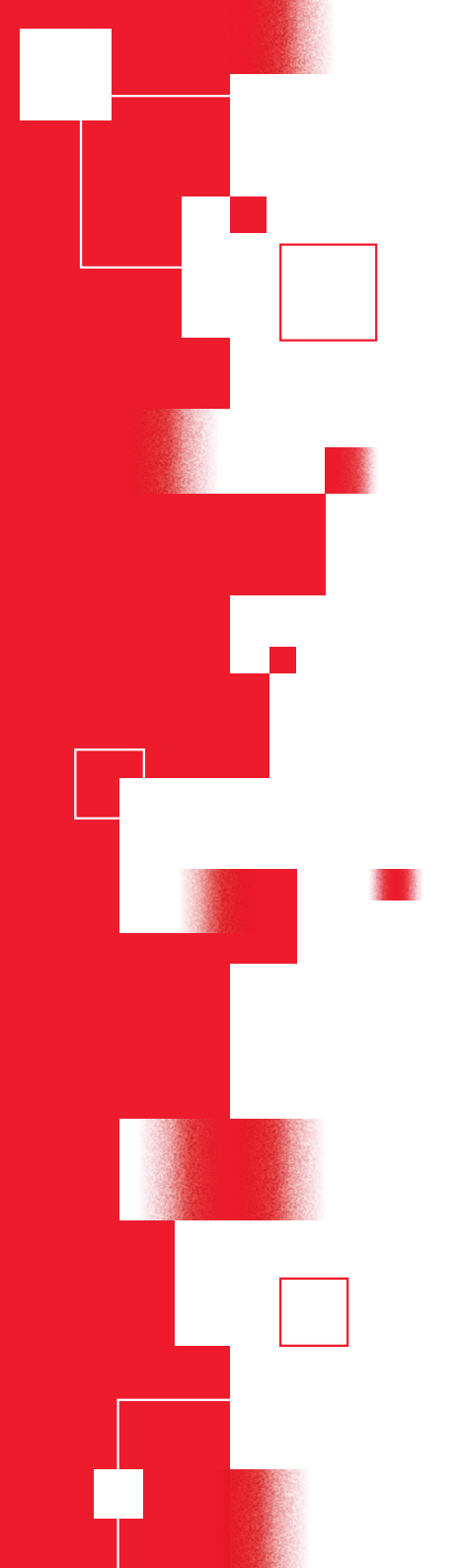


HONDA

Honda Report 2023





What drives your dreams?

HONDA
The Power of Dreams

How we move you.
CREATE ► TRANSCEND, AUGMENT



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Editorial Policy

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

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

Reference Framework

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

Organizations Covered

This report covers the entire Honda Group, which consists of Honda Motor Co., Ltd. and its 382 domestic and overseas companies (313 consolidated subsidiaries and 69 affiliates accounted for under the equity method). Sections that do not cover the entire Honda Group are indicated as such with a reference to the specific scope.

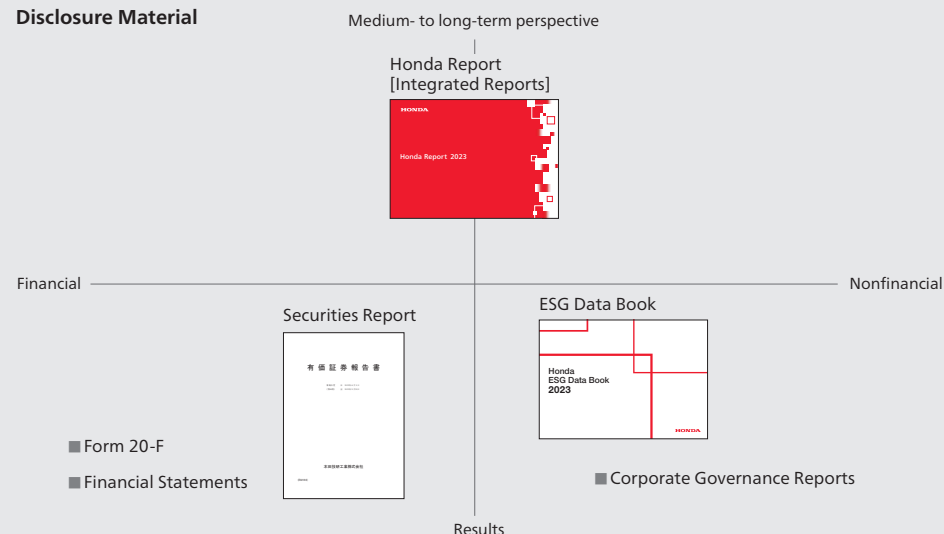
Reporting Period

This report focuses primarily on the activities undertaken during FY2023 (April 1, 2022 – March 31, 2023), and also includes past background information and activities conducted up to the time of publication, as well as other matters including future outlook and plans.

Disclaimer

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

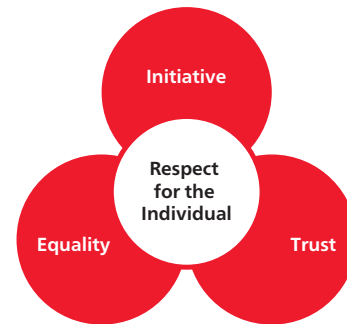
Disclosure Material



Honda 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.

Sources of Value Creation by Numbers | Six Capitals

Financial Capital

A strong financial base that allows us to invest resources for transformation

Net cash (excluding financial services)
2.7 tn YEN
(End of FY2023)

Total capital
11.5 tn YEN
(End of FY2023)

Interest-bearing debt
(excluding financial services*1)
0.8 tn YEN
(End of FY2023)

*1 Including US\$2.75 billion Green Bond issue

Human Capital

Support for individual and organizational growth that leads to value creation

Number of associates
Consolidated
197,039 associates

Non-consolidated
33,065 associates
(Number of associates as of the end of FY2023)

Training hours per person per year
18 hours
(FY2023 in Japan)

Manufacturing Capital

Evolution of production system to achieve high product attractiveness

Number of product assembly sites
74 sites
(As of the end of FY2023)

Capital investment*2
493.9 bn YEN
(FY2023)

*2 Capital investment for the introduction of new models, expansion, rationalization, renewal of production facilities, and expansion of sales and R&D facilities, etc.

Intellectual Capital

Enhancing the technological innovation capability to create compelling products and services

R&D expenses
Approx. 8 tn YEN
(FY2022 - FY2031)

R&D investments
Electrification / Software area
Approx. 5 tn YEN

Preparation for new growth
Approx. 1 tn YEN
(FY2022 - FY2031)

Number of domestic and overseas patents
More than 42,000 patents
(End of FY2023)

Natural Capital

Reduction of environmental impact for coexistence and co-prosperity with nature

Energy input
Direct
19,300 TJ

Indirect
24,000 TJ
(FY2023)

Resource input
Water withdrawal
33,200 k m³
(FY2023)

Social and Relationship Capital

Deepen and expand relationships of trust and cooperation with stakeholders

Number of group companies
382 companies
(including 313 consolidated subsidiaries and 69 affiliates accounted for under the equity method)
(End of FY2023)

Brand value*3
22,837 m USD
(2022)

Best Global Brands 2022
Automotive*3
5th in the world
(2022)

*3 According to Interbrand research

Global Sales Figures for FY2023

(10 thousand units)

2,808.9

Motorcycles
1,875.7

+

Automobiles
368.7

+

Power Products
564.5

Unit Sales in Major Markets

Europe

Motorcycles 34.7
Automobiles 8.4
Power Products 116.8

(10 thousand units)

Japan

Motorcycles 24.6
Automobiles 55.0
Power Products 37.6

(10 thousand units)

North America

Motorcycles 45.9
Automobiles 119.5
Power Products 227.4

(10 thousand units)

Asia

Motorcycles 1,610.8
Automobiles 174.4
Power Products 140.8

(10 thousand units)

Other

Motorcycles 159.7
Automobiles 11.4
Power Products 41.9

(10 thousand units)



How we move you.

CREATE ► TRANSCEND, AUGMENT

The dreams of each and every one of us working together have always been the driving force of Honda.

We have different kinds of dreams, but by applying our original technologies, ideas and design we take on challenges continuously to realize mobility that enables our customers to enjoy life with more freedom, more convenience and more fun.

The future mobility Honda dreams of will create a joy and freedom of mobility that enables people to transcend the constraints of time and place, and augment their every possibility.

Such mobility will become the “power” for people who are trying to advance toward their own dreams.

Dreams that will move even more people, until there is an endless expanse of new dreams.

The Power of Dreams

Through the creation of mobility we dream of, Honda will become “The Power of Dreams” of more and more people. That is how we will move people and society forward.

CEO Message



How we move you.
CREATE ► TRANSCEND, AUGMENT

Director, President and Representative
Executive Officer

Toshihiro Mibe



The power of dreams, how we move you.

Unchanging Passion Since Our Founding

Since its founding, Honda has been driven by its “dreams.” Above all else, we value original ideas, technologies and design, which derive from our unwavering passion and out-of-the-box thinking, and Honda has grown by fearlessly taking on challenges to realize what was thought to be impossible. Through the creation of diverse forms of mobility, Honda aims to become the “power” that supports people around the world who are trying to do things based on their own initiative, including those who take on new challenges and others who are trying to make changes to themselves and the society they live in. In doing so, Honda has been providing value that contributes to the advancement of mobility and people’s daily lives.

As environmental awareness rises and digital technology rapidly advances, the automotive industry is undergoing a once-in-one-hundred-years transformation that is characterized by swift changes. However, even in this era of a major transformation, the long-standing passion of Honda remains unchanged. Honda will strive to be a company people and society want to exist into the future by becoming the driving force for those who are determined to take new steps based on their own initiative.

We believe that mobility is a fundamental human desire. Our relentless pursuit of advancing mobility, spanning automobiles, motorcycles, power products, aircraft and more, enhances the “temporal and spatial value” of mobility, and expands people’s life’s potential. When more people are “connected” through mobility, we can generate greater “power,” which leads us to the creation of a better society. We believe it is Honda’s mission to realize such a future.

On another front, in order to contribute to society as a mobility-focused company, we must sincerely address difficult challenges of achieving “zero environmental impact” and “absolute safety.”

By realizing the future mobility Honda dreams of and a mobility society people desire, while addressing societal values in the areas of

the environment and safety, Honda aspires to chart a new trajectory of growth as a company.

Amidst this era of significant transformation, which we position as the “second founding” of Honda, we have made progress toward various initiatives. However, in order for all of us at Honda to work together cohesively toward a common purpose at an accelerated speed, we recognized the importance of re-clarifying “what we truly strive for.”

Honda’s Future Vision

Honda Global Brand Slogan – The Power of Dreams – is a simple and most straightforward expression of the fact that the dreams of each and every one of us working together at Honda have always been the driving force of Honda. Driven by dreams, what is Honda striving to achieve? What value is Honda going to offer to its customers? How will Honda create such value? Answers to these questions are the core of everything we do as a company, thus we decided to define what Honda truly strives for and communicate it more clearly to both internal and external stakeholders.

In contemplating this, we revisited the essential value of every mobility product and service Honda has offered to date. Consequently, we arrived at the conclusion that there are two value propositions Honda wants to continue offering – One is to enable people to “transcend various constraints such as time and place,” and the other is to enable people to “augment their abilities and possibilities.” The future mobility we dream of and a mobility society people desire lie ahead of us as we continue to thoroughly pursue these value propositions. Grounded in this notion, we expressed the value Honda will continue to offer to its customers with two key words: “Transcend” and “Augment.”

“Transcend” conveys the meaning of “go beyond the limits.” Throughout our history, Honda has consistently offered the value of increased “convenience,” “freedom,” and “speed” via mobility. This value

CEO Message

can be interpreted as enabling people to transcend various constraints that interfere with their mobility.

Especially, time is an absolute constraint for most people. Mobility products and services that enable more efficient utilization of the universally granted 24 hours, 365 days have immeasurable value. Through the creation of diverse mobility products and services which will be combined to realize seamless mobility, and with our advanced technologies such as automated driving technologies, Honda will create the value of “transcending the constraints of time.”

In addition, Honda will also pursue the creation of the value of “transcending the constraints of place” – with our aircraft products including eVTOL, which will make “three-dimensional mobility” available for people, through our challenges in the field of space technology, and with our avatar robots that people can control while traversing physical distances. Under the key word of “transcend,” we will vigorously pursue various initiatives with an aim to provide customers with the significant value of transcending the constraints of time and place.

The other key word, “Augment,” signifies “making something greater.” By controlling new mobility products at our will, we can travel faster and farther. We can reach places that were previously beyond human reach. We can effortlessly move heavy objects, and we can also perform intricate tasks swiftly. If people become capable of doing something that they could not do before through the use of various mobility products and services Honda offers, we can say that we provide the value of “augmenting people’s possibilities.” We believe that “what people can do” is infinitely augmentable by enhancing people’s physical and cognitive capabilities and optimizing them for various purposes through the use of a variety of mobility products and services which leverage digital technology. With our original ideas and technologies, Honda will strive to enable people around the world to augment their possibilities.

Furthermore, another key word of our Global Brand Slogan is “Create,” which conveys the message that it is the creativity of each and every one of us at Honda that becomes the key to creating the value proposition of Honda. With the key word of “Create,” all of us who work together at Honda will set high goals and take on challenges without being afraid of changes, to “create” something which will generate new value for our customers.

Our creative power fueled by our dreams will generate the value proposition of Honda represented by the two key words: “Transcend”

and “Augment.” Such value we offer will move people, inspire people and become the “power” to support people who take one step closer to their dreams. As the “power” of people who embarked on their dream-filled journeys gains momentum and spreads to the people around them, it will create new connections and realize an expanse of dreams throughout our society. Honda always believes in the power of such infinite dreams that people pursue all around the world, and we want to be the “power” to help people realize their dreams.

With these aspirations for the future, we have added a new tagline – How we move you. – which follows the “The Power of Dreams” in our Global Brand Slogan. This tagline encapsulates the double meaning of “moving people physically” as a mobility company and “moving people’s hearts” through the value we provide.

We will continue our commitment to carry out our corporate activities while striving to move people, inspire people, and spread dreams throughout the world.

Toward the Realization of the Value Proposition of Honda

At Honda, we believe that every associate should be an individual who is driven by their intrinsic motivation and wants to realize their own dreams by demonstrating their abilities, individuality and creativity to the fullest. As I mentioned earlier, the wellspring of the two value propositions we aim to offer is “the power of dreams” and the “creativity” of each and every associate. When the strong individualities of Honda associates collide, and their diverse knowledge and dreams interact with each other, they evolve into greater knowledge and more profound dreams. This synthesis manifests as “creation,” generating value. Pursuing this vision, we will seek to establish an environment where everyone who works at Honda can fully demonstrate their abilities.

To this end, we are asking the following question to ourselves.

- Can each of us find meaning in our work and be passionate about our own work?
- Are we clear about what we want to do, our dreams, our aspirations and our future goals? Are we fully committed to pursuing them?
- Are there work environments and support systems which encourage us to take on such challenges?
- At every workplace, are we pursuing the very essence of things, having candid and unreserved discussions involving diverse individuals and conducting collaborative knowledge creation?

Guided by these perspectives, we will comprehensively reassess every element that shapes our corporate culture, including the decision-making process, approaches to our work and our personnel systems. Through such internal changes, we will strive to establish an organization capable of realizing “The Power of Dreams.”

Toward the Realization of Dreams

My dream is to realize a world where mobility products bearing the Honda logos are traveling all around the world, on the ground, in the ocean, in the skies and into outer space, and people are enjoying the true freedom of mobility. I envision that Honda mobility products and services will create more time and space where people can enjoy freedom, and such temporal and spatial value of our mobility will further unlock human potential, becoming the driving force to transform our society.

Each and every one of us working at Honda has a variety of dreams, which will be the starting point of our creativity. By leading our creativity in the right direction, we will maximize the limitless “power of dreams.” By creating a link between such power of dreams and the value proposition of Honda – Transcending and Augmenting – we will offer attractive products and services unique to Honda. Leading this process is the role I assume as the Global CEO of Honda. In today’s society, where people’s values are increasingly diverse, this challenge will undoubtedly be formidable. However, I believe that the greater the challenge, the more worthwhile it is for us to take on.

Toward a future filled with dreams and hopes, our journey of challenge will continue. Please keep your expectations high for the dream-inspiring mobility products and services Honda will create for the joy and freedom of mobility.



Value Creation Process

TRANSCEND

To enable people to transcend the various constraints of time and place

Internet of Things (IoT)/Connected

Carbon Neutrality of Power Units

Five Key Factors of Our Initial Focus

Automated Driving (AD)/Advanced Driver-Assistance System (ADAS)

Resource Circulation

Energy Management System

Recognition of the External Environment

Creation of Innovative Technologies

Brand Value Enhancement

Zero Environmental Impact

Key Themes

Human Capital Management

Zero Traffic Collision

Honda Philosophy



DREAMS

Driven by the power of each individual's dreams.

Creation of Social and Economic value

Resource Input

Financial Capital
Human Capital
Manufacturing Capital
Intellectual Capital
Natural Capital
Social and Relationship Capital



Acceleration/
Intensification of
Environmental
Change



To be a company people and society want to exist

Honda's Vision

We create **the joy** and freedom of mobility and

become the power that supports individuals who start moving toward their dreams

How we move you.

The power of dreams, how we move you.

CREATE

To realize the mobility Honda dreams of with the creativity as the key

AUGMENT

To augment people's possibilities

HONDA
The Power of Dreams

How we move you.

CREATE ► TRANSCEND, AUGMENT

Corporate Strategy



We aim to expand our economic value by pursuing social value and chart a new growth trajectory as a company.

Director
Executive Vice President and
Representative Executive Officer
Chief Operating Officer
Shinji Aoyama

Toward the Embodiment of Value Creation

Honda aims to embody the values of “Transcend” and “Augment,” achieving “zero environmental impact” and “absolute safety,” thereby creating the joy and freedom of mobility in the era of electrification. Honda seeks to continuously be the “power” that supports people around the world who are trying to do things based on their own initiative.

While we recognize that achieving environmental and safety objectives is our duty as a mobility company, we must consciously sidestep any notion of trade-off where our pursuit of environmental and safety initiatives compromises economic value. Instead, we are committed to intensifying our endeavors guided by the principle of trade-on, aiming to enhance economic value through the pursuit of social value. This strategy paves the way for a fresh path of growth for the company, highlighting the importance of pursuing both societal and economic value.

Value Creation Story and Growth Strategy

(1) Defining Materiality and Company-Wide Objectives for the Achievement of “Vision” and “Value Proposition”

In order to create the “joy and freedom of mobility” that we aspire to, it is essential for the entire organization to clearly define key challenges and targets to be prioritized. Each individual working at Honda should use these as guiding principles, driving together with full force towards the same direction. Taking this perspective into account, and acknowledging the swift changes in the environment, along with the enhanced clarity of our “vision” and “value proposition” achieved through the redefinition of our global brand slogan, we have opted to reassess the most critical challenges that we had previously identified, grounding them in the framework of the materiality matrix. We will strive to enhance the effectiveness and speed of initiatives by reorganizing the important themes, materiality, and associated goals that we will particularly focus on in the future.

We have selected the new key themes by systematically identifying and prioritizing societal issues extracted comprehensively from the perspective of sustainability, aligning them with Honda’s direction. Specifically, in addition to “environment” and “safety” which have long been highlighted as important themes in our management, we have chosen “people” and “technology,” which drive Honda’s growth, as well as “brand” that encompasses all corporate activities — our five non-financial indicators as important themes. We align these aspects with our financial strategy to effectively generate both social and economic value. Furthermore, within the realm of non-financial indicators, we have defined the materiality that should be addressed for each theme. This approach helps us clarify the areas we need to focus on to achieve our vision.

To ensure we achieve our materiality, it is crucial to execute strategic planning and resource allocation with a medium to long-term perspective, even within a rapidly changing and highly uncertain environment, without being overly tied to short-term fluctuations. With this in mind, we have decided to discontinue the previous practice of setting three-year midterm goals and instead establish achievement targets on a 5-year and 10-year horizon. We will clearly define key goal indicators (KGIs) and key performance indicators (KPIs) for the milestones to be reached in each phase of 2025 and 2030, reinforcing management governance by regularly monitoring the progress of initiatives by the leadership team. This approach will enhance the effectiveness of initiatives and facilitate their rapid implementation towards the achievement of materiality.

Materiality Assessment Process

STEP 1	STEP 2	STEP 3	STEP 4
Comprehensive extraction of social issues from a sustainability standpoint Based on SDGs, disclosure standards like GRI standards and SASB, as well as external evaluation criteria such as S&P Global CSA, social issues are comprehensively extracted.	Prioritization and selection of important themes based on Honda’s vision We prioritize and select areas to focus on, in alignment with Honda’s vision, “to create the joy and freedom of mobility,” among the social issues extracted in Step 1.	Identification of materiality, management indicators and objectives for each important theme For each important theme, we define specific challenges to focus on as materiality, and set indicators and target values to measure their achievement.	Setting initiatives and actions toward achieving materiality We formulate specific initiatives and actions toward achieving the target values set for each materiality.

Corporate Strategy

	Important Themes	Materiality	Management Indicators (KGI*1)		Target		Approach and Direction of Efforts	
					2025	2030		
Financial Indicator	Economic Value Enhancement	• Improvement of capital efficiency • Sustainable growth of cash flows	ROIC	Consolidated	-	10% or higher	We have established ROIC target for 2030, complementing the previously disclosed ROS target for 2025. By fortifying our business structure, we intend to boost cash generation capabilities. Our objective is to uphold an optimal equilibrium between strategic resource allocation for transformation and shareholder returns, with the aim of achieving sustainable growth and enhanced capital efficiency.	➡p.12 Financial Strategy
			ROS		7% or higher	-		
Non-Financial Indicator	Brand Value Enhancement	• Enhancement of consistent brand management	Brand Value*2 (Interbrand research)	Consolidated	(Unpublished)		By embodying Honda's brand value through high-quality products and services, and through consistent brand management in all corporate activities, we aim to enhance brand value.	➡p.55 Brand Value Enhancement Enhancement of Consistent Brand Management
	Realization of Zero Environmental Impact Society	• Challenging climate change issues • Challenging energy-related issues • Efficient utilization of resources • Biodiversity conservation	Reduction rate of CO2 emissions from corporate activities	Consolidated	-	46%	To remain a company people and society want to exist globally, we are committed to thorough efforts in environmental preservation. We aim for zero environmental impact in the lifecycle by 2050 through initiatives such as "carbon neutrality," "clean energy" and "resource circulation" through electrification of the products, etc.	➡p.27 To Realize a Zero Environmental Impact Society Environmental Strategy
			Total CO2 emissions from products	Consolidated /Business	(Unpublished)			
			Waste reduction rate	Consolidated (compared to BAU*3)	-	14.5%		
			Water intake reduction rate		-	14.5%		
	Realization of Zero Traffic Collision Society	• Development of technology to capture and complement human intention • Safety education and awareness activities • Building a transportation ecosystem	Traffic fatalities involving automobiles in Japan and the United States	Consolidated	(Unpublished)		With the philosophy of pursuing the safety of all people in a mobility society, we aim to achieve zero traffic collision fatalities involving Honda's motorcycles and automobiles worldwide by 2050 through the evolution of advanced safety technology and expanded safety education.	➡p.37 To Realize a Zero Traffic Collision Society Safety Strategy
	Evolution of Human Capital Management	• Activating associates' intrinsic motivations and fostering the integration of diverse individuals • Ensuring both quantitative and qualitative sufficiency of human resources in priority business areas	Associate engagement score	Consolidated	50% or higher (Percentage of positive responses)	60% or higher	Under the belief that the integration of diverse individuals who take on challenges driven by their "dreams" leads to the creation of the value Honda aims to provide, we promote various initiatives. Additionally, we strive to ensure that human rights are not violated in any of our corporate activities.	➡p.42 The Evolution of Human Capital Management Human Capital Strategy
	Creation of Innovative Technologies	• Establishing competitive advantage in focus areas	Ability to create intellectual property	Consolidated	(Unpublished)		We define five key factors to focus on at present for the evolution of mobility and promote technological development.	➡p.8 Corporate Strategy ➡p.51 Creation of Innovative Technologies Challenges in New Fields

*1 KGI: Key Goal Indicators overseen by the Board of Directors

KPIs overseen by the Executive Council are detailed in each strategy page, etc.

*2 Brand Value: The monetized value of a brand as disclosed by Interbrand

*3 BAU: Business As Usual based on production plans

Corporate Strategy

(2) Ongoing Focus on the “Five Key Factors”

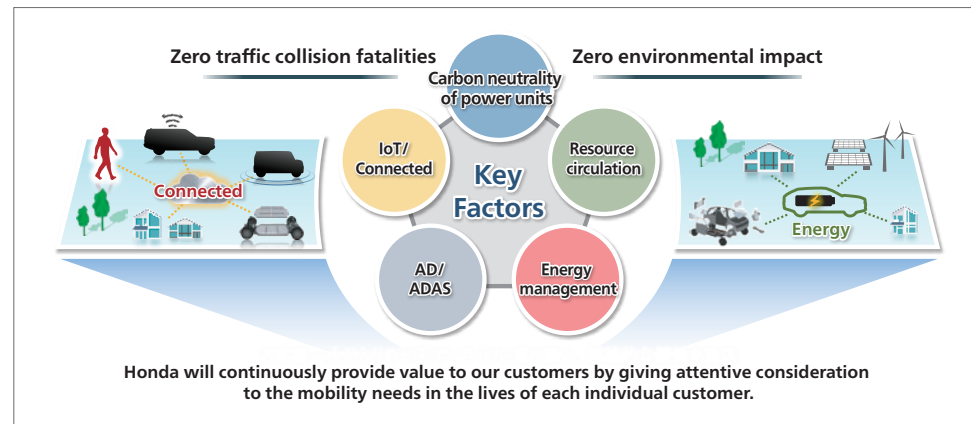
In our important theme of “Creating Innovative Technologies,” we have defined the following five key factors as the technological areas to focus on for the immediate future.

- Carbon neutrality of power units (electrification/hydrogen)
- Resource circulation
- Energy management system
- AD/ADAS*¹
- IoT/Connected

By pursuing advanced and innovative technologies in each area, we aim to enhance the added value of mobility. Furthermore, through the synergy of the technologies developed in each domain, we strive to provide continuous value tailored to the mobility life of each individual customer.*²

*¹ AD: Automated Driving, ADAS: Advanced Driver Assistance Systems

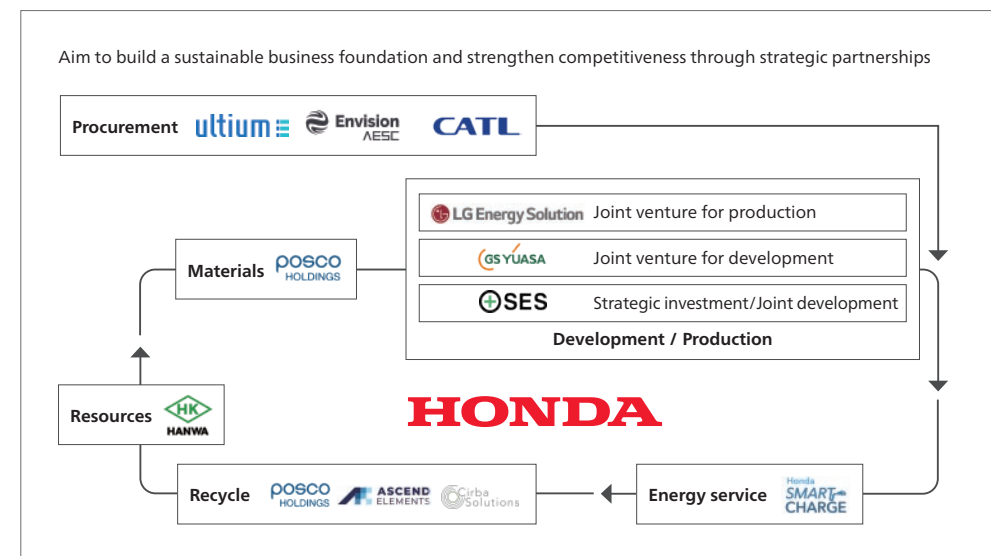
*² Please refer to Business Strategy (→p.15-) and 5 Key Themes (→p.27-) for an overview of initiatives in each area.

Mobility Honda Strives For**Toward Building a Robust Value Chain with Honda as the Hub**

With the global rise in environmental awareness, the electrification of power units and the advancement of software, the nature of the value chain surrounding mobility is undergoing significant changes. Particularly in the realm of EVs (Electric Vehicles), it's imperative to promptly address novel challenges, such as ensuring stable production and procurement of batteries, securing essential minerals used as raw materials, cost reduction and the technological development of next-generation batteries. Moreover, initiatives centered on resource circulation such as the use of sustainable materials are crucial. These not only ensure the steady supply of vital minerals but also lead to reductions in CO₂ emissions. We recognize that the importance of such endeavors will only continue to grow in the future.

In an era where the surrounding business environment is rapidly diversifying and becoming more complex, while keeping Honda's proprietary technology and know-how at the core, we believe it's essential to form a robust value chain through collaborations with other companies that possess strengths distinct from Honda's. This approach can generate synergistic benefits and further accelerate our efforts towards new value creation.

We have already been advancing collaborations in areas like battery production, resource procurement, hydrogen projects and energy services. Moving forward, by actively expanding even more strategic partnerships, we aim to build a sustainable and competitive business foundation.

Strong Value Chain with Honda as a Hub (Battery Area)

Corporate Strategy

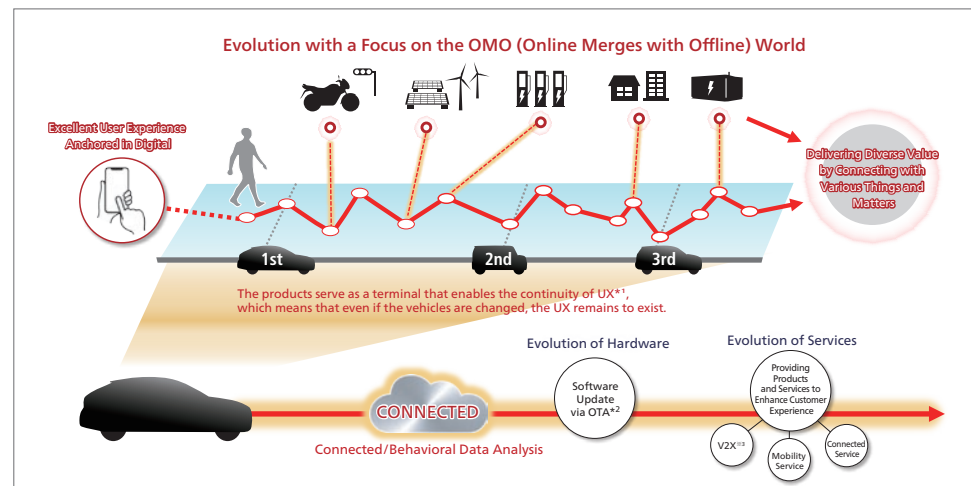
Striving for Enhanced Lifetime Value

With the rapid advancements in electrification and digitization, there's a shifting paradigm in the value of mobility. Traditionally, under the "sell off the hardware" business model, a new vehicle's value was at its peak at the time of purchase, declining over the years. However, as the demand for software areas, represented by automated driving, driver safety assistance systems and digital services, continues to grow, there's an emerging perspective that the value of mobility can be enhanced post-purchase through software updates.

Through IoT and connected technologies, as mobility becomes interconnected with other mobility solutions and transportation infrastructure, it becomes possible not only to prevent accidents before they occur but also to provide personalized, up-to-date digital services. This means that future mobility will be able to "grow alongside the customer."

Furthermore, mobility is expected to generate new value beyond merely being a means of transportation, serving as "energy storage." Initiatives in the energy services sector, utilizing the power supply capabilities of electric mobility through home charging and public charging, will ensure that even when not in motion, mobility continues to evolve into an entity that benefits people in various aspects of their lives.

Through the fusion of hardware and software, we aim to continually deliver value to our customers over an extended lifecycle and grow alongside them as partners. Instead of focusing solely on "mobility," we are committed to accompanying each individual in various aspects of their lives, providing personalized and diverse values consistently. By upholding these two principles, we strive to enhance the lifetime value from a long-term perspective.

Evolution of Mobility through Digitalization

*1 UX: User Experience

*2 OTA: Over The Air, technology to update a vehicle's software through wireless communication

*3 V2X: Vehicle to X, technology for communication and coordination between vehicles and various objects



We aim for corporate management centered on "dreams" and "speed" by advancing management operations.

(3) Advanced Management Operations to Support Value Creation

As the surrounding environment undergoes significant changes, the key challenges in our management strategy have also become increasingly sophisticated and complex. While Honda is committed to focusing on the aforementioned five crucial themes to drive the evolution of mobility and the transformation of our business, it is essential to further advance our management operations themselves to dynamically and swiftly promote large-scale initiatives towards this significant transformation. From this perspective, we've decided to drive the company-wide key challenges set at the beginning of the term through a "cross-departmental task force" led directly by the management members. We've established a system under direct management control that allows for a swift PDCA (Plan-Do-Check-Act) cycle.

In addition to establishing the "Electrification Business Development Operations" this fiscal year, we have also significantly reorganized the corporate functions and regional operations. This reorganization aims to optimize our management resources as a whole. Furthermore, we have abolished the operating officer system, consolidating the roles of officers in charge of each business and function into executive officers, thereby clarifying accountability and enabling swift execution. In addition, in line with the previously mentioned goal of constructing a robust value chain with Honda as the hub, we are steadily advancing the establishment of an internal system to strengthen alliances that supports smooth collaboration with other companies.

For Honda to remain a company people and society want to exist, we believe that two elements are paramount: the diverse "dreams" rooted in individual intrinsic motivations, and the "speed" to manifest them through technology and ideas. We aim to magnify the power of each individual's dream and swiftly translate it into value. With this vision in mind, we are committed to continually elevating our management operations to greater heights.

Financial Strategy



Through strategic resource allocation in accordance with the business transformation phase, we aim to realize enhanced corporate value.

Executive Officer
Chief Financial Officer
Chief Officer, Corporate
Management Operations
Eiji Fujimura

Initiatives for Increasing Corporate Value

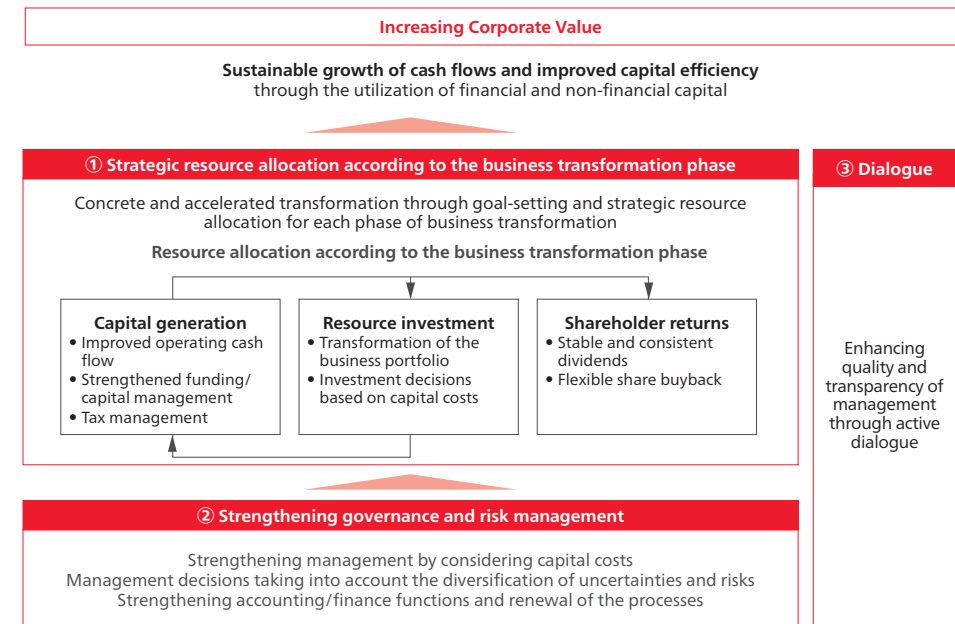
To support this transformation, the entire Honda company is united in our effort to “strengthen our business constitution” and we have been implementing measures aimed at improving our profit structure.

In FY2023, due to worsening business conditions, including the impact of cost increases from semiconductor shortages and inflation, as well as higher quality related expenses, company-wide operating profit margin (ROS) was an austere 4.6%. However, in motorcycle business operations, ROS reached 16.8%, an all-time record high. In automobile business operations, the break-even point based on production capacity improved significantly from approximately 90% to roughly 80%, contributing to revenue protection when production is reduced. Through such efforts in each business segment, we are confident that we are making steady progress in improving our profit structure and are aiming to achieve a company-wide ROS target of 7% or more by FY2026. In terms of financial foundation, continuing from FY2022, we generated free cash flow at the level of 700 billion yen. This not only secured funds to support the transformation, but also enabled us to declare an annual dividend of 120 yen. Furthermore, exercising a flexible capital policy, we conducted two share buybacks totaling 170 billion yen during the year.

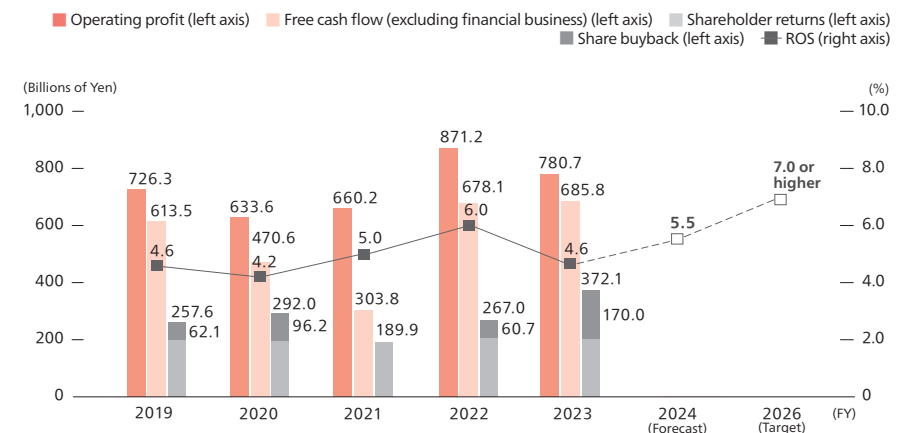
Given the significant changes in the business environment as well as an increase in the types of risks, including geopolitical risks, it has become crucial to leverage both financial and non-financial capital to attain sustainable growth of cash flows and enhance capital efficiency, thereby boosting corporate value. As a Chief Financial Officer, I believe it is crucial to: 1) clearly define goals for each phase of business transformation and execute strategic resource allocation, 2) ensure reliable execution, strengthen governance and conduct appropriate risk management, including the strengthening of capital cost-conscious management and 3) engage in active dialogue with stakeholders to enhance the quality and transparency of management.

By meticulously executing these missions one by one, we will realize the transformation in what we call the company's second founding and Honda will continue to be a company that our shareholders want to exist.

Initiatives for Increasing Corporate Value



Performance Trend



Financial Strategy

Initiatives for Increasing Corporate Value through Phase-specific Goals and Strategic Resource Allocation

To establish cash generation capabilities through new value creation, we will categorize our management plan into phases of transformation and set specific quantitative goals to drive our initiatives forward. While the PBR (Price-to-Book Ratio) has fallen below 1x, it is crucial to establish a capital return that exceeds the capital cost (ROIC) at an early stage. Additionally, as we aim for “a continual value provision that aligns with the mobility needs of each individual customer’s life,” we believe that leveraging both financial and non-financial resources, and ensuring sustained growth of cash flows over the long term, are crucial.

Up to 2025: “Strengthening Business Resilience of ICE*1 Product Operations and Investment in EVs” Phase

Moving towards 2025, we will sequentially introduce EVs tailored to each region. However, in the phase up to 2025, ICE vehicles will continue to be the core of our sales. From a financial standpoint, as we allocate resources to EVs in order to transform our business portfolio, we will concurrently concentrate on enhancing the business structure of ICE vehicles, with the objective of achieving a company-wide Return on Sales (ROS) of 7% or higher. Strengthening the profitability of our automobile operations is particularly challenging, but we will build upon the business structure we’ve developed through initiatives like the introduction of Honda Architecture*2, consolidated planning, reducing the number of derivatives of our global models and optimizing production capacity. We will also work on strengthening our supply chain, including securing a stable supply of semiconductors, to recover our automobile sales volume and steadily enhance profitability. Having built a robust financial foundation through the enhancement of a solid business structure with these initiatives, we will steadily allocate resources to EVs. Furthermore, by achieving a company-wide ROS of 7% or higher, we will realize an ROIC that exceeds capital costs.

*1 ICE: Internal Combustion Engine

*2 Honda Architecture: System architecture connecting computers, sensors, actuators and other components in automobiles

Up to 2030: “Transition from ICE Vehicles to EVs” Phase

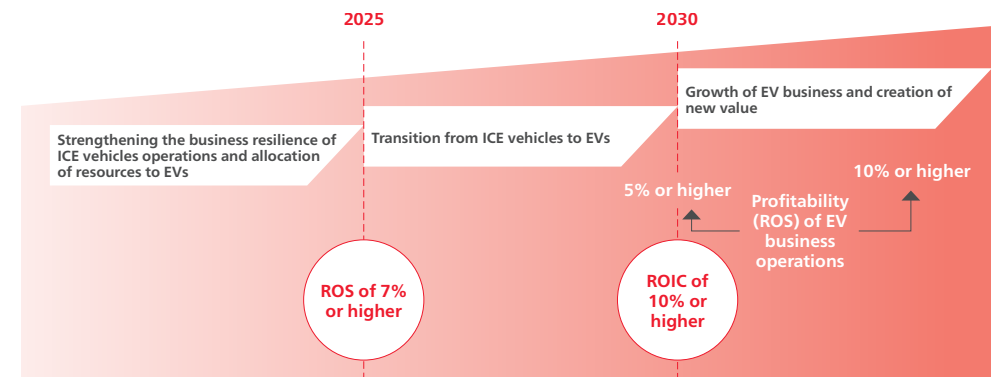
Building a Production System for Over 2 Million EVs Annually on a Global Scale

In the period leading up to 2030, we will intensify the allocation of resources to expedite the growth of EV business and attain self-sufficiency in the EV business. By 2030, our objective is to establish a global production capacity exceeding 2 million EVs, while striving for an EV/FCV sales ratio of 40% in developed countries. We will expedite strategic investments that foster the growth of EV business, including the advancement of next-generation batteries like semi-solid-state batteries and all-solid-state batteries. We will also bolster the EV production system through the transformation of our global production system and develop Honda’s distinctive vehicle operating system (OS), which facilitates the post-sale evolution of vehicle features and services post-vehicle sales. Furthermore, we will broaden our range of EV offerings, primarily in both motorcycles and automobiles, while elevating market competitiveness. While there might be an impact from temporary upfront investments, our goal is to bolster the cash generation capability of our ICE (Internal Combustion Engine) business, allocate resources to support transformation, sustain a return on invested capital (ROIC) surpassing the cost of capital and aim for an ROS (Return on Sales) exceeding 5% for the EV segment, along with a company-wide ROIC surpassing 10% by 2030.

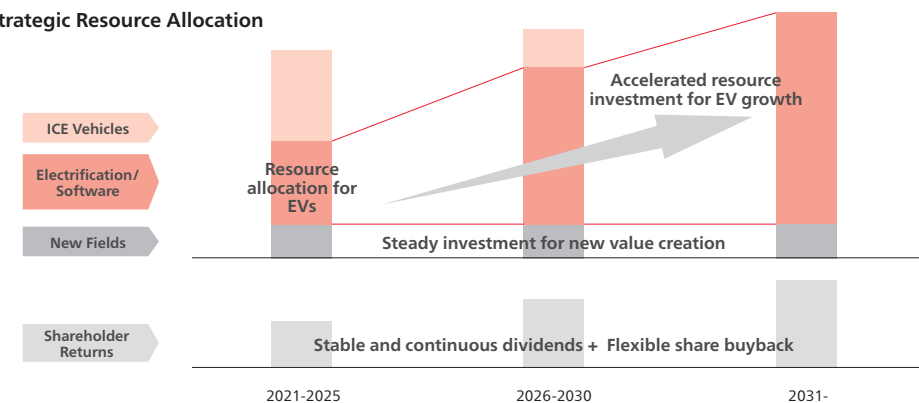
2030s: “Growth of EV Business and Creation of New Value” Phase

We will establish the company’s second founding by expanding the growth of EV business and creating new value. We set the ROS target for the EV business at 10% or higher and strive to achieve a sales ratio of 100% for EV / FCV by 2040, ensuring the sustainable growth of cash flow. To realize the creation of new value, we will stably allocate an annual research budget of around 100 billion yen to fundamental research areas, focusing on carbon-neutral technologies such as the application of intelligence technologies, advancement of battery-related technologies, utilization of hydrogen, and sustainable materials.

Goals for Each Phase of Business Transformation



Strategic Resource Allocation



Financial Strategy

Returning Profits to Our Shareholders

Concerning the distribution of our results, we regard returning profits to our shareholders as one of the foremost management priorities. This determination is made by factoring in internal reserves intended for future growth and the overall performance of the consolidated business, all of which are assessed from a long-term standpoint. Regarding dividends, using a consolidated payout ratio of 30% as a reference, we are committed to achieving steady and consistent dividend payments, capitalizing on Honda's inherent strengths in generating cash while accelerating resource allocation for transformation. For FY2024, we intend to raise the dividend to an unprecedented level of 150 yen*¹. Furthermore, on May 11, 2023, our board of directors approved a share buyback program amounting to 200 billion yen. In line with our goal of enhancing capital efficiency and implementing flexible capital policy, we will judiciously proceed with the repurchase of our own shares.

*¹ On August 9, 2023, during a board of directors meeting, a resolution was passed to execute a stock split at a ratio of 3 shares for every 1 share, with September 30, 2023, as the designated record date. Following this stock split, adjustments were made to the dividend forecast. However, the annual dividend forecast of 150 yen, as announced on May 11, 2023, remains unchanged based on the pre-stock split standard.

Strengthening Governance and Risk Management

In an era of significant transformation, our objective is to enhance governance and infuse management practices with a heightened awareness of capital costs. This approach will empower us to respond flexibly and effectively to evolving environmental dynamics, ultimately elevating our corporate value. We will employ the ROIC framework to seamlessly connect on-ground initiatives with company-wide objectives. Our efforts will focus on optimizing profits, the numerator in ROIC, while enhancing the denominator—deployed capital*²—through prudent utilization of retained assets and strategic investment discernment, thus enhancing capital efficiency. Concerning our financial services business, where funding predominantly relies on liabilities, we will apply the ROE metric to strike a balance between profitability and stability. This balanced approach will maximize capital efficiency and lend support to our transformative endeavors.

When it comes to resource allocation, given the substantial uncertainties stemming from economic trends, shifts in environmental regulations and technological breakthroughs, the necessity of substantial investments for transformation becomes evident. As a risk management strategy, we are committed to identifying decision triggers and making investment choices while considering capital costs.

Active Dialogue with Stakeholders

We firmly believe that increasing corporate value goes beyond merely outlining a roadmap for sustainable cash flow growth and improved capital efficiency. It also entails ensuring that Honda's prospects are well comprehended in the capital markets.

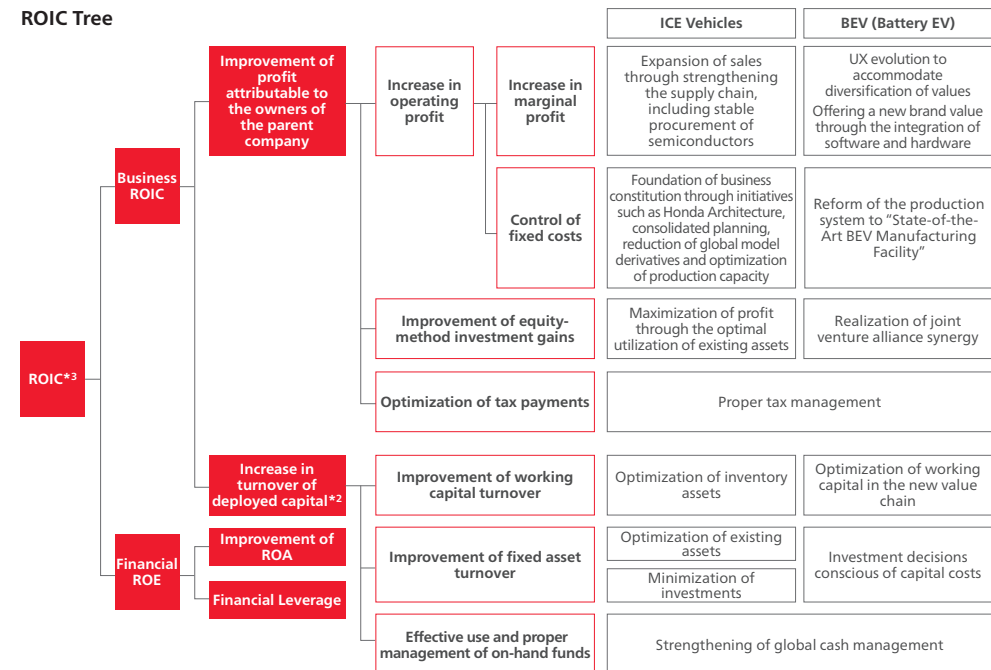
To achieve this, a fundamental requirement is that our stakeholders, including shareholders and investors, have an accurate understanding and a positive regard for our management direction. Taking proactive measures, our management team will engage in more active dialogues than ever before,

conducted through various events and individual meetings. Through these dialogues, our management team will gain direct insights into the expectations and interests of the capital markets. We consider this feedback from stakeholders as highly valuable and will integrate it into our management approach, thus contributing to a further augmentation of corporate value.

For specific information regarding our dialogue achievements in FY2023 and the ensuing feedback within the company, we invite you to visit our official website (<https://global.honda/en/investors/policy/governance.html>).

We appreciate your ongoing support and look forward to your anticipation of the continuous enhancement of Honda's corporate value.

ROIC Tree



*² Deployed capital: Shareholders' equity attributable to the company's shareholders + Interest-bearing liabilities (excluding those from the financial business sector). Deployed capital is calculated using the average of the beginning and end of the period.

*³ ROIC: Net income attributable to the parent company owners + Interest expenses (excluding financial businesses) / Deployed Capital

Electrification Business Strategy

Strengthening Competitiveness in Electrification Technologies at Honda

We are vigorously promoting electrification in all areas of motorcycle, automobile and power products. In pursuit of the early independence of our electrification business, we have established a specialized organization for swift decision-making in 2023. With this organizational structure at its core, we will further enhance Honda's unique appeal, cultivated through the pursuit of advanced and innovative technologies in the "Five Key Factors." By providing competitive products and services that realize "transcend various constraints associated with mobility and the augment people's possibilities," we aim to further enrich the lives of our customers.

Honda will Continue to Promote Electrification through Unique Products and Services

We have always embodied the "joy of driving" in all categories of automobiles, from family cars to sports cars. We've refined our technology by serving as a "driving laboratory" and by participating in various races, including F1. As a result, we have honed our technologies and fostered a corporate culture that prioritizes uncompromised driving and meets challenges head-on. Electrification is not a loss of the identity of "Honda, the engine specialist," but rather a "steppingstone" that elevates the joy of controlling at will, a pleasure we have built up thus far, to a higher level. To deliver the joy that comes from transcending constraints of movement and the augmenting people's possibilities that beyond electrification, Honda will never stop challenging ourselves.

In the lineup, we will introduce BEVs in succession, that is, tailored to each regional characteristics beginning in 2024. In North America, we have the Honda Prologue and Acura ZDX, developed in collaboration with General Motors (GM); in China, the e:NS2, e:NP2 and mass-production models based on the e:N SUV 序 concept; and in Japan, a commercial-use mini-EV model based on the N-VAN. In the Asian region, Honda will lead the electrification of emerging markets, launching two compact EVs, including an SUV model, in 2026. Furthermore, we will efficiently and vigorously promote electrification on a global scale, launching a global model founded on our original platform beyond 2025. We will continue to diversify our offerings, introducing flagship and sports models and producing highly competitive BEVs from our "state-of-the-art BEV manufacturing facility." Moreover, our vision extends beyond the traditional hardware-centric value of automobiles. We aim to introduce new and unique value through digital services, energy solutions and enhanced car interiors, leveraging advanced software technology.

To deliver these attractive products, Honda will enhance the "resonance between strong personalities," a core element of the Honda's DNA. And we will also optimize our value chain, spanning development, production, sales and service, through "individual challenges and co-creation activities."

Honda strives to meet diverse customer needs as the world's top manufacturer of motorcycles in a carbon-neutral society that emphasizes electrification. Our mission is to deliver the joy of mobility to global customers who require versatility, from daily commuting to long-range touring and beyond. We aim to address their needs with innovative ideas and technologies. As we navigate the era of electrification, Honda is actively addressing technological challenges, ensuring that batteries and charging methods will cater to all user profiles. To illustrate, Honda has introduced the EM1 e: electric scooter in Japan, equipped with the Honda Mobile Power Pack e: portable and swappable battery. This model is set to debut in Europe and Indonesia by the end of FY2024.

Honda is actively developing plug-in rechargeable models. Furthermore, we aim to harness digital technology to strengthen our bond with customers, enhancing the convenience and joy that motorcycles bring to their lives.

In the power products sector, we've consistently delivered products that enhance the work and lives of individuals globally, echoing our founder's vision of deriving joy from aiding others. As we look to the future, we will our commitment remains steadfast: to provide a diverse range of products that drive people while embracing the electrification challenge in domains like small-scale construction equipment, gardening and marine equipment, all in pursuit of a carbon-neutral society. Additionally, we are exploring new value avenues within Honda's electrification business strategy, including the automation technology for work equipment.

Please look forward to the next generation of Honda, which will lead the industry and manufacturing not by simply following big changes in the market, but by initiating transformations on its own in this period of great electrification.

Senior Managing
Executive Officer
Chief Officer, Electrification
Business Development
Operations

Katsushi Inoue

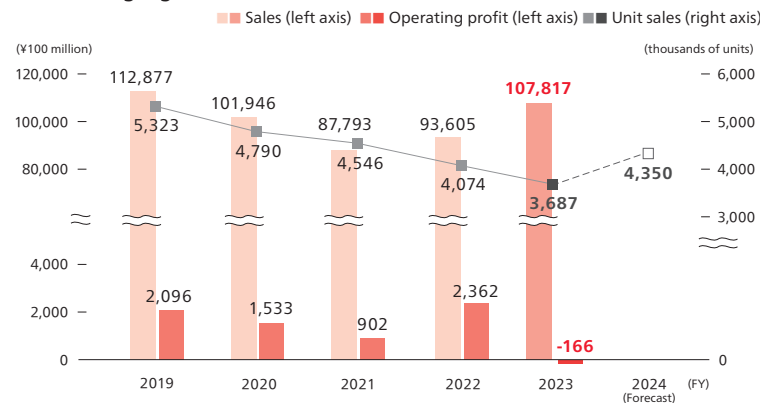
Automobile Business Strategy

Business Overview/ Revenue Highlights

Delivering Attractive Products and Services to the World

"Let's change the landscape of the automobile industry." In 1963, inspired by this rallying cry, Honda's automobile business began and has since expanded to offer products to customers in diverse regions worldwide. Evolving the cultivated "joy of driving" that Honda embodies, aligning with the changing times and relentlessly pursuing the development of innovative technologies within the "Five Key Factors," our goal is to achieve the realization of value in delivering "the transcendence of various constraints of movement and the augmentation of people's possibilities."

Revenue Highlights of the Automobile Business



Recognition of the External Environment / Key Challenges

In the BEV market, it's not just traditional automobile companies making a mark. Various manufacturers from different industries are now introducing a wide variety of BEVs, ranging from budget-friendly to premium models. As customer needs and values diversify, it's becoming increasingly challenging for Honda to differentiate its BEVs by traditional strengths like engine performance and other.

This highlights an urgent need for Honda to carve out a distinct identity in the BEV market, rooted in its unique value and UX.

With electrification on the rise, there's an anticipated surge in demand for minerals like nickel, lithium and cobalt, all essential for battery production. This has raised concerns about potential skyrocketing battery prices due to possible shortages in these raw materials. Honda is taking proactive measures against such risks, especially in parts procurement, including batteries. Our focus is on promoting recycling, reusing materials and incorporating sustainable materials, aligning with the vision of a resource circulation.

Moreover, we recognize the imperative to cultivate a flexible and resilient organizational structure for more rapid decision-making in order to swiftly transition our business focus towards electrification.

Electrification Business Strategy

Direction of the Electrification Business Strategy

The advancement of electric mobility is an initiative that stands as the cornerstone of our mission to achieve a society where "all individuals can feel the joy and freedom of mobility." As we amplify our endeavors to realize "zero environmental impact and zero traffic collision fatalities", addressing mobility-related challenges, our commitment to the "Joy of Driving" – a principle Honda has cherished since its founding – remains unwavering. Moreover, we aim to offer every customer "Surprise, Excitement and Trust" by introducing fresh mobility experiences. It is sustained by the "Joy of Using" and the "Joy of Connection," facilitated by connectivity and intelligence that align with the ever-evolving.

Medium- to Long-term Targets

By 2030, our goal is to set up a global BEV production system that produces over 2 million units annually. By 2040, we aim for a sales ratio where 100% of our global sales comprise EVs and FCVs.

Automobile Business Strategy

The Direction of the Product Lineup and Future Product Development Strategy

We view the shifts in business structure, value propositions and production processes in the BEV era as an opportunity to deliver a new value through UX in tune with diversifying customer values. As we pioneer new value propositions for electrified vehicles, our products will reflect the “spirit of sporty car-making” inherent in Honda’s DNA. Furthermore, by globalizing our product lineup, we aim to drive product development with a compelling brand message.

Region	Products to be introduced
North America	<ul style="list-style-type: none"> • In 2024, Honda will introduce the “PROLOGUE,” while Acura will unveil the “ZDX,” both of which are co-developed with GM. • In 2025, Honda will launch a mid- to large-sized EV incorporating a new E&E architecture*, built on Honda’s dedicated EV-specific platform.
China	<ul style="list-style-type: none"> • The “e:NS2” and the “e:NP2” are set to launch in early 2024. • A mass-production model inspired by the “e:N SUV 序” concept, which was unveiled at the Shanghai Motor Show in April 2023, is scheduled for release by the end of 2024. • Including these three models, a total of 10 EV models will be introduced by 2027.
Japan	<ul style="list-style-type: none"> • An N-VAN-based commercial-use mini-EV model will be launched in the first half of 2024. • Following this, an EV based on the “N-ONE” will debut in 2025. Two compact EVs, including an SUV model, are slated for release in 2026.
Europe	<ul style="list-style-type: none"> • The “e:Ny1,” a model from the “e:N” series for the European market, will be launched sequentially across European countries starting in the fall of 2023.

* E&E architecture: Integration of Electrification and Electronics Technologies (Electrification & Electronics Architecture)

Europe



e:Ny1



Honda e

China



e:NS1



e:NP1



e:N SUV 序 / e:NS2 Prototype / e:NP2 Prototype / e:N GT Concept

Japan



N-VAN-based commercial-use mini-EV

North America



Acura ZDX Type S



PROLOGUE

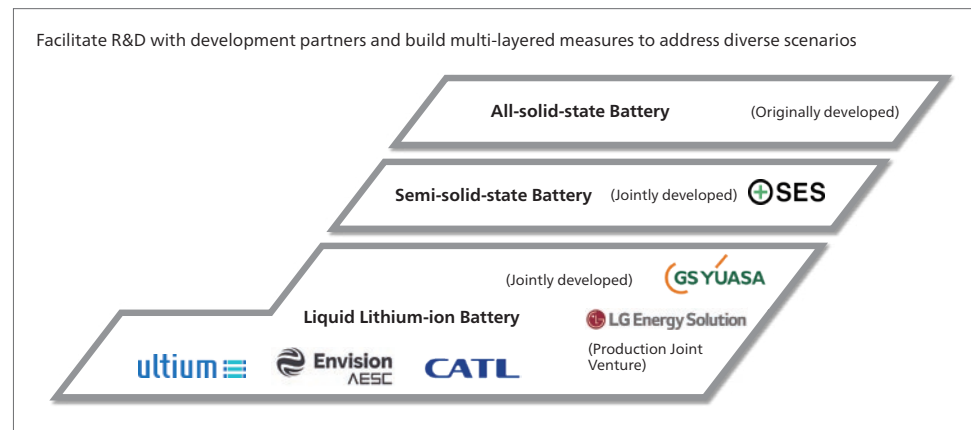
Automobile Business Strategy

Toward the Early Independence of the Electrification Business

To achieve early autonomy in the BEV business, we are committed to addressing the following themes:

- Initiate an allocation strategy with the battery as the focal point to bolster our business structure, emphasizing management resource allocation.
- Evolve the UX to align with the diversifying values of customers.
- Broaden customer touchpoints and augment service offerings through a lifecycle-centric approach.
- Forge a new brand identity by merging software and hardware, inclusive of establishing a digital service infrastructure.
- Enhance production efficiency and value by introducing a global model.
- Lay the groundwork and advance technology for an information infrastructure that paves the way for a sustainable society.

Initiatives in the Battery Area



Specific Initiatives

Battery Strategy

We will address the rapid pace of electrification by formulating a variety of battery procurement strategies to meet both current and anticipated needs.

Beyond our procurement of liquid lithium-ion batteries, we plan to initiate mass production of batteries in North America by 2025 through a joint venture with LG Energy Solution Ltd, aiming to establish a new value chain. For the procurement of essential minerals, we have formed partnerships with Hanwa Co., Ltd. and POSCO Holdings Inc. Additionally, we collaborate with Ascend Elements, Inc. and Cirba Solutions, LLC in the recycling sector.

From the late 2020s, we will not only advance our liquid lithium-ion batteries but also develop and introduce next-generation batteries, including semi-solid-state and all-solid-state varieties. To enhance the performance of our liquid lithium-ion batteries, we will collaborate with GS Yuasa Corporation to develop high-capacity and high-power versions specifically for EVs, supporting Japan's rapid electrification. Furthermore, our investment in SES Holdings Pte. Ltd. will bolster the joint development of semi-solid-state batteries. Our goal is to produce batteries that are safe, have high capacity and exhibit increased durability. Regarding all-solid-state batteries, we're ramping up efforts to initiate a demonstration line in Sakura City, Tochigi Prefecture by 2024, targeting a market launch by the late 2020s.

Charging and Infrastructure Strategy

We are actively working on expanding charging services in line with our growth in the BEV market. To promote the adoption of EVs in North America, seven companies, including Honda's U.S. subsidiary, American Honda Motor, BMW Group, GM, Hyundai, Kia, Mercedes-Benz Group and Stellantis N.V., have agreed to form a joint venture. Their goal is to establish a high-capacity EV charging network across the U.S. and Canada. The first charging station is slated to open in the U.S. by the summer of 2024, with subsequent expansions focusing initially on metropolitan areas and major highways.

The station will feature multiple high-output DC chargers compatible with all vehicles adhering to charging standards such as CCS*1 and NACS*2. With environmental considerations in mind, all power will be sourced exclusively from renewable energies. The initiative aims to deploy at least 30,000 chargers across the U.S. and Canada, establishing a high-power recharging network that is user-friendly for EV drivers. For home charging, we will utilize Honda Smart Charge, an established EV charging service in North America, and plan to gradually introduce smart energy services that leverage the power supply capabilities of EVs.

*1 CCS: Combined Charging System

*2 NACS: North American Charging Standard

Automobile Business Strategy

Specific Initiatives

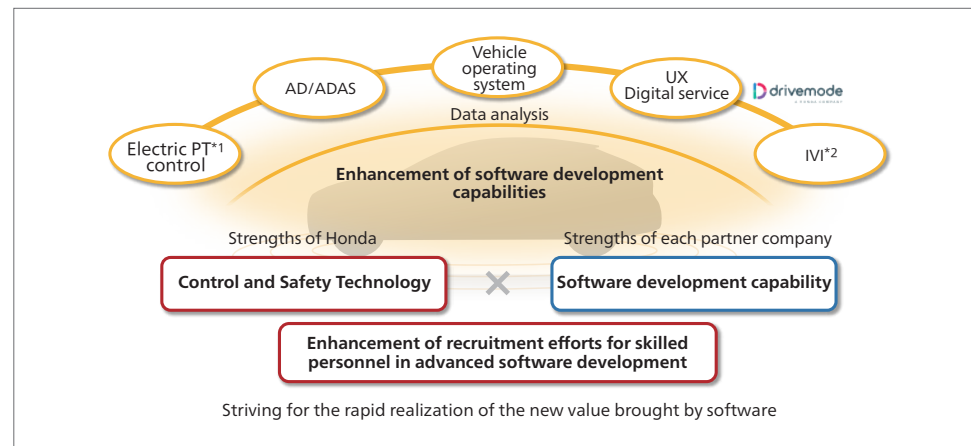
SW (Software) Strategy

Under the "Software-Defined Mobility" concept, which delineates the value of both hardware and services, we are accelerating our software development. Specifically, Honda is advancing the E&E architecture and developing its unique vehicle OS, aiming for its adoption in the mid-size and large EVs set to launch in North America in 2025. Using this vehicle OS as a foundation, Honda will continue to evolve its in-vehicle software, offering advanced functions and services even after the vehicle purchase. Furthermore, we will swiftly provide digital services highly compatible with BEVs, centered on safety, comfort and reliability. These services, designed with a focus on UX, will be offered under a unified management, including user-friendly charging guidance and other appealing features.

Regarding the proprietary development of software in areas such as vehicle OS, AD/ADAS, UX and digital services, we plan to double our recruitment of skilled professionals specializing in advanced software. We will also actively bolster our collaborations with partners to amplify our capabilities. Through our partnership with SCSK Corporation, we will merge Honda's system control and safety control technologies with SCSK's IT expertise. This synergy aims to maximize the potential of engineers from both companies, offering continuous training and skill enhancement. Furthermore, by deepening collaborations with development partners like KPIT Technologies Limited and by pioneering initiatives in fields like electrification and ADAS with Hitachi Astemo, Ltd., we seek to fuse Honda's strengths in control and safety technologies with the software development prowess of our partners, thereby realizing the new value that software can bring.

In the realm of digital services, we aim to enhance software development to consistently provide outstanding user experiences (UX) from the customer's perspective. To achieve this, we have appointed the CEO of Drivemode, Inc. as the new Global UX Officer, centralizing decision-making authority.

Advancements in Software Technology



*1 PT: Powertrain

*2 IVI: In-Vehicle Infotainment

BEV Production System

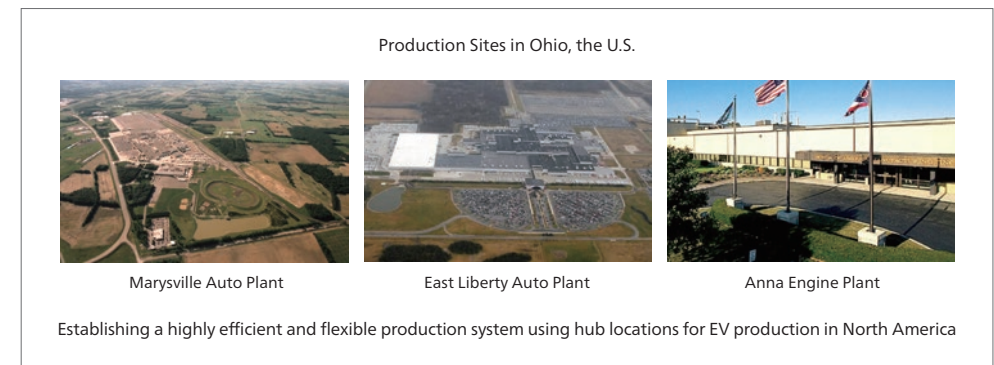
In response to the rapid electrification worldwide, we are advancing the establishment of an electric vehicle production system globally within Honda. In North America, Honda has identified its three existing plants in Ohio (Marysville and East Liberty, which produce automobiles, and the Anna Engine Plant, which manufactures automobile powertrains) as central locations for EV production. While utilizing these existing facilities, we are constructing efficient and highly flexible EV production lines.

Moreover, with an eye on the EVs set to launch in the late 2020s, we have initiated the transformation of our production system towards a "state-of-the-art BEV manufacturing facility." We will approach this transformation from the following three perspectives:

- 1) Evolution of factories capable of producing products with strong appeal efficiently and flexibly, and the establishment of a supply chain.
- 2) Development of production lines that prioritize automation and intelligence to adapt to future workforce shifts.
- 3) Transition to production processes that emphasize resource circulation, with a commitment to minimizing CO₂ emissions to the greatest possible extent.

In anticipation of higher production volumes post-2030, we aim to offer competitive BEVs with significant product appeal and price competitiveness through the global expansion of the state-of-the-art BEV manufacturing facility.

Strengthening of the EV production



Automobile Business Strategy

ICE Business “Hybrid Evolution”

Alongside the acceleration of electrification, we remain committed to continuous development, ensuring we deliver attractive products to customers who choose ICE vehicles.

We’ve implemented the Honda Architecture, which distinctly differentiates between the “common components” and “unique components” for each vehicle model, in the full redesign of the CR-V and Accord. Building on this foundation, we will persist in advancing this initiative. By merging a “Modular Architecture with Unified Components and Layout” with the “Shared Utilization of BEV Advanced Technologies,” we aim to extend state-of-the-art features, including advanced safety technologies, to ICE vehicles as well. Starting in 2026, these features will be incorporated into our core model lineup for worldwide expansion. Furthermore, with the introduction of a lightweight platform, next-generation power units and electric AWD, we commit to delivering superior environmental performance and enhanced dynamic capabilities.

From a business perspective, we will accelerate the standardization of lineups and powertrains globally to enhance business efficiency and establish a complementary structure, including production across various regions.

To swiftly address evolving customer needs, we will continue to deliver appealing products by implementing measures such as shortening development timelines and utilizing derivative series.



CR-V



ACCORD (for North American market)

Masayuki Nakatsuka

Advanced Safety System Software Development Department
Advanced Safety and Intelligent Solution Development Division
Software Defined Mobility Development Unit
Electrification Business Development Operations
BEV Development Center
Engaged in the development of behavior generation software for the bipedal robot “ASIMO,” and primarily involved in research and system development related to autonomous driving assistance.

Favorite motto

“As the rice plants bear fruit, they bow their heads.”

Honda-ism which he has empathy

“For the sake of the world and others, is there anything we can do?”



Interview

Alleviating Concerns Related to Accidents and Introducing the Exhilarating Transformation of Mobility to Society

Mobility possesses a profound ability to generate time. Guided by this notion, I found myself captivated by the mobility concept and deeply moved by the principles of the founder, Soichiro Honda. My decision to join Honda was driven by a desire to be a part of the legacy he had established. Shortly after becoming a member of Honda, I engaged in developing motion generation software for the bipedal robot “ASIMO” at the Fundamental Research Institute. Within this environment, associates discussed technology and aspirations equally, just as I expected. Nevertheless, I sensed a disparity with my personal aspirations. My true aspiration was to harness my engineering expertise to contribute towards eradicating traffic accidents.

During that period, the automated driving project was initiated, and I enthusiastically volunteered to be a part of it. Once assigned, my role has been centered around aiding drivers and minimizing the possibility of accidents as much as possible. My primary focus lies in the R&D of Advanced Driver Assistance Systems (ADAS). In more recent times, I have dedicated myself to crafting driver assistance systems for situations where the driver’s condition becomes abnormal, with the capability to halt the vehicle if the driver’s condition deteriorates.

When I initially joined, senior colleagues often posed the question, “What do you want to do, Nakatsuka?” In retrospect, I believe they were assisting me in discovering my genuine desires. Honda is an organization that unites associates’ ambitions. I firmly believe that the potency of this grassroots method forms the bedrock of Honda’s resilience and vigor.

Mobility that enables us to travel long distances in a short amount of time, experiencing a variety of things—an evolution of the “time machine,” so to speak. I aspire to create a society where we can enjoy the thrill and joy of this advancing dream tool without the worry of traffic accidents.

Motorcycle Business Strategy

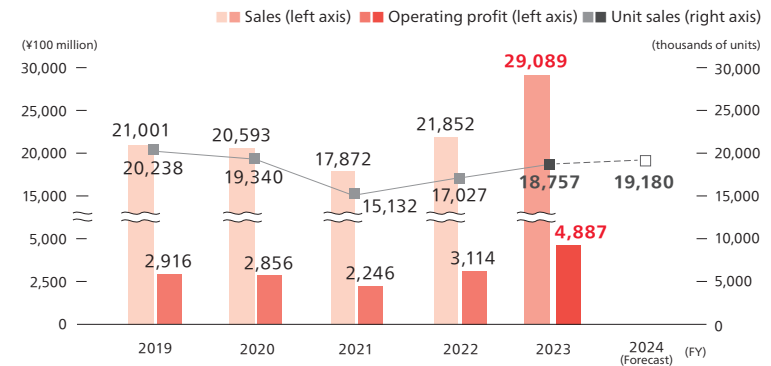
Business Overview/Revenue Highlights

Unveiling New Possibilities in the Motorcycle Market

The motorcycle business is foundational to Honda, deeply rooted in its origins. Through a manufacturing approach tailored to each country and region, Honda has grown into a premier manufacturer with a global network of over 30,000 dealers and 35 manufacturing bases for finished products. With an annual worldwide sales volume of approximately 20 million units, we capitalize on this extensive network, platform design and a global supply complementation system. This has enabled us to craft products that showcase Honda's unique appeal and exceptional cost competitiveness, thereby maintaining a notably profitable business framework.

By addressing the universal "mobility needs" of customers and uncovering new opportunities within the motorcycle market, we aim to lead the industry and become the foremost global motorcycle company.

Revenue Highlights of the Motorcycle Business



Motorcycle Business Strategy

Recognition of the External Environment / Key Challenges

Towards a Business for the New Era

The motorcycle market is anticipated to sustain its expansion, particularly in emerging countries characterized by burgeoning young populations. Additionally, global environmental regulations are undergoing tightening, and environmental awareness is growing as governments establish electrification targets not only in developed nations but also in emerging economies like India and Southeast Asian countries.

The electrification of mobility is expected to be a solution, while on the other hand, the demand for electric vehicles in emerging countries is significantly influenced by government incentives. Moreover, challenges persist on the infrastructure side, including stable power supply and the development of charging networks. Amidst the uncertainties related to the shift to electric vehicles, we will optimize resource allocation by identifying markets where demand for ICE vehicles persists and where electrification is progressing. We will harness Honda's strengths to distinguish ourselves from emerging electric vehicle manufacturers.

Business Targets (Our Initiative's Pathway)

Leading Environmental and Safety Innovations: "More Convenience, More Freedom"

Motorcycles serve as vital transportation means in emerging countries, particularly across the Asian region, contributing significantly to people's lives and serving as essential components of social infrastructure. To this end, Honda recognizes the importance of providing products at price points accessible to customers. We will sustain a superior level of cost competitiveness by consistently driving cost reductions through platform design enhancements that enhance production efficiency and the expansion of a global supply complement.

Moreover, we are poised to intensify our engagement with customers through digital technology. Through this approach, we will vigorously promote and extend the convenience and enjoyment that motorcycles bring to people's lives.

Furthermore, in pursuit of a secure and safe mobility society, we will persist in our worldwide deployment of driving safety education, a commitment we have upheld over an extended period. Additionally, by broadening the array of models equipped with advanced braking, LEDs and other safety technologies, we will deliver enhanced "convenience and freedom" to a broader spectrum of customers.

To address environmental concerns, we will accelerate our endeavors to achieve carbon neutrality, transcending mere electrification. Our efforts will encompass enhancements in fuel efficiency within the internal combustion engine (ICE) realm and technologies compatible with bioethanol fuel, all while adapting to the distinctive features of different regions.



Electrification Business Strategy

Direction of Electrification Business Strategy

Honda motorcycles address the global "mobility needs" of a diverse clientele and enjoy widespread use. Leveraging our competitive manufacturing technologies and the expertise amassed through the development of internal combustion engine (ICE) vehicle platforms, we will embark on crafting an array of electric motorcycle platforms catering to the demands of customers across different nations. Through streamlined manufacturing processes, we are committed to leading the worldwide electric motorcycle electrification movement, ensuring that electric vehicles provide the same exhilarating "joy of mobility" as their ICE counterparts, all at a more accessible cost.

To cater to the myriad needs across the globe, we are not only focusing on electric products intended for business use within somewhat restricted contexts but are also actively designing solutions for personal use across a multitude of scenarios. For personal-use models, the ability to select the most suitable battery type in accordance with usage environments and convenience holds paramount importance. To empower customers to opt for their preferred battery type, we are poised to offer two options, including swappable and plug-in battery, catering to a diverse range of demands.

Medium- to Long-Term Targets

By 2026, we intend to globally introduce a total of 10 or more electric motorcycle models, with the goal of achieving annual sales of 1 million units. By 2030, we aim to further expand the lineup and target sales of 3.5 million units.

Specific Initiatives

Advancing Electrified Product Development

We are poised to enter the market with a focus on business-oriented models that are witnessing escalating demand aligned with the principles of SDGs (Sustainable Development Goals) and ESG (Environmental, Social, and Governance) management. Among these models, the BENLY e:, GYRO e: and GYRO CANOPY e: stand as prime examples of business-oriented offerings, each equipped with the Honda Mobile Power Pack e: portable and swappable battery technology. The BENLY e: is now being manufactured not only in Japan but also in Thailand. Furthermore, these Thai-produced BENLY e: models are made available both for Thailand and for export to Vietnam.



Benly e:



GYRO e:



GYRO CANOPY e:

Motorcycle Business Strategy

In addition to these business-oriented models, we introduced the EM1 e: as a personal-use model in Japan in 2023. Our plans include expanding its presence into Europe and Indonesia, along with unveiling a new model in India. Our focus remains on accelerating the development and launch of electric motorcycles tailored for individuals, particularly in the burgeoning Asian region where demand for electric motorcycles is on the rise.



EM1 e:



We are concurrently engaged in the development of plug-in charging system products featuring fixed batteries, foreseeing a spectrum of customer applications and evolving market conditions. Our commitment endures in technological development that cater to the diverse needs and lifestyles of our global customer base, delivering a variety of battery and charging method options.

Procurement and Production Strategy

We are strategizing the ideal distribution of production resources for electric motorcycle components —battery, PCU and motor—to match demand. Among the crucial markets in Asia, we will focus on expanding in India and Indonesia.

Furthermore, we are contemplating the next-generation batteries designed for electric motorcycles, emphasizing high output, elevated energy density and extended lifespan, all while ensuring the paramount safety of this vital battery component.

To aptly serve the needs of diverse regional markets, we are propelling rapid development to furnish battery systems tailored to distinct usages, encompassing NCM-based (nickel-cobalt-manganese) and LFP-based (lithium-ion iron phosphate) solutions.

Promoting a Battery-Sharing Service

The popularity of electric motorcycles hinges on the resolution of concerns regarding battery cost, charging infrastructure and cruising range. As a targeted solution to these challenges, we have innovated the Honda Mobile Power Pack e, a portable and swappable battery. We introduced a battery-sharing service initiative in 2022, using the swappable battery technology. To facilitate this, we have established local subsidiaries in both India and Indonesia. In Japan, in April of 2022, ENEOS Holdings, Inc. and the four major Japanese motorcycle manufacturers (Honda, Kawasaki Motors, Ltd., SUZUKI MOTOR CORPORATION and Yamaha Motor Co., Ltd.) jointly incorporated Gachaco, Inc. We plan to further expand and develop this business in the future.



Enhancing the Foundation of Business Structure

Enhancing Adaptability to Environmental Shifts

Amidst profound transformations in the market landscape, encompassing escalating raw material and energy costs alongside growing societal expectations for environmental and safety considerations, Honda is heightening its competitive edge by striving for an adaptable framework poised to navigate environmental fluctuations. Tangible endeavors include component sharing, expedited development of mass production, cost innovation through the utilization of cost-effective catalysts and the establishment of a resilient supply chain embracing risk diversification. These actions collectively amplify efficiency across the entirety of the value chain, ensuring enduring profitability while fortifying the bedrock of our leadership in the electrification domain as we fervently pursue an augmented presence.

Power Products Business Strategy

Business Overview / Revenue Highlights

Providing Products for Work and Daily Life

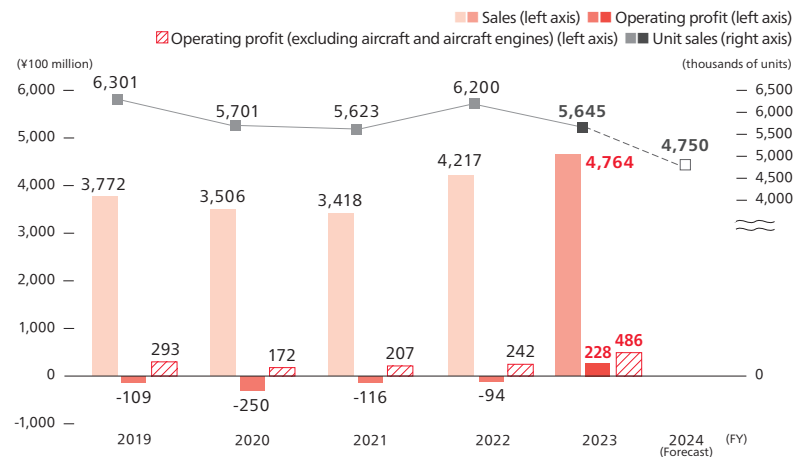
The power products business was inaugurated in 1953 with the introduction of versatile general-purpose engines. These engines, serving as power sources, found utility in diverse work equipment applications. Alongside this, we embarked on the development, manufacturing and commercialization of complete machines (work equipment) featuring these engines.

Our diverse product lineup garners widespread adoption across global clientele, culminating in the noteworthy milestone of surpassing 170 million units in cumulative power product production, commemorating our 70th anniversary in 2023.

Expanding beyond engine-centric offerings, our present power products business is set to encompass portable batteries and product electrification, broadening its horizons to become a business that “bestows novel value upon mobility and the everyday lives of individuals.”



Revenue Highlights: Power Products and Other Businesses



Operating Profit of Aircraft and Aircraft Engines Business Included in Total Operating Profit

FY	2019	2020	2021	2022	2023
100 millions of yen	-402	-422	-323	-337	-257

Recognition of the External Environment / Key Challenges

Toward Realizing a Work Environment “Beneficial to Humanity and the Planet”

Against the backdrop of increasing environmental regulations, there is a growing shift towards electrification in the domain of small-scale construction equipment and gardening, particularly in the realm of “small-scale” and “short-duration operation” products.

Conversely, the demand for internal combustion engine (ICE) products persists, fueled by their attributes such as “high power output and extended operation hours” and their “cost-effectiveness,” well-suited to specific applications. Thus, Honda comprehends the imperative to cater to the diversified market demands, adroitly steering its environmental endeavors in the ICE sphere even as it maintains an unwavering focus on electrification.

Escalating labor shortages have instigated an ongoing quest for enhanced operational efficiency through mechanization, elevating the imperative for “attaining superior work efficiency of high quality,” irrespective of the power source at hand. In this light, there emerges a tangible necessity for products and services that cater to this scenario, presenting improvements in precision and technological advancements in work equipment, including automation.

Business Targets (Our Initiative’s Pathway)

Enriching Lives Through Technology, Sustaining Prosperity and Delight

Since its founding in 1948, Honda has navigated its course under the guiding belief of “enhancing lives, even in small ways” and “serving people through technology.”

Aligned with these enduring ideals, the power products business perseveres in its commitment. It seeks to address societal challenges by proffering products and services that globally inspire individuals to realize their potential. This aspiration will be realized through the delivery of Honda’s hallmark high-quality, appealing offerings—products and services tailored to regional characteristics and dynamic market shifts.

Concerning the cornerstones of our ICE business—the pivotal power units—our trajectory entails the continuous enhancement of their environmental performance. In the construction sector, where our engine sales hold substantial sway, we shall fortify the promotion of electric power units while concurrently offering installation support. This endeavor will also extend to initiatives for bolstering operational efficiency and catering to corporate demands. In the gardening domain, our efforts are directed towards propelling the electrification of lawnmowers brush cutters and analogous tools. Simultaneously, in the marine equipment domain, our scope expands as we diversify our lineup of sizable outboard motors to match the ever-growing market requirements.



Electrified power unit eGX



Large outboard motor BF250

Power Products Business Strategy

Electrification Business Strategy

Direction of Electrification Business Strategy

The electrification business strategy underscores the power products business' resolve to address societal challenges by introducing Honda's innovative value through product electrification. This commitment is poised to enhance both people's "work quality" and "life quality."

Within the realm of electric product development, our focal point resides in the electrification of small-scale construction equipment and gardening domain. Additionally, we are set to extend the reach of the "Honda Mobile Power Pack e," a portable and interchangeable battery introduced in the motorcycle business, to the sphere of power products.

In the small-scale construction equipment domain, our strategy revolves around leveraging our established B2B customer base from the core business to promote electrification. We will support the electrification of finished equipment manufacturers through the sale and installation assistance of the electric power unit "eGX." Beyond existing clientele, our efforts encompass the expansion of product integration to regions anticipated to adopt electrification in the future.



Honda Mobile Power Pack e:

Komatsu Ltd.'s PC01E-1 Electric Micro Excavator
Equipped with Honda Mobile Power Pack e:

Leveraging our strengths in the gardening domain, meticulously nurtured through attributes like the "precise cutting" ability and "endurance" of our walk-behind lawnmowers, we have solidified our presence. Alongside the consumer-oriented "Miimo" robot lawnmower, we are exploring products integrated with connected technology aimed at enhancing work efficiency for corporate clients. As we drive efficient development and production methodologies, we are poised to accelerate electrification, with external partnerships as a potential avenue. In the marine equipment domain, we are embarking on the initiation of demonstration trials for electric propulsion systems designed for small watercraft, anticipating future regulations pertaining to the utilization of internal combustion engines in lakes.

Robot lawnmower "Miimo"
(overseas model)Electric propulsion for small boat
prototype

Enhancing the Foundation of Business Structure

Cultivating Agility to Accommodate Diverse Demands

While flexibly responding to the diversified needs of different countries and regions, we will assess the market entry for ICE products, leverage synergistic benefits with the motorcycle business and pursue efficient operations in the development and production areas such as component sharing, production optimization and procurement streamlining. Through these efforts, we aim to enhance product appeal in the production realm as well and strengthen the business foundation for electrification. At the same time, we will enhance environmental performance through improvements in fuel efficiency and technologies compatible with carbon-neutral fuels. This will enable us to offer even more competitive products and services.

Power Products Business Strategy

Akifumi Fukaya

Power Products Electrification Business
Planning Department
Electrification Business Planning Division
Motorcycle and Power Products
Electrification Business Development Unit
Electrification Business Development
Operations
Responsible for electric product and
business planning for Power Products.
Stationed at American Honda from
2019, returned to Japan in 2022.

Favorite motto

"Try everything with grit."

Honda-ism which he has empathy

"Work for yourself first."

"Eliminate no play, no error."

**Interview****Bringing Honda Products that Wholeheartedly Cater to People, to the World**

Throughout my childhood in the United States, Honda products were ubiquitous. The sight of the Honda logo in a foreign land instilled courage in me, even as a child. With the goal of advancing the brand in the U.S., I embarked on my journey in overseas sales for Power Products. From introducing new models of general-purpose engines to my current role in spearheading the development of electric lawn and garden equipment, my focus has been on expanding demand.

During my tenure at American Honda, the swift proliferation of the COVID-19 pandemic led to an environment of uncertainty. In such times, I gleaned valuable insights from my supervisor, who consistently worked hard prioritizing what was happening on-site. He would visit sales locations after meetings and offer support on the production floor. Additionally, I found inspiration in the commitment of local team members who approached their work from a customer-centric viewpoint, addressing critical needs. Honda boasts a workforce that upholds the "Three Reality Principle" regardless of race or nationality. Navigating crises alongside such colleagues has become a cherished asset in my personal and professional journey.

My dream is to explore diverse regions around the world, broadening my perspective and making contributions to Honda's American operations from a managerial role.

While the company's strategies may adapt to the changing world, the core values of Honda remain steadfast. My goal is to uphold the aspirations of those who paved the way before me, while also relentlessly pursuing my own dreams. Through this journey, I aim to create products that enhance people's lives and bring richness to their experiences.

To Realize a Zero Environmental Impact Society | Environmental Strategy

Initiatives to Achieve Zero Environmental Impact

Triple Action to ZERO

For people to live on Earth in a sustainable manner, Honda seeks to realize a society with zero environmental impact throughout the lifecycle of its products and corporate activities by 2050.

Efforts will be centered around the Triple Action to ZERO program, which integrates three elements—carbon neutrality, clean energy and resource circulation—within a single initiative.

The three elements are closely related. As such, rather than promoting them independently, we aim to maximize synergistic benefits by considering their linkages.

We recognize that the promotion of Triple Action to ZERO will also lead to the acceleration of initiatives in international frameworks and a stronger focus on the Nature-based Solutions (NbS) that are attracting increasing interest from stakeholders.

An Integrated Approach to Achieving Zero Environmental Impact

Promoting Life Cycle Assessment (LCA)

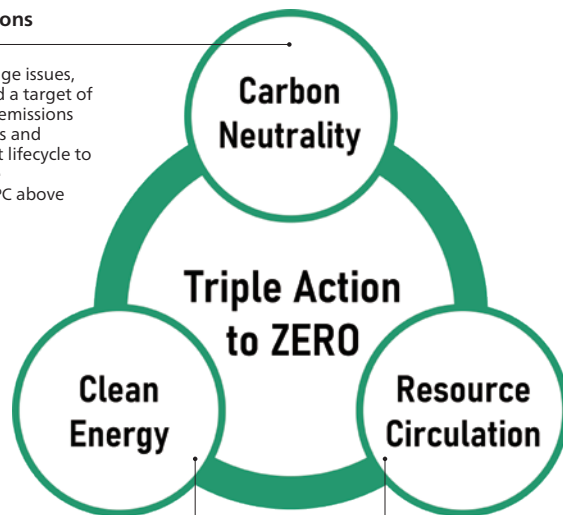
Honda recognizes the importance of taking an integrated approach to realizing zero environmental impact throughout the product lifecycle, from mining raw materials to product disposal. This focus involves both reducing CO₂ emissions and resource recycling, etc.

By promoting LCA, Honda will calculate lifecycle CO₂ emissions in all areas of its corporate activities, visualize the effects of CO₂ emission reductions and accelerate response to reducing carbon emissions at the development stage and reducing environmental impact by recycling resources.

Honda will continue its efforts to reduce the environmental impact of its products throughout their lifecycles.

Net zero CO₂ emissions

To address climate change issues, Honda will work toward a target of achieving net zero CO₂ emissions from corporate activities and throughout the product lifecycle to limit the global average temperature rise to 1.5°C above pre-industrial levels.



100% utilization of carbon-free energy

To address energy issues, Honda aims to use clean energy during product use and corporate activities.

100% use of sustainable materials

To address the effective utilization of resources, we will strive to develop products and establish systems that use sustainable materials with no environmental impact. In corporate activities, we aim to achieve zero industrial water intake and zero industrial waste at Honda plants by 2050.

To Realize a Zero Environmental Impact Society | Environmental Strategy

Carbon Neutrality and Clean Energy Initiatives

Reducing CO₂ Emissions in Corporate Activities

As part of our response to climate change and energy issues, we will promote the improvement of production efficiency, implementation of energy-saving measures, shifting to low-carbon energy and use of renewable energy to achieve our CO₂ reduction target for 2030 in terms of reducing the total CO₂ emissions of our corporate activities.

Moreover, through the establishment of CO₂ reduction technologies and the use of clean energy through the utilization of renewable and other energy sources, Honda will make its Automobile Plant of Saitama Factory in Japan Honda's first carbon neutral plant in FY2026.

In developing these initiatives globally, we are also building a system to promote information sharing between business sites and regions.

Through these initiatives, we aim to achieve carbon neutrality in automobile production in the late 2030s. In addition, we aim to achieve net zero CO₂ emissions in corporate activities in 2050.

Improvement of
production efficiency

Implementation
of energy-saving
measures

Shifting to low-carbon
energy

Use of renewable
energy

Target to Achieve Zero Environmental Impact

Reduction rate of total CO₂
emissions from corporate activities
(compared to FY2020)

Target for 2030

46%



Target for 2050

Net zero CO₂ emissions

List of Environmental Targets→p.35

Reducing CO₂ Emissions in the Area of Products

We will reduce CO₂ emissions during product use by introducing innovative environmental technologies, such as electrification, to become carbon neutral, diversify energy sources and implement total energy management initiatives. The electrification of products represents an important initiative that contributes to addressing climate change and pollution issues through cleaner emissions. We have set a target for electric products sales ratio in 2030 in each of our businesses and are accelerating our efforts while expanding and upgrading our product line-up to solve and contribute to social issues and expand business opportunities.

In the motorcycle business, we will drive the global electrification, particularly in the key markets of India and Indonesia, through attractive products that use Honda's unique technologies as the world's leading manufacturer.

In the automobile business, we aim to increase the sales ratio of EVs (electric vehicles) and FCVs (fuel cell vehicles) to 100% globally by 2040; all automobile products to be launched in 2040 will be carbon-free, and by 2050 we aim for carbon neutrality throughout the entire lifecycle of our products.

In the power products business, through the electrification of our products, we will address societal challenges by delivering new value from Honda and contribute to improving people's quality of work and life.



EM1 e:



Honda e



HRG466XB

Target to Achieve Zero Environmental Impact

Sales ratio of
electrified products

Target for 2030

Motorcycles
15%

Automobiles
30%

Power products
36%



Target for 2050

Reduction rate
of CO₂ emissions
intensity of product
use (compared to
FY2020)

Target for 2030

Motorcycles
34.0%

Automobiles
27.2%

Power products
28.2%



Net zero CO₂ emissions

List of Environmental Targets→p.35

To Realize a Zero Environmental Impact Society | Environmental Strategy

Resource Circulation Initiatives

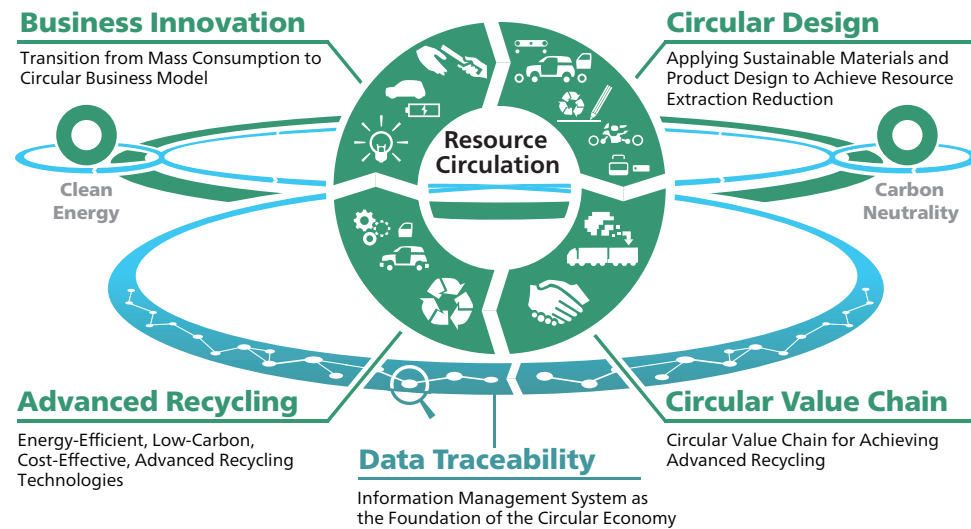
Our Commitment to the Initiatives

Since its founding, Honda's manufacturing processes have taken into consideration the need to reduce the consumption and disposal of limited global resources and ensure resources are used effectively.

Demand for resources continues to grow against a backdrop of global population growth and economic development, and the risk of resource depletion is expected to increase as more resources are consumed. In addition, resource extraction consumes a significant amount of energy. This mass-production and mass-consumption lifestyle is also recognized as a social issue, and a shift to a circular economy is required.

In response to these social issues, Honda is actively utilizing recycled resources while working to stabilize the procurement of materials, including important minerals. At the same time, we will contribute to the reduction of CO₂ emissions and energy consumption by researching advanced recycling technologies and promoting the establishment of a circular value chain, thereby contributing to a circular economy. We will continue our efforts to establish a circular economy.

Resource Circulation Concept Diagram



To Realize a Zero Environmental Impact Society | Environmental Strategy

Resource Circulation Initiatives

Effective Utilization of Resources through Corporate Activities

Being aware of the potential for corporate activities to impact upstream and downstream water resources, Honda is also focusing on conserving water resources.

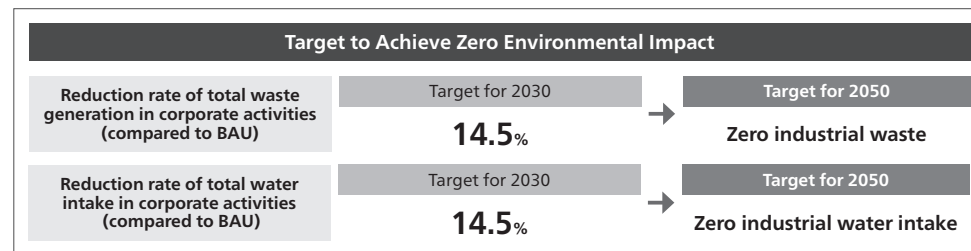
Waste, etc.

Honda is working to reduce waste in our corporate activities, focusing on the risks associated with resource depletion and environmental pollution. We are working on the 3Rs (reduce, reuse, recycle), including resource reduction, such as reducing the amount of scrap materials produced during manufacturing processes, and are aiming to achieve our target of reducing total waste generation by 14.5% compared to BAU in all corporate activities in 2030.

Water Resources

Honda selects areas where harmonious coexistence with nearby water sources is viable and conducts its corporate activities in compliance with host countries' environmental assessment laws and regulations. We also promote various green initiatives, such as using recycled water to minimize water intake.

We recognize the water supply risk that affects our businesses and the depletion risk that impacts local communities. As such, we have established the target of reducing the total water intake by 14.5% compared to BAU in all corporate activities in 2030.



List of Environmental Targets→p.35

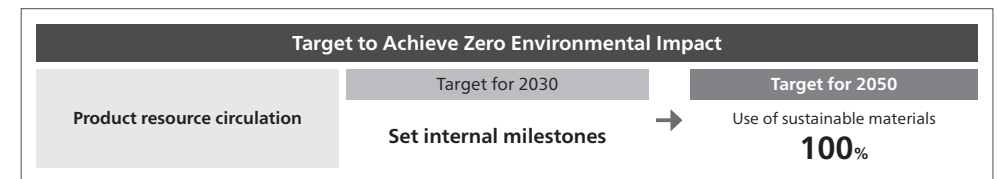
Effective Utilization of Resources in Product Areas

Honda aims to achieve 100% use of sustainable resources (sustainable materials) with zero environmental impact by 2050 to free manufacturing from resource constraints and continue to provide mobility value to customers, and create new joys.

Throughout the product lifecycle, from resource procurement to product disposal, we are working toward a shift from mass consumption, in which products are disposed of immediately after use, to recycling, by developing products with designs that are easy to dismantle and replace, and by using our products and parts for secondary purposes. We are taking on the challenge of creating a system to reduce waste and recycle resources.

In addition to actively utilizing recycled materials and ensuring the stability of our material procurement, Honda is also striving to establish a circular value chain that promotes advanced recycling practices. This includes forming a consortium for dismantling and optimizing the logistics of products and resources for high efficiency. To achieve this objective, we are actively partnering with other companies for further initiatives.

We will also focus on building a traceability system that enables the visualization of lifecycle CO₂ emissions and facilitates the understanding of the state of deterioration of products and components that is necessary for the efficient use of resources.



List of Environmental Targets→p.35

To Realize a Zero Environmental Impact Society | Environmental Strategy

For Biodiversity Conservation

Basic Approach

Honda benefits from the use of natural resources in its corporate activities. In addition to procuring raw materials, Honda depends on and affects a great deal of natural capital throughout its value chain, from R&D to manufacturing, use and disposal.

Honda recognizes biodiversity conservation as an important issue for global environmental conservation in Honda's Environmental Statement, and has defined the harmonization of biodiversity conservation with corporate activities as a basic approach.

Honda has endorsed the principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and has participated in its activities, the TNFD Forum, since December 2022. The Company is committed to proactively disclosing information and will continue to further accelerate its environmental conservation efforts.

Priority Analysis for Biodiversity Conservation

Honda uses the methodology recommended in the beta version of the TNFD to assess the potential for its corporate activities to impact biodiversity. We use the Integrated Biodiversity Assessment Tool (IBAT), a biodiversity assessment tool, at our own production sites.

The Company surveys its own 86 production sites worldwide within a 50 km radius of each site to determine their proximity to areas inhabited by any endangered species noted on the IUCN*¹ Red List. To conduct specific biodiversity efforts, Honda uses indicators in IBAT*², such as the KBA*³, WDPA*⁴, IUCN Red List of Threatened Species and STAR, to conduct integrated assessments of the biodiversity risk of the production sites. Honda will continue to identify priority sites and consider specific efforts to conserve biodiversity.

In addition, products are made from a variety of materials, some of which may have an impact on biodiversity. Therefore, Honda is engaged in the primary assessment of the impact of materials used in its products on biodiversity.

Based on the assessment results, the Company will conduct a more detailed analysis of materials that have a large potential impact on biodiversity and consider methods to reduce the impact of its products on biodiversity.

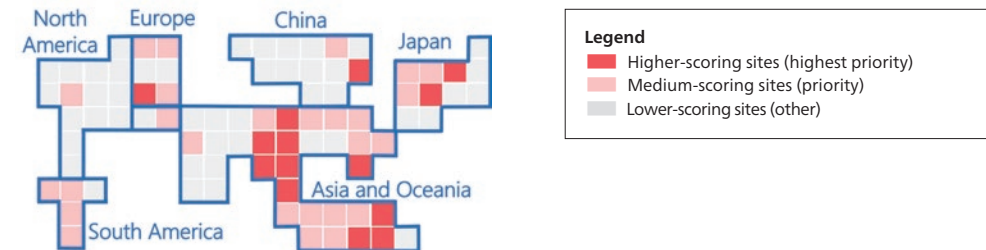
*1 IUCN: International Union for Conservation of Nature and Natural Resources

*2 IBAT: Integrated Biodiversity Assessment Tool

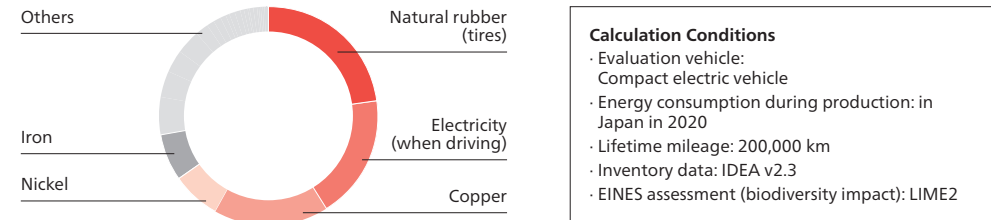
*3 KBA: Key Biodiversity Area

*4 WDPA: The World Database on Protected Areas

Assessment of Biodiversity Priorities at the Company's Production Sites



Results of the Primary Assessment of Biodiversity Impacts of Products



To Realize a Zero Environmental Impact Society | Environmental Strategy

Disclosure of Information Based on the TCFD Recommendations

Response to the TCFD Recommendations

In treating responses to climate change and energy-related issues as crucial in the environmental field, in April 2021, Honda announced, its vision to “realize carbon neutrality for all products and corporate activities Honda is involved in by 2050.” Hence, we have declared our support to the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), as well as disclosing information based on the information disclosure framework recommended by the TCFD. The recommended disclosures for the core elements of the framework - Governance, Strategy, Risk Management and Metrics and Targets - are listed at the end of the relevant text. We will continue to promote the disclosure of information related to climate change, while conducting scenario analysis on climate change risks and opportunities and reflecting the results in our management strategies.

Governance

Monitoring System by Directors

As climate change may have a significant impact on Honda’s business performance as a whole, we hold annual World Environment and Safety Strategy Committee meetings. The Committee monitors long-term policies, targets, strategies, and progress related to climate change and other environmental and safety issues. The total CO₂ emissions reduction targets set by the Committee are reported to and supervised by the Board of Directors. Please refer to “Remuneration Structure for Directors and Executive Officers” (➡p.61) to understand our remuneration structure for Directors and Executive Officers, which takes into account ESG aspects. [TCFD Governance Recommendation a](#)

Roles of Top Management Members

The World Environment and Safety Strategy Committee is chaired by the CEO, who has ultimate responsibility for addressing climate change issues. The Committee deliberates on PDCA for each region, the risks and opportunities concerning climate change, energy and resources, as well as the short-, medium- and long-term environmental strategies based on them. Global medium- to long-term environmental policies and plans are also proposed based on company-wide policies and medium- to long-term management plans. In addition, important matters are resolved by the Executive Council and reported to the Board of Directors. [TCFD Governance Recommendation b](#)

Strategies

Climate change has wide-ranging impacts, not just on the automobile industry but on people’s living environment and lifestyles too. To evaluate and examine the impacts of climate change on business, Honda utilizes a scenario analysis noted in the TCFD recommendations. This scenario analysis takes 2030 as the target year and identifies climate change risks and opportunities for Honda under multiple scenarios, including a net-zero scenario. The identified risks and opportunities are reflected in our corporate strategy, together with the strategies of each business.

Scenario Analysis Overview

Honda has defined multiple scenarios – including 1.5°C and 4°C scenarios – to assume a progressive worldview and to envision applicable changes to the business environment in the future. Our scenario analyses on the motorcycle, automobile and power products businesses have identified various risks and opportunities for each, based on the transition and physical risks and opportunities described in the TCFD recommendations. [TCFD Strategy Recommendation a](#)

Based on the risks and opportunities identified, we have carried out an examination of the degree of impact on financial conditions over the short-, medium- and long-term. A failure to make an appropriate response to the anticipated events as described by each scenario will pose a risk to our business. Nonetheless, we are undertaking initiatives so that we can generate new business opportunities by advancing Honda’s technologies, products and services. In order to minimize damage or the risk of incurring damage caused by a natural disaster, we will promote the establishment of a stable production structure via a robust global value chain. From 2023, Honda has started operating an internal carbon pricing (ICP) system to further accelerate the reduction of CO₂ emissions at its Japanese business sites. The carbon price is set at 15,000 yen per metric ton of CO₂, while the amount of carbon reduction is converted into a monetary value that can be utilized as one of the factors when making capital investment decisions. [TCFD Strategy Recommendation b](#)

To achieve more sustainable corporate management, Honda is examining current response measures to the aforementioned risks and opportunities and improving the resilience of its strategies. Honda has developed strategies based on multiple scenarios. The Company utilizes these strategies in undertaking business, seeks to reduce risks and create opportunities and promotes resilient products and services. [TCFD Strategy Recommendation c](#)

To Realize a Zero Environmental Impact Society | Environmental Strategy

1.5°C scenario

By using the Net Zero Emissions Scenario (NZE) of the IEA and the IPCC AR6 SSP1-1.9, we have developed our 1.5°C scenario.

- As part of the 1.5°C scenario, we assume that measures to achieve carbon neutrality by 2050 will be promoted across the world, resulting in the widespread use of carbon-free products and renewable energy.
- In the automobile industry, we assume even more stringent regulations on fuel efficiency and zero-emission vehicles (ZEVs), and, as a result, producing a rise in demand for electric vehicles (EVs) and fuel cell vehicles (FCVs) — although mainly in developed countries. Additionally, the transition to a circular economy is assumed to accelerate.
- Furthermore, in parallel with the tightening of regulations, we assume that customers' sense of value will shift, with an increasing number developing a preference for carbon-free products, such as EVs and FCVs, and services too.
- As decarbonization approaches, we also assume advances in renewable energy and energy-saving clean technologies, as well as the growth of their widespread use.

4°C Scenario

We have developed our 4°C scenario by using IPCC AR6 SSP3-7.0.

- In the 4°C scenario, we assume that irreversible environmental changes will occur, leading to more frequent and more severe natural disasters.

Key Risks and Opportunities for Honda

		Risk	Timeframe*	Opportunity	Timeframe*	Response
1.5°C	Policy and regulations	<ul style="list-style-type: none"> • Drop in unit sales of internal-combustion engine (ICE) vehicles due to more stringent fuel efficiency regulations and Zero Emissions Vehicles (ZEV) regulations • Increased costs due to carbon tax and Emissions Trading System (ETS), etc. 	Short- / medium- / long-term	<ul style="list-style-type: none"> • Increase in sales due to a sales expansion of electrified products and services, including EVs and FCVs 	Short- / medium- / long-term	<ul style="list-style-type: none"> • Carbon neutrality of power units and enhance the lineup of electrified products • Allocate proceeds from the issuance of Green Bonds to expenses related to the development and production of electrified products • Invest resources in the areas of electrification and software technologies (approx. 5 trillion yen over the next ten years) • Strengthen external partnerships for liquid lithium-ion batteries (⇒p.10, p.18) • Development of next-generation batteries (⇒p.18) • Promote the establishment of an electrified product production system (⇒p.19, p.23, p.25) • Create new energy services based on electric mobility (⇒p.18, p.23, p.54) • Introduction of Internal Carbon Pricing • Promote ESG information disclosure, including climate change-related risks
	Changes in customers' sense of value	<ul style="list-style-type: none"> • Drop in sales caused by failure to meet customer demand • Drop in sales caused by changes in consumer behavior (e.g. progress in sharing services and changes in mobility preferences) • Tarnished corporate images in response to climate change 				
	Changes in technology	<ul style="list-style-type: none"> • Increase in capital investment costs following the introduction of renewable energy and energy-saving technologies • Increased costs due to carbon tax, Emissions Trading System (ETS), etc. 	Short- / medium-term	<ul style="list-style-type: none"> • Creating environmental value with recycled resources • Drop in business operation costs as markets shift to renewable energy and production facilities with higher energy efficiency 	Short- / medium-term	<ul style="list-style-type: none"> • Secure and promote research budgets for basic research areas centered on carbon-neutral technologies (approx. 100 billion yen per year) • Allocate funding quota for startups in advanced technologies (approx. 10 billion yen per year) • Establish strong partnerships with resource-recycling companies (⇒p.10, p.29, p.30) • Introduction of Internal Carbon Pricing • Promote carbon neutrality at the Saitama Factory's assembly plant • Create new energy services based on electric mobility
4°C	More frequent and severe natural disasters	<ul style="list-style-type: none"> • Drop in sales due to suspension of production resulting from natural disasters, which will damage Honda's production bases and disrupt its supply chain 	Long-term	<ul style="list-style-type: none"> • Increase in sales of electrified products that can be used as an emergency power source when the need for power supply increases during a disaster 	Long-term	<ul style="list-style-type: none"> • Enhance the lineup of electrified products • Create new energy services based on electric mobility • Establish a stable production structure through a global value chain

*For a timeframe, short, medium and long mean: less than one year, one to less than three years and three years or longer, respectively.

To Realize a Zero Environmental Impact Society | Environmental Strategy

Risk Management

At Honda, “climate change-related risks” are positioned as one of the company-wide priority risks, which include the environmental risk such as stricter environmental regulations, and natural disaster risk such as earthquakes, floods, etc.

The response to climate change-related risks is being driven by the Corporate Planning Unit, the responsible department. They are responsible for organizing information on the progress of environmental measures discussed and coordinated between Business Operations and Regional Operations as well as globally relevant themes. For example, regulatory risks are managed not only with respect to existing regulations but to new ones as well. Regarding the investigation, evaluation and monitoring of the risk of natural disasters, all manufacturing sites are evaluated for water risk using the AQUEDUCT tool of the World Resources Institute (WRI) and the Water Risk Filter tool of the World Wide Fund for Nature (WWF).

The World Environment and Safety Strategy Committee (Secretariat: Corporate Planning Unit), which is in charge of company-wide environmental strategies, is attended by the company-wide Risk Management Officer and formulates global medium- to long-term environmental policies, targets and plans, which are then decided by the Executive Council. In addition, the World Environment and Safety Strategy Committee confirms progress and performance against key environmental targets and formulates policies for addressing issues. Important matters are decided by the Executive Council and reported to the Board of Directors.

Each Business Operation and Regional Office formulates and executes implementation plans based on the global medium to long-term environmental policies.

Each Business Operation establishes an Environmental Responsible Officer and an Environmental Affairs Office, creating a cross-functional structure within the respective business operations. With this framework in place, they develop and promote business plans that incorporate environmental measures.

Each Regional Operation formulate and execute plans based on information shared during the World Environment and Safety Strategy Committee as well as the “the Six Region Environmental Secretariat Committee.” When devising these plans, discussions take place primarily in the “Regional Environmental Committee,” where alignment is sought among various Operations in collaboration with each other.

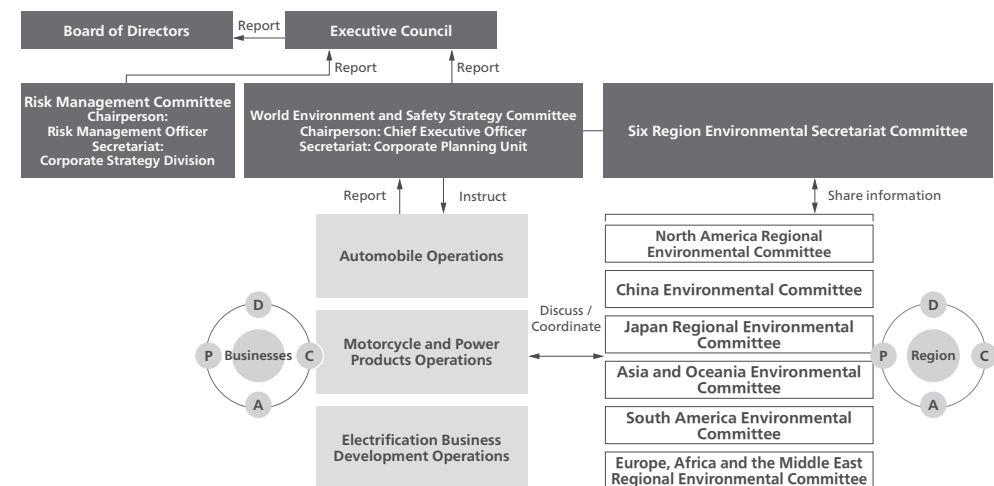
All risks related to corporate activities are managed within the “Risk Management Committee,” chaired by the company-wide Risk Management Officer. This committee encompasses risks associated with climate change as well. While ensuring alignment with the company-wide risk management activities, we are continuously enhancing environmental management, including climate change-related risks.

TCFD Risk Management Recommendation c

Regarding the risk assessment and management process within the company-wide risk management activities, please refer to “Governance | Risk Management” (⇒p.64, p.65) for more information.

TCFD Risk Management Recommendation a and b

Environmental Management Structure, including Climate-Related Risks and Opportunities



To Realize a Zero Environmental Impact Society | Environmental Strategy

Metrics and Targets

Metrics for Risks and Opportunities

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

In order to make steady progress toward carbon neutrality by 2050, Honda has defined corresponding targets and has been promoting efforts accordingly. For CO₂ emissions during product use, a target for CO₂ emissions intensity has been set for 2030, in addition to the current target, representing global sales share of electrified products. In the area of corporate activities, we aim to reduce our total CO₂ emissions by 46% from FY2020. To achieve this target, we will promote initiatives to such as improving production efficiency, implementing energy-saving measures, shifting to low-carbon energy and the use of renewable energy.

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

TCFD Metrics and Targets Recommendation a

Target to Achieve Zero Environmental Impact

	TCFD Metrics and Targets Recommendation a			TCFD Metrics and Targets Recommendation c
	Target for 2030			Target for 2050
Reduction rate of total CO ₂ emissions from corporate activities (compared to FY2020)	46%			→
Sales ratio of electrified products	Motorcycles 15%	Automobiles 30%	Power products 36%	→ Net zero CO ₂ emissions
Reduction rate of CO ₂ emissions intensity of product use (compared to FY2020)	Motorcycles 34.0%	Automobiles 27.2%	Power products 28.2%	→
Reduction rate of total waste generation in corporate activities (compared to BAU)	14.5%			→ Zero industrial waste
Reduction rate of total water intake in corporate activities (compared to BAU)	14.5%			→ Zero industrial water intake
Product resource circulation	Set internal milestones			→ Use of sustainable materials 100%

Honda's GHG Emissions TCFD Metrics and Targets Recommendation b

Honda believes that calculating and disclosing its greenhouse gas (GHG) emissions as a responsible mobility company is a necessary step for proactively promoting GHG emissions reduction efforts across the world.

Given our business characteristics, our value chain produces large emissions, including those from product use. As such, it is important to calculate and disclose Scope 3 emissions. Consequently, we calculate and disclose emissions from our value chain (Scope 3), in addition to direct (Scope 1) and indirect (Scope 2) Honda emissions.

We will continue to identify and manage related data, which will be utilized to implement GHG emissions reduction measures.

(million t-CO ₂ e)	FY2020	FY2021	FY2022	FY2023
Emissions from the entire value chain	331.2	254.48	280.02	288.23
Scope 1	1.24	1.12	1.16	1.09
Scope 2	3.79	3.38	3.14	2.73
Scope 3	298.09	249.98	275.72*	284.41

The definitions of Scopes 1, 2 and 3 are provided in the GHG Protocol.

• Scopes 1&2: Direct and indirect GHG emissions from the corporate activities of Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies in and outside of Japan, excluding some small companies. See Honda ESG Data Book p.137 for details.

• The Scope 3 figures are the sum of emissions from categories 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12 and 15.

* We changed the calculation method of Scope 3 Category 11 emissions from FY2022. See Honda ESG Data Book p.136 for details.

To Realize a Zero Environmental Impact Society | Environmental Strategy

Tetsuo Hayashi

Automobile Operations Production Unit
Saitama Factory
Automobile Plant (Yorii)
Plastics Department
Engaged in maintenance of bumper and instrument panel production facilities, as well as energy reduction tasks.

Favorite motto

"Fall seven times, stand up eight."

Honda-ism which he has empathy

"Light your own torch."

"Waigaya"



Interview

Even in the Face of Challenges, if Something Needs to be Done, I Will

Maintenance, improvement and optimization of production facilities for automobile fall under my responsibilities. Driven by a commitment to uphold Honda's craftsmanship and operational excellence, I approach my daily tasks with a strong sense of purpose. In recent years, I have been chosen as a member of the "Yorii Carbon Neutral Project," focused on implementing production technologies that reduce environmental impact and enhance efficiency. My efforts revolve around energy reduction in production facilities and the transition to carbon-free energy sources. This endeavor aligns with the ambitious goal of achieving net zero CO₂ emissions across all activities by 2050. Each member of the project holds steadfast determination, asserting, "We will succeed without question," and "Our present endeavors will benefit the world in the future." With unwavering conviction, we transcend organizational boundaries, pooling our collective wisdom to overcome this formidable challenge.

Reflecting on the past, when I initially joined the company, I didn't believe I had much to offer. Despite my boss having high standards, he encouraged me with the words, "This individual has potential." Driven by a determination to meet his expectations, after about five years of dedicated effort, he remarked to me one day, "Your absence in the woods would pose a challenge." Hearing this filled me with a sense of validation — to be recognized as indispensable. The progress I've made is owed to the support and confidence many have shown in me. Now, I am committed to reciprocating that support, engaging with juniors and my responsibilities with a profound sense of gratitude.

My aspiration is to cultivate Honda's new vehicle production environment while imparting energy reduction techniques and carbon-free energy substitution know-how to juniors and the community, thereby enhancing society's overall energy reduction capabilities. Just as I have done in the past, I am prepared to step up for tasks, even if they are intricate or challenging, driven by an unwavering belief in seeing them through to completion.

To Realize a Zero Traffic Collision Society | Safety Strategy

Toward a Zero Traffic Collision Society

Honda aims to achieve zero traffic collision fatalities involving Honda motorcycles and automobiles worldwide by 2050*1. As a milestone, Honda aims to halve the number of global traffic collision fatalities involving Honda motorcycles and automobiles worldwide by 2030*2. These targets apply to new vehicles and motorcycles and those already available on the market.

Honda safeguards against accidents caused by various factors by evolving and combining three elements: Human Ability (awareness-building activities), Mobility Performance (technological development) and the Traffic Ecosystem (collaboration with others and system/service development).

As a result, in Japan and the United States, the traffic fatality rate per 10,000 vehicles for all Honda automobile, including minicars, is below the average of all major auto OEMs.

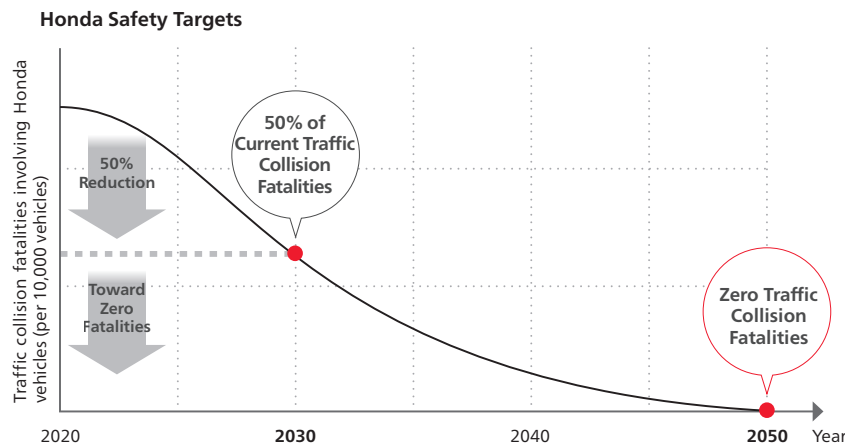
A major challenge as we move toward 2030 is fatal accidents involving motorcycles in emerging countries. As the world's largest provider of motorcycles, Honda recognizes it has a social responsibility to proactively address this issue and is conducting educational activities targeting a wide range of people and incorporating safety equipment into motorcycles, such as advanced brake systems of ABS*3 and CBS*4, and LED headlights that are highly visible and make riders more visible from other road users at the same time. For automobiles, we actively promote the functional evolution and dissemination of advanced driver assistance systems (ADAS), effectively reducing accidents in emerging and developed countries.

*1 Traffic collision fatalities involving Honda motorcycles and automobiles: Traffic collision fatalities involving Honda motorcycles and automobiles, as well as pedestrians and bicyclists (i.e., all traffic participants, except for intentional and malicious violators of the rules and persons who are incapable of fulfilling their responsibilities)

*2 Halve the number of traffic collision fatalities per 10,000 vehicles involving Honda motorcycles and automobiles worldwide in 2030 compared to 2020.

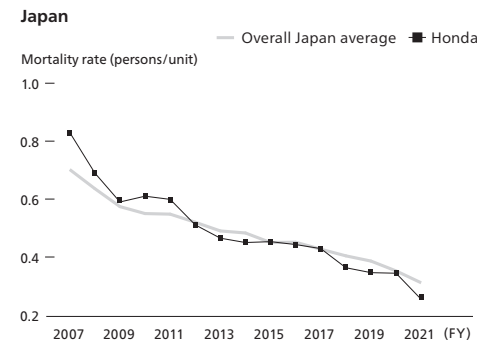
*3 ABS : Antilock Brake System

*4 CBS : Combined Brake System

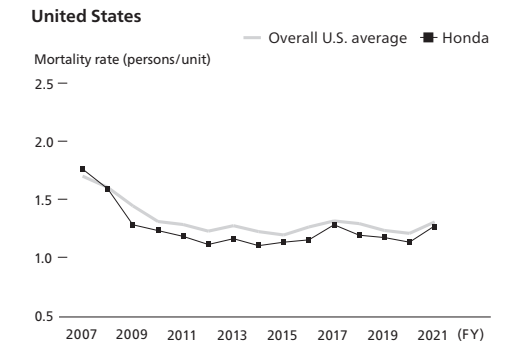


Beyond that, a major challenge for the year 2050 will be fatal accidents worldwide involving pedestrians, cyclists and riders. To address this issue, we will promote R&D of "Safe and Sound Network Technology" that supports risk prediction and avoidance before an accident occurs by communicating with everyone sharing the road. Honda aims to achieve zero traffic collision fatalities involving Honda motorcycles and automobiles by 2050.

Trends in Fatality Rates Involving Automobiles per 10,000 Vehicles Owned



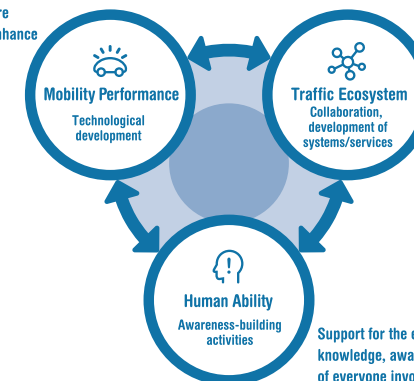
Source: Honda research based on Japan Traffic Accident Analysis Center data. Japan's totals are based on annual traffic statistics for automobiles and motorized bicycles.



Source: NHTSA Fatality Analysis Reporting System (FARS) data, based on Honda research. The U.S. totals are based on the TSF Fatality Rate per Registered Vehicles.

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

Human Ability: Awareness-Building Activities

As we reach the 2030 milestone, it is important that our awareness-building activities expand opportunities to support everyone involved in the transportation community through quality programs.

To achieve this, Honda is training instructors, strengthening traffic safety awareness-building activities at traffic education centers and dealerships and utilizing ICT tools, such as smartphones, to deepen learning for all people, regardless of time or location. We also promote initiatives to deepen learning for all people regardless of time and place.

In June 2023, Honda released the “Honda Driver Coaching” app in the U.S. for young people. This app supports young drivers to develop safety driving behaviors through driving diagnosis and real-time voice advice. We are considering rolling out the initiative in emerging countries and plan to conduct demonstration tests in the future.

In April 2023, Thai Honda signed a memorandum of understanding with the Land Transport Department of the Thai Ministry of Transport on the development of a “Hazard Prediction Training” to prevent traffic accidents. This initiative aims to enhance the ability to predict potential dangers and to elevate awareness about traffic safety among participants in traffic. With this opportunity, Thai Honda will provide the knowledge on traffic accident prevention it has accumulated over 30 years to educate prospective drivers and young people.

To contribute to the development of laws and regulations, including the licensing system, and traffic rules, we will continue to collaborate with international organizations, government agencies of various countries and other mobility industries.



Honda Driver Coaching App (U.S.)



Animated video produced by Thai Honda for the Land Transport Department of the Thai Ministry of Transport

Mobility Performance: Technological Development

To realize the 2030 milestone, the functional evolution and diffusion of advanced driver assistance systems (ADAS) will be important from a technological development perspective. It is envisaged that this will enhance collision safety performance.

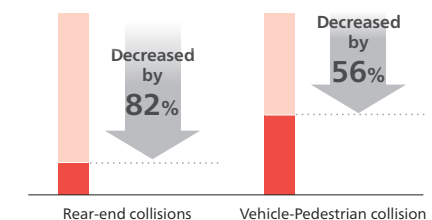
In addition to Honda SENSING, which has been available since 2014, Honda also offers two advanced driver assistance systems: Honda SENSING 360, which responds to accident scenes in all directions, and Honda SENSING Elite, which aims to zero human error when driving.

Honda SENSING: For Further Popularization, Expanding Application to Emerging Countries

“Honda SENSING” is a system primarily designed to detect the front of the vehicle and includes pedestrians as detectable objects. It supports safe and comfortable driving, as well as accident avoidance. The N-BOX minicars featuring Honda SENSING technology, available in Japan, have demonstrated impressive results in terms of safety. These vehicles exhibit an 82% reduction in rear-end collisions and a 56% reduction in pedestrian accidents*1, showcasing the substantial effectiveness of this innovative technology in accident prevention. As of 2022, the sales ratio of new automobiles that are equipped with “Honda SENSING” has reached 99% in Japan and the United States and 86% globally, with a cumulative total exceeding 14 million units.

To reduce the number of fatalities in motorcycle traffic accidents, Honda is gradually rolling out “Honda SENSING” with a motorcycle detection function. The vehicles to be fitted with this technology were rolled out in 2021, and the features will be incorporated in all automobile models worldwide by 2030. In addition, Honda aims to expand the application of advanced brakes such as “ABS” and “CBS” and highly visible and lighted lamps to more models of motorcycles.

Accident Reduction Effect of Vehicles Equipped with Honda SENSING (N-BOX)



Target to Achieve Zero Traffic Collision Fatalities by 2050

Advanced Safety Equipment Application Rate	Target for 2030		
	Automobiles in developing countries*2 Honda SENSING 360	Automobiles in emerging countries*3 Honda SENSING	Motorcycles in emerging countries*4 Advanced Braking (ABS/CBS)
	100%	100%	100%

*1 The difference in the number of traffic collision fatalities and injuries per registered vehicle between N-BOX vehicles without AEB and vehicles equipped with Honda SENSING. Based on data from the Institute for Traffic Accident Research and Data Analysis, according to Honda's research.

*2 Japan, the U.S., China, Europe

*3 India, Indonesia, Malaysia, Thailand, Brazil

*4 India, Indonesia, Vietnam, Thailand, Brazil

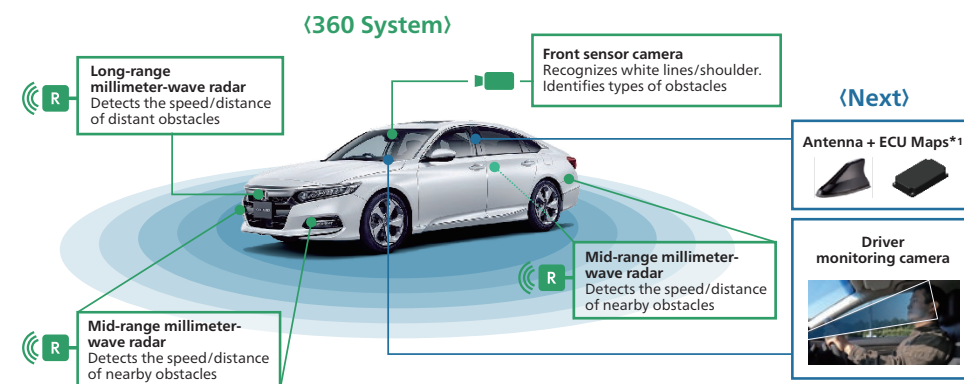
Honda SENSING 360: Aiming to Deploy All Automobile Models in Developed Countries by 2030

The omnidirectional safety and driver-assistive system “Honda SENSING 360” is a system to avoid imminent accidents or to further reduce damage by expanding the ability of the vehicle to detect and avoid the risk of accident in all directions. A total of five millimeter-wave radars are installed on the vehicle: One at the front and one on each corner. This achieves 360-degree sensing.

The five main functions of Honda SENSING 360 are Collision Mitigation Braking System for crossing vehicles at intersections and crossing pedestrians when turning right or left, Front Cross Traffic Warning, Cornering Speed Assist, Lane Change Collision Mitigation, and Active Lane Change Assist. Honda aims to expand the use of these functions to all automobiles in developed countries by 2030, starting from the installation to the CR-V released in China in 2022. Furthermore, Honda is developing new technologies that evolve the Honda SENSING 360.

Currently, new technologies are under development, including the Advanced Lane Change Assist Function with Hands-off Function and the Advanced In-Lane Driving Assist Function to reduce the driving load; the Driver Emergency Support System to support deceleration and stop in the same lane when the driver does not respond to operation requests from the system; the Exit Warning to detect and recognize vehicles approaching from the rear side while parked; the Driver Attention Warning and Collision Warning, In-Lane Collision Avoidance Assist Technology, Emergency Steering Support Technology, etc. We are engaged in the development of new technologies, including those capable of detecting driver conditions and predicting potential hazards ahead, while offering assistance for avoidance. These technologies are being customized to address the distinct requirements of different regions and are scheduled to be progressively introduced from 2024 onward. We aim to achieve enhanced safety measures by these technologies.

Honda SENSING 360 System Configuration



*1 ECU : Electronic Control Unit

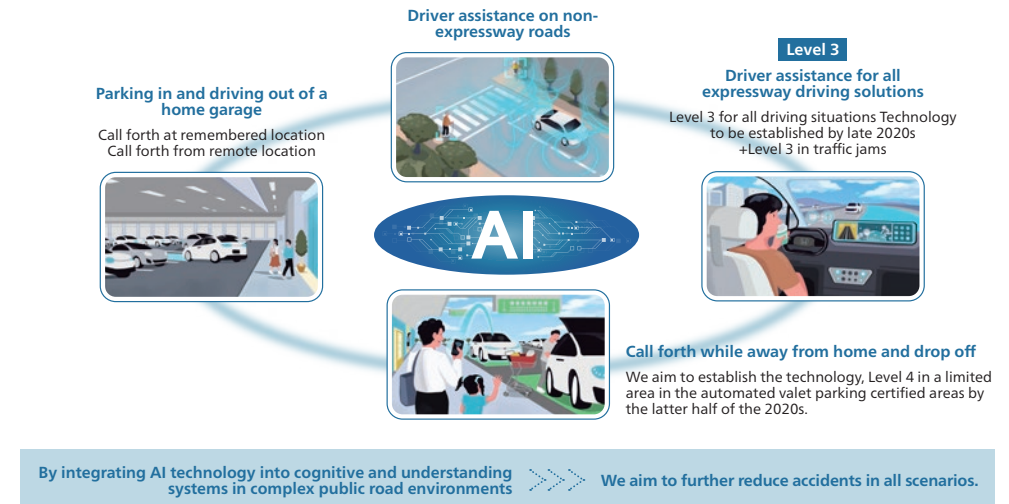
Honda SENSING Elite: Aiming Zero Human Error when Driving

“Honda SENSING Elite” is a system equipped with “Traffic Jam Pilot,” an advanced technology compatible with Automated Driving Level 3*2 (automated driving with conditions in a limited area), which is the world’s first automated driving system to receive type designation by the Ministry of Land, Infrastructure, Transport and Tourism in 2021. This system makes it possible to perform driving operations on behalf of the driver under certain conditions, such as when there is traffic congestion on expressways.

Furthermore, we are advancing the development of a new technology for the next evolution of “Honda SENSING Elite.” This technology uses Honda’s unique AI technology, which grows with experience, like a person, to recognize complex scenes and respond to complex environments, such as general roads, enabling hands-off functions during traffic jams on main roads and driving support functions during merging and branching scenes at highway junctions, etc., to enable safe, secure and seamless travel from home to destination, including on main roads. These technologies are scheduled to be applied sequentially from the mid-2020s.

*2 Definition of automated driving defined by the Japanese government (based on SAE) is as follows: Under certain conditions, the system monitors surrounding traffic conditions and drives on behalf of the driver.

Next-Generation HONDA SENSING Elite



To Realize a Zero Traffic Collision Society | Safety Strategy

Traffic Ecosystem: Collaboration, Development of Systems / Services

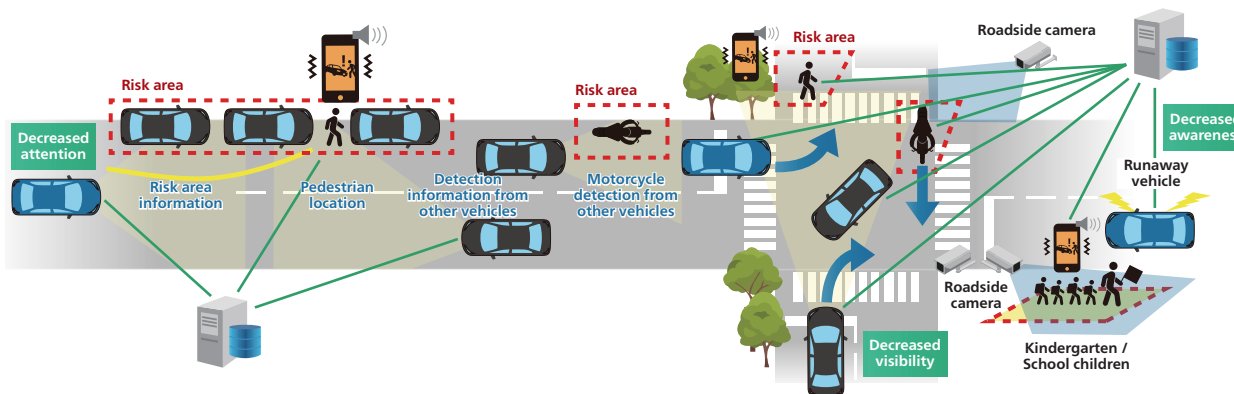
Honda has been developing various technologies, including deployment of the "SAFETY MAP," which consolidates driving advice for accident-prone areas, locations requiring sudden lane changes, analysis of data, such as sudden braking information from Honda vehicles, development of a system known as AACN (Advanced Automatic Collision Notification), which automatically notifies fire departments and cooperating hospitals from vehicles involved in accidents and utilization of connected vehicle technology to estimate the probability of fatalities and severe injuries in the event of an accident.

To achieve Honda's target of zero traffic collision fatalities involving Honda motorcycles and automobiles worldwide by 2050, it is essential to ensure the safety of all people, including vulnerable road users. To this end, Honda is further advancing its long-standing connected technologies and developing its Safe and Sound Network Technology, which connects all traffic participants, i.e., people and mobility

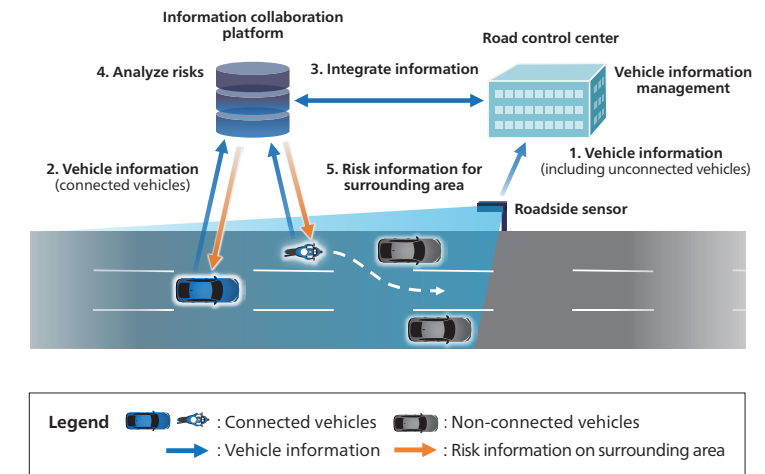
vehicles, through telecommunications to predict risks before accidents occur and support accident avoidance.

In 2023, as part of efforts to promote this Safe and Sound Network Technology, we will participate in the Road-Vehicle Cooperation Demonstration Experiment being conducted by Central Nippon Expressway on a section of the Shin-Tomei Expressway under construction together with SoftBank Corp. This exercise aims to verify use cases for risk prediction and information notification using information from connected vehicles and traffic infrastructure. Through these demonstration tests, Honda will identify issues before implementing the technology in society and use this information to innovate and develop. Honda aims to complete system construction and effectiveness verification in the early 2020s and standardize the technology in the late 2020s, with the aim of implementing the Safe and Sound Network from 2030 onwards.

Safe and Sound Network Technology



Use Case Image for Highway Driving



To Realize a Zero Traffic Collision Society | Safety Strategy

Ayato Yoneyama

Electrification Business
Development Operations
Motorcycle and Power Products
Electrification
Business Development Unit
UX and Software Connected
Development Department Division
Software Core-technology
Development Department
After being involved in motorcycle
engine design, shifted focus to safety-
related tasks in emerging countries.

Favorite motto

"Today is the youngest day."
"Give it your all, regardless of the
outcome."

Honda-ism which he has empathy

"Light your own torch."
"Eliminate no play, no error."



Interview

Taking the Lead in Walking Down Paths yet Untrodden by Anyone

From an early age, my dream has been to contribute to mobility through engineering. While I've been engaged in motorcycle engine design with the goal of bringing joy to customers through my products, I developed a firm belief that "While Honda's motorcycles expand possibilities in people's lives, they also lead to unhappiness due to accidents. If we don't address this, can we genuinely provide happiness?" This conviction steered me toward safety-focused endeavors a few years ago. Primarily targeting emerging markets like Thailand, I've been spearheading initiatives in accident prevention utilizing infrastructure cameras and advancing technologies for safety driving education.

Safety is a critical domain for Honda, and as I embarked on new challenges, I began from the ground up, undergoing a process of trial and error. Until that point, I had always aimed to surpass others, but I soon realized that there were limited problems I could solve alone. However, I acknowledged that Honda has numerous associates with diverse expertise. I sought their help, breaking down barriers and reaching out across various internal departments. Everyone, faced with unexplored terrain, was eager to collaborate, and I believe this enthusiasm resulted in outcomes exceeding our expectations.

I transitioned from the realm of engines to the world of software, with no prior experience, in order to approach the safety domain from a fresh angle. The fear of failure often hinders us from embracing new challenges. I firmly believe that forging new paths, even in areas uncharted by anyone before, is the key to innovation. The software domain in the automotive industry is still in its early stages. Our goal is to set industry standards in this domain, making Honda a global competitor in the realm of software.

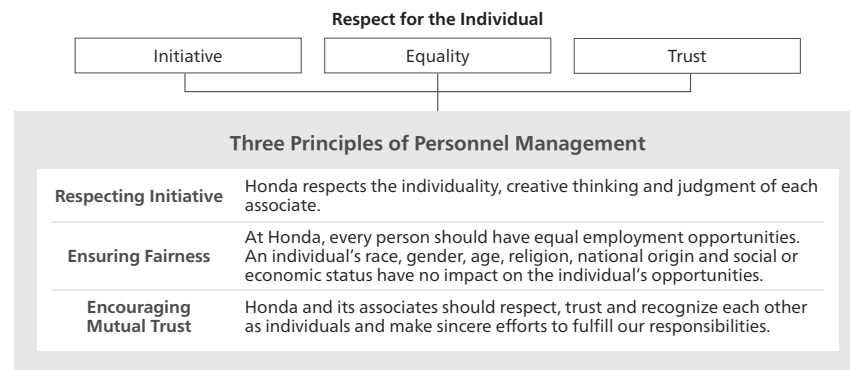
The Evolution of Human Capital Management | Human Capital Strategy

Human Capital Management Initiatives

Basic Policy for Personnel Management - Honda Philosophy

Honda defines the principles of personnel management based on the Honda Philosophy. The key principles of this philosophy are to respect each other's initiatives and individuality, to establish equal relationships and to foster trust among individuals. Our goal is to maintain a company where talented individuals with a strong intrinsic will to create a better society collaborate, enabling a broader range of abilities, talents and creativity to be fully utilized. Additionally, we aspire to become a company where the joy of overcoming challenges can be shared, even in situations of differing opinions. To continue creating products and services that surpass the expectations of our customers and society, we will develop a comprehensive human and organizational strategy that encourages and supports the growth of individuals "driven by dreams and initiative," empowering our associates to work vigorously at Honda.

Principles of Personnel Management



Human Capital Management Linked to Business Strategy: A Defined Narrative

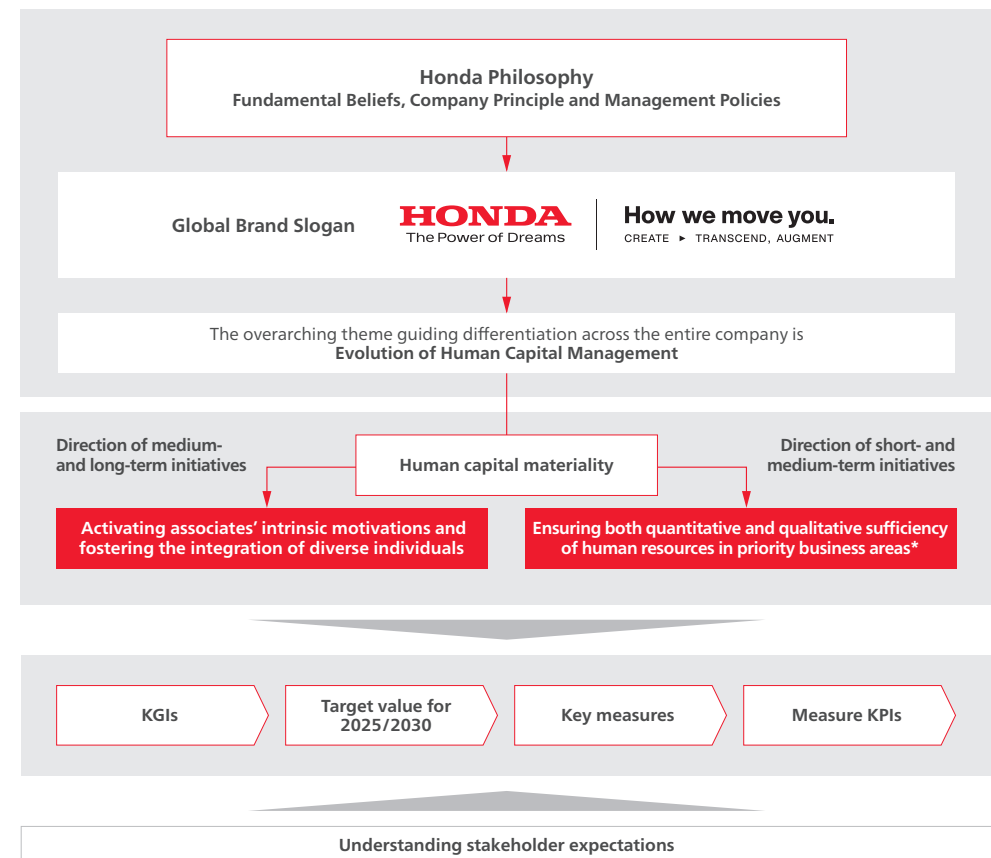
As a component of Honda's human capital management initiatives, we have defined "human capital materiality" as encompassing issues that warrant close attention through human capital strategies. This process involves intertwining these strategies with our business strategies.

When delineating human capital materiality, we engage in company-wide discussions about the trajectory in which we should channel our efforts. These discussions encompass both the medium- to long-term dimensions of the "evolution of human capital management," a pivotal theme spanning the entire company, and the short- to medium-term aspects of fortifying our business strategy.

We subsequently establish key goal indicators (KGIs) along with their target values as metrics for assessing the degree of accomplishment of human capital materiality. Additionally, we formulate an array of human capital strategies, measures and Key Performance Indicators (KPIs) to showcase the attainment of these target values as part of a coherent narrative.

KGIs and their associated KPIs are subject to consistent monitoring as part of the business management framework. Furthermore, we employ the Plan-Do-Check-Act (PDCA) cycle, allowing for periodic adjustments of indicators and target values, as well as the adaptation or inclusion of measures as required.

Honda Human Capital Management Storyboard



* Priority business areas: electrification, software technologies, new business, basic research, etc.

The Evolution of Human Capital Management | Human Capital Strategy

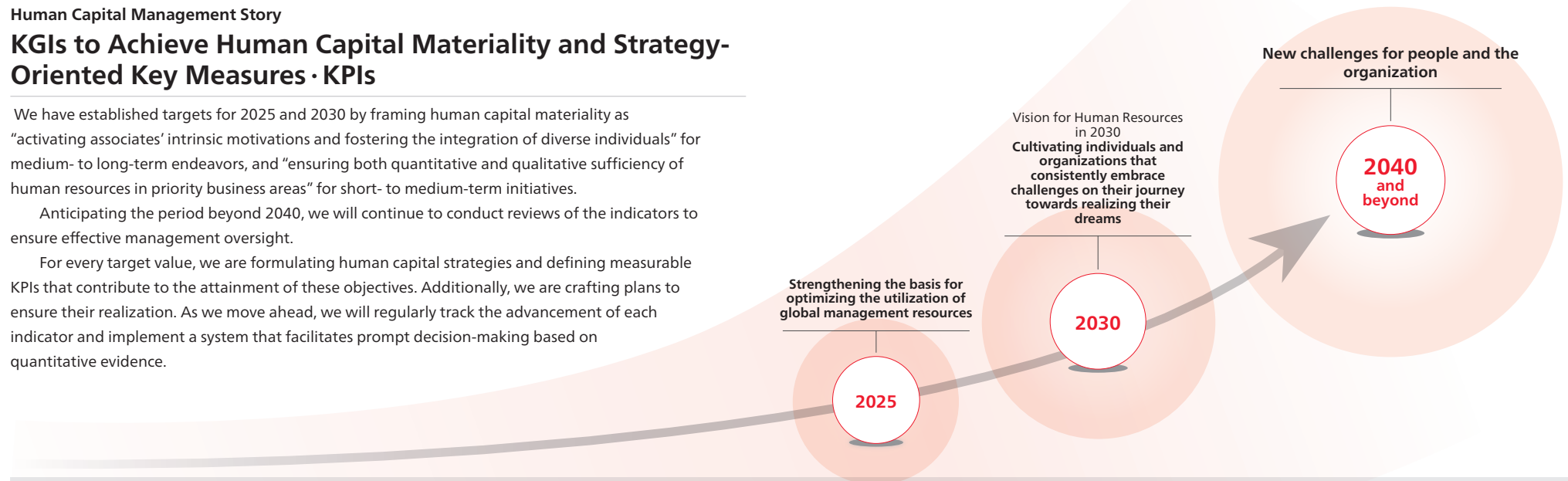
Human Capital Management Story

KGIs to Achieve Human Capital Materiality and Strategy-Oriented Key Measures · KPIs

We have established targets for 2025 and 2030 by framing human capital materiality as “activating associates’ intrinsic motivations and fostering the integration of diverse individuals” for medium- to long-term endeavors, and “ensuring both quantitative and qualitative sufficiency of human resources in priority business areas” for short- to medium-term initiatives.

Anticipating the period beyond 2040, we will continue to conduct reviews of the indicators to ensure effective management oversight.

For every target value, we are formulating human capital strategies and defining measurable KPIs that contribute to the attainment of these objectives. Additionally, we are crafting plans to ensure their realization. As we move ahead, we will regularly track the advancement of each indicator and implement a system that facilitates prompt decision-making based on quantitative evidence.



Human Capital Materiality	Goals	KGIs	Target Value for 2025	Target Value for 2030	Examples of KPI Measures
Activating associates' intrinsic motivations and fostering the integration of diverse individuals	Associates are highly motivated and driven by goals, with their supervisors actively supporting their endeavors	Associate engagement score	Percentage of positive responses 50% or more	Percentage of positive responses 60% or more	<ul style="list-style-type: none"> Annual training hours per person Number of applicants for Challenge Open Recruitment*¹ and in-house recruitment Number of applicants for IGNITION*² Percentage of management training participants
	Synergy is optimized through the integration of diverse knowledge	Proportion of female in management positions	3 times increase compared to 2020	4 times increase compared to 2020	<ul style="list-style-type: none"> Number and percentage of female employed Number of female leader candidate pools
Ensuring both quantitative and qualitative sufficiency of human resources in priority business areas	There are sufficient human resources in priority areas	Sufficiency of human resources in priority areas	-	Increase to 10,000 associates in the area of software technologies	<ul style="list-style-type: none"> Number of applicants in the area of software technologies Number of expert managers Skill visibility rate of human resources involved in priority areas Actual human resource matching (shifting of resources)
	Resources are proactively invested in the development of human capital	Investment in the development of human resources in priority areas	Attaining the highest global market standards		<ul style="list-style-type: none"> Training hours per person for reskilling program Number of participants in reskilling programs by external organizations

*1 Challenge Open Recruitment: A personnel transfer system founded on open recruitment, aimed at kindling individual motivation to embrace fresh challenges and ensuring optimal alignment of individual competencies and affinities with job roles.

*2 IGNITION: An in-house recruitment program that allows associates to utilize their individual ideas and take on the challenge of starting a new business.

Honda's Human Capital Strategy

Enhancing Corporate Competitiveness and Restructuring the Business Framework through the Optimal and Efficient Utilization of Human Capital

During a period "once in a century transformation" in the industry, Honda has transitioned its current business landscape into a second founding period. This phase is centered on crafting human capital strategies aimed at "enhancing corporate competitiveness and restructuring the business framework through the optimal and efficient utilization of human capital."

While valuing Honda's core values that underpin corporate competitiveness, we will implement professional talent development, creating environments that encourage practical application and establishing

structure to accommodate diverse careers and work styles. Our commitment extends to bolstering individuals and organizations that embrace the challenge of realizing their "dreams." Furthermore, to foster structural business reform from a human resources standpoint, we will persist in our endeavors to acquiring and shifting human resources, particularly in priority areas. This forms a component of our vision to achieve both quantitative and qualitative sufficiency. To enable shifting of resources, we will actively invest in human resources to facilitate reskilling and implement measures to enhance proficiency in priority areas.

Human Capital Materiality

Activating associates' intrinsic motivations and fostering the integration of diverse individuals

Associates are highly motivated and driven by goals, with their supervisors actively supporting their endeavors

Synergy is optimized through the integration of diverse knowledge

Ensuring both quantitative and qualitative sufficiency of human resources in priority business areas

There are sufficient human resources in priority areas

Resources are proactively invested in the development of human capital

Provision of opportunities and structures to promote professional human resource development and practice:

- Expand opportunities for autonomous learning and development
- Create a climate and structure encouraging challenge
- Foster the next generation of leaders

Promotion of diversity in careers and work styles:

- Diversify careers and work styles
- Accelerate autonomous careers
- Expand working period by improving health and wellness

Creating people and organizations that take on the challenge of realizing "dreams":

- Initiatives to revitalize the organization
- Increase the number of Honda fans
- Maximize human resources through HRDX

Acquiring and shifting human resources to fulfill human resource needs to priority areas

- Develop human resource portfolio
- Establish new scheme to secure resources
- Accelerate shifting of resources

Proactively investing in human resources in priority areas

- Improve basic skills of all associates in priority areas
- Expand reskilling through specialized programs
- Programs to develop top management to strengthen competitive areas

Activating Associates' Intrinsic Motivations and Fostering the Integration of Diverse Individuals Challenging with High Motivation and Goal-Oriented Mindsets (Challenge to Dream), and backed by the Full Support of Supervisors

In order for Honda to deliver value to our customers, motivated by the dreams of each and every Honda associate, it is imperative that we fully acknowledge and comprehend the global brand slogan as a shared philosophy. This philosophy must then be reflected in our actions, central to our purpose and identity. By adopting this collaborative vision as a foundational principle, we will be better equipped to tackle the challenge of creating new value through a sequence of steps including "establishing ambitious transformative goals," "embracing a spirit of experimentation," "taking the lead in the pursuit of accomplishments," "learning from others and consolidating diverse knowledge" and "delivering surprises, exhilaration, and joy."

In the pursuit of these objectives, we have formulated a new question for the engagement survey, aimed at gauging the extent to which associates exhibit strong motivation and drive to realize their aspirations. Furthermore, we have revised the engagement score calculation method to better articulate our intentions. We recognize that each associate's aspirations of striving toward their dreams require support from supervisors within the organization. Consequently, we have infused this aspect into the engagement survey inquiries.

Synergy is Maximized via the Integration of Diverse Knowledge

We believe that the fundamental objective of diversity initiatives is "to generate novel business prospects and value by promoting the exchange of viewpoints among associates with distinct ideas." Especially the enhancement of female participation stands as a pressing concern that will consistently command our endeavors. Without a doubt, we consider periods of business environment transformation as opportunities to broaden the active engagement of females.

From a global perspective, we identify Japan as facing challenges in promoting opportunities for female participation. We gauge this by utilizing the proportion of females in managerial positions as an indicator of the issues at hand.

Furthermore, we will also shape our global diversity, equity and inclusion initiatives in accordance with this recognition.

KGI	Target for 2025	Target for 2030
Associate engagement score	Percentage of positive responses 50% or more	Percentage of positive responses 60% or more
Proportion of females in management positions	3 times increase compared to 2020	4 times increase compared to 2020

	Undertaken Efforts	Achieved Results for FY2023	Future Initiatives
<p>Challenging with high motivation and goal-oriented mindsets (challenge to dream), and backed by the full support of supervisors</p> <p>Synergy is maximized via the integration of diverse knowledge</p>	<p>Improve associate engagement to enhance their motivation</p> <ul style="list-style-type: none"> Conduct an associate engagement survey Develop company-wide measures to enhance associate engagement 	<ul style="list-style-type: none"> Associate engagement survey score: 3.48 	<p>Encouraging the challenge of "dreams" toward the realization of the global brand slogan</p> <ul style="list-style-type: none"> Develop measures to disseminate the global brand slogan throughout the company Comprehensive review of the personnel system to stimulate associates' intrinsic motivations
	<p>Implement capacity-building measures to support self-improvement</p> <ul style="list-style-type: none"> Investment in all associates to promote autonomous career development and self-improvement Promote the "Honda Lifelong Playground**" Provide opportunities for associates to demonstrate their abilities (Challenge Open Recruitment and IGNITION) 	<ul style="list-style-type: none"> Annual training hours per person: 18 hours Number of Challenge Open Recruitment applicants/accepted applicants: 1,093/185 	<p>Development of learning and practice opportunities to foster professional human resources</p> <ul style="list-style-type: none"> Expand associates' learning and practical experience based on a new knowledge creation model Increase investment in business and associate-initiated training programs to acquire practical knowledge based on the "Three Reality Principle" Further expand opportunities to take on challenges (priority areas), including open positions Develop an "IGNITION Studio" as a joint program with sponsors and outside experts
	<p>Develop career programs that support autonomous growth</p> <ul style="list-style-type: none"> Strengthen two-way communication between supervisors and subordinates Conduct career interviews with career advisors 	<ul style="list-style-type: none"> Number of career interviews conducted: 2,667 	<p>Development of measures to strengthen management so that key transformations can be achieved</p> <ul style="list-style-type: none"> Develop training programs for managers to raise their management skills Provide managers with timely feedback on associate engagement levels in their own departments
	<p>Accelerate training and promotion of female associates</p> <ul style="list-style-type: none"> Training based on career plans Conduct career interviews with career advisors 	<ul style="list-style-type: none"> Number of career interviews with female associates: 490 	<p>Further acceleration of female participation</p> <ul style="list-style-type: none"> Increase the number of females in management positions Promote the development of younger associates in cooperation with the project's goals

* Honda Lifelong Playground: An internal community that enhances personal growth by fostering connections among like-minded colleagues who learn together and undertake the task of creating new value.

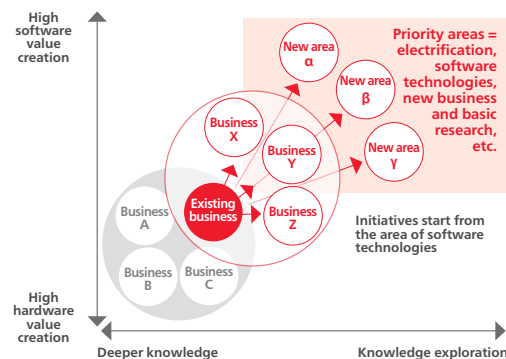
Ensuring both Quantitative and Qualitative Sufficiency of Human Resources in Priority Business Areas

Acquiring and Shifting of Human Resources to Fulfill Human Resource Needs in Priority Areas

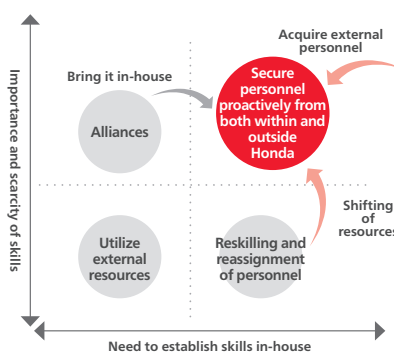
Another significant initiative crucial for advancing our business success, we will emphasize the quantitative and qualitative sufficiency of human resources aligned with our business portfolio. This encompasses presenting pivotal suggestions to bridge gaps, which will involve a comprehensive evaluation of our business plan.

In order to actively monitor human resource sufficiency and enact prompt measures, we will establish human resource portfolios for each sector. As an initial stage, we have developed a portfolio for the realm of software technologies. This portfolio identifies the reskilling targets, skill enhancement needs, shifting of resources and the necessary count of external hires.

Human Resource Management for Business Strategy



Human Resource Portfolio in Priority Areas



Proactive Investment in Human Resources in Priority Areas

In our pursuit of acquiring skills within software as our priority area, we are set to undertake an unprecedented level of human resource investment. Furthermore, alongside the company-wide reskill program, we are poised to substantially broaden specialized skills enhancement initiatives. This expansion aims to enable the creation of innovative value.

KGI	Target for 2025	Target for 2030
The company maintains sufficient human resources in priority areas	-	Increase to 10,000 associates
Investment in the development of human resources in priority areas	Attaining the highest global market standards	

Undertaken Efforts

Achieved Results for FY2023

Future Initiatives

Acquiring and shifting of human resources to fulfill human resource needs in priority areas

- Shift human resources to priority areas for achieving carbon neutrality
- Conduct experience and skills surveys for all associates

- Recruit human resources from outside Honda for the area of software and connected technologies
- Disseminate the attractiveness of Honda associates via our owned media “Me and Honda, Career”^{xx}

- Number of personnel shifted to priority areas: 70
- Experience and skills survey conducted: 35,825 respondents

- Number of mid-career recruits: 476

- Formulate human resource portfolios and implement shifting of resources for each business
- Formulate human resource portfolios and visualize personnel sufficiency in the area of software technologies
- Visualize software skill map
- Promote shifting of resources by establishing a personnel matching scheme between business areas

- Increase the number of recruits to strengthen the area of software technologies
- Expand recruiting methods, such as direct sourcing
- Consider broader employment options not limited to existing employment systems (work hours, transfers) and work styles

Proactive investment in human resources in priority areas

- Mandatory acquisition of IT Passport for new associates
- Conduct Python training for all associates in the research area

- Number of programs: 85
- Number of participants: 1,204

- Expand shifting of resources and reskilling measures in priority areas
- Conduct a "software and electrification e-learning program" for all associates
- Efforts to secure time for reskilling
- Conduct intensive programs with external organizations for those subject to reskilling

* Me and Honda, Career: Owned media communicates the appeal of Honda associates through our dedicated recruitment website and various social media platforms.

Career Growth, Learning, Practice for Cultivating Professional Personnel's Independent Development

Defining Common Capabilities and Implementing Customizable Learning Programs

To transform our associates into professionals competent not only within Honda but also beyond, we have outlined the common capabilities essential for business acumen. In alignment with this goal, we have furnished a guidebook that outlines strategies for nurturing and refining each capability, complemented by e-learning programs to bolster associates' self-driven and independent endeavors.

Furthermore, we intend to advance our learning management system, inaugurated in FY2022, into an all-encompassing platform that provides augmented learning prospects and visually tracks competency development progression.

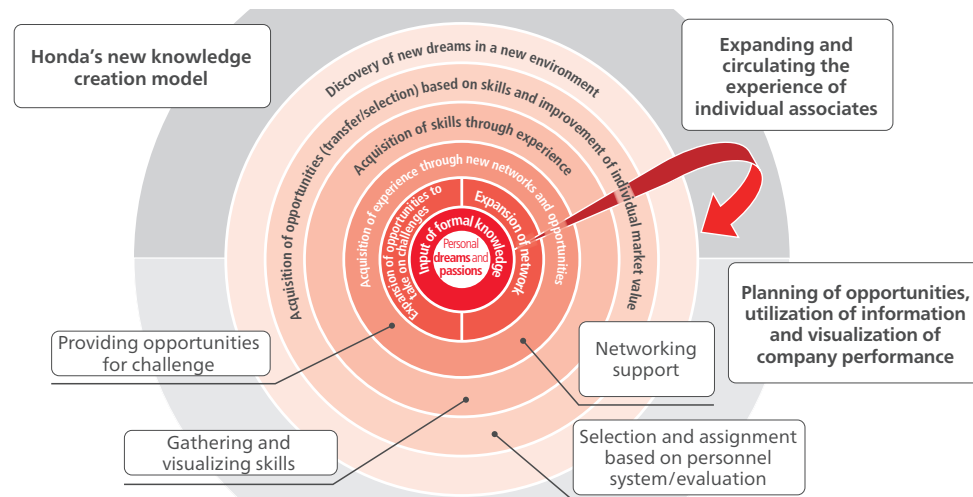
Empowering Autonomous Career Development through Honda's "Knowledge Creation Model"

A knowledge creation model has been devised to encompass individuals' aspirations and interests, guiding them in accumulating formal knowledge and acquiring fresh skills. These initiatives aim to empower associates in broadening their networks and prospects as they embark on novel challenges, embrace emerging opportunities, enhance their market value and ultimately uncover new aspirations. Grounded in this model, we will formulate measures that bridge individuals with opportunities for tackling new endeavors, foster the establishment of networks and capture/visualize skill sets. By intertwining the selection and deployment of associates through the personnel system and evaluation processes, we will enhance the associate experience and provide a visual representation of key outcomes.

FY2023 result

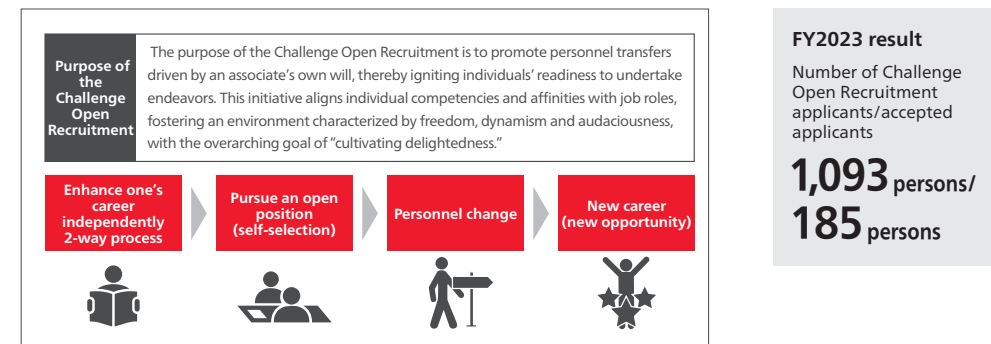
Annual training hours per person

18 hours



Offering Opportunities for Associates to Independently Showcase and Refine their Abilities

The "Challenge Open Recruitment" initiative provides voluntary opportunities to showcase and apply one's abilities, and communities like "Honda Lifelong Playground," aimed at cultivating new networks, have been instrumental in fostering connections among peers, facilitating learning and creating novel value. Through these endeavors, we have been providing chances to partake in challenges and have observed a certain degree of achievements.



Overview of Challenge Open Recruitment

To further amplify the avenues for associates to showcase their capabilities, we intend to implement an open position system in priority areas. This system will welcome applications from both internal and external individuals, consequently broadening the scope for associates to embrace novel challenges.

Commencing in FY2024 (April 2023 - March 2024), we are in the process of establishing the "IGNITION Studio," which will serve as a human resource development initiative dedicated to fostering new businesses. By aggregating the insights garnered from the new business creation program "IGNITION," in combination with the expertise of external professionals, including venture capital, this Studio is poised for creating new businesses.



Nurturing and Selecting Next-Generation Leaders Embracing our Corporate Philosophy

Advancing Global Talent Management

We have established and are actively pursuing our vision of “Matching the Right Talent to the Right Position,” wherein individuals’ abilities and aspirations are cultivated, ensuring that everyone has an equitable opportunity to take up pivotal roles and steer Honda on a global scale.

Developing a Global Competency Model (GCM)

To methodically and consistently cultivate and appoint capable and motivated personnel, irrespective of individual attributes such as nationality and gender, we have formulated a Global Competency Model (GCM). This model outlines the behavioral traits essential for a global leader, upon which we are devising various initiatives. The GCM serves as the basis for shaping leader development strategies and determining the criteria employed in human resources evaluations. Additionally, we are compiling information about the global talent pool we necessitate. By specifying the experiences and capabilities anticipated from individuals assuming significant global roles, we aim to refine the alignment between human resources and the talent criteria we have set, enabling more strategic nurturing of next-generation leaders.

Reorganizing the Talent Board

To expedite conversations regarding the advancement of next-generation leaders, we introduced a new working group in 2023 alongside the existing Global Talent Board. Furthermore, we have revamped the Talent Board for each business unit and function to initiate comprehensive discussions across the company.

Cultivating Next-Generation Global Leaders

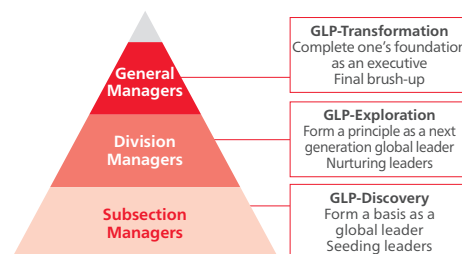
Since 2021, we have been providing our Global Leadership Programs (GLPs) in alignment with the GCM. These programs are tailored for various job levels, and annually, participants are selected from all regions to take part in these initiatives.

Additionally, we have initiated the development of human resources in each region, guided by the GCM principles. This encompasses fostering the growth of potential leadership candidates on a global scale.

Global Competency Model

Overview of the GLPs

- Seizes change
- Shows the way to the future
- Has a global viewpoint
- Makes decisions with courage
- Seeks new challenges
- Perseveres to the end
- Believes in people
- Overcomes our past limitations



Global Leadership Programs Number of participants since FY2022

313

Number of non-Japanese participants

164



Interview

Creating a Culture where Diverse Talents from Around the World Influence One Another and Collaborate for Success

My 20 years at Honda have been filled with numerous positive experiences that have shaped my career and life. During this time, I've had the opportunity to be involved in various aspects of HR, working alongside diverse members, including exceptional leaders from different countries. This has allowed me to grow as a professional.

In India, job changes are common, yet I chose to continue my career at Honda for primarily two reasons. First, there were regular opportunities to engage in fresh, challenging and stimulating work, learn from them and grow. Second, there was a platform to practice Honda Philosophy. For many companies, their guiding principles may be merely words on paper. However, at Honda, Honda Philosophy genuinely serves as the guiding light for all actions. In a positive and stimulating work environment, each associate is encouraged to freely showcase their abilities. Equality prevails, regardless of position, even in minor aspects like work attire, cafeteria and workplaces. Colleague relationships are built on mutual trust and respect, encouraging everyone to take initiative.

While Honda continuously strives to create an environment where associates thrive and grow, I believe it's essential to enhance the diversity of talents, including key global positions. The collaboration of diverse talents on a global scale enables us to incorporate a comprehensive perspective into crucial management decisions. Ultimately, this leads to offering products and services that align with the needs and preferences of customers worldwide.

My dream is that every associate in Honda is empowered to reach their full potential and contribute using their unique talents to the organization's success.

"Waigaya" Culture to Foster Interactive Communication

Honda Heart CAMPFIRE

"Waigaya" for Direct Exchange of Opinions with the CEO

"Honda Heart CAMPFIRE" is conducted to facilitate participants' comprehension, empathy and alignment with company-wide announcements pertaining to the global brand slogan and other management policies. This event features the CEO elucidating the context and rationale behind these aspects.

Launched in 2022, the Honda Heart CAMPFIRE has welcomed over 3,800 participants thus far. Additionally, the accumulated view counts of Honda Heart CAMPFIRE archive have surpassed 43,000 times. Going forward, we will intensify efforts to foster a deeper understanding of Honda's vision by enabling interactive engagement with more associates. This will be achieved by expanding the network of Honda Heart CAMPFIRE satellite sites at business locations and establishing online connections with overseas sites.



Honda Heart CAMPFIRE (Waigaya with the CEO)

Honda Heart CAMPFIRE
(Implemented eight times as of the end of June 2023)
Results of efforts in FY2023

Number of applicants:

3,810

Archive views:

43,117

Direct Communication among Operating Executives*

Sharing Values and Forging Connections with Leaders

In our pursuit of implementing and accelerating transformation, we convene a monthly "on-site meeting with operating executives." This gathering offers an avenue for executive leaders and the CEO to engage in discussions and exchange values. In addition to sharing the content of significant discussions such as corporate management deliberations, we also foster the exchange of opinions to reinforce shared values.

Furthermore, we organize an "Operating Executives' Waigaya" to foster connections among leaders. During this event, participants are grouped to deliberate on crucial themes and subsequently present the results of their discussions. It is our aspiration that the relationships cultivated through the "Waigaya" will propel additional reforms and cross-divisional collaborations.

* Operating Executive: Under the direction and supervision of management, this position serves as the head of operations for departments and critical locations, playing a pivotal role in the company's operations.

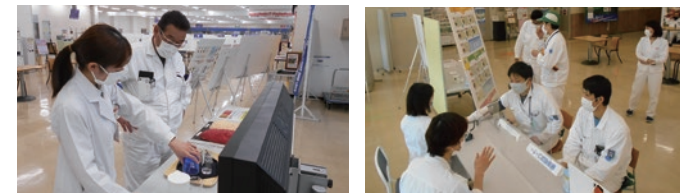
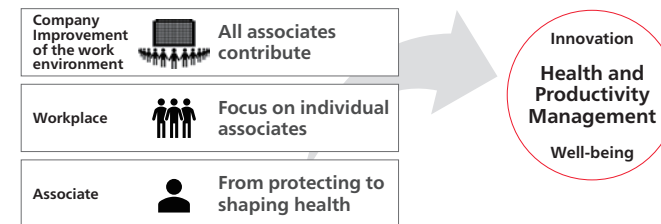
Becoming a Company where each Associate can Work to their Fullest Potential in a Healthy and Safe Manner

Honda's Health and Productivity Management

Initiatives Taken for Health and Productivity Management

Since its founding, Honda has remained dedicated to its associates' "health" and "safety."

Our objective is to foster an environment where all associates can operate at their full strength, within a mentally and physically secure and healthful setting. Guided by the core message, "Persistently pursue Health and Productivity Management and enhancement, as individual strengths thrive when one is in good health," Honda champions a distinctive approach to health management built on mutual trust. In alignment with this philosophy, associates take proactive steps while the company provides the necessary infrastructure to bolster such endeavors.



Results of efforts in FY2023

Progress Status
Concerning the Five
Health Management
Indicators
(Percentage of Associates
Demonstrating
Improvements in Four or
All Indicators)

41.9%

Stress check
examination rate

92.9%

Average monthly
overtime hours
(labor union associates)

18.64 hours

Total working hours per
associate
(labor union associates)

1,974 hours

Average uptake rate of
paid vacation days
(labor union associates)
*including previous year's
carryover uptake

102.19%

Visualizing the Five Behavioral Indicators for Health Maintenance and Enhancement

The Ministry of Health, Labour and Welfare has identified "nutrition and dietary habits," "physical activity and exercise," "rest," "alcohol drinking," "quitting smoking" and "maintaining good dental and oral health" as essential lifestyle habits to uphold and enhance the health of the Japanese population. Honda has established the subsequent five factors as health action indicators based on the outcomes of associates' health evaluations: (1) rest, (2) nutrition, (3) exercise, (4) quitting smoking and (5) alcohol drinking. Honda aspires for associates to recognize these indicators and proactively manage their health.

Enhancing Participation of a Diverse Workforce to Foster Innovation

Leveraging the Activities of Diverse Individuals to Maximize Honda's Collective Strengths

Initiatives for Expanding Female Participation

Since 2015, Honda has positioned and advanced workforce diversification as a fundamental company-wide imperative to harness the collective capabilities of its workforce. In January 2015, we established the Diversity Promotion Office, a dedicated entity for broadening the diversity of Honda's workforce. In Japan, our initial focus was on amplifying female engagement within the company. We considered the initial three years, as a fundamental period to cultivate awareness about female participation at Honda. Throughout this period, our primary emphasis was on promoting female involvement, executed through three core pillars: "Raising awareness and cultivating a supportive work culture," "Nurturing career advancement" and "Establishing a conducive environment and systems."

Results of efforts in FY2023

Number of career interviews with female associates

490

Cultivating an Organizational Culture that Harnesses the Strengths of Diverse Individuals

We consider the period commencing in 2018 as marking an advancing and broadening phase in the pursuit of diversity, equity and inclusion. Founded on the belief that diversity pertains to all associates, we have progressively extended the purview of our diversity and inclusion initiatives, guided by an extensive roadmap.

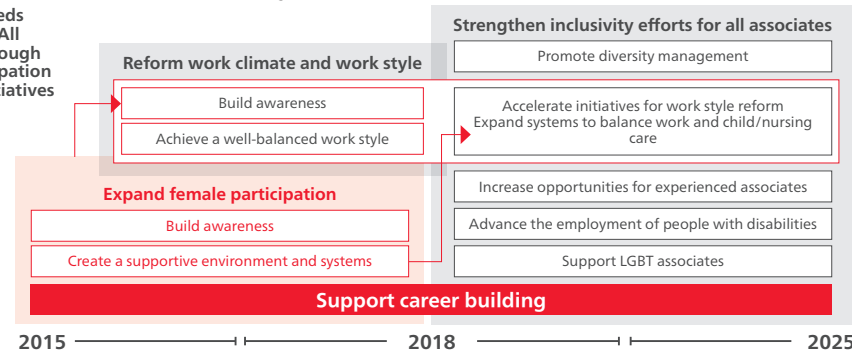
On December 7, 2022, Honda hosted an event centered on the pivotal policy topics of "Male Involvement in Childcare" and "Female Health Matters." This event underscored Honda's continuous commitment to fostering diversity within its workforce and establishing an environment that optimally leverages the strengths of a diverse range of individuals. The company event featured presentations from experts and panel discussions that brought together both specialists and associates.



Panel discussion with Mr. Tetsuya Ando (NPO Fathering Japan), Sputniko! (Cradle Inc.) and our associates

Overview of Efforts to Foster Diversity within Honda's Workforce

Issues and Needs Identified for All Associates through Female Participation Expansion Initiatives



Yasuko Matsuyama

<Operating Executive>
Corporate Promotion Division,
<Head>
Corporate Communications
Supervisory Unit, Corporate
Communications Unit
Honda Motor Co., Ltd.
<General Manager>
Corporate Communications Division,
Corporate Communications Unit,
Corporate Strategy Operations,
Honda Motor Co., Ltd.
Favorite motto
"Light your own torch."
Honda-ism which she has empathy
Commitment to "A00"

Interview

Transforming Diverse Perspectives of Diverse Talents into Honda's Driving Force

I joined Honda with the aspiration to work alongside those who resonate with Honda's corporate culture and philosophy. Since then, I have gained diverse experience in marketing, product planning and public relations, dedicating myself fully to addressing Honda's challenges at each stage.

My first appointment as a project leader was in the sales department for the compact car "LIFE," primarily targeted at female customers. I meticulously studied the needs revealed through market research and leveraged my sensibilities to propose ideas for designing the ideal car. Additionally, I suggested promotional tools that would allow customers to enjoy the excitement of choosing a car, and it was truly rewarding to receive positive feedback from both customers and dealers. At that time, female leaders within the company were still relatively few, yet my opinions were always taken seriously and respected. "The idea before us treats everyone equally, regardless of gender, age, or position." The spirit of respecting humanity that Honda has upheld aligns perfectly with the essence of diversity appreciation.

For Honda to continue fostering creativity, the diverse perspectives of diverse talents are essential. This is why it's crucial to foster a culture and atmosphere where every associate with a diverse background can easily voice their opinions and to create a workplace environment where work and life can be balanced without worry.

Honda has a richly inherited philosophy, and countless activities and stories have arisen from the diverse associates who work passionately. I aspire to make these known widely and have people think, "Honda is a wonderful company." My current dream is to increase Honda's fan base through communication efforts, sharing the stories, and contribute to achieving this vision.

* A00: the first thing discussed when a Honda project is launched, "what kind of world is this work trying to realize?"

Creation of Innovative Technologies | Challenges in New Fields



Advancing Innovation Management

Enhancing the R&D Structure

We are committed to improving our innovation management, driven by our belief that the development of core technologies lays the groundwork for sustainable business and competitiveness. This commitment aligns with our values of “Transcend” and “Augment,” guiding us towards their realization.

From 2019 to 2020, Honda’s research subsidiary, Honda R&D Co., Ltd., transferred its product development functions in the motorcycle, automobile and power products businesses to Honda Motor Co., Ltd. This strategic move allowed for a more focused approach to fundamental technology research, aimed at long-term value creation. To further enhance the realm of mobility, Honda R&D is allocating additional resources to areas such as advanced technology research, power unit exploration and materials investigation. The company has also identified several technology domains warranting deeper exploration, including new mobility, robotics, next-generation energy, including hydrogen utilization, batteries, intelligence technologies/AI and sustainable materials. Leading experts in these domains are spearheading Honda’s technological development, with the goal of creating innovative value.

Furthermore, the Honda Research Institute, a subsidiary of Honda R&D, has established facilities in Japan, the U.S. and Europe to delve into computer science and other cutting-edge advanced technologies. The Institute collaborates in joint research initiatives with diverse institutions worldwide, aiming to synthesize and leverage knowledge on a global scale.

Within this framework, Honda is applying novel technologies developed in each technology domain to create captivating next-generation mobility solutions capable of delivering unprecedented value across various fields including sea, in the air and in space. Specifically, ongoing projects encompass the Honda eVTOL, the Honda Avatar Robot and ventures in space exploration. Drawing upon Honda’s core technologies—spanning combustion, electrification, control and robotics—we are poised to realize “the delight of expanding the horizons of human potential.”

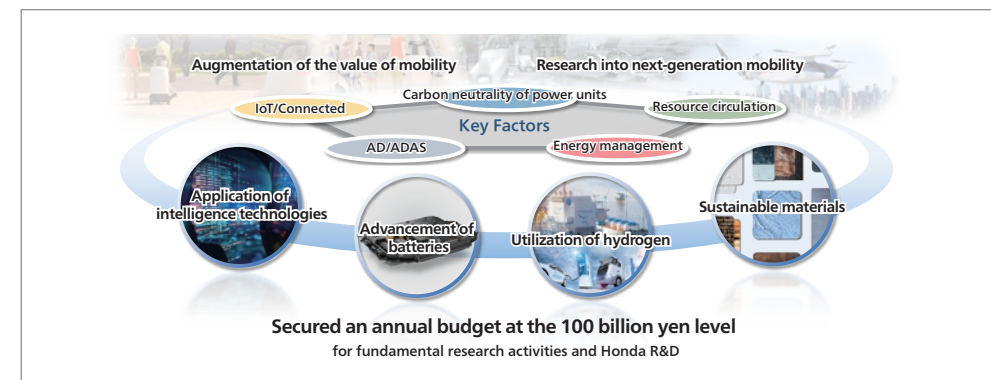
Furthermore, in order to ensure that the novel technologies and next-generation mobility resulting from ongoing research contribute meaningful value to society, it is imperative to evaluate the feasibility of our businesses and products. With this objective in mind, we have instituted a “Technological Strategy Meeting” comprising both management members and technical experts. This forum serves to foster seamless coordination between our technological and business strategies, consequently establishing a framework for the efficient conversion of developed technologies into value.

Allocation of Resources to Fundamental Research

Fundamental research is a continuous process of trial and error that demands unwavering effort. It requires substantial time and extensive resources before these efforts manifest as products ready for introduction to the world. Nevertheless, Honda has consistently embraced the ethos of “trying first” and has persistently pursued fundamental research. This approach has yielded captivating products like the HondaJet and the humanoid robot ASIMO, which have astounded and delighted people globally. Throughout different eras, Honda’s driving force has consistently been the “pursuit of new technologies.” The new value stemming from this pursuit shapes the forthcoming generation of Honda products. Committed to perpetual advancement, we engage in fundamental research every day.

To bolster this approach, we have allocated 5,000 personnel to Honda R&D and secured a stable annual research budget of 100 billion yen for fundamental research. While this constitutes a substantial investment even on a company-wide scale, it is through such determined resource allocation that we lay the foundation for creating new value. This dedicated allocation of resources is intended not only to support the development of carbon-neutral technologies related to the “five key factors,” including hydrogen utilization and sustainable materials, but also to nurture various elemental technologies that will underpin “the joy and freedom of mobility.” Therefore, in addition to advancing carbon-neutral technologies, we will steadily advance the accumulation of technologies to create novel value. We will persist in proactive resource investment to maintain a high level of competitiveness in advanced technologies and to establish a sustainable bedrock for our business.

Initiatives in the Areas of Fundamental Technologies



Enhancing Technological Development via Open Innovation

To uncover a diverse range of promising new technological concepts from across the globe and nurture them into solutions with broad societal impact, Honda vigorously champions open innovation with startups in conjunction with its proprietary core technology research.

Globally, Honda has expanded its “Honda Xcelerator” program to engage with startups. The initiative operates in countries like Japan, the U.S., Israel and some countries in Europe. Building upon this initiative, Honda has introduced the “Honda Xcelerator Ventures” program to enhance its involvement with startups by incorporating investment capabilities. This program aims to fortify our ability to actively foster business partnerships and investments with promising startups, supported by an annual budget of approximately 10 billion yen. We have already initiated investments in startups concentrating on cutting-edge technologies such as AI, synthetic fuels, battery recycling and nuclear fusion power generation.

Moreover, in 2023 April, Honda established, Honda Innovations Co., Ltd., in Japan to take on responsibilities for its global corporate venture initiatives. Aligned with Honda’s overarching corporate strategy, we have established a corporate structure that enables us to promptly invest in and collaborate with startups possessing innovative technologies and ideas.

Looking ahead, Honda will persist in actively promoting startup investments and collaborating with business partners to expand the community of individuals who share Honda’s vision of “becoming the “power” that supports people around the world who are trying to do things based on their own initiative.” Through these endeavors, we endeavor to harness the potential of the myriad ideas rooted in “dreams,” ultimately striving to materialize groundbreaking and captivating value creation.



IGNITION: A Novel Business Incubation Program Bringing Shape to Associates’ Ideas and Aspiration

“IGNITION” stands as a Honda endeavor aimed at birthing fresh businesses. It operates as an internal solicitation program that empowers Honda associates to harness their inventive concepts and undertake the exciting pursuit of launching new ventures. The program took root at Honda R&D in 2017 and, as of 2021, has grown to encompass the entire organization. Presently, all associates have the opportunity to embark on the journey of transforming their notions into tangible forms of new value.

IGNITION operates in collaboration with venture capital firms. During the evaluation process, proposals undergo rigorous scrutiny, with the proponents receiving guidance from an investor’s standpoint. An internal task force also provides support to associates, aiding them in enhancing the feasibility of their proposals. The first two business ventures that emerged from IGNITION, namely Ashirase, Inc. and Striemo, Inc., were established in April and August of 2021, respectively, following a meticulous assessment procedure. Subsequently, SmaChari was introduced in March 2023 as an internal business venture.

The core aim of IGNITION is to nurture distinctive concepts from a diverse pool of human resources, allowing Honda to swiftly address societal challenges and forge novel value for the global community. By further propelling this initiative and connecting innumerable unique ideas with the exigencies of society, we aspire to deliver an even wider array of value to a broader spectrum of customers.



SmaChari

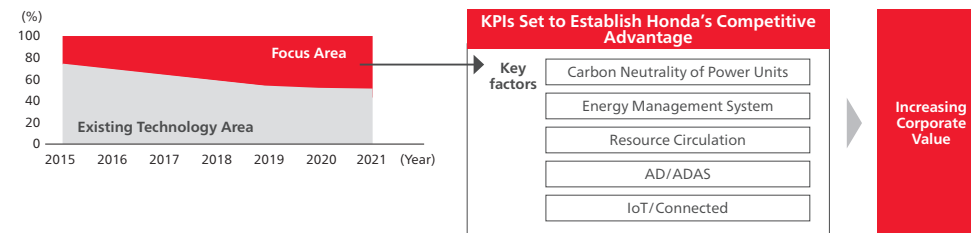
Value Creation through Intellectual Property: An Investment in the Future

Intellectual property stands as particularly crucial resources that play a pivotal role in augmenting corporate value and pave the way for future advancements, spanning 5 to 10 years ahead. Honda's strategic vision revolves around leveraging intellectual assets as a potent tool to underpin a sustainable future and propel business expansion. In its current phase, characterized as the "second founding," Honda aspires to evolve into an enterprise capable of forging new growth trajectories and fostering innovative value creation. To propel this transformative journey, we have chosen five key factors as our focus areas.

Honda has established KPIs to achieve competitiveness in these focused technologies, and is executing a value creation process that incorporates analysis using intellectual property information (Intellectual Property Landscape, IPL).

Furthermore, aiming to accelerate the alignment between technological strategy and intellectual property strategy in the formulation and execution of corporate strategy, the Intellectual Property division was placed under the Corporate Strategy Operations starting from April 2023. We are strengthening the strategic role of the intellectual property department, including its participation in the Technological Strategy Meeting, which formulates medium- to long-term technological strategies.

Ratio of Patent Applications in Focus Areas and Existing Technology Areas



Strategic Utilization of the IPL

For enhancing competitiveness in the focus areas, we have identified priority technology areas in addition to five key factors. Honda adopts an approach of advancing the targeted technology creation, through a comparative analysis of technological advantages using IPL.

IPL Categories

There are two categories within the IPL framework. First, the development proposal category involves a meticulous exploration of untapped technological realms. This encompasses the identification of burgeoning or nascent technologies, an appraisal of their future potential and competitiveness, and the formulation of development and business proposals. Should these proposals demonstrate value, they are integrated into our corporate and technological strategies.

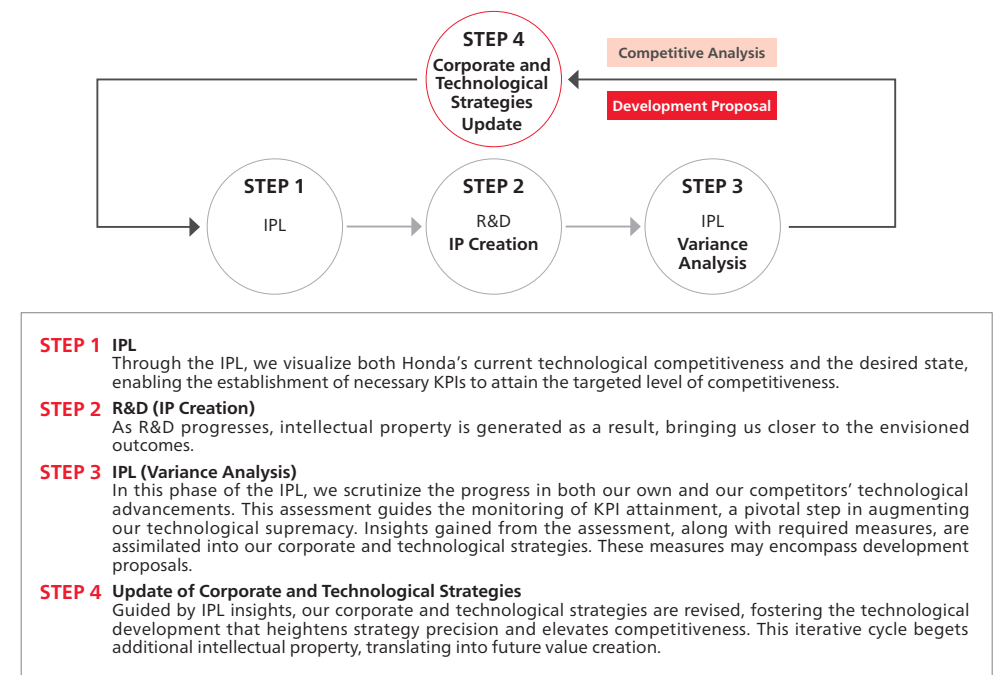
Second, we have the competitive analysis category of IPL. This variant serves three fundamental purposes: (1) discerning

a company's current competitiveness, (2) pinpointing essential foundational technologies to enhance competitiveness and (3) unveiling the requisite technological and IP strategies to sustain and fortify competitiveness for future.

IPL Categories	Main Purpose	Actions
Development Proposal	Initiation of New Technology Proposals	<ul style="list-style-type: none"> Early Development Propositions for Essential Technological Development Synergistic Collaboration with Startups
Competitive Analysis	Evaluating Technological Dominance and Identifying Core Technologies	<ul style="list-style-type: none"> Competitive Analysis Across Value Chains Establishing Competitive Advantage through KPI Setting

IPL-Driven Strategy Update Cycle

We will update our corporate and technological strategies through these two types of IPL, enhancing the precision of our strategies and strengthening our competitive advantage.



As described above, the strategy update cycle utilizing IPL has become a crucial process for Honda to continuously create corporate value and maintain competitive advantage. Starting with these five key factors, Honda is applying them to strengthened technological areas, setting the creation of competitive intellectual assets as a KPI and engaging in the pursuit of new value creation.

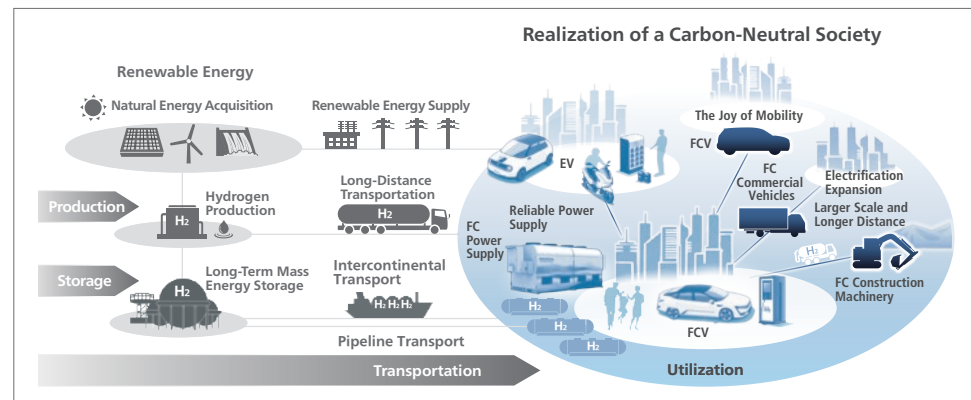
Honda's Hydrogen Ecosystem

Among the five key factors that Honda focuses on, regarding the carbon neutrality of power units, in addition to the battery-related efforts mentioned in the “Electrification Business Strategy” (→p.15), Honda is strengthening its efforts towards commercialization by positioning “hydrogen,” which is anticipated as a clean energy source, as the next-generation energy.

Honda has engaged in hydrogen technology and fuel cell vehicles, predating its competitors by a significant margin since the late 1990s. Commencing with the R&D of fuel cells, which convert hydrogen and oxygen into electricity, we have progressively enhanced performance while systematically addressing usability challenges. This includes refining fuel cell dimensions, reducing costs and enhancing durability. The ensuing iteration of fuel cell technology, developed in collaboration with GM since 2013, will be integrated into the forthcoming generation of FCVs. Our intent is to expand the reach of this core technology—our next-generation fuel cell system—not solely to our FCVs but also across an array of domains, encompassing commercial vehicles, stationary power sources, construction machinery and diverse industrial equipment. We will aim to build a hydrogen ecosystem.

Collaboration and cooperation with entities constituting the hydrogen value chain, spanning supply facets, stand as imperative in the establishment of a comprehensive hydrogen ecosystem. Our engagement entails fostering partnerships with companies pivotal to the hydrogen station network's expansion. Notably, our involvement with the Japan Hydrogen Station Network underscores our dedication to this pursuit. Moreover, we collaborate with industry players such as Shell and FirstElement Fuel, actively engaged in the hydrogen station domain in North America. Supplementary to these endeavors, we have embarked on exploratory research into the potential applications of hydrogen technology in the aerospace sector, marking yet another prospective avenue. Through these series of initiatives, we will contribute to the realization of a carbon-neutral society by promoting the development of a comprehensive hydrogen ecosystem across the entire community.

Provide Clean Mobility and Reliable Power Solutions through the Intelligent Combination of Electricity and Hydrogen Energy



Takashi Mochizuki

Department 3
Energy Unit Research and
Development Division
Innovative Research Excellence,
Power Unit & Energy
Engaged in research and
development of hydrogen fuel
cells "FC Stack."

Favorite motto

"Listen carefully to each person's
opinion."
Honda-ism which he has empathy
"Before technology, we are all
equal. The substance of ideas is
the real challenge."

Interview

To Become a Global Leader in the Field of Hydrogen Fuel Cell Technology

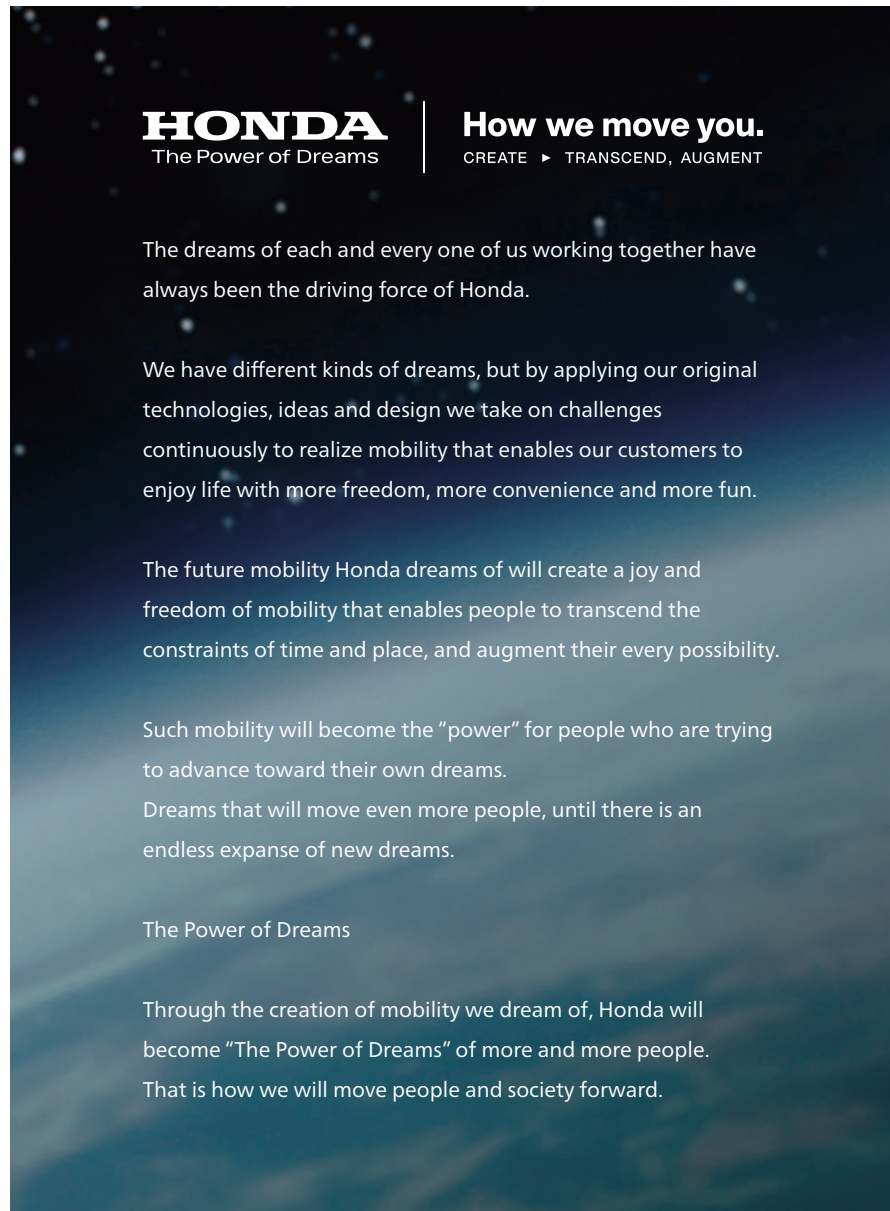
Ever since my childhood, I've held a strong interest in environmental issues and even conducted independent studies on fluctuations in Japan's average temperatures. My introduction to Honda occurred during my university years. I delved into research on fuel cells during my time at university, and serendipitously, my research lab was engaged in a collaborative project with Honda. I vividly recall one of Honda's technical experts visiting our lab, radiating genuine enthusiasm and delight for their work. This experience left a lasting impression on me, leading me to reflect, "Honda is a company where work is conducted with such freedom and joy."

Transitioning to fuel cell vehicles that emit zero CO₂ could yield a substantial environmental benefit. To truly execute Honda's electrification business strategy, we must direct our attention not solely to batteries but also emphasize the significance of fuel cells. We have been committed to advancing R&D efforts, aiming to broaden the scope of hydrogen fuel cell applications across a variety of sectors, encompassing passenger cars, commercial vehicles, trucks and stationary power sources.

The advantages of hydrogen fuel cells encompass more than just environmental impact reduction; they also encompass the utilization of hydrogen as an energy carrier. Unlike electricity, which is difficult to store in substantial quantities for extended periods, hydrogen can be stored over long durations. For example, surplus electricity produced at night can be converted into hydrogen and stored for later use. This becomes notably valuable for island nations like Japan, which face limitations in abundant energy resources like oil. In the realms of energy management and supply, I am convinced that our research assumes a crucial role.

Honda plays a significant role in mitigating environmental impact. To sustain its position as a global frontrunner in environmental initiatives, my aspiration is for Honda to strive for world-class standing in the fuel cell sector.

Brand Value Enhancement | Enhancement of Consistent Brand Management



HONDA
The Power of Dreams

How we move you.
CREATE ► TRANSCEND, AUGMENT

The dreams of each and every one of us working together have always been the driving force of Honda.

We have different kinds of dreams, but by applying our original technologies, ideas and design we take on challenges continuously to realize mobility that enables our customers to enjoy life with more freedom, more convenience and more fun.

The future mobility Honda dreams of will create a joy and freedom of mobility that enables people to transcend the constraints of time and place, and augment their every possibility.

Such mobility will become the “power” for people who are trying to advance toward their own dreams.

Dreams that will move even more people, until there is an endless expanse of new dreams.

The Power of Dreams

Through the creation of mobility we dream of, Honda will become “The Power of Dreams” of more and more people. That is how we will move people and society forward.

See p.4 Global Brand Slogan

Towards Brand Value Enhancement

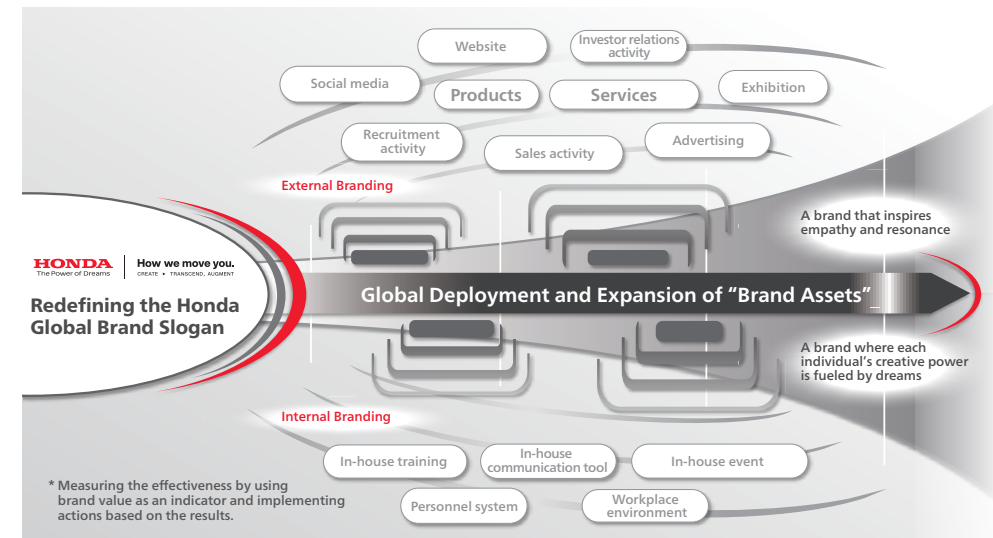
Honda brand has been shaped by the accumulation of every individual business activity, walking hand in hand with customers from its founding to the present. We recognize that enhancing Honda brand, which has been crafted over 75 years of history, and elevating its value for the future is a critically important objective for Honda.

In this period of significant transformation, we have redefined our global brand slogan, “The Power of Dreams,” with the aim of clearly demonstrating the value it creates for customers worldwide and uniting all associates to collectively work towards a common purpose. We believe that taking this beyond mere “words” and aligning it with all aspects of our corporate activities, including products and services, and connecting it to consistent implementation leads to the creation of an evolved Honda brand.

Based on this mindset, we position the redefined global brand slogan as the cornerstone of Honda’s brand management, projecting the underlying beliefs onto various brand assets to establish a core of consistent branding. We aim to establish an appealing brand that resonates with stakeholders by developing branding based on a solid and unwavering common foundation, both within and outside the company. This will support and drive creativity powered by the “dreams” of all associates working at Honda.

Furthermore, we will monitor the effectiveness of this brand management through the “Brand Value” published by Interbrand, using it as a performance indicator to drive further advancements in our initiatives.

Honda’s Brand Management



Governance | Corporate Governance

Basic Approach

Enhancing Corporate Governance to Become “A Company People and Society Want to Exist”

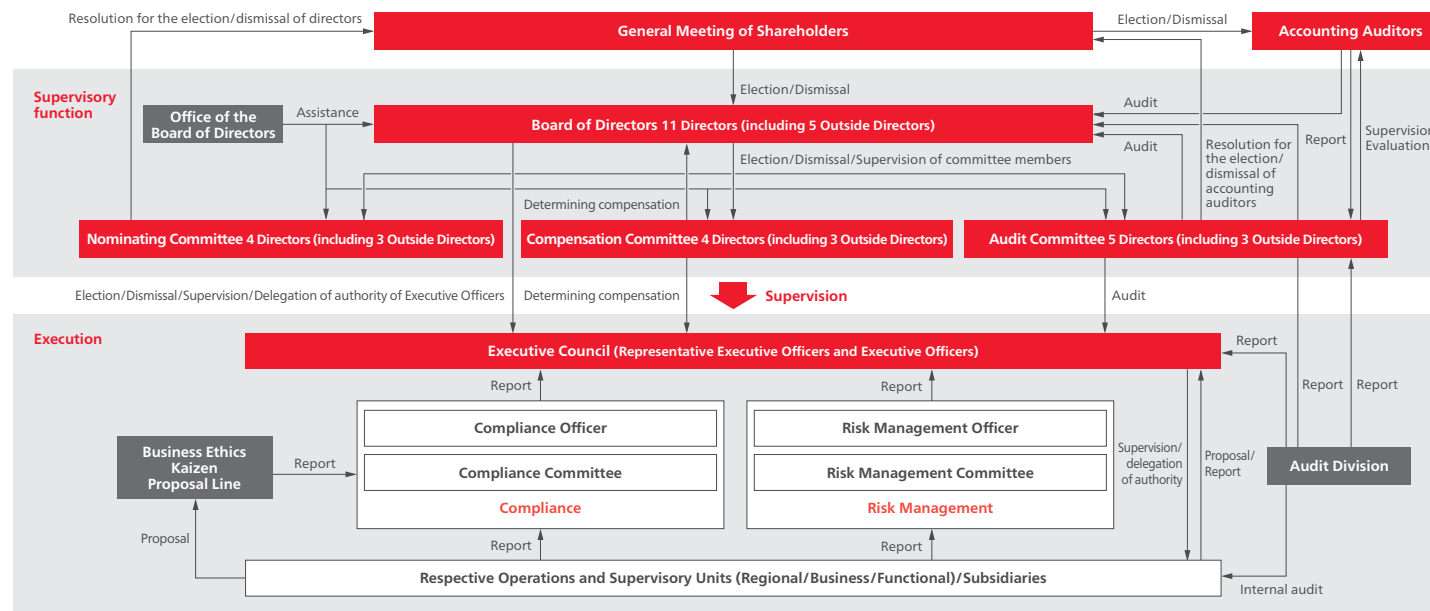
As a key task for management, Honda strives to enhance its corporate governance based on the Company's basic principle to strengthen the trust of its shareholders/investors, customers and society; encourage timely, decisive and risk-considered decision-making; seek sustainable growth and enhance corporate value over the medium- to long-term; and become “a company people and society want to exist.”

To clearly segregate the supervisory and execution functions of management, strengthen the supervisory function and enable prompt and flexible decisions, Honda has created a Nominating Committee, Compensation Committee and Audit Committee, each of which is composed of over 50% Outside Directors. Honda has also adopted a “company with three committees” structure, which allows the

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 the trust and appreciation of shareholders/investors, customers and society. Going forward, Honda will continue to strive to ensure the transparency of its management.

Corporate Governance Structure (as of June 21, 2023)



Decision-Making for Executing Business Matters

Adopting a Company with Three Committees System

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

The Board of Directors has established criteria for deliberation and has delegated some of its authority to the Executive Council, which, in turn, delegates some of its authority to the Business Operating Board.

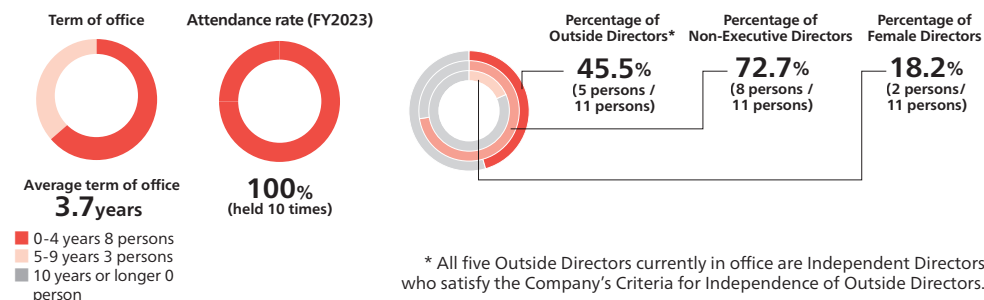
The Executive Council conducts preliminary deliberations on matters to be resolved by the Board of Directors and deliberates on important management matters within the scope of the authority delegated by the Board of Directors. The Business Operating Board deliberates important management matters in each area within the scope of the authority delegated by the Executive Council.

Board of Directors

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

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 the monitoring of operations by Directors and Executive Officers. Additionally, 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 Executive Officers.

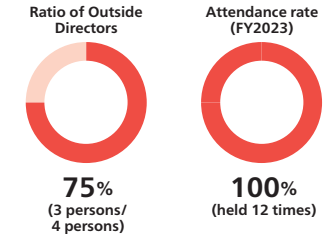
To fulfill the above roles, the candidates for Director, regardless of gender, nationality, or other personal attributes, shall be persons of superior character and insight who are experts in company management, laws, politics, accounting, education, or the Company’s business. The Nominating Committee shall consider the balance of gender, nationality, knowledge and related experience among the candidates.



Nominating Committee

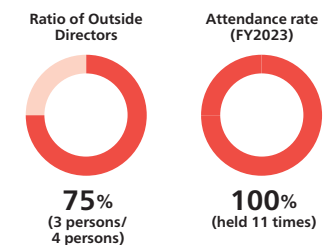
The Nominating Committee determines the content of the proposals for the appointment or removal of Directors to be submitted to the general shareholders’ meeting and performs other duties prescribed by laws and regulations and the Articles of Incorporation. The Nominating Committee is composed of four Directors, including three Outside Directors.

The Chairperson of the Nominating Committee is selected from among the Independent Directors.



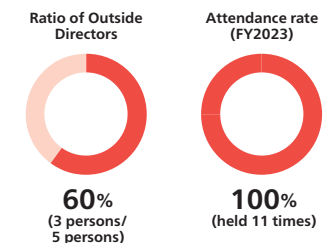
Compensation Committee

The Compensation Committee makes determinations regarding the details of compensation for each Director and Executive Officer and carries out other duties as prescribed by laws and regulations and the Articles of Incorporation. The Compensation Committee is composed of one Director and three Outside Directors. The chairperson is selected from among the Independent Directors.














Audit Committee

To respond to the mandate of the shareholders, the Audit Committee conducts audits of the execution of duties by the Directors and Executive Officers and performs other duties as prescribed by laws and regulations and the Articles of Incorporation to ensure the 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 is selected from among Independent Directors. To ensure the effectiveness of the audit, full-time member(s) of the Audit Committee are elected by resolutions of the Board of Directors.



Governance | Corporate Governance

Board and Committee Members

Name	Term of office	Position	Responsibilities	Attendance in FY2023 (Attendance/Number of times held)				Skills							
				Board of Directors	Nominating Committee	Audit Committee	Compensation Committee	Corporate management	Internationality	Industrial experience	New business strategies	HR	Accounting & finance	Legal & risk management	ESG & sustainability
 Seiji Kuraishi	8 years (total)	· Chairman and Director	· Chairman of the Board of Directors	10/10 100%	-	-	-	●	●	●		●		●	●
 Toshihiro Mibe	3 years	· Director · President and Representative Executive Officer	· Member of the Nominating Committee · Chief Executive Officer	10/10 100%	12/12 100%	-	-	●	●	●	●	●		●	●
 Shinji Aoyama	5 years (total)	· Director · Executive Vice President and Representative Executive Officer	· Member of the Compensation Committee · Chief Operating Officer · Risk Management Officer · In charge of government and industry relations	8/8 100%	-	-	-	●	●	●	●	●		●	●
 Noriya Kaihara	4 years (total)	· Director · Senior Managing Executive Officer	· Chief Officer for Regional Operations (North America) · President, Chief Executive Officer and Director of American Honda Motor Co., Inc.	-	-	-	-		●	●				●	●
 Asako Suzuki	2 years	· Director	· Member of the Audit Committee (full-time)	10/10 100%	-	11/11 100%	-		●	●		●	●	●	
 Masafumi Suzuki	6 years	· Director	· Member of the Audit Committee (full-time)	10/10 100%	-	11/11 100%	-		●	●			●		
 Kunihiko Sakai	4 years	· Director	· Member of the Nominating Committee · Member of the Audit Committee	10/10 100%	12/12 100%	11/11 100%	-		●					●	
 Fumiya Kokubu	3 years	· Director	· Member of the Nominating Committee (Chairperson) · Member of the Compensation Committee	10/10 100%	12/12 100%	-	11/11 100%	●	●		●	●			
 Yoichiro Ogawa	2 years	· Director	· Member of the Audit Committee (Chairperson) · Member of the Compensation Committee	10/10 100%	-	11/11 100%	11/11 100%	●	●			●	●		
 Kazuhiro Higashi	2 years	· Director	· Member of the Nominating Committee · Member of the Compensation Committee (Chairperson)	10/10 100%	12/12 100%	-	11/11 100%	●			●	●	●	●	
 Ryoko Nagata	2 years	· Director	· Member of the Audit Committee	10/10 100%	-	11/11 100%	-				●	●			●

Reason for Appointment of Outside Directors

Five Outside Directors Having Abundant Experience and Deep Insight

Honda appoints Outside Directors who have abundant experience and deep insight and are capable of overseeing the business management of the Company from an objective, highly sophisticated and broad viewpoint thanks to their independent position outside the Company. The Company has at least two Outside Directors, and at least one third of the members of the Board of Directors are Independent Directors who fulfill the Company's Criteria for the 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 or the shareholders. The five Outside Directors are specified as Independent Directors as prescribed by a provision of the Tokyo Stock Exchange (TSE). The names of these Directors have been submitted to the TSE.

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.

Kunihiko Sakai	Mr. Kunihiko Sakai has high expertise and abundant experience as a legal affairs specialist having served as Public Prosecutor and a lawyer, including posts of Superintending Prosecutor at High Public Prosecutors' Offices from July 2014 to March 2017. 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.
Fumiya Kokubu	Mr. Fumiya Kokubu held positions of President and CEO, and Chairman of the Board of Marubeni Corporation from April 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.
Yoichiro Ogawa	Mr. Yoichiro Ogawa has high expertise and abundant experience as an accounting specialist having served as a Certified Public Accountant for many years, including posts of CEO of Deloitte Tohmatsu Group from July 2015 to May 2018. 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.
Kazuhiro Higashi	Mr. Kazuhiro Higashi held positions of President and Chairman of Resona Holdings, Inc. from April 2013 to June 2022, 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.
Ryoko Nagata	Ms. Ryoko Nagata held positions of Executive Officer and Audit & Supervisory Board Member of Japan Tobacco Inc. from June 2008 to March 2023, 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.

Support Systems for Outside Directors

Board of Directors Office Providing Necessary Support as Appropriate

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

1. Orientation at the time the director assumes this role

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

2. Preliminary briefing sessions and information-sharing meetings

Preliminary briefing sessions are held for Outside Directors in advance of each Board of Directors' meeting for the following purposes: to ensure that they fully understand the details and background of each agenda item to be submitted to the Board of Directors, its position in the medium- to long-term management plan, and other relevant information, and to ensure that the Board of Directors holds substantial deliberations. Honda also provides opportunities for information-sharing and discussion among Directors on important matters, such as the status of companywide risk management and the progress of the medium-term management plan, as appropriate.

3. Opinion exchange meetings on matters of management concern

Honda holds opinion exchange meetings for Directors regarding matters of concern to management. These meetings aim 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 provides opportunities for dialogue between Outside Directors and Executive Officers or Directors, as well as dialogue among Outside Directors as needed.

5. Inspection visits to business sites

Honda arranges inspection visits to its plants and other business sites as necessary to promote the Outside Directors' understanding of the Company's business.



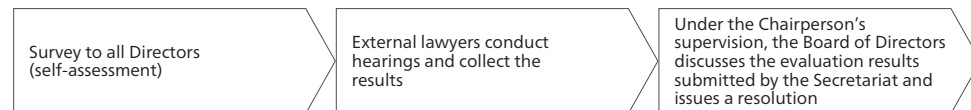
Inspection of the Saitama Factory's assembly plant

Evaluation of the Effectiveness of the Board of Directors

Conducting Questionnaire and Interviews in Each Fiscal Year to Increase Effectiveness

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

Evaluation Process



Evaluation Results

	Tasks for FY2022	Main initiatives for FY2023
Composition	Continued examination of the composition of the Board of Directors for further functional enhancement	Discussing the need for formulating, disclosing and revising the skill matrix in the Nominating Committee
Shared information	Further enhancement of timely information sharing and opportunities for business site visits for Outside Directors	<ul style="list-style-type: none"> Additional information sharing matters for Outside Directors Enhancement of opportunities for Outside Directors to visit business sites and events
Agenda items for deliberation, etc.	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	<ul style="list-style-type: none"> Setting up opportunities for information sharing and discussion regarding the direction of the next management plan. Conduct a meeting to exchange views on management-related concerns
Deliberation at meetings	Further revitalization of discussions in the Board of Directors	Update proposals and explanations on the day of the event as appropriate, based on questions and discussions raised at the pre-briefing
Committee	Maintaining and enhancing coordination between committees and the Board of Directors	Report the deliberation status of each committee at the Board of Directors meeting immediately following the committee meeting



Summary of Evaluation Results

The results of the effectiveness evaluation confirmed that the effectiveness of the Board of Directors has been adequately ensured through the following initiatives: setting appropriate items for deliberation and frequency of meetings, providing information to Outside Directors and enhancing opportunities for exchange of opinions, including business site visits, as well as the appropriate operation of the three committees.

Going forward, the Company will further enhance the effectiveness of the monitoring-type Board of Directors by stimulating discussion both within and outside the Board of Directors and by further strengthening cooperation between the Board of Directors and the three committees.

Evaluation for FY2023	Tasks and initiatives for the future
The current composition of the Board of Directors is appropriate.	Further deepening the discussion on the expertise and diversity of future Directors
<ul style="list-style-type: none"> The information provided is substantial. It was meaningful to have ample opportunities for Outside Directors to visit business sites and events, which deepened their understanding of the business and allowed them to experience the corporate culture. 	Provide information and inspection opportunities with a greater focus
<ul style="list-style-type: none"> Discussion items are narrowed down to important matters. Information sharing/opinion exchange opportunities are effective. 	Enhancing Board discussions through effective setup of information sharing/exchange opportunities
<ul style="list-style-type: none"> Active debates are underway. Each Director provides insightful opinions and questions. 	Further revitalization of discussions in the Board of Directors (Continued)
The deliberation status of each committee is being properly reported to the Board of Directors.	Maintaining and enhancing coordination between committees and the Board of Directors (Continued)

Remuneration Structure for Directors and Executive Officers

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

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 to encourage appropriate risk-taking and accurately reflect management responsibility to promote speedy reforms and thus achieve our vision amidst a rapidly changing environment.

The Company's remuneration structure for Directors and Executive Officers is designed to motivate associates to contribute to the improvement of the Company's business performance not only over the short-term but also over the medium- to long-term so that the Company can continuously enhance its corporate value. The structure consists of monthly remuneration, a fixed amount paid each month as remuneration for the execution of duties; a short term incentive (STI) based on business performance for the relevant fiscal year; and a long term incentive (LTI) based on medium- to long-term business performance. Monthly remuneration shall be paid as a fixed amount each month based on the remuneration standards decided by the Compensation Committee.

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

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

The remuneration paid to Directors - who concurrently serve as Executive Officers - and Executive Officers shall consist of monthly remuneration, STI and LTI. The composition rate shall be determined based on the remuneration standards decided by the Compensation Committee. The composition ratio of variable compensation shall increase according to the responsibilities assumed by the individual.

The remuneration paid to Outside Directors and other Directors who do not concurrently serve as Executive Officers shall consist only of monthly remuneration.

To advance the Company's sustainable growth and enhance its corporate value over the medium- to long- term from shareholders' perspectives, even Directors and Executive Officers who are ineligible for LTI shall acquire the Company's stock by contributing a certain portion of their remuneration to the Officers Shareholding Association.

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

Please see Article 13 of "Honda Corporate Governance Basic Policies" for information on the policy for determining remuneration for Directors.

Total Amount of Remuneration by Category

Category of Directors	Total amount of remuneration (millions of yen)	Total amount by type of remuneration (millions of yen)			Number of eligible directors (Number of persons)
		Basic remuneration	Performance-linked remuneration		
			STI (Short Term Incentive)	LTI (Long Term Incentive)	
Directors (excluding Outside Directors)	291	288	–	3	4
Outside Directors	90	90	–	–	5
Executive Officers	794	282	229	283	6
Total	1,175	660	229	286	15

- "Directors" in the table above does not include the three directors who concurrently serve as Executive Officers.
- These amounts indicate the remuneration paid to directors during the fiscal year. The above includes the amount paid to one director who retired at the closing of the 98th Ordinary General Meeting of Shareholders held on June 22, 2022, and the amount paid to one Executive Officer who retired on May 31, 2022.
- The amount of STI for Executive Officers was determined by the Compensation Committee held on June 15, 2023.
- The total amount of LTI is the expenses recorded for stock delivery points granted during the fiscal year in relation to the Directors' remuneration Board Incentive Plan (BIP) trust and falls under non-monetary remuneration.

Remuneration of Accounting Auditors

Determining Remuneration with Prior Approval to Uphold Independence

The Company undergoes accounting audits by KPMG AZSA LLC under 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).

The duration of continuous auditing by KPMG AZSA LLC is 18 years.

This period refers to the period during which KPMG AZSA LLC, the current auditor, has continuously audited the consolidated financial statements and financial statements included in the Company's Securities Report. In addition, KPMG, to which KPMG AZSA LLC belongs as a member firm, has been conducting audits of the Company for U.S. SEC registration purposes since 1962.

A total of 80 staff members at KPMG AZSA LLC have been engaged in the auditing services, including 3 certified public accountants (Masahiko Chino, Isao Kamizuka and Takeshi Kamada), who are responsible for the execution of the accounting audits, and 77 assistant members (24 certified public accountants and 53 other members).

In deciding the remuneration for auditing services by the certified public accountants, etc., the Company consults with the Accounting Auditors and takes into consideration various factors, including the size and characteristics of the Company and the audit schedule. To maintain the independence of the Accounting Auditor, prior approval by the Audit Committee is obtained for the audit remuneration.

Governance | Compliance

Honda Code of Conduct

Formulation and Dissemination of Integrity Guidelines to be Observed by Honda Associates around the World

To earn the trust of customers and society and achieve sustainable growth, we must not only comply with laws and regulations but also practice sincere and ethical conduct.

Recognizing this, Honda has formulated the Honda Code of Conduct, which summarizes the integrity of conduct to be practiced by all Honda associates around the world, and shares it throughout the Group, including subsidiaries in Japan and overseas.

The Company works to instill the Honda Code of Conduct in each and every associate through awareness-raising activities such as distribution of leaflets and posters, publication of in-house newsletters, distributing educational videos and introducing case studies and other information on the intranet, as well as conducting training sessions. The status of these activities is regularly reported to the Compliance Committee after confirmation by each division and subsidiary of the Company. For more information, please see the "Honda Code of Conduct."



Honda Code of Conduct



In-house newsletters

Compliance Committee

Establishment and Operation of Committees to Improve the Group's Compliance

To improve compliance in 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 determines important measures for the internal control system, including the formulation and revision of compliance policies, checks the status of the development and operation of the internal control system, supervises the proper operation of the Business Ethics Kaizen Proposal Line and decides measures to prevent recurrences of serious compliance-related matters when they arise. When a particularly important compliance-related matter arises, it will be deliberated or reported at a meeting of the Executive Council or the Board of Directors, depending on the nature of the matter.

The Compliance Committee met five times (four regular meetings and one extraordinary meeting) in FY2023 to report on the status of development and operation of internal control systems as well as the operation status of the Business Ethics Kaizen Proposal Line, among other things. There were no major violations of laws or regulations in FY2023.

Business Ethics Kaizen Proposal Line

Establishment and Operation of a Consultation Desk that Provides Consultation from a Fair and Neutral Standpoint

Honda established the Business Ethics Kaizen Proposal Line as a structure for improving corporate ethics issues. This hotline accepts proposals and provides consultation from a fair and neutral standpoint, for any violations of laws/regulations or internal rules in the workplace, and issues that are difficult for associates to remedy or resolve in the workplace for some reason, such as difficulties in consulting with their superiors.

Furthermore, in addition to cases of a clear violation of laws/regulations or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable cases have occurred and 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. This hotline ensures protection of the Kaizen proposers and accepts also anonymous proposals.

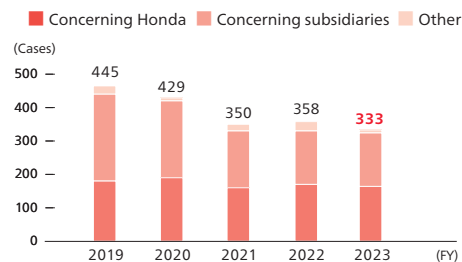
Moreover, the Company established a point of contact within an external law office to facilitate associates to submit proposals. As for overseas, local points of contact have been established in all Regional Operations, while some subsidiaries set up their own points of contact.

In FY2023, 333 proposals and consultations were handled by the Business Ethics Kaizen Proposal Line (including points of contact outside the Company). Among these, 164 concerned the parent company, 160 concerned subsidiaries and 9 concerned other matters.

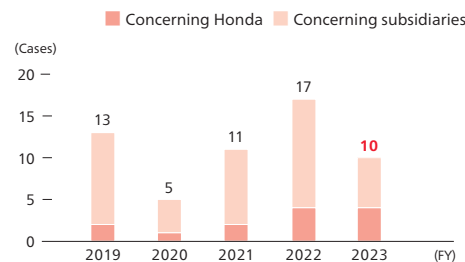
Following investigations of the proposals and consultations submitted, disciplinary action was taken in four cases in the parent company and six cases in subsidiaries in FY2023. There was no case involving the Company that resulted in punitive dismissal. None of the cases involved violations of the Honda 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 associates 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.

Proposals and Consultations with the Business Ethics Kaizen Proposal Line (including External Contacts)



Number of Disciplinary Actions Taken as a Result of Investigating Cases Proposed to the Office



Initiatives to Prevent Bribery and Corruption

Developing and Disseminating Anti-Bribery Policies to Ensure the Soundness of Corporate Activities

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.

Honda strives to further reduce the risk of bribery and corruption by educating all associates on the bribery and corruption prevention through awareness-raising activities in accordance with the Honda Code of Conduct, and by providing training to personnel stationed overseas and newly appointed managers based on their positions and roles. Regarding its subsidiaries, Honda has launched training programs, matched to conditions in each company, aimed at raising awareness.

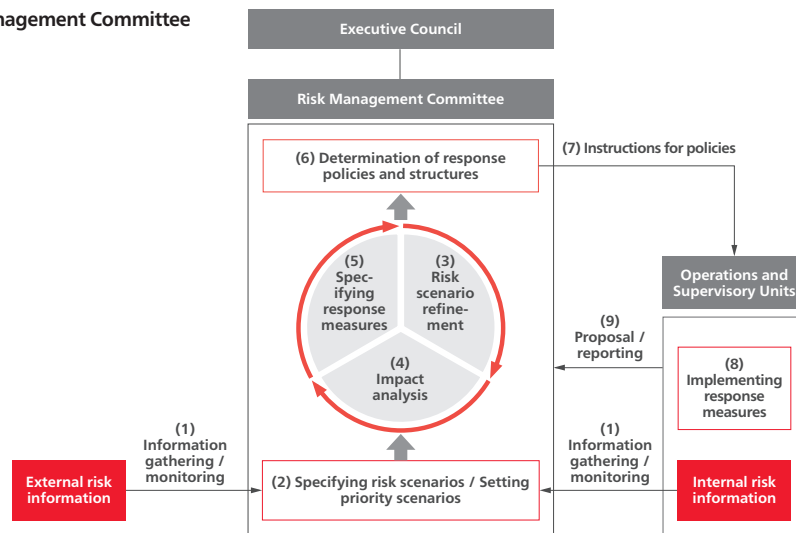
Governance | Risk Management

Risk Management Committee

Responding Flexibly to the Complexity and Uncertainty of Risks

The business environment has undergone drastic changes in recent years in all business categories. 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), to identify, discuss and monitor important risks from a holistic perspective. The Risk Management Committee not only identifies internal risks but also gathers and monitors information on external risk trends associated with changes in the external environment. The Committee uses internal and external information to ascertain specific risk scenarios and conduct impact analyses in relation to Honda's business strategies. Based on this objective risk analysis, management members engage in discussions to determine the response policies and structures for the company-wide risks that Honda should address that are consistent with its management strategies. Of these, risks that are particularly important in terms of business strategy are designated as company-wide priority risks, and the status of response to these risks is regularly checked and discussed. The discussions and monitoring activities of the Risk Management Committee are reported to the Executive Council in a timely and appropriate manner.

Risk Management Committee



Company-Wide Priority Risks

Identifying Company-Wide Priority Risks and Addressing them in the Lead Department

In FY2023, Honda also identified company-wide priority risks, which have been addressed mainly by the responsible departments. In the meantime, the status of progress has been confirmed and discussed by the Risk Management Committee.

Company-wide priority risk items	Risk perspectives
Geopolitical risk	Stoppages or delays of corporate activities due to the strengthening of economic security policies and human rights laws and regulations, or the conflicts between nations or regional conflicts
Purchasing and procurement risk	Stoppages or delays of production activities due to difficulties in receiving parts supplies from suppliers or increases in the prices of raw materials and parts, etc.
Information security risk	Suspension of important operations/services due to cyberattacks and other incidents, leakage of confidential or personal information
Business alliances and joint ventures risk	Disagreements among partners regarding business, leakage of profit or technology, delays in decision-making
Environmental risk	Costs incurred in response to climate change regulations and fuel consumption and emissions regulations in various countries
Intellectual property risk	Infringement of Honda's intellectual property rights or payment of expensive compensation or licensing fees
Natural disaster risk	Stoppages or delays of corporate activities due to natural disasters (earthquakes, floods, etc.) or spread of infectious diseases
Financial and economic risk	Business impact from economic trends, economic fluctuations, or currency fluctuations
Risk related to brand image	Business impact associated with damage to brand image

Risk Assessment Activities

Foreseeing the Potential Risks to Honda's Business and Responding Pre-Emptively

Honda globally carries out risk assessment activities.

The purpose of these activities is to foresee the potential risks to Honda's business and respond pre-emptively to minimize these risks.

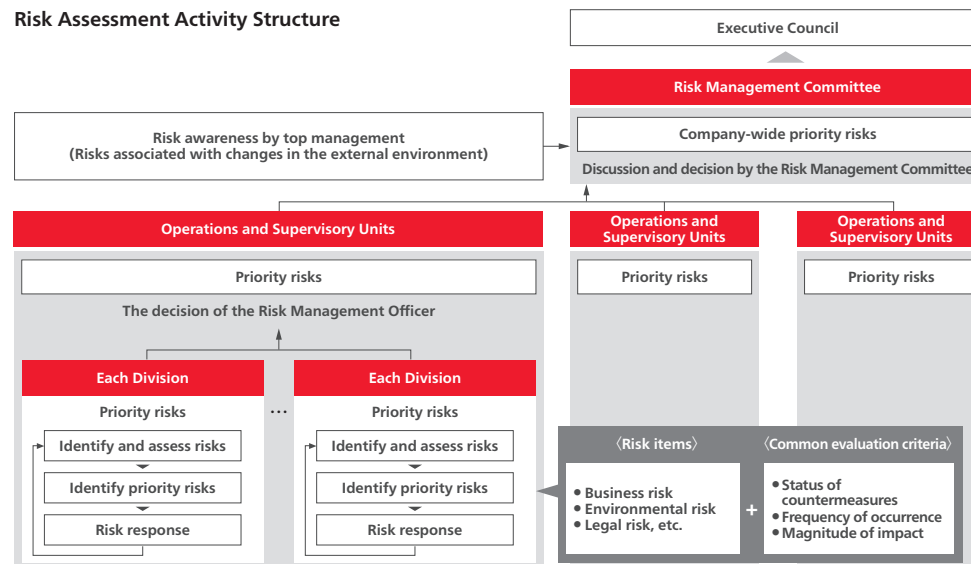
Each department performs an annual risk evaluation using the Group's common risk items and evaluation criteria to identify the divisional priority risks.

Each of the Operations and Supervisory Units carries out repeated discussions based on the results of the risk assessments of each department. They then identify and respond to priority risks of the Operations and Supervisory Units based on the judgment of Risk Management Officer of the Operations and Supervisory Units.

Additionally, the status of priority risks of the Operations and Supervisory Units based on the risk awareness of the Operations and Supervisory Units is reported to the Risk Management Committee. Internal and external risk trends are then considered in order to identify and respond to company-wide priority risks.

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

Risk Assessment Activity Structure



Crisis Response

Monitoring, Reporting and Quickly Responding to Signs of Crisis

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

When a crisis occurs, the Company establishes a Global Emergency Headquarters proportionate to the anticipated magnitude of the crisis's impact to manage the crisis response. In this way, Honda creates a structure to prevent the crisis from spreading and to quickly bring the situation under control.

Through its initiatives and experience, Honda's Global Emergency Headquarters is working to strengthen its functions to better cope with future events.

Honda regularly holds Emergency Headquarters drills to verify its crisis response capabilities while also promoting information coordination with each response team in our daily operations. Honda has held drills to simulate responses to an earthquake directly under the Tokyo metropolitan area and the Nankai Trough earthquake. The Company has also reaffirmed (confirming cooperation between groups) how to respond to a crisis occurring at multiple bases, as well as basic actions in its crisis response.

Also, concerning disaster drills, besides ensuring the safety of human life and procedures to account for its associates, Honda continuously holds training on procedures from a Business Continuity Planning (BCP) viewpoint to share information and identify the impact of a crisis on business at an earlier stage.

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

In terms of COVID-19 status, the resumption of socio-economic activities is accelerating and the normalization of production, development, purchasing, sales and other corporate activities is also underway at Honda.

Going forward, Honda will continue to strengthen our business foundation in areas such as production, development, procurement and sales. In the event of a resurgence of infections, we will prioritize the safety of stakeholders, including our customers, business partners and associates and take measures to minimize the negative impact on our business and performance from a business continuity perspective.

Additionally, Honda is actively promoting company-wide, cross-sectional measures in collaboration with our suppliers to minimize the impact of the semiconductor supply issue.

Global Emergency Headquarters Structure



Information Management

Protection of Information Assets, Including Confidential and Personal Information, throughout the Group

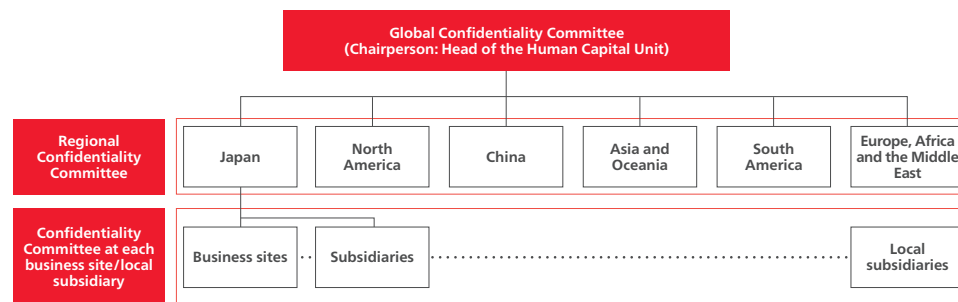
To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy and the Global IT Security Policy, the scope of which extends to Group subsidiaries. These policies stipulate the adoption of a systematic response structure, the use of global compliance items when handling confidential information and personal information and the implementation of security standards for information systems and networks. They also specify the line of reporting in the event of an information leak.

As part of its efforts to effectively implement these policies, Honda has set up the Global Confidentiality Committee, chaired by the Head of the Human Capital 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 corporate activities, including personal information and confidential information.

Besides continuously strengthening its activities to ensure information security against cyberattacks, which are becoming increasingly sophisticated and complex, the Company performs daily monitoring while establishing systems capable of immediately responding to events that must be addressed.

Global Emergency Headquarters Structure



Governance | Directors and Executive Officers

Directors (as of June 21, 2023)

 Chairman and Director Seiji Kuraishi •Chairman of the Board of Directors	Apr. 1982 Joined Honda Motor Co., Ltd. Jun. 2010 Director Apr. 2011 Operating Officer and Director Jun. 2011 Operating Officer (resigned from position as Director) Nov.2013 President of Honda Motor (China) Technology Co., Ltd. Apr. 2014 Managing Officer of the Company Apr. 2016 Senior Managing Officer Jun. 2016 Executive Vice President, Executive Officer and Representative Director Jun. 2016 Risk Management Officer Jun. 2016 Corporate Brand Officer	Apr. 2017 Chief Operating Officer Apr. 2017 In Charge of Strategy, Business Operations and Regional Operations Jun.2017 Executive Vice President and Representative Director Apr. 2019 Director in Charge of Strategy, Business Operations and Regional Operations Apr. 2019 Chief Officer for Automobile Operations Jun. 2021 Director, Executive Vice President and Representative Executive Officer Jun. 2021 Compensation Committee Member Apr. 2022 Chairman and Director (present) Apr. 2022 Chairman of the Board of Directors (present)	 Director Masafumi Suzuki •Full-time Audit Committee Member	Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager of Regional Operation Planning Office for Regional Operations (Europe, CIS, the Middle & Near East and Africa) Apr. 2013 General Manager of Accounting Division for Business Management Operations	Jun. 2017 Director (Full-time Audit and Supervisory Committee Member) Jun. 2021 Director (present) Jun. 2021 Full-time Audit Committee Member (present)
	Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2014 Operating Officer Apr. 2014 Executive in Charge of Powertrain Business for Automobile Operations Apr. 2014 Head of Powertrain Production Supervisory Unit of Automobile Production for Automobile Operations Apr. 2015 Executive in Charge of Powertrain Business and Drivetrain Business for Automobile Operations Apr. 2015 Head of Drivetrain Business Unit in Automobile Production for Automobile Operations Apr. 2016 Senior Managing Officer and Director of Honda R&D Co., Ltd. Apr. 2018 Managing Officer of the Company Apr. 2018 Executive Vice President and Director of Honda R&D Co., Ltd. Apr. 2019 President and Representative Director of Honda R&D Co., Ltd.	Apr. 2019 In Charge of Intellectual Property and Standardization of the Company Apr. 2020 Senior Managing Officer Apr. 2020 In Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT) Apr. 2020 Risk Management Officer Jun. 2020 Senior Managing Director Jun. 2020 Director in Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT) Apr. 2021 President and Representative Director Apr. 2021 Chief Executive Officer (present) Jun. 2021 Director, President and Representative Executive Officer (present) Jun. 2021 Nominating Committee Member (present)		Apr. 1979 Public Prosecutor of Tokyo District Public Prosecutors' Office Jul. 2014 Superintending Prosecutor of Takamatsu High Public Prosecutors' Office Sep.2016 Superintending Prosecutor of Hiroshima High Public Prosecutors' Office (resigned in March 2017) Apr. 2017 Registered with the Dai-ichi Tokyo Bar Association Apr. 2017 Advisor Attorney to TMI Associates (present)	Jun. 2018 Audit and Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present) Jun. 2019 Director (Audit and Supervisory Committee Member) of the Company Jun. 2021 Director (present) Jun. 2021 Nominating Committee Member (present) Jun. 2021 Audit Committee Member (present)
 Director President and Representative Executive Officer Toshihiro Mibe •Nominating Committee Member •Chief Executive Officer	Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2014 Operating Officer Apr. 2014 Executive in Charge of Powertrain Business for Automobile Operations Apr. 2014 Head of Powertrain Production Supervisory Unit of Automobile Production for Automobile Operations Apr. 2015 Executive in Charge of Powertrain Business and Drivetrain Business for Automobile Operations Apr. 2015 Head of Drivetrain Business Unit in Automobile Production for Automobile Operations Apr. 2016 Senior Managing Officer and Director of Honda R&D Co., Ltd. Apr. 2018 Managing Officer of the Company Apr. 2018 Executive Vice President and Director of Honda R&D Co., Ltd. Apr. 2019 President and Representative Director of Honda R&D Co., Ltd.	Apr. 2019 In Charge of Intellectual Property and Standardization of the Company Apr. 2020 Senior Managing Officer Apr. 2020 In Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT) Apr. 2020 Risk Management Officer Jun. 2020 Senior Managing Director Jun. 2020 Director in Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT) Apr. 2021 President and Representative Director Apr. 2021 Chief Executive Officer (present) Jun. 2021 Director, President and Representative Executive Officer (present) Jun. 2021 Nominating Committee Member (present)	 Director Fumiya Kokubu •Nominating Committee Member (Chairperson) •Compensation Committee Member	Apr. 1975 Joined Marubeni Corporation Apr. 2013 President and CEO, Member of the Board of Marubeni Corporation Apr. 2019 Chairman of the Board of Marubeni Corporation (present) Jun. 2019 Outside Director of Taisei Corporation (present) Jun. 2020 Director of the Company (present) Jun. 2021 Nominating Committee Member (Chairperson) (present) Jun. 2021 Compensation Committee Member (present)	May 2022 Chairman of Japan Machinery Center for Trade and Investment (present) May 2022 Chairman of Japan Foreign Trade Council, Inc. (present)
	Apr. 1986 Joined Honda Motor Co., Ltd. Apr. 2012 Operating Officer Apr. 2013 Chief Officer for Motorcycle Operations Jun. 2013 Operating Officer and Director Apr. 2017 Chief Officer for Regional Operations (Asia & Oceania) Apr. 2017 President and Director of Asian Honda Motor Co., Ltd. Jun. 2017 Operating Officer of the Company (resigned from position as Director) Apr. 2018 Managing Officer Apr. 2018 Vice Chief Officer for Regional Operations (North America) Apr. 2018 Senior Executive Vice President, Chief Operating Officer and Director of Honda North America, Inc. 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. Nov. 2018 President, Chief Operating Officer and Director of American Honda Motor Co., Inc.	Apr. 2019 Chief Officer for Regional Operations (North America) of the Company Apr. 2019 President, Chief Executive Officer and Director of Honda North America, Inc. Apr. 2019 President, Chief Executive Officer and Director of American Honda Motor Co., Inc. Jul. 2021 Managing Officer in Charge of Electrification of the Company Oct. 2021 Managing Executive Officer Apr. 2022 Senior Managing Executive Officer Apr. 2022 Chief Officer for Business Development Operations Apr. 2022 Corporate Brand Officer Jun. 2022 Chief Officer for Automobile Operations Jun. 2022 Director, Senior Managing Executive Officer Apr. 2023 Director, Executive Vice President and Representative Executive Officer (present) Apr. 2023 Chief Operating Officer (present) Apr. 2023 Compensation Committee Member (present) Apr. 2023 Risk Management Officer (present) Apr. 2023 In Charge of Government and Industry Relations (present)		Oct. 1980 Joined Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC) Mar. 1984 Registered as Japanese Certified Public Accountant Oct. 2013 Deputy CEO of Deloitte Touche Tohmatsu LLC Oct. 2013 Deputy CEO of Tohmatsu Group (currently Deloitte Tohmatsu Group) Jun. 2015 Global Managing Director for Asia Pacific of Deloitte Touche Tohmatsu Limited (United Kingdom) (resigned in May 2018) Jul. 2015 CEO of Deloitte Tohmatsu Group	Jun. 2018 Senior Advisor of Deloitte Tohmatsu Group (resigned in October 2018) Nov. 2018 Founder of Yoichiro Ogawa CPA Office (present) Jun. 2020 Outside Audit & Supervisory Board Member of Recruit Holdings Co., Ltd. (present) Jun. 2021 Director of the Company (present) Jun. 2021 Audit Committee Member (Chairperson) (present) Jun. 2021 Compensation Committee Member (present)
 Director Executive Vice President and Representative Executive Officer Shinji Aoyama •Compensation Committee Member •Chief Operating Officer •Risk Management Officer •In Charge of Government and Industry Relations	Apr. 1984 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager and Automobile Quality Assurance Division Apr. 2013 Operating Officer Apr. 2013 Chief Quality Officer Jun. 2013 Operating Officer and Director Apr. 2014 Chief Officer for Customer Service Operations Apr. 2014 Head of Service Supervisory Unit for Automobile Operations Apr. 2016 Chief Officer for Customer First Operations Jun. 2017 Operating Officer (resigned from position as Director) Apr. 2018 Managing Officer Apr. 2018 Chief Officer for Purchasing Operations	Apr. 2020 Head of the Business Supervisory Unit for Automobile Operations Apr. 2021 Chief Officer for Customer First Operations Apr. 2021 Risk Management Officer Jun. 2021 Managing Executive Officer Oct. 2021 Chief Officer for Regional Operations (North America) (present) Oct. 2021 President, Chief Executive Officer and Director of American Honda Motor Co., Inc. (present) Apr. 2023 Senior Managing Executive Officer of the Company Jun.2023 Director, Senior Managing Executive Officer (present)	 Director Kazuhiro Higashi •Nominating Committee Member •Compensation Committee Member (Chairperson)	Apr. 1982 Joined Resona Group Apr. 2013 Director, President and Representative Executive Officer of Resona Holdings, Inc., Representative Director, President and Executive Officer of Resona Bank, Limited Jun. 2013 Chairman of Osaka Bankers Association (resigned in June 2014) Apr. 2017 Chairman of the Board, President, and Representative Director of Resona Bank, Limited Jun. 2017 Chairman of Osaka Bankers Association (resigned in June 2018) Apr. 2018 Chairman of the Board, President, Representative Director and Executive Officer of Resona Bank, Limited	Apr. 2020 Chairman and Director of Resona Holdings, Inc. (resigned in June 2022) Apr. 2020 Chairman and Director of Resona Bank, Limited (resigned in June 2022) Jun. 2020 Outside Director of Sampo Holdings, Inc. (present) Jun. 2021 Director of the Company (present) Jun. 2021 Nominating Committee Member (present) Jun. 2021 Compensation Committee Member (Chairperson) (present) Jun. 2022 Senior Advisor of Resona Holdings, Inc. (present) Jun. 2022 Senior Advisor of Resona Bank, Limited (present)
	Apr. 1984 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager and Automobile Quality Assurance Division Apr. 2013 Operating Officer Apr. 2013 Chief Quality Officer Jun. 2013 Operating Officer and Director Apr. 2014 Chief Officer for Customer Service Operations Apr. 2014 Head of Service Supervisory Unit for Automobile Operations Apr. 2016 Chief Officer for Customer First Operations Jun. 2017 Operating Officer (resigned from position as Director) Apr. 2018 Managing Officer Apr. 2018 Chief Officer for Purchasing Operations	Apr. 2020 Head of the Business Supervisory Unit for Automobile Operations Apr. 2021 Chief Officer for Customer First Operations Apr. 2021 Risk Management Officer Jun. 2021 Managing Executive Officer Oct. 2021 Chief Officer for Regional Operations (North America) (present) Oct. 2021 President, Chief Executive Officer and Director of American Honda Motor Co., Inc. (present) Apr. 2023 Senior Managing Executive Officer of the Company Jun.2023 Director, Senior Managing Executive Officer (present)		Apr. 1987 Joined Japan Tobacco Inc. Jun. 2008 Executive Officer of Japan Tobacco Inc. Mar. 2018 Standing Audit & Supervisory Board Member of Japan Tobacco Inc. (resigned in March 2023) Jun. 2021 Director of the Company (present) Jun. 2021 Audit Committee Member (present)	Mar. 2023 External Corporate Auditor of Medley, Inc. (present)
 Director Senior Managing Executive Officer Noriyo Kaihara •Chief Officer for Regional Operations (North America) •President, Chief Executive Officer and Director of American Honda Motor Co., Inc.	Apr. 1984 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager and Automobile Quality Assurance Division Apr. 2013 Operating Officer Apr. 2013 Chief Quality Officer Jun. 2013 Operating Officer and Director Apr. 2014 Chief Officer for Customer Service Operations Apr. 2014 Head of Service Supervisory Unit for Automobile Operations Apr. 2016 Chief Officer for Customer First Operations Jun. 2017 Operating Officer (resigned from position as Director) Apr. 2018 Managing Officer Apr. 2018 Chief Officer for Purchasing Operations	Apr. 2020 Head of the Business Supervisory Unit for Automobile Operations Apr. 2021 Chief Officer for Customer First Operations Apr. 2021 Risk Management Officer Jun. 2021 Managing Executive Officer Oct. 2021 Chief Officer for Regional Operations (North America) (present) Oct. 2021 President, Chief Executive Officer and Director of American Honda Motor Co., Inc. (present) Apr. 2023 Senior Managing Executive Officer of the Company Jun.2023 Director, Senior Managing Executive Officer (present)	 Director Ryoko Nagata •Audit Committee Member	Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager and Automobile Quality Assurance Division Apr. 2013 Operating Officer Apr. 2013 Chief Quality Officer Jun. 2013 Operating Officer and Director Apr. 2014 Chief Officer for Customer Service Operations Apr. 2014 Head of Service Supervisory Unit for Automobile Operations Apr. 2016 Chief Officer for Customer First Operations Jun. 2017 Operating Officer (resigned from position as Director) Apr. 2018 Managing Officer Apr. 2018 Chief Officer for Purchasing Operations	Apr. 2020 Head of the Business Supervisory Unit for Automobile Operations Apr. 2021 Chief Officer for Customer First Operations Apr. 2021 Risk Management Officer Jun. 2021 Managing Executive Officer Oct. 2021 Chief Officer for Regional Operations (North America) (present) Oct. 2021 President, Chief Executive Officer and Director of American Honda Motor Co., Inc. (present) Apr. 2023 Senior Managing Executive Officer of the Company Jun.2023 Director, Senior Managing Executive Officer (present)
	Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2014 President of Dongfeng Honda Automobile Co., Ltd. Apr. 2016 Operating Officer of the Company Apr. 2018 Vice Chief Officer for Regional Operations (Japan) Apr. 2019 Chief Officer for Human Resources and Corporate Governance Operations	Apr. 2020 Operating Executive Jun. 2021 Director (present) Jun. 2021 Full-time Audit Committee Member (present)		Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager of Regional Operation Planning Office for Regional Operations (Europe, CIS, the Middle & Near East and Africa) Apr. 2013 General Manager of Accounting Division for Business Management Operations	Jun. 2017 Director (Full-time Audit and Supervisory Committee Member) Jun. 2021 Director (present) Jun. 2021 Full-time Audit Committee Member (present)
 Director Asako Suzuki •Full-time Audit Committee Member	Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2014 President of Dongfeng Honda Automobile Co., Ltd. Apr. 2016 Operating Officer of the Company Apr. 2018 Vice Chief Officer for Regional Operations (Japan) Apr. 2019 Chief Officer for Human Resources and Corporate Governance Operations	Apr. 2020 Operating Executive Jun. 2021 Director (present) Jun. 2021 Full-time Audit Committee Member (present)		Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager of Regional Operation Planning Office for Regional Operations (Europe, CIS, the Middle & Near East and Africa) Apr. 2013 General Manager of Accounting Division for Business Management Operations	Jun. 2017 Director (Full-time Audit and Supervisory Committee Member) Jun. 2021 Director (present) Jun. 2021 Full-time Audit Committee Member (present)

Executive Officers (as of April 1, 2023)

For the detail information on Executive Officers, please click here (<https://global.honda/en/about/management.html>).

Governance | Messages from Outside Directors

We asked the chairpersons of the Committees for their impressions of the redefined Global Brand Slogan, as well as the strategies and initiatives taken by each Committee.



The Great Possibilities that Lie Beyond the Boundaries of a Mobility Company



Honda already has a widely recognized global brand slogan, “The Power of Dreams.” To clearly illustrate Honda’s vision in line with the changing times and to demonstrate how the company will progress, complementary phase and keywords have been incorporated into this slogan. To firmly establish these new elements as “Honda’s Vision” the first step is to repeatedly and thoroughly explain to those within Honda to deepen their understanding and permeation. Subsequently, it is crucial to consistently communicate this message to the external world, ensuring a continuous flow of information.

Qualities Required for the Leaders in the Future

In Nominating Committee discussions, we have spent time to discuss in-depth the qualities required for Honda’s leaders. As the results, we concluded that sincerity and honesty, in other words, “integrity” are indispensable attributes for someone in a top leadership position. Building on that foundation, the ability to “craft a compelling vision,” “make proactive decisions” and “lead a group and take the initiative” are the three particularly essential elements we identified.

Especially during this period of significant transformation, not only “craft a compelling vision” but also “make proactive decisions” becomes extremely important. This time, the fact that CEO Toshihiro Mibe decided to shift toward electrification business strategy without being bound by past successes and clearly presented Honda’s Vision is perceived as a manifestation of such qualities. Going forward, I would like to continue discerning the qualities of the ideal leader from an independent standpoint.

Multiplying Assets to Deliver Added Value to Society Beyond Expectations

The excitement surrounding the question “What will Honda come up with next?” encapsulates, I believe, the image the wider society has of Honda. It is also the facet of Honda I most eagerly look forward to. To respond to this sense of excitement, it is essential for the company to have comprehensive strengths that are not limited to any one segment. Honda has continuously expanded its business beyond just motorcycles and automobiles, venturing into new segments such as power products and aviation. I feel that by combining Honda’s abundant assets, we will be able to bring Honda’s unique value to completely new areas.

We are in an era where tomorrow is not merely an extension of yesterday. What is required now is the power of ideas and the intellectual power of the organization. I hope that the organization will absorb the power generated by the combination of each individual’s abilities and meet the expectation hidden in the question “What will Honda come up with next?”



Toward a Company that Leads Change with Unique and Intriguing Ideas and Rapid Management Decisions

Honda's company name does not contain the word "automobile." This reflects the world's expectation that the company will create an interesting future that is not confined to the automobile. When I attend General Shareholder Meetings, I see many investors who like Honda as a company and expect it to do something interesting. It is important to remain a company people and society want to exist, cherishing such a shared understanding in society. With a global business scale and long-term vision required, I believe that Honda aims to lead by creating change, not just catching up with it, based on a bold concept from a global perspective. Speed is also an important factor in leading change. We believe that the adaptation of the company with nominating and other committees will not only ensure transparency and objectivity in management but will also accelerate the speed of management decision-making and encourage change through the appropriate delegation of authority to Executive Officers.

Challenge of Staying at the Forefront in the Era of Rapid Evolution

The slogan "The Power of Dreams" has become so intertwined with Honda that the mere mention of the word "dream" evokes the company. Redefining this slogan was thus undoubtedly a momentous decision. In an era of once-in-a-century transformation, I believe recognizing where Honda should be headed has been perceived as an essential process for Honda at present.

Today, the competition in EVs and automated driving is intensifying, but it is possible that in 5 or 10 years these technologies will be taken for granted. Honda must move ahead of this extremely rapid progress. Should we do so while being overwhelmed by reality, or should we take the lead in challenging to create an exciting future? Honda is the latter, and I believe that is also Honda's social responsibility. The redefined global brand slogan should serve as a guidepost for challenges that envision such a future.

Establishing a Compensation System that Maximizes Honda's Uniqueness

The Compensation Committee is working on implementing a compensation system that incentivizes future-oriented, enthusiastic human resources and management based on a long-term perspective. This is the third year since we adopted the company with nominating and other committees. In the first year, we started to build the base of the system, and in the second year, we thoroughly discussed long-term incentives. Now, the design of the system is finally taking shape. We will establish a compensation system that will enhance Honda's corporate value while incorporating sustainability elements such as carbon neutrality and diversity. This will become the mechanism that brings out Honda's uniqueness to its fullest.



A New Evolutionary Challenge that Goes beyond Honda's Past

I believe that no other phrase embodies Honda's values more than "The Power of Dreams," which combines the "power" of the engine, Honda's founding business, and the "dreams" that have been realized so far, from mopeds to Super Cubs, automobiles, emission control vehicles in the United States and jet aircraft. I thought reconstructing these two words that signify Honda's driving force and adopting them as shared values globally was an excellent approach. Of the keywords "Create," "Transcend" and "Augment," "Transcend" not only means freeing people from the constraints of time and space but can also be seen as transcending Honda itself.

Amidst these significant changes, rather than resting on past successes or maintaining the status quo, I believe Honda's aspiration is to continue being a company people and society want to exist beyond its past achievements.

Accelerating the Pace of Transformation with the Ability to Read Changes and Make Appropriate Investment Decisions

While maintaining the unwavering trust that society places in Honda's exceptional quality, it is imperative that Honda enhances its ability to recognize the rapid transformations occurring in the global manufacturing and digital industries, as well as the geopolitical risks that surround them, in the medium to long term. This involves making appropriate investment decisions regarding the industry sector, partners, scale and timing in collaborations. Over the past year, Honda has actively engaged in building partnerships and collaborations with other companies, emphasizing its unique strengths and a sense of urgency. This represents a significant change for Honda, which has traditionally adhered to a doctrine of self-reliance in technology. We are confident that this change will lead to our next quantum leap in growth.

Evolution of Governance Leveraging the On-Site and In-Person Insights

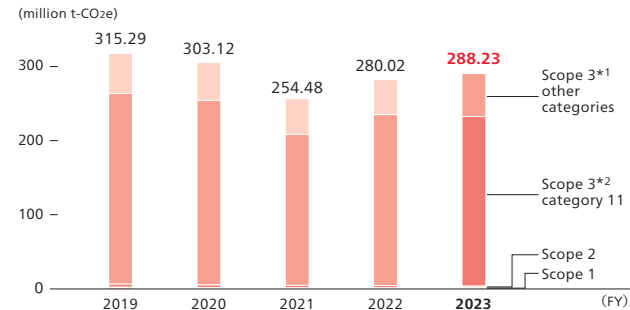
The Audit Committee plays a part in the supervisory function fulfilled by the Board of Directors and contributes to the establishment of a high-quality corporate governance system by supervising and auditing the duties executed by directors and Executive Officers. In conducting audit activities from an independent standpoint, the Committee confirms how the executives and management carry out day-to-day operations, sometimes taking the opportunity to visit company sites.

In FY2023, we were given many opportunities for site visits, and I strongly sensed that the executive team was acutely conscious of the importance of ensuring that Outside Directors possess a thorough understanding of both cutting-edge research and the challenges we face. I believe that the time spent on site visits and the communication we engaged in were extremely valuable to the Audit Committee as we were able to understand certain things only by actually going to a site, seeing the products, deepening our technical understanding and communicating with associates rather than discussing issues without them at the headquarters. Moving forward, while striving to grasp the on-site situation, we will ensure the implementation of external environment analysis and risk management, thereby contributing to the establishment of a high-quality corporate governance structure.

Major Indicators

Non-Financial Information

Total GHG Emissions



*1 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 corporate activities or emissions from these categories are accounted for in other categories.

*2 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.

Amount of Water Intake/Waste Generated

	FY2019	FY2020	FY2021	FY2022	FY2023
Amount of water intake (1,000 m ³)	36,200	34,100	29,300	32,500	33,200
Waste generated (1,000 t)	1,690	1,550	1,360	1,410	1,420

Calculation method:

Amount of water intake = Σ (Purchased from the water facilities + Groundwater intake + Rainwater utilization amount + Surface such as rivers water intake)

Waste generated = 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

Social

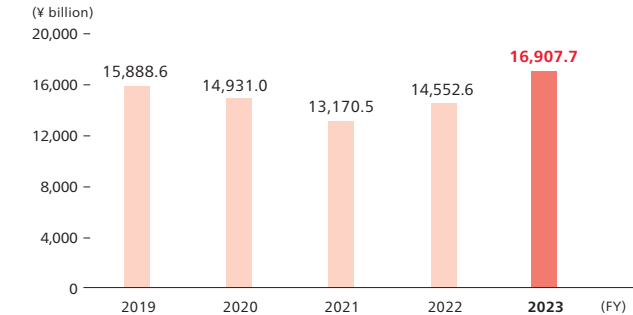
	FY2019	FY2020	FY2021	FY2022	FY2023
Consolidated number of associates	219,722	218,674	211,374	204,035	197,039
Percentage of female in the Honda workplace	13.9%	13.8%	14.0%	15.1%	15.9%

Governance

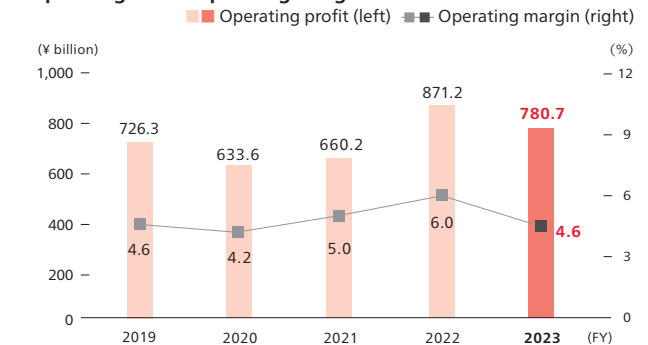
	FY2019	FY2020	FY2021	FY2022	FY2023
Number of Directors	13	13	11	11	11
Percentage of Outside Directors	38.5%	38.5%	45.5%	45.5%	45.5%

Financial Information

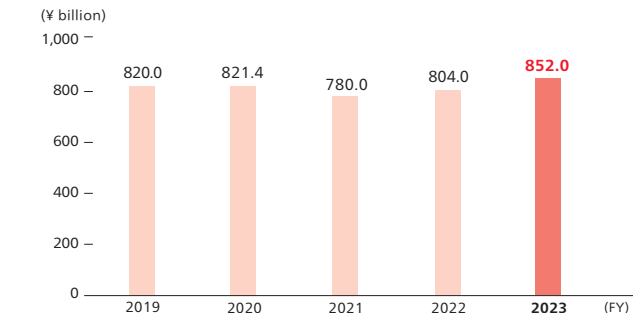
Sales Revenue



Operating Profit/Operating Margin



R&D Expenditures



10-Year Summary

Years ended March 31

U.S. GAAP: Yen (millions)		IFRS: Yen (millions)										
	2013		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales, profits and dividends		Sales, profits and dividends										
Net sales and other operating revenue	¥9,877,947	Sales revenue	¥12,506,091	¥13,328,099	¥14,601,151	¥13,999,200	¥15,361,146	¥15,888,617	¥14,931,009	¥13,170,519	¥14,552,696	¥16,907,725
Operating income	544,810	Operating profit	823,864	670,603	503,376	840,711	833,558	726,370	633,637	660,208	871,232	780,769
Operating margin	5.5%	Operating margin	6.6%	5.0%	3.4%	6.0%	5.4%	4.6%	4.2%	5.0%	6.0%	4.6%
Income before income taxes and equity in income of affiliates	488,891	Share of profit of investments accounted for using the equity method	130,916	96,097	126,001	164,793	247,643	228,827	164,203	272,734	202,512	117,445
Income taxes	178,976	Profit before income taxes	933,903	806,237	635,450	1,006,986	1,114,973	979,375	789,918	914,053	1,070,190	879,565
Equity in income of affiliates	82,723	Income tax expense	267,992	245,139	229,092	327,592	(13,666)	303,089	279,986	218,609	309,489	162,256
Net income attributable to non-controlling interests	(25,489)	Profit for the year	665,911	561,098	406,358	679,394	1,128,639	676,286	509,932	695,444	760,701	717,309
Net income attributable to Honda Motor Co., Ltd.	367,149	Profit for the year attributable to owners of the parent	624,703	509,435	344,531	616,569	1,059,337	610,316	455,746	657,425	707,067	651,416
Cash dividends paid during the period	129,765	Cash dividends paid during the period	142,381	158,601	158,601	162,205	174,221	194,271	196,795	145,090	188,402	213,475
Research and development expenses	560,270	Research and development expenses	625,698	670,331	719,810	659,918	730,734	820,037	821,478	780,065	804,025	852,067
Interest expense	12,157	Interest expense	12,803	18,194	18,146	12,471	12,970	13,217	24,689	13,877	16,867	36,112
Assets, long-term debt and shareholders' equity		Assets, liabilities and equity										
Total assets	¥13,635,357	Total assets	¥16,048,438	¥18,425,837	¥18,229,294	¥18,958,123	¥19,349,164	¥20,419,122	¥20,461,465	¥21,921,030	¥23,973,153	¥24,670,067
Long-term debt	2,710,845	Financing liabilities (Non-current liabilities)	3,224,512	3,926,276	3,736,628	4,022,190	3,881,749	4,142,338	4,221,229	4,715,361	4,984,252	4,373,973
Total Honda Motor Co., Ltd. shareholders' equity	5,043,500	Equity attributable to owners of the parent	6,335,534	7,108,627	6,761,433	7,295,296	7,933,538	8,267,720	8,012,259	9,082,306	10,472,824	11,184,250
Capital expenditures (excluding purchase of operating lease assets)	630,408	Additions to property, plant and equipment	803,231	703,920	687,306	588,360	484,778	466,657	455,169	390,081	366,829	578,063
Depreciation (excluding property on operating leases)	335,536	Depreciation	419,022	451,052	486,410	484,133	513,455	499,036	470,320	428,063	438,269	512,501
Net cash provided by operating activities	800,744	Net cash provided by operating activities	449,108	1,020,404	1,390,995	885,073	987,671	775,988	979,415	1,072,379	1,679,622	2,129,022
Net cash used in investing activities	(1,069,756)	Net cash used in investing activities	(921,023)	(840,496)	(875,077)	(650,618)	(615,113)	(577,555)	(619,481)	(796,881)	(376,056)	(678,060)
Net cash used in financing activities	119,567	Net cash used in financing activities	355,458	12,488	(95,299)	115,423	(174,334)	22,924	(87,411)	(283,980)	(615,718)	(1,468,359)
	U.S. GAAP: Yen											IFRS: Yen
Per common share		Per common share										
Total Honda Motor Co., Ltd. shareholders' equity		Profit for the year attributable to owners of the parent										
Basic	¥203.71	Basic	¥346.62	¥282.66	¥191.16	¥342.10	¥590.79	¥345.99	¥260.13	¥380.75	¥411.09	¥384.02
Diluted	203.71	Diluted	346.62	282.66	191.16	342.10	590.79	345.99	260.13	380.75	411.09	384.02
Dividends	76	Dividends	82	88	88	92	100	111	112	110	120	120
Shareholders' equity attributable to shareholders of the Company	2,798.37	Shareholders' 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	6,719.93
	Yen (millions)											Yen (millions)
Sales		Sales										
Sales amounts *		Sales revenue*										
Japan	¥1,652,995	Japan	¥1,920,114	¥1,800,439	¥1,754,167	¥1,799,772	¥1,919,130	¥2,042,891	¥1,985,945	¥1,849,268	¥1,943,649	¥2,013,095
	17%		15%	14%	12%	13%	12%	13%	13%	14%	13%	12%
Overseas	8,224,952	Overseas	10,585,977	11,527,660	12,846,984	12,199,428	13,442,016	13,845,726	12,945,064	11,321,251	12,609,047	14,894,630
	83%		85%	86%	88%	87%	88%	87%	87%	86%	87%	88%
Total	¥9,877,947	Total	¥12,506,091	¥13,328,099	¥14,601,151	¥13,999,200	¥15,361,146	¥15,888,617	¥14,931,009	¥13,170,519	¥14,552,696	¥16,907,725
	100%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Thousands											Thousands
Unit sales		Unit sales										
Motorcycle Business	15,494	Motorcycle Business	17,008	17,592	17,055	17,661	19,554	20,238	19,340	15,132	17,027	18,757
Automobile Business	4,014	Automobile Business	4,340	4,367	4,743	5,028	5,199	5,323	4,790	4,546	4,074	3,687
Power Products Business	6,071	Power Products Business	6,018	5,983	5,965	6,121	6,262	6,301	5,701	5,623	6,200	5,645
Number of associates (Unit: persons)	190,338	Number of associates (Unit: persons)	199,368	204,730	208,399	211,915	215,638	219,722	218,674	211,374	204,035	197,039
Exchange rate (yen amounts per U.S. dollar)		Exchange rate (yen amounts per U.S. dollar)										
Rates for the period-end	¥94	Rates for the period-end	¥103	¥120	¥113	¥112	¥106	¥111	¥109	¥111	¥122	¥134
Average rates for the period	83	Average rates for the period	100	110	120	108	111	111	109	106	112	136

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

Company Overview

Company Overview (As of March 31, 2023)

Company name	Honda Motor Co., Ltd.	Number of Associates
Head office	2-1-1 Minami-Aoyama, Minato-ku, Tokyo	Consolidated 197,039 /Non-consolidated 33,065
Established	September 1948	Consolidated Subsidiaries 313 companies
Capital	86 billion yen	Affiliates Accounted for under the Equity Method 69 companies

Stock Information

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

Breakdown of Shareholders by Type (As of March 31, 2023)

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



Major Shareholders (As of March 31, 2023)

Individual or Organization	Number of Shares Held (thousands)	Percentage against Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	260,025	15.6
Moxley & Co. LLC	116,835	7.0
Custody Bank of Japan, Ltd. (Trust Account)	103,468	6.2
Meiji Yasuda Life Insurance Company	49,492	3.0
SSBTC CLIENT OMNIBUS ACCOUNT	43,631	2.6
Tokio Marine & Nichido Fire Insurance Co., Ltd.	31,915	1.9
STATE STREET BANK WEST CLIENT – TREATY 505234	29,327	1.8
Nippon Life Insurance Company	28,666	1.7
Northern Trust CO. (AVFC) Re Silchester International Investors International Value Equity Trust	26,328	1.6
JPMorgan Chase Bank 385781	22,752	1.4

Notes:

- The number of shares described above rounds off figures of less than 1,000 shares.
- Ownership percentages are calculated using the total number of shares issued minus treasury stock (146,163 thousand shares)
- Moxley & Co. LLC is an official holder of stock of JPMorgan Chase Bank, which is a depository institution for American Depositary Receipts (ADRs).

Production Structure

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

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

■ Editorial Committee

Chairperson Manabu Ozawa, Managing Executive Officer and Chief Officer, Corporate Strategy Operations

Head of Secretariat:

Sumihiro Takahashi, General Manager, Corporate Strategy Division

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Atsushi Tsukigata, Manager, Corporate Strategy Division

Junpei Katsuta

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Environment Planning Division, Corporate Planning Unit

Shunsuke Morioka



The power of dreams, how we move you.

HONDA
The Power of Dreams

How we move you.
CREATE ► TRANSCEND, AUGMENT



How we move you.

CREATE ► TRANSCEND, AUGMENT

