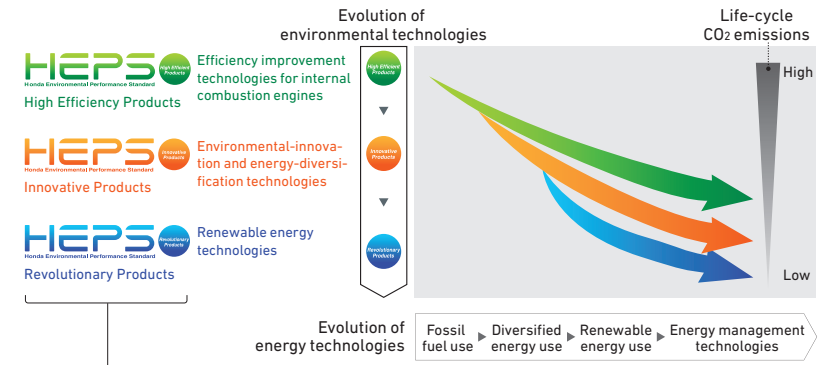
As a result of certification of products that were launched in FY2022, 18 motorcycle models, 6 automobile models and 3 power product models — a total of 27 models — were HEPS-certified. Cumulatively, this brings the number of HEPS-compliant products to 205 motorcycle models, 98 automobile models and 53 power product models, or 356 models in total.

In addition, there were no violations in product and service information or labeling in general.

DATA

Global Number of HEPS-compliant models

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● High Efficiency Products

Products that emit less CO₂ emissions because of improved internal combustion engine efficiency. This category includes products that incorporate technologies for improving fuel combustion and transmission efficiency and reducing friction between engine parts. Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared with preceding models.

● Innovative Products

Products that emit less CO₂ because they use an environmentally innovative technology or an alternative energy source. This category includes motorcycles that incorporate Honda’s patented Idling Stop System, automobiles that incorporate hybrid technologies or direct injection engine technologies, and power products with electronic fuel injection (FI). Alternative energy technologies include motorcycles and automobiles that can run on ethanol and power products that can run on gaseous fuels. Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared with preceding models.

● Revolutionary Products

Products that reduce or eliminate CO₂ emissions by harnessing renewable energies or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies for using renewable energy.

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Responses to Climate Change and Energy Issues

Advancing Powertrain Electrification

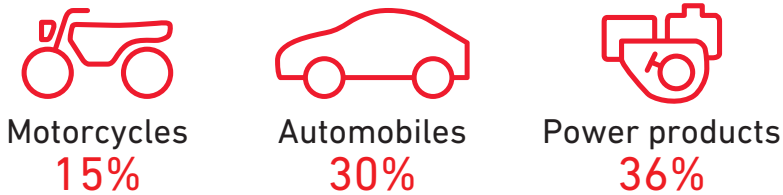
Honda views changes in social needs and the social structure induced by climate change and energy diversification as key challenges and actively promotes product electrification.

Increasing the lineup and use of electrified products will contribute to reducing CO₂ emissions when in use, which in turn will lead to lower climate changes risks, while addressing energy issues by making use of renewable energy.

In addition, the battery mounted on electrified vehicles can be used as a power source for leisure activities or during an emergency, thereby improving the quality of customers' lives.

Based on this belief, Honda has set a target to electrify 15% of motorcycles, 30% of automobiles and 36% of power products in their respective global sales in 2030. To achieve this goal, the Company is seizing all new business opportunities by enhancing and upgrading its product lineup (⇒ p. 16).

Targeted ratios of electrified products*



* Ratio of battery electric motorcycles and electric bicycles for motorcycle products; battery electric vehicles and fuel cell vehicles for automobile products; and electrified products for power products.

TOPICS

Selling Only Electrified Vehicles, Including Hybrid Vehicles and Electric Vehicles, in China in the Future

In October 2021, Honda announced that after 2030, it will not release any new gasoline-powered models in China and that all new models coming to the market will be electrified vehicles, such as hybrid vehicles and electric vehicles (EVs). Over the course of five years, Honda will release 10 e:N series models, which represent the first Honda-brand EVs to be released in China. The Company also envisions to export these models from China in the future.

In spring 2022, the e:NS1 and e:NP1 were rolled out by Dongfeng Honda Automobile Co., Ltd. and Guangqi Honda Automobile Co., Ltd., respectively. These two are the first set of the e:N series models developed under the concept of "Dynamic, Intelligence and Beauty." In addition, Honda is currently developing three concept models, e:N COUPE Concept, e:N SUV Concept and e:N GT Concept, with a goal to initiate their sales within the next five years.

In order to release an increasing number of the e:N series models in China in coming years, Honda will accelerate its electrification initiatives in an integrated manner, covering not just product development but also sales, production and a system of stable battery supply.



e:N series



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Responses to Climate Change and Energy Issues

Corporate Activities Initiatives

With the aim of achieving net zero CO2 emissions and wholly deriving power from carbon-free energy sources in corporate activities by 2050, Honda is focusing on a reduction in energy consumption and CO2 emissions while giving consideration to the potential for expanding production and sales globally.

Toward the realization of these targets, Honda has been promoting reduction in carbon emissions by making efforts in the order of increasing production efficiency, encouraging energy-saving initiatives, shifting to low-carbon energy sources and utilizing renewable energy.

When building or renovating its plants, Honda actively introduces the latest energy-saving technologies and know-how at plants, including the Saitama Factory's Yorii assembly plant that achieved a 30% reduction in per unit energy use compared with other Honda plants*. To support the energy-saving initiatives of various business sites operating around the world, the Company has built a mechanism for promoting information sharing among business sites and regions while at the same time enhancing technical support from Japan.

In addition, Honda is actively introducing renewable energy around the world.

In doing so, Honda discriminately adopts a method that can directly contribute to the reduction of CO2 in local communities. More specifically,

the Company focuses on installing new power generation facilities, first examining the installation within its premises and then gradually expanding the scope to outside the premises for greater use of the facilities.

In 2021, the Boiling Springs Wind Farm went into operation in the U.S. state of Oklahoma, from which Honda will receive 120 MW through a virtual power purchase agreement (VPPA). Honda will acquire and use renewable energy certificates corresponding to the amount supplied through the scheme to offset CO2 emissions from its plants in Ohio, Indiana and Alabama.

In Japan, Honda has concluded agreements to purchase renewable energy-derived power generated by solar power systems installed within its factory premises and operated by a third party. A 3.8-MW system and a 2.0-MW system have commenced operation at the Kumamoto Factory and Saitama Factory's Yorii assembly plant, respectively.

Including these, Honda's business sites across the world used 804 GWh of power derived from renewable energy sources, such as solar and wind, in FY2022.

Going forward, Honda will continue to use renewable energy matched to local conditions.



Kumamoto Factory (3.8 MW)



Saitama Factory's Yorii assembly plant (2.0 MW)



Boiling Springs Wind Farm (120 MW)

* Comparison with Saitama Factory's Sayama assembly plant

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Efficient Utilization of Resources

Honda's Approach

Honda believes that the difficulty of obtaining or depletion of rare earth metals and other resources used in its products affects the procurement of components and raw materials necessary for manufacturing products and thus poses a significant risk to the Company's business continuity.

Therefore, Honda considers the efficient utilization of resources as one of the material issues and is actively promoting 3R (reduction/reuse/recycling) activities as well as ensuring proper processing when disposing of end-of-life products.

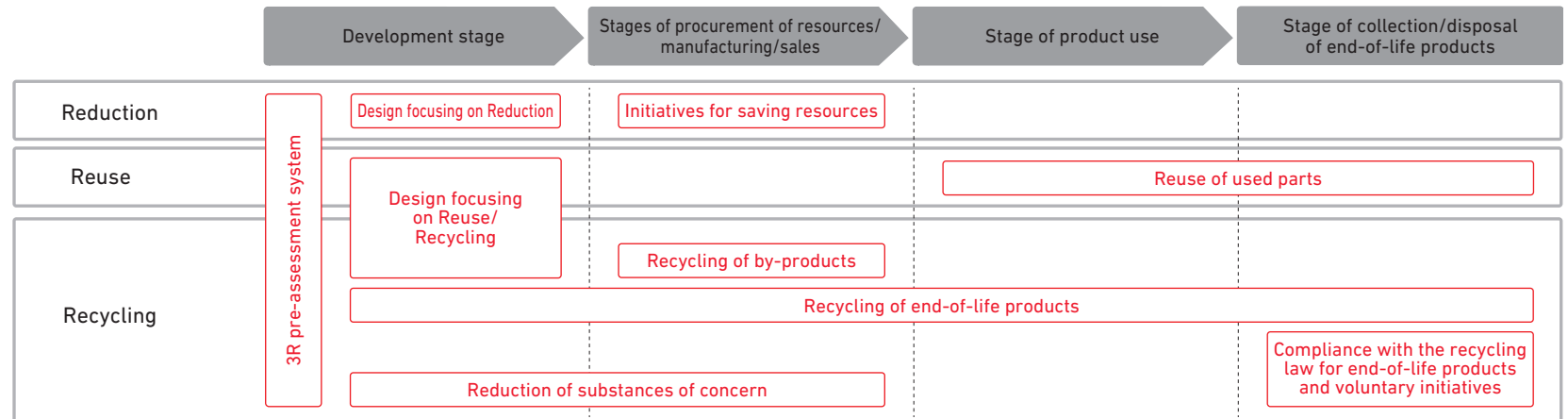
Giving consideration to the risks involved in resource depletion and waste disposal that could potentially lead to environmental pollution, Honda aims to reduce the overall amount of waste generation. Accordingly, the Company has set the goal of reducing the total waste generation by 14.5% as compared to BAU* in all corporate activities in FY2031 (equivalent to a 1.8% annual reduction of waste generation per unit of internal production from FY2019 levels).

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 (equivalent to a 1.8% annual reduction of industrial water intake per unit of internal production from FY2019 levels). In both areas of waste generation and water intake, the Company will remain committed to minimizing environmental impacts.

In April 2021, Honda also declared to achieve 100% use of sustainable materials by 2050 in order to take up a challenge of developing products made of sustainable materials with zero environmental impact.

Aiming for zero environmental impact related to resources and disposal that occur in various stages ranging from resource procurement to disposal, Honda is tackling this issue through cooperation/partnership with internal/external stakeholders.

Initiative for zero environmental impact related to resources and disposal



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

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Efficient Utilization of Resources

Initiatives in the Development Stage

3R Pre-Assessment System

Honda introduced the 3R pre-assessment system, which assesses the 3R elements of each model to be newly developed in the stage of product development, for motorcycles in 1992 and for automobiles in 2001. The Company is striving to improve the level of 3R elements.

Design Focusing on Reduction

Honda is making efforts in downsizing and weight reduction by considering alternative structures and materials for all components in each product, such as the body framework, engine and bolts. For example, the Company used thinner structural bumpers in the N-WGN as part of a reduction-oriented design geared toward creating a lighter product. The availability of materials with higher rigidity and fluidity along with advances in manufacturing technologies allowed Honda to reduce the weight of the previous design by approximately 20%, which had an average thickness of 3.0 mm, by using less resin in bumper production.

In Japan, Honda is progressively expanding the use of these enhanced structural bumpers in new models launched after the N-WGN. Overseas, it has begun rolling it out globally with the Civic. The Company expects to further reduce material use by applying the new design worldwide.

Design Focusing on Reuse/Recycling

Honda is engaging in structural design that takes into account easier recycling and maintenance, use of easily recyclable materials and recycled resins, and display of contents of materials for resin/rubber components, etc. For automobiles, the Company uses easily recyclable materials for a wide array of exterior/interior components, such as inner weather-stripping and the outer surface of instrument panels, and at the same time has enabled the use of recycled materials for air conditioner

ducts. In addition, Honda labels resin and rubber parts with their constituent materials wherever possible to facilitate recycling.

As a result of the activities mentioned above, with regard to the recyclable rate*1 for all new and redesigned vehicles sold in FY2022, Honda is maintaining more than 95% for both automobiles and motorcycles. Meanwhile, the recoverability rate for components/materials*2 used in power products was more than 95%.

Initiatives at the Product Use Stage

Recycling of End-of-Life Components

Honda collects and recycles end-of-life components generated from repair, replacement, etc., from dealers nationwide. In FY2022, the Company collected and recycled approximately 138,000 end-of-life bumpers. Collected bumpers are recycled and used for undercovers and other components of the Freed model.

Honda will continue the recycling of end-of-life components, including the collection/recycling of end-of-life hybrid vehicle drive batteries.

*1 Index based on "Definition of Recyclable Rate for New Vehicles and Guidelines on Calculation Method" issued by Japan Automobile Manufacturers Association, Inc. (JAMA)

*2 Recyclable rate that includes the thermal energy recovered; in accordance with calculation methods of recyclable rate for cars in ISO22628, etc.



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Efficient Utilization of Resources

Initiatives in the Disposal Stage

Initiative for Automobiles

The Act on Recycling, etc., of End-of-Life Vehicles (automobile recycling law) requires automakers to collect and properly treat three items: fluorocarbons, airbags and shredder dust (Automobile Shredder Residue (ASR)).

In FY2022, the number of Honda automobiles collected was approximately 420,000 for fluorocarbons (-4.8% from the previous fiscal year), approximately 430,000 for airbags (-4.0%) and approximately 480,000 for ASR (-2.9%). Recycling rates for gas generators and ASR were 95.3% and 96.6%, respectively, which satisfy the recycling rates specified by ordinance of the relevant ministry (at least 85% for gas generators and at least 70% for ASR).

Initiative for Motorcycles

Honda joined hands with other motorcycle manufacturers in Japan and participating motorcycle importers and started to implement the voluntary recycling of motorcycles in October 2004. With the cooperation of related dealers, various companies in the motorcycle industry started this scheme for providing a safety net for the treatment of end-of-life motorcycles, the world's first of its kind. End-of-life motorcycles are collected at the dealers and the designated points of collection free of charge and are properly recycled at recycling facilities.

Regarding end-of-life motorcycles collected at designated points of collection, there were 1,359 Honda products in FY2022, which accounted for 66.2% of all units collected. The recycling rate of Honda products came to 97.5% on a weight basis, enabling us to achieve the target recycling rate of 95% since FY2014.

Corporate Activities Initiatives

Honda is making efforts to reduce the volume of waste generated through business activities.

The Company is stepping up 3R efforts that include resource reduction initiatives, such as the reduction of by-products through an increase in throughput yields. Honda properly manages imports and exports of waste deemed hazardous under the terms of Annexes I, II, III, or VII of the Basel Convention. In addition, the Company is striving to eliminate all use of ozone-depleting substances (ODS) at business sites in accordance with the Montreal Protocol and local laws and regulations in the countries in which it operates, and there are no major emissions from any of its operations.



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*1 Super Ultra Low Emission Vehicle
 *2 Low Emission Vehicle
 *3 A technology that eliminates a middle coating process from a commonly used 4-coat/3-bake auto body painting process to realize a 3-coat/2-bake water-based painting process

Preservation of Clean Air

Honda's Approach

Honda recognizes that air pollution has been a critical issue since the 1960s and believes that air pollution in cities has a negative effect on people's health. The Company, therefore, has sought to resolve this issue through the development of technologies that clean the gas emitted from its products.

To date, Honda has achieved cleaner exhaust emissions from motorcycles by switching the engines of all its motorcycles on the market to four strokes, with the Honda Programmed Fuel Injection (PGM-FI) system being applied to more than 80% of models sold worldwide for better combustion efficiency.

With regard to automobiles, the Accord Plug-in Hybrid has become the first in the world to certify to SULEV*1 20 of California's LEV III*2 emissions regulations, deemed to be the toughest in the world. Amid application and strengthening of exhaust emissions regulations in emerging countries, Honda is also promoting pre-emptive response in various countries in Asia and the Middle East.

As for power products, Honda has cleared compliance of United States Environmental Protection Agency Phase 3 regulations, the most stringent in the world, through engine enhancement technology without using a catalyst.

Honda will continue to reduce harmful substances contained in exhaust emissions from internal combustion engines and expand its lineup of electrified vehicles that do not emit exhaust gas while in use.

In the production of automobiles, solvents found in paint and thinner used mainly in paint processes can generate Volatile Organic Compounds (VOC), the cause of photochemical oxidants. Honda has sought to reduce VOC emissions such as through the improvement of painting efficiency, installation of equipment to remove VOC and introduction of Honda Smart Ecological Paint*3, a highly functional painting technology that shortens the automobile painting process, at the Yorii assembly plant. Honda will continue to undertake these and other reduction efforts in the future.



Honda believes that providing products with high environmental performance at reasonable prices and leading the industry in terms of cleaner exhaust emissions and air pollution response will serve to preserve clean air and bring about a greater opportunity for business expansion.

TOPICS

Launching a Battery Sharing Service in India for Electric Rickshaws

India as a whole is committed to increasing the use of renewable energy, placing a specific emphasis on the electrification in the transportation sector, which accounts for about 20% of the country's GHG emissions. More than 8 million rickshaws (three-wheeled taxis) are owned and used by people in the country as their daily means of transportation. In addition, rickshaws operated in urban areas, in particular, mainly run on compressed natural gas and pose a significant challenge in promoting electrification.

As a response, Honda plans to initiate a battery sharing service for rickshaws, using its removable Honda Mobile Power Pack e: batteries in the first half of FY2023. Currently, electric means of mobility has the three issues of short cruising distance, long charging time and high battery cost. The battery sharing service for rickshaws has solved these issues by making the batteries replaceable. The service allows users to replace used units with fully charged ones at the nearest battery replacement station, eliminating their worry about running out of power and greatly reducing the risk of losing customers while recharging.

E-auto rickshaw and Honda Mobile Power Pack Exchanger e: (for which mass production is planned)

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Other Important Issues

Conserving Water Resources

Cognizant of the potential for business activities to impact upstream and downstream water resources, Honda is also focusing on the conservation of water resources.

Since Honda seeks out communities where harmonious coexistence with nearby water sources is viable as potential plant locations, and builds plants in compliance with host countries' environmental assessment laws and regulations, no water sources are significantly impacted by the Company's water use. In addition, no water sources are affected by wastewater from Honda facilities since it treats wastewater and discharges treated water in accordance with applicable laws and regulations. Under these circumstances, Honda appropriately manages the amount of water used and works to manage and provide information on wastewater, which includes thorough quality control and disclosure of water quality test findings.

In addition, to minimize water intake, various business sites are implementing initiatives based on regional circumstances, such as the utilization of recycled water and water conservation.

Honda verifies water risk for all production sites by using such assessment tools as Aqueduct and Water Risk Filter. Accordingly, Honda has prioritized the introduction of a water recycling system to the Celaya Auto Plant of Honda de Mexico S.A. de C.V. in Mexico, the Tapukara Plant of Honda Cars India Ltd. in India and the No. 2 Plant of Guangqi Honda Automobile Co., Ltd. in China, where water risk is particularly high.

Total consumption of recycled water at production sites amounts to 3.6 million m³ a year, which accounts for about 15% of Honda's total annual water use.

Honda will continue to examine the installation of a water recycling system around the world as necessary.

Honda strives to reduce environmental impact during product usage. The Company's lineup of engines for outboard motors consists solely of 4-stroke engines with the aim of reducing water contamination in the outboard motors being used around the world.

Honda has undertaken conservation activities for forest watersheds continuously since 1999 as part of its social contribution program. Production sites protect and manage the forest watersheds that they

benefit from and strive to keep them optimized for each region. Aware of the fact that water is an indispensable resource supporting its business, Honda will continue implementing this activity. (Please refer to the link below.)

WEB

"Forest watersheds"
(Japanese only)

> <https://www.honda.co.jp/philanthropy/forest/report/chichibu/>



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Other Important Issues

Biodiversity Conservation

Recognizing that its business activities can have an impact on biodiversity, Honda has long been putting a great deal of effort into activities that have led to the conservation of biodiversity. The Company carried out tree-planting and water-recycling initiatives at its plants in the 1960s and launched the Community Forest program in 1976.

In 2011, the Company established the Honda Biodiversity Guidelines. As the basic statement, it stipulates as follows: "We recognize, under Honda's Environment Statement, that biodiversity conservation initiatives are an essential part of our commitment to the preservation of the global environment. We will continue to work toward harmony between this commitment and our activities."

Honda believes that minimizing the environmental impact resulting from its products and business activities represents the greatest contribution the Company can make to biodiversity conservation. The guidelines specify the priorities, including the development of environmental technology, initiatives based on corporate activities and initiatives for living in harmony with local communities, and Honda is actively promoting them.

Honda recognizes the emissions of GHGs and various other pollutants as two of the greatest impacts of business activities that threaten biodiversity. Honda also believes that waste, land use and water use affect biodiversity.

The Company has set priorities under the Guidelines and is working systematically to minimize these impacts on biodiversity. Each of Honda's key business sites in Japan also conducts a survey on the actual conditions of biodiversity and is promoting various activities that are appropriate for the applicable species, such as thinning, pruning and eradication of non-native species. Moreover, Honda continues to carry out fixed-point observation and reporting on ecosystems in collaboration with "Monitoring Sites 1000" (a project for promoting the monitoring of survey sites of important ecosystems) implemented by the Japanese government as a member of the International Union for Conservation of Nature and Natural Resources (IUCN), which creates an annual Red List.

Honda is considering assessing the factors that have an impact on biodiversity by expanding the scope of assessment to the entire product life cycle, from mining of raw materials to product disposal.

PDF



> <https://www.honda.co.jp/environment/report/pdf/report/report-biodiversity-en.pdf>

Management and Reduction of Chemical Substances

Honda works to ensure the appropriate management and reduction of chemical substances contained in automotive components from the product design and development stages in order to reduce those materials that impact the environment.

Laws and regulations have been introduced in each country to ensure the appropriate management of chemical substances and the reduction of harmful substances contained in automotive components. These legislations are based on a goal set by the United Nations in 2002 of minimizing the impact of chemical substances on people and the environment by 2020.

The International Material Data System (IMDS), a mechanism for collecting information throughout the supply chain on materials and chemical substances contained in components making up the vehicle, was developed in response to this trend largely by the German Association of the Automotive Industry. Honda is also tabulating and managing chemical substances via our independently developed global management system called the Management System of Chemical Substances (MoCS), which collects information based on IMDS.

Honda is moving ahead with the reduction of four types of heavy metals (lead, mercury, hexavalent chromium and cadmium) that are considered to have negative impacts on the environment while promoting the management of chemical substances via MoCS. As an example, for all new and redesigned vehicles sold in Japan in FY2022, components that do not use mercury were chosen for combination meters. The Company not only complies with laws and regulations in each country but also strives to eliminate the use of mercury on a voluntary basis.

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Other Important Issues

Promoting Life-Cycle Assessment (LCA)

Honda has been quantitatively calculating and assessing CO₂ emissions from all business activities by using its original life-cycle assessment (LCA) system. Accordingly, production, purchasing, sales and service, administration and transportation departments have been carrying out activities geared toward lower carbon emissions.

Honda recognizes that the promotion of LCA is an important initiative not just in reducing CO₂ emissions across product life cycles, from raw material procurement to product disposal, but also in implementing efforts for Triple Action to ZERO.

In the future, Honda will utilize LCA more broadly while making more proactive efforts in devising low-carbon solutions at the development stage and also reducing environmental impact through resource circulation.



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*1 The Greenhouse Gas Protocol: Development of the GHG Protocol was led by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

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

Environmental Data

Scope of Consolidation

Environmental data are provided on pages 73 to 78 for the year ended March 31, 2022 from Honda Motor Co., Ltd. and 407 consolidated subsidiaries and affiliated companies in Japan and outside Japan (as of December 31, 2021).

Honda GHG Emissions in FY2022

As a responsible company operating in the mobility industry, Honda believes in the importance of calculating and disclosing GHG emissions in order to drive progress in initiatives to reduce global emissions.

As the first milestone in this endeavor, in August 2012 Honda disclosed estimates of all FY2012 GHG emissions from its entire value chain in conformity with the GHG Protocol*¹, currently the world's most widely used GHG emissions accounting standard. The Company became the world's first mobility company to release estimates of emissions not only from its own business activities (Scopes 1 and 2) but also from all upstream and downstream activities (Scope 3), extending from the procurement of raw materials to the transportation and customer use of Honda products and ending with the treatment of end-of-life products.

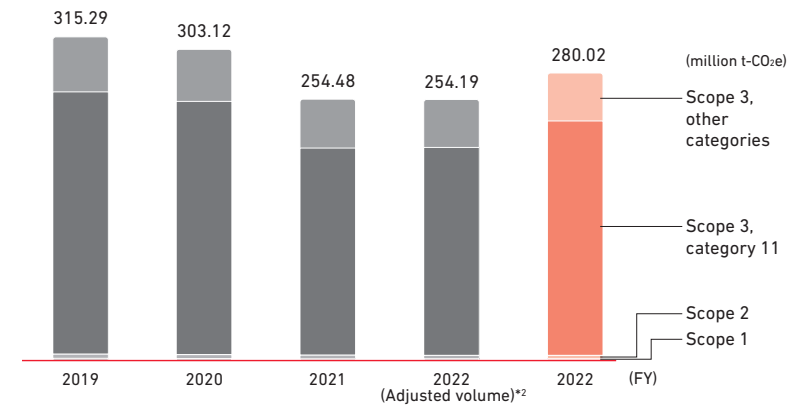
Honda continues to calculate and report its GHG emissions from its entire value chain and is making improvements to get a more accurate reading of emissions. The Company is doing this in Scope 3 (other indirect emissions), for example, by widening the boundaries of data collection for categories that account for the largest proportion of estimated emissions, and by improving the accuracy of calculation methods.

In due consideration of the actual results of FY2022, the scope of calculation for Scope 3, category 11 has been extended from about 90% of global sales volume to approximately all in total.

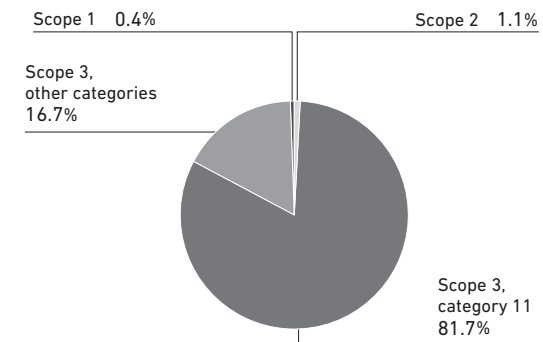
The conditions used in calculating figures such as annual mileage and lifetime years of use have been changed and are now based on the newer IEA Mobility Model (MoMo) instead of the conventional IEA SMP Model (⇒ p. 73).

The calculations for FY2022 show that GHG emissions from Honda business activities were 4.30 million t- CO₂e, and total emissions from the value chain, including other indirect emissions, were 280.02 million t- CO₂e. Honda will continue to monitor and manage data and utilize this information in the actual implementation of emissions reduction measures.

Total GHG emissions



Breakdown of total FY2022 GHG emissions



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Honda's total GHG emissions

		FY2019	FY2020	FY2021	FY2022
GHG emissions from the entire Honda value chain (Scopes 1, 2 and 3)		315.29	303.12	254.48	280.02
Breakdown	Direct emissions from business activities (Scope 1)	1.38	1.24	1.12	1.16 <input checked="" type="checkbox"/>
	Indirect emissions from energy use (Scope 2)	4.09	3.79	3.38	3.14 <input checked="" type="checkbox"/>
	Emissions from Honda business activities (Total of Scopes 1 and 2)	5.47	5.03	4.50	4.30
	Emissions from customer use of sold products (Scope 3, category 11)	256.10	247.25	202.21	228.87 <input checked="" type="checkbox"/>
	Other emissions (Scope 3, other categories)	53.72	50.84	47.77	46.85
	Other indirect emissions (Total of Scope 3)	309.82	298.09	249.98	275.72

● Scope 1: Direct GHG emissions from business activities, as defined by the GHG Protocol (e.g., Combustion of fuel oil at a manufacturing plant, emissions from work vehicles and company cars). The Scope 1 figures presented in this report include all GHGs emitted directly by Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies worldwide (excluding relatively small-scale companies). In Japan, Honda uses the emission factor based on the Act on Promotion of Climate Change Countermeasures and in each region except Japan, emission factors from the 2006 IPCC Guidelines for National GHG Inventories. Figures for climate change potential coefficient are derived from the IPCC's Fourth Assessment Report (2007).

● Scope 2: Indirect GHG emissions from a company's use of energy, as defined by the GHG Protocol (e.g., electrical energy used by a manufacturing plant or office). The Scope 2 figures presented in this report include all GHGs emitted indirectly by Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies worldwide (excluding relatively small-scale companies). Honda adopts to the GHG Protocol's standard market-based method. In Japan, Honda uses electricity utilities emission factors based on the Act on Promotion of Global Warming Countermeasures. In each region except Japan, Honda uses electricity utilities emission factors and latest regional emission factors, and if unavailable, national emission factors from the IEA's Emissions from Fuel Combustion.

● Scope 3: Other indirect GHG emissions not included in Scope 1 and Scope 2, as defined by the GHG Protocol. Scope 3 is systematically broken down into 15 categories (e.g., category 11 includes emissions arising from the use of sold products; category 12 includes emissions arising from the end-of-life treatment of sold products).

● The "Scope 3, category 11" figures presented in this report represent the cumulative amount of GHGs that will have been emitted by products sold by Honda in the applicable fiscal year (automobiles, motorcycles, power products and aircraft) as a result of their use by customers from the time they received those products until they dispose of them in the future. Calculations cover the emission of all motorcycles, automobiles, power products and aircraft sold worldwide under the Honda brand name*. These emissions are calculated using the following formula for each model and adding the results: CO₂ emissions intensity x Annual distance traveled or Annual usage in hours x Product lifetime in years x Annual unit sales.

● CO₂ emissions intensity: Average annual mileage of each model set at same value per region or Annual consumption of each model and Average annual used time distinguish general business from business use

● Annual mileage / Lifetime years of use: Referring to IEA estimation model, "MoMo," etc.

● CO₂ emission factor: Referring to the GHG calculation guidelines that public authorities in each region issued. If there are no appropriate guidelines, reference from the ones of Japanese.

● The "Scope 3, other categories" figures presented in this report are the sum of emissions from categories 1, 2, 3, 4, 5, 6, 7, 9, 10, 12 and 15. As per the GHG Protocol, Honda excludes categories 8, 13 and 14 from its calculations, as these categories are either not part of Honda business activities or emissions from these categories are accounted for in other categories.

Data indicated with received the independent practitioner's assurance.



* Excluding all-terrain vehicles (ATVs)

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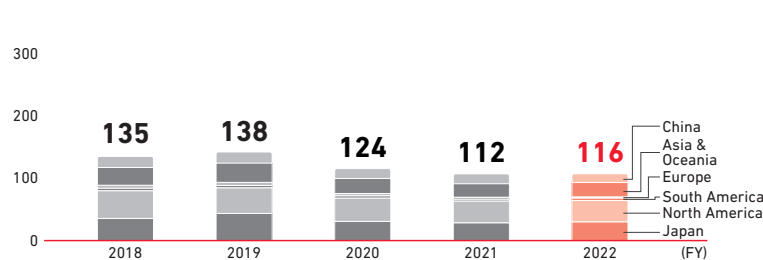
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Environmental Data

GHG emissions

Direct emissions (Scope 1)

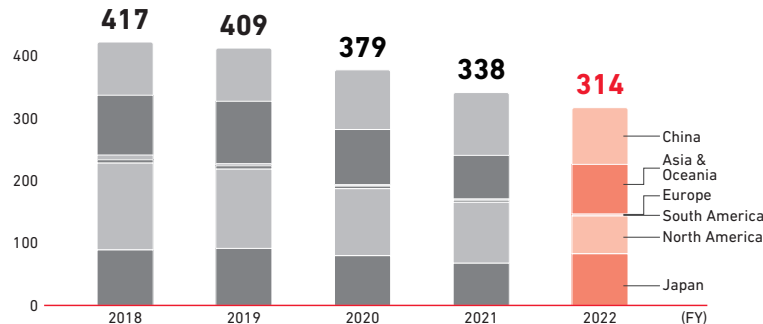
(10,000 t-CO₂e)



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Emissions amount = Σ [Volume of fuel usage x CO₂ emission factor] + CO₂ emissions from non-energy sources + Σ [Volume of non-CO₂ GHG emissions x Global warming factors]
 Emission factors
 Japan: Emission factors based on the Act on Promotion of Global Warming Countermeasures
 Regions outside of Japan: Emission factors from 2006 IPCC Guidelines for National GHG Inventories Figures for global warming potential coefficient: The IPCC's Fourth Assessment Report (2007)
 * Figures of GHG emissions from non-energy source include some estimated values.
 * Calculations are mainly based on emissions from stationary combustion sources.
 * Expressed in three significant digits

Indirect emissions (Scope 2)

(10,000 t-CO₂e)

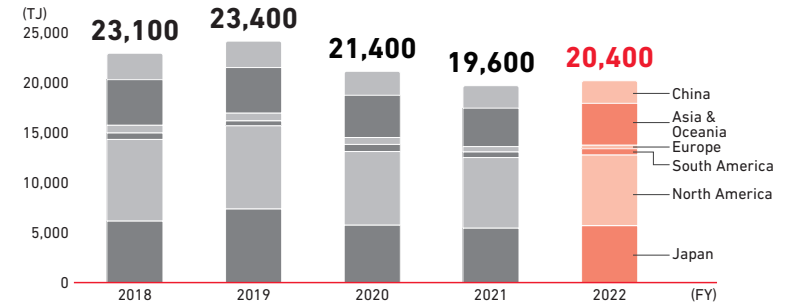


Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group
 Calculation method: Emissions amount = Σ (Purchased electricity consumption, etc.*1 x emission factor)
 Honda adopts to the GHG Protocol's standard market-based method.
 Emission factor:
 Japan: Electricity utilities emission factors based on the Act on Promotion of Global Warming Countermeasures
 Regions outside of Japan: Electricity utilities emission factors and latest regional emission factors, if unavailable, national emission factors from the IEA's Emissions from Fuel Combustion.
 *1 Other includes steam and hot water, the emission factors are based on the Act on Promotion of Global Warming Countermeasures.
 * Expressed in three significant digits

Energy consumption

Direct energy consumption

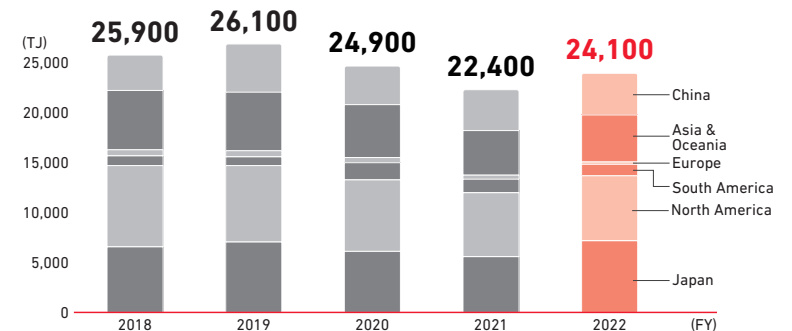
(TJ)



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Consumption amount = Σ (Fuel consumption x unit calorific value)
 Unit calorific value:
 Japan: Unit calorific value from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures
 Regions outside of Japan: Derived from 2006 IPCC Guidelines for National GHG Inventories
 * Calculations are mainly based on energy consumed by stationary exhaust sources.
 * A terajoule (TJ) is a unit of energy, "tera" meaning 10¹².
 * Expressed in three significant digits

Indirect energy consumption

(TJ)



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Consumption amount = Σ (Purchased electricity consumption, etc.*1 x unit calorific value)
 Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.
 *1 Other
 Unit calorific value:
 Japan: Unit calorific value from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures
 Regions outside of Japan: 2006 IPCC Guidelines for National GHG Inventories
 * Expressed in three significant digits



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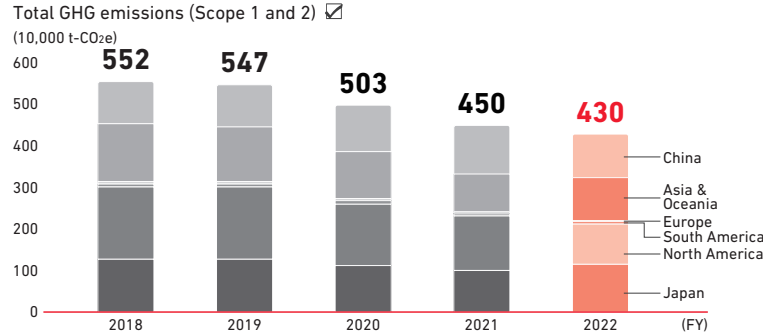
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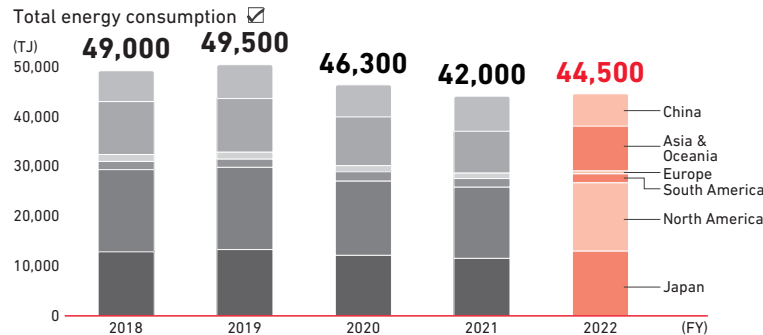
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Environmental Data

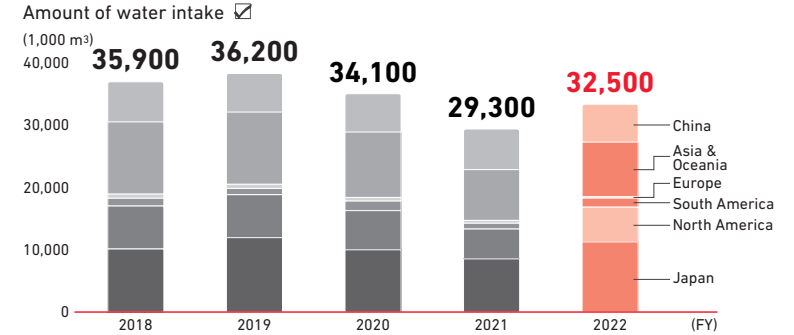


Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
Calculation method: Total GHG emissions (Scope 1 and 2) = Direct GHG emissions + Indirect GHG emissions
- Expressed in three significant digits



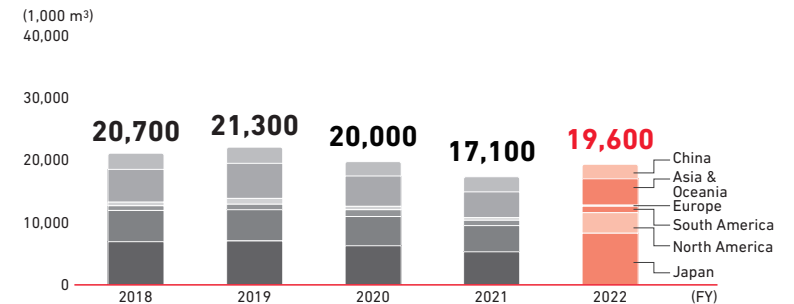
Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
Calculation method: Total energy consumption = Direct energy consumption + Indirect energy consumption
- Expressed in three significant digits

Water intake/Wastewater volume



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
Calculation method: Amount of water intake = ∑ (Purchased from the water facilities + Groundwater intake + Rainwater utilization amount + Surface such as rivers water intake)
- Expressed in three significant digits

Wastewater volume



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
Calculation method: Volume amount = ∑ (Wastewater processed by other companies + Discharge directly into public waters)
- Figures include some estimated values.
- Expressed in three significant digits

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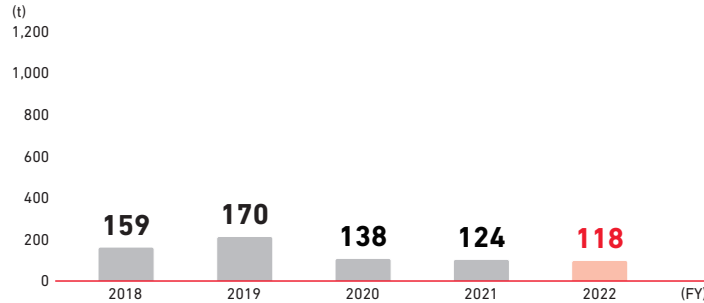
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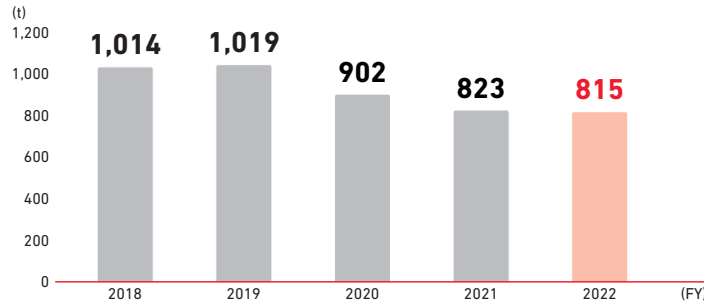
Atmospheric pollutants

SOx emissions



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Emissions amount = Σ (Fuel consumption x Density x Sulfur content x 64/32)
 - Calculations are based on fuel consumption.
 Density: Derived from the translation coefficient list in Statistics Information by Petroleum Association of Japan
 Sulfur content: Derived from Act on the Quality Control of Gasoline and Other Fuels or the standard of LP gas (JIS K 2240)

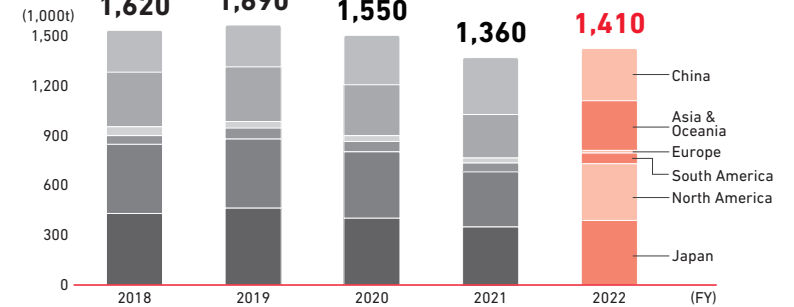
NOx emissions



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Emissions amount = Σ (Fuel consumption x Emission factor for each fuel)
 - Calculations are based on fuel consumption.
 Emission factor for each fuel: Derived from NOx emissions calculation table (combustion facilities that do not measure the amount of exhaust gas, etc.) on Environmental Activity Evaluation Program (Ministry of the Environment).

Waste generated

Waste generated



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Emissions amount = Σ (Industrial waste + general administrative waste + valuable resources emission)
 - However, regions outside of Japan are beyond the scope of data for industrial waste (excluding harmful waste defined in accordance with regulations in respective countries) and general administrative waste.
 - Expressed in three significant digits



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Environmental Data

Cost of environmental conservation activities and investments in FY2022

Category	Major activities and investments	FY2022	
		Investments (millions of yen)	Expenditures (millions of yen)
Business area costs	Pollution prevention costs ● Air, water, and soil pollution prevention	70	200
	Global environmental conservation costs ● Global warming mitigation, ozone depletion prevention and other conservation activities	866	356
	Recycling costs ● Waste processing, treatment, reduction, elimination and recycling	26	591
Upstream/downstream costs	● Collection, recycling, resale and proper disposal of products manufactured and sold ● Industry organization and other membership fees	0	768
Management costs	● Installation, operation and acquisition of certification for environmental management systems ● Environmental impact monitoring and measurement ● Management and training of associates and organizations responsible for environmental conservation (expenses for environment-related communications activities)	60	2,237
Research and development costs	● Research, development, planning and design for impact reductions across product life cycles (R&D costs for advanced eco-cars, including EVs and PHVs)	7,575	295,836
Local conservation costs	● Environmental improvement measures, including ecosystem protection, cleanups, green space development and natural landscape conservation ● Local conservation and communication activities (beach cleanups and watershed conservation activities)	0	126
Environmental damage costs	● Remediation of polluted soil	0	1
Total		8,597	300,115

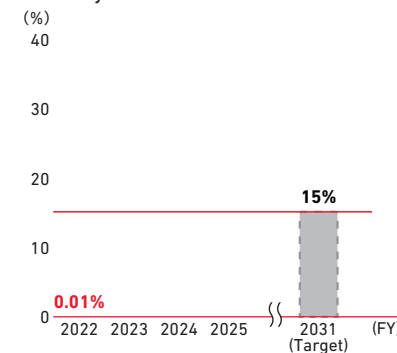
- Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd. and Honda Access Corporation
- Accounting period: April 1, 2021 to March 31, 2022
- Some figures are estimated values.
- Guidelines, guidebooks and other environmental accounting publications by Japan's Ministry of the Environment were used as references.
- Figures were calculated on a cash-flow basis with depreciation and amortization expenses excluded.

Economic benefits (Effect on revenue and expenses)

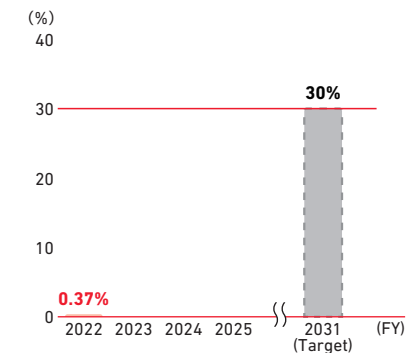
		FY2022 (millions of yen)
Income from sale of valuable waste materials		7,125
Cost reductions from saved energy	Installed technologies	33
	Behavioral changes, etc.	36
Total		7,194

Sales ratio of electrified products

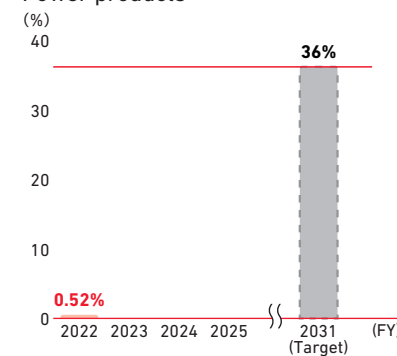
Motorcycles



Automobiles



Power products



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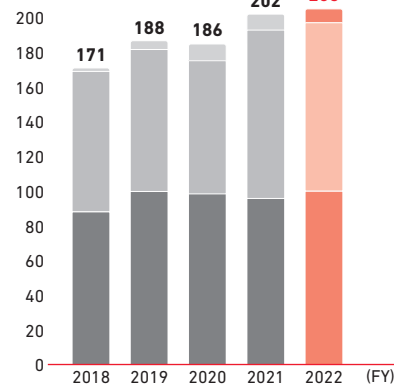
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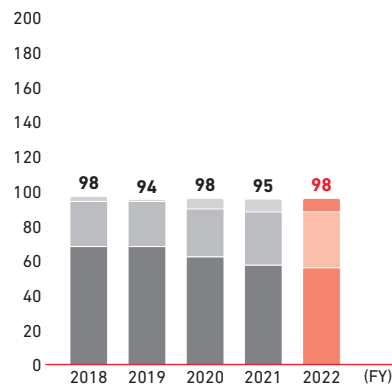
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Global Number of HEPS-compliant models

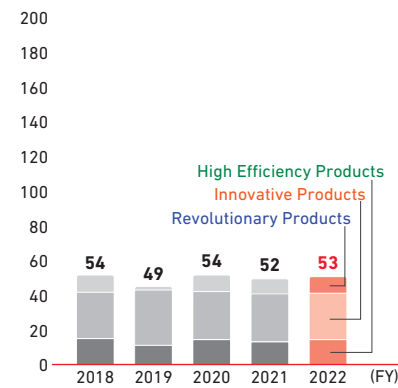
Motorcycles (Models)



Automobiles (Models)



Power Products (Models)



7

Safety



Material Issues

- Reducing traffic fatalities
- Applying automation and information technologies to everyday life

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Basic Approach

Toward a Collision-Free Mobile Society

As exemplified by the words of the Company’s founder Soichiro Honda that “as long as we are handling a mode of transportation, we are entrusted with human lives,” Honda is, on the basis of the concept of “Safety for Everyone,” aiming at a collision-free mobile society, where not only drivers and riders, but indeed everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

Honda has a long history of safety dating back to the 1960s when it started traffic safety promotion initiatives, the first of their kind for motorcycle/ automobile manufacturers. Honda has since been proactively undertaking safety awareness activities in many countries and regions while extending the scope from drivers and riders to all people involved in the traffic society, from children to senior citizens. Honda has also developed and released a number of new technologies before anyone else in the world, setting higher targets exceeding regulatory requirements and in a spirit that “if it does not exist, we will make it.”

Now, the advancement of the Internet and other technologies has enabled people to gather information from across the world, meet many people and obtain things without having to move around. However, Honda believes that feeling a new world with one’s five senses based on curiosity is one of people’s invaluable joys. As such, the Company will continue to value “real” experiences and expand the freedom of mobility and its potential across the world.

A collision-free mobile society envisioned by Honda is a society where all people can follow their curiosity and go anywhere freely with a total sense of security. In April 2021, Honda announced that it “will strive for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050.” Not only to fulfill one of its social responsibilities but also to fabricate a joyous future, Honda will work toward a collision-free mobile society and continue to proactively evolve its traffic safety initiatives based on the actual accident situations unique to each region.

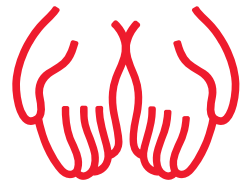


Global Safety Slogan

Safety for Everyone

Honda dreams of a collision-free mobile society where our customers, and everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

As Honda respects individuality, it regards society as “a group of individuals,” not as “a bundle of people.” Not only does Honda’s slogan “Safety for Everyone” embrace its approach of pursuing safety matching to each individual but also follows its belief that ensuring the safety of each member of society will consequently make the entire society safer and mark a step forward to a collision-free mobile society.



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Basic Approach

Direction of Activities

Honda is working on traffic safety with a focus on the three elements: human ability (awareness-building activities), performance of mobility (technological development) and traffic ecosystem (collaboration, and development of systems/services).

Human Ability

Honda believes that efforts are needed to support the enhancement of human ability, ranging from driving skills to psychological and mental aspects, such as cognition, judgment and compassion toward others, for all people involved in the traffic society. Honda will translate these efforts into awareness-building activities matched to individual awareness, experience levels and physical capabilities.

Performance of Mobility

Honda believes that a mix of capabilities is needed to appropriately complement or augment human ability. These include a capability to protect the human body, a capability to avoid collisions to the extent possible and a capability to capture the intention of a person and convey it to the vehicle and other people. Honda intends to gain an even deeper understanding of the human body and consciousness and evolve its efforts to develop more people-oriented technologies.

Traffic Ecosystem

The traffic environment changes constantly due to traffic congestion, bad weather and various other factors. Honda believes that preventing accidents or mitigating their damage in such a traffic environment require dynamically understanding its holistic picture (“traffic ecosystem”). It encompasses the interrelation among diverse elements*1

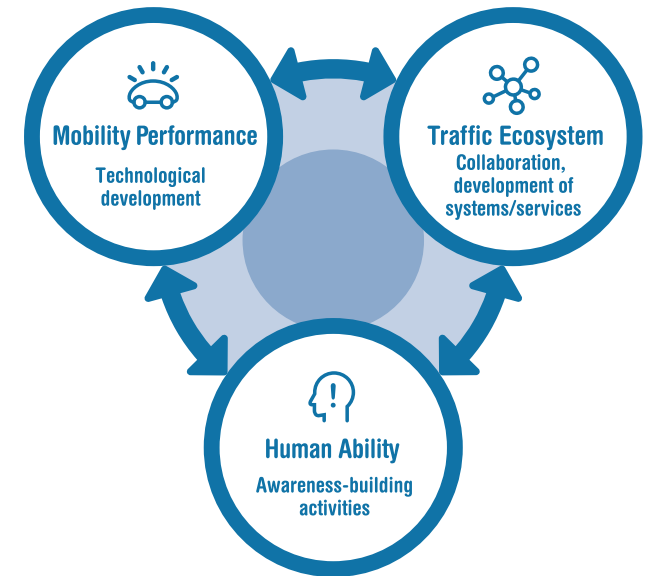
constituting the environment and letting these elements connect organically*2. Honda will proactively work toward this goal through an open approach, including cooperation with various countries and regions and collaboration with other companies, and contribute to the healthy functioning of the traffic society.

As many traffic accidents are caused by very complex factors, Honda will both promote the individual evolution of technologies and activities of the three elements and ensure strong collaboration and coordination among them.

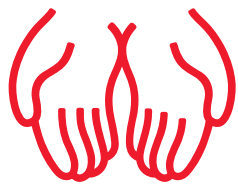
Three elements of safety

Development of technology to capture human intention and complement/enhance sensory abilities and/or skills

Contribution to creating environment and systems to bring people and mobility into harmony



Support for the enhancement of knowledge, awareness and experience of everyone involved in traffic society



*1 Including roads, telecommunication infrastructure, automobiles, motorcycles and pedestrians

*2 Can be achieved by an approach that involves the development of technologies for systems and services related to roads and the traffic society, maintenance and improvement of roads themselves and formulation of relevant traffic rules.

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Basic Approach

Toward the Realization of Zero Traffic Collision Fatalities 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. A major challenge in achieving this goal is fatal collisions caused by motorcycles in emerging countries. Honda has a social responsibility as the manufacturer that sells the majority of motorcycles.

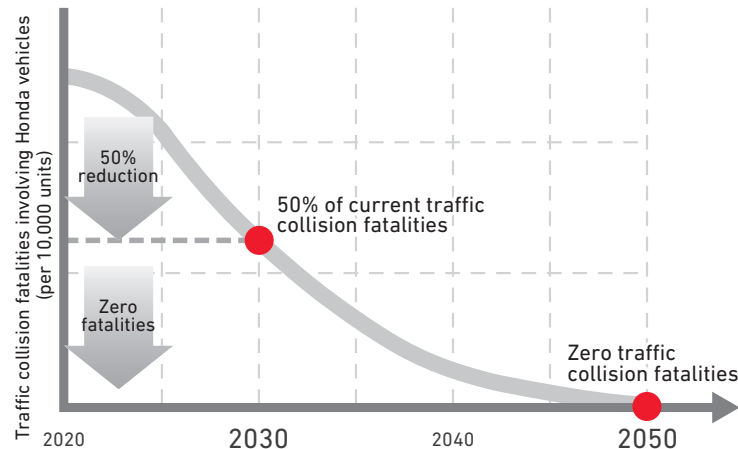
Since automobiles are also involved in many fatal collisions of motorcycles, from the perspective of enhancing its safety technologies, Honda will evolve the currently available Honda SENSING and expand the introduction of Honda SENSING 360 to all models to go on sale in all major markets by 2030. Honda SENSING 360 is an advanced omni-directional safety and driver-assistance system for automobiles that utilizes Honda’s expertise and know-how cultivated in the research and development of the Level 3 automated driving system. Furthermore, in order to realize a society with zero traffic collision fatalities, it is also necessary to consider accidents caused by apparent erroneous

driving on the part of the driver. Accordingly, Honda has been working to develop two crucial technologies. One is the Intelligent Driver-Assistive Technology, which aims for zero human error when driving and provides each individual driver total peace of mind. The other is the Safe and Sound Network Technology that averts various risks by connecting people, mobility and infrastructure through telecommunications and enables coexistence among all road users.

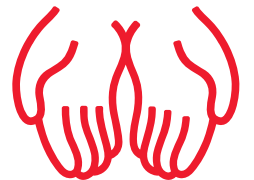
As a company involved in both motorcycle and automobile businesses, Honda will continue to strengthen its research on safety technologies that enable motorcycles and automobiles to safely coexist. However, technological research alone will not achieve zero traffic collision fatalities.

Particularly in emerging countries, there are many collisions that can be prevented through traffic safety education activities and by approaching the issue from the perspective of infrastructure and government policies. These are also the areas Honda will focus on. Honda will leverage its strengths to continue leading the way in realizing a collision-free society from the standpoints of both hardware and software.

Honda’s safety targets



* Traffic collision fatalities involving Honda motorcycles and automobiles: Traffic collisions while riding/driving Honda motorcycles/automobiles and those involving pedestrians and cyclists (road users excluding those intentionally and seriously violating the related rules or those not responsibly able to do so)



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Safety Initiatives

Human Ability

Honda's Approach

In 1970, Honda established the Traffic Safety Promotion Operations in Japan and subsequently a department dedicated to promoting activities overseas within the operations in 1972. Since then, Honda has been reinforcing its efforts overseas by establishing Traffic Education Centers* in various countries and cooperating with local dealers. As of 2021, Honda is carrying out traffic safety promotion activities in 43 countries and regions throughout the world including Japan.

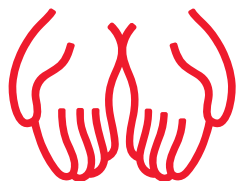
Honda's activities are based on the ideas "To pass on safety education from person to person" by conveying the importance of traffic safety directly to customers at dealers and "To provide a participatory hands-

on education program" under the guidance of expert instructors.

In Japan, Honda has provided education and actual training for traffic safety to more than 6.66 million customers to date in cooperation with Honda Traffic Education Centers, motorcycle and automobile dealers, local corporations and schools.

Overseas, particularly in emerging countries, there are areas where regulations, traffic rules and road infrastructure are not yet ideal despite the fact that motorization is rapidly progressing. As such, an increase in the number of fatal traffic accidents has become a social issue. Therefore, Honda is undertaking activities matched to the traffic situation of each country while collaborating with local governments and relevant organizations.

Countries and regions engaged in traffic safety activities



* Honda facilities where internal and external instructors on traffic safety are trained and driving safety education is provided to corporations, schools and individual customers

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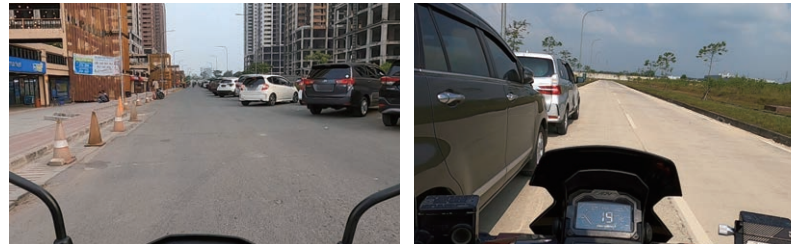
FY2022 Activities

Working to Expand KYT Education in Asian Countries

There is a strong need for the further evolution of Honda's traffic safety promotion activities in Asian countries, where the rapid progress in motorization has resulted in an increase in traffic fatalities. In response, Honda cooperated with the Regional Operations (Asia and Oceania) and started providing support for more comprehensively promoting hazard prediction training (*kiken yosoku* training – KYT) programs within the region.

Specifically, Honda created a video compiling its know-how on and points to be noted when developing KYT materials appropriate to the local conditions and traffic environment in each country and region, such as the need to select example cases among actual accident and potentially serious near-accident cases. Honda also provided advice on how to utilize the resulting materials in implementing the training.

As a result, 11 Honda subsidiaries are now in the process of creating their own KYT materials matched to the respective local traffic environment. Among these subsidiaries, P.T. Astra Honda Motor in Indonesia, which is engaged in the sales of motorcycles, has combined KYT lectures and practical training using motorcycles in its curriculum and is making preparations for launching it as a new program.



KYT program of P.T. Astra Honda Motor, a Honda subsidiary selling motorcycles in Indonesia

Collaboration with Traffic Education Centers

In Japan, Honda provides participatory hands-on education matched to the needs of companies, organizations and individuals.

At Honda's seven traffic safety education centers nationwide, expert

instructors train traffic safety leaders. In order to increase safety awareness and improve riding/driving skills, they also provide classroom lectures and safety training using actual vehicles for employees of companies, organizations, schools and individuals at dedicated facilities. In 2021, Honda provided education to some 50,000 persons.

In Asian countries, traffic education was provided to approximately 1.24 million persons to raise safety awareness. Honda will continue to offer support matched to local needs, including its traffic safety know-how amassed in Japan and human resources development.

TOPICS

Local Subsidiaries in Thailand and Taiwan Receiving an Award from the Respective Governments

In 2021, Thai Honda Manufacturing Co., Ltd.,* a Honda subsidiary in Thailand selling motorcycles, and Honda Taiwan Co., Ltd., another Honda subsidiary in Taiwan, received an award from the respective governments for their efforts to improve the local traffic environment.

Thai Honda Manufacturing received the National Treasure Award from the Office of the Permanent Secretary under the Office of the Prime Minister for its Honda Safety Thailand Project, an activity to instill safe riding practices, as it has contributed to the social development and a better quality of life.

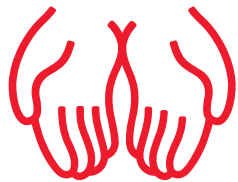
Honda Taiwan also received the Top Honor Award under the Golden Safety Award program from the Ministry of Transportation and Communications of the Taiwanese government for its efforts for improvement of the traffic environment. The award was granted as a result of the voting by experts and scholars.



Thai Honda Manufacturing at the award ceremony



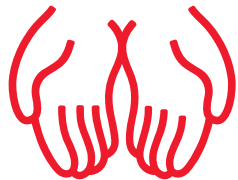
Honda Taiwan at the award ceremony



* The company name was changed to Thai Honda Co., Ltd. on June 1, 2022.

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Safety Initiatives

Collaboration with Local Communities

In Japan, Honda offers educational programs and teaches instruction techniques to traffic safety instructors and employees of partner companies responsible for conveying traffic safety in each local community.

At this time, Honda validated if the use of its educational programs has led to changes in participants' behavior.

Specifically, a check was performed in Shizuoka Prefecture in cooperation with first to sixth graders, who have participated in either the "Learn about Traffic Safety with 'Dekiru-nyan' Cat" ("Walking along Roads" version for children in lower grades) or the "For the Children Who Will Star in the Societies of the Future" (targeting children in middle to upper grades and junior high school students).

Specifically, Honda observed how the children walked to a crossing on their way home and if they took safety action when crossing the street before, on the day of, one week and one month after the corresponding traffic safety class.

The results of the observation of first and second graders showed that the program was effective to a certain degree as everyone stopped rushing into a street and more children raised a hand when crossing the street immediately after the class. However, their behavior diminished after one week and one month, returning to the level observed before the

class. Thus, the results revealed the necessity to educate children on a continuous basis.

Among the upper grade children, there was no discernible change in their behavior before and after the class. This was likely because the content covered broader, additional topics, such as riding bicycles safely as well as rules and etiquette they should observe as a member of the traffic society, and because they felt embarrassed to raise their hand while crossing the street.

An expert commented on the effort made by Honda, saying: "Gauging the effectiveness of the programs, creating them and implementing them at school is also very meaningful." Based on the validation results, Honda will work to create programs that are easier to provide on a regular basis.

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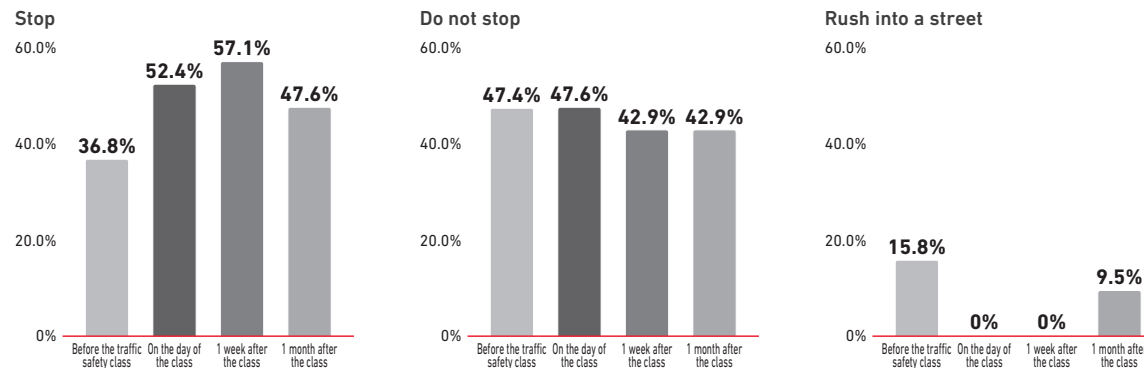
Survey results of the effectiveness of traffic safety education programs, spring 2022 issue (No. 508) of SJ, Honda's traffic safety information magazine (in Japanese)

> https://www.honda.co.jp/safetyinfo/sj/contents/pdf/2022SJspring_1to2.pdf



Verifying changes in children's behavior

Changes in behavior of first graders when crossing the street



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Safety Initiatives

Collaboration with Relevant Organizations

Honda proactively fosters collaboration with local governments and relevant organizations to achieve zero traffic collision fatalities.

As an example, Honda's Safety Map was created based on three sources of information. These are information on areas prone to emergency braking, collected through "Internavi," Honda's original car navigation system; accident black spot information possessed by the police; and road hazard information posted by local residents. Anyone can freely access the map to obtain the necessary information. Companies, the police and other road management organizations are also using the map to improve road environments.

Recently, the Chiba Prefectural Police Headquarters carried out road maintenance such as the addition of deceleration marks and road markings based on information on areas prone to emergency braking.

Honda has also cooperated in running the 51st National Police Motorcycle Safe Riding Competition of Japan's National Police Agency. Also, through participation in activities of the Japan Automobile Manufacturers Association and other industrial organizations, Honda has been providing a broad range of cooperation. Examples of such activities include proposing traffic safety measures to the governments, holding riding/driving safety seminars for high school students, adults and senior citizens, hosting awareness-building events and developing instructors.

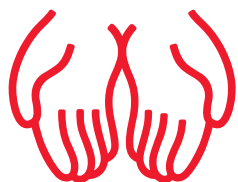
Example of improvements made based on areas prone to emergency braking provided on Honda's Safety Map



Before improvement: The "STOP" marking was fading.

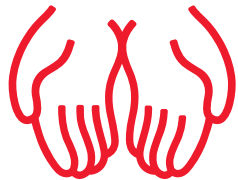


After improvement: The "STOP" line and letters were repainted and colored pavement within the intersection were added.



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- *1 Available in eight languages, approximately 6,000 units of the Riding Trainer are used worldwide, with some 3,000 units in Asia and Oceania alone.
- *2 A program offered at Honda Traffic Education Centers as a means to evaluate the driving competence of people with higher cerebral dysfunction wishing to resume driving. It is used to check their current ability to drive an actual vehicle and train them to overcome the identified issues.
- *3 A program offered at Honda Traffic Education Centers for welfare facility drivers providing pickup and drop-off services. It provides advice on preventing accidents during these services as well as training to facilitate an understanding of the importance of giving due consideration to their passengers.

Safety Initiatives

Development of Educational Equipment

Honda leverages its know-how on riding/driving safety and hazard prediction training (*kiken yosoku* training – KYT) accumulated over the years and develops and promotes the widespread use of educational equipment, including simulators, which assumes actual traffic conditions and enables people to experience hazards in a safe equipment.

In April 2021, Honda significantly upgraded its Driving Simulator. It now has a seat and steering wheel used in an actual vehicle as well as an enhanced software program. Realizing greater user-friendliness and low cost, the simulator is used by driving schools nationwide.

Besides the simulator, Honda offers a lineup of equipment matched to diverse participants, such as a Riding Simulator for motorcycle KYT difficult to conduct on the road; Bicycle Simulator to learn safe bicycle riding; Movie KYT that enables a large group of persons to experience hazard prediction; and Riding Trainer*¹ that offers hazard perception training for motorcycle riders by operating the equipment themselves and that can be easily relocated to overseas facilities.



Training using Driving Simulator Type DB Model-S

Activities in the Welfare Field

In addition to the development of welfare vehicles, Honda provides support in terms of “software” by providing Training Support Program for Driving Rehabilitation*² for persons with disabilities who want to drive again; a simulator and evaluation software to evaluate driving ability at hospitals and other facilities; and Safety Training Program for Operating Nursing Vehicles*³ for drivers providing pickup and drop-off services for senior citizens and persons with disabilities.

TOPICS

Sale of Honda Franz System

The Franz System is a driving assist system developed by Eberhard Franz, a German engineer with disabilities in both arms, to drive a car with his feet. Honda received technical guidance directly from Mr. Franz, and after augmenting the system with its original technology, released the Honda Franz System in 1982. At present, Honda is the sole provider of the system in Japan.

In 2021, Honda Access Corp. initiated sales of the updated Honda Franz System with greater convenience and comfort for the Fit e:HEV. The company has also started leasing training vehicles equipped with the system to support customers wishing to obtain a driver’s license.

In addition, Honda has also developed the Honda Techmatic System series of various driving assist devices and has been selling them through Honda Cars dealers nationwide. By doing so, Honda supports the social engagement of persons with physical disabilities.



An example of a vehicle equipped with Honda Franz System (steering pedal)



An example of a vehicle equipped with Honda Techmatic System Type D (manual driving assist device)

WEB

Honda’s welfare vehicles (Japanese only)

> <https://www.honda.co.jp/welfare/>

WEB

Stories to Pass on: Development of a Vehicle Equipped with Honda Franz System (Japanese only)

> <https://www.honda.co.jp/50years-history/challenge/1982franzsystemcar/>

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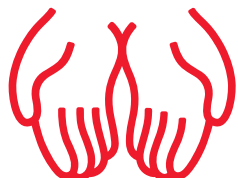
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*1 Anthropomorphic models used to reproduce the human body's kinematics during vehicle-to-pedestrian collision with the aim of identifying parts of the vehicle body most often resulting in injuries and reducing pedestrian head injuries during the collision with a vehicle. The current third-generation dummies have a more "realistic" neck, back and thighs in addition to the head, thus offering more accurate pedestrian kinematics after a collision and allow realistic collision analysis.

*2 A safety body structure that efficiently distributes and absorbs frontal crash energy through the engine room. It offers significantly greater occupant protection and reduces damage to the other impacted vehicles.

Safety Initiatives

Performance of Mobility

Honda's Approach

Honda believes that the damage of accidents can be effectively reduced by fully understanding the real accident situations in a real-world traffic environment comprising multiple types of road users, including motorcycles and automobiles, and by conducting detailed analysis on accident mechanisms. The Company has engaged in technological development accordingly.

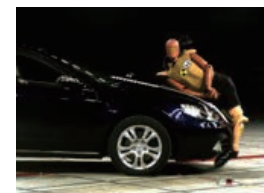
To date, Honda has developed the world's first pedestrian dummy*¹, an anthropomorphic model used to reproduce the human body's kinematics during vehicle-to-pedestrian collision. Its aim was to identify the portions of the vehicle body most often resulting in injuries and to reduce pedestrian head injuries during the collision with a vehicle. The Company has also established the world's first indoor omni-directional crash test facility to conduct research into more realistic crash configurations. As for pedestrian dummies, in order to enhance safety for the traffic society as a whole, their use is not only limited to the development of Honda's products. They are also leased to other companies and research institutions across the world, widely contributing to studies on pedestrian protection.

In addition to the above, Honda has become the first company in the world to provide a number of new technologies. These include the driver-side SRS airbag, Advanced Compatibility Engineering (ACE) body structure*², Collision Mitigation Braking System (CMBS) and "Honda SENSING/AcuraWatch" advanced safety and driver-assistance system.

Going forward, 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 major markets by 2030. In emerging countries, Honda will equip more motorcycles with its advanced braking system and headlights that provide better visibility to riders and make them more visible by other road users.

Moreover, Honda installed Honda SENSING capable of detecting motorcycles to the Vezeal 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.



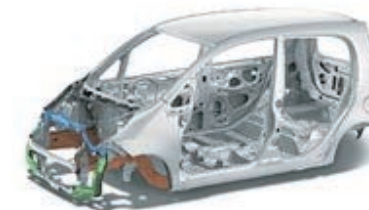
Pedestrian dummy



Indoor omni-directional crash test facility



SRS airbag



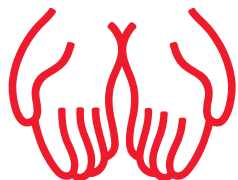
Advanced Compatibility Engineering (ACE) body structure



Collision Mitigation Braking System (CMBS)

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Safety Initiatives

FY2022 Activities

The “Honda SENSING/AcuraWatch” advanced safety and driver-assistance system continues to be used in an increasing number of models. In Japan, Honda has installed this system in more models in the mini-vehicle and compact vehicle categories, such as the N-BOX and Fit.

In Japan, Honda installed the Traffic Jam Assist for the first time in the Civic in September 2021. The Civic also became the first Honda vehicle to be equipped with an adaptive driving beam system. While driving using the high beams, this function automatically controls the area being illuminated depending on the circumstances when detecting a car ahead or an oncoming car. It also ensures the visibility for the driver without blinding pedestrians.

In October 2021, Honda unveiled its Honda SENSING 360, which has been developed by leveraging the expertise and know-how accumulated through the research and development of Level 3 automated driving technologies. The Company intends to install the system in all models to be released in major markets by 2030.

In many countries and regions, including India, which is the world’s largest market for motorcycles, Honda will increase the number of models equipped with an advanced braking system, such as the Combined Brake System (CBS) that ensures coordinated, more efficient operation of the independent front and rear brakes. Honda is also equipping more models with LED headlights. Boasting a long life and high resistance to impact, these lights are less prone to burning out and can serve to reduce riding motorcycles without headlights. In addition to the increased visibility for riders themselves, encouraging the use of headlights during daytime will make them more visible from surrounding automobiles and pedestrians. Honda believes that this improved mutual visibility will help prevent collisions.



Adaptive driving beam system



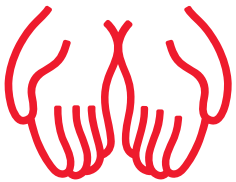
Advanced braking system



LED headlights

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*1 There is a limit to the capabilities (e.g., recognition capability and control capability) of individual functions of Honda SENSING and Honda SENSING 360. It is necessary to not overestimate their capabilities and drive safely while maintaining a good driving posture, paying constant attention to one's surroundings.

*2 There is a limit to the detection performance of Honda SENSING 360. The 360-degree sensing does not eliminate the need for visual confirmation by the driver.

*3 Depending on the sales period and models, some Honda SENSING systems feature a camera which is not monocular.

Safety Initiatives

TOPICS

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

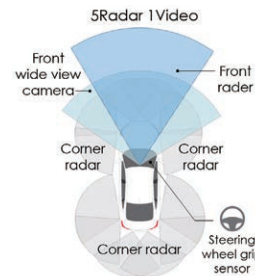
In October 2021, Honda unveiled the new Honda SENSING 360*¹ omni-directional safety and driver-assistance system, which eliminates blind spots around the vehicle and contributes to collision avoidance and the reduction of driver burden while driving. Further evolved from the previous system, Honda SENSING 360 features an expanded sensing range not only in the front and rear, but omni-directionally around the vehicle. Application of Honda SENSING 360 will begin in 2022 with automobiles to be introduced in the Chinese market. Honda will strive to expand the application to all models to go on sale in all major markets by 2030.

Since its introduction in 2014, the Honda SENSING*¹ advanced safety and driver-assistance system has been further advancing its functions, expanding its application to mass-production models globally and supporting Honda customers in a variety of driving situations.

Honda SENSING 360 realized 360-degree sensing*² 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*³ 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. For the development of Honda SENSING 360, Honda leveraged its expertise and know-how amassed through the research and development of Level 3 automated driving technologies.



Notional image of Honda SENSING 360

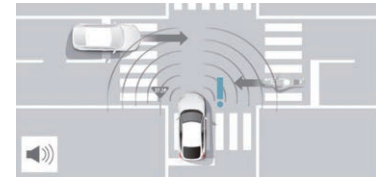


5 radar units and 1 video recorder

Key features of Honda SENSING 360

Collision Mitigation Braking System (CMBS)
 Intersection: Entering the intersection at the same time from different directions
 Pedestrian: Detecting vehicles coming from sides or oncoming

Detecting automobiles and motorcycles crossing in front of the intersection

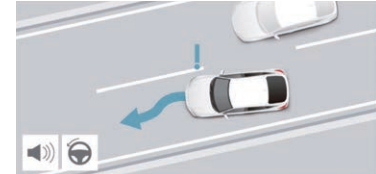


Detecting pedestrians crossing the intersection when turning right or left



Lane change collision mitigation

Assisting steering for collision avoidance



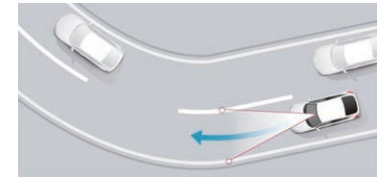
Front cross traffic warning

Notifying information about approaching vehicles to cross the intersection when driving at a low speed or starting when stopped



Cornering speed assist

Adjusting vehicle speed by detecting the curvature of the lane before reaching the curve



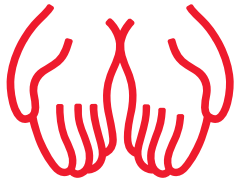
Active lane change assist

Steering assisted by the system when changing the lane



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Safety Initiatives

TOPICS

Intelligent Driver-Assistive Technology Eliminating Human Errors When Driving

In November 2021, Honda held a world premiere of its advanced future safety technologies currently under development. These technologies aim to realize a society where everyone sharing the road will be free from the risk of traffic collisions and enjoy the freedom of mobility with total peace of mind. The Intelligent Driver-Assistive Technology, which is one such technology, is the world's first*1 artificial intelligence (AI)-powered next-generation 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.

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*2. In addition to technologies to understand human behavior and conditions, which Honda has amassed to date, the Intelligent Driver-Assistive Technology uses 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.

<Three values Honda will offer with its next-generation driver assist technology>

1. No driving operation errors (Operational assist): Vehicle offers AI-based assist to reduce drifting and prevent a delay in operations.
2. No oversight/No prediction errors (Cognitive assist): Vehicle communicates risks with visual, tactile and auditory sensations.
3. No errors due to daydreaming and careless driving (Attentiveness assist): Vehicle helps reduce driver fatigue/drowsiness.

Going forward, Honda will further advance the Intelligent Driver-Assistive Technology and continue making progress in development with the goal to establish underlying technologies during the first half of the 2020s. Honda will thereafter launch practical applications during the second half of the 2020s.

With this technology, Honda will advance the conventional driver assist that helps the driver avoid risk while it is occurring to the AI-powered driver assist. This in turn will keep the driver away from the risks and aim to eliminate human errors, which are the cause of over 90% of traffic collisions*3.



Briefing to present Honda's safety vision and technologies



Cognitive assist (image)



Vehicle equipped with the Intelligent Driver-Assistive Technology

*1 Survey by Honda
 *2 Functional magnetic resonance imaging (one of the methods to obtain images of brain's functioning areas based on changes in blood flow)
 *3 Source: "Number of Fatalities in Traffic Accidents By Type of Violations of Laws," White Paper on Traffic Safety in Japan 2017

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Safety Initiatives

Traffic Ecosystem

Honda's Approach

In 1998, Honda started to offer "Internavi," a car navigation system equipped with communication functions, in Japan. Through the system, Honda has been providing drivers with information on traffic congestion, weather and disasters by using driving data gathered from Honda vehicles. In this way, Honda has helped them drive more safely and comfortably.

In 2003, Honda became the first automaker in the world to commercialize a Congestion Prediction function that can predict congestion while foreseeing changes in traffic patterns. Following the 2011 Great East Japan Earthquake, Honda made available information on passable roads for use by people traveling in disaster-affected areas on the map provided on a special disaster information website of Google Crisis Response*1. In doing so, Honda centrally aggregated its collected driving track data into actual traffic records to extract information on passable roads. Honda provided similar information after the 2016 Kumamoto earthquakes on Google Maps and Yahoo! Maps.

In 2013, Honda launched a Safety Map service that integrates and analyzes various information, such as emergency braking information collected through the Internavi system, information on traffic accidents provided by the police and local governments and traffic information provided by local residents. A map of accident-prone areas is shown on Honda's website for drivers to check in advance. Since 2013, a cumulative total of more than 150 road improvements, such as adding road markings, have been made by the local governments and other organizations based on this Safety Map.

In addition, Honda is participating in D-Call Net**2 in Japan, a system commonly referred to as an Advanced Automatic Collision Notification (AACN), which uses connected car technology. The system automatically analyzes the vehicle data upon a collision using an algorithm based on the database of some 2.8 million accident cases in Japan and estimates the probability of death or serious injury. It then reports the accident automatically from the vehicle to fire departments and cooperating hospitals. The plan for the future is to develop a system that also covers collisions involving pedestrians and those with motorcycles to save even more lives.

Going ahead, in order to realize zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050, Honda will strive for a collision-free traffic society for anyone sharing the road by leveraging its Safe and Sound Network Technology that connects all road users through telecommunications.

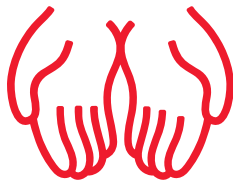
FY2022 Activities

The utilization of communication technologies is one initiative to contribute to the sound development of a traffic ecosystem.

In Japan, since installing a Honda CONNECT on-board communication module in the Fit released in February 2020, Honda also fitted the module in the Vezel and Civic released in April and September, respectively, in FY2022.

The on-board communication module will be gradually equipped in new automobiles, connecting the vehicle directly to a support center in case of an emergency such as a traffic accident. This will in turn make it possible for the support center operator to send vehicle and location information simultaneously to the police, fire station and insurance company, enabling prompt and proper responses.

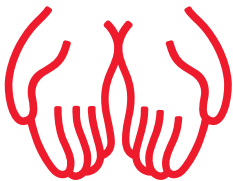
In the area of motorcycles, the Connected Motorcycle Consortium (CMC) Next, which is jointly promoted by Yamaha Motor Co., Ltd., BMW Motorrad, KTM AG and other companies, analyzed collision situations based on accident data and identified particular scenarios in which collisions have happened because motorcycles were not recognized by other vehicles. The consortium also created use cases on how vehicle-to-x (V2X) solutions should be used to prevent such accidents. In FY2023 onward, the CMC Next will leverage these outcomes to explore more concrete specifications of solutions targeting motorcycles.



*1 Google Crisis Response is a registered trademark of Google LLC.
 **2 D-Call Net® is a registered trademark of the NPO Helicopter Emergency Medical Service Network (HEM-Net).

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*1 Standalone 5G is a cutting-edge technology that combines new 5G dedicated core equipment and 5G base stations, unlike the conventional standalone system that uses 4G core equipment and combines it with 5G base stations

*2 A communication standard established by 3GPP (a standardization organization that formulates standards for mobile communication systems), which is a technology that uses mobile networks for vehicle-to-vehicle, vehicle-to-infrastructure, vehicle-to-network and vehicle-to-pedestrian communications

*3 A technology that optimizes and accelerates communications compared to cloud servers by deploying data processing functions in locations close to terminals, such as base stations

Safety Initiatives

TOPICS

SoftBank and Honda Conducting Use Case Based Verification on Technologies to Reduce Collisions between Pedestrians and Vehicles Utilizing 5G SA and Cellular V2X

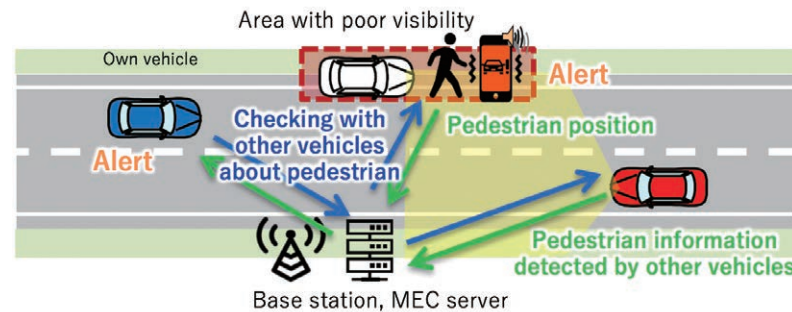
Honda R&D worked with SoftBank Corp. to conduct a use case based verification of technologies to reduce collisions between pedestrians and vehicles using a 5G standalone mobile communication system (5G SA)*1 and a cellular V2X communication system*2 in an effort to realize a society where both pedestrians and vehicles can enjoy mobility safely and with total peace of mind.

The verification was conducted by using SoftBank's 5G SA experimental base station installed at Honda R&D's Takasu Proving Ground (located in Takasu Town, Hokkaido Prefecture) and Honda R&D's recognition technology for the following use cases.

1. Reduce collisions involving pedestrians who are visible to vehicles
 In an environment where a pedestrian can be seen from the moving vehicle, and when the vehicle's on-board camera recognizes the risk of a collision such as the

pedestrian entering the roadway, the vehicle sends an alert to the pedestrian's mobile device directly or via a multi-access edge computing (MEC) server*3. This will enable the pedestrian to take evasive action to prevent a possible collision with the vehicle.

2. Reduce collisions involving pedestrians who are not visible to vehicles
 This case involves an environment where a pedestrian cannot be seen from the moving vehicle due to obstacles such as parked cars along roadsides. If there is a pedestrian present in the area with poor visibility, the system notifies the pedestrian of the approaching vehicle and also notifies the vehicle of the pedestrian from the pedestrian's mobile device. When there is a second vehicle in a position to see the pedestrian, a collision will be prevented by high-speed data communications between the moving vehicle, pedestrian and other vehicle.



Sharing information on an area not visible from one's own vehicle (image)



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



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

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Safety Initiatives

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Unveiling Safe and Sound Network Technology Connecting All Road Users through Telecommunications

Toward realizing zero traffic collision fatalities by 2050, Honda unveiled for the first time in the world its Safe and Sound Network Technology at a briefing to present Honda's safety vision and technologies held in November 2021. This technology 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.

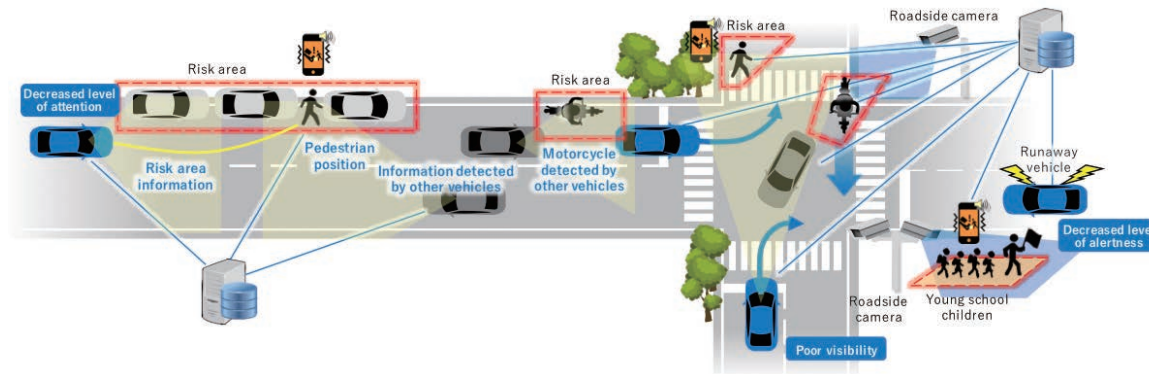
As an effort to realize a collision-free traffic society for all road users, Honda is striving to create a "cooperative safety society" where utilization of telecommunication technologies will enable everyone sharing the road to be connected and coexist.

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 smartphones. Such potential risks include senior citizens falling ill, inexperienced young or novice drivers, fatigue, drowsiness, driving idly, a sense of urgency or impatience resulting in a decreased level

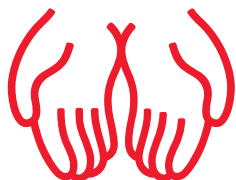
of attention or alertness as well as the risk of small children on their way to kindergarten or school rushing into the street. The information will be aggregated in the server to reproduce that traffic environment in the virtual space.

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 industrywide and public-private collaboration with an aim to standardize the technology in the second half of the 2020s.



Safe and Sound Network Technology (image)



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Safety Initiatives

Third-Party Evaluations

Honda's Approach

Many of Honda's models have achieved high safety assessments from NCAP*1 in various regions.

Results of key third-party evaluations (tests conducted in FY2022)

Country / Region	Third-party evaluation	Model
Japan	JNCAP 5 ★	Vezele
Europe	Euro NCAP 5 ★	Performance not evaluated in FY2022
China	C-NCAP 5 ★	Fit
	C-IASI*2 GGG	Performance not evaluated in FY2022
U.S.A.	NCAP 5 ★	Acura MDX / Acura TLX
	IIHS*3	TSP+
		TSP
Australia	ANCAP 5 ★	Performance not evaluated in FY2022
Southeast Asia	ASEAN NCAP 5 ★	Civic sedan
Latin America	Latin NCAP 5 ★	Performance not evaluated in FY2022

*1 This refers to New Car Assessment Program. This is a program that tests and evaluates the safety performance of cars, which is performed by public organizations in various regions. Testing and evaluation methods are different for each region. Ratings range from 0★ to 5★ (5★+ is the highest rating in some regions).

*2 This refers to China Insurance Automotive Safety Index. It tests and assesses the safety performance of vehicles, in which the four grades of G (excellent), A (good), M (general) and P (poor) are used. The purpose of the assessment is to improve the safety of vehicles and reduce the insurance premium.

*3 The organization conducts the car assessment that tests and evaluates the safety performance of various cars. IIHS only awards TSP and TSP+ to vehicles that achieved excellent test results. TSP refers to Top Safety Pick.

*4 Six awards won by Honda: Best Forward Facing Child Occupant Protection 2017–2020; Safety Technology Award; Excellent Award – Consistent 5-Star (Honda City); Excellent Award – Consistent 5-Star (Honda Civic); The Most 5-Star Car 2012–2016 (Adult Occupant Protection); and Best Road Safety Partner



TOPICS

Civic Receiving a Five Star Rating from ASEAN NCAP

In October 2021, the Civic (released in Thailand in August 2021) received a Five Star rating from ASEAN NCAP, a third-party safety evaluation program in the ASEAN region. Under the newly launched 2021–2025 Protocols, vehicles need to receive an excellent rating in the category of motorcyclist protection in addition to the categories of adult occupant protection, child occupant protection and safety assist. The Civic became the first vehicle to receive the rating among vehicles equipped with an Autonomous Emergency Braking System (AEBS) capable of detecting motorcycles.



Civic

Honda Receiving Six Awards at the 10th Anniversary Ceremony of ASEAN NCAP

In December 2021, a ceremony to celebrate the 10th anniversary of ASEAN NCAP was held in Malaysia. During the ceremony, awards were granted to automakers that have endeavored to ensure the safety performance of vehicles over the decade.

Honda received six awards*4, the highest number among other automakers, including the Safety Technology Award (for the Civic equipped with an AEBS capable of detecting motorcycles) and Best Road Safety Partner.



Receiving six awards at the ceremony held by ASEAN NCAP

7 Quality



Material Issues

— Assuring outstanding product quality

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Basic Approach

Aiming to Bring Reassurance and Satisfaction to Customers

“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 founder Soichiro Honda define the company’s fundamental approach to quality, or more specifically, what it means to strive to be a company society wants to exist. Determined to meet or exceed the expectations of customers, Honda is taking new initiatives to reach high product quality standards.

Honda offers products founded on safety and a new level of outstanding quality to strengthen customer trust. To this end, Honda has created the Honda Quality Cycle (⇒ p. 100) that continuously enhances quality at every stage encompassing planning, development, production, sales and after-sales service.

In order to realize the basic principles of “Respect for the Individual” and “The Three Joys” (the joy of buying, the joy of selling, the joy of creating), Honda has stated that being the number one in customer satisfaction in all points of contact is a primary objective of activities. Honda works in collaboration with dealers to satisfy customers at every stage from sales to after-market service so that customers can continue using and enjoying Honda products and services.

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. Honda is 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 evolution in mobility and living in addition to ensuring the utmost quality in products and services provided to customers. Through such a pursuit of quality in each domain, Honda has been evolving its activities to realize a new level of outstanding quality.



quality

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* An international quality control and quality assurance standard set by the International Organization for Standardization (ISO)

Global Management

Quality Management System and Quality Enhancement Promotion System

Global Honda Quality Standard (G-HQS) Aimed at Increasing Quality of Honda Brand Products and Services

As Honda’s production and parts and materials sourcing expand globally, a shared global quality management system is essential to ensure that all Honda facilities continue to generate 120% product quality consistently. G-HQS established in April 2005 serves as the foundation of this system.

G-HQS is a set of fundamental standards supporting quality assurance and improvement activities in all sections based on the Honda Quality Cycle. The aim is to improve the quality of Honda brand products manufactured and sold around the world as well as services offered globally. G-HQS is also utilized in part as a means to reliably implement and certify process-based quality assurance focusing on rules, which has recently grown in importance following changes in laws, regulations and the business environment.

In accordance with the Honda Quality Cycle, Honda clearly defines roles and responsibilities between global and regional functions in such areas as planning/development, production, sales/service and quality to enhance and improve quality. With G-HQS, goals and requirements concerning quality assurance activities for each function are stipulated by global function. The means for realizing these goals and requirements are specified by each operation base in line with local characteristics. This enhances awareness of quality improvement and leads to the personal growth of local associates. The operational status of G-HQS in each operation base is confirmed on a regular basis to enhance the quality improvement activities as a concerted effort along with facilities.

Based on ISO9001* criteria to which Honda production facilities in Japan and around the world have been certified, G-HQS represents the accumulation of knowledge Honda has gathered independently in improving quality and preventing issues from recurring. As such, conforming to G-HQS is compatible with conforming to ISO certification standards.

As of February 28, 2022, 56 of the 60 Honda production facilities had acquired ISO9001 certification.

Global Meeting Structure

In order to ensure the strengthening of quality under this quality management system, Honda sets challenges based on quality targets established in company-wide policy, which are then modified to reflect the challenges found in different regions with countermeasures formulated for them. The management of this initiative and information-sharing are conducted regularly at the Global Quality-related Meetings.

In the area of customer service, Honda has devised an action policy focused on each customer so that it can create value through service and provide a feeling of joy in continuing to use Honda products. Persons responsible for departments involved in quality from the headquarters and regions hold joint Aftersales Business Meetings to share this policy and measures globally. Productive measures and initiatives shared at the meetings are set as global benchmark levels to enable the provision of higher quality services on-site.

Global meeting structure

Meeting structure	Business	Meeting name	Times/year
Quality related	Motorcycle	Global Chief Inspecting Engineer Meeting	1
	Automobile		
	Life Creation		
Aftersales business	Automobile	Global Automobile Quality Meeting	3
	Motorcycle	Aftersales Business Meeting	1
	Automobile	Aftersales Business Meeting	2
	Life Creation		



Global Automobile Quality Meeting

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Global Management

Quality Management Education

Honda offers quality management training based on in-house qualifications and the level of quality control responsibilities with the aim of improving associates' quality assurance skills.

In Japan, Honda offers a training curriculum with four courses divided into basic training and specialized training. As part of this, the Honda QC Basic Course (HBC) is open not only to Honda associates but also to suppliers and focuses on training experts in all aspects of Honda quality management.

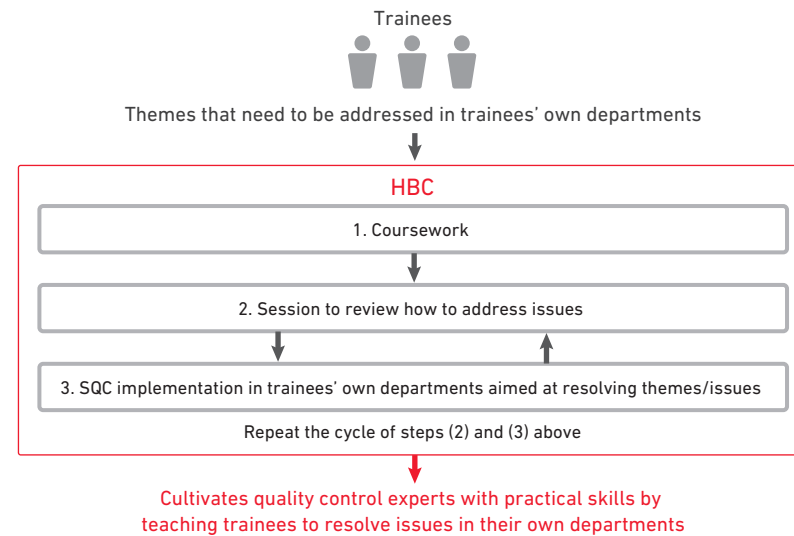
Outside Japan, the QC Junior (QC J) Course and the QC Foreman (QC F) Course are offered as basic training.

Training curricula content

Category	Course name	Course content	Period
Basic training	QC Junior (QC J) Course	Targets associates six months to one year after joining Honda to learn the basics of quality control techniques.	1 day
	QC Foreman (QC F) Course	Targets associates engaged in production and quality duties to learn the quality control techniques and approaches required for quality assurance activities.	Total of 2 days
Specialized training	Statistical Quality Control (SQC) Course	Targets associates whose principal responsibility is quality control and quality improvement activities to learn professional quality control techniques and approaches.	Total of 2 days
	Honda QC Basic Course (HBC)	Targets associates who are responsible for the core of quality control activities to learn skills that allow them to resolve difficult problems/issues with the aim of becoming quality control experts.	Total of 16 days

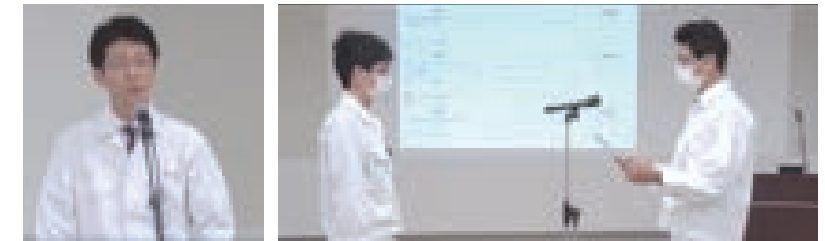
* SQC Course and HBC are held in Japan.

HBC flow



Best Quality Award

The head of the Quality Innovation Supervisory Unit presented awards for themes that generate outstanding results through quality-related measures based on policy management with the aim of elevating quality awareness. Divisions in line for recognition include development, production, production technology, purchasing, certification, quality, parts/service and IT. Awards for divisions overseas were introduced in 2012, with the head of the Quality Innovation Supervisory Unit presenting awards on-site. In 2020 and 2021, visits to overseas bases were canceled due to the COVID-19 pandemic, but Honda maintained the award program both in Japan and overseas.



Award ceremony in Japan



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Quality Initiatives

Honda's Quality Cycle

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.

This initiative aims to apply and reflect design and development expertise at the production preparation and production (mass-production) stages. 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



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Quality Initiatives

Planning/Development and Production (Mass Production)

To ensure high quality, Honda conducts comprehensive quality assurance activities from the dual perspectives of planning/development and manufacturing. For example, drawings for objects that will be machine processed include finished dimensions. However, when the same worker uses the same materials, equipment and procedures to produce an item to the dimensions specified on the relevant drawings as part of a given production process, there are inevitably small variations in the item's finished dimensions.

To address this fact, R&D departments consider not only function and performance but also the ease of manufacture and minimization of variations when designing drawings. For their part, production departments implement manufacturing controls to keep variability within applicable standards based on drawings and develop production processes so that all workers can continue to achieve a consistent level of quality.

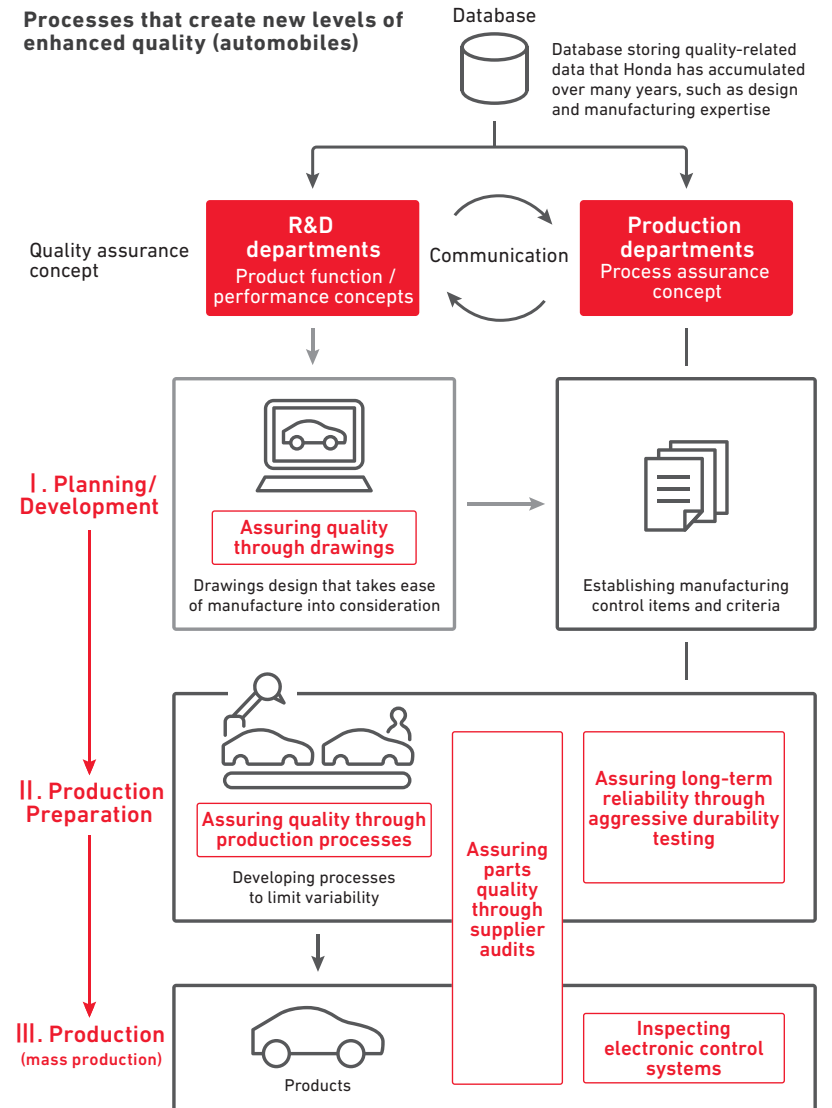
Strengthening Activities to Improve Planning and Development

Honda is strengthening activities to reduce quality-related issues at each stage of planning, development, production preparation and production (mass production). This involves investigating any cause in the event of a major quality issue and introducing measures to prevent recurrence.

To prevent specification-related issues, Honda identifies the impact of previous changed and changing points. It then implements improvements through a review committee that examines changing points and works through pending issues.

Honda has also been evolving planning and development procedures. Honda is strengthening its design review to enhance the accuracy of planning in the initial stages of new technology development. The Company has also formulated evaluation conditions and standards to minimize deviation from expected values demanded by customers and society and sets aside a sufficient timeframe for verification.

Processes that create new levels of enhanced quality (automobiles)



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Quality Initiatives

I. Planning/Development

Assuring Quality through Drawings

Honda's R&D departments create drawings that take ease of manufacture into consideration in order to limit process variability and prevent human error during the manufacturing process. These drawings serve as the basis of our quality assurance efforts.

Specifically, engineers utilize a database of measures and techniques previously used to prevent market quality issues and other information. They communicate closely with manufacturing departments during the initial development stage and put product function, performance and quality assurance initiatives in writing. These are shared to ensure efforts are coordinated with production departments' process assurance activities and to coordinate quality assurance initiatives.

Establishment of Development Procedures with Suppliers

For many years, Honda has been committed to development that consists of "purchasing components with guaranteed performance." This involves presenting requirements to a supplier, who then designs and tests the component before Honda procures it. Honda's R&D departments, purchasing departments and other related departments have initiated a project to reduce critical quality issues in such components, producing a manual for development based on "purchasing components with guaranteed performance." The manual is revised annually.

In the planning phase of advance development, technical challenges to component development are first organized. Accordingly, roles and responsibilities are determined depending on the development experience and technical know-how of Honda and its suppliers. A decision is then made on which areas of the development plan should focus on, such as increasing the accuracy of Honda's requirements or taking a concrete approach toward verification.

In addition, quality assurance roles and responsibilities are clarified among Honda's departments/business sites and suppliers based on logistics, distribution channel and contractual agreements at the time

of mass production. Areas requiring quality control in development, production preparation and mass production are then conveyed to the relevant departments.

Should a quality-related issue arise by monitoring quality product defects applying the aforementioned procedures, an investigation into the cause is conducted to ensure continuous improvement in development procedures.

II. Production Preparation

Assuring Quality through Production Processes

Honda's production departments establish manufacturing control items and criteria for each part, process and operation to prevent product quality issues. Engineers use these manufacturing control items and criteria to verify manufacturing variability.

Honda's activities to purchase parts encompass their materials.

Furthermore, Honda develops processes that limit variability by incorporating suggestions for enhancement from the sites where work is actually performed and determining manufacturing control methods for each process.

Assuring Parts Quality through Supplier Audits

Assuring the quality of procured parts is an important element in delivering high-quality products.

Honda visits its suppliers' manufacturing facilities to conduct quality audits based on the "Three Reality Principle," which emphasizes "going to the actual place," "knowing the actual situation" and "being realistic."

These audit activities are conducted for both the production preparation and mass production stages of supplier operations. Experts in the development and production of individual parts visit manufacturing facilities and conduct audits of suppliers' quality control systems and their implementation.

Honda then works to improve part quality through activities that emphasize communication with suppliers, for example, by sharing audit results and cooperating to identify opportunities for quality improvement.



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Quality Initiatives

Assuring Long-Term Reliability through Rigorous Durability Testing

Honda subjects new and redesigned models to rigorous long-distance durability testing before beginning mass production to verify that there are no quality issues.

Honda also disassembles vehicles used in the test drives into every single part and verifies that there are no quality issues through a process consisting of several thousand checks. By accumulating data on the issues discovered through these test drives and detailed inspections as well as associated countermeasures, the Company is able to ensure a high level of quality and reliability.



Verification of parts following durability testing

III. Production (Mass Production)

Using Line End Tester (LET) System to Inspect Electronic Control Systems

Equipping electronic control systems in vehicles has grown dramatically in recent years as part of an effort to achieve more environmentally friendly designs and improve driver and passenger convenience and comfort. This has created a need for efficient inspection methods to assure the quality of these components.

To this end, Honda has installed Line End Tester (LET), an inspection and diagnostic system developed in-house, at production plants in Japan and overseas.

The LET was initially deployed to perform diagnostics of emission cleaning systems and parts in order to comply with U.S. emissions regulations. Honda subsequently extended the capabilities of the device to accommodate the recent evolution of electronic control systems, allowing its use in shipping quality inspection of all electronic control systems, from switches and instruments to air conditioner, audio, engine and transmission operations. Thanks to these innovations, inspections that have traditionally depended on the human senses of smell, sight and hearing can now be performed quantitatively through communications with electronic control components, dramatically increasing the precision and efficiency with which inspections can be conducted.

Honda is continuing to quantify shipping quality assurance for electronic control systems by working to implement further enhancements in the precision and efficiency of sensory inspections.



Inspection using LET system



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Quality Initiatives

IV. Sales and Service

Honda has established Customer First Operations to realize optimal service operations in markets worldwide. The division has set the key objective of being “No.1 in customer satisfaction in all points of contact” based on a “customer-first” policy.

“No.1 in customer satisfaction in all points of contact” refers to the creation of an environment in which customers feel satisfied with Honda in each and every situation they come into contact with the Company. In addition to fulfilling customer expectations built up through past experience and information, the division aims to be No.1 in customer satisfaction by providing exciting experiences that exceed expectations.

Customer Satisfaction Survey

Honda conducts a survey around the world on customer satisfaction related to service operations for customers who have received after-sales service from a dealer. In FY2022, the survey was conducted in 20 countries, including Japan and countries in North America, South America, Europe, Africa and the Middle East, Asia and Oceania, China. The survey method enabled minute measurements of satisfaction for each part of the service process at a dealer, with the survey findings used to provide guidelines for each dealer. While comparing these guidelines with quality-related initiatives at dealers, activities are being undertaken toward better service quality at all points of customer contact by implementing a plan-do-check-act (PDCA) cycle.

In addition, once a year Honda conducts a survey comparing with other manufacturers and brands that are the benchmarks in each country, and the results are used as a reference to maintain and improve customer satisfaction at an industry-leading level. In FY2022, Honda attained top-level customer satisfaction in 17 countries*.



* Internal survey by Honda; as of March 2022

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Quality Initiatives

Customer Relations Center

The Customer Relations Center in Japan has a very straightforward slogan: "For the customer." Its mission is to handle inquiries from Honda customers politely, clearly and quickly, delivering the same high quality in Honda communications as is found in Honda products. The center also responds to survey requests from the Japanese government and inquiries from consumer advocacy organizations.

The center receives feedback in the form of customer questions, suggestions, requests and complaints 365 days a year, and during FY2022 it processed 143,800 inquiries. To ensure that this valuable information is put to good use in Honda's operations, the facility shares it in a timely manner with the Company's R&D, manufacturing, service and sales departments in compliance with laws and regulations as well as Honda's own policies concerning the handling of personal information.



Sharing customer feedback at a meeting of relevant parties

Honda Total Care

Honda is providing Honda Total Care in Japan as a membership service comprehensively supporting automobile lifestyles for car users and providing a sense of security.

Members can access information that is useful for car maintenance and management and make appointments for inspections via a dedicated Honda Total Care membership website and app. In addition, the Honda Total Care Emergency Support Center is accessible with the touch of a button in case of an emergency as a part of the system that enhances customer convenience.

The Honda Total Care Emergency Support Center is a one-stop contact point for the members facing problems such as a road collision or vehicle breakdown. This service thereby relieves members from the burden and confusion of making various contacts to insurance companies, car dealers and others. The Center is in service 24 hours a day, seven days a week, and it makes smooth arrangements for roadside assistance for members in need and provides support for car operating instructions, among other services.

Honda has also entered into a business alliance with the Japan Automobile Federation (JAF), a first in the automotive industry, to provide the industry's most expansive* roadside service as an optional service. In addition, Honda rolled out the Honda Total Care Premium connected service, starting with the all-new Fit model released in February 2020. The service includes a function to make an automatic call to an operator when an airbag is deployed as well as an on-board emergency call button and trouble support button. By eliminating problems facing the driver through these features, Honda provides safer and more secure automobile lifestyles.

Honda aims to ensure the industry's highest level of quality in customer response by strengthening the relationships with customers through these services.



* Survey by Honda; as of June 2021

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Quality Initiatives

V. Quality Information Collection/ Analysis and Quality Improvement

Honda has established the Quality Center to bring together the various components of its organization concerned with product market quality information to enhance the functions of “preventing quality issues” and “quickly detecting and resolving quality issues when they occur” on a global scale. The facility gathers quality-related information from dealers in Japan and overseas through service departments and the Customer Relations Center. Measures and policies for preventing quality issues are then developed based on the issues identified from this data and provided as feedback to design, production and the development/ production sections for suppliers, among others.

Moreover, the Quality Center operates a structure to increase collaboration between after-sales services and quality assurance activities and strengthen this feedback flow.

When a quality issue does occur, Honda moves quickly to resolve it, for example, by working closely with development and production

departments to investigate and address the cause, assisting affected customers and taking action to prevent a recurrence.

In addition to conventional quality issues related to automobiles, issues concerning connected services to on-board devices are also handled as quality issues under this market quality enhancement system.

Prediction System

Honda has recognized the necessity of a system to provide peace of mind to customers in preparation for new environmental vehicles such as fuel cell and electric vehicles.

With the system, vehicle information is sent to Honda’s data center using telematics technology and analyzed. Potential warning signs are identified from the result prior to any trouble occurring as a precautionary measure for customers.

Honda is utilizing the system to provide further peace of mind to customers.

Market quality enhancement system (automobiles)

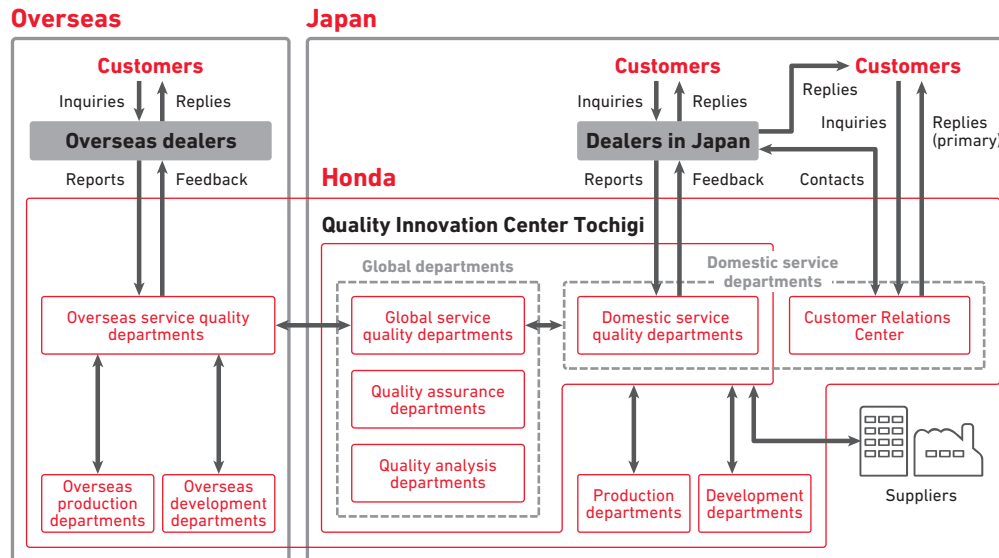
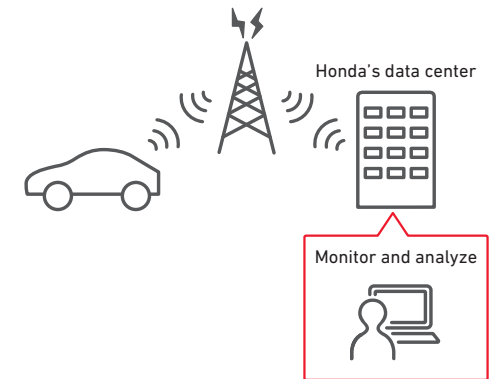


Image of the prediction system



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Quality Initiatives

Quality Innovation Center Tochigi

The Center brings together into a single facility all the organizational components, which span from collating product quality data and analyzing issues to considering countermeasures and providing quick and precise feedback to development and production departments.

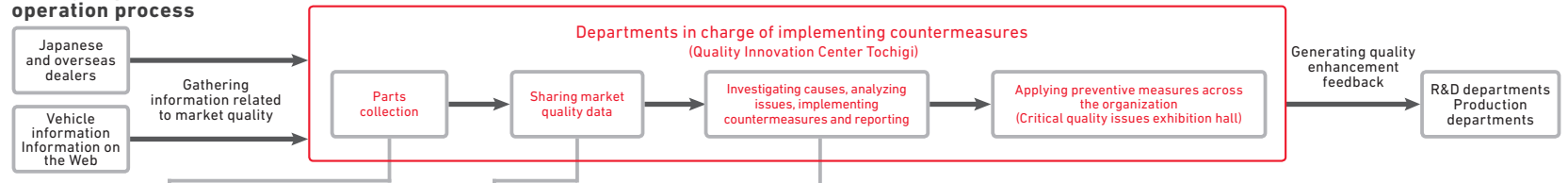
In particular, locating quality and service departments in a single facility allows for effective analysis and development of countermeasures thanks to the ability to share information quickly.

Quality Improvement Operation Process

Quality enhancement operations at Quality Innovation Center Tochigi, Japan, consist of pulling together market quality data and sharing information about collected parts and market quality issues. Personnel analyze collected parts, investigate causes and develop countermeasures and improvements in a timely manner.

Specialized teams with extensive product knowledge are able to obtain detailed data using a range of analytical equipment. The operational process is configured to facilitate objective and appropriate decision-making based on gathered data.

Quality improvement operation process



Parts collection
Parts collected from the market are classified by category and managed to facilitate quick analysis.

Sharing market quality information
Service, R&D and analysis departments gather and share information from the market.

Analyzing materials
Issues caused by materials are analyzed using the latest scientific equipment, including composition analysis and X-ray diffraction analysis systems.

Measuring part precision
Parts' dimensional precision is verified using 3D measurement and the latest roundness measurement equipment.

Testing engine functionality and performance
The functionality and performance of assembled engines are verified on a bench.



Bench environment test
Analyses are conducted in road environments found around the world, from low temperatures to under the scorching sun, to humid conditions, traffic jams and high speeds.

Exhaust gas and mode driving verification
The compliance of exhaust gas components with emissions regulations and proper system operation during mode driving are verified.

Bench vibration test
Actual vehicle vibrations are reproduced on a testing bench together with analyzing issues.

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Quality Initiatives

Critical Quality Issues Exhibition Hall Presents Examples of Key Quality Issues

A critical quality issues exhibition hall was established at the Quality Innovation Center Tochigi in 2009 so that the past experience with market quality issues is not forgotten and to make sure the lessons are passed on by displaying actual items and teaching about the issues.

The hall provides key examples of past market quality issues. Many people visit the hall annually for training or as part of a tour. In FY2022, training was mainly provided online to about 2,000 participants. The targets include not only Honda associates but also suppliers, overseas distributors and service division personnel.

In particular, training for engineers designing and developing products is being expanded from new recruits and newly promoted managers to also include young associates in their fifth year with the Company and associates from Honda's overseas businesses in order to strengthen activities preventing people from forgetting past issues with market quality.



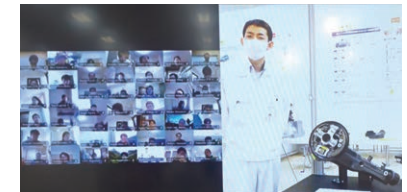
Rust on the body of a Honda Civic made in 1981



Cracked exhaust manifold of Honda Life mini-vehicle made in 1999



In-person training



Online training



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Quality Initiatives

Analysis in Partnership with Overseas Entities

Overseas production plants play a central role in conducting the same type of quality enhancement activities as Quality Innovation Center Tochigi.

When plants encounter a particularly difficult market quality issue and request assistance, the Center investigates and analyzes the issue and reports the results back to the overseas facility.



Quality Innovation Center Tochigi, Japan

Working with automotive production plants



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Quality Initiatives

Handling of Major Quality Issues When They Occur

When Honda determines that an issue occurs with a product that requires a recall, it quickly notifies government authorities in accordance with individual countries' regulations and contacts owners by means of direct mail or telephone from dealers to provide information about how they can receive repairs free of charge. In addition to Honda's website, recall information is provided through the news media as necessary.

A Global Quality Committee is quickly convened in accordance with G-HQS and decisions concerning recalls are made by its chairperson in consultation with overseas members, including experts from departments involved with quality issues who are capable of making objective decisions.

Annual recalls (FY2022)

Segment	Times	Total units
Automobiles	15	1,025,000
Motorcycles	14	900,170
Life Creation	1	89

* These figures are sourced from internal data, and therefore may differ from those publicly announced by authorities.

<Airbag recalls>

The repeated recalls for the airbags have caused Honda customers great inconvenience and concern.

Honda has always placed top priority on customer safety and peace of mind and responded with this in mind.

In accordance with the agreed upon revisions to the consent order between the National Highway Traffic Safety Administration (NHTSA) and Takata in May 2016, Honda has been gradually replacing all Takata ammonium-nitrate based driver and passenger front airbag inflators that do not contain desiccant.

Honda will continue to make its utmost efforts to ensure the sufficient supply of replacement inflators to customers and take other necessary measures as quickly as possible.



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Third-Party Evaluation

Honda strives to win the top ranking in the Initial Quality Study (IQS) for automobiles conducted by J.D. Power, an independent evaluation organization, as an indicator of customer satisfaction, which constitutes the results of the quality cycle. Honda’s planning and development, production, and sales and service departments are working together in this effort.

Results of 2021 IQS for automobiles

Survey by J.D. Power and Associates

Country	Brand	Ranking
U.S.A.	Honda	No. 17
	Acura	No. 26
Japan	Honda	No. 4

Country	Segment	Model	Ranking
U.S.A.	Minivan	Odyssey	No. 2
	Small Premium Car	ILX	No. 2
Japan	Mini Super Height Wagon	N-BOX	No. 2
	Compact Minivan	Freed	No. 2
	Midsize Car	Shuttle	No. 2
China	Compact Upper	Fit	No. 1
	Compact SUV	XR-V	No. 3
	Midsize	Crider	No. 2
	Midsize Upper	Accord	No. 1
	Large SUV	UR-V	No. 3
Large MPV	Elysion	No. 2	
	Odyssey	No. 3	

• Includes top three vehicles in major markets from January to December 2021

Sources:

- J.D. Power and Associates 2021 U.S.
 - Initial Quality Study SM (based on responses from more than 110,827 owners who purchased or leased a new vehicle as surveyed from February to July 2021)
- J.D. Power Japan 2021 Japan
 - Initial Quality Study SM (based on responses from more than 19,615 owners who purchased a new vehicle as surveyed from May to June 2021)
- J.D. Power China 2021 China
 - Initial Quality Study SM (based on responses from more than 34,158 owners who purchased a new vehicle as surveyed from December 2020 to May 2021)



7

Human Resources



Material Issues

- Respecting human rights
- Expanding diversity and development of human resources
- Ensuring occupational health and safety

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Basic Approach

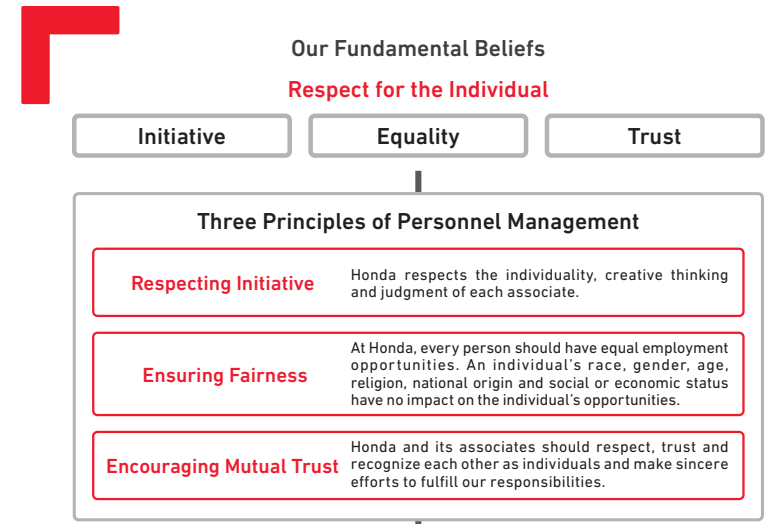
Basic Policy for Personnel Management

Honda believes that human beings are born as free and unique individuals with the capacity to think, reason and create – and the ability to dream. The Company’s wish is to nurture and promote these characteristics in Honda by respecting individual differences, trusting each other as equal partners, exercising abilities to the fullest and sharing joy.

From this standpoint, Honda adopts Respect for the Individual, consisting of the three elements of initiative, equality and trust, as one of the Company’s Fundamental Beliefs. Honda believes this spirit should permeate all its relationships, not only with those in the Honda Group but with everyone in all companies with which Honda does business.

The Company follows the Three Principles of Personnel Management, specifically Respecting Initiative, Ensuring Fairness and Encouraging Mutual Trust, when managing its human resources in areas such as recruitment, training, assignment and utilization, evaluation and treatment. Honda seeks to create an environment in which each associate’s ambitions and abilities can be developed, as well as a workplace where an individual’s potential can be actively exercised.

As Honda’s business activities expand into various parts of the world, it established Associate Relations Policies in March 2012 that are applied to Honda’s daily corporate actions, putting the Three Principles of Personnel Management into practice while taking into account “the Universal Declaration of Human Rights” as well as “the ILO Declaration on Fundamental Principles and Rights at Work.”



Associate Relations Policies

To put these Three Principles into practice, Honda has established the following Associate Relations Policies:

- 1. Respecting individual human rights**
 - We accept the individual characteristics and differences of our associates and respect their willingness and initiative.
 - We will always respect each individual’s basic human rights and will not allow forced labor or child labor.
- 2. No discrimination**
 - Based on the principle that all human beings should have equal employment opportunities, we will strive to create opportunities for free and fair competition.
 - We will not tolerate discrimination or harassment of any form in the workplace on the basis of an individual’s race, ethnicity, national origin, religion, gender or age, among other characteristics.
- 3. Complying with laws and ordinances**
 - We will respect the social norms, customs and culture of each country.
 - We will comply with the laws, regulations and ordinances enacted in each country and region.
- 4. Creating an environment of free, open-minded dialogue**
 - The associates and the Company will respect each other’s views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, the associates and the Company will make every effort to engage in sincere discussions about any issues that might arise or exist.
 - Respecting freedom of association, or not to associate, and collective bargaining, the Company will attempt to resolve any and all issues in line with the laws, conventions and usages of each respective country and region.
- 5. Maintaining a working environment where each associate can work with a sense of security**
 - The Company will provide a safe and healthy workplace where all associates can concentrate on work with a sense of security.

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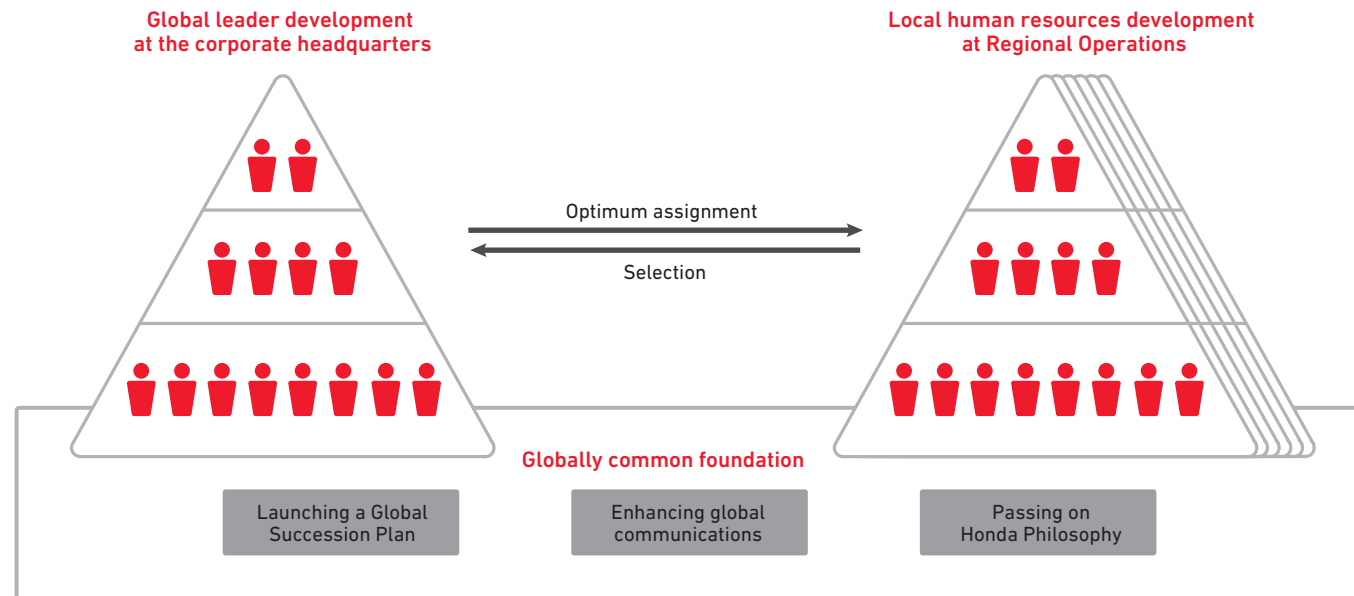
Human Resources Vision and Strategies

In accordance with its Company Principle, “maintaining a global viewpoint, Honda is dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction,” Honda has been proactively developing business with a view to entering the global markets since its foundation. In regard to its expansion overseas, Honda’s business model has evolved from exporting to local production and then to local development. In recent years, the Company’s production and development functions are being strengthened not only in developed countries but also in emerging countries, where demand for motorization is growing. Honda is striving for the autonomy of its Regional Operations in six regions around the world.

In order to achieve this goal, Honda is pushing ahead with Global Human Resources Management Approaches. This initiative facilitates developing and assigning global personnel who plan, design and develop products that reflect market demand and who deliver quality products in a stable manner.

To be more precise, Regional Operation bases used to be managed mainly by Japanese expatriates; however, this style of management is being replaced by an approach where management is run by local associates, who are most familiar with the region. By assigning associates with experience in working for local and global operations to global functions, Honda tries to diversify and localize its workforce with multinational people in order to address market changes promptly and flexibly. Honda aims for the establishment of an organization in which it can demonstrate Honda’s total strength by coordinating its operations globally.

Global human resources management approaches



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Global Management

Honda's Approaches

Honda takes the following approaches to developing and assigning human resources to enhance Honda's total strength on a global scale.

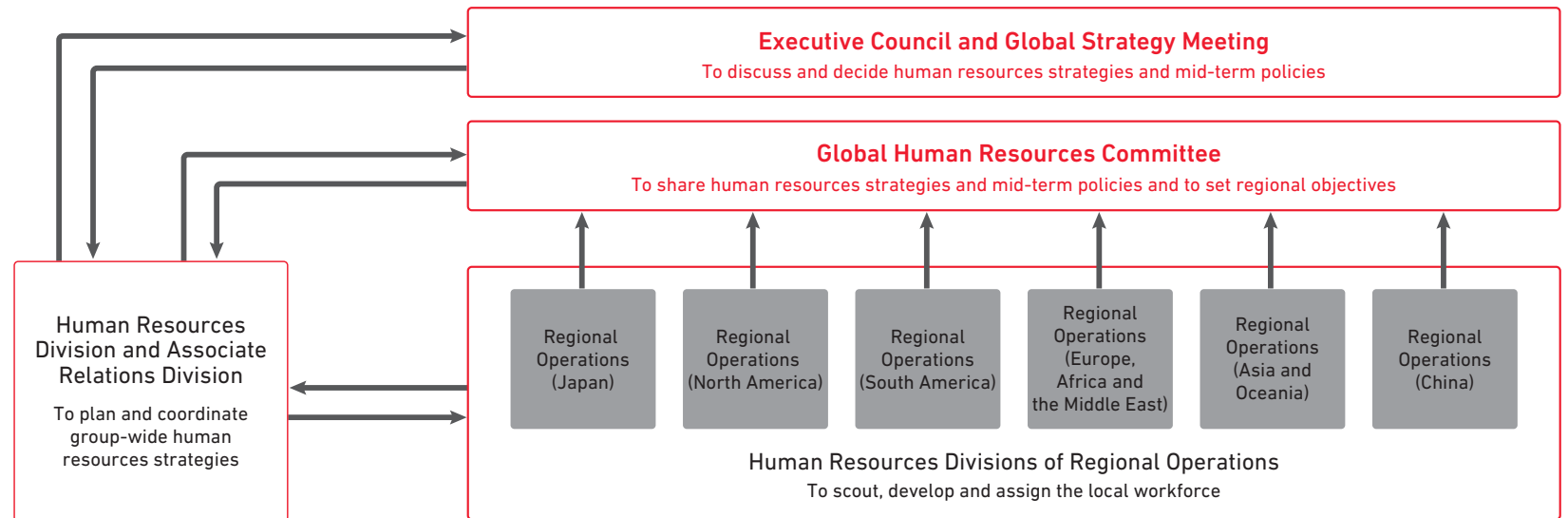
One of the approaches is to develop and reinforce local human resources. On the basis of the Honda Philosophy, Honda core values and competency, Honda aims to share values with Honda Group associates and vitalize communication. At the same time, Honda provides training programs tailored for each region based on its needs and conditions, while offering at the global level shared training programs to develop global leaders.

Human Resources Management Structure

At Honda, the human resources divisions of each business operation and region draw up global human resources strategies from a mid- to long-term perspective. Strategies proposed by the divisions are discussed by the management members in the Management Vision Meeting.

The directions for personnel strategies deliberated in this meeting are broken down by theme for further discussion in the Global Human Resources Committee, in which associates responsible for human resources from six regions meet. Once company-wide and regional plans and targets become concrete, activities are launched throughout the Company.

Global human resources management



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Human Resources Initiatives

Human Rights

Basic Approach

Honda upholds the idea of “Respect for the Individual” in the Honda Philosophy and includes “Respect of Human Rights” in the Honda Code of Conduct to show its policy to “maintain its stance as a company committed to practicing fairness and sincerity and respecting human rights.”

Also in the Code, Honda specifically requires its associates to “respect fellow associates, interact with them in a sincere and appropriate manner, and never engage in any form of harassment or unjust, discriminatory behavior in the workplace.”

Accordingly, based on “Respect for the Individual” in the Honda Philosophy, Honda has formulated the Honda Human Rights Policy to uphold its responsibility to respect the human rights of stakeholders affected by its business activities.

We are committed to respecting human rights that are set out in the International Bill of Human Rights and the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. In addition, we support the United Nations Guiding Principles on Business and Human Rights and endeavor to practice these principles in business activities.

DATA

Honda Human Rights Policy

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Specific Initiatives

Initiatives for Human Rights Due Diligence

In its company-wide risk assessment activities, Honda has set up a category on human rights. Once a year, each department conducts a risk assessment in accordance with the Honda Group’s common criteria.

The department priority risks are then identified based on the assessment results and appropriate responses are implemented accordingly.

With regard to all local subsidiaries, including joint ventures, Honda works to identify any risk concerns by conducting an annual assessment of Group companies to check if their operations comply with the Associate Relations Policies (⇒ p. 113). In FY2022, this assessment was conducted for 111 bases. Honda also performs monthly checks on the status of labor management of all local subsidiaries, including joint ventures, and shares the results in the Global Monthly Report. Moreover, to make an appropriate response when there is a risk concern, Honda has in place a system to share and discuss the issue through meetings with regional human resources officers. In FY2022, no incidents were identified.

Remedial and Corrective Actions

Honda is striving to create an open organizational culture that allows associates to report any violation related to human rights to their respective superiors or resolve the issue among themselves. At the same time, Honda has set up the Business Ethics Kaizen Proposal Line in Japan and other regions overseas to receive consultation in a fair and neutral manner.



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Human Resources Initiatives

Education and Awareness-Raising Activities

Honda provides training on the Honda Philosophy all around the world. The Company also works to promote awareness and thorough implementation of the Code of Conduct by distributing leaflets, posting the relevant information on the corporate intranet and providing training. Additionally, level-specific pre-assignment training is provided to persons stationed overseas to cultivate awareness for the importance of local labor management based on the Associate Relations Policies.

In 2012, Honda formulated the Associate Relations Policies (⇒ p. 113), which show its approach toward “Respect of Human Rights.” The policies are explained in training programs before overseas assignment and are applied to Honda’s daily corporate actions.

Initiatives for Suppliers

As for suppliers, Honda published the Honda Supplier Sustainability Guidelines in 2018, which state Honda’s basic approach to human rights and labor matters, such as forced labor and child labor. Honda has asked its suppliers to put these guidelines into practice.



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Human Resources Initiatives

Diversification Aimed at Leveraging Total Workforce Strength

Individual differences that are demonstrated by its workforce represent a strength of a company in flexibly responding to the ever-changing business environment. Honda pursues workforce diversification in accordance with the conditions and issues in each region (North America, South America, Asia/Oceania, Europe/Africa/Middle East, China and Japan), believing that these individualities integrate and evolve into innovation.

For Honda, diversification of the workforce means to enhance its total strength by providing equal opportunities to people regardless of their personal attributes, such as race, nationality, cultural background, age, gender, gender identity, sexual orientation, past career, educational background and having disabilities or not. Honda also encourages them to respect each other’s individual differences and talents while exerting their own abilities to the fullest, based on Honda’s philosophy of Respect for the Individual.

Specifically, each of Honda’s six core regions is hiring and developing personnel by setting a target for increasing the proportion of women and minority groups (in terms of race and nationality, etc.) in management and job assignments in accordance with the conditions of each region. In addition, Honda has been implementing a variety of initiatives for all associates such as facilitating the understanding of the importance of diversity and continually carrying out enlightenment activities.

Reinforcement of Career-Centered Capability Development to Encourage Self-Improvement

Honda’s approach to personnel education is built around on-the-job training (OJT), specifically, building specialized skills and professional capabilities through direct experience while placing considerable emphasis on the independence of each associate and his or her eagerness to take on a challenge.

Since 2021, Honda has been implementing the following specific

measures in steps to create an environment that enables associates to build their careers even more independently.

1. Revise OJT/off-the-job training (Off-JT) programs
2. Launch age-based career training
3. Introduce selectable learning programs (online and e-learning)
4. Introduce learning management system
5. Strengthen the development of skilled engineers through a system of mentorship by production experts

Through the implementation of the above measures, Honda will further strengthen efforts encouraging associates to continue taking up a challenge while fully understanding their individual responsibilities and the significance of their work, as well as urging the management to maintain their active engagement with and provide support to associates.

DATA

Annual training hours and cost per associate

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Developing a Global Succession Plan

Honda has been developing a Global Succession Plan to systematically develop and appoint competent and motivated personnel regardless of an individual’s attributes (such as nationality and gender). More specifically, Honda has developed a Global Competency Model (GCM), which represents behavioral traits required of a global leader. The Company has introduced a GCM-based talent assessment system in the global training programs renewed in 2021 as part of its efforts to promote the development of successor candidates on a global basis. At the same time, by defining the preconditions and capabilities required of major global positions, Honda has started building a foundation for matching and more strategically nurturing successor candidates.

Going forward, in collaboration with each business operation overseas and region, Honda will further stimulate discussions at the Talent Board, which was established in 2021, for promoting the development and appointment of human resources on a global basis.

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Human Resources Initiatives

Development of Leaders on a Global Basis and in Each Region

Along with the launch of the Global Succession Plan, Honda has updated its leader training programs in accordance with the GCM.

Since 2021, Honda has been providing the following programs globally.

- Global Leadership Program (GLP) – Transformation
- GLP – Exploration
- GLP – Discovery

From 2022, Honda will double the scale of GLP – Discovery for young associates in order to form a group of future leader candidates. At the same time, to develop human resources in each region, the Company will continue to further implement measures centered on GCM in collaboration with the human resources divisions of each business operation and region.

Passing on the Honda Philosophy

It is important for progress of management localization to share business judgment and codes of practice to globally share a set of values. At Honda, it means sharing the Honda Philosophy, Honda core values and competency with local associates.

With this awareness in mind, Honda provides a training program to pass on the Honda Philosophy as a part of training that takes place worldwide for new associates and newly appointed associates. To make the programs as practical as possible, company executives and regional management pick business examples and introduce ones that demonstrate decision-making or managerial judgment that puts into practice the concept of “what to think and do based on the Honda Philosophy.”



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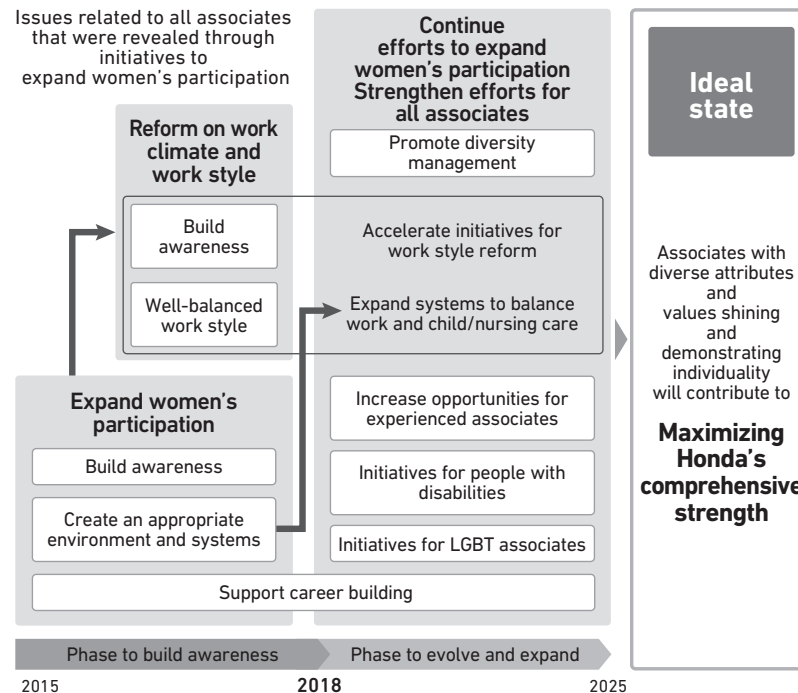
Initiatives Related to Diversity

Advancement in Workforce Diversification

Since 2015, Honda has been positioning and promoting workforce diversification as a company-wide priority task toward demonstrating the total strength of its workforce. "People" play a main role in achieving the 2030 Vision. In addition to the experience and technology that have supported Honda's growth to date, it is now essential to spur innovation through the fusion of diverse values.

In January 2015, the Company established the Diversity Promotion Office, an organization specialized in diversifying Honda's workforce. In Japan, Honda first embarked on the expansion of women's participation.

Roadmap for workforce diversification at Honda



During the period from 2015 to 2017, which the Company regards as a phase to build awareness, Honda has established a foundation to realize a world where people can equally develop their careers regardless of gender.

In FY2019, the scope of efforts has extended from female associates to all associates, and Honda is moving on to the next phase of evolution and expansion. It has been promoting for all associates, including superiors responsible for managing diverse human resources, experienced associates making up the majority of its workforce, people with disabilities and the LGBT community.

WEB

Honda Diversity & Inclusion (Japanese only)

> <https://www.honda.co.jp/diversity/index.html>

Promoting Diversity Management

Honda defines diversity management as the establishment of a framework that makes effective use of diverse members. In addition to recruiting diverse human resources, it is crucial to accept their diversity and respect individuality. Honda is proceeding with organizational management that draws out the independence of members, allows them to share objectives they can relate to and guides them to fully perform their duties. More specifically, Honda's diversity management initiatives are led by its management in a conscious effort to promote the development of human resources and creation of an organization with a focus on the respect for individuality.

Major initiatives for promoting diversity management

Initiative	Lecture on diversity management	Training for cultivating superiors' diversity skills
Aim	Foster an appropriate work climate to accept, nurture and leverage diversity	Identify their own challenges to clarify the way they want to be and learn how to achieve that goal
Target	Associates holding division manager or equivalent positions and those in management positions	Associates holding division manager or equivalent positions
Number of participants	Total of about 1,500 over the three years since 2018	Total of about 240 over the three years since 2018
Duration	2 hours	8 hours/session x 4 days



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Human Resources Initiatives

Meaning of Expanding Women's Participation

In Japan, Honda' efforts to expand women's roles since 2007 have resulted in an increase in the proportion of female associates in the workforce from 5.0% in the 2005 base year to 8.7% in 2021.

In the meantime, while Honda carries out business operations globally, the participation of women, and consequently, the proportion of women holding management positions, lags in Japan compared with other regions. In 2015, with a renewed determination to increase women in management positions, Honda has been working to achieve its target of increasing the number threefold from the 2014 level in 2020 and ninefold in 2025. As a result of its conscious efforts since then, the number of women in management positions increased 2.6 times in FY2021 compared with 2014.

Using FY2021 as the new base year, Honda has updated its target for 2025 and also set a long-term target for 2030 to triple and quadruple the number by 2025 and 2030, respectively, compared with FY2021. Toward the new target, the Company will work to reinforce human resources development at a younger age.

In addition, Honda will encourage male associates to become more involved in child care as part of its efforts to ensure better employment practices. Specifically, the target for the percentage of men taking child care leave has been updated to 100% by 2025. In this way, Honda is working to realize a world where people can develop their careers regardless of gender.

Honda also supports the initiative advocated by the Japan Federation of Economic Organizations (Keidanren) to raise the ratio of women occupying executive positions to 30% by 2030.

Honda's Action Plan

1. Period of plan

Five years from April 1, 2021 to March 31, 2026

2. Issues at Honda

- ① Low percentage of women in management
- ② Although the rate of competition for employment is equal among men and women, there are fewer female associates.
- ③ Not many male associates take part in child care.

3. Targets

- ① Triple and quadruple the number of women holding management positions by 2025 and 2030, respectively, compared with FY2021
- ② Increase the ratio of new recruits who are women to at least 20% by 2025
- ③ Achieve the percentage of men taking child care leave to 100% by 2025

4. Details of initiatives and period of implementation

- <Initiative 1> Continue to foster awareness of the need to embrace diversity
 - Continuously disseminate information from top management (January 2015~)
- <Initiative 2> Nurture female associates and accelerate their utilization
 - Enhance career development support by supervisors based on a career development plan (April 2015~)
 - Continue to conduct interviews regarding career path through career advisors (October 2015~)
 - Continue to provide seminars on work-life balance during child-rearing years (August 2017~)
 - Increase company nurseries; establish an environment to support associates undergoing fertility treatment, including special leave systems (April 2017~)
- <Initiative 3> Continue to strengthen the employment of women
 - Continue to conduct focused publicity for female science and engineering students (March 2015~)
 - Continue to participate in events promoting selection in science and engineering for high school students (March 2015~)
 - Secure and increase points of contact with and webinars for female associates (March 2016~)
- <Initiative 4> Promote engagement of male associates in child care
 - Revise Honda's systems related to child care (April 2022~)
 - Initiatives to communicate and instill the idea of men taking part in child care and increase the use of relevant systems (October 2021~)

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Human Resources Initiatives

Initiatives for Expanding Women’s Participation

In order to accelerate the expansion of women’s participation, Honda has been promoting initiatives under three pillars: “Build awareness and foster an appropriate work climate,” “Support career building” and “Create an appropriate environment and systems.” As an example of an external evaluation, Honda received the second level (★★) “L-boshi” certification*1 from the Ministry of Health, Labour and Welfare as a female-friendly company in August 2018.

In March 2019, Honda was selected for the Ministry of Economy, Trade and Industry’s New Diversity Management Selection 100. The designation is designed to increase the number of companies engaging in diversity management and to award those achieving value creation by leveraging the abilities of diverse human resources.

Through efforts undertaken since 2015, Honda has successfully established a foundation for expanding women’s participation.

From 2019 to 2020, Honda focused on enhancing systems to help associates balance work and child/nursing care. This effort was geared to promote the realization of diverse workstyles that enable individual associates to yield their maximum performance regardless of their circumstances.

In FY2022, Honda initiated an effort to foster a work climate that encourages male associates to become more involved in child care. In this and other ways, the Company is increasingly working toward the creation of a corporate culture where diverse human resources can feel greater motivation at work.

DATA

Ratio of women in management positions in the Honda workplace in Japan

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Base salary and ratio of total compensation for males and females in Japan

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Percentage of women in the Honda workplace: FY2022

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Major Initiatives for Expanding Women’s Participation (from 2015)

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Initiatives for LGBT Associates

With the aim of eliminating discrimination in terms of gender identity and sexual orientation and realizing workforce diversification, Honda has been working to create a corporate culture and environment that naturally accepts LGBT since 2019. In order to cultivate a culture to understand and accept diversity, Honda held a seminar for members of company management in 2019 and provided an e-learning program to associates in management positions in 2020. In 2021, Honda extended the target of the program to general associates as well as held an “ally*2” seminar, which was solicited from the public, for associates to gain basic knowledge required as a supporter and show voluntary and proactive action.

In the area of personnel and welfare systems, Honda is treating associates’ same-sex partners as spouses and has established an LGBT counseling hotline. By doing so, the Company has created appropriate systems and work environment, which eliminate discrimination and provide comfort and motivation. Additionally, Honda is promoting corporate activities to facilitate society’s understanding of LGBT and is supporting LGBT-related and other events.

As a result of these efforts, Honda has received the highest Gold rating in the PRIDE Index, which was created by the voluntary organization “work with Pride” to evaluate companies’ efforts to create an LGBT-friendly workplace in Japan, for two consecutive years since 2020.



*1 A certification program under the Act on Promotion of Women’s Participation and Advancement in the Workplace. Among companies which have created and submitted an action plan, the Minister of Health, Labour and Welfare certifies those showing excellent progress in implementing initiatives for increasing women’s participation.

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

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Human Resources Initiatives

Increasing Opportunities for Experienced Associates to Expand Their Roles

In promoting age-based diversity, Honda seeks to expand opportunities of active participation for every associate regardless of age. In order for Honda to maximize its comprehensive corporate strength toward the realization of the 2030 Vision, each associate needs to adapt to a likely change in his or her work resulting from the anticipated changes in company operations. As experienced associates aged 50 or over, who have supported its growth to date, are growing in numbers, Honda has been conducting career story training since 2018. Focusing on individuals, rather than treating them as a group, the program offers an opportunity for individual associates to think about their career development by themselves.

In terms of the creation of necessary systems, Honda introduced a flexible retirement system in April 2017 to allow associates to choose when to retire (up to the age of 65) according to their plan in order to provide a more suitable working environment for people aged 60 and over.

With the aim of responding to changes in the working environment and more diverse senses of value, Honda implemented a career change support system and a system of shorter workweek and shorter working hours in April 2021 for associates aged between 55 and 58. In step with the times, the Company thereby supports associates' new challenges for demonstrating their strengths in new fields and for following their own lifestyles.

Overview of career story training

Initiative	Career story training
Aim	Provide an opportunity to clarify individuals' ideas of work and life and integrate these ideas into their future lives
Target	General associates aged 55 to 59
Number of participants	Total of about 890 over the four years since 2018
Duration	7 hours/session x 2 days

Employment of People with Disabilities

Honda actively provides jobs to people with disabilities at its business sites in compliance with laws in each country where it does business.

In Japan, based on the idea of normalization, Honda has led society in promoting the employment of people with disabilities.

Honda seeks to enable working people to exert their unique abilities and take an active role in society through their work regardless of the presence or absence of disabilities. Accordingly, the Company has been striving to create an environment that allows associates with and without disabilities to work alongside one another in addition to making adaptations to ensure that workplaces and opportunities are fully accessible.

Honda also established three affiliates in Japan to empower and provide employment opportunities to people with disabilities: Honda Sun Co., Ltd. in 1981, Kibounosato Honda Co., Ltd. in 1982 and Honda R&D Sun Co., Ltd. in 1992 (merged with Honda Sun Co., Ltd. on April 1, 2021).

Employment of individuals with disabilities at Honda Group companies in Japan in FY2022 stands at 2.45%, or 1,147 individuals, which is above the legally mandated level of 2.3%.

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Number of associates with disabilities and percentage of employment of individuals with disabilities in Japan

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Human Resources Initiatives

Advancement of Diversification in Employment

Honda will strive to raise the total strength of its global workforce by proactively hiring human resources with diverse backgrounds and enabling these diverse human resources to fully demonstrate their abilities.

The main initiatives undertaken in Japan are as follows.

- Employment of women

With the goal of increasing the ratio of new recruits who are women to at least 20% by 2025, Honda is strengthening initiatives such as participating in and holding industry and company information sessions especially targeting female students majoring in math and science.
- Mid-career employment

Amid major changes in the business environment, Honda is strengthening and expanding the employment of work-ready, mid-career workers. In FY2022, mid-career associates accounted for approximately 30% of the total number of new hires.

Moreover, mid-career associates constituted roughly 30% of new managers appointed in FY2022 and play active roles as core human resources after joining the Company.
- Employment of people with disabilities

Honda proactively hires people with disabilities not only at affiliates but also at each business site and promotes the creation of a comfortable working environment.
- Global hires

Honda has been recruiting foreign exchange students studying at universities and graduate schools in Japan and started a Global Employment Program to hire human resources directly from overseas labor markets.

DATA

Number of global hires

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Helping Associates Balance the Demands of Work, Parenting, Nursing Care and Medical Treatment

In Japan's increasingly aging society with a declining birthrate, establishing an environment where people can balance work, parenting, nursing care and medical treatment is a social issue. Under such circumstances, Honda works actively to provide programs that help associates balance the demands of work, parenting, nursing care and disease or fertility treatment, and to gain an understanding of these programs by sending information by means of guidebooks and the corporate intranet.

In April 2014, Honda introduced a Selection-based Welfare Program (Cafeteria Plan) giving associates the options of support for nursing care, as well as life events such as childbirth and child care, including babysitter agent services and child-care items rental.

As a result of these initiatives, Honda has been certified as a company that supports child-rearing by the Japanese Minister of Health, Labour and Welfare. Honda has been implementing other initiatives as well to meet diverse needs of individual associates. Specifically, the Company introduced a system of transfer and a system of leave in April 2018 for associates to accompany their spouses being transferred. In April 2019, the Company also extended the scope of its existing system of short working hours, system of working at home and half-day paid leave system. Beginning from April 2020, Honda introduced a system of short-term leave for disease and fertility treatment and a system of long-term leave for fertility treatment.

Honda will continue to establish systems and an environment to accelerate initiatives related to diversity (⇒ p. 120) and enable both varied lifestyles and careers desired by individual associates.

DATA

Number of associates who utilize child/nursing care support in Japan

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Reinstatement rate (%) in Japan after taking child care leave

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External Evaluations of Honda's Initiatives for Promoting Diversity

<p>"L-boshi" Certification</p>	
<p>In August 2018, Honda received the "L-boshi" certification from the Japanese Minister of Health, Labour and Welfare as a company promoting the participation of women.</p>	
<p>"Kurumin" Certification</p>	
<p>In July 2012, Honda received the "Kurumin" certification from the Japanese Minister of Health, Labour and Welfare as a company supporting child-rearing.</p>	
<p>PRIDE Index 2021</p>	
<p>In November 2021, Honda received the highest Gold rating in the PRIDE Index, an index to evaluate companies' efforts to create a workplace that is friendly to sexual minority groups, including LGBTQ.</p>	
<p>Selected for the New Diversity Management Selection 100</p>	
<p>In March 2019, Honda was commended by the Minister of Economy, Trade and Industry for its diversity management which leads to value creation by leveraging the abilities of diverse human resources.</p>	

Direction of Future Initiatives

In addition to recruiting diverse human resources, Honda views the acceptance of diversity as an integral element of its philosophy on diversity. Honda believes that respect of the individual will help foster individuality and draw out each person's unique abilities, thus increasing motivation at work.

Honda will maintain its ongoing initiatives to expand the participation of women. At the same time, it will extend their scope to all associates to further advance and expand diversity in the true sense of the word. As the world enters an era of great uncertainty and an era of the 100-year life, Honda is reaching the second foundation phase and it is becoming more important that each and every associate will autonomously explore his or her own career, exercise independence and achieve personal growth. By going ahead with the establishment of a system to support associates' voluntary career development, Honda will strive to provide greater motivation at work for associates and strengthen both individual and organizational competitiveness.



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Human Resources Initiatives

Building Motivating Work Environments

Realizing Work Styles That Pursue the Quality of Output and More Effective Use of Time

As expressed in the saying “Work hard and play hard,” Honda has been striving to increase the density of working hours through new ideas and ingenuity and generate more time to enjoy life. Toward this goal, proactive efforts have been made to build work environments that enhance associates’ motivation at work. These efforts date back more than 50 years to the 1970s and include the introduction of shorter work hours and implementation of an initiative jointly promoted by labor and management to encourage associates to use their allotted vacation time in full*.

From the viewpoint of work style reform, Honda is further evolving its initiatives to create a culture and environment that enables diverse human resources to demonstrate their abilities to the fullest in order to pursue the quality of output and make the most effective use of limited time. While implementing appropriate time management, Honda has been making efforts to encourage flexible work styles for increasing output within a limited amount of time and to raise awareness of both management and associates for streamlining work and promoting the delegation of authority. Honda has also been engaging in additional year-round activities geared toward improving productivity.

As a result, total annual working hours averaged 1,964 per associate in FY2022, and associates averaged 18.3 paid vacation days.

DATA

Total working hours per associate and average paid vacation days taken in Japan

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*An initiative to prevent vacation days from being lost when the number of annual paid vacation days that can be carried over to the next year is exceeded

Counseling Hotlines for Associates

Honda supports associates by operating a variety of counseling hotlines as a way to build a healthier work environment.

Examples of counseling hotlines in Japan

Hotlines	Description
Counseling hotlines dedicated to balancing work, parenting, family life responsibilities and medical treatment	Honda operates a counseling hotline at each worksite’s human resources and general affairs department to accommodate counseling requests from associates striving to balance work and family responsibilities, and to promote awareness and utilization of the Company’s support programs. Each hotline is staffed by a pair of male and female counselors, who field counseling requests from associates themselves and from their supervisors.
Harassment counseling hotline	Honda operates a harassment counseling hotline for all associates in order to prevent any harassment in the workplace and to facilitate the rapid and appropriate resolution of incidents.
LGBT counseling hotline	Honda operates a hotline for LGBT associates to accommodate requests for advice on their worries and problems and inquiries about support programs. The hotline also provides advice to other parties concerned, who are unsure of how to respond to LGBT associates, and works to prevent negative consequences of unintended outing.
Life planning seminar hotline	Honda offers life planning seminars to give associates an opportunity to start thinking about their life purpose, health and economic planning so that they will be able to lead a rich and fulfilling life. Seminars are also open to associates’ spouses. In-house seminar instructors and a secretariat offer one-on-one counseling for associates who have participated in the seminar.



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Human Resources Initiatives

Evaluation and Treatment

Personnel Evaluation System

In accordance with Respecting Initiative, Ensuring Fairness and Encouraging Mutual Trust based on the Three Principles of Personnel Management, Honda has introduced to Regional Operations in the six regions human resources evaluation programs adapted to the needs and conditions of each region.

For example, in Japan, Honda places emphasis on two-way communication with supervisors in associate development and evaluation, and all associates have at least five interviews with their supervisors each year. During the first interview in April, which is the beginning of the fiscal year, associates come out with a clear vision for the future and how to realize that aspiration through their supervisor's advice. They then work out their individual role and action targets based on the organization's business goals for the fiscal year in question. At biannual interviews, associates themselves look back on their performance during the preceding six months and report to supervisors. Feedback interviews are then conducted, in which supervisors evaluate associate performance and initiatives and feed back each associate's strengths and weaknesses. Additionally, by facilitating a discussion of subjects such as future objectives and career directions, the interviews pave the way for associates' skill development and raising motivation.

DATA

Percentage of associates going through the evaluation programs

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Compensation and Incentives

Based on the Three Principles of Personnel Management, Honda gives its associates equal opportunities to make the most of their individual potential and carefully evaluate their abilities and accomplishments at business sites regardless of personal factors. Honda's compensation and evaluation system is built in line with the above approach in consideration of the needs and conditions of each region.

Honda in Japan has adopted a compensation and evaluation system in which performance of general associates is evaluated in two stages: development of abilities and demonstration of abilities. In the former stage, Honda places emphasis more on how associates' abilities evolve, whereas associates' demonstration of abilities and achievement are focused on in the latter stage. An annual salary system is applied to compensation for associates in management positions or higher. The higher their positions are, the more their accomplishments and company performance are taken into consideration.

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Percentage of performance-based remuneration in Japan

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Starting salary in Japan

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Human Resources Initiatives

Establishing a Good Relationship with Associates

Creating an Environment of Free and Open Dialogue

In accordance with Encouraging Mutual Trust based on the Three Principles of Personnel Management, Honda declares in the Associate Relations Policies that associates and the Company will respect each other's views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, associates and the Company will make every effort to engage in sincere discussions about any issues that might arise or exist. In line with the policies, Honda strives to maintain a good relationship and resolve issues that arise through dialogues with its associates.

In addition, an appropriate notification period is set in advance in case of the implementation of important corporate measures that have a marked impact on associates.

Measurement of Associate Engagement

Honda measures associate engagement in all regions to obtain associate feedback for building a healthier and more comfortable work environment. The measurement is conducted based on the common criteria within each region, with the target of achieving a "very good" engagement level of associates working at Honda in each region. The measurement results are used as basic data in activities to create a work environment in which each associate shines and demonstrates individuality.

In Japan, Honda has been monitoring changes in associates' engagement level every year since 2018. The comparison results with other companies are fed back to each workplace. The purpose is to encourage each workplace to undertake initiatives to invigorate people and organizations. By doing so, Honda aims to create an environment that provides greater motivation at work for diverse human resources.

DATA

Associate engagement in Japan

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Occupational Safety and Health

Honda's efforts to build a safe and secure work environment have their origin in the Company Principle formulated in 1956. They are also based on the Fundamental Beliefs of "Respect for the Individual" and "The Three Joys."

Under the fundamental safety principle of "no safety, no production," which has been passed on since its founding, Honda seeks to realize a work environment that brings the joy that all people can work with a true sense of security.

Based on this principle, Group companies in all parts of the world have established basic policies for occupational health and safety based on respective regional needs and conditions. To eliminate serious industrial accidents in Japan and overseas, Group companies also promote activities aimed at preventing industrial accidents and their recurrence, as well as ensuring the health of associates.

Honda and its associates act in accordance with the Honda Code of Conduct (⇒ p. 44), which outlines the behavior to be practiced by associates around the world. In the field of safety and health, Honda strives to create a health and safety workplace, while each associate works to maintain such a workplace and to prevent and minimize accidents.

Excerpt from the Relations with Colleagues / Working Environment (Safety and Health section), Honda Code of Conduct

Honda's policy

Honda will provide a health and safety workplace to maintain a pleasant and safe work environment.

Required conduct

As a member of Honda, I will comply with laws, regulations and company policies related to safety and health, and strive to maintain a health and safety workplace, as well as to prevent and minimize accidents.

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Human Resources Initiatives

Collaboration with Overseas Group Companies

With Honda’s global mid-term occupational health and safety policy, which advocates for realizing a healthy and safe work environment, head offices in each region are taking the lead in realizing such a comfortable workplace by improving the work environment and implementing controls for safety.

For production activities, in particular, Honda aims to increase the effectiveness of safety management in each country and region. To this end, the Regional Operations take the lead in carrying out proactive activities by focusing on the implementation of an occupational health and safety management system, diffusion and execution of risk assessment and the establishment of explosion and fire prevention measures.

Honda also conducts occupational health and safety audits and reviews based on a plan to share recognition of health and safety management. At the same time, the Company strives to improve the management system as well as to develop human resources for safety control in each country and region.

DATA

Lost time injury frequency rate (LTIFR)

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*A standard for occupational health and safety formulated by an international consortium

Health and Safety Governance Structure

As a workplace health and safety governance structure, Honda has established a Health and Safety Committee, led by the Health and Safety Management Division, to enforce safety and health governance. Issues are shared and discussed jointly among labor and management for establishing a system to realize a safe and comfortable work environment.

Additionally, Honda conducts occupational health and safety audits to check on the operation of an Occupational Safety and Health Management System (OSHMS) and progress in implementing compliance-related matters. These audits follow an OSHMS approach and are conducted by the Company-wide Health and Safety Audit Committee chaired by the head of the supervisory unit (production activities).

Occupational Safety and Health Management System (OSHMS)

Honda has implemented an OSHMS in order to ensure continuous and voluntary health and safety management and constantly improve the level of health and safety at its workplaces.

Activities based on an OSHMS approach

In FY1998, Honda set up a Health and Safety Audit Committee that performs health and safety audits throughout the Company based on the Occupational Health and Safety Assessment Series (OHSAS)*. Starting from FY2014, these audits have been conducted by using an OSHMS approach. Following the introduction of ISO45001 standard in 2018, Honda also included matters related to health promotion in these audits.

Safety and health audits check on how an OSHMS is operated in workplaces; safety and accident recurrence prevention measures incorporated into routine safety and health activities; and a system and its operation to ensure continuous horizontal deployment of these measures among workplaces. These audits also check the implementation and management status of various requirements following revisions to relevant laws.

By performing health and safety audits to verify its health and safety activities, Honda works to improve and maintain a high level of safety and health throughout the entire Group.

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Human Resources Initiatives

Creating working environment criteria

Honda stipulates workshop environmental criteria in its Comfortable Workplace Guidelines and Hazardous Operations Management Regulations. In accordance with the three basic items of work and health management*, the Company performs periodic inspections and improvements to appropriately maintain and manage its working environments.

Health and safety education and training

The department, responsible for supervising company-wide health and safety, plays a key role in providing training to develop health and safety experts both in Honda and in its Group companies. This includes training to

nurture company-wide health and safety auditors and health officers. Each business site also provides various training programs for its associates.

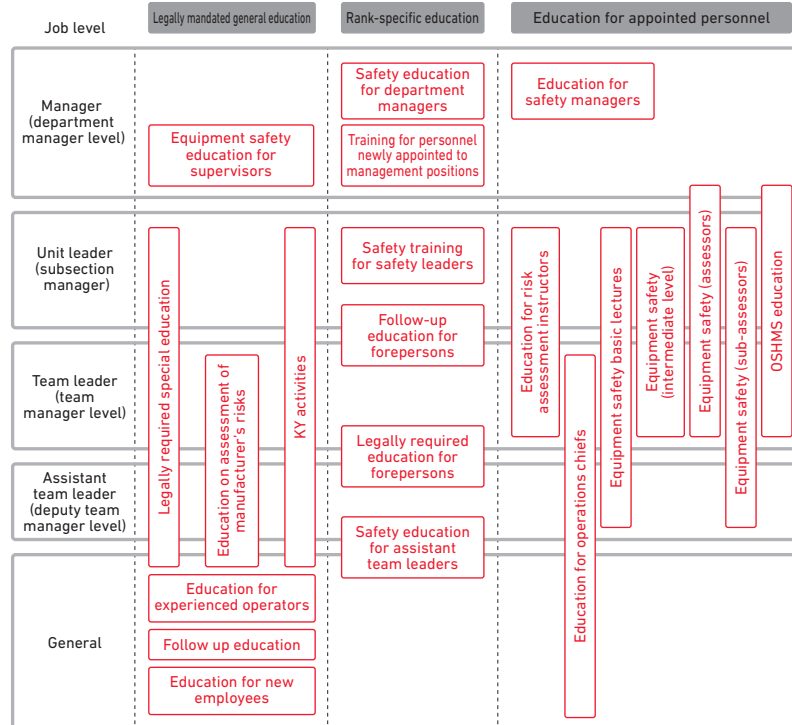
Initiatives for Health and Productivity Management

Honda hopes that all of its associates remain healthy in the same way we strive for safety.

Honda aims to become a company in which each associate works safely and energetically while remaining healthy both physically and mentally as they make their own efforts to maintain and promote their health for their own future in a comfortable work environment.

Toward achieving this goal, Honda has formulated a Health Statement and set three pillars and five matters, which represent its health and productivity management policies. Under the top message “Keep taking up a challenge in maintaining and improving health, as strengths of individuals lie in being healthy,” Honda is promoting health and productivity management in which everyone voluntarily strives to maintain and improve health.

Diagram of Honda’s health and safety training scheme (production activities)



*Refers to working environment management, work management and health management and constitutes the fundamental approach to work and health management.

Three Pillars

- (1) Promote more educational activities on how each individual can work toward becoming healthier and staying healthy; Provide more feedback on results of the periodic health checkups and physical fitness tests
Help associates gain a more accurate understanding of their own physical and mental conditions and support them as they carry out their own duties for remaining healthy.
- (2) Conduct activities involving the whole workplace for promoting more health awareness
Utilize data visualization to further reinforce the duty of care of managers and supervisors.
- (3) Promote activities for continuously improving the workplace environment
Expand and improve the healthy dishes on the menus; provide an environment to ban all smoking on the premises by 2030 and encourage physical exercise habits.

Five Matters for Better Health Management

1. Enough good quality sleep
2. Nutritionally well-balanced meals
3. Habit of regular physical exercise
4. No smoking
5. Only moderate drinking

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Human Resources Initiatives

External Evaluations

Recognized under the 2022 Certified Health & Productivity Management Organizations Recognition Program

Following the previous year, Honda was again recognized in the large enterprise category of the 2022 Certified Health & Productivity Management Organization Recognition Program. Jointly promoted by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, the program recognizes companies that consider health management of employees from a corporate management viewpoint and strategically promote related efforts.



Recognized under the Sports Yell Company 2022

Honda was recognized under the Sports Yell Company 2022 sponsored by the Japan Sports Agency as a company proactively encouraging its employees to enjoy sports for health promotion.



Major Activities under the Three Pillars

- Promote more educational activities on how each individual can work toward becoming healthier and staying healthy; Provide more feedback on results of the periodic health checkups and physical fitness tests**
For realizing lifelong health, Honda strives to create an appropriate environment for carrying out enlightenment activities and making health promotion efforts. Such efforts include providing monthly newsletters on topics concerning the Five Matters for Better Health Management and operating a specialized website on health-related information.
As another example, Honda has distributed cards bearing information on good quality sleep and alcohol consumption in order to instill good lifestyle habits for quality sleep and moderate drinking, among others.
- Conduct activities involving the whole workplace for promoting more health awareness**
Honda encourages more proactive health promotion efforts at the workplace by aggregating and sharing information on the status of initiatives related to the Five Matters for Better Health Management by workplace or department.
- Promote activities for continuously improving the workplace environment**
To encourage its associates to take well-balanced meals, Honda offers daily healthy menus that give appropriate consideration to the caloric intake, salt content and vegetable intake at its company cafeterias. On the monthly "Healthy Food Day," Honda provides health-themed dishes by making full use of the characteristics of the ingredients in all menus.
To make physical exercise a habit, the Honda Health Insurance Association allots points based on daily pedometer records. Honda also encourages exercise by providing financial support to associates using fitness and sports facilities, participating in sporting events and purchasing sporting goods as part of its welfare program.
As for implementing a ban on all smoking on the premises in April 2023, Honda is creating the necessary environment and holds a seminar as specific support for smokers to help them quit smoking.



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Human Resources Initiatives

Measures to Promote Mental Health

In 2009, Honda announced a Mental Health Policy and has since been working on both creating vitality in associates and in the workplace and providing problem-solving support in an organized, systematic and ongoing manner.

Honda-Wide Mental Health Policy

Basic approach
Based on its fundamental belief of Respect for the Individual, Honda embraces individual diversity and values communication, and by doing so, will make its utmost efforts to maintain well-being so that all associates dedicate themselves to their jobs with enthusiasm while drawing energy from and taking pride in their work.

Activity structure

To implement mental health activities, Honda has established a company-wide mental health promotion team specialized in activity planning and management. Each of Honda’s business sites has also established its own workplace mental health promotion team.

Honda’s major mental health initiatives to promote the mental well-being of its associates include “preventative education,” “improving working environments,” “checking stress levels,” “enhancing counseling programs” and “support for those returning to work after taking time off.” The Company also distributes leaflets and pamphlets to associates aimed at facilitating an understanding of mental health care.



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Consolidated number of associates

	FY2020	FY2021	FY2022
Japan	67,144	67,496	65,673
North America	52,598	49,358	50,645
South America	15,870	14,877	13,996
Europe/Africa/Middle East	8,658	8,378	3,851
Asia & Oceania	57,320	53,913	52,698
China	17,084	17,352	17,172
Total	218,674	211,374	204,035

Number of associates by gender

	FY2020	FY2021	FY2022
Japan	48,369	47,114	44,525
Male	44,257	42,931	40,290
Female	4,112	4,183	4,235

• With the exception of the item "Consolidated number of associates," HR data for Japan is tabulated from numbers for the following companies: Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Racing Corporation, Honda Technical College and Honda Access Corporation.



Number of new permanent associates

	FY2020	FY2021	FY2022
Japan	1,485	1,302	1,155
Male	1,234	1,065	949
Female	251	237	206
North America	2,549	3,901	8,468
Male	1,731	2,688	5,696
Female	818	1,213	2,772
South America	1,428	325	737
Male	1,191	263	605
Female	237	62	132
Europe/Africa/Middle East	158	158	149
Male	101	127	112
Female	57	31	37
Asia & Oceania	4,160	918	1,839
Male	3,512	629	1,437
Female	648	289	402
China	2,141	2,228	1,292
Male	1,837	1,894	1,037
Female	304	334	255

Number of associates by employment contract and type

	FY2020	FY2021	FY2022
By contract			
Permanent	43,173	43,472	41,892
Non-permanent	5,151	3,599	2,574
By type			
Full-time	48,142	47,028	44,407
Part-time	182	43	59

Attrition rate (%) (including compulsory retirees)

	FY2020	FY2021	FY2022
Japan	1.7	2.3	6.5
Male	1.6	2.3	6.8
Female	2.4	2.3	4
North America	11.2	15.9	15.5
South America	4.7	5.0	13.3
Europe/Africa/Middle East	6.6	6.9	105.9
Asia & Oceania	5.7	4.8	4.5
China	5.8	5.4	4.5

Percentage of associates from local communities taking upper management positions

Percentage of associates from local communities among members of the Regional Operating Boards

North America	66
South America	16
Europe	0
Asia & Oceania	0
China	0

Annual training hours and cost per associate

	Annual training time (hours)	Annual training cost (yen)
Japan	14.22	26,967
North America	6.9	10,127
South America	9.9	16,410
Europe/Africa/Middle East	15.29	22,898
Asia & Oceania	13.69	25,890
China	38.33	16,559

• Amounts are approximate estimates.

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Ratio of women in management positions in the Honda workplace in Japan

	FY2015 (base year)	FY2020	FY2021	FY2022
Compared with FY2015 (times)	1.00	2.10	2.60	2.97

Percentage of women in the Honda workplace: FY2022

	Ratio of women in the entire workforce	Ratio of women in management positions
Japan	8.7	1.8
North America	26.3	15.3
South America	14.2	9.7
Europe/Africa/Middle East	26.3	13.4
Asia & Oceania	13.1	17.6
China	12.1	19.3
Total	15.1	9.6

Base salary and ratio of total compensation for males and females in Japan

	Base salary (Female : Male)	Total compensation (Female : Male)
Management positions	1 : 1.03	1 : 1.06
General associates	1 : 1.19	1 : 1.27

*The same pay scale is applied to male and female associates. Gaps are due to differences in factors such as age distribution and the ratio of males and females in pay grades.

Number of persons over 60 employed by Honda in Japan

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of persons*	1,097	1,155	1,111	1,379	829

*Includes persons who turned 60 and continued employment in each fiscal year

Number of associates with disabilities and percentage of employment of individuals with disabilities in Japan

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of associates*	1,041	1,055	1,096	1,142	1,147
Percentage of employment*	2.31	2.32	2.30	2.38	2.45

*Laws governing the employment of people with disabilities stipulate that employment of one individual with a serious disability is equivalent to employing two less severely disabled individuals for purposes of calculating the number of associates with disabilities and percentage of employment. Data depicted in the table are current as of June 1 of each year.

Number of global hires

	FY2021	FY2022	FY2023
Number of people hired	4	13	21

Number of associates who utilize child/nursing care support in Japan

	FY2018	FY2019	FY2020	FY2021	FY2022
Short working hours to facilitate child care	269	319	311	299	301
Male	14	22	19	19	16
Female	255	297	292	280	285
Administrative leave to facilitate child care	454	459	506	531	674
Male	50	80	124	170	297
Female	404	379	382	361	377
Nursing care leave for children	1,797	1,662	1,812	1,347	1,447
Male	1,245	1,212	1,336	945	998
Female	552	450	476	402	449
Work at home during child raising	249	445	869	918	749
Male	76	192	518	545	377
Female	173	253	351	373	372
Childcare cost subsidy	150	180	210	157	106
Male	5	6	15	7	11
Female	145	174	195	150	95
Short working hours to facilitate nursing care	5	6	8	6	5
Male	3	2	4	1	3
Female	2	4	4	5	2
Administrative leave to facilitate nursing care	22	25	26	23	16
Male	13	19	18	18	11
Female	9	6	8	5	5
Nursing care leave	37	40	376	512	582
Male	31	30	316	424	479
Female	6	10	60	88	103
Work at home during nursing care	29	47	115	146	123
Male	17	27	81	106	93
Female	12	20	34	40	30

Reinstatement rate (%) in Japan after taking child care leave

	FY2018	FY2019	FY2020	FY2021	FY2022
Reinstatement rate	96.5	98.4	99.2	99.3	99.8
Male	100.0	100.0	100.0	100.0	100.0
Female	95.7	97.8	98.7	98.9	99.7



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Major Initiatives for Expanding Women’s Participation (from 2015)

Pillars of initiatives	Objective	Target	Description
Build awareness and foster an appropriate work climate	Cultivate awareness	Management-level associates	Members of company management Lecture for increasing women’s participation (about 30 participants)
		Female associates	General, office and plant managers Lecture for increasing women’s participation (total of 8 times; about 230 participants)
			Associates in management positions Lectures and seminars (total of 39 times from 2015 to 2018; 3,600 participants)
	Form a network	Female associates	All associates Shine at Work – Seminar to Raise Awareness for Self-Reliant Human Resources (total of 31 times from 2015 to 2017; 2,300 participants)
			Associates in management positions Diversity Forum 2016 (total participation of about 30 associates)
		Chief supervisors Diversity Forum 2017 (total participation of about 500 associates)	
Foster an appropriate work climate and build work style awareness	Management-level associates	Members of company management Work climate and work style lecture (total of 19 times; about 800 participants)	
		General, office and plant managers Management support workshop (total of 7 times; about 100 participants)	
		Applicants Introduction of career development plans. Individual interviews with career advisors with a total of about 4,170 female associates over the seven years since 2015	
Support career building	Nurture associates with a focus on the individual	Female associates	Middle- and higher-level associates Career theme training
			Young associates Career base training
		Associates taking maternity leave and/or child care leave	* Program to support career development during child care leave (used by about 240 associates) * Seminar on work-life balance during child-rearing years (for associates and their spouses) (total of 43 times over the five years since 2017; about 1,170 participants)
Create an appropriate environment and systems	Create an environment to facilitate participation of diverse human resources	Associates engaging in child care or nursing care	* Enhancement of the child care leave system (since April 2006) * Available until the end of April immediately following the child’s third birthday (Legal requirement: Until the child turns one year old) * Establishment of the remote work system for associates engaged in child care/nursing care (since October 2016) (paid maternity & paternity leave) * Enhancement of the system of short working hours (since October 2016) * Available until the fourth grade and for a family member in need of nursing care (Legal requirement: Until the child turns three years old) * Introduction of a system to provide financial support for child care (since October 2016) * Company nurseries (opened in the Tochigi district in April 2017 and in the Wako district in April 2018) * Enhancement of the system of temporary nursery services for associates working on public holidays (since April 2017) * Enhancement of children’s nursing care leave (since September 2017) * A system of paid leave available until the fourth grade (Legal requirement: Until the child starts elementary school; no specification as to whether it should be a paid or unpaid leave) * Enhancement of a system of nursing care leave (since April 2019) * Establishment of fixed-shift system for shift work associates at manufacturing workplaces (since April 2019) * Enhancement of the remote work system (since April 2020)
		Associates undergoing disease or fertility treatment	* Introduction of a system of working at home for disease or fertility treatment (since April 2020) * Introduction of a system of short-term leave for disease or fertility treatment (since April 2020) * Introduction of a system of long-term leave for fertility treatment (since April 2020)
		Associates leaving their job following a transfer of their spouses	* Operation of a system of transfer for associates to accompany their spouses being transferred (since April 2018) * Introduction of a system of leave for associates to accompany their spouses being transferred (since April 2018) * Revision of the career reinstatement registration program (since April 2018)
Strengthen the employment of women	Increase the percentage of women	New graduates	Increasing recruitment of women majoring in science and engineering



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Total working hours per associate and average paid vacation days taken in Japan

	FY2018	FY2019	FY2020	FY2021	FY2022
Total working hours per associate	1,932	1,909	1,997	1,953	1,955
Average paid vacation days taken	18.7	19.3	18.8	17.2	19.5

Percentage of associates going through the evaluation programs

Region	Percentage of associates to be targeted for the evaluation programs
North America	99.8
South America	96.3
Europe/Africa/Middle East	100.0
Asia & Oceania	96.3
China	98.6

Percentage of performance-based remuneration in Japan

Level	Proportion of performance-based remuneration in entire compensation
Director, Operating Officer positions	50*
Management positions	37

*A certain level of stock options is included in remuneration for Director and Operating Officer positions.

Starting salary in Japan

	Monthly salary (yen)	Compared to minimum wage (%)
High school	182,900	111
Technical college and junior college	204,300	124
Undergraduate	228,000	139
Graduate school (Master's degree)	254,900	155

*Minimum wage is calculated using 20.3 eight hour days as one month based on the minimum wage for the Tokyo metropolitan area (1,013 yen/hour). This is a graded salary system and there is no difference in salary for males and females with the same qualification level.

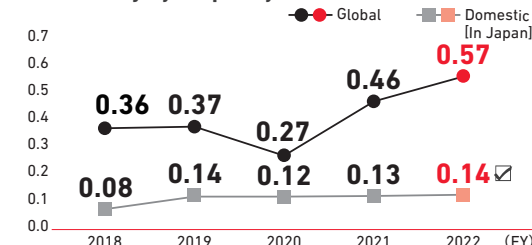


Associate engagement in Japan (Total of 24 questions in six categories; average on a scale of 1 to 5) Target: 3.50 points or more (Status of "very good" engagement levels* working at Honda)

	FY2021	FY2022
All associates	3.55	3.48
Percentage of respondents for all associates	97.0%	94.5%

*Honda assesses the status of "very good" engagement levels in six categories: an open-minded workplace; rewarding tasks; an environment that makes hard work worthwhile; being proud to work at Honda; trustworthy management; and a pleasant work environment.

Lost time injury frequency rate (LTIFR)



*Global (Lost time injury frequency rate (LTIFR)): The number of lost time injuries per one million work hours at Honda's 5 production bases in Japan and 64 overseas production bases

*In Japan (Lost time injury frequency rate (LTIFR)): The number of lost time injuries per one million work hours at companies to which Honda's labor agreement applies

*Scope of target for lost time injury frequency rate in Japan:

- Honda's labor agreement applies
- Honda Motor Co., Ltd.
- Honda R&D Co., Ltd.
- Honda Racing Corporation
- Honda Technical College
- Honda Access Corporation

Data indicated with received the independent practitioner's assurance.

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Honda Human Rights Policy

Since our founding in 1948, Honda has continuously worked to provide value to help people and create a better society through our technologies, ideas and designs. The starting point of such efforts is our desire to "help people and society" and "expand the potential of people's lives." The underlying basis of these efforts is the concept of "Respect for the Individual," which constitutes Honda's Fundamental Beliefs.

Honda believes that human beings are born as free and unique individuals with the capacity to think, reason and create — and the ability to dream. Our wish is to nurture and promote these characteristics in Honda by respecting individual differences, trusting each other as equal partners, exercising abilities to the fullest and sharing joy. From this standpoint, we adopt Respect for the Individual, consisting of the three elements of initiative, equality and trust, as one of our Fundamental Beliefs. We believe this spirit should permeate all our relationships with everyone.

Based on the concept of Respect for the Individual, Honda has formulated the Honda Human Rights Policy ("the Policy") to fulfill our responsibility to respect the human rights of stakeholders who may be affected by our business activities.

By putting the Policy into practice, we will cooperate with our stakeholders to undertake business activities in a sustainable manner in order to continue to be a company society wants to exist.

1. Commitment to the "respect for human rights"

Honda recognizes that our business activities may impact the human rights of internal and external stakeholders.

We are committed to respecting human rights that are set out in the International Bill of Human Rights and the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. In addition, we support the United Nations Guiding Principles on Business and Human Rights and endeavor to practice these principles in business activities.

We also comply with applicable laws and regulations of each of the countries and regions in which our business activities are conducted. If requirements of the local laws and regulations are in conflict with internationally recognized human rights, we will seek ways to honor the internationally recognized human rights to the greatest extent possible.

2. Scope of responsibility

The Policy applies to all executives and associates of the Honda Group (Honda Motor Co., Ltd. and its subsidiaries). In addition, we expect all of our business

partners to understand the Policy.

3. Governance

Honda positions respect for human rights as one of our key management issues, and we will also establish an adequate internal structure to reflect the Policy in necessary business policies and procedures while clearly specifying the Director responsible for the formulation and execution of the Policy.

4. Human rights due diligence

Honda will establish and continuously implement a system of human rights due diligence, which will identify adverse impacts on human rights and prevent or mitigate such impacts.

5. Remedy

When it becomes clear that Honda has caused or contributed to an adverse impact on human rights, we will work to remediate such an impact. In addition, we will work to establish a practical grievance mechanism to enable appropriate remedies.

6. Engagement with stakeholders

In enhancing and improving its efforts to respect human rights, Honda will leverage external knowledge and engage with relevant stakeholders.

7. Education

Honda will undertake appropriate education and awareness-raising activities to facilitate an understanding of the Policy and put it into practice.

8. Information disclosure

Honda will make disclosure of its efforts to respect human rights through our corporate website and other means on a regular basis.

* The Policy has been approved by the Executive Council and Board of Directors of Honda Motor Co., Ltd.

June 1, 2022

Honda Motor Co., Ltd.

Director, President and Representative Executive Officer, Chief Executive Officer

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[Human Rights Policy Appendix: Human Rights Issues Addressed by Honda]

Honda proactively addresses human rights issues, including those listed below, in order to respect the human rights of all people with whom we engage through our business activities.

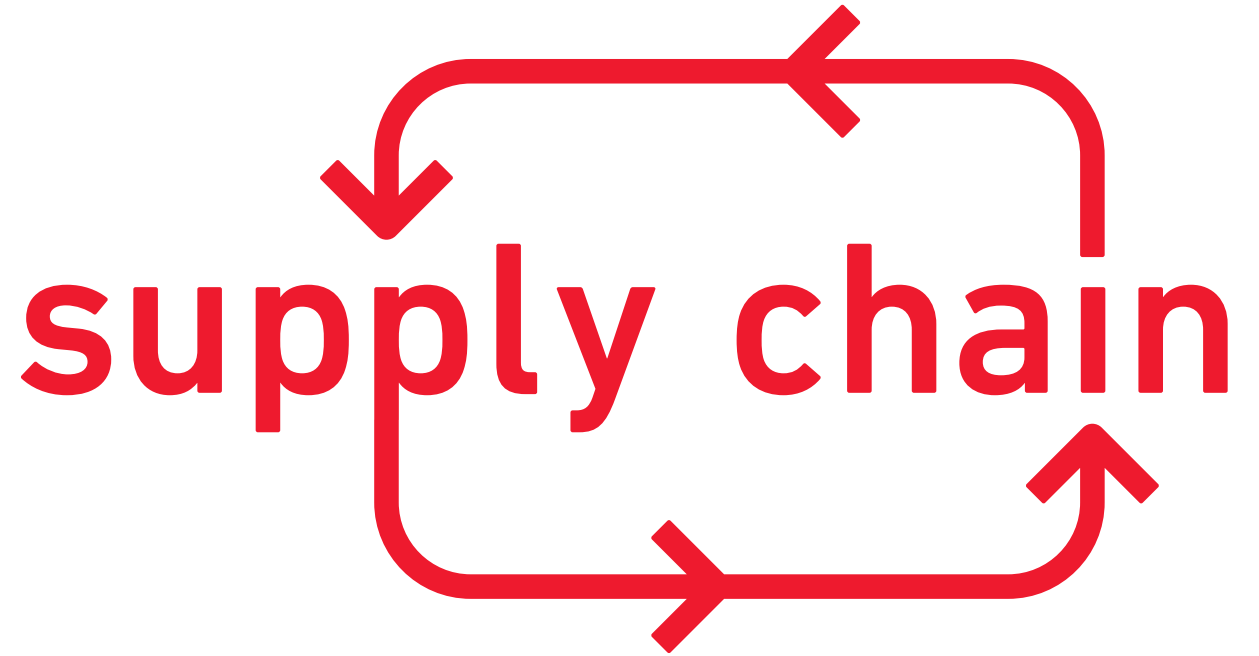
The human rights issues included in this appendix will be reviewed periodically based on changes in societal demand, including legal requirements, and in our businesses.

- (1) Prohibiting forced labor and child labor
We respect each individual's fundamental human rights and do not allow forced labor or child labor of any form, including human trafficking.
- (2) No discrimination and harassment, respect for diversity & inclusion
Based on the principle that all human beings are equal, we respect diversity & inclusion and prohibit any discrimination and do not tolerate harassment of any form on the basis of an individual's race, ethnicity, national origin, religion, gender, gender identity, sexual orientation, age or disabilities, among other characteristics.

- (3) Creating an environment of free, open-minded dialogue
 - The associates and the company respect each other's views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, the associates and the company make every effort to engage in sincere discussions about any issues that might arise or exist.
 - Respecting freedom of association, or not to associate, and collective bargaining, the company attempts to resolve issues in line with the laws, conventions and customs of each respective country and region.
- (4) Maintaining a working environment where each associate can work with a sense of security
The company provides a safe and healthy workplace where all associates can concentrate on work with a sense of security.



7 Supply Chain



Material Issues

- Responding to climate change and energy issues
- Deploying total supply chain sustainability initiatives

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Basic Approach

Strengthening Supply Chain Sustainability

In order to provide customers with a timely, stable supply of better products and services, it is necessary to put significant effort into developing and optimizing supply chains with suppliers around the world while also taking into account environmental and human rights issues.

Companies within the automobile industry, which is a broad-based industry supported by many suppliers, must pursue the reduction of not only their own environmental impacts but also those of suppliers throughout their entire supply chain.

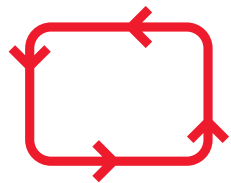
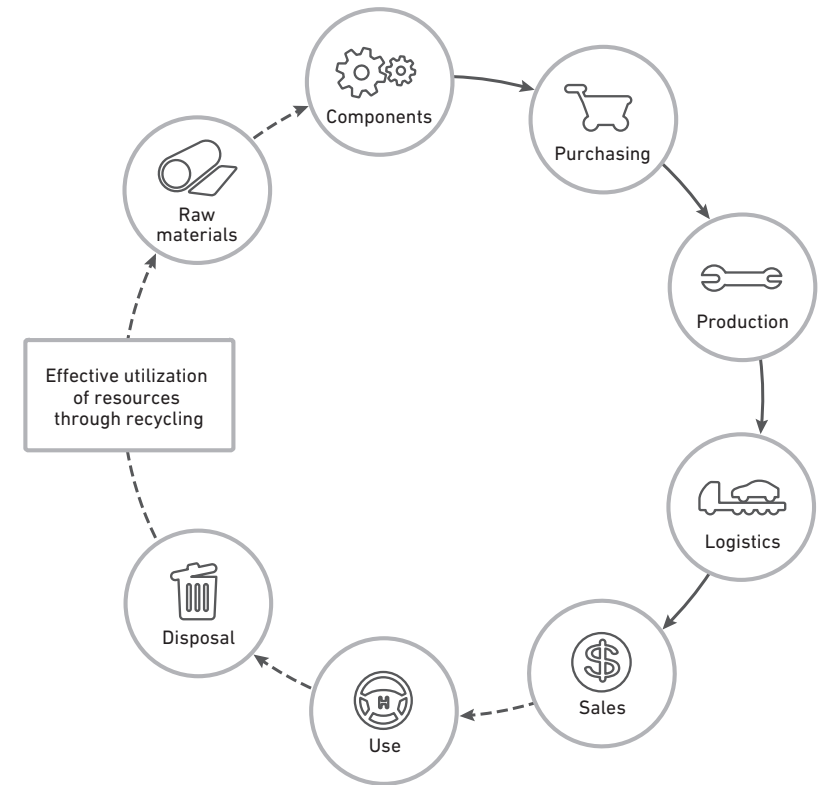
In addition, as awareness of compliance and human rights issues grows worldwide, companies are being asked to verify working conditions and legal compliance not only for themselves but also for their suppliers, as well as to make efforts to take corrective action if required.

From FY2018, Honda is taking part in CDP's supply chain program (an international initiative by institutional investors requesting companies for disclosure of information on climate change policies) and requesting disclosure of risks and opportunities related to greenhouse gas (GHG) emissions and the environment from suppliers in addition to information on matters relating to Honda's operational domains.

In this way, Honda will actively promote sustainable initiatives at its development and manufacturing facilities in cooperation with all its suppliers around the world. By doing so, Honda is seeking to realize a supply chain where Honda co-exists and co-prospers with local communities as a company society wants to exist.

Honda is striving to strengthen supply chain sustainability mainly in the areas of purchasing and logistics.

Overview of supply chain



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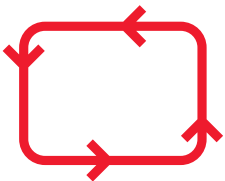
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*1 A transportation operator retained by the supplier delivers sourced parts to the entrance of Honda's plants.

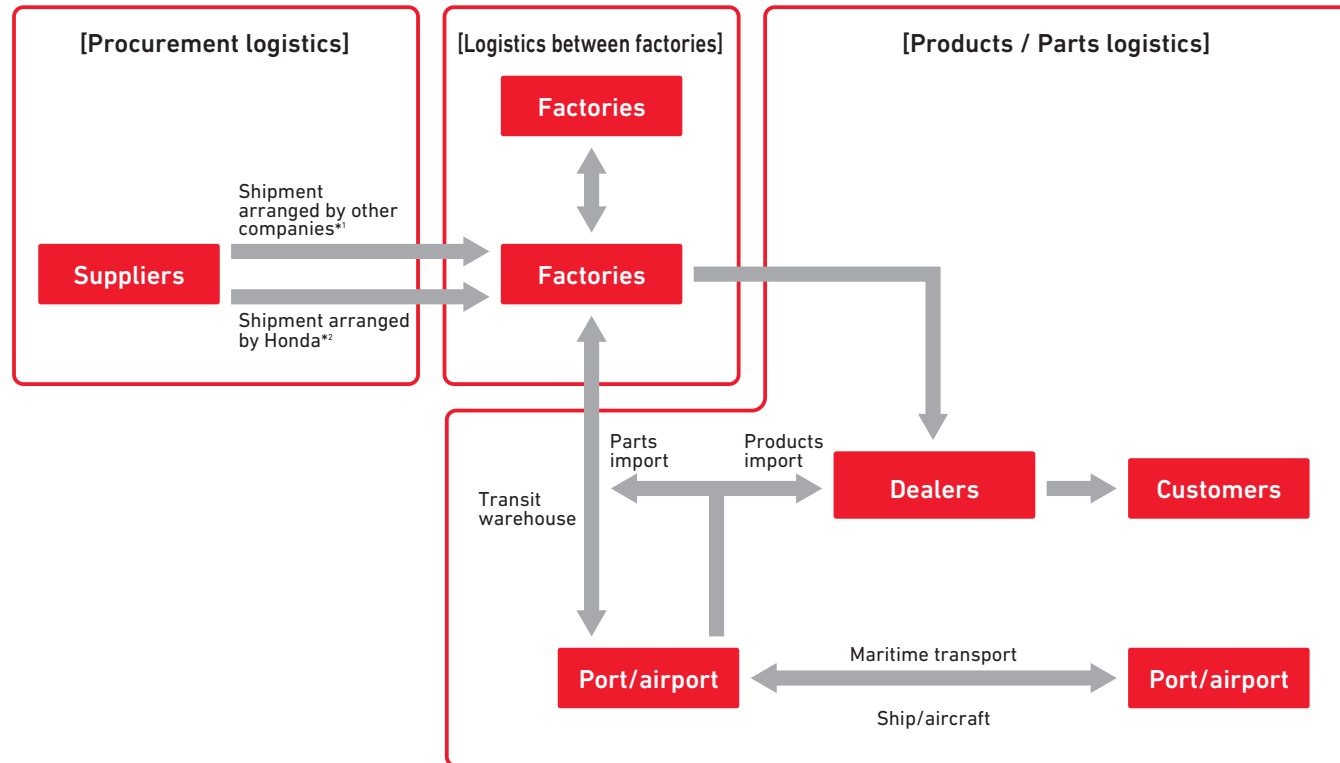
*2 A transportation operator retained by Honda makes the rounds of parts suppliers and picks up the sourced parts.

Basic Approach to Logistics

At Honda, many parts that are used in its products are transported from suppliers to its factories. Likewise, the completed models as well as parts for services and repairs are sent directly from the factories to dealers. Due to the extremely large volume of transportation that takes place throughout the manufacturing process at Honda, increasing

efficiency, along with reducing environmental burden, compliance and risk management in logistics, are becoming critical issues. For instance, to reduce environmental burden Honda is seeking more efficient container transport.

Overview of Honda logistics



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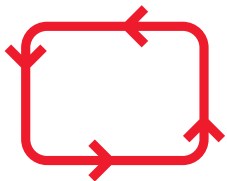
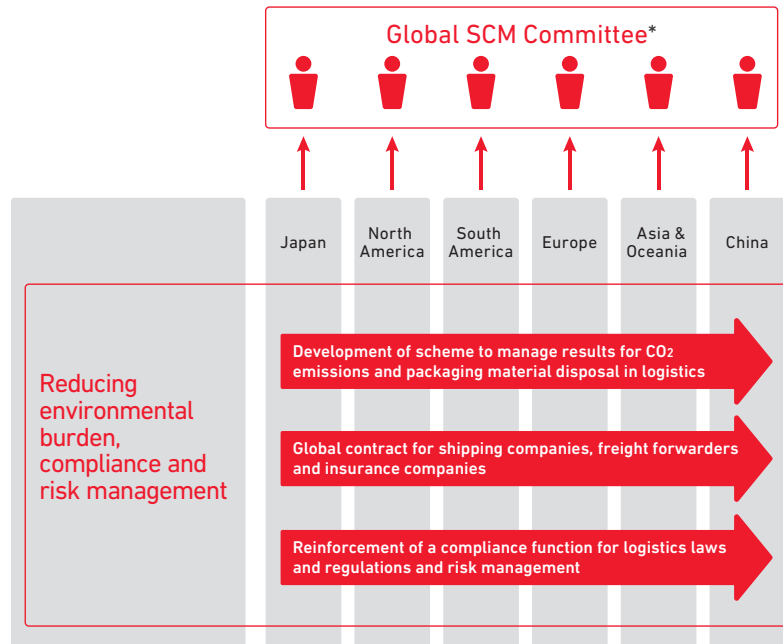
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Global Management of Logistics

Integrated Management Framework Transcending Divisions and Regions

Honda is promoting the reduction of environmental burden derived from logistics as well as compliance and risk management through a global organization. This body has teamed up with logistics-related divisions and the six regional headquarters worldwide to formulate policies and carry out strategies for tackling the various logistics-related pending issues and challenges. The aim is to manage the challenges, including environmental response for CO2 reduction, management of transportation companies, response to laws and regulations, insurance policy and risk management, in an integrated fashion.

Logistics global management framework



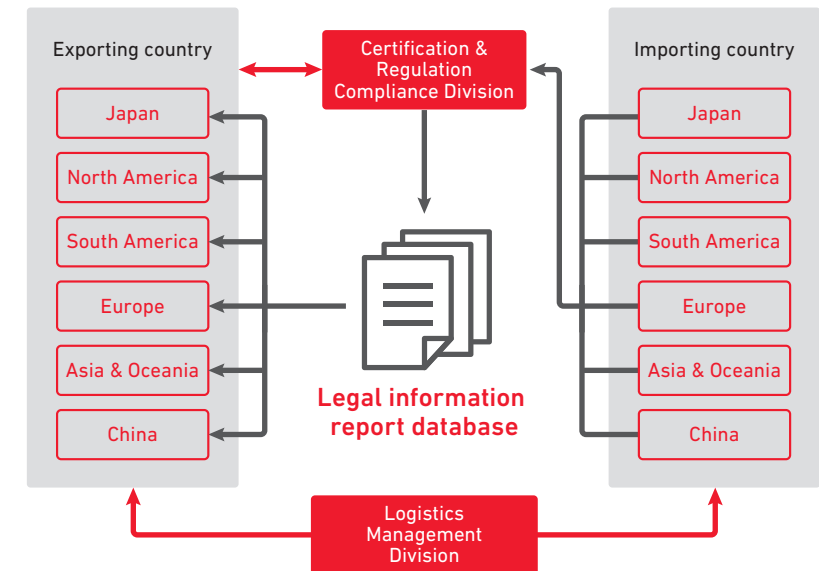
* A committee to debate Supply Chain Management (SCM) issues at the global headquarters and in respective regions in order to achieve medium-term goals

Integrated Management of Legal Information Concerning Logistics

In order to supply products and parts across countries and regions, it is necessary to identify and analyze a variety of factors that include differing transport infrastructure, laws and risk of natural disasters. Laws and regulations, in particular, have the potential to significantly impact safety and speed in transportation.

Honda aims to consistently secure precise information and enable efficient, accurate and early global response. To do so, the Company strives to strengthen compliance with laws and regulations by creating a function for the integrated management of international treaties and legal information concerning logistics operations and by ensuring swift response.

Integrated management framework for legal information



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Logistics Initiatives

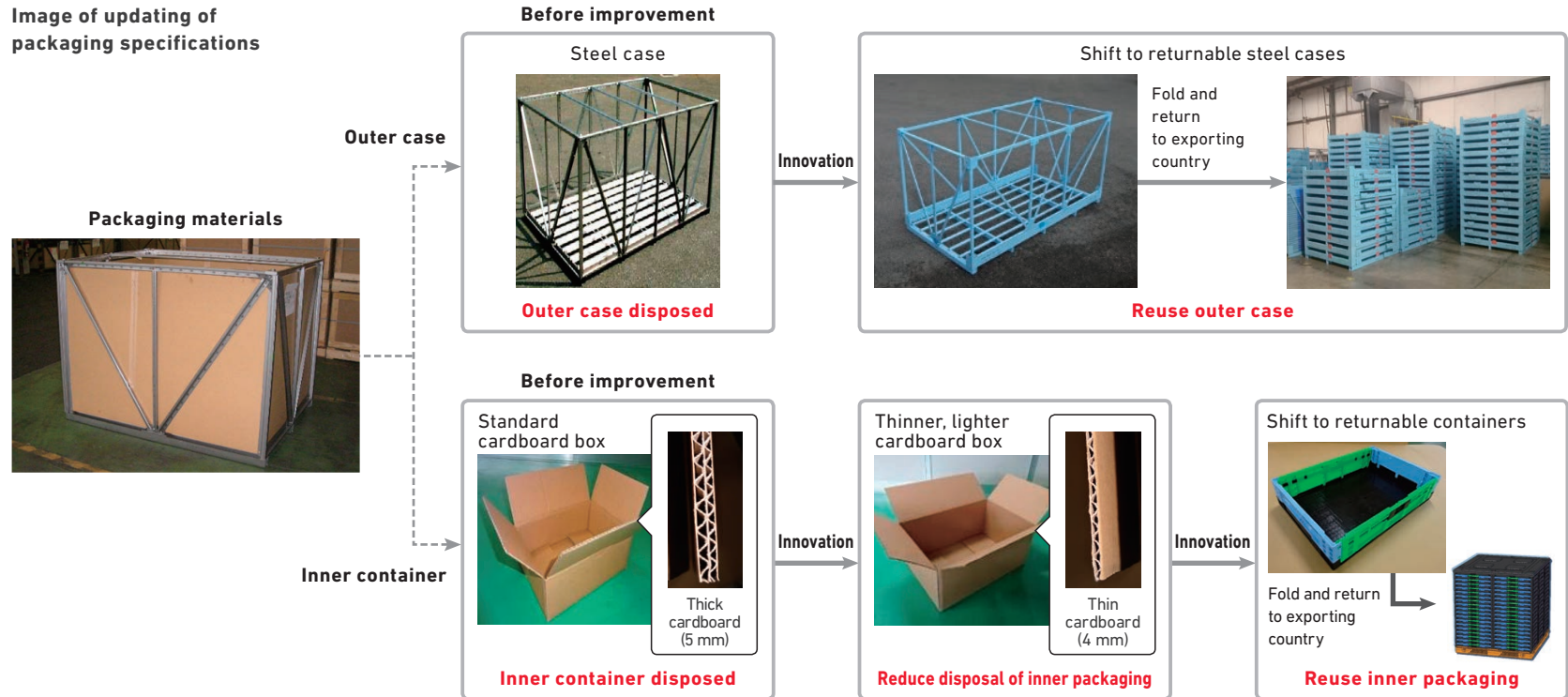
Technological Advancement of Packaging Materials

Honda exports (supplies) parts between factories across different countries and regions, and conducts assembly of vehicles and equipment in the importing countries.

Such export of parts involves usage of packaging materials, which are classified into outer case and inner container.

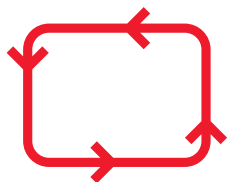
In the past, these packaging materials were disposed of in the importing country. To counter this, Honda has innovated packaging technology to reuse containers and reduce the weight of packaging materials, thereby reducing both waste and CO2 output.

Image of updating of packaging specifications



Classification and evolution of packaging materials

Packaging materials	Use	Evolution of packaging techniques
Outer case	Case to be loaded onto containers	Returnable steel cases
Inner container	Container to pack parts, which is then enclosed in an outer case	Use of thin, light cardboard boxes; shift to returnable containers



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Logistics Initiatives

Low Carbon Transportation (Clean Logistics)

Focusing on long-haul transport, Honda is working to expand the modal shift to switch the mode of transportation from trucks to rail and ships.

In India, automobiles are transported by inland vessels to avoid congested roads.

In Vietnam as well, Honda is switching from trucks to ship and rail transport for carrying products and parts to long-distance areas.

PDF

Honda Sustainability Report 2018 p. 100

> https://global.honda/sustainability/cq_img/report/pdf/2018/Honda-SR-2018-en-all-02.pdf#page=101

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Honda Sustainability Report 2019 p. 123

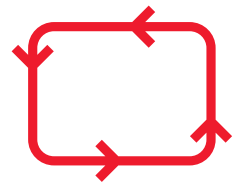
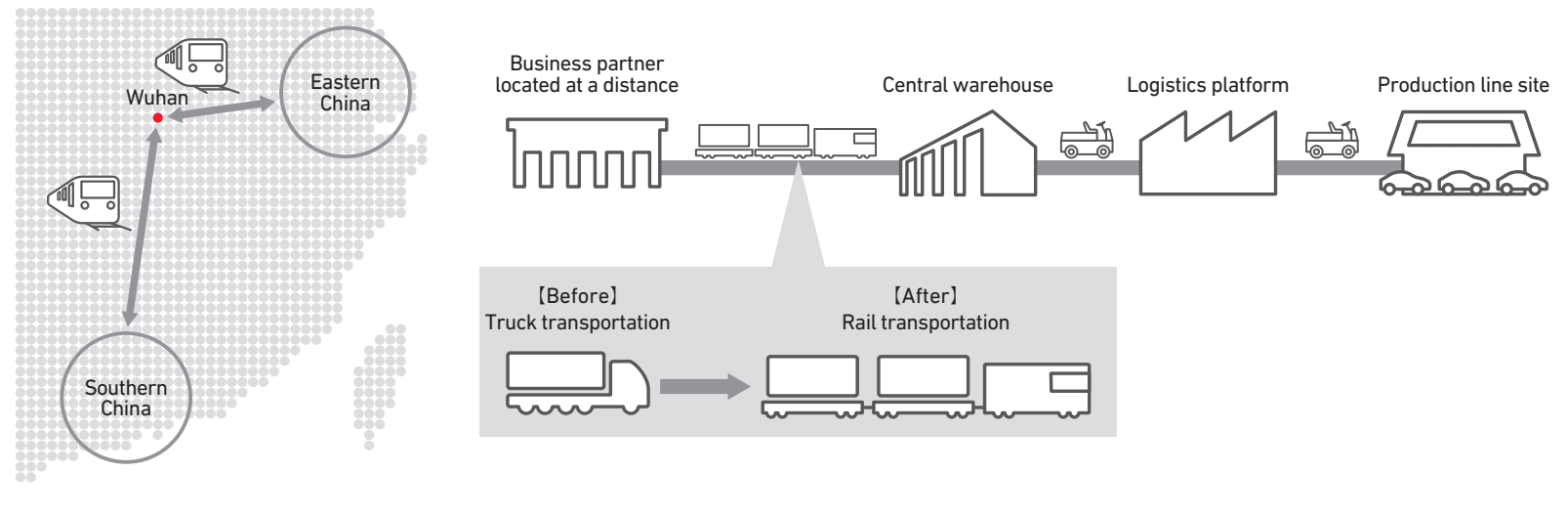
> https://global.honda/sustainability/cq_img/report/pdf/2019/Honda-SR-2019-en-all.pdf#page=124

TOPICS

Shifting from Trucks to Rail Transport at Dongfeng Honda Automobile

From 2016 to 2021, Honda promoted logistics improvements by shifting from trucks to rail transportation.

By 2021, Dongfeng Honda Automobile Co., Ltd. in China transports 97% of manufactured parts by rail in southern and eastern China. As a result, CO2 emissions per product have been reduced 85% from 50.68 kg to 7.60 kg.



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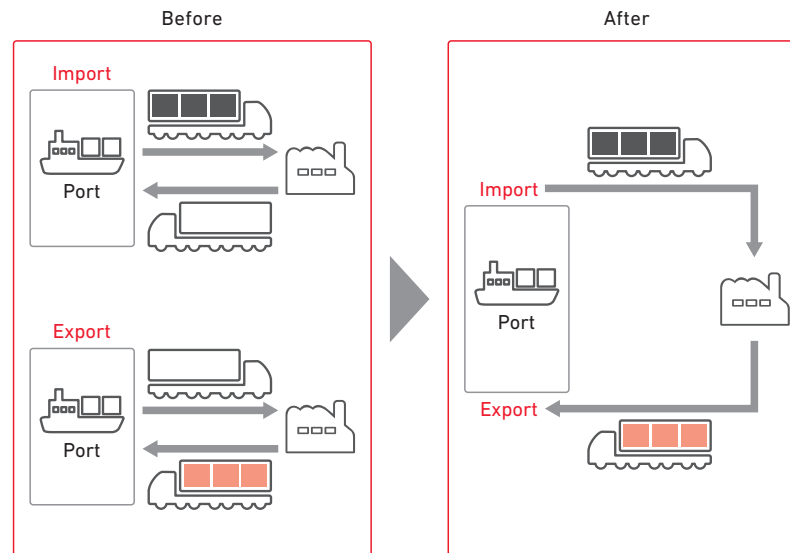
Logistics Initiatives

Highly Efficient Transportation (Smart Logistics)

Honda is promoting highly efficient transportation to improve quality, cost and delivery (QCD) related to logistics, which also leads to CO2 reduction.

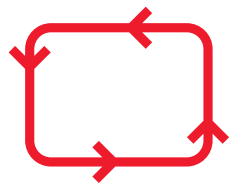
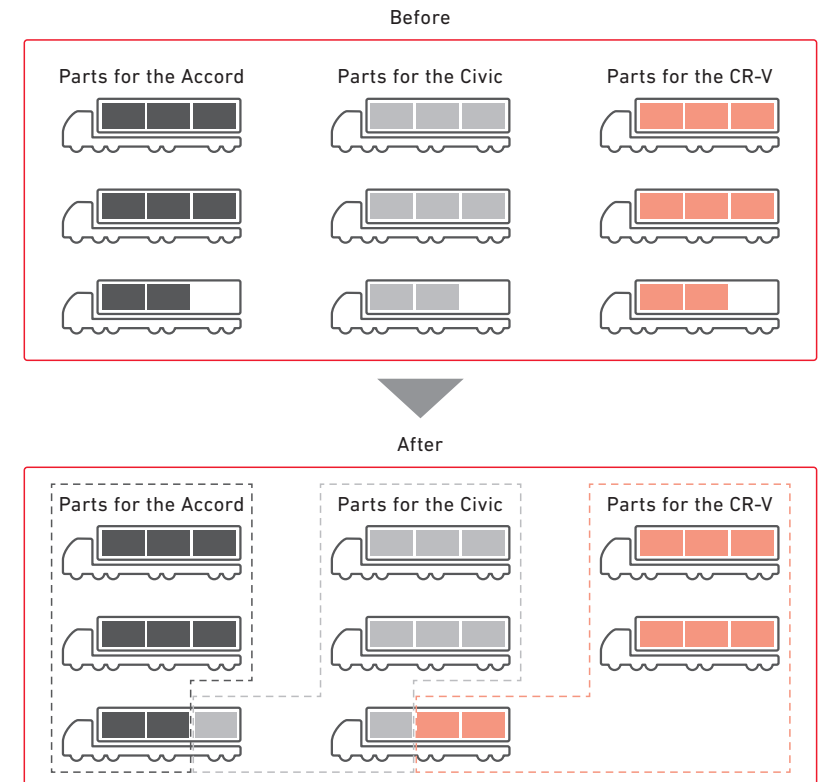
Container Round Use

Since containers are rented from shipping companies, it is a common business practice to return them promptly after cargo transportation. However, since Honda has both export and import cargo, it negotiated with respective shipping companies about reducing transportation of empty containers upon return. As a result, the Company was able to reduce cost by 40% to 60%, as well as CO2 emissions in Japan.



Mix Vanning

Honda is also working to reduce the number of containers used for exports of parts shipments in Thailand and Indonesia. This is achieved by seeking the optimal combination of parts regardless automobile models, as opposed to separately transporting parts for each model, to improve the loading efficiency of containers to the extent possible.



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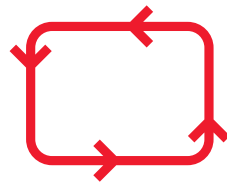
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Basic Approach to Purchasing

Purchasing Belief, Three Purchasing Principles and Guiding the Code of Conduct for Purchasing Associates

Honda's goal is to achieve a sustainable society across the supply chain. The Company implements initiatives with consideration for the environment, safety, human rights, compliance and social responsibility, among others, in partnership with its suppliers worldwide. Based on the Honda Philosophy, the Company established the Purchasing Belief and Three Purchasing Principles and engages in business that is fair and equitable with transparency.

Honda has also defined points that should be followed by each and every associate engaging in purchasing activities as the Guiding the Code of Conduct for Purchasing Associates. By following these Rules, the Company ensures trust both internally and externally and builds sound relationships with suppliers.

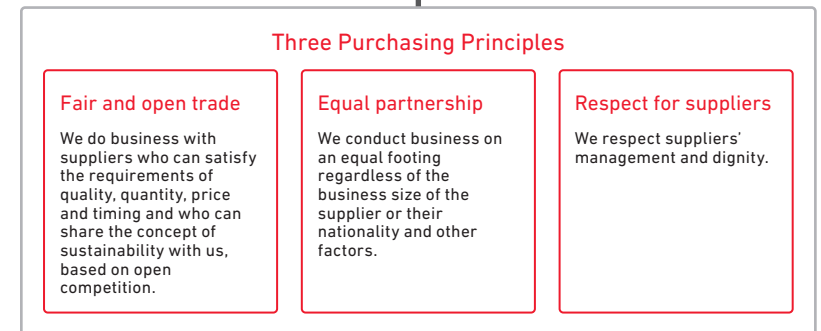


Purchasing Belief and Three Purchasing Principles

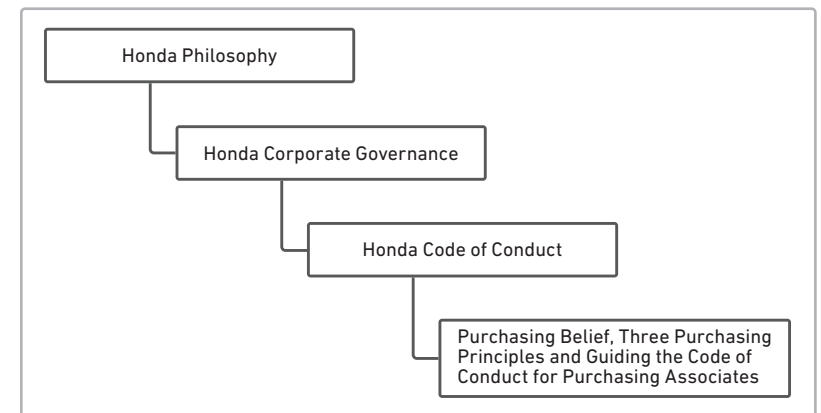
We do fair and equitable business with transparency based on the "Purchasing Belief" and the "Three Purchasing Principles."

Purchasing Belief

We sustain the procurement of good products at reasonable prices and in a timely manner.



Positioning of Purchasing Belief, Three Purchasing Principles and Guiding the Code of Conduct for Purchasing Associates



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Basic Approach to Purchasing

Establishment of Guidelines

The Company published the Honda Supplier Sustainability Guidelines and Honda Green Purchasing Guidelines to share its approach to sustainability with suppliers worldwide and to promote Honda initiatives. (Please refer to the links on the right.)

Through the Guidelines, Honda seeks to prevent compliance violations and other issues in advance along with reducing its environmental impact.

If a supplier fails to follow the Guidelines, Honda immediately receives a report from the supplier and works to prevent a recurrence by requesting them to analyze the cause and draw up the corrective action plan.

If the corrective action plan received from the supplier is determined to be inappropriate, Honda considers its future business relations with them, taking into account the social impact of the problem.

In addition, the Company is working to instill and promote the Guidelines throughout the entire supply chain by performing checks on the status of suppliers' related initiatives and utilizing sustainability-

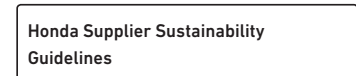
related check sheets for sub-tier suppliers.

When selecting suppliers for components and raw materials based on these sustainability policies, Honda confirms their initiatives on Quality, Cost, Delivery, Development and Environment (QCDD), human rights, labor, safety, compliance, risk, protection of information and other aspects to determine the best and most sustainable supplier.

Establishing a Hotline to Receive Suggestions and Consultation Requests from Suppliers

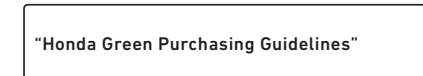
Honda has established the Business Ethics Kaizen Proposal Line (⇒ p. 45) to accept suggestions and requests for consultation from all suppliers from a fair and neutral standpoint.

PDF



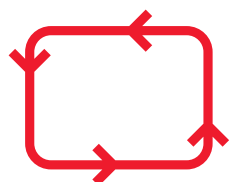
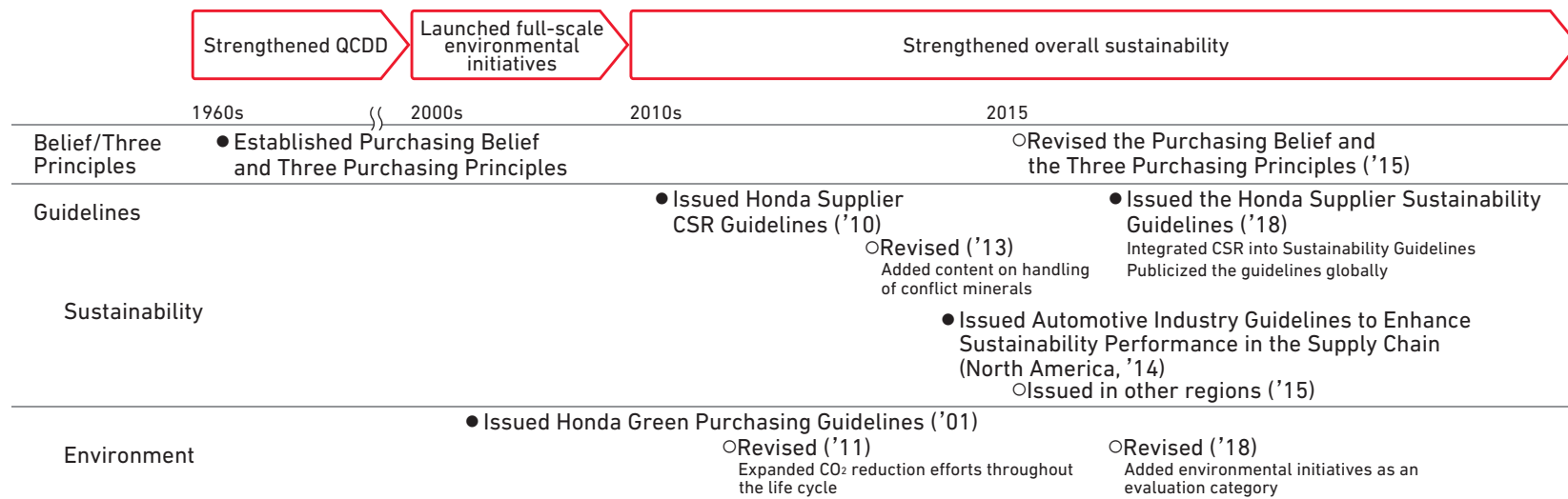
> https://global.honda/sustainability/cq_img/report/pdf/supplier-sustainability-guidelines.pdf

PDF



> https://global.honda/sustainability/cq_img/report/pdf/supply-chain/green-purchasing-guidelines-2018-en.pdf

Changes in purchasing practices



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Global Management of Purchasing

Promotion Structure

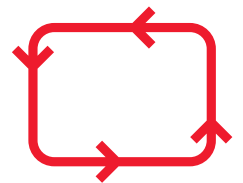
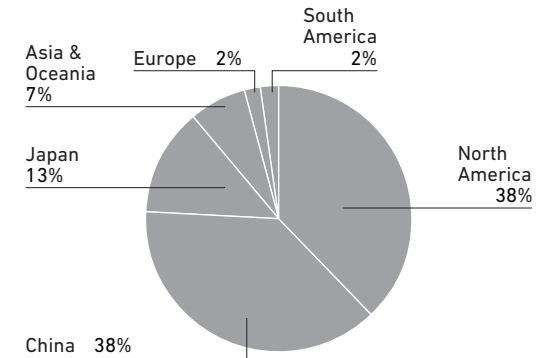
Honda conducts business in six regions worldwide and has respectively established purchasing functions. In line with Honda’s corporate philosophy of “building products close to the customer,” each region is encouraged to source locally. The rate of local procurement in the United States, Honda’s primary production base, reaches 80% for major global models.

A department in Japan supervises the overall, global purchasing function and provides coordination across regions and businesses and formulates sustainability policies and goals. In 2016, the Company established a department dedicated to reinforcing and accelerating sustainability initiatives.

In addition, to discuss and examine the direction Honda should take globally over the medium to long term, Honda holds periodic meetings with the management team of respective companies operating in each region and facilitates collaboration with them.

The Environmental Purchasing Meeting had been held since 2011 in order to strengthen initiatives aimed at a low-carbon society across the entire global supply chain. This meeting was composed of working level staff from each region. It discussed and coordinated policies and methods of reducing CO₂ together with suppliers in each region worldwide. In FY2017, Honda added human rights and compliance initiatives and transformed the meeting into the Sustainability Purchasing Meeting.

Regional distribution of purchasing volume (FY2022)



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Purchasing Initiatives

Reducing Environmental Impact Together with Suppliers

In the Honda Global Environmental Purchasing Vision, the Company has adopted the concept of coexisting in shared prosperity with local communities by reducing environmental impact together with Honda's suppliers worldwide in its component procurement operations.

Based on this vision, the Company formulated the Honda Green Purchasing Guidelines, which forms the policy, and the Environmental Purchasing Grand Design, which shows the steps toward the Company's priority of attaining a low-carbon society.

When launching new transactions, Honda shares the guidelines and the grand design with all suppliers in each region, and with their consent, jointly works to realize a low-carbon supply chain.

Initiatives to Achieve Carbon Neutrality

Honda strives to realize carbon neutrality (net zero CO₂ emissions) for all products and corporate activities Honda is involved in by 2050.

In October 2021, we requested our suppliers in Japan to consider measures to reduce total CO₂ emissions. Through close communication with each supplier, Honda aims to work together to realize carbon neutral status.

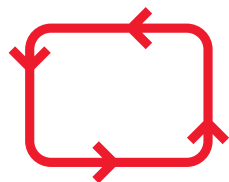
Management of CO₂ Data

In order to increase the effectiveness of reductions in environmental impacts in the supply chain, Honda established a system for the integrated management of data on reduction in CO₂ emissions at suppliers in FY2012 and commenced full-scale operation in FY2015. Since FY2018, Honda has been taking part in CDP's supply chain program (an international initiative by institutional investors requesting companies for disclosure of information on climate change policies).

Honda is using these tools to share reduction targets (reduce CO₂ emissions intensity by 1% per year) and progress status and to implement the PDCA cycle with suppliers worldwide.

As of 2021, approximately 1,700 companies, equating to more than 80% of purchasing value on a global level, are using these tools.

Going forward, the Company will comprehensively analyze data to assist in activities to reduce CO₂ at suppliers, including their efforts to achieve total emissions control targets.



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Purchasing Initiatives

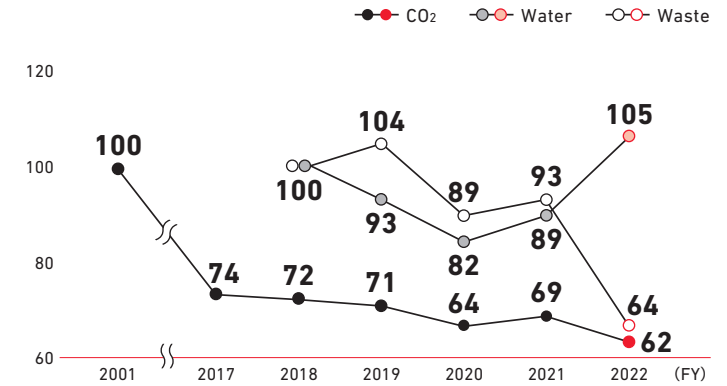
Initiatives to Reduce Environmental Impact in the Supply Chain

Honda promotes initiatives together with suppliers to reduce environmental impact, that is, reduction of CO₂ emissions and efficient use of resources in each region.

In Japan, Honda sets specific numerical CO₂, water and waste targets for its Honda Group suppliers and promotes reduction initiatives in partnership with each.

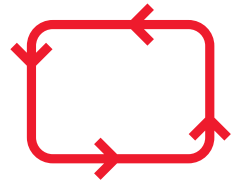
With regard to water and waste, having started undertaking measures for target management in FY2019, Honda set specific targets for FY2022 (below FY2020 results per unit of production) to collect accurate data. As part of this initiative, Honda has provided tools to these suppliers to analyze their respective progress and past performance and has been checking their activities to reduce environmental impact as well as their stance in this area. By communicating and sharing information with Honda Group suppliers via the Internet, Honda actively collaborates with them to promote efforts to achieve the set targets.

Performance of reducing environmental impact index of CO₂ emissions/water use/waste generation per millions of yen



• CO₂: FY2001, Water/Waste: FY2018
 • Scope of data: all consolidated tier 1 suppliers in Japan

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
CO ₂ (t/millions of yen)	1.11	1.08	1.07	0.95	1.03	0.93
Water (m ³ /millions of yen)	9.48	9.99	9.29	8.19	8.91	10.51
Waste (t/millions of yen)	0.54	0.59	0.62	0.53	0.55	0.38



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Purchasing Initiatives

Chemical Substance Management

The Company issued the Honda Chemical Substance Management Standard, which aims to ensure that all the components that make up Honda products comply with laws and regulations and to reduce their impact on the global environment and ecosystem. Honda requests suppliers around the world to establish a structure for managing chemical substances that meets the standard and to guarantee that the components they supply satisfy the standard. The Company also uses an industry standard management system for specific data on chemicals contained in components, which are evaluated prior to commencing mass production.

Measures to Counter Procurement Risk

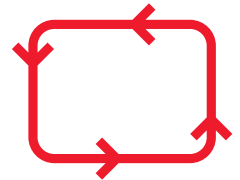
Honda views all phenomena that can impact production, including disasters, fires, financial issues and labor issues within the supply chain, as risks. Accordingly, the Company works to reduce these risks and prevent the spread of any impact if they materialize throughout the supply chain, beginning with the procurement of components and materials. For example, Honda defines all components and materials that are dependent on production at one facility as Mission-Critical Parts, and inspections and countermeasures are implemented continually around the world.

Honda began operating a procurement risk management system with suppliers in Japan in December 2014. Through the operation of this system, the Company established structures to assess damage and identify the impact on production at suppliers in a short time after the occurrence of a major disaster.

Honda also performs once-yearly evaluations based on supplier surveys in order to minimize financial risk. In addition, the Company checks risk every month by referring to information from third-party organizations.

Requiring Legal Compliance from Suppliers

Honda seeks to strengthen sustainability, including compliance, throughout the supply chain. In conducting business, the Company concludes basic agreements on component procurement that specify areas of attention such as safety, disaster prevention, environmental preservation and protection of resources. The agreements also contain terms regarding compliance with each country’s laws and regulations, including competition laws and laws and regulations related to the prevention of bribery.



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Purchasing Initiatives

ESG Inspection for Suppliers

Honda has distributed a checklist to suppliers requesting independent inspection in order to confirm the status of initiatives relative to guidelines.

Honda introduced an environmental, social and governance (ESG) inspection in Japan in 2016 for suppliers with large business volume and significant influences on the Company in line with rising expectations worldwide to fulfill corporate social responsibility that also includes the supply chain. The inspection is now carried out globally. Following the flow diagram indicated on the right, in Japan Honda performs this inspection periodically on suppliers who account for more than 80% of purchasing value. Based on the inspection results, the Company identifies high-risk suppliers who are prone to problems and may have a significant impact on Honda when a problem does occur. In a written survey, Honda carries out the following three activities accordingly.

- Distribute a check sheet based on international standards
- Confirm the compliance status of the guidelines
- Promote improvement

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. The check sheet verifies supplier activities in a broad range of fields as it also covers such evaluation categories as the environment, compliance and information disclosure.

Next, Honda conducts and verifies the following items in an interview survey with high-risk suppliers.

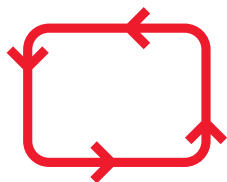
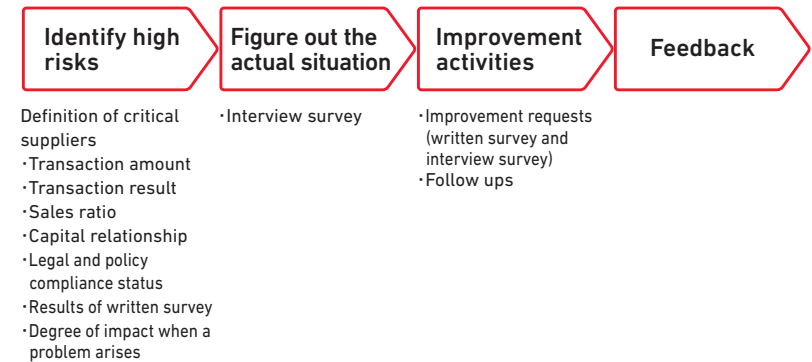
- Check relevant records, actual production processes and related facilities
- Verify the progress through a report on improvement plan and result
- Conduct a follow-up investigation (including an on-site check as necessary)

Recent examples of improvement include formulation of an internal rule to prohibit suppliers from keeping ID documents of non-Japanese workers in their custody.

Going forward, Honda will work with overseas purchasing sites to promote the ESG inspection globally while enhancing education for associates responsible for the investigation to cultivate required skills.

There were no instances of issues bearing significant risk in FY2022.

Flow diagram of ESG inspection



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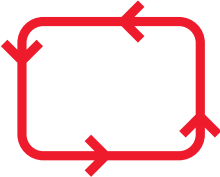
Purchasing Initiatives

Instruction and Training for Associates

To ensure that every associate involved in Honda’s purchasing operations promotes honest and fair initiatives, Honda has prepared manuals and personnel development programs in each region.

For example, in North America Honda takes up various topics through seminars, e-learning and on-the-job training (OJT). In its Basic Training Course, the Company shares its approach in such areas as the selection of suppliers and initiatives to strengthen QCDDE. Honda’s Building Business Relations training emphasizes the importance of the Company’s code of conduct, legal compliance and confidentiality in developing positive long-term relationships with suppliers.

In this way, Honda has developed programs worldwide that incorporate the cultural and social background of each region in addition to basic knowledge about purchasing operations to provide instruction for all purchasing associates.



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Purchasing Initiatives

Joint Efforts with Industry Groups and Suppliers

Honda is striving to strengthen sustainability across the entire supply chain through this kind of collaborative capacity building between the automotive industry and its suppliers.

Collaboration with Industry Groups and Suppliers

Honda North America Inc., Honda's U.S. subsidiary, participates in working groups established by the Automotive Industry Action Group (AIAG) to strengthen sustainability in the supply chain. They participate in the Responsible Materials working group, the Human Rights and Trade working group, the GHG working group and the Chemical Management working group. AIAG offers supplier training and encourages participation in training sessions on corporate ethics, environmental regulations, the working environment, human rights and other topics for tier 1 and sub-tier suppliers in North America since 2012.

In addition, Honda participates in AIAG's Corporate Responsibility Steering Committee and Drive Sustainability* to proactively identify issues, needs and trends in and outside the automobile industry.

In North America, e-learning programs using computer-based training (CBT) are also provided for suppliers in order to facilitate their understanding of sustainability. Under the theme of sustainability, these programs deal with the environment, export control, social responsibility, safety and health, diversity, governance, compliance and ethics.

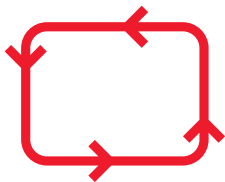
Dialogue with Suppliers

In June 2020, Honda convened a Sustainability Information Sharing Meeting, where it shared current social trends and provided feedback on the results of inspections at suppliers in accordance with the Honda Supplier Sustainability Guidelines.

Honda also regularly holds conferences around the world to share with suppliers the direction of its business and the substance of its initiatives. In FY2022, meetings were held in 23 locations around the world. At these regional conferences, Honda presented Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDDE.

In Japan, Honda has held annual Suppliers Conferences since 1974. Senior management from about 450 suppliers attended the conference held online in March 2022. At the conference, Honda explained both company-wide policies and policies of the motorcycle, automobile and life creation businesses. The conference is also a venue to present the Supplier Award for Sustainability to suppliers, which extends from the environment to include social and governance aspects.

In North America, Honda presents the Sustainability Award to suppliers who made the greatest contributions in social areas such as compliance, safety and health, community contribution activities, the environment, diversity and human rights.



Presentation of Sustainability Department Award to AGC Inc. in Japan

* A partnership for promoting sustainability, formed by 10 automakers around the world

7

Social Contribution Activities



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Basic Approach

Honda Social Contribution Activities

Since the Company was founded, Honda has sought to contribute to society and customers by creating quality products and technologies while coexisting harmoniously with the communities that host its operations. In the 1960s, while the Company was still in a period of early growth, Honda began to launch philanthropic initiatives designed to strengthen ties with local communities.

Currently, Honda undertakes various social contribution activities in the seven regions of the Company’s worldwide operations, aiming to share joy with people all around the world and to be a company society wants to exist. Honda also strives to support initiatives that reflect local circumstances in its corporate activities overseas. In order to be able to share joy, Honda will continue to pursue various social contribution activities while communicating with customers and local residents.

Basic Approach

In 1998, Honda devised Philosophical Basis and Principles of Honda philanthropy for its social contribution activities. Thereafter, in 2006 the Company formulated its Global Policy for Social Contribution Activities to make a unified effort with the aim of creating future societies in which everyone can pursue their dreams.

After revising the policy in 2018 in response to a changing environment, Honda has been engaging in activities to realize its 2030 Vision to “serve people worldwide with the joy of expanding their life’s potential.”

Based on its fundamental principles of “Respect for the Individual” and “the Three Joys,” Honda seeks to improve the quality of people’s daily lives around the world. In order to share this joy, the Company hopes that its associates will strive to accelerate their initiatives worldwide.

Global Policy for Social Contribution Activities

Corporate Philosophy

Honda will proactively exercise its initiatives for social contribution, founded on the fundamental principles of “Respect for the Individual” and “the Three Joys,” to support Honda’s universal passion: to improve the quality of people’s daily lives.

Objective

Honda will aspire to become “a company that society wants to exist,” and will contribute to the realization of a sustainable society, by serving people worldwide with the joy of expanding their life’s potential through its social contribution activities.

Activity Policy

- Honda will earn social acceptance by creating empathy and trust through active community engagement and by being a good corporate citizen.
- Honda will use its resources and workforce to contribute to society from a global point of view, while maintaining the importance of each region.
- Honda will promote and facilitate maximum associate participation in, and passion for, social contribution activities.

Field of Activities

- Supporting our youth for the future
- Protecting the global environment
- Promoting traffic safety
- Addressing local community needs



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Global Management

Honda's Global System for Social Contribution Activities

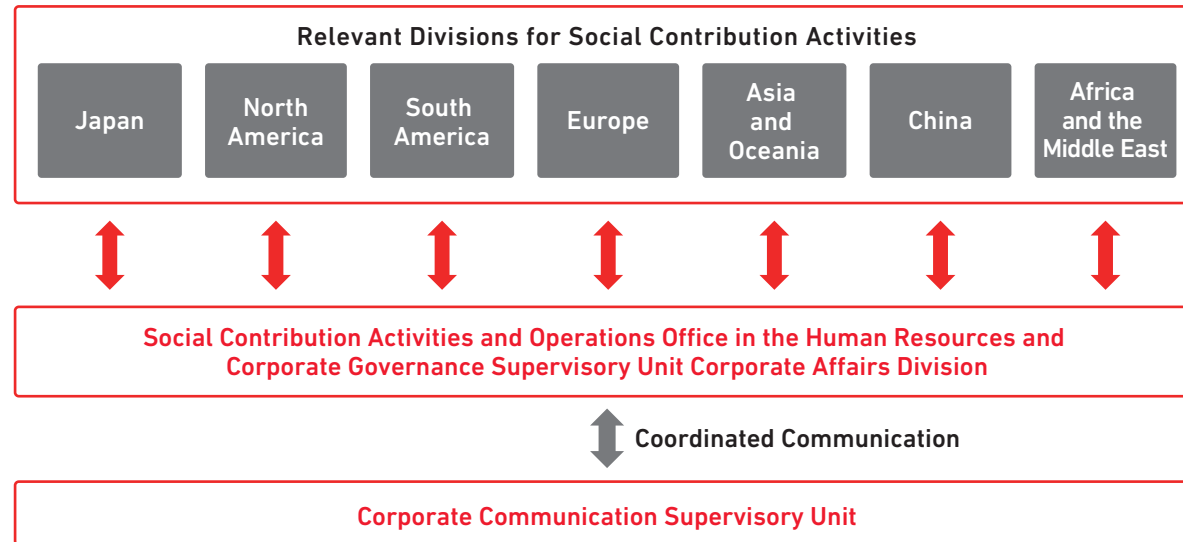
Honda's social contribution activities are centered on four core policies: supporting our youth for the future; protecting the global environment; promoting traffic safety; and addressing local community needs. Based on these policies, the entire Honda Group engages in activities that recognize the value of its bonds with local communities.

Honda pursues a variety of activities in seven regions, taking maximum advantage of its resources in line with its Global Policy for Social Contribution Activities.

To strengthen Honda's global networks, the Social Contribution Activities and Operations Office in the Human Resources and Corporate Governance Supervisory Unit Corporate Affairs Division gathers activity data from across the seven regions, shares activity policies and works together with the Corporate Communication Supervisory Unit for coordinated communication of information.

Going forward, the Honda Group intends to fulfill its responsibilities as a corporate citizen; to this end, the Group will continue its efforts to create future societies "That are Full of Dreams" and, hand in hand with local residents under globally coordinated initiatives, it will continue to promote a wide range of activities.

Honda's Global System for Social Contribution Activities



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Social Contribution Activities Initiatives
Summary of Activities in FY2022

In FY2022, Honda's social contribution activities were tailored to local circumstances in accordance with its Global Policy for Social Contribution Activities, with the aim of creating future societies in which everyone can pursue their dreams.

Toward the dual realization of "a circular/resource-recycling society with zero environmental impact" and "a collision-free mobile society," Honda has been working globally to nurture mindsets that respect the environment and to prevent accidents through safety awareness activities focused on people.

Under the ongoing pandemic, Honda has also been continuously providing support corresponding to local situations and needs through Honda's products, technologies and manpower.

This report provides representative examples of Honda's activities undertaken in each region, including those mentioned above.

Further details can be found at the following link.

WEB

[Honda's Social Contribution Activities](https://global.honda/about/sustainability/community.html)

> <https://global.honda/about/sustainability/community.html>


Japan
[Protecting the global environment]
Honda Beach Cleanup Project Implemented by the Honda Group across Japan Marking the 15th Anniversary

In 2006, Honda launched the Honda Beach Cleanup Project based on the desire to ensure that the next generation will be able to experience the joy of walking barefoot on sandy beaches.

The project uses the Beach Cleaner, which Honda has developed based on a desire to use its technologies to find a solution to clean trash washed ashore. In 2021, the activity marked its 15th anniversary. Although it was more difficult than any other year to carry out the activity due to the COVID-19 pandemic, the project still cleaned up the beach in five prefectures.

Originally initiated by Honda's current and former associates, the project has now grown to a nationwide circle of cooperation encompassing members of the Honda Group and local residents, with annual participation surpassing 7,000 persons.

To date, Honda has conducted the beach cleanup about 400 times at more than 200 locations across Japan, and the cumulative total of beach trash collected by the project is roughly 490 tons.



Beach cleanup carried out in Tottori Prefecture

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Social Contribution Activities Initiatives

North America [Supporting our youth for the future]

Providing Educational Opportunities: Eagle Rock School and Professional Development Center

In 1993, American Honda Motor Co., Inc. opened Eagle Rock School and Professional Development Center.

Eagle Rock School provides educational opportunities for students who have not found success in traditional school settings and supports them through a unique educational environment that encourages community, integrity and citizenship. The school has an enrollment capacity of 72 students, and in 2021 the school topped 310 graduates.

The Professional Development Center provides consulting services for high school teachers and other educators around the country who wish to study how to re-engage, retain and graduate students and advises them on new approaches in teaching.



Educators who took educational training at Eagle Rock School

South America [Promoting traffic safety]

Traffic Safety Initiatives by Moto Honda da Amazônia and Honda Motor de Chile

In Brazil, Centro Educacional de Trânsito Honda, a traffic education center of Moto Honda da Amazônia Ltda., carried out "Clubinho Honda," which aims to provide traffic safety education to elementary school children. The online class included animated videos and games and was attended by about 30,000 students.

In Santiago, Chile, Honda Motor de Chile S.A. offered a free safe riding course to promote the safety of people in traffic. The course was provided by professional instructors, with all necessary equipment such as motorcycles and safety equipment. In 2021, 42 Honda volunteers taught 1,160 participants.



Traffic safety education in Brazil



Safe riding course in Chile

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Social Contribution Activities Initiatives

Europe
[Promoting traffic safety]

Initiative of the Motorcycle Traffic Education Center
Receiving the European Motorcycle Training Quality Label

Honda Motor Europe Iberia Branch in Spain started motorcycle safety activities in 1992 and has been operating the Honda Safety Institute, a motorcycle traffic education center, in Barcelona since 2009.

The center’s activities are based on defensive training and risk prevention. One of its 11 courses has been certified as a highest-quality post-license motorcycling training program by the European Motorcycle Training Quality Label advocated by the European Commission for Mobility and Transport.

The Honda Safety Institute occupies approximately 20,000 m² of land. Training is offered every day throughout the year for professionals and companies on weekdays and for individual motorcycle users, including children, on weekends.

The center lends necessary riding equipment for free, including motorcycles, scooters, helmets and other protective gears, making it easy for people to participate in its training courses.



Safe riding training on a wet surface

Asia and Oceania
[Supporting our youth for the future]

Holding an Online Honda Super Idea Contest to Nurture the Dreams of Children in Thailand

As part of an effort to support our youth for the future, Honda Automobile (Thailand) Co., Ltd. has been holding the “Honda Super Idea Contest” since 2005. The contest is aimed at enabling children to experience the importance of the joy of creating and providing opportunities to give shape to their ideas through the act of drawing their dreams. The winner will receive the Royal Award plaque from the princess of Thailand.

In 2021, the contest was held online for the first time due to the spread of COVID-19 infections. The 14 children who passed the preliminary round completed their own works through an online arts and science workshop and attended the 2021 final round. There were more than 5,700 applications despite the pandemic, and the company was able to continue to nurture “The Power of Dreams.”

Over the past 17 years, the number of ideas which children in Thailand have envisioned has totaled about 430,000.



Online final round event of Honda Super Idea Contest 2021 (14 finalists and Honda executives and committee members)



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Social Contribution Activities Initiatives

China
[Protecting the global environment]

Long-Term Afforestation in Inner Mongolia, Where Desertification Is a Major Problem

The Honda Group in China has been conducting tree planting activities in the Inner Mongolia Autonomous Region for 14 years since 2008. To date, more than 2,000 associates from Honda have participated in the project, planting around 1.88 million trees over 13.4 million m² of land.

By carrying out a thorough study on climate and soil characteristics and accumulating knowledge on tree planting in the arid region over the years, the Group has accomplished a survival rate of afforestation well above the national standard.

The project has been carried out for three terms. During the third term from 2018 to 2022, the Group intends to achieve its goal of creating 4.67 million m² of afforested area.

The afforestation project is expected to prevent natural disasters, such as sandstorm and haze resulting from soil erosion and insufficient green coverage.



Land now covered with greenery as a result of the tree planting activities

Africa and Middle East
[Promoting traffic safety]

Initiative to Provide Motorcycle Safety Seminar for Bike Taxi Riders in Nigeria

Honda Manufacturing (Nigeria) Ltd. has been continuously providing a seminar for bike taxi riders to learn appropriate riding and maintenance.

The seminar teaches the importance of performing pre-ride checks; appropriate riding posture (when applying a brake or clutch); the benefits of using Honda's genuine parts and engine oil; and regular maintenance.

Dealers in Nigeria hold this seminar every month, with the participation of a total of 6,300 riders in FY2019, 2,283 in FY2020 and 4,113 in FY2021.

Even though the number of participants has declined due to the COVID-19 pandemic, Honda Manufacturing (Nigeria) has been undertaking the activity on a continuous basis to make a contribution, however small, to traffic safety in the country.



Motorcycle safety seminar in Nigeria

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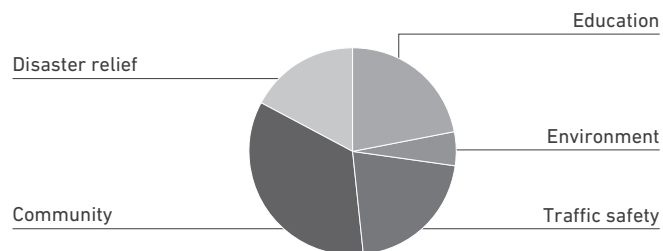
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Social Contribution Activities Data

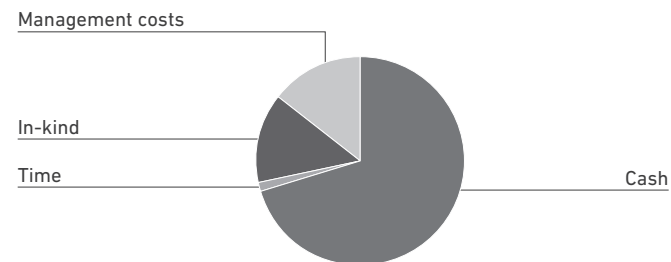
Expenditure related to social contribution activities (FY2022)

	Expenditure (million yen)
Education	1,594
Environment	384
Traffic safety	1,529
Community	2,488
Disaster relief	1,230
(Total)	7,224



How the contribution breaks down (FY2022)

	Expenditure (million yen)
Cash	5,095
Time	85
In-kind	1,007
Management costs	1,037
(Total)	7,224



8

Assurance

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Assurance (Environment)

To disclose environmental data in a more transparent and reliable manner to our diverse stakeholders, Honda obtained the independent practitioner's assurance of the environmental data indicated with for the year ended March 31, 2022 in the Japanese version of this report by Deloitte Tohmatsu Sustainability Co., Ltd., a subsidiary of Deloitte Touche Tohmatsu LLC, which is a member firm of Deloitte Touche Tohmatsu Limited.

Scope of Assurance

Environmental data assured:

- Direct emissions from business activities (Scope 1), Indirect emissions from energy use (Scope 2) and Emissions from customer use of sold products (Scope 3, category 11) out of Honda's total GHG emissions
- GHG emissions (direct emissions (Scope 1), Indirect emissions (Scope 2), Total emissions (Scope 1 and 2))
- Energy consumption (Direct energy consumption, Indirect energy consumption and Total energy consumption)
- Water intake/Wastewater volume
- Atmospheric pollutants (SOx emissions, NOx emissions)
- Waste generated

Deloitte.

デロイト トーマツ

(TRANSLATION)

Independent Practitioner's Assurance Report

June 20, 2022

Mr. Toshihiro Mibe,
Director, President and Representative Executive Officer,
Chief Executive Officer
Honda Motor Co., Ltd.

Masahiko Sugiyama
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-1, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the environmental data indicated with for the year ended March 31, 2022 (the "Environmental Data") included in the "Honda Sustainability Report 2022" (the "Report") of Honda Motor Co., Ltd. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Environmental Data in accordance with the calculation and reporting standard adopted by the Company (indicated with the Environmental Data included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Environmental Data based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Environmental Data is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

Assurance (Social)

To disclose social data in a more transparent and reliable manner to our diverse stakeholders, Honda obtained the independent practitioner's assurance of the social data indicated with for the year ended March 31, 2022 in the Japanese version of this report by Deloitte Tohmatsu Sustainability Co., Ltd., a subsidiary of Deloitte Touche Tohmatsu LLC, which is a member firm of Deloitte Touche Tohmatsu Limited.

Scope of Assurance

Social data assured:

- Lost time injury frequency rate (LTIFR) in Japan

Deloitte.

デロイト トーマツ

(TRANSLATION)

Independent Practitioner's Assurance Report

June 20, 2022

Mr. Toshihiro Mibe,
Director, President and Representative Executive Officer,
Chief Executive Officer
Honda Motor Co., Ltd.

Masahiko Sugiyama
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the lost time injury frequency rate (LTIFR) indicated with for the year ended March 31, 2022 (the "Social Data") included in the "Honda Sustainability Report 2022" (the "Report") of Honda Motor Co., Ltd. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Social Data in accordance with the calculation and reporting standard adopted by the Company (indicated with the Social Data included in the Report).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Social Data based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB") and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Social Data is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

GRI Content Index



For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

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			Part omitted	Reason	Explanation
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General Disclosures					
GRI 102: General Disclosures 2016					
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			Part omitted	Reason	Explanation
Material Topics					
GRI 200 Economic Standard Series					
Economic Performance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19		
	103-2	The management approach and its components	19		
	103-3	Evaluation of the management approach	19		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	11		
	201-2	Financial implications and other risks and opportunities due to climate change	58,59,60,61,62,63,64,65,66,67,68,69,70,71,77		
	201-3	Defined benefit plan obligations and other retirement plans	2022 Form 20-F https://global.honda/investors/library/form20_f.html F-22,F-23,F-51,F-52,F-53,F-54,F-55		
	201-4	Financial assistance received from government	-	Financial assistance received from government	This information is currently unavailable. We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2023 Sustainability Report (to be published in July 2023).
Market Presence					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19		
	103-2	The management approach and its components	19		
	103-3	Evaluation of the management approach	19		
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	136		
	202-2	Proportion of senior management hired from the local community	133		
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19		
	103-2	The management approach and its components	19		
	103-3	Evaluation of the management approach	19		
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	26,81		
	203-2	Significant indirect economic impacts	9,148,162		
Procurement Practices					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19		
	103-2	The management approach and its components	19		
	103-3	Evaluation of the management approach	19		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	148		

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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part omitted	Reason	Explanation
Anti-corruption					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19,44,45,46		
	103-2	The management approach and its components	19,44,45,46		
	103-3	Evaluation of the management approach	19,44,45,46		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	45		
	205-2	Communication and training about anti-corruption policies and procedures	45		
	205-3	Confirmed incidents of corruption and actions taken	45		
Anti-competitive Behavior					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19,44,45,46		
	103-2	The management approach and its components	19,44,45,46		
	103-3	Evaluation of the management approach	19,44,45,46		
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	44		
Tax					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	37,54		
	103-2	The management approach and its components	37,54		
	103-3	Evaluation of the management approach	37,54		
GRI 207: Tax 2019	207-1	Approach to tax	54		
	207-2	Tax governance, control, and risk management	54		
	207-3	Stakeholder engagement and management of concerns related to tax	54		
	207-4	Country-by-country reporting	-	Country-by-country reporting	This information is currently unavailable.

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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission			
			Part omitted	Reason	Explanation	
GRI 300 Environmental Standards Series						
Materials						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19,56,57,58			
	103-2	The management approach and its components	19,56,57,58			
	103-3	Evaluation of the management approach	19,56,57,58			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	-	Materials used by weight or volume	This information is currently unavailable.	We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2023 Sustainability Report (to be published in July 2023).
	301-2	Recycled input materials used	-	Recycled input materials used	This information is currently unavailable.	We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2023 Sustainability Report (to be published in July 2023).
	301-3	Reclaimed products and their packaging materials	66			
Energy						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19,56,57,58			
	103-2	The management approach and its components	19,56,57,58			
	103-3	Evaluation of the management approach	19,56,57,58			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	74			
	302-2	Energy consumption outside of the organization	74			
	302-3	Energy intensity	-	Energy intensity	This information is currently unavailable.	We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2023 Sustainability Report (to be published in July 2023).
	302-4	Reduction of energy consumption	74			
	302-5	Reductions in energy requirements of products and services	57,58,59,60,61,62,63,64,74,75,77			
Water						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19,56,57,58			
	103-2	The management approach and its components	19,56,57,58			
	103-3	Evaluation of the management approach	19,56,57,58			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	65,69			
	303-2	Management of water discharge-related impacts	69			
	303-3	Water withdrawal	75			
	303-4	Water discharge	65,69,75			
	303-5	Water consumption	75			

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			Part omitted	Reason	Explanation	
Biodiversity						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19,56,57,58,70			
	103-2	The management approach and its components	19,56,57,58,70			
	103-3	Evaluation of the management approach	19,56,57,58,70			
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	70			
	304-2	Significant impacts of activities, products, and services on biodiversity	70			
	304-3	Habitats protected or restored	-	Habitats protected or restored	This information is currently unavailable.	We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2023 Sustainability Report (to be published in July 2023).
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	70			
Emissions						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	56,57,58,59,60,61,62,63,64,71,72			
	103-2	The management approach and its components	56,57,58,59,60,61,62,63,64,71,72			
	103-3	Evaluation of the management approach	56,57,58,59,60,61,62,63,64,71,72			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	72,73,74,75			
	305-2	Energy indirect (Scope 2) GHG emissions	72,73,74,75			
	305-3	Other indirect (Scope 3) GHG emissions	72,73,74,75			
	305-4	GHG emissions intensity	61			
	305-5	Reduction of GHG emissions	72,73,74,75			
	305-6	Emissions of ozone-depleting substances (ODS)	67			
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	76			
Waste						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	56,57,58			
	103-2	The management approach and its components	56,57,58			
	103-3	Evaluation of the management approach	56,57,58			

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			Part omitted	Reason	Explanation
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	65,66,67,75		
	306-2	Management of significant waste-related impacts	65,66,67		
	306-3	Waste generated	57,65,66,67,76		
	306-4	Waste diverted from disposal	65,66,67		
	306-5	Waste directed to disposal	65,66,67		
Environmental Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19,56,57,58		
	103-2	The management approach and its components	19,56,57,58		
	103-3	Evaluation of the management approach	19,56,57,58		
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	57		
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	140,146		
	103-2	The management approach and its components	140,146		
	103-3	Evaluation of the management approach	140,146		
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	147		
	308-2	Negative environmental impacts in the supply chain and actions taken	146,149,150,151,152,153,154		
GRI 400 Social Standards Series					
Employment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113,114,115		
	103-2	The management approach and its components	113,114,115		
	103-3	Evaluation of the management approach	113,114,115		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	133		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	126		
	401-3	Parental leave	124,134		
Labor/Management Relations					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113,114,115		
	103-2	The management approach and its components	113,114,115		
	103-3	Evaluation of the management approach	113,114,115		
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	128		

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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part omitted	Reason	Explanation
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113,114,115		
	103-2	The management approach and its components	113,114,115		
	103-3	Evaluation of the management approach	113,114,115		
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	129		
	403-2	Hazard identification, risk assessment, and incident investigation	129,130		
	403-3	Occupational health services	130,131		
	403-4	Worker participation, consultation, and communication on occupational health and safety	129		
	403-5	Worker training on occupational health and safety	130		
	403-6	Promotion of worker health	130,131,132		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	129		
	403-8	Workers covered by an occupational health and safety management system	129		
	403-9	Work-related injuries	129,136		
	403-10	Work-related ill health	129,136		
Training and Education					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113,114,115		
	103-2	The management approach and its components	113,114,115		
	103-3	Evaluation of the management approach	113,114,115		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	118,133		
	404-2	Programs for upgrading employee skills and transition assistance programs	114,115,116,117,118,119,120,121,122,123,124,125,126,135		
	404-3	Percentage of employees receiving regular performance and career development reviews	127,136		
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113,114,115,117,120		
	103-2	The management approach and its components	113,114,115,117,120		
	103-3	Evaluation of the management approach	113,114,115,117,120		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	31,52,116,120,121,122,123,124,125,133,135		
	405-2	Ratio of basic salary and remuneration of women to men	127,134		

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Non-discrimination					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	44,45,46,117		
	103-2	The management approach and its components	44,45,46,117		
	103-3	Evaluation of the management approach	44,45,46,117		
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	44,45,46		
Freedom of Association and Collective Bargaining					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113,140,147		
	103-2	The management approach and its components	113,140,147		
	103-3	Evaluation of the management approach	113,140,147		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	113,147,151,152,153,154		
Child Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113,140,147		
	103-2	The management approach and its components	113,140,147		
	103-3	Evaluation of the management approach	113,140,147		
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	46,147		
Forced or Compulsory Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113,140,147		
	103-2	The management approach and its components	113,140,147		
	103-3	Evaluation of the management approach	113,140,147		
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	147		
Security Practices					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113		
	103-2	The management approach and its components	113		
	103-3	Evaluation of the management approach	113		
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	133		
Rights of Indigenous Peoples					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113		
	103-2	The management approach and its components	113		
	103-3	Evaluation of the management approach	113		
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	146,147,148,151,152,153,154		

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Human Rights Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	113,114,145,146,147		
	103-2	The management approach and its components	113,114,145,146,147		
	103-3	Evaluation of the management approach	113,114,145,146,147		
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	116,117,133		
	412-2	Employee training on human rights policies or procedures	116,117,133		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	147,151,152		
Local Communities					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24,25,56,156,157,162 https://global.honda/about/sustainability/community.html		
	103-2	The management approach and its components	24,25,56,156,157,162 https://global.honda/about/sustainability/community.html		
	103-3	Evaluation of the management approach	24,25,56,156,157,162 https://global.honda/about/sustainability/community.html		
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	24,25,56,156,157,158,159,160,161,162 https://global.honda/about/sustainability/community.html		
	413-2	Operations with significant actual and potential negative impacts on local communities	24,25,56,156,157,158,159,160,161,162 https://global.honda/about/sustainability/community.html		
Supplier Social Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	140,146		
	103-2	The management approach and its components	140,146		
	103-3	Evaluation of the management approach	140,146		
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	147		
	414-2	Negative social impacts in the supply chain and actions taken	147,151,152,153,154		
Public Policy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	24,25,26		
	103-2	The management approach and its components	24,25,26		
	103-3	Evaluation of the management approach	24,25,26		
GRI 415: Public Policy 2016	415-1	Political contributions	26		

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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part omitted	Reason	Explanation
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	80,81,82,83,84,85,86,87,88,89,92,95,97		
	103-2	The management approach and its components	80,81,82,83,84,85,86,87,88,89,92,95,97		
	103-3	Evaluation of the management approach	80,81,82,83,84,85,86,87,88,89,92,95,97		
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	95		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	110		
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	44,45,46,56,57,58		
	103-2	The management approach and its components	44,45,46,56,57,58		
	103-3	Evaluation of the management approach	44,45,46,56,57,58		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	62		
	417-2	Incidents of non-compliance concerning product and service information and labeling	62		
	417-3	Incidents of non-compliance concerning marketing communications	44,45,46		
Customer Privacy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	47,48,49,50,51		
	103-2	The management approach and its components	47,48,49,50,51		
	103-3	Evaluation of the management approach	47,48,49,50,51		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	50		
Socioeconomic Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	44,45,46		
	103-2	The management approach and its components	44,45,46		
	103-3	Evaluation of the management approach	44,45,46		
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	45		

Financial Data

Operating and Financial Review

Sales Revenue

Honda's consolidated sales revenue for the fiscal year ended March 31, 2022, increased by ¥1,382.1 billion, or 10.5%, to ¥14,552.6 billion from the fiscal year ended March 31, 2021, due mainly to increased sales revenue in Motorcycle business and Financial services business operations as well as positive foreign currency translation effects. Honda estimates that by applying Japanese yen exchange rates of the previous fiscal year to the current fiscal year, sales revenue for the year would have increased by approximately ¥671.7 billion, or 5.1%, compared to the increase as reported of ¥1,382.1 billion, which includes positive foreign currency translation effects.

Operating Costs and Expenses

Operating costs and expenses increased by ¥1,171.1 billion, or 9.4%, to ¥13,681.4 billion from the previous fiscal year. Cost of sales increased by ¥1,128.2 billion, or 10.8%, to ¥11,567.9 billion from the previous fiscal year, due mainly to an increase in costs attributable to increased consolidated sales revenue in Motorcycle business and Financial services business operations. Selling, general and administrative expenses decreased by ¥5.2 billion, or 0.4%, to ¥1,326.4 billion from the previous fiscal year, due mainly to a decrease in expenses. Research and development expenses increased by ¥48.1 billion, or 6.5%, to ¥787.0 billion from the previous fiscal year.

Operating Profit

Operating profit increased by ¥211.0 billion, or 32.0%, to ¥871.2 billion from the previous fiscal year, due mainly to an increase in profit attributable to sales impacts as well as positive foreign currency effects, which was partially offset by a decrease in profit attributable to price and cost impacts. Honda estimates that by excluding positive foreign currency effects of approximately ¥168.9 billion, operating profit would have increased by approximately ¥42.1 billion.

With respect to the discussion above of the changes, management identified factors and used what it believes to be a reasonable method to analyze the respective changes in such factors. Management analyzed changes in these factors at the levels of the Company and its material consolidated subsidiaries. "Foreign currency effects" consist of "translation adjustments", which come from the translation of the currency of foreign subsidiaries' financial statements into Japanese yen, and "foreign currency adjustments", which result from foreign-currency-denominated transaction. With respect to "foreign currency adjustments", management analyzed foreign currency adjustments primarily related to the following currencies: U.S. dollar, Japanese yen and others at the level of the Company and its material consolidated subsidiaries. The estimates excluding the foreign currency effects are not on the same basis as Honda's consolidated financial statements, and do not conform to IFRS. Furthermore, Honda does not believe that these measures are substitute for the disclosure required by IFRS. However, Honda believes that such estimates excluding the foreign currency effects provide financial statements users with additional useful information for understanding Honda's results.

Profit before Income Taxes

Profit before income taxes increased by ¥156.1 billion, or 17.1%, to ¥1,070.1 billion from the previous fiscal year. The main factors behind this increase, except factors relating to operating profit, are as follows:

Share of profit of investments accounted for using the equity method had a negative impact of ¥70.2 billion, due mainly to recognition of reversal of impairment losses in previous fiscal year, which had been previously recognized on the investments in certain companies accounted for using the equity method.

Finance income and finance costs had a positive impact of ¥15.3 billion, due mainly to increased interest income.

Income Tax Expense

Income tax expense increased by ¥90.8 billion, or 41.6%, to ¥309.4 billion from the previous fiscal year. The average effective tax rate increased by 5.0 percentage points to 28.9% from the previous fiscal year.

Financial Data

Profit for the Year

Profit for the year increased by ¥65.2 billion, or 9.4%, to ¥760.7 billion from the previous fiscal year.

Profit for the Year Attributable to Owners of the Parent

Profit for the year attributable to owners of the parent increased by ¥49.6 billion, or 7.6%, to ¥707.0 billion from the previous fiscal year.

Profit for the Year Attributable to Non-controlling Interests

Profit for the year attributable to non-controlling interests increased by ¥15.6 billion, or 41.1%, to ¥53.6 billion from the previous fiscal year.

Operating segments and geographic segments in financial data

Segment	Principal products and services	Functions
Motorcycle Business	Motorcycles, all-terrain vehicles (ATVs), side-by-sides (SxS) and relevant parts	Research and development, Manufacturing, Sales and related services
Automobile Business	Automobiles and relevant parts	Research and development, Manufacturing, Sales and related services
Financial Services Business	Financial services	Retail loan and lease related to Honda products, Others
Life Creation and Other Businesses	Power products and relevant parts, and others	Research and development, Manufacturing, Sales and related services, Others

- Operating segments are defined as the components of Honda for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The accounting policies used for these reportable segments are consistent with the accounting policies used in the Company's consolidated financial statements.
- Life creation business has been renamed Power product business as a result of organizational changes effective April 1, 2022.

Area	Major countries
North America	United States, Canada, Mexico
Europe	United Kingdom, Germany, Belgium, Italy, France
Asia	Thailand, China, India, Vietnam, Malaysia
Other Regions	Brazil, Australia

- Segmentation by country and region is based on geographical proximity.

Financial Data

Motorcycle Business

Honda Group Unit Sales* (thousands)

	FY21	FY22	Change	%
Total	15,132	17,027	1,895	12.5
Japan	215	244	29	13.5
North America	332	437	105	31.6
Europe	234	317	83	35.5
Asia	13,319	14,589	1,270	9.5
Other Regions	1,032	1,440	408	39.5

Consolidated Unit Sales* (thousands)

	FY21	FY22	Change	%
Total	10,264	10,721	457	4.5
Japan	215	244	29	13.5
North America	332	437	105	31.6
Europe	234	317	83	35.5
Asia	8,451	8,283	(168)	(2.0)
Other Regions	1,032	1,440	408	39.5

*Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries.

Total demand for motorcycles in India*¹, the largest market within Asia, increased by around 2% from the previous year to approximately 14,450 thousand units in calendar year 2021. Total demand for motorcycles in other countries in Asia*² increased by around 16% from the previous year to approximately 19,890 thousand units, mainly due to an increase in demand in Indonesia. Although Honda’s consolidated unit sales in Asia increased in calendar year 2021, it decreased by 2.0% from the previous fiscal year to 8,283 thousand units in fiscal year 2022, mainly due to a decrease in sales units of the Activa model series for the fiscal fourth quarter in India. Honda’s consolidated unit sales do not include sales by P.T. Astra Honda Motor in Indonesia, which is accounted for using the equity method. P.T. Astra Honda Motor’s unit sales for fiscal year 2022 substantially increased by around 44% from the previous fiscal year to approximately 3,870 thousand units, mainly due to the increases in sales units of the BeAT and Vario model series.

Total demand for motorcycles in Brazil*³, the principal market within Other Regions, substantially increased by around 22% from the previous year to approximately 1,140 thousand units in calendar year 2021. Honda’s consolidated unit sales substantially increased by 39.5% from the previous fiscal year to 1,440 thousand units in fiscal year 2022, mainly due to the increases in sales units of the CG160 and Biz model series in Brazil.

*¹ Based on Honda research.
 *² Based on Honda research. Only includes the following seven countries: Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Pakistan, and China.
 *³ Source: ABRACICLO (the Brazilian Association of Motorcycle, Moped, and Bicycle Manufacturers)

Financial Data

Automobile Business

Honda Group Unit Sales* (thousands)

	FY21	FY22	Change	%
Total	4,546	4,074	(472)	(10.4)
Japan	592	547	(45)	(7.6)
North America	1,480	1,283	(197)	(13.3)
Europe	101	100	(1)	(1.0)
Asia	2,247	2,022	(225)	(10.0)
Other Regions	126	122	(4)	(3.2)

Consolidated Unit Sales* (thousands)

	FY21	FY22	Change	%
Total	2,617	2,424	(193)	(7.4)
Japan	520	476	(44)	(8.5)
North America	1,480	1,283	(197)	(13.3)
Europe	101	100	(1)	(1.0)
Asia	390	443	53	13.6
Other Regions	126	122	(4)	(3.2)

*Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. Certain sales of automobiles that are financed with residual value type auto loans and others by our Japanese finance subsidiaries and provided through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to the external customers in our Automobile business. Accordingly, they are not included in Consolidated Unit Sales, but are included in Honda Group Unit Sales of our Automobile business.

Total demand for automobiles in Japan*¹ decreased by around 9% from the previous fiscal year to approximately 4,210 thousand units in fiscal year 2022. Honda's consolidated unit sales in Japan*² decreased by 8.5% from the previous fiscal year to 476 thousand units in fiscal year 2022, mainly due to a decrease in sales units of the FIT model, attributable to the impacts of the semiconductor supply shortage, which offset the effects of launching the new VEZEL model. Honda's unit production of automobiles in Japan decreased by 7.7% from the previous fiscal year to 634 thousand units in fiscal year 2022.

Total demand for automobiles in the United States*³, the principal market within North America, increased by around 3% from the previous year to approximately 15,070 thousand units in calendar year 2021. Honda's consolidated unit sales in North America decreased by 13.3% from the previous fiscal year to 1,283 thousand units in fiscal year 2022, mainly due to a decreases in sales units of the CR-V and CIVIC models, attributable to the impacts of the semiconductor supply shortage. Honda's unit production of automobiles in North America decreased by 9.0% from the previous fiscal year to 1,271 thousand units in fiscal year 2022.

Total demand for automobiles in Asia*⁴ increased by around 17% from the previous year to approximately 7,090 thousand units in calendar year 2021. This was mainly due to the increases in demand in India and Indonesia. Total demand for automobiles in China*⁵ increased by around 4% from the previous year to approximately 26,270 thousand units. Honda's consolidated unit sales in Asia increased by 13.6% from the previous fiscal year to 443 thousand units in fiscal year 2022, mainly due to the effects of launching the new CITY model and an increase in sales units of the BRIO model in Indonesia. Honda's unit production by consolidated subsidiaries in Asia*⁶ substantially increased by 21.2% from the previous fiscal year to 487 thousand units in fiscal year 2022. Meanwhile, unit production by Chinese joint ventures

Dongfeng Honda Automobile Co., Ltd. and GAC Honda Automobile Co., Ltd. decreased by 13.7% from the previous fiscal year to 1,620 thousand units in fiscal year 2022.

*1 Source: JAMA (Japan Automobile Manufacturers Association), as measured by the number of regular vehicle registrations (661cc or higher) and mini vehicles (660cc or lower)

*2 Certain sales of automobiles that are financed with residual value type auto loans and others by our Japanese finance subsidiaries and provided through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to external customers in the Automobile business. Accordingly, they are not included in consolidated unit sales.

*3 Source: Autodata

*4 The total is based on Honda research and includes the following eight countries: Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Taiwan, India and Pakistan.

*5 Source: CAAM (China Association of Automobile Manufacturers)

*6 The total includes the following seven countries: Thailand, Indonesia, Malaysia, Vietnam, Taiwan, India and Pakistan.

Financial Data

Life Creation and Other Businesses

Honda Group Unit Sales/Consolidated Unit Sales* (thousands)

	FY21	FY22	Change	%
Total	5,623	6,200	577	10.3
Japan	336	353	17	5.1
North America	2,617	2,738	121	4.6
Europe	929	1,189	260	28.0
Asia	1,405	1,487	82	5.8
Other Regions	336	433	97	28.9

*Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed power products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed power products of Honda and its consolidated subsidiaries. In the Life Creation business, there is no discrepancy between Honda Group Unit Sales and Consolidated Unit Sales since no affiliate and joint venture accounted for using the equity method was involved in the sale of Honda power products.

Honda's consolidated unit sales in North America increased by 4.6% from the previous fiscal year to 2,738 thousand units in fiscal year 2022, mainly due to the increases in sales of OEM engines* and lawnmowers, which offset a decrease in the sales of generators.

Honda's consolidated unit sales in Europe substantially increased by 28.0% from the previous fiscal year to 1,189 thousand units in fiscal year 2022, mainly due to the increases in sales of OEM engines and lawnmowers, which offset a decrease in the sales of generators.

Honda's consolidated unit sales in Asia increased by 5.8% from the previous fiscal year to 1,487 thousand units in fiscal year 2022, mainly due to an increase in sales of OEM engines, which offset a decrease mainly in sales of water pumps.

*OEM (Original Equipment Manufacturer) engines: refers to engines installed on products sold under a third-party brand.

Financial Data

Consolidated Statements of Financial Position

March 31, 2021 and 2022

	Yen (millions)	
Assets	2021	2022
Current assets:		
Cash and cash equivalents	¥2,758,020	¥3,674,931
Trade receivables	801,814	896,768
Receivables from financial services	1,794,654	1,694,113
Other financial assets	295,307	217,743
Inventories	1,545,600	1,918,548
Other current assets	383,696	439,322
Total current assets	7,579,091	8,841,425
Non-current assets:		
Investments accounted for using the equity method	891,002	967,404
Receivables from financial services	3,619,896	3,740,383
Other financial assets	628,533	819,654
Equipment on operating leases	4,919,916	5,159,129
Property, plant and equipment	3,021,514	3,079,407
Intangible assets	818,763	849,507
Deferred tax assets	99,552	91,592
Other non-current assets	342,763	424,652
Total non-current assets	14,341,939	15,131,728
Total assets	¥21,921,030	¥23,973,153

	Yen (millions)	
Liabilities and Equity	2021	2022
Current liabilities:		
Trade payables	¥1,088,061	¥1,236,233
Financing liabilities	3,005,624	3,118,304
Accrued expenses	415,106	375,601
Other financial liabilities	182,145	236,900
Income taxes payable	47,793	96,116
Provisions	362,151	268,388
Other current liabilities	614,577	672,857
Total current liabilities	5,715,457	6,004,399
Non-current liabilities:		
Financing liabilities	4,715,361	4,984,252
Other financial liabilities	280,809	282,083
Retirement benefit liabilities	358,532	282,054
Provisions	278,890	253,625
Deferred tax liabilities	842,001	990,754
Other non-current liabilities	357,141	403,440
Total non-current liabilities	6,832,734	7,196,208
Total liabilities	12,548,191	13,200,607
Equity:		
Common stock	86,067	86,067
Capital surplus	172,049	185,495
Treasury stock	(273,786)	(328,309)
Retained earnings	8,901,266	9,539,133
Other components of equity	196,710	990,438
Equity attributable to owners of the parent	9,082,306	10,472,824
Non-controlling interests	290,533	299,722
Total equity	9,372,839	10,772,546
Total liabilities and equity	¥21,921,030	¥23,973,153

Financial Data

Consolidated Statements of Income

Years ended March 31, 2021 and 2022
Yen (millions)

	2021	2022
Sales revenue	¥13,170,519	¥14,552,696
Operating costs and expenses:		
Cost of sales	(10,439,689)	(11,567,923)
Selling, general and administrative	(1,331,728)	(1,326,485)
Research and development	(738,894)	(787,056)
Total operating costs and expenses	(12,510,311)	(13,681,464)
Operating profit	660,208	871,232
Share of profit of investments accounted for using the equity method	272,734	202,512
Finance income and finance costs:		
Interest income	19,805	25,627
Interest expense	(13,877)	(16,867)
Other, net	(24,817)	(12,314)
Total finance income and finance costs	(18,889)	(3,554)
Profit before income taxes	914,053	1,070,190
Income tax expense	(218,609)	(309,489)
Profit for the year	¥695,444	¥760,701
Profit for the year attributable to:		
Owners of the parent	¥657,425	¥707,067
Non-controlling interests	38,019	53,634
Earnings per share attributable to owners of the parent (Yen)		
Basic and diluted	380.75	411.09

Consolidated Statements of Cash Flows

Years ended March 31, 2021 and 2022

	Yen (millions)	
	2021	2022
Cash flows from operating activities:		
Profit before income taxes	¥914,053	¥1,070,190
Depreciation, amortization and impairment losses excluding equipment on operating leases	624,239	611,063
Share of profit of investments accounted for using the equity method	(272,734)	(202,512)
Finance income and finance costs, net	22,630	(56,352)
Interest income and interest costs from financial services, net	(137,178)	(155,872)
Changes in assets and liabilities		
Trade receivables	(133,788)	(24,037)
Inventories	68,281	(208,895)
Trade payables	101,301	50,122
Accrued expenses	(40,927)	(68,811)
Provisions and retirement benefit liabilities	106,829	(156,079)
Receivables from financial services	(59,934)	509,741
Equipment on operating leases	(161,579)	171,600
Other assets and liabilities	(72,473)	28,981
Other, net	5,190	(19,782)
Dividends received	191,112	193,555
Interest received	236,729	237,724
Interest paid	(113,100)	(97,884)
Income taxes paid, net of refund	(206,272)	(203,130)
Net cash provided by operating activities	1,072,379	1,679,622

	Yen (millions)	
	2021	2022
Cash flows from investing activities:		
Payments for additions to property, plant and equipment	¥(318,410)	¥(268,143)
Payments for additions to and internally developed intangible assets	(232,727)	(181,083)
Proceeds from sales of property, plant and equipment and intangible assets	6,770	27,108
Payments for acquisitions of subsidiaries, net of cash and cash equivalents acquired	2,230	—
Payments for acquisitions of investments accounted for using the equity method	(110,747)	—
Proceeds from sales of investments accounted for using the equity method	12,570	—
Payments for acquisitions of other financial assets	(433,375)	(488,631)
Proceeds from sales and redemptions of other financial assets	276,808	534,693
Net cash used in investing activities	(796,881)	(376,056)
Cash flows from financing activities:		
Proceeds from short-term financing liabilities	9,115,347	7,487,724
Repayments of short-term financing liabilities	(9,294,859)	(7,960,144)
Proceeds from long-term financing liabilities	1,948,835	2,002,823
Repayments of long-term financing liabilities	(1,798,429)	(1,761,561)
Dividends paid to owners of the parent	(145,090)	(188,402)
Dividends paid to non-controlling interests	(41,755)	(53,813)
Purchases and sales of treasury stock, net	154	(62,180)
Repayments of lease liabilities	(67,628)	(80,165)
Other, net	(555)	—
Net cash provided by (used in) financing activities	(283,980)	(615,718)
Effect of exchange rate changes on cash and cash equivalents	94,149	229,063
Net change in cash and cash equivalents	85,667	916,911
Cash and cash equivalents at beginning of year	2,672,353	2,758,020
Cash and cash equivalents at end of year	¥2,758,020	¥3,674,931

Financial Data

Segment Information

Segment information as of and for the years ended March 31, 2021 and 2022 is as follows:

As of and for the year ended March 31, 2021

Yen (millions)

	Motorcycle Business	Automobile Business	Financial Services Business	Life Creation and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	¥1,787,283	¥8,567,205	¥2,494,294	¥321,737	¥13,170,519	—	¥13,170,519
Intersegment	—	212,144	12,494	20,107	244,745	(244,745)	—
Total	1,787,283	8,779,349	2,506,788	341,844	13,415,264	(244,745)	13,170,519
Segment profit (loss)	224,608	90,255	356,980	(11,635)	660,208	—	660,208
Segment assets	1,555,057	8,643,109	10,832,645	374,169	21,404,980	516,050	21,921,030
Depreciation and amortization	68,258	515,241	825,975	15,644	1,425,118	—	1,425,118
Capital expenditures	48,800	500,431	2,006,264	11,609	2,567,104	—	2,567,104

As of and for the year ended March 31, 2022

Yen (millions)

	Motorcycle Business	Automobile Business	Financial Services Business	Life Creation and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	¥2,185,253	¥9,147,498	¥2,820,667	¥399,278	¥14,552,696	—	¥14,552,696
Intersegment	—	213,095	2,656	22,480	238,231	(238,231)	—
Total	2,185,253	9,360,593	2,823,323	421,758	14,790,927	(238,231)	14,552,696
Segment profit (loss)	311,492	236,207	333,032	(9,499)	871,232	—	871,232
Segment assets	1,448,926	9,563,553	11,318,756	475,124	22,806,359	1,166,794	23,973,153
Depreciation and amortization	65,423	510,755	883,712	17,018	1,476,908	—	1,476,908
Capital expenditures	49,203	410,169	2,028,700	15,748	2,503,820	—	2,503,820

Explanatory notes:

- Intersegment sales revenues are generally made at values that approximate arm's-length prices.
- Reconciling items include elimination of intersegment transactions and balances as well as unallocated corporate assets. Unallocated corporate assets included in reconciling items as of March 31, 2021 and 2022 amounted to ¥696,327 million and ¥1,319,995 million, respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

Financial Data

Motorcycle Business

Sales revenue from external customers increased by ¥397.9 billion, or 22.3%, to ¥2,185.2 billion from the previous fiscal year, due mainly to increased consolidated unit sales.

Operating profit increased by ¥86.8 billion, or 38.7%, to ¥311.4 billion from the previous fiscal year, due mainly to an increase in profit attributable to sales impacts as well as positive foreign currency effects, which was partially offset by increased expenses.

Automobile Business

Sales revenue from external customers increased by ¥580.2 billion, or 6.8%, to ¥9,147.4 billion from the previous fiscal year, due mainly to positive foreign currency translation effects, which was partially offset by decreased consolidated unit sales.

Operating profit increased by ¥145.9 billion, or 161.7%, to ¥236.2 billion from the previous fiscal year, due mainly to decreased expenses as well as positive foreign currency effects, which was partially offset by a decrease in profit attributable to price and cost impacts.

Financial Services Business

Sales revenue from external customers increased by ¥326.3 billion, or 13.1%, to ¥2,820.6 billion from the previous fiscal year, due mainly to increased revenues on disposition of lease vehicles.

Operating profit decreased by ¥23.9 billion, or 6.7%, to ¥333.0 billion from the previous fiscal year, due mainly to difference in the amount of the allowance for credit losses.

Life Creation and Other Businesses

Sales revenue from external customers increased by ¥77.5 billion, or 24.1%, to ¥399.2 billion from the previous fiscal year, due mainly to increased consolidated unit sales in Life creation business.

Operating loss was ¥9.4 billion, an improvement of ¥2.1 billion from the previous fiscal year, due mainly to an increase in profit attributable to sales impacts, which was partially offset by increased expenses. In addition, operating loss of aircraft and aircraft engines included in Life creation and other businesses was ¥33.7 billion, an increase of ¥1.4 billion from the previous fiscal year.

Financial Data

Financial Summary

Fiscal years ended March 31

	U.S. GAAP Yen (millions)					IFRS Yen (millions)								
	2012	2013	2014	2015		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	¥11,842,451	¥12,646,747	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	750,281	606,878	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%	6.3%	4.8%	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	728,940	644,809	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	252,662	235,204	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	132,471	126,570	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)	(34,642)	(43,168)	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	574,107	493,007	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	142,381	158,601	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	634,130	662,610	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	12,703	16,598	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	¥15,622,031	¥18,088,839	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	3,234,066	3,933,860	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	5,918,979	6,696,693	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	782,027	714,502	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	442,318	490,375	Depreciation	419,022	451,052	486,410	484,133	513,455	499,036	470,320	428,063	438,269

Financial Data

Financial Summary (continued)

Fiscal years ended March 31

	U.S. GAAP Yen					IFRS Yen								
	2012	2013	2014	2015		2014	2015	2016	2017	2018	2019	2020	2021	2022
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	¥318.54	¥273.54	Basic	¥346.62	¥282.66	¥191.16	¥342.10	¥590.79	¥345.99	¥260.13	¥380.75	¥411.09
Diluted	117.34	203.71	318.54	273.54	Diluted	346.62	282.66	191.16	342.10	590.79	345.99	260.13	380.75	411.09
Dividends	60	76	82	88	Dividends	82	88	88	92	100	111	112	110	120
Honda Motor Co., Ltd. shareholders' equity	2,440.35	2,798.37	3,284.14	3,715.66	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	¥1,912,504	¥1,810,283	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%	16%	14%		15%	14%	12%	13%	12%	13%	13%	14%	13%
Overseas	6,430,168	8,224,952	9,929,947	10,836,464	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%	84%	86%		85%	86%	88%	87%	88%	87%	87%	86%	87%
Total	¥7,948,095	¥9,877,947	¥11,842,451	¥12,646,747	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%	100%	100%
	Thousands					Thousands								
Unit sales:					Unit sales:									
Motorcycle Business	15,061	15,494	17,021	17,765	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	4,323	4,364	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	6,036	6,001	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	198,561	203,902	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	¥103	¥120	Rates for the period-end	¥103	¥120	¥113	¥112	¥106	¥111	¥109	¥111	¥122
Average rates for the period	79	83	100	110	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.



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