

HONDA



**Honda
Sustainability
Report
2021**

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Editorial Policy

● Organizations covered

This report covers the entire Honda Group, which consists of Honda Motor Co., Ltd. and its 415 group companies in and outside Japan (comprising 348 consolidated subsidiaries and 67 affiliated companies accounted for by the equity method). Sections that do not cover the entire Honda Group are indicated as such with a reference to the specific scope. Furthermore, unless the context otherwise requires, the terms “we,” “us,” “our,” “Company” and “Honda” as used in this Sustainability Report each refer to the Honda Group.

● Period covered

This report focuses primarily on the activities undertaken during FY2021 (April 1, 2020 – March 31, 2021), and also includes past background information and activities conducted up to the time of publication, as well as other matters including future outlook and plans.

● Standards

This report has been prepared in accordance with the GRI Standards: Comprehensive option. For details, please refer to the GRI Content Index (⇒ p. 158).

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

● Assurance

The environmental data indicated with for the year ended March 31, 2021 received the independent practitioner’s assurance.

● Accounting standards

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

● Date of publication

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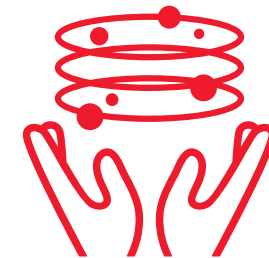
● Published by

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

● Cover page pictogram

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

Three Ellipses = “Creating the Joys,” “Expanding the Joys” and “Ensuring the Joys for the Next Generation” (⇒ p. 18)
 Six Precise Circles = Motorcycles, Automobiles, Life Creation and New Businesses for the future (⇒ p. 11,12)
 Supporting Hands = The desire of stakeholders who empathize with Honda’s initiatives (⇒ p. 26)



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Disclaimer

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





Message from the President and CEO

Honda will make extensive efforts to attain its environmental and safety goals by pursuing its true essence and leveraging Honda's unique characteristic of originality.

Toshihiro Mibe

Director, President and Representative Executive Officer
Chief Executive Officer

To Readers of the Honda Sustainability Report

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

Since its founding in 1948, Honda has continuously worked to provide value to help people and create a better society through our technologies, ideas and designs. The starting point of such efforts is our desire to "help people and society" and "expand the potential of people's lives." The underlying basis of these efforts is the concept of "Respect for the Individual," which constitutes Honda's Fundamental Beliefs. Honda always puts people at the center of its thinking and our belief in the potential of people.

COVID-19 has dramatically changed our daily lives and society. Honda realizes that many people around the world desire to make the most of their limited time and make their lives safer, more free and more enjoyable.

At the same time, we have reaffirmed the importance of cooperation and harmony as members of society and have become more conscious of making a contribution to society based on our own initiative. In particular, this concerns global environmental issues, and I believe that a transition toward a society where people are more conscious about coexisting with the Earth will occur at an accelerated speed. How people behave, solving global environmental issues and a return to people-focused values are important and of interest.

I assumed the position of Global CEO in April 2021 under a new management structure and direction as follows.

Message from the President and CEO

Powered by Honda: Honda's Initiatives for a Sustainable Society

In light of changes happening to our society, we believe that working in pursuit of the "elimination of our environmental impact" and "realization of safety protecting precious human lives" are the two sets of value Honda should provide in the future. Based on this belief, we will work comprehensively to address these challenges in the areas of the environment and safety.

To be more specific, concerning the environment, we will strive to realize carbon neutrality for all products and corporate activities Honda is involved in by 2050. In the area of safety, we will aim for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050.

Honda will aim to achieve these environmental and safety goals while at the same time making all-out efforts to lead advancements in the areas of mobility, power units, energy and robotics.

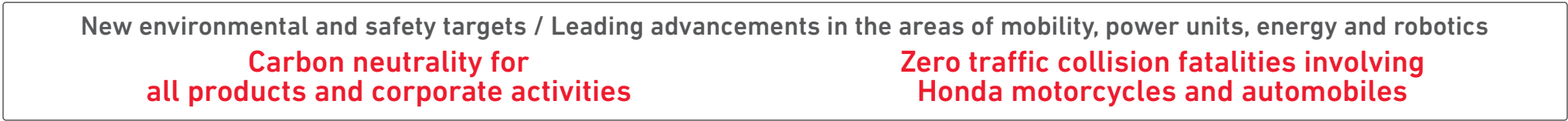
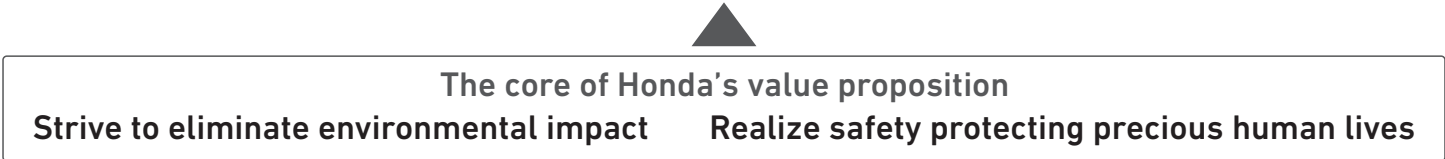
By offering such value to our customers and society and by becoming the "power" that supports people taking their own initiative, including those who are trying to make changes to the society they live in and others who seek to enhance the quality of people's daily lives, we will help people reach out to achieve their potential. We describe this initiative by the phrase "Powered by Honda."

To have a firm footing in working toward our environmental and safety goals with such strong determination, we must ensure that our goal to solidify our existing businesses is achieved. To this end, we will continue to work on the optimization of production capacity and the improvement of efficiency of our *Monozukuri* (manufacturing) mainly in automobile business, in order to reap the positive results of our ongoing effort to strengthen our business structure.

What Honda wants to achieve/direction of our initiatives

Powered by
Honda

Aim to become the "power" to support people who are trying to do things based on their own initiative



Message from the President and CEO

Environmental Initiatives: Striving for Zero Environmental Impact

Honda will strive for zero environmental impact of not only our products but the entire product lifecycle including our corporate activities, focusing on the three-pillars of “carbon neutrality,” “clean energy” and “resource circulation.”

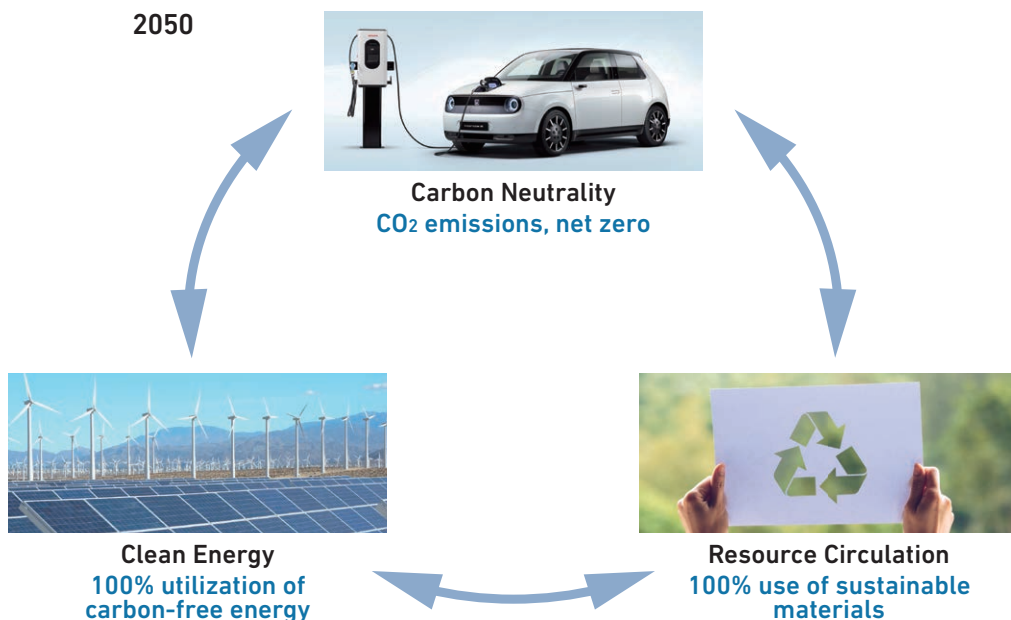
In addition to the electrification of our motorcycles and automobiles, we will enhance the range of easier-to-use electrified products with our Honda Mobile Power Pack swappable batteries and expand utilization of renewable energy by enabling infrastructure-linked smart power operations for recharging. For the further expansion of the use of renewable energy, we will be proactive in promoting the utilization of hydrogen.

Honda will pursue research on material recycling, including more effective ways to reuse and recycle batteries, and take on the challenge of developing products made from 100% sustainable materials.

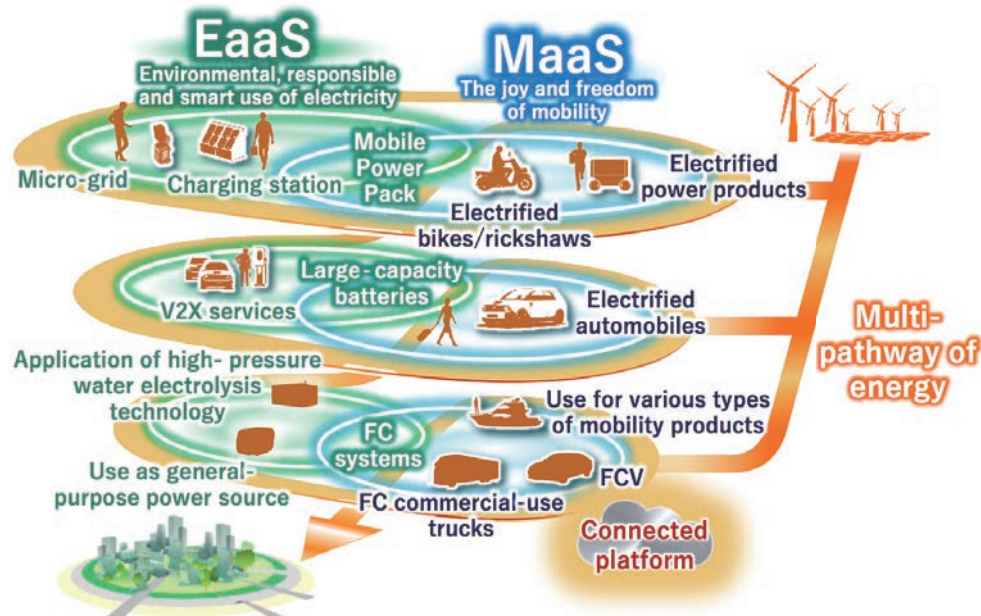
We will also continue to work on the concept of Honda eMaaS through which Honda will contribute to the freedom of mobility and expanded use of renewable energy by connecting electrified mobility products and energy services. Honda eMaaS will be steadily pursued with a focus on the three core areas of “expansion of the utilization of Mobile Power Packs,” “utilization of large-capacity batteries for electrified vehicles” and “application and implementation of fuel cell systems.”

In the long run, we will aim to realize a multi-pathway of energy, including carbon-neutral fuels, for aircraft and other products for which electrification is difficult.

Circular/resource-recycling society that aims for “zero environmental impact” Honda is striving for



Honda eMaaS concept



Message from the President and CEO

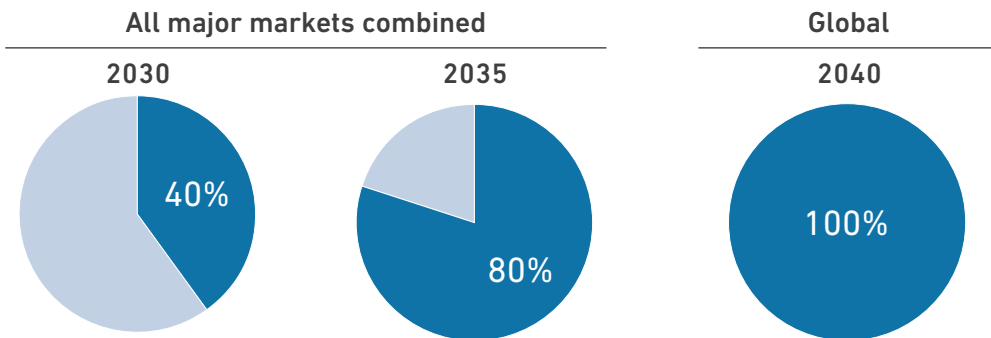
Electrification of Automobiles

It is difficult to have clear, future prospects for the popularization of electrified vehicles because different regions have different characteristics such as the level of customer acceptance, readiness of infrastructure and availability of renewable energy, and such characteristics are changing rapidly. Nevertheless, it is our responsibility as an automaker to achieve our carbon-free goal on a “tank-to-wheel” basis. As such, Honda will work to increase the ratio of electric vehicles (EVs) and fuel cell vehicles (FCVs) within overall unit sales in all major markets of electrification combined to 40% by 2030, to 80% by 2035 and then to 100% globally by 2040.

These are challenging targets, and to attain them, we must put forth a collective effort of our entire value chain. However, since its founding Honda has always been a company that continues to take on challenges with high initiative and targets. That’s why we decided to clearly set high goals for the long term so that all of us share the vision of what we are trying to accomplish and take on challenges toward the realization of our goals.

In order to secure the high competitiveness of our EVs of the future, Honda is conducting independent research on all-solid-state batteries as the next generation batteries which will realize high capacity and low cost. We will undertake the verification of production technology using a demonstration line, starting this fiscal year. We will begin accelerating this research with an aim to make all-solid-state batteries available for our new models to be introduced in the second half of the 2020s.

EV/FCV unit sales ratio



Electrification of Motorcycles

The key to successful electrification of motorcycles is to consider the battery, which is still expensive, separately from the motorcycle. In developed countries, where electrification is in strong demand by society, we will pursue electrification utilizing the Mobile Power Pack, targeting business and national/local government customers.

For personal-use customers, we must not only enhance our product lineup but also make a large number of battery-swapping stations available and ensure convenience to users by making them compatible with EVs of other makers. To this end, Honda has established a consortium with other motorcycle manufacturers in Japan and Europe to develop technology standards for swappable batteries.

Honda has a vision to expand Mobile Power Pack applications beyond motorcycles to power products and micro-mobility products. With this vision, we have begun feasibility tests in India using three-wheel rickshaw taxis.

To accommodate diverse customer needs, in addition to the Gyro e: business-use electric motorized scooter we will release Gyro Canopy e: series in 2021. In the area of personal use, we are going to introduce three new EV models in classes with engine sizes of below 50 cc and below 125 cc by 2024. We will also introduce new electric motorcycles in the “FUN (medium- to large-size sports motorcycles)” area as well.

Hydrogen Fuel Cell

Hydrogen is expected to be widespread as a renewable energy source, and Honda has a long history of researching, developing and commercializing FC technologies.

While continuing our collaboration with General Motors, Honda intends to reduce costs and realize a hydrogen society by expanding our lineup of fuel cell vehicles and using FC systems for a wide range of applications, including commercial trucks as well as both stationary and mobile power sources.

Message from the President and CEO

Safety Initiatives: Aiming for Zero Traffic Collision Fatalities

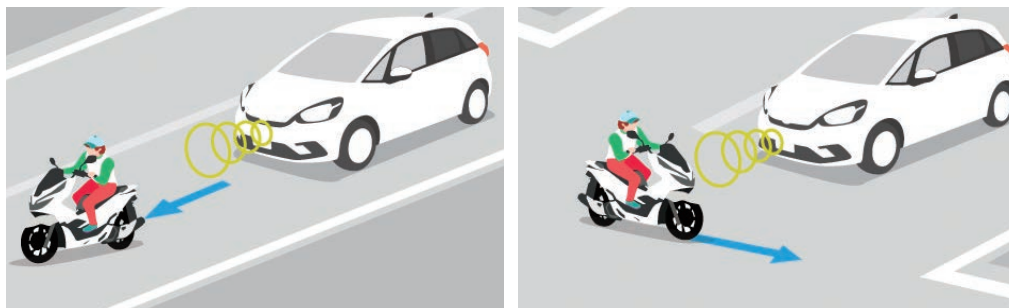
Honda will aim for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050.

The major challenge we will face as we work toward this goal is how to eliminate motorcycle collision fatalities in emerging countries. In the current situation, where we struggle even to collect accurate accident data, we must say that the hurdle we have to clear is extremely high. However, we have a social responsibility as the biggest manufacturer and seller of motorcycles in the world. By taking on this challenge, Honda wants to increase the overall safety of society and create a safe world in which everyone who shares the road can co-exist with peace of mind. In terms of expanding the range of our safety technologies, since many motorcycle collision fatalities involve automobiles, we will strive to apply our omnidirectional advanced driver-assistance system (ADAS) to all new automobile models we introduce in developed countries by 2030.

By leveraging the knowledge and know-how we have amassed through research and development of our Level 3 automated driving technologies, we will further enhance the intelligence of ADAS to increase the percentage of collision patterns covered by our ADAS. In addition, as a company involved in both motorcycle and automobile businesses, we will continue to strengthen our research on safety technologies that enable motorcycles and automobiles to safely coexist.

Technological research will not be the only thing we need to achieve zero traffic collision fatalities. Particularly in emerging countries, there are many collisions that can be prevented through traffic safety education activities and by approaching the issue from the perspective of infrastructure and government policies. These are also the areas Honda will focus on. By leveraging the strengths of Honda, we will continue to lead the way in realizing a collision-free society from the standpoints of both hardware and software.

Initiative for a collision-free society from the standpoints of both hardware and software



Strengthen our research on safety technologies which enable safe coexistence of motorcycles and automobiles



Educational and awareness-building activities and approaching safety from legislative aspects

Message from the President and CEO

Research & Development Initiatives and Preparation for the Future

In order for Honda to keep making progress in its environmental and safety initiatives, it is essential to invest aggressively in the area of research and development. Therefore, Honda will invest a total of approximately 5 trillion yen as R&D expenses over the next six years. In the field of R&D, since the development structure of digital technologies still needs to be strengthened, we will give consideration to necessary measures, including alliances. As building a strong value chain from the perspective of electrification requires proactive measures, we will make investments while carefully examining the future potential. In order to make such investments possible, we will continue to carry out selection and concentration in our existing businesses.

Currently, Honda R&D Co., Ltd. is focusing on the research of advanced technologies aimed at realizing a zero environmental impact society and a collision-free society. Also, we are making progress with research on technologies which will expand mobility into the 3rd and 4th dimensions, into the skies, the ocean, outer space and the area of robotics.

I believe that the unique characteristics of Honda are represented by the value we derive by thinking through the very essence of things and our originality. We value people's dreams and continue taking on challenges toward ambitious targets. In doing so, we want to be a company that will always pursue the very essence of things and originality.

To continue to be "a company that society wants to exist" by facing squarely with the environmental and safety challenges, we will establish a business structure which has resilience against changes in our business environment and speedily implement large-scale action plans. We will continue to work aggressively, while always asking ourselves what it means to maintain the unique characteristics of Honda, which is to pursue the very essence of things and to be original.

My hope is to hear people saying, "We are glad Honda exists" or "Honda will definitely do it." To continue to be "a company that society wants to exist," Honda will keep on taking on challenges.



Toshihiro Miike

Director, President and Representative Executive Officer
Chief Executive Officer

Honda Philosophy

Honda Philosophy

The Honda Philosophy, imbued in the Company by its founders Soichiro Honda and Takeo Fujisawa, comprises Fundamental Beliefs (Respect for the Individual and The Three Joys), the Company Principle and Management Policies. The Philosophy forms the values shared by all Honda Group companies and all of their associates. It is the basis for Honda's corporate activities and associates' behavior and decision-making.

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

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

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

3 philosophy



Fundamental Beliefs

Respect for the Individual

Initiative

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

Equality

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

Trust

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

The Three Joys

The joy of buying

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

The joy of selling

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

The joy of creating

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

Company Principle

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

Management Policies

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



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Overview of Honda

Business Domains

Principal Businesses Segments

Motorcycles

Motorcycles represent the origin of both Honda's "*mono-zukuri* (the art of manufacturing)" and business. Under the philosophy of "building products close to the customer," Honda has practiced *mono-zukuri* rooted in each country and region and has delivered a cumulative total of more than 400 million motorcycles to customers. In 2020, annual sales amounted to approximately 15 million units across the world in spite of the impact of COVID-19.

Since fall 2020, Honda has been selling the Rebel 1100 large cruiser model that offers the joy of mobility and a fun riding experience in the United States, Europe, Japan and Asia.

As a way to respond to the growing global concerns about environmental issues, Honda has also expanded its lineup of Honda e: business-use motorcycles and now sells, in addition to the existing Benly e: series of electric motorized scooters, the Gyro e: series and Gyro Canopy e: series. In this way, Honda remains committed to meeting the expectations of customers worldwide and opening up new frontiers for the motorcycle market, thus becoming a driving force in the global motorcycle industry.



Rebel 1100 DCT



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

Automobiles

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

Honda has been working to realize carbon neutrality by 2050 and has already released the Honda e electric vehicle, designed for a society that is connected via energy. Recent initiatives include the commencement on a global scale of the sales of the electric versions of the City and HR-V (Vezel in Japan) models equipped with a two-motor hybrid system.

Additionally, Honda has been actively engaged in research and developing automated driving technologies to improve the performance of its Honda Sensing, a safety and driver-assistance system, as part of its ongoing efforts to promote the evolution of safety technologies. Under these efforts, Honda has released the Legend equipped with a Level 3 automated driving system.



Honda e electric vehicle



New Legend model

Overview of Honda

Business Domains

Life Creation

As part of its Power Products Business, Honda has provided a diverse range of items, including general-purpose engines, tillers, generators, snow throwers, lawnmowers, pumps and outboard engines. Cumulative global production of power products reached 150 million units in September 2019, and to date customers in more than 50 countries have selected Honda's products.

Recently, Honda launched mass production of a professional-use, electrified power unit offering the same levels of reliability and installation compatibility as the GX series of engines, which are regarded as the world standard power source for various types of commercial-grade work equipment. For general customers, Honda now offers a cordless lawnmower and has been rapidly expanding its lineup of electrified products that are easier to use, quiet to operate and environmentally friendly.

In April 2019, Honda changed the name of the Power Products Business to the Life Creation Business, to expand its domain to include portable batteries and other new businesses for the future.

Aircraft and Aircraft Engines

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

The HondaJet is noteworthy for its main wing airfoil and fuselage nose shape, which features Honda's original Natural Laminar Flow (NLF) to reduce aerodynamic drag, as well as its revolutionary Over-The-Wing Engine Mount (OTWEM) design. The HondaJet fitted with a production version of the HF120 engine reached the market in 2015, followed by the release of the HondaJet Elite with upgraded performance in 2018.

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

*Survey by the General Aviation Manufacturers Association (GAMA)



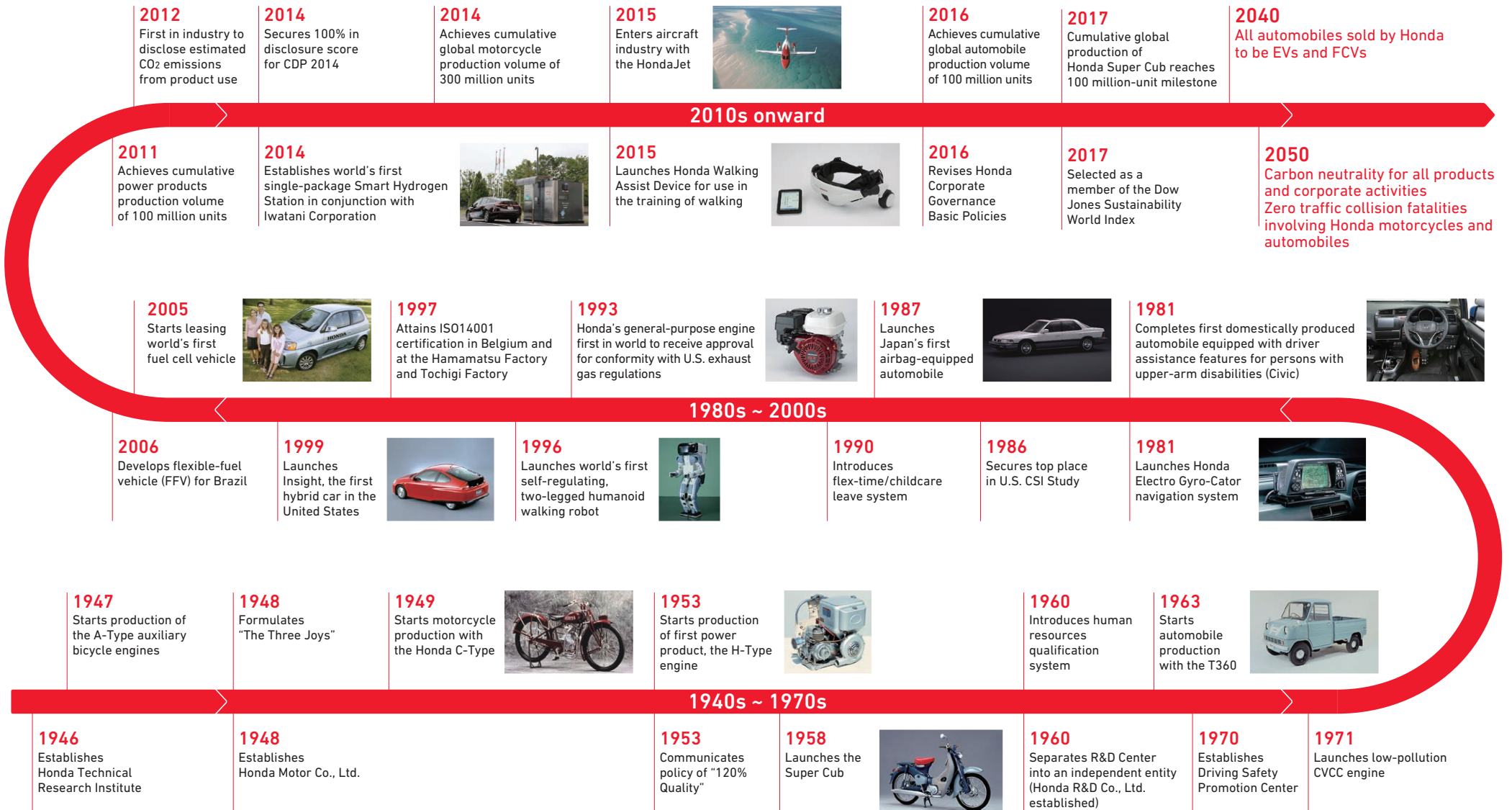
HondaJet Elite



HF120 turboprop engine

Overview of Honda

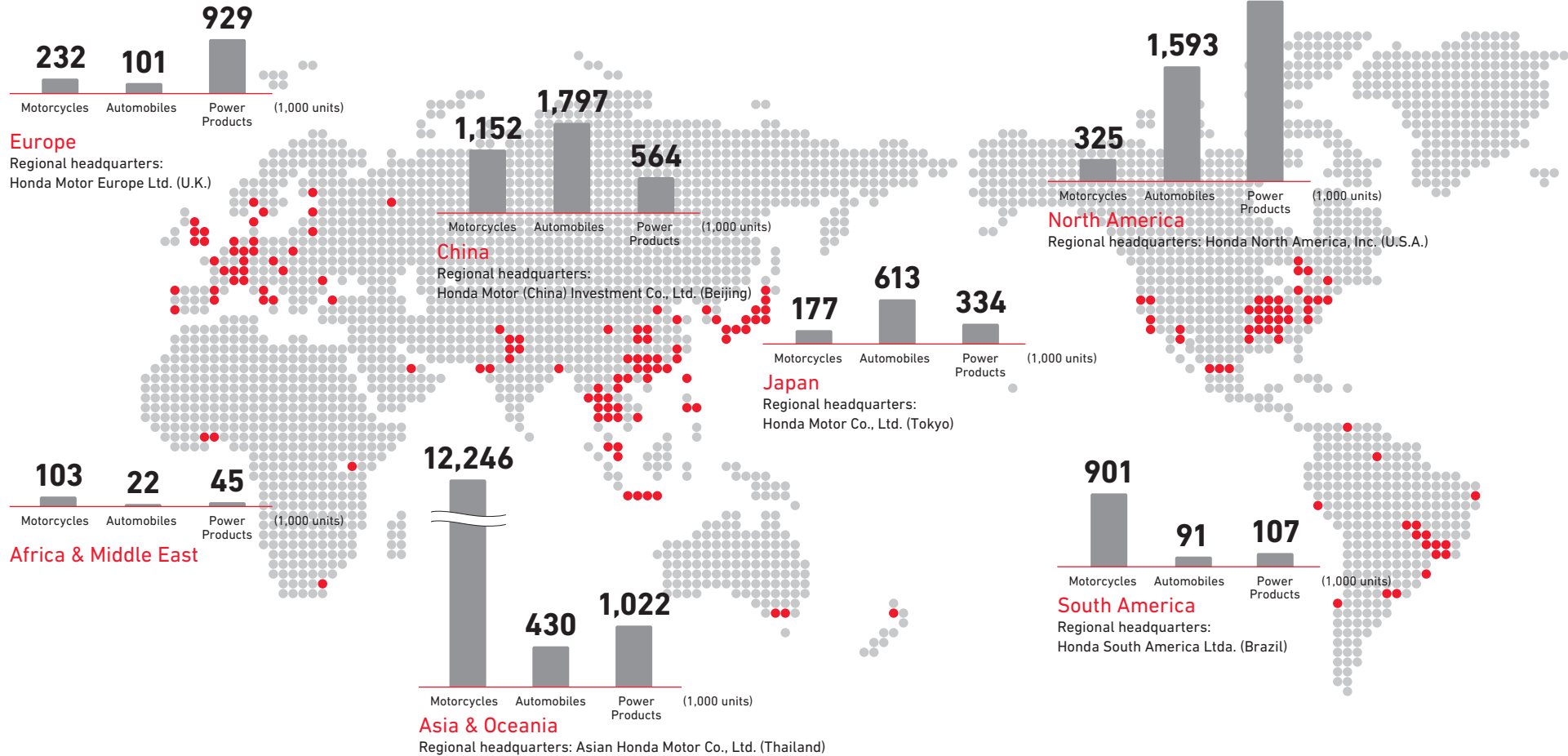
Value Creation History



Overview of Honda

Unit Sales and Principal Operation Bases

Joy of mobility to **25.4 million** people transcending national borders



Company name: Honda Motor Co., Ltd.

Established: September 1948

Director, President and Representative Executive Officer Toshihiro Mibe

Capital: 86,067 million yen (as of March 31, 2021)

• The graphs show unit sales (retail) of motorcycles, automobiles and power products (in units of 1,000) for FY2021. (April 2020 to March 2021).
The symbol ● represents the approximate locations of Honda Group companies.

Overview of Honda

Matrix Management System

Organizational Operating System

Honda employs a matrix management system. In this matrix, the vertical axis represents the organizations for each region, while the horizontal axis denotes individual businesses.

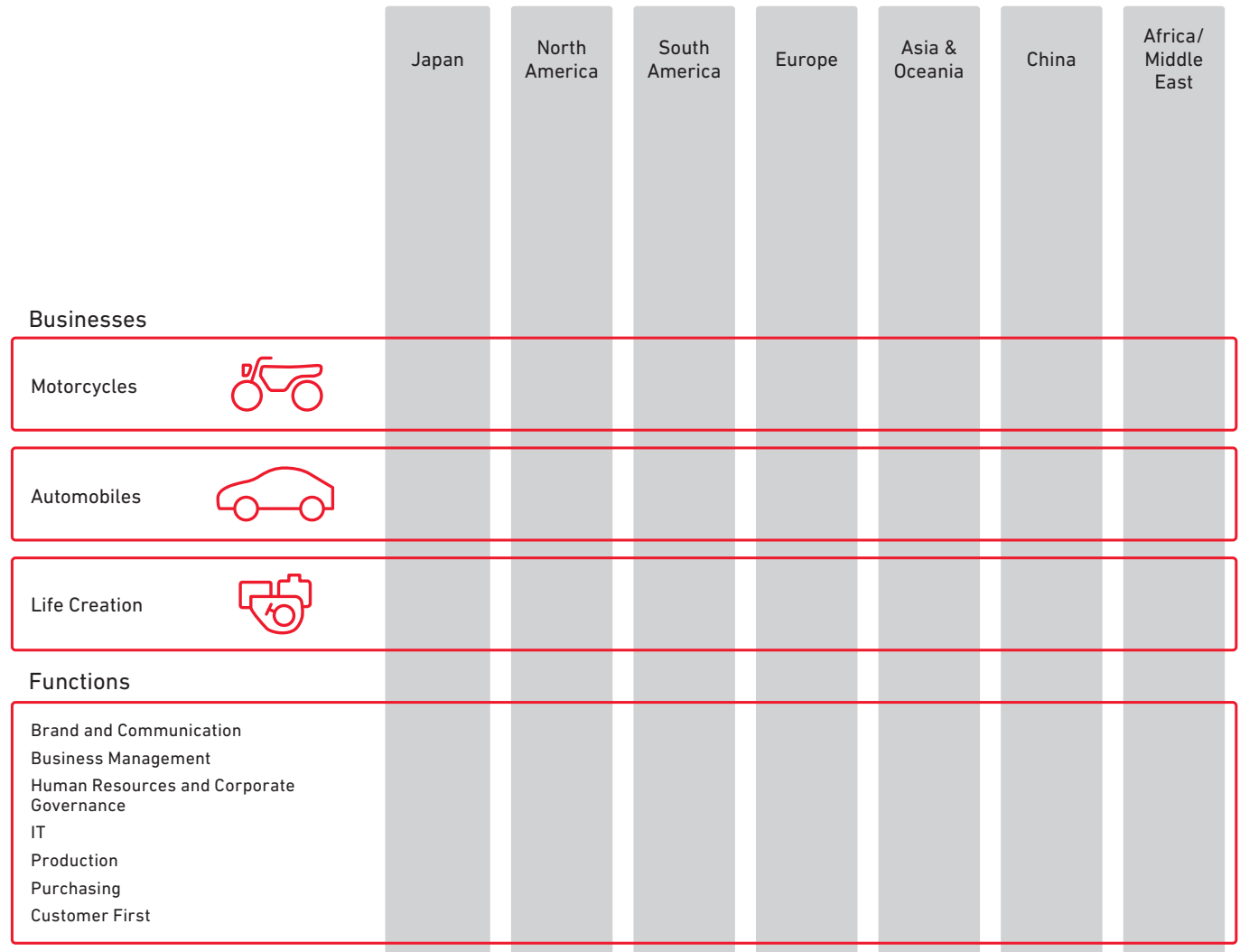
On the vertical axis are organizations in Japan and six overseas regions (North America, South America, Europe, Asia & Oceania, China and Africa/Middle East). Based on Honda's Fundamental Beliefs, these organizations engage in business grounded in each region from a long-term perspective.

On the horizontal axis are the business domains of the Automobile Business and Motorcycle Business, as well as the Life Creation Business, which includes power products. Each organization develops medium-to-long-term plans for its respective products and works closely with regions to optimize and facilitate global business operations.

Also on the horizontal axis are the Company's Functional Operations — Brand and Communication, Business Management, Human Resources and Corporate Governance, IT, Production, Purchasing and Customer First. Each of these functional operations supports and coordinates efforts to increase the effectiveness and efficiency of the Honda Group as a whole.

In addition, R&D activities targeting products and technologies with new value, as well as products in the Life Creation Business, are conducted mainly by Honda R&D Co., Ltd., which is an independent subsidiary of the Company, and its subsidiaries. Honda aims to use cutting-edge technology to create new value that is distinctive and internationally competitive.

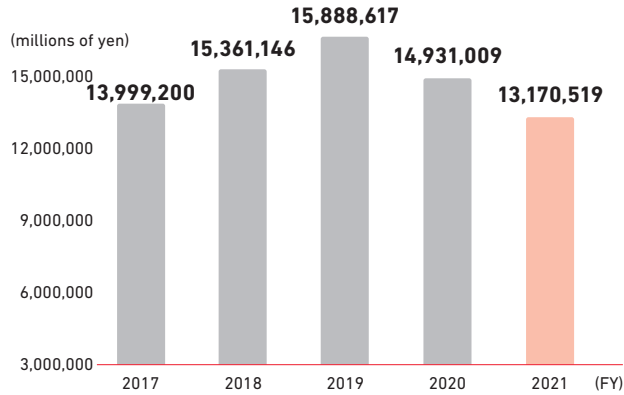
Regions



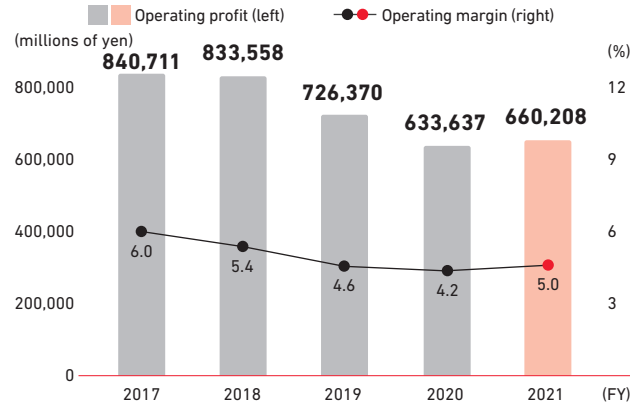
Overview of Honda

Financial Highlights

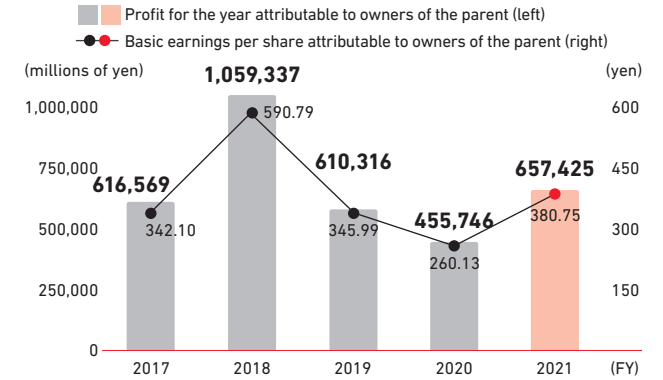
Sales revenue



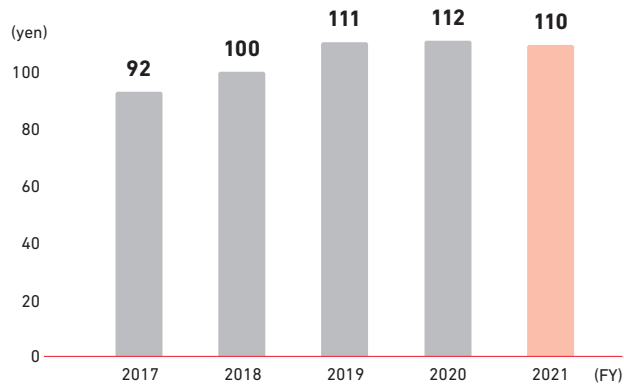
Operating profit/Operating margin



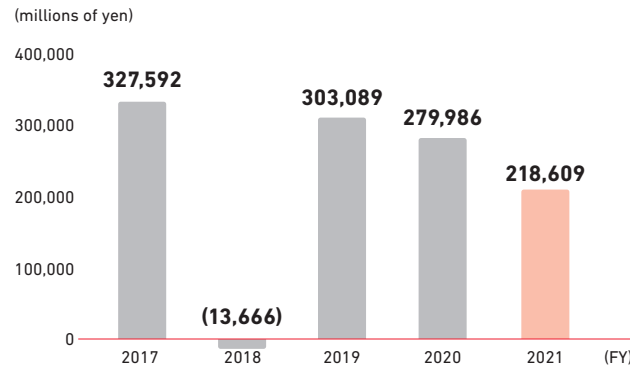
Profit for the year attributable to owners of the parent/
Basic earnings per share attributable to owners of the parent



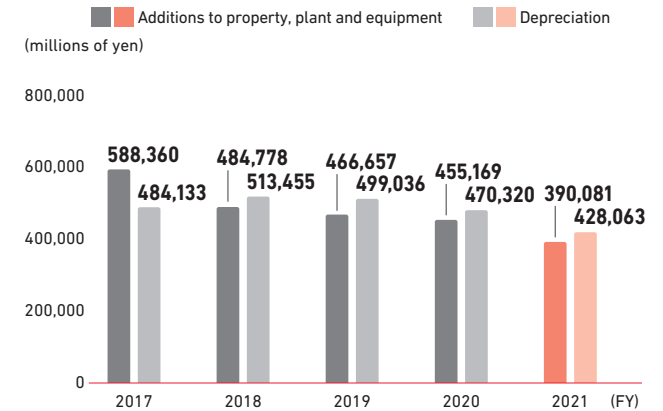
Dividend per share



Income tax expense



Additions to property, plant and equipment/Depreciation



5 Strategy

Material Issues

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



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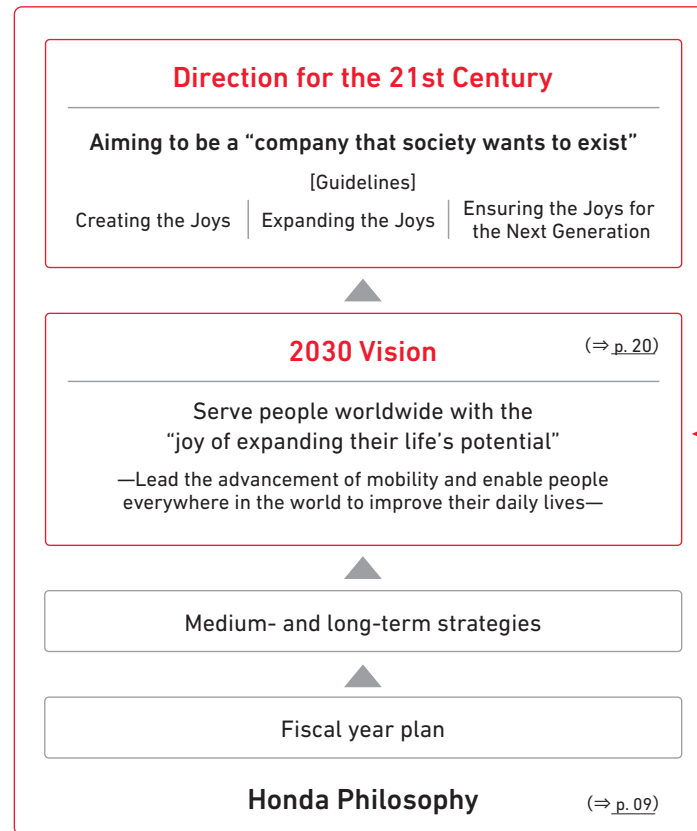
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Honda's Sustainability

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

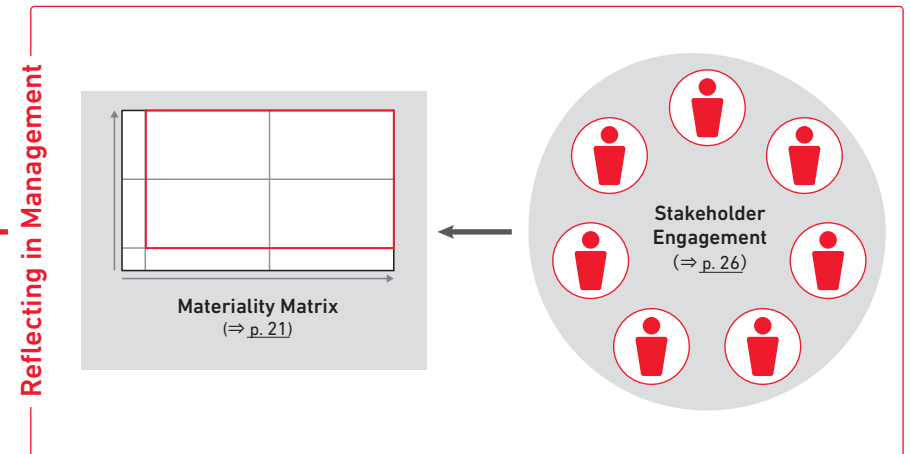
To achieve both the creation of growth opportunities for the Company and a sustainable society, Honda has set striving to be "a company that society wants to exist" as its direction for the 21st century. It is also advancing initiatives known as "Creating the Joys," "Expanding the Joys" and "Ensuring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



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

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

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



5 Strategy

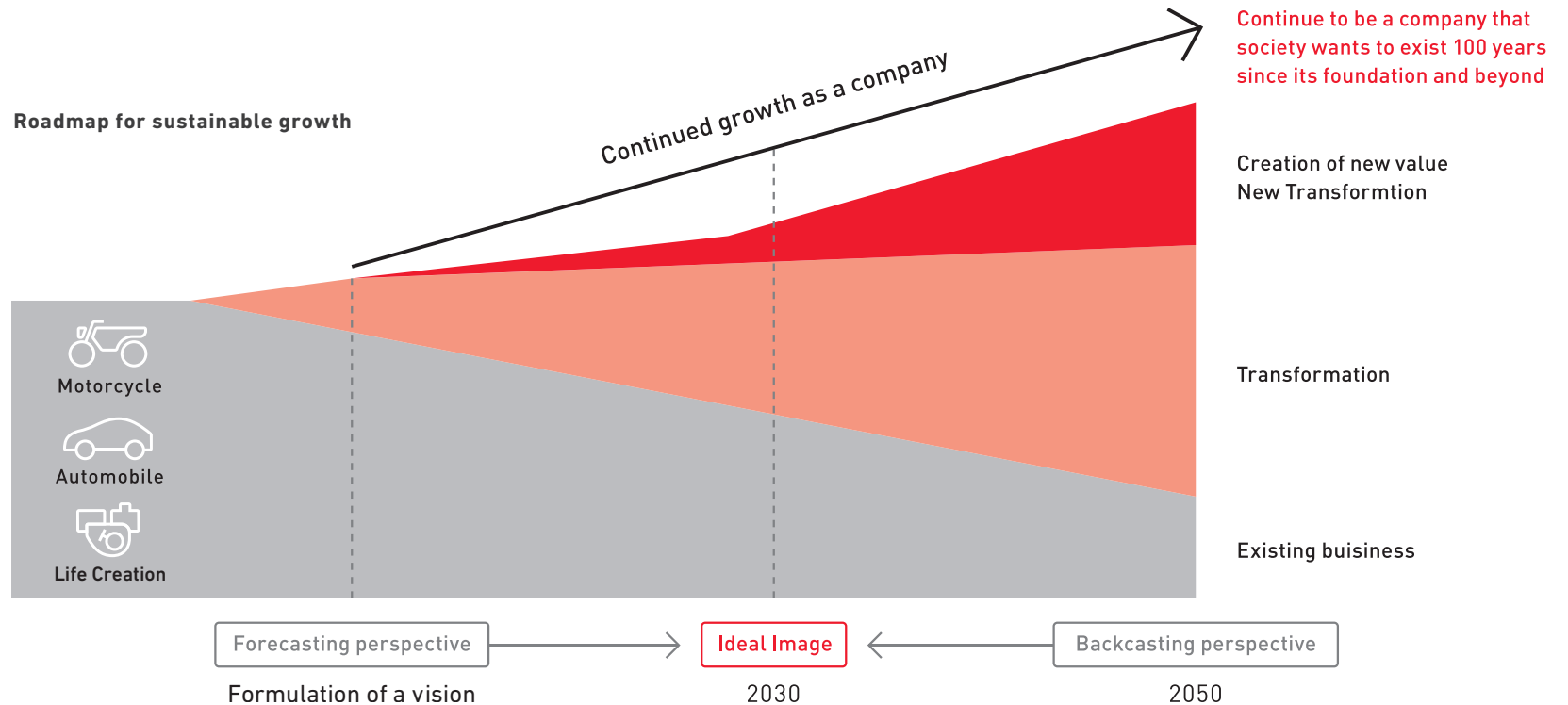
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Roadmap for Sustainable Growth

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

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

In producing the Vision, Honda examined long-term changes in the operating environment from two perspectives: forecasting, or looking ahead to the future from the present point in time, and backcasting, or looking back from 2050 to the present. As the Company continues operating existing businesses, how is it going to transform and evolve the value of existing businesses in step with the rapidly changing expectations of society and the needs of Honda customers? Moreover, how is Honda going to create unprecedented new value in the motorcycle, automobile and life creation businesses, as well as in new areas beyond the framework of its existing operations? To produce a vision that will enable sustainable growth over the long term, Honda has examined the direction of the transformation of its businesses toward 2030 from the three perspectives of "Current, Transformation and New."



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2030 Vision

The 2030 Vision formulated by Honda is expressed in the statement, "Serve people worldwide with the 'joy of expanding their life's potential'—Lead the advancement of mobility and enable people everywhere in the world to improve their daily lives—." To embody this Vision, the Company set the direction of its specific initiatives from three perspectives as action guidelines for the 21st century: "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation."

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

From the second perspective of "Expanding the Joys," Honda will strive to "accommodate the different characteristics of people and society." In this area, the Company will seek to further expand joy by offering products and services that are optimized for all people reflecting different cultures and values and diverse societies, irrespective of

whether they are in developed or developing nations.

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

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

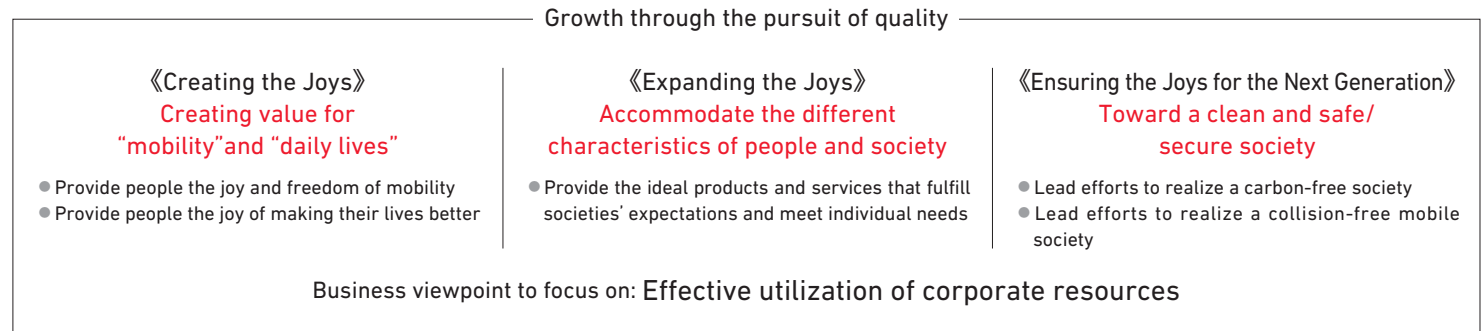
To realize this Vision, the Company will make effective use of limited corporate resources to transform and evolve existing businesses and create new value.



2030 Vision

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

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



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Materiality Analysis

Evaluation of Issues from the Stakeholders' Perspective

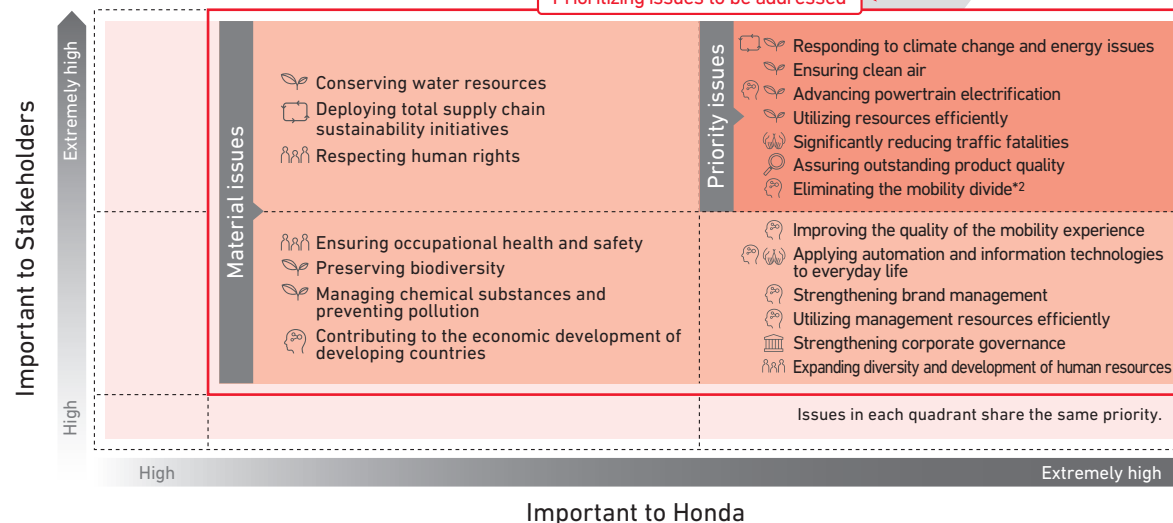
Toward achieving our long-term vision which is based on the Honda Philosophy, key issues to be addressed are identified and prioritized from our perspective and from the viewpoint of our stakeholders. The materiality matrix provides the essential framework for organizing these issues. By creating and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

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

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

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

Materiality matrix



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

Strategy (⇒p. 17)
Governance (⇒p. 32)
Environment (⇒p. 51)
Safety (⇒p. 77)
Quality (⇒p. 93)
Human Resources (⇒p. 109)
Supply Chain (⇒p. 133)

Initiatives toward each critical issue are explained in each part.

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Honda's Initiatives and the SDGs

Contributing to the Achievement of the SDGs

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

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

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

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

In accordance with the material issues for the realization of the 2030 Vision (⇒ p. 21), Honda will contribute to the achievement of the SDGs through its corporate activities.

SUSTAINABLE DEVELOPMENT GOALS



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Honda's Initiatives and the SDGs

Honda's Initiatives

Common Efforts of Honda's Corporate Activities

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

Initiatives by priority issue

Priority issues	Honda's initiatives		SDGs supported by Honda
Responding to climate change and energy issues	Environmental Initiatives: Striving for Zero Environmental Impact (⇒ p.05) Dealing with Climate Change and Energy Issues (⇒ p.56) Logistics initiatives (⇒ p.140) Reducing environmental impact at suppliers' sites (⇒ p.141)	With a view to leading the way in realizing a carbon-free society, Honda undertakes corporate activities while giving consideration to everything from the purchase of raw materials to end use of its products. Honda believes its measures against climate change, including vehicle electrification and the use of portable batteries and hydrogen energy, will lead to stabilizing food production, ensuring energy supply and facilitating the creation of more comfortable communities.	
Advancing powertrain electrification	Electrifying motorcycles and automobiles and promoting fuel cell vehicles (⇒ p.06) Product electrification (⇒ p.57)		
Preservation of Clean Air	Preservation of Clean Air (⇒ p.66)	Honda is pushing ahead with the preservation of clean air and water resources by developing technologies to clean exhaust emissions from product usage and reducing the amount of harmful substances in exhaust air and wastewater from production processes.	
Utilizing resources efficiently	Efficient utilization of resources (⇒ p.59)	Honda is cooperating and collaborating with both internal and external stakeholders to realize zero risk in relation to resources and waste generated during the stages spanning from resource procurement to product disposal. From the standpoint of resource circulation, Honda strives to offer products that fully contribute to the environment and reduce waste.	
Significantly reducing traffic fatalities	Aiming for Zero Traffic Collision Fatalities (⇒ p.07) Toward a collision-free mobile society (⇒ p.78)	Under its global safety slogan, "Safety for Everyone," Honda aims to realize a collision-free society in terms of hardware and software through the development and spread of safety technologies for automobiles, such as the Honda Sensing advanced safety and driver-assistance system while engaging in worldwide initiatives to provide education on traffic safety including motorcycles.	
Eliminating the mobility divide	Business Domains (⇒ p.11, 12) Value Creation History (⇒ p.13) Honda's Sustainability (⇒ p.18)	Honda seeks to provide more options of mobility to reduce the gap in social participation. As such, the Company is supporting the expansion of opportunities and venues for persons with disabilities to be active by providing welfare vehicles. Looking ahead, Honda will provide a sustainable means of mobility through its technologies and services and help resolve social issues through business activities while leveraging its unique strengths in having a broad range of businesses and products, including motorcycles, automobiles and life creation products.	

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Honda's Initiatives and the SDGs

Initiatives by material issue

Material issues	Honda's initiatives		SDGs supported by Honda
Conserving water resources	Conserving water resources (⇒ p. 67)	Honda contributes to the conservation of precious freshwater by thoroughly managing the amount of water intake and quality of wastewater at its plants and by installing equipment capable of 100% water recycling and reuse. Honda also manages a water conservation fund in North America, which supports the improvement and preservation of coastal areas for future generations.	
Deploying total supply chain sustainability initiatives	Strengthening supply chain sustainability (⇒ p. 134) Reducing environmental impact at suppliers' sites (⇒ p. 141)	Together with suppliers around the world, Honda is making efforts throughout the supply chain to realize a sustainable society while taking into account the environment, safety, human rights, compliance and social responsibilities. In doing so, Honda has formulated the Honda Green Purchasing Guidelines and Honda Supplier Sustainability Guidelines and has been confirming adherence based on these guidelines. Honda has initiated an ESG survey on suppliers having significant influences on the Company and will expand application of the survey in collaboration with overseas purchasing sites.	
Respecting human rights	Human rights (⇒ p. 113) Initiatives related to diversity (⇒ p. 116)	Honda upholds the idea of "Respect for the Individual" in the Honda Philosophy and includes "Respect of Human Rights" in the Honda Code of Conduct to show its policy to "maintain its stance as a company committed to practicing fairness and sincerity and respecting human rights." In its company-wide risk management activities, Honda also regards human rights as an important risk and manages it accordingly.	
Utilizing management resources efficiently	Roadmap for sustainable growth (⇒ p. 19)	Understanding opportunities and responsibilities in the value chain is essential in identifying, among a number of social issues, Honda's priority issues in management. Honda aims to create new value by considering how to transform and evolve the value of existing businesses in step with the rapidly changing social expectations and customer needs from the two perspectives of forecasting and backcasting.	
Strengthening governance	Corporate governance (⇒ p. 33)	Honda seeks sustainable growth and the enhancement of corporate value over the medium to long term and to be "a company that society wants to exist." Honda strives to enhance corporate governance as one of the most important tasks for its management. At the same time, it will continue to work for ensuring the transparency of its management through appropriate disclosure of corporate information to further bolster trust and appreciation from society.	
Expanding diversity and the development of human resources	Diversification aimed at leveraging total workforce strength (⇒ p. 114) An approach based on on-the-job training (⇒ p. 114) Initiatives related to diversity (⇒ p. 116)	Honda respects individual differences and encourages the integration of these individualities. While positioning workforce diversification as a company-wide priority task, Honda is working to expand women's participation, promote an understanding and acceptance of LGBT persons, increase opportunities for experienced associates and expand employment of people with disabilities. Also, Honda carries out personnel education based on on-the-job training (OJT) and ensures to assign associates to the most suitable positions by setting up the Global Job Grade System.	
Ensuring occupational health and safety	Occupational safety and health (⇒ p. 124)	Honda has been seeking to realize a work environment which brings the joy that all people can work with a true sense of security under this principle. At Honda, the Health and Safety Audit Committee performs health and safety audits throughout the Company by using an Occupational Safety and Health Management System (OSHMS).	
Preserving biodiversity	Preserving biodiversity (⇒ p. 68)	Honda believes that minimizing the environmental impact resulting from its products and corporate activities represents its greatest contribution to biodiversity conservation. Accordingly, Honda has specified the priorities in the Honda Biodiversity Guidelines, including the development of environmental technology, initiatives based on corporate activities and initiatives for living in harmony with local communities. The Company has been proactively promoting them.	
Managing chemical substances and preventing pollution	Management and reduction of chemical substances (⇒ p. 68)	Honda manages and works to reduce chemical substances contained in automotive components from the product design and development stages. Relevant information is tabulated and managed throughout the supply chain via a system to collect information on materials and chemical substances contained in components. Honda is also making efforts to reduce heavy metals that are considered to have negative impacts on the environment, including water quality.	
Contributing to the economic development of developing countries	2030 Vision (⇒ p. 20)	Under its 2030 Vision, Honda aims to enrich people's lives by providing more efficient means of mobility and greater opportunities for business or learning. In expanding business overseas, Honda has evolved its business model from exporting finished products to local production and then to local development, thereby strengthening production and development functions in emerging countries. Honda aims to contribute to each region through employment and OJT-based education.	

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Sustainability Management Structure

Structure for Deliberating Sustainability Initiatives

In FY2021, Honda established the Corporate Integration Strategy Meeting chaired by the Chief Financial Officer (CFO) and consolidated the Sustainability Strategy Committee, which had been organized as a platform to discuss and assess policy and initiatives related to sustainability activities, into the new Committee.

The aim of this new Committee is to build consensus on the company-wide direction based on recognition of the environment both in and outside Honda as well as material issues that the entire Honda should tackle.

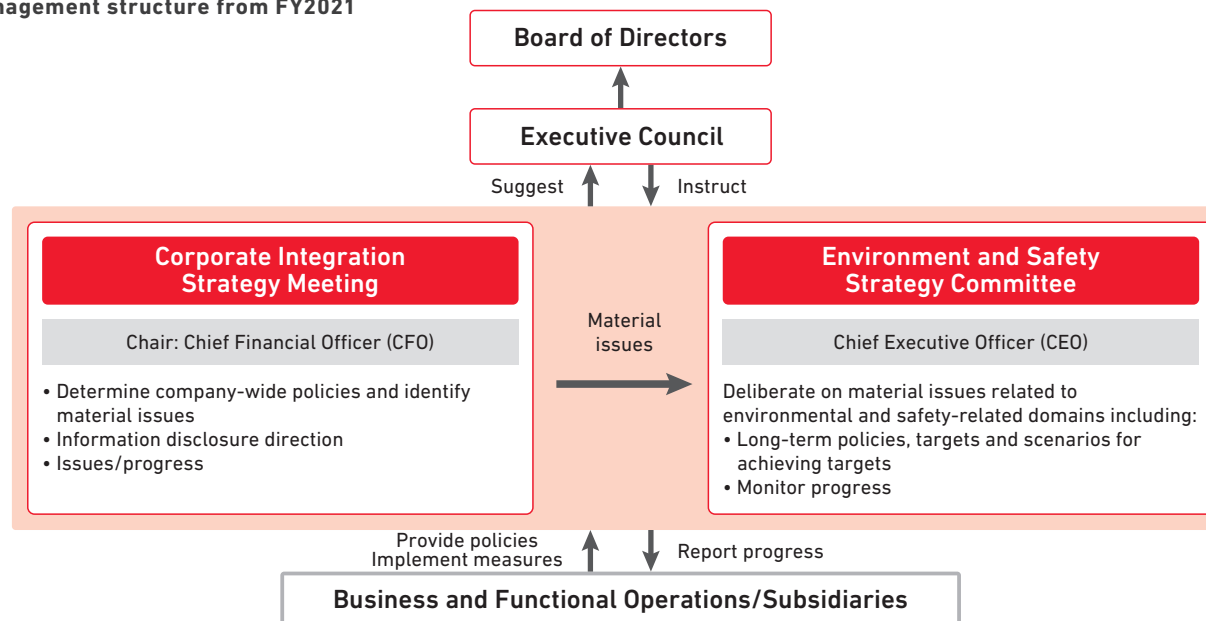
While upholding the vision of the Sustainability Strategy Committee to “increase Honda’s value of existence and receive due recognition from society by showing to the public its entire corporate activities rooted in the Honda Philosophy,” the new Committee will plan company-wide strategies that reflect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

As a step to promote and reinforce efforts in the environmental and safety-related domains, the Company also reexamined how the Committee works with the Environment and Safety Strategy Committee, which is chaired by the Chief Executive Officer (CEO).

In order to align the company-wide direction with environment and safety strategies, the Environment and Safety Strategy Committee serves as an entity to discuss strategies in the environmental and safety-related domains in keeping with material issues specified in the Corporate Integration Strategy Meeting.

Taking into consideration the material issues examined at these committees, Honda determines corporate strategies through the Executive Council and Board of Directors. The Company then breaks them down into policies and measures for business and functional operations and subsidiaries for actual execution.

Sustainability management structure from FY2021



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Stakeholder Engagement

Basic Approach

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

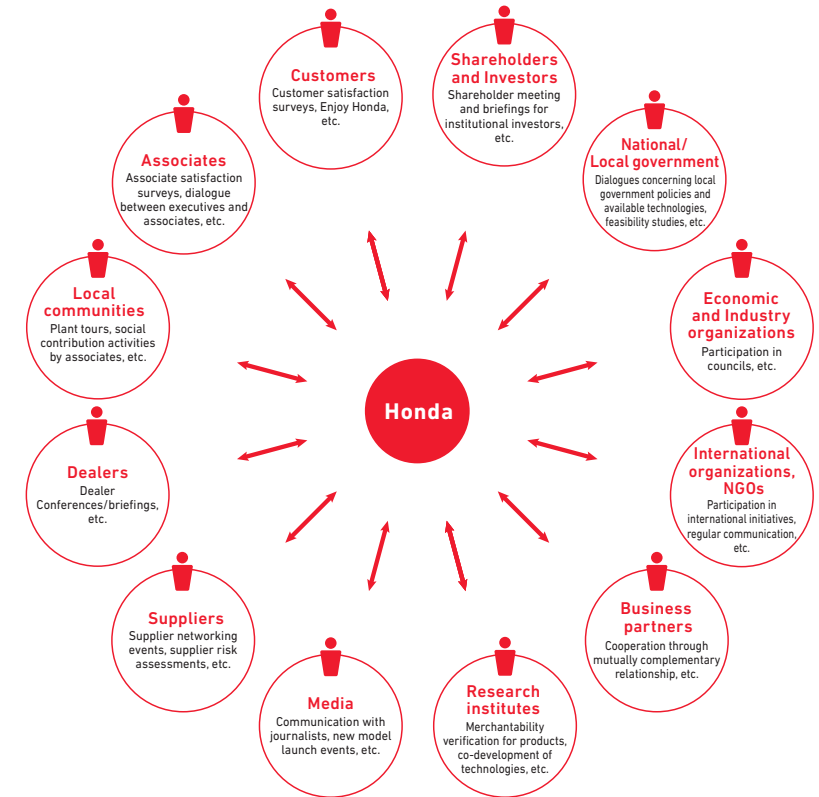
Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that stakeholder dialogue is a beneficial tool that leads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

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

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

In addition, opinions gained from dialogues with leading ESG rating agencies and NGOs are reflected in the Materiality Analysis (⇒ p. 21), which is utilized in identifying issues Honda ought to be addressing.

Stakeholder engagement



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Stakeholder Engagement

Examples of Initiatives in FY2021

Stakeholder	Key means of dialogue	Overview	Frequency	Corresponding items in the materiality matrix	Point of contact	Reference
Customers	Customer satisfaction survey	To ensure customer satisfaction worldwide, we conduct a customer satisfaction survey for customers who have received after-sales service at a dealer around the world and engage in improvement activities to provide high-quality service operations.	Annually	Strengthening brand management	Customer-related divisions	⇒ p. 101
Shareholders and investors	Financial results press conference	We hold press conferences and teleconferences to review our financial results and various initiatives. We use the feedback and requests thus obtained in maximizing our corporate value.	4 times/year		Financial divisions	https://global.honda/investors/
	Individual sessions and conferences	We hold sessions and opinion exchange meetings to explain our financial conditions as well as production, R&D and business strategies. We use the feedback and requests thus obtained in maximizing our corporate value.	Year round			
Suppliers	Suppliers Conferences	We hold periodic conferences to share with suppliers the direction of our business and the substance of our initiatives and to communicate Honda's company-wide policies and purchasing policies. We also present Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDDE*. At the end of a conference, we conduct a questionnaire survey for participants to identify their level of satisfaction and what can be improved for the next event as an effort to further enhance this activity.	Annually	Assuring outstanding product quality Deploying total supply chain sustainability initiatives	Purchasing divisions	⇒ p. 145
	Business plan networking events and meetings to share business status	We share our medium- to long-term management policies, business plans and information on sustainability-related matters (ESG issues, compliance, corporate governance and risk assessment).	Annually			
	ESG inspection for suppliers	We conduct an ESG inspection for key suppliers to prevent compliance violations and reduce environmental impact in accordance with the Honda Supplier Sustainability Guidelines. (⇒ p. 139).	Annually		Deploying total supply chain sustainability initiatives Strengthening corporate governance	
Economic and industry organizations	Participation in activities of industry organizations	We participate in various councils to identify the expectations and demands of society through activities of industrial organizations, create a sustainable business environment and contribute to society.	Year round		Division in charge of government and industry relations, others	
International organizations and NGOs	Participation in international initiatives	We participate in various councils to identify the expectations and demands of society and contribute to society toward the realization of a sustainable society.	Year round		Divisions in charge of sustainability planning, others	
Local communities	Driving safety promotion activities	In 42 countries and regions around the world, we are undertaking such activities as providing driving/riding safety education at motorcycle and automobile dealers and participatory hands-on safety education using driving simulators and actual vehicles on dedicated courses. We are also engaged in the development of driving simulators. In Japan, we collaborate with traffic safety instructors in each prefecture and local community to develop educational programs for both drivers and pedestrians/bicycle users.	Year round	Significantly reducing traffic fatalities	Divisions in charge of promoting driving safety	⇒ p. 81
	Helping persons with disabilities wishing to resume driving	In Japan, we work with driving school instructors and occupational therapists to promote the creation of a local collaboration environment in order to support people wishing to resume driving.	Year round	Eliminating mobility divide		⇒ p. 84
	The Power of Teen	We provided online "sharing dreams" lectures by guests affiliated with Honda, who continue to work hard for their dreams. The lectures were meant to convey the importance of having a dream even during the period of uncertainty caused by the COVID-19 pandemic and help children realize their dreams. With support from other companies and educational experts, we also solicited dream ideas from teenagers, selected winners and held an online "sharing dreams" presentation.		Expanding diversity and the development of human resources	Divisions in charge of promoting social contribution activities	⇒ p. 150
National and local governments	Support activities to prevent the spread of COVID-19	We undertook support activities while examining what Honda can do to prevent the spread of COVID-19 and help resolve issues and problems encountered in various parts of the world in the face of the pandemic.			Divisions in charge of promoting social contribution activities, others	⇒ p. 149
Associates	Associate survey	We conduct an associate survey and measure associate engagement for building a healthier work environment.	Associate survey: once every 3 years Measurement of associate engagement: every year	Expanding diversity and the development of human resources	Human resources divisions	⇒ p. 124

* Quality, cost, delivery, development and environment

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Stakeholder Engagement

Cooperation with External Organizations

To carry out our responsibility as a global mobility company, Honda engages in dialogues with government, economic and industry organizations and also cooperates with external bodies. In Japan, Honda personnel serve as vice chairman, director, committee head and committee member within the Japan Automobile Manufacturers Association; director of the Society of Automotive Engineers of Japan; and vice president of the Tokyo Chamber of Commerce and Industry.

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

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

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Stakeholder Engagement

External Evaluations

Honda Selected to the Dow Jones Sustainability World Index

In November 2020, Honda was selected for the fourth consecutive year as a component of the Dow Jones Sustainability World Index after being ranked within the top four in the global Automobiles sector in the annual review of the Dow Jones Sustainability Indices (DJSI), one of the key benchmarks for socially responsible investing. At the same time, the Company was selected for the sixth consecutive year as a component of the Dow Jones Sustainability Asia/Pacific Index.

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

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

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

Honda won a Silver Class rating in the Automobiles sector of the Sustainability Award 2021 issued by S&P Global Inc. S&P Global evaluates the sustainability of approximately 7,000 companies worldwide in terms of economic, environmental and social criteria. Companies deemed to be particularly outstanding in each sector are rated in categories of Gold Class, Silver Class and Bronze Class each year.

Sustainability Award

Silver Class 2021

S&P Global

Securing an A- Rating in the CDP Japan 500 Climate Change Report 2020

In December 2020, CDP released the results of a survey on climate change initiatives and reduction of GHG emissions for major companies worldwide.

Honda received an A- rating in the CDP Japan 500 Climate Change Report 2020, one of those categories.

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

Please refer to the Environment section of the Performance Report (⇒ p. 51) for the items required by the FSB Task Force on Climate-related Financial Disclosures (TCFD), one of the CDP evaluation indices.

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Research and Development

Basic Approach

In 1960, with a view to creating new value through the cultivation of uncharted domains, Honda spun off the research and development division from Honda Motor Co., Ltd. and established Honda R&D Co., Ltd. as an independent research and development subsidiary. As expressed by the words of Honda's founder Soichiro Honda, "What I am researching is not technology, but rather what people like," Honda's research is not just technologies but also people's values. By doing so, the Company has taken on challenges on the creation of new value.

The operating environments are very different for each of Honda's motorcycle, automobile, life creation, aircraft and other businesses. Meanwhile, the digital revolution is bringing about major changes in social structure that are not limited to a business domain. Amid this modern trend, it is necessary to strengthen the creation of new value for the future and the timely development of highly competitive products in order to "serve people worldwide with the 'joy of expanding their life's potential'" as stated in Honda's 2030 Vision Statement.

Achieving Both Creation of New Value and Development of Timely and Highly Competitive Products

In April 2019, Honda definitively separated two business functions. One is the function to develop timely and highly competitive products with the mission to consistently generate 120% product quality. The other is the function to perform research into technology to create new value from 99% failure. Since then, Honda has been promoting two-tier corporate management to operate these two functions cohesively.

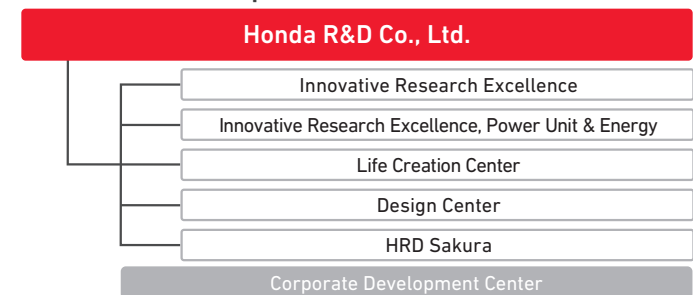
Specifically, the research and development function related to motorcycles was integrated into Honda Motor Co., Ltd. in April 2019. One year later in April 2020, the research and development function related to automobiles was also integrated into the Company. In this way, Honda revamped its structure and integrated the development, sales, manufacturing and purchasing functions to further reinforce its capability to develop products in a timely manner.

Following that, Honda R&D was reorganized into the Innovative Research Excellence center, Innovative Research Excellence – Power

Unit & Energy center, the Life Creation Center and the Design Center. The Innovative Research Excellence center was established in 2019 as a facility dedicated to innovative mobility technologies for the future and the creation of advanced technologies. The Innovative Research Excellence – Power Unit & Energy center brings together the experts of the power unit and environmental energy fields, which represent the strengths of Honda and serve as a source of its competitive edge beyond product boundaries. The Life Creation Center creates new value in people's daily lives, while the Design Center is tasked with delivering brand messages transcending product boundaries in the form of consistent designs, which are the origin of Honda's value creation. Under this structure, Honda R&D will engage not only in basic and applied research on and the development of innovative technologies that differentiate Honda's products but also in research and development of new value products in such fields as mobility and robotics. In this way, the center will serve as a driving force of Honda to lead the creation of new value for the future.

Since its establishment, Honda R&D has operated while continuing to transform based on the unchanging concept of creating technologies that help people. The aforementioned operational changes toward the realization of the 2030 Vision will serve to heighten the ability to create new value and technologies and develop new products. In response to the great waves of change in the times, Honda is collaborating with external technological and business partners. Concurrently, it is engaging in research and development to deliver joyful and fulfilling mobility and daily life as well as a clean and safe/secure society through value-added products and services for people.

Research and Development Structure



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Innovation Management

Honda R&D Co., Ltd., a research and development subsidiary of Honda, established Honda Research Institute (HRI) in 2003. The purpose of the institute is to evolve cutting-edge intelligence research, which explores the fields of brain research and visual/aural recognition in addition to traditional mechanical engineering. With bases in Frankfurt in Germany, Silicon Valley and Columbus in the United States and Wako City in Saitama Prefecture, Japan, HRI has been working on various research projects while establishing a global network of researchers in the areas of advanced sciences.

Honda R&D Innovations, Inc., a subsidiary of Honda R&D in Silicon Valley, has been promoting Honda Xcelerator, a program to create transformative products and services through open innovation, since 2015 primarily in Silicon Valley but also in Israel, Europe, China, Japan and other areas. Honda Xcelerator helps startups with innovative ideas through funding, access to a collaborative workspace, test vehicles and support from Honda mentors. Focus areas of development for the program include personal mobility, automated vehicles, artificial intelligence, smart materials, robotics, energy, human machine interface and production technology. Honda aims to revolutionize mobility and energy management through co-creation.

Through Honda Xcelerator, Honda R&D had built strategic win-win relationships with startups around the world and engaged in the research and development of products and services for the future using new technologies and business models. In April 2020, Honda R&D's function related to the program was integrated into Honda's Business Development Division in the Corporate Planning Supervisory Unit in order to accelerate efforts to ready products and services developed under the program for commercialization.

In addition, Honda established Honda R&D Innovation Lab Tokyo in February 2017 in Akasaka, Tokyo. This facility is meant to serve as a venue for co-creation in collaboration with external experts and other research institutes in order to accelerate the research and development of intelligence technologies in Japan.

The R&D Center X established in April 2017 has also been undertaking research on robotics, cooperative intelligence (CI) and energy management. In April 2019, the center and the Power Products R&D Center, which has abundant experience in product development, were combined and have since then engaged in operations as the Life Creation Center to apply intelligence technologies to existing power products and realize the creation of new value. In April 2020, the Life Creation Center transferred its function related to the development of power units to the newly established Innovative Research Excellence – Power Unit & Energy center. In addition, two new

units were established in the Life Creation Center: the Assembled Products Development Unit for creating a future for people's daily lives and the Marine Development Unit engaging in the development of marine products, which will constitute a new pillar of Honda's business.

6 Governance



Material Issues

– Strengthening corporate governance

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Corporate Governance

Basic Approach

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

In order to clearly segregate the supervisory function and execution function of management and to strengthen the supervisory function and to enable prompt and flexible decisions, Honda has “Nominating Committee”, “Audit Committee”, and “Compensation Committee”, which each are composed of more than one half of Outside Directors, and has adopted a company with three committees structure which allows broad delegation of the business execution authority from Board of Directors to the Executive Officers.

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

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

WEB

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

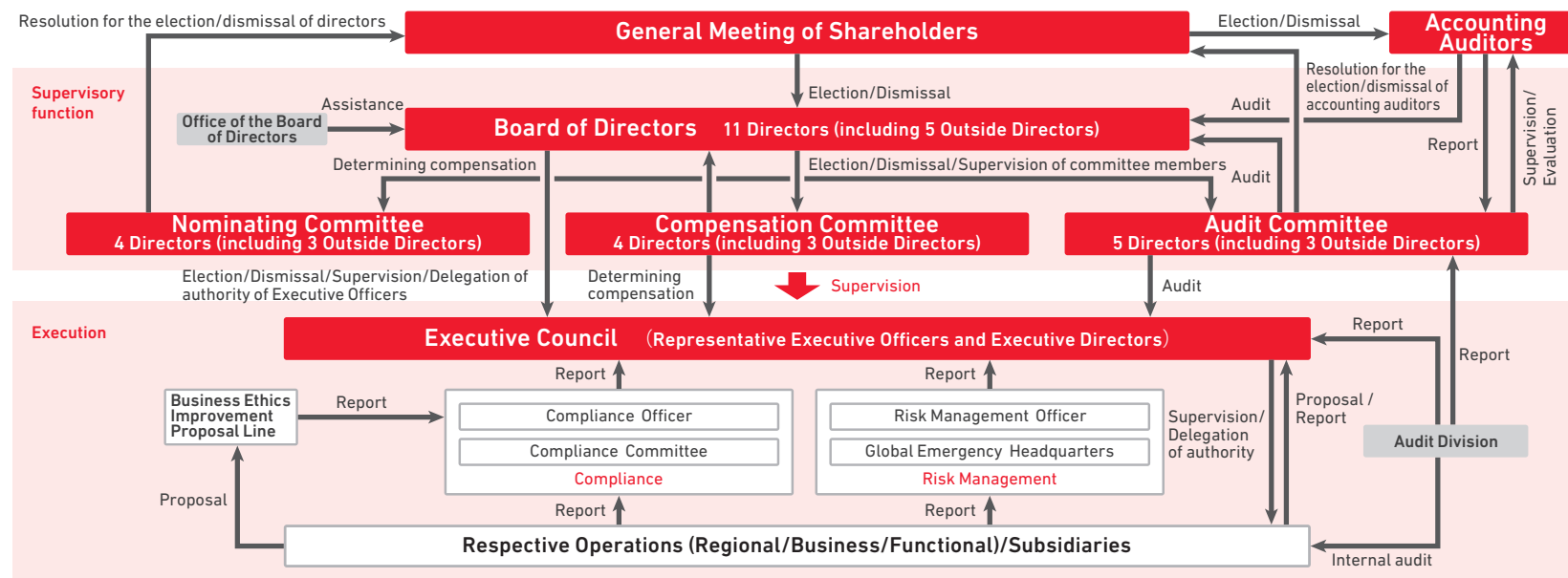
> <https://global.honda/investors/policy/governance.html>

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Overview of corporate governance

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Corporate governance structure (as of June 23, 2021)



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Corporate Governance

Corporate Governance

Executive Decision-Making Process

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

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

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

Board of Directors

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

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

In order to fulfill the above roles, the candidates for Directors shall be

persons of superior character and insight who have high expertise in company management, law, politics, accounting, education, or the Company’s business. The Nominating Committee shall consider the balance of gender, nationality, knowledge and experience in each field for nomination.

Nominating Committee, Audit Committee, and Compensation Committee

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

①Nominating Committee

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

Nominating Committee Members (as of June 23, 2021)

Fumiya Kokubu (Chairperson) (Outside Director)

Toshihiro Mibe

Kunihiko Sakai (Outside Director)

Kazuhiro Higashi (Outside Director)

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② Audit Committee

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

Audit Committee Members (as of June 23, 2021)

Yoichiro Ogawa (Chairperson) (Outside Director)

Asako Suzuki (Full-time Audit Committee Member)

Masafumi Suzuki (Full-time Audit Committee Member)

Kunihiko Sakai (Outside Director)

Ryoko Nagata (Outside Director)

Each member of Audit Committee audits the execution of duties by Directors and Executive Officers in accordance with the auditing criteria for the Audit Committee, auditing policies and division of duties, etc., as determined by the Audit Committee. The audit is carried out through attendance at important meetings, examination of status of management/ company assets and other activities.

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

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

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

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

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

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Status of the meetings of the Audit and Supervisory Committee

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③ Compensation Committee

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

Compensation Committee Members (as of June 23, 2021)

Kazuhiro Higashi (Chairperson) (Outside Director)

Seiji Kuraishi

Fumiya Kokubu (Outside Director)

Yoichiro Ogawa (Outside Director)

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Corporate Governance

Evaluation of Effectiveness of the Board of Directors

For each fiscal year, the Company's Board of Directors carries out an evaluation of the Board as a whole for the purpose of checking the current state of its operational capabilities, subsequently, to enhance effectiveness.

As same as the previous fiscal year, a self-evaluation was conducted by the Company for 2020. Based on the results of a questionnaire and interviews conducted with the Directors, the self-evaluation was deliberated and resolved at the Board of Directors. The self-evaluation questionnaire was prepared under the supervision of outside attorneys. The interviews and the compilation of the results were carried out by outside attorneys as well.

The Board of Directors shared the view that effectiveness of the Board is further ensured by appropriate constitution of the Board of Directors and enhancing the discussions about mid- to long-term strategic themes. Further, they also shared the understanding of the needs to provide useful information about issues and management strategies in considerably changing business environment and to have more thorough discussions over the management policies from mid- to long-term perspective to further enhance monitoring capabilities of the Board of Directors.

The Company will further enhance effectiveness as monitoring-type Board of Directors by provision of sufficient information about issues in considerably changing business environment and adaptive business strategy, and having thorough discussion over the management policies from mid- to long-term perspective.

<Directions of major efforts>

1. Sufficient discussion over expertise and diversity of the members of the Board of Directors
2. Provision of sufficient information in advance and effective explanation on the day of the meeting for Outside Directors, to enhance quality of deliberation in the Board meeting
3. Provision of information about the matters of interest in business for Outside Directors, and to facilitate conversation and discussion among Outside directors and between them and the executives.

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Status of the meetings of the Board of Directors

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Outside Directors

Honda appoints Outside Directors who have abundant experience and deep insight, and who are capable of overseeing the entire business management of the Company from an objective, highly sophisticated and broader viewpoint based on the standpoint independent from the Company. The Company shall have at least two Outside Directors, and at least one third of the members of the Board of Directors shall be Independent Directors who fulfill the Company's Criteria for Independence of Outside Directors. All five Outside Directors currently in office satisfy the Criteria for Independence of Outside Directors and their interests are not in conflict with those of the Company nor the shareholders. The five Outside Directors are specified as Independent Directors as prescribed in a provision of the Tokyo Stock Exchange (TSE); the names of those persons have been submitted to the TSE.

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

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

WEB

"Honda Corporate Governance Basic Policies"

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

Support Systems for Outside Directors

Honda provides necessary support to Outside Directors through the Board of Directors Office in a timely manner.

Materials on the Board of Directors' agenda are distributed and explained in advance for the Outside Directors, and the information helpful for them to supervise the Company's business is continuously provided, including when they assume their respective positions.

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Corporate Governance

Business Execution Management (Organizational Management)

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

Director and Operating Officer Training

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

Tax Policy

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

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

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

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Honda Tax Policy

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Corporate Governance

Remuneration of Directors

Honda’s system of remuneration for Directors is designed to enhance their motivation for contributing to an improvement of business performance both over the short term and medium to long term in order to realize the continued enhancement of corporate value. Remuneration for Directors consists of a monthly salary, which is a fixed amount paid in compensation for the execution of duties; bonuses linked to Honda’s performance for the corresponding fiscal year; and stock-based remuneration linked to its medium- to long-term performance.

To attract diverse and talented human resources, an appropriate monthly salary is paid to Directors, which is determined by the resolution of the Compensation Committee while taking into consideration the remuneration levels of other companies.

Bonuses of Directors are determined and paid upon a resolution of the Compensation Committee based on the Company’s performance during each fiscal year, dividends paid to shareholders, associates’ bonuses and other considerations.

As for stock-based remuneration, Honda stock and monetary compensations linked to the medium- to long-term business performance in accordance with the criteria and procedures approved by the Compensation Committee are provided. The aim is to make stock-based remuneration serve as a sound incentive toward sustainable growth.

Remuneration of Executive Officers also consists of a monthly salary, bonuses and stock-based remuneration.

Remuneration of Outside Directors and other Directors who do not hold a concurrent position as an Executive Officer solely consists of a monthly salary.

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

WEB

“Honda Corporate Governance Basic Policies”

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

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Total amount of remuneration for Directors

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

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

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Remuneration of Accounting Auditors

The Company has had its financial statements audited in accordance with the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, the Securities Exchange Act of 1934 (United States) and the Exchange Act of 1933 (United States) by KPMG AZSA LLC. Within KPMG AZSA LLC, a total of 83 staff members conducted external audits of the Company’s financial statements. These accounting firm staff members are composed of 3 certified public accountants (Masahiko Chino, Isao Kamizuka and Takeshi Kamada), who are in overall charge of the Outside Audits, and 80 professional staff members (including 24 certified public accountants, 2 accountants with U.S. public accountant certification and 54 other staff members).

In deciding the amount of remuneration for services rendered by the Accounting Auditor, various factors are taken into consideration in discussions with the accounting firm, including the Company’s size/characteristics, the time schedule for the audit and other matters. In addition, to preserve the independence of the Accounting Auditor, remuneration to be paid is required to obtain the prior approval of the Audit and Supervisory Committee.

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Corporate Governance

Directors and Executive Officers (as of June 23, 2021)



Chairman and Director
Toshiaki Mikoshiba

[Reasons for Appointment]
Mr. Toshiaki Mikoshiba has broad experience primarily in the area of sales and marketing, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he has properly fulfilled his duties as Chairman and Director and Director in charge of Government and Industry Relations by enhancing the functions of the Company's external relations, as well as overseeing business execution from a global perspective through managing the Board of Directors as its Chairman.



Director
President and Representative Executive Officer
Toshihiro Mibe

[Reasons for Appointment]
Mr. Toshihiro Mibe has broad experience primarily in the areas of R&D and production, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he was in charge of Mono-zukuri, and served as President and Representative Director of Honda R&D Co., Ltd. Since April 2021, he has properly fulfilled his duties as President and Representative Executive Officer and Chief Executive Officer of the Company by demonstrating strong leadership and being responsible for the management of the entire Company Group, as well as overseeing business execution.



Director
Executive Vice President and Representative Executive Officer
Seiji Kuraishi

[Reasons for Appointment]
Mr. Seiji Kuraishi has broad experience primarily in the areas of supply chain management and sales and marketing, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he has properly fulfilled his duties as Executive Vice President and Representative Director, Chief Operating Officer, and Director in charge of Strategy, Business Operations and Regional Operations by demonstrating strong leadership and being responsible for business execution of the entire Company Group, as well as overseeing business execution.



Director
Senior Managing Executive Officer
Kohei Takeuchi

[Reasons for Appointment]
Mr. Kohei Takeuchi has broad experience primarily in the area of accounting and finance, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he has properly fulfilled his duties as Chief Financial Officer and Director in charge of Finance and Administration by demonstrating high degree of expertise and strong leadership, and being responsible for business execution of the entire Company Group, as well as overseeing business execution.



Director
Asako Suzuki

[Reasons for Appointment]
Ms. Asako Suzuki has broad experience primarily in the area of sales and marketing, accounting and finance, human resources and corporate governance, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, she demonstrated high degree of expertise and strong leadership, and achieved satisfactory results as Chief Officer for Human Resources and Corporate Governance Operations.



Director
Masafumi Suzuki

[Reasons for Appointment]
Mr. Masafumi Suzuki held the position of General Manager of Accounting Division for Business Management Operations of the Company. He has high expertise and abundant experience in the areas of accounting and finance, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he has properly fulfilled his duties as Director who is an Audit and Supervisory Committee Member by auditing and overseeing the execution of duties by Directors.



Director
Kunihiko Sakai

[Reasons for Appointment]
Mr. Kunihiko Sakai has high expertise and abundant experience as a legal affairs specialist having served as Public Prosecutor and a lawyer, including posts of Superintending Prosecutor at High Public Prosecutors' Offices from July 2014 to March 2017. He has properly fulfilled his duties as Outside Director who is an Audit and Supervisory Committee Member since June 2019 by auditing and overseeing the execution of duties by Directors from an independent standpoint.



Director
Fumiya Kokubu

[Reasons for Appointment]
Mr. Fumiya Kokubu held positions of President and CEO, and Chairman of the Board of Marubeni Corporation from 2013, and has abundant experience and deep insight regarding corporate management. He has properly fulfilled his duties as Outside Director since June 2020 by overseeing the entire business management of the Company from an independent standpoint.

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Directors and Executive Officers (as of June 23, 2021)



Director
Yoichiro Ogawa

[Reasons for Appointment]
Mr. Yoichiro Ogawa has high expertise and abundant experience as an accounting specialist having served as a Certified Public Accountant for many years, including posts of CEO of Deloitte Tohmatsu Group from July 2015 to May 2018.



Director
Kazuhiro Higashi

[Reasons for Appointment]
Mr. Kazuhiro Higashi held positions of President and Chairman of Resona Holdings, Inc. from April 2013, and has abundant experience and deep insight regarding corporate management.



Director
Ryoko Nagata

[Reasons for Appointment]
Ms. Ryoko Nagata held positions of Executive Officer and Audit & Supervisory Board Member of Japan Tobacco Inc. from 2008, and has abundant experience and deep insight regarding corporate management and audit.



Managing Executive Officer
Noriya Kaihara

- Chief Officer, Customer First Operations
- Risk Management Officer



Managing Executive Officer
Noriaki Abe

- Chief Officer, Regional Operations (Japan)
- Chief Officer, Driving Safety Promotion Center



Managing Executive Officer
Yasuhide Mizuno

- Chief Officer, Automobile Operations



Managing Executive Officer
Keiji Ohtsu

- President and Representative Director, Honda R&D Co., Ltd.

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Managing Officers (as of April 1, 2021)



Michimasa Fujino
 ● President and Director, Honda Aircraft Company, LLC



Shinji Aoyama
 ● Chief Officer, Regional Operations (North America)
 ● President, Chief Executive Officer and Director, American Honda Motor Co., Inc.
 ● Officer in charge of electrification (as of July 2021)



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



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



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



Yoshishige Nomura
 ● Chief Officer, Motorcycle Operations

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Compliance

Honda Code of Conduct

In order to earn the trust of customers and society and grow sustainably, companies must not only comply with laws and regulations but go beyond those legal structures by practicing sincere and ethical conduct.

Recognizing this, Honda formulated the Honda Code of Conduct, which summarizes the sincere behavior to be practiced by people working at Honda around the world. This is shared throughout the entire Honda Group, including subsidiaries in Japan and overseas.

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

WEB

"Honda Code of Conduct"

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



Honda Code of Conduct



In-house newsletters

Compliance Committee

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

The Compliance Committee met four times in FY2021 to report on the establishment and operating status of internal control systems as well as the operating status of the Business Ethics Kaizen Proposal Line, among other things. There were no major violations of laws or regulations in FY2021.

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Compliance

Business Ethics Kaizen Proposal Line

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

Furthermore, in addition to cases of a clear violation of laws or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable actions have occurred, and also engages in fact checking related to such cases. Proposals are accepted by email, letter, telephone or fax from all subsidiaries and suppliers in Japan and overseas, as well as from the parent company. We ensure protection of the Kaizen proposers and anonymous proposals are also accepted.

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

In FY2021, 350 proposals and consultations were handled by the Business Ethics Kaizen Proposal Line (including points of contact outside the Company). Among these, 167 concerned the parent company, 172 concerned subsidiaries and 11 concerned other matters.

Following investigations of the proposals and consultations submitted, disciplinary action was taken in two cases in the parent company and nine cases in subsidiaries. One case involving a subsidiary resulted in punitive dismissal. None of the cases involved violations of the Honda Policy on the Prevention of Bribery.

In order to raise internal awareness of the points of contact, Honda provides notice on its intranet, distributes information cards to all associates, including fixed-term employees and temporary workers, and displays information posters in each workplace. These tools clearly state that the Kaizen proposers are protected. In addition, Honda observes how well these points of contact are recognized through associate surveys conducted once every three years for all associates. For departments found in these surveys to have low recognition of the points of contact, the Company makes additional efforts to increase their awareness.

Initiatives to Prevent Bribery and Corruption

Honda prohibits bribery and corruption.

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

In addition to the above, the Company also established the Honda Policy on the Prevention of Bribery and Corruption, which stipulates basic policy about bribery and corruption, and the Honda Guideline for the Prevention of Bribery and Corruption, which stipulates specific compliance items and prohibited items.

While raising awareness by integrating bribery and corruption prevention-related knowledge, including the said policy and guidelines, into Honda's pre-assignment training for personnel stationed overseas and level-specific training programs, Honda is also incorporating e-learning-based training for its associates in management positions in departments that face a higher risk of bribery. With regard to its subsidiaries, Honda has launched training programs, matched to conditions in each company, aimed at raising awareness.

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Compliance

Initiatives for the Prevention of Anti-Competitive Behavior

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

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

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

Rules on Conflict Minerals

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

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

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

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

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

Since 2013, Honda has surveyed its suppliers worldwide concerning the use of conflict minerals. In FY2021, Honda received responses from more than 7,000 suppliers. In addition to reporting survey results to the SEC, the Company also makes them publicly available on its website. (Please refer to the link below.)

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

PDF

“Honda Supplier Sustainability Guidelines”

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

WEB

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

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

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Risk Management

Establishing an Effective Risk Management Structure

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

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

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

Additionally, each organization is building its own independent risk management structure after setting up a Risk Management Secretariat. These organizations are responsible for promoting their own independent risk management activities in accordance with the basic policies of these regulations.

As main initiatives, Honda is implementing risk assessment activities throughout the Company for identifying, evaluating and responding to risks based on standard methods.

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

Risk Assessment Activities

Honda carries out risk assessment activities for each of its Regional Operations, Business Operations and Functional Operations.

The purpose of these activities is to foresee potential risks surrounding Honda's businesses and respond beforehand to minimize these risks.

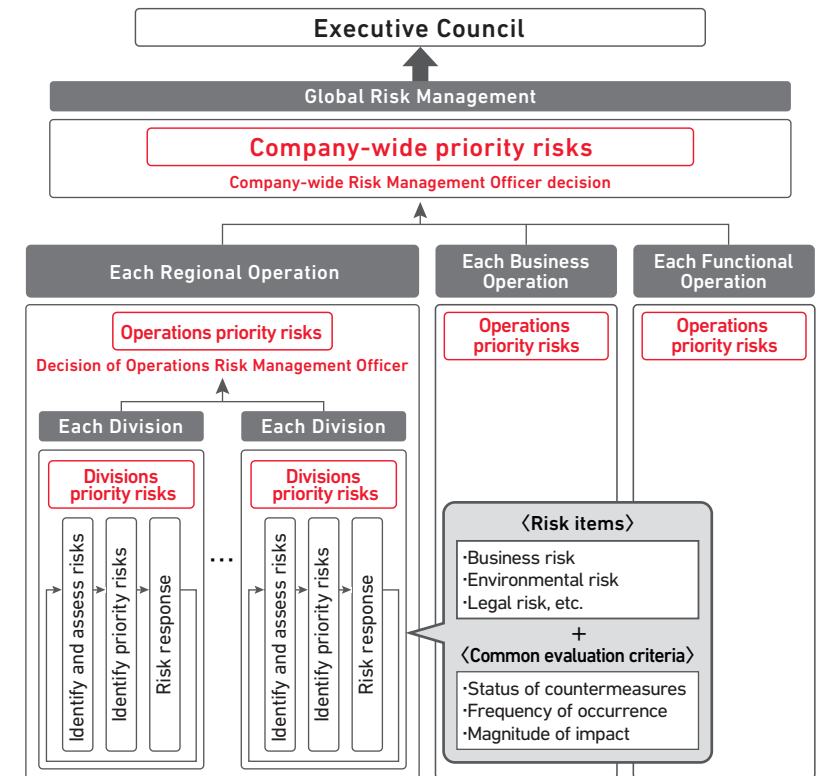
Each department performs annual risk evaluation using the Group's common risk items and evaluation criteria to identify the division priority risks.

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

Moreover, Honda identifies company-wide priority risks based on

the judgement of the company-wide Risk Management Officer, giving consideration to the risk status of each of the Operations. The Company then shares and discusses company-wide priority risks at the Executive Council.

Risk Assessment Activity Structure



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Risk Management

In FY2021 as well, Honda identified company-wide priority risks, which will be addressed mainly by the departments in charge. In the meantime, the status of progress is confirmed and discussed at the Strategy Committee.

Company-wide priority risks

Company-wide priority risk items	Risk perspective
Infectious disease risk	Impact on business and employees' health/livelihoods due to the occurrence of an infectious disease pandemic
Regional risk	Impact on business due to changes in each country's local laws, regulations, systems and business practices (e.g., personal information protection regulations and economic security policies)
Purchasing and procurement risk	Stagnation or delay in production activities caused by suppliers being unable to supply parts
Information security risk	Suspension of important operations/services and leakage of information assets due to cyber attacks and other incidents
Environmental Regulation Risk	Impact such as an increase in costs in responding to revised fuel efficiency or emissions regulations of each country
Intellectual property risk	Impact on business caused by an infringement of Honda's intellectual property rights or by the substantial payment of a compensation or license fee
Natural disasters risk	Impact on production, research, sales and other operations due to suspension of business resulting from natural disasters (e.g., earthquakes, flooding)
Financial and economic risk	Impact on business caused by market contraction due to an economic slowdown and by exchange rate fluctuations

Going forward, Honda will firmly establish these activities and continue to strive to reduce risk across the Group while ensuring these activities raise the risk awareness of each and every associate.

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Risk Management

Crisis Response

Honda carries out risk sensing activities to monitor and report on signs of crisis and ensures that this leads to quick responses.

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

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

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

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

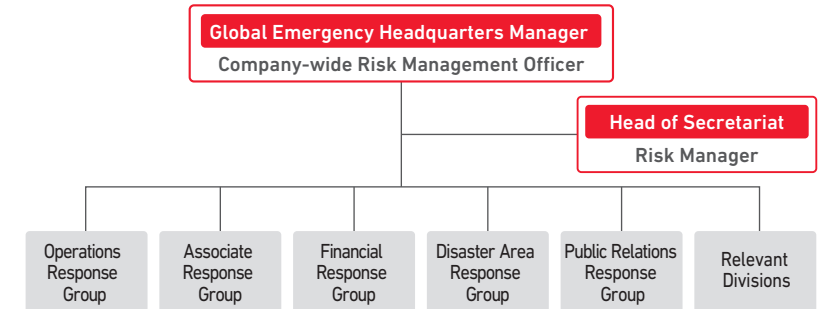
Also with regard to disaster drills, besides ensuring the safety of human life and procedures to account for its associates, Honda continuously holds training from a business continuity planning (BCP) viewpoint on procedures to share information for the purpose of identifying the impact on business at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

As a response to COVID-19, Honda launched a Global Emergency Headquarters in January 2020 and has promoted company-wide cross-sectional responses. The Company does not regard this as a temporary response. As such, in striving for functional enhancement it is verifying a series of initiatives while each internal group is working to reflect the points for improvements in the manual.

Since the fall of 2020, a global shortage in the supply of semiconductor components has become evident. As it has a significant impact, Honda has also set up a Global Emergency Headquarters to promote company-

wide, cross-sectional responses with the aim of minimizing the impact.

Global Emergency Headquarters Structure



After the World Health Organization (WHO) declared a pandemic in March 2020, COVID-19 has continued to spread around the world. The highly infectious disease has forced many countries to resort to measures that restrict their citizens' outings and movements, bringing economic and corporate activities to a standstill.

Even though vaccinations have been proceeding in each country, the situation remains unclear as to when the pandemic will end.

The impact of the spread of COVID-19 has also been felt at Honda, with production having been either suspended or curtailed at some of its production bases following the restrictions on activities imposed by various countries. Honda is continuing its business activities while working to prevent the spread of infection and ensuring the safety of customers and associates first and foremost.

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Risk Management

Information Management

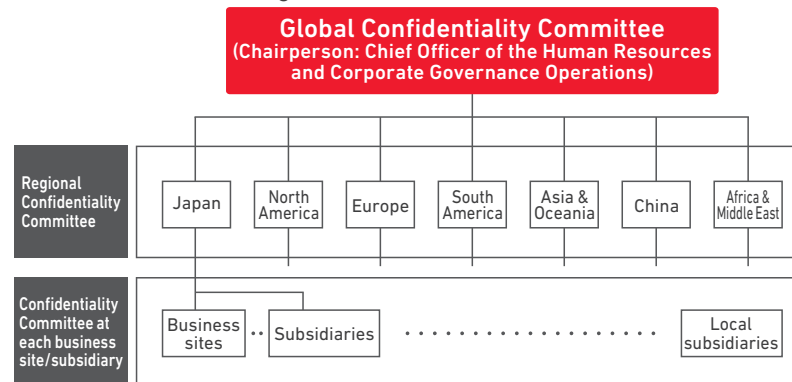
To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy (GCP) and the Global IT Security Policy (GITSP), with its scope of application extending to group subsidiaries. These policies stipulate a systematic response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

While effectively applying these policies, Honda set up the Global Confidentiality Committee, chaired by the Chief Officer of the Human Resources and Corporate Governance Operations, to ensure timely responses to changes.

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

Besides continuously strengthening activities to ensure information security against cyberattacks that are becoming increasingly sophisticated and complex, we perform monitoring on a daily basis while establishing systems capable of immediately responding to events that must be addressed.

Global Information Management Structure



Protection of Personal Information

Honda recognizes the importance of protecting personal information. Accordingly, the Company has appointed information supervisors and information managers in departments handling personal information while implementing training on the protection of personal information.

In addition, to systematically manage personal information, departments handling personal information report methods for managing personal information they hold and the information management status at outsourcing contractors to the Confidentiality Committee of each company. To keep the details of the reports updated, the Company conducts a review at least once each year at all departments.

Honda recognizes that placing top priority on protecting customer information is its social responsibility. Accordingly, Honda sets stricter security standards for information systems that include this information while regularly confirming the state of implementation of security measures.

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

In the event of leakage or request for disclosure of personal information, Honda is putting into place structures that respond quickly in accordance with the laws and regulations of each country. In FY2021, there were no occurrences of any major loss or leakage of personal information.

Product Cybersecurity

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

Moreover, Honda obtains information on its own, including information on relevant laws and specifications as well as industry standards.

By utilizing these initiatives in its own responses, Honda is proactively promoting activities to ensure the safety and security of its products.

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Overview of corporate governance (as of June 23, 2021)

Form of organization Company with Three Committees

• Number of Directors	11
Number of Outside Directors	5
Number of Specified Independent Directors	5
Number of Female Directors	2
• Term of Directors	1
• Number of Nominating Committee Members	4
Number of Outside Directors	3
Number of Specified Independent Directors	3
• Number of Audit Committee Members	5
Number of Outside Directors	3
Number of Specified Independent Directors	3
• Number of Compensation Committee Members	4
Number of Outside Directors	3
Number of Specified Independent Directors	3

Status of the meetings of the Board of Directors (FY2021)

• Number of meetings held (no. of times)	11
• Attendance rate of Directors (%)	99
Attendance rate of Outside Directors (%)	98

Status of the meetings of the Audit and Supervisory Committee (FY2021)

• Number of meetings held (no. of times)	10
• Attendance rate of Directors who are Audit and Supervisory Committee Members (%)	100
Attendance rate of Outside Directors (%)	100

Total amount of remuneration for Directors

Category of Directors	Total amount of remuneration and bonuses (millions of yen)	Total amount by type of remunerations (millions of yen)			Number of eligible Directors (Number of persons)
		Fixed remuneration	Performance-linked remuneration		
		Bonus	Stock compensation		
Directors (excluding Directors who are Audit and Supervisory Committee Members) (excluding Outside Directors)	652	428	95	129	7
Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)	33	33	-	-	3
Directors (Directors who are Audit and Supervisory Committee Members) (excluding Outside Directors)	145	145	-	-	2
Outside Directors (Directors who are Audit and Supervisory Committee Members)	50	50	-	-	3
Total	883	658	95	129	15

- Remuneration is limited to 1,160 JPY million per year for Directors (excluding Audit and Supervisory Committee Members) and 270 JPY million per year for Directors (Audit and Supervisory Committee Members).
- These amounts indicate remuneration paid to Directors for the fiscal year ended March 31, 2021 and include remuneration paid to two Directors who ended their tenure as of the closing of the Ordinary General Meeting of Shareholders held on June 19, 2020, comprising one Director who is not an Audit and Supervisory Committee Member and one Outside Director who is not an Audit and Supervisory Committee Member.
- Bonuses to Directors (excluding Audit and Supervisory Committee Members) are included in the previously mentioned maximum amount for remuneration to Directors (excluding Audit and Supervisory Committee Members), and the amount shown was decided by the meeting of the Board of Directors held on May 14, 2021.
- The total amount of stock-based remuneration is the amount recorded as expenses related to the share delivery points granted during the fiscal year ended March 31, 2020 in connection with the Directors' remuneration BIP (Board Incentive Plan) trust and falls under non-monetary remuneration.

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

Annual total remuneration and bonuses of highest-paid individual President and Representative Executive Officer, Chief Executive Officer (millions of yen)	166
Ratio to median annual total remuneration for all associates (%)	2,057

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

Rate of increase in annual total remuneration and bonuses of highest-paid individual President and Representative Executive Officer, Chief Executive Officer (%)	94
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Governance Data

Honda Tax Policy

1. Purpose of Policy

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

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

2. Tax Policy

(1) Compliance

Honda complies with laws, regulations and rules in countries and regions where it undertakes business, tax convention, international standards such as OECD guidelines, internal regulations that include tax-related regulations encompassing this Tax Policy adopted by Honda as well as Honda Corporate Governance (HCG), and makes proper tax payments in line with the actual state of business.

(2) Prohibition of tax avoidance

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

(3) Transfer pricing

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

(4) Ensuring transparency

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

(5) Relationships with governments and tax authorities

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

(6) Corporate governance

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

7 Environment



environment

Material Issues

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

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Basic Approach

Honda Environmental and Safety Vision/ Honda's Environment Statement

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

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

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

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



Honda Environmental and Safety Vision

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

Honda's Environment Statement

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

We should pursue our daily business under the following principles:

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

Established and announced in June 1992 Honda's Environment Statement



* CVCC: Compound Vortex Controlled Combustion

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Global Management

Environmental Management Promotion Structure and Management Cycle

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

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

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

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

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

Environmental Management System

Honda’s existing global vehicle assembly and product assembly plants have acquired ISO14001, an international certification for environmental management systems (as of March 2021). Honda is in the process of obtaining certification for newly built plants. Therefore, coverage of environmental management systems is virtually 100%.

Current Status of Compliance with Environmental Regulations

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

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

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



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Global Management

Environmental Accounting

Environmental Accounting in Japan

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

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

DATA

Cost of environmental conservation activities and investments

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DATA

Economic benefits (Effect on revenue and expenses)

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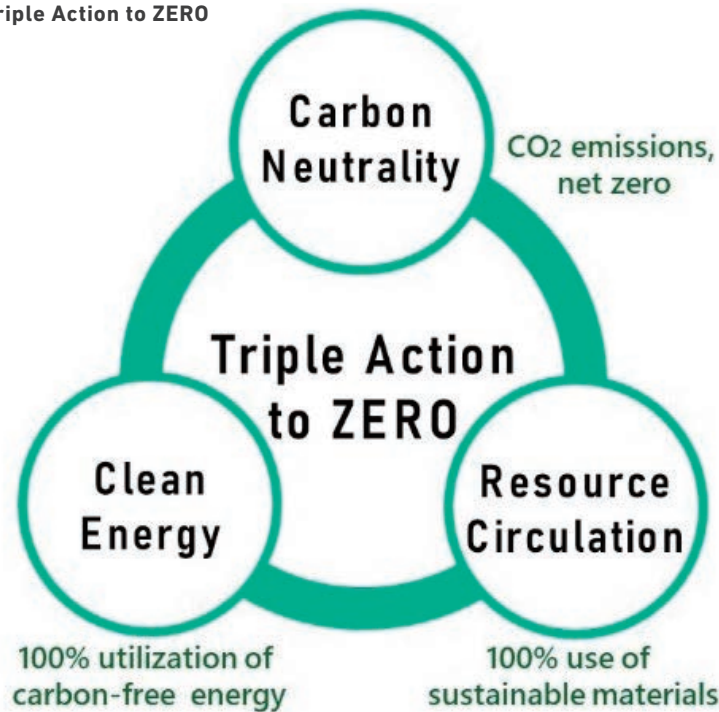
* In 2014, Honda announced its aim to reduce its total corporate CO2 emissions in half by 2050 (compared with 2000 levels) in order to limit the global temperature rise to 2°C above pre-industrial levels. In April 2021, Honda again announced its vision to achieve carbon neutrality for all products and corporate activities Honda is involved in by 2050 (⇒ p. 04,05). The target set in 2014 to halve CO2 emissions corresponds to a 2°C scenario, while the new carbon neutrality (net zero CO2 emissions) target is compatible with a 1.5°C scenario.

Material Issues in the Environmental Dimension

Honda's Material Issues

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

Triple Action to ZERO



Triple Action to ZERO

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

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

Through this initiative, Honda aims to curb the consumption of natural resources to the extent possible and realize a society having zero impact on the environment.

CO2 emissions, net zero by 2050

To address climate change issues, Honda will shift from its previous 2°C target to a 1.5°C target* by reducing CO2 emissions throughout the product life cycle that encompasses not just products but also corporate activities.

100% utilization of carbon-free energy by 2050

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

100% use of sustainable materials by 2050

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

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Material Issues in the Environmental Dimension

Dealing with Climate Change and Energy Issues

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

As a step toward this goal, Honda has been working to achieve its 2020 Product CO2 Emissions Reduction Targets to lower CO2 emissions intensity from the use of motorcycles, automobiles and power products worldwide by 30% from the 2000 base year level.

The progress made up to FY2021 is shown on (⇒ p. 75).

In October 2020, Honda announced its intent to realize carbon neutrality by 2050. Going a step further, in April 2021 the Company announced its vision to “realize carbon neutrality for all products and corporate activities Honda is involved in by 2050” in order to achieve a recycling-oriented society with zero environmental impact.

The concept behind this vision is to reduce CO2 emissions based on the targets laid out in the Paris Agreement to keep the temperature rise below 1.5°C.

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

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

society and customers. (⇒ p. 05)

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



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Material Issues in the Environmental Dimension

Advancing Powertrain Electrification

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

Increasing the lineup and use of electrified products will lead to lower CO₂ emissions from product use and allow Honda to become carbon-neutral, reducing risks associated with climate change. This will also create various opportunities for improving convenience and encouraging product use during emergencies and disasters. Based on this belief, Honda has set a target to electrify two-thirds of its global automobile sales by 2030. To achieve this goal, the Company is seizing all new business opportunities by enhancing and upgrading its product lineup.

Please refer to the Message from the President and CEO (⇒ [p. 06](#)) regarding Honda's electrification initiatives.



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Material Issues in the Environmental Dimension

Climate Change: Risk and Opportunity Analysis Based on Multiple Scenarios

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

Each scenario contains uncertainty caused by varying factors, which

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

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

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

	Risks for Honda		Opportunities for Honda	
	Climate-related risks (From TCFD recommendations)	Specific response / corresponding section	Climate-related opportunities (From TCFD recommendations)	Specific opportunity / corresponding section
Transition risk ⇒ 2°C/1.5°C Major impact • Changes in the market to eliminate forms of mobility with greater CO ₂ emissions • Diversification of energy needed for product use and services	Policy and legal risks • More stringent regulations for GHG emissions • Greater obligation to report emissions	• Promotion of better fuel efficiency and electrification (⇒ p.06, 61) • Disclosure of emissions from the entire product life cycle (⇒ p.71)	Products and services • Development of new products and services • Expansion of low-carbon products and services • Diversification of business activities	• Reduction of TCO* through eMaaS (⇒ p.05) • Sales expansion of electrified products and services (⇒ p.05, 06, 61) • Expansion of product sales under the multi-pathway strategy (⇒ p.05)
	Technology risk • Replacement with low-carbon products	• Promotion of electrified products (⇒ p.06, 61)	Markets • Access to new markets	• Market expansion through high value-added products and services (⇒ p.05)
	Market risk • Changes in consumer behavior • Uncertainty in market signals • Higher raw materials costs	• Product development under the multi-pathway strategy (⇒ p.05) • Product designs based on 3Rs (reduce, reuse and recycle) (⇒ p.59, 64)	Energy source • Use of energy with lower emissions • Shifting to distributed energy sources	• Reduction of production costs through the use of renewable energy and energy saving (⇒ p.63) • Expansion of battery sharing through Honda Mobile Power Pack (⇒ p.60, 61)
	Reputation risk • Changes in consumer perceptions • Accusations against the industry • Growing concerns among stakeholders	• Promotion of low-emissions products and services (⇒ p.05) • Transition to carbon neutral status (⇒ p.56) • Communicating resilient strategies (⇒ p.58)	Resource efficiency • Utilization of more efficient transportation means • Promotion of recycling	• Active promotion of 3Rs (⇒ p.59, 64)
Physical risk ⇒ 4°C Major impact • Disruption of infrastructure caused by extreme weather events • Increased necessity for products and services that respond to extreme weather events	Acute risk • Increased severity of floods and other extreme weather events • Increase in floods and other extreme weather events • Disruption of supply chain	• Formulation of a global BCP (⇒ p.45) • Establishment of a global value chain (⇒ p.140) • Measures against procurement risk (⇒ p.142)	Resilience • Improvement of reliability and operational capability of supply chain • Expanding products and services related to ensuring resilience	• Stable production structure based on a global value chain (⇒ p.142) • Contribution to early recovery by providing products and services responding to disasters (⇒ p.06) • Stable energy supply through eMaaS (⇒ p.05)
	Chronic risk • Shifts in rain and other climate patterns • Higher average temperatures	• Efforts to reduce water intake and energy use (⇒ p.59, 63) • More efficient energy consumption (for air conditioning) (⇒ p.63)		

* Total cost of ownership

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Material Issues in the Environmental Dimension

Efficient Utilization of Resources

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

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

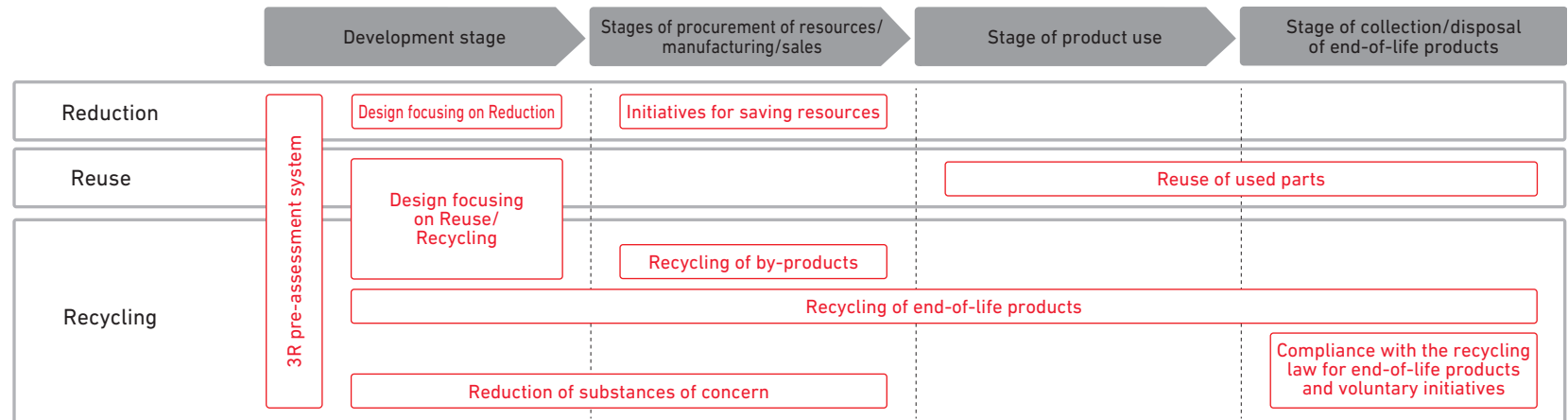
Taking into consideration the risks involved in resource depletion and waste disposal, Honda aims to reduce the overall amount of waste generation. Accordingly, the Company has set the goal of annual

reduction of waste generation per unit of production of 1.8% (compared with FY2019 levels) in all corporate activities in FY2031.

For water resources as well, Honda is giving consideration to water supply and depletion risks. Honda has thus established the target of annual reduction of industrial water intake per unit of production of 1.8% (compared with FY2019 levels) in all corporate activities in FY2031. In both areas of waste generation and water intake, the Company will remain committed to minimizing environmental impacts.

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

Initiative for zero environmental impact related to resources and disposal



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Material Issues in the Environmental Dimension

Preservation of Clean Air

Honda recognizes that air pollution has been a critical issue since the 1960s and believes that worsening air pollution in cities has a negative effect on people’s health, inhibiting the joy and freedom of mobility and a sustainable society where people can enjoy life. The Company, therefore, has sought to resolve this issue through the development of technologies that clean the gas emitted from its products.

This began with the announcement in 1972 of the CVCC engine, which cleared exhaust gas regulations under the U.S. Clean Air Act of 1970, sometimes called the “Muskie Act” that was deemed to be the toughest in the world at the time. Since then, Honda has developed many technologies, including high-efficiency combustion technology and exhaust emissions purification technology using a catalyst. This has resulted in a reduction in the level of exhaust emissions from automobiles to one-thousandth of that registered prior to the enactment of the Muskie Act over the 40-year period.

Honda has also enhanced the combustion efficiency of engines and cleaned exhaust emissions by promoting conversion from two-stroke to four-stroke engines in motorcycles and power products as well as shifting from a carburetor to the Honda Programmed Fuel Injection (PGM-FI) system.

Through advanced development of exhaust emission cleaning technologies such as these, Honda avoids risks associated with business continuation caused by increasing costs to deal with tighter environmental regulations.

In addition, this enables products with exceptional environmental performance to be supplied at a reasonable price, and as a result, Honda leads the industry in cleaning exhaust emissions and addressing air pollution issues, which also leads to major business opportunities.

TOPICS

Releasing the Gyro e: Business-Use Electric Motorized Three-Wheeled Scooter

In March 2021, Honda initiated sales of the Gyro e: business-use electric motorized scooter for corporate customers. It is a three-wheeled, Category-1 motorized scooter that uses two removable “Honda Mobile Power Pack” units.

The Gyro e: offers excellent environmental performance unique to electric means of mobility, that is, not emitting CO₂ while in operation. It uses two mobile power packs, the same ones used for the Benly e: series, as its power source. Users can ride the scooter without having to wait for recharging as they can replace used units with charged units.

Honda will help provide a quieter and cleaner living environment by working to promote the widespread use of the Honda e: series of business-use motorcycles that are friendly to both the environment and users.



Gyro e:



Mobile power pack

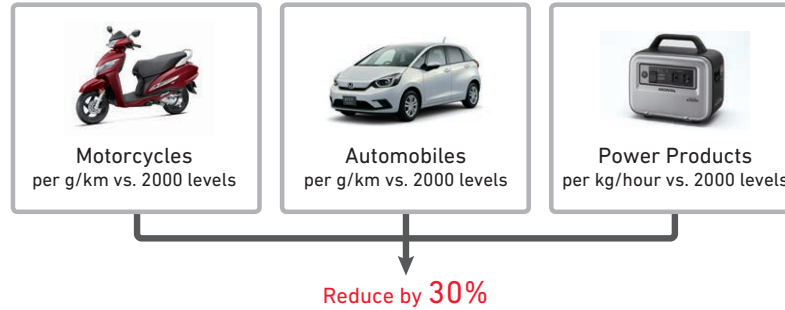


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Responses to Climate Change and Energy Issues

Goal to Reduce CO₂ Emissions Intensity in Products by 2020



* Global average CO₂ emissions from Honda products

Honda has formulated and promoted initiatives under a goal to reduce CO₂ emissions intensity of motorcycles, automobiles and power products by 30% from 2000 levels by 2020.

In 2020, Honda succeeded in achieving the goal for motorcycles with a 32.6% reduction while falling short for automobiles at 29.8%. The CO₂ emissions intensity for power products was 27.5%, as sales of electric products underperformed the initial plan due to the global COVID-19 pandemic.

Although the goals for 2020 were not met, Honda will promote initiatives to keep the temperature rise under 1.5°C, which outperforms the target of 2°C, toward realizing carbon neutrality by 2050.

The scope of the above compilation to achieve 2020 targets includes Japan, North America, South America, Europe, Asia & Oceania and China, and it covers approximately 90% of units sold by Honda worldwide for each of motorcycles, automobiles and power products.

DATA

Current status of achievement vs. 2020 product CO₂ emissions intensity reduction targets

> p. 75



TOPICS

Honda e Becoming the First Japanese Vehicle to Win "German Car of the Year"

The Honda e electric vehicle released in Europe was named "German Car of the Year 2021," becoming the first Japanese vehicle ever to receive the award.

The German Car of the Year awards are decided by a jury of leading German car journalists. The panel tests and reviews the latest cars, ranking them according to such factors as usability, driving characteristics and level of innovation. An overall winner is selected among the winners of five categories — Compact, Premium, Luxury, New Energy and Performance. The Honda e was chosen as the top in the New Energy category and was awarded "German Car of the Year" in the final screening.

Since its launch in spring 2020, the Honda e has received a number of prestigious awards, including the top rating in the Red Dot Design Awards of Germany.

Honda is committed to electrifying 100% of mainstream automobiles sold in Europe by 2022. The Honda e offers both contemporary car design and advanced e-mobility, featuring a seamless, sleek and modern appearance with cutting-edge technology and advanced intelligent connectivity.



Honda e

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Responses to Climate Change and Energy Issues

Three Initiatives to Achieve Environmental Performance Targets

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

To date, Honda has carried out the following three initiatives to realize its 2020 Product CO₂ Emissions Reduction Targets while expanding production and sales globally.

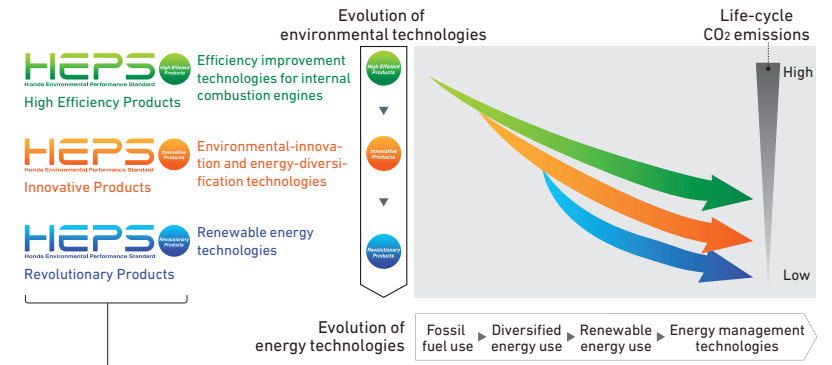
- ① Reducing CO₂ emissions through efficiency improvements of internal combustion engines
- ② Reducing CO₂ emissions by introducing environmentally innovative technologies and diversifying energy sources
- ③ Eliminating CO₂ emissions through the use of renewable energy and total energy management

By implementing these in phases, Honda is steadily reducing CO₂ emissions with the aim of ultimately eliminating them.

By setting unique product guidelines at an advanced level for these three initiatives and making Honda products compliant with them, Honda is aiming to achieve this goal. The guidelines are articulated in the Honda Environmental Performance Standard (HEPS) formulated in 2011.

As a result of certification of products that were launched in FY2021, 20 motorcycle models, 3 automobile models and 1 power product models — a total of 24 models — were HEPS-certified. Cumulatively, this brings the number of HEPS-compliant products to 202 motorcycle models, 95 automobile models and 52 power product models, or 349 models in total.

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



● High Efficiency Products

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

● Innovative Products

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

● Revolutionary Products

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

DATA

Global number of HEPS-compliant models

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DATA

Number of HEPS-compliant models by region

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Responses to Climate Change and Energy Issues

Corporate Activities Initiatives

With the aim of ultimately achieving zero CO₂ emissions and zero energy risk, Honda is focusing on the reduction of energy consumption and CO₂ emissions while expanding production/sales globally. In the future, Honda will aim at sustaining reduction until the rate of reduction of energy consumption exceeds the rate of increase of energy use for the manufacturing of products.

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

In addition, Honda is actively introducing renewable energy around the world. In FY2021, Honda utilized a total of 358 GWh of electricity generated through renewable energy such as solar and wind power.

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



* Comparison with Saitama Factory's Sayama assembly plant

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Efficient Utilization of Resources

Initiatives in the Development Stage

3R Pre-Assessment System

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

Design Focusing on Reduction

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

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

Design Focusing on Reuse/Recycling

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

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

As a result of the activities mentioned above, with regard to the recyclable rate*1 for all new and redesigned vehicles sold in FY2021, Honda is maintaining more than 90% for automobiles and more than 95% for motorcycles. Meanwhile, the recoverability rate for components/materials*2 used in power products was more than 95%.

Initiatives at the Product Use Stage

Recycling of End-of-Life Components

Honda collects and recycles end-of-life components generated from repair, replacement, etc., from dealers nationwide. In FY2021, the Company collected and recycled approximately 136,000 end-of-life bumpers. Collected bumpers are recycled and used for undercovers and other components of the Freed model.

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



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

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

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Efficient Utilization of Resources

Initiatives in the Disposal Stage

Initiative for Automobiles

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

In FY2021, the number of Honda automobiles collected was approximately 440,000 for fluorocarbons (-6.3% from the previous fiscal year), approximately 450,000 for airbags (-5.6%) and approximately 490,000 for ASR (-7.6%). Recycling rates for gas generators and ASR were 95.0% and 95.7%, respectively, which satisfy the recycling rates specified by ordinance of the relevant ministry (at least 85% for gas generators and at least 70% for ASR).

Initiative for Motorcycles

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

Regarding end-of-life motorcycles collected at designated points of collection, there were 1,400 Honda products in FY2021, which accounted for 52.2% of all units collected. The recycling rate of Honda products came to 98.1% on a weight basis, enabling us to achieve the target recycling rate of 95% since FY2014.

Corporate Activities Initiatives

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

The Company is stepping up 3R efforts that include resource reduction initiatives, such as the reduction of by-products through an increase in throughput yields. Honda does not import or export waste deemed hazardous under the terms of Annexes I, II, III, or VII of the Basel Convention. In addition, the Company is striving to eliminate all use of ozone-depleting substances (ODS) at business sites in accordance with the Montreal Protocol and local laws and regulations in the countries in which it operates, and there are no major emissions from any of its operations.



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Preservation of Clean Air

With the aim of preserving clean air, Honda is working to eliminate harmful substances in exhaust emissions from the tailpipe in the usage phase.

The engines of all commercial motorcycles have been switched to four stroke, with fuel injection (PGM-FI) being applied to at least 80% of models sold worldwide.

With regard to automobiles, Honda has gradually expanded models that are LEV*1 3- SULEV*2 30 emissions compliant, beginning with the Accord Hybrid released in 2013, thus meeting the California exhaust emissions standard, deemed to be the toughest in the world. The Accord Plug-in Hybrid was the first in the world to achieve SULEV20 status.

Amid application and strengthening of exhaust emissions regulations in emerging countries, Honda is promoting response early on in various countries in Asia and the Middle East.

As for power products, Honda has cleared compliance of United States Environmental Protection Agency Phase 3 regulations, the most stringent in the world, through engine enhancement technology.

In addition, Honda is pushing ahead with initiatives in production, the process with the largest impact on the air, in an effort to preserve clean air.

In the production of automobiles, solvents found in paint and thinner used mainly in paint processes can generate Volatile Organic Compounds (VOC), the cause of photochemical oxidants. Honda's production activities in the past have sought to reduce VOC emissions such as through the introduction of a highly efficient paint process using robots; overhaul and increased recovery rate of thinners used for cleaning; and installation of equipment to incinerate and purify VOC. In addition to these initiatives, the Company introduced Honda Smart Ecological Paint that eliminates a middle coating process from a commonly used 4-coat/3-bake auto body painting process to realize a 3-coat/2-bake water-based painting process, thus reducing the generation of VOC. The technology was rolled out at the Yorii assembly plant, which sets the benchmark for environmental initiatives. Honda is working to bring in the state-of-the-art technology to all automobile plants worldwide.

In Japan, Honda set FY2011 VOC emissions intensity as the control value pursuant to the goal established by the Japan Automobile Manufacturers Association and introduced voluntary efforts aimed at

reduction from there. The Company has cleared this value every year since 2010. Honda will continue with these voluntary efforts going forward.



*1 Low Emission Vehicle
*2 Super Ultra Low Emission Vehicle

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Other Important Issues

Conserving Water Resources

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

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

In addition, to minimize water use, various business sites are implementing initiatives based on regional circumstances, such as the utilization of recycled water and water conservation. The Company is also working to recycle and reuse water in manufacturing processes, which utilize about 4.8 million cubic meters of water each year, or about 20% of all water use by Honda. This ongoing effort includes consideration of installing full recycling systems that allow reuse of almost 100% of all water at Honda Engineering Co., Ltd. (Japan), the No. 2 Plant at Honda Automobile (Thailand) Co., Ltd. (Thailand) and the No. 2 Plant at Guangqi Honda Automobile Co., Ltd. (China).

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

Besides promoting the conservation of water resources on its own accord, Honda manages a water conservation fund in North America under the Honda Marine Science Foundation, which supports the improvement and preservation of coastal areas for future generations through initiatives for marine ecosystem restoration and promoting resilience to climate change. Around US\$200,000 is provided as support every year, which contributes to the preservation of the local

environment. (Please refer to the link below.)

Honda has undertaken conservation activities for forest watersheds continuously since 1999 as part of its social contribution program. Production sites protect and manage the forest watersheds that they benefit from and strive to keep them optimized for each region. Aware of the fact that water is an indispensable resource supporting its business, Honda will continue implementing this activity. (Please refer to the link below.)

WEB

"Honda Marine Science Foundation"

> <https://www.honda.com/environment/marine-science-foundation>

WEB

"Forest watersheds" (Japanese only)

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



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Other Important Issues

Biodiversity Conservation

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

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

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

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

PDF

Honda Biodiversity Guidelines

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

Management and Reduction of Chemical Substances

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

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

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

Honda is moving ahead with the reduction of four types of heavy metals (lead, mercury, hexavalent chromium and cadmium) that are considered to have negative impacts on the environment while promoting the management of chemical substances via MoCS. As an example, for all new and redesigned vehicles sold in Japan in FY2021, components that do not use mercury were chosen for combination meters. The Company is striving to eliminate the use of mercury on a voluntary basis.



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

Environmental Data

Scope of Consolidation

Environmental data are provided on pages 71 to 74 for the year ended March 31, 2021 from Honda Motor Co., Ltd. and 422 consolidated subsidiaries and affiliated companies in Japan and outside Japan (as of December 31, 2020).

Honda GHG Emissions in FY2021

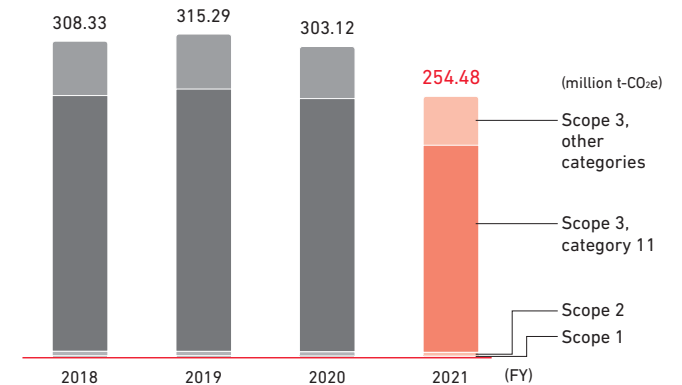
As a responsible company operating in the mobility industry, Honda believes in the importance of calculating and disclosing GHG emissions in order to drive progress in initiatives to reduce global emissions.

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

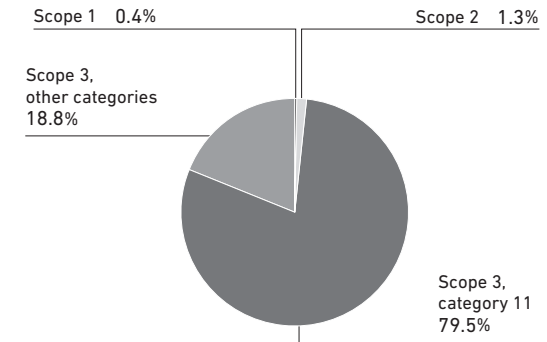
Honda continues to calculate and report its GHG emissions from its entire value chain and is making improvements to get a more accurate reading of emissions. The Company is doing this in Scope 3 (other indirect emissions), for example, by widening the boundaries of data collection for categories that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

The calculations for FY2021 show that GHG emissions from Honda business activities were 4.50 million t-CO₂e, and total emissions from the value chain, including other indirect emissions, were 254.48 million t-CO₂e. Honda will continue to monitor and manage data and utilize this information in the actual implementation of emissions reduction measures.

Total GHG emissions



Breakdown of total FY2021 GHG emissions



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Reducing GHG Emissions from Use of Sold Products

Scope 3, category 11 emissions (emissions from use of products sold to Honda customers) account for approximately 80% of GHG emissions from Honda's entire value chain. This means finding ways to reduce emissions related to customer use of Honda products is of primary importance in reducing emissions from Honda's value chain. To this end, the Company has been working to improve the fuel efficiency of our products. Honda will continuously strive to further reduce GHG emissions in FY2022 and beyond.

Promoting Life-Cycle Assessment (LCA)

Honda has been developing its own methods to reduce the environmental impacts of its business activities and across product life cycles, from production through disposal.

In March 2002, the Company built the Honda Life-Cycle Assessment (LCA) Data System for quantitatively measuring CO2 emissions from all business activities. Since then Honda has been making focused efforts to meet reduction targets set for each business area including production, purchasing, sales and service, administration and transportation.

Honda is also calculating and assessing CO2 emissions across product life cycles, from raw material procurement to product disposal for the entire vehicle, and making use of this information in its efforts to reduce CO2 emissions for each model. This approach is also important when considering applications for the next-generation technologies that will become more diverse further in the future. Accordingly, the Company will utilize the above information further to develop low-carbon solutions at the development stage, for instance.



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Honda's total GHG emissions

		FY2018	FY2019	FY2020	FY2021
GHG emissions from the entire Honda value chain (Scopes 1, 2 and 3)		308.33	315.29	303.12	254.48
Breakdown	Direct emissions from business activities (Scope 1)	1.35	1.38	1.24	1.12 ✓
	Indirect emissions from energy use (Scope 2)	4.17	4.09	3.79	3.38 ✓
	Emissions from Honda business activities (Total of Scopes 1 and 2)	5.52	5.47	5.03	4.50
	Emissions from customer use of sold products (Scope 3, category 11)	249.71	256.10	247.25	202.21 ✓
	Other emissions (Scope 3, other categories)	53.10	53.72	50.84	47.77
	Other indirect emissions (Total of Scope 3)	302.81	309.82	298.09	249.98

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

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

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

● The "Scope 3, category 11" figures presented in this report represent the cumulative amount of GHGs that will have been emitted by products sold by Honda in the applicable fiscal year (automobiles, motorcycles, power products and aircraft) as a result of their use by customers from the time they received those products until they dispose of them in the future. Calculations cover the emission of approximately 90% 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, "SMP Model," etc.

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

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

Data indicated with ✓ received the independent practitioner's assurance.



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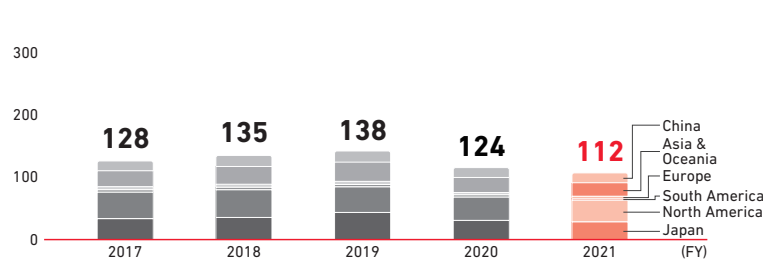
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GHG emissions

Direct emissions (Scope 1)

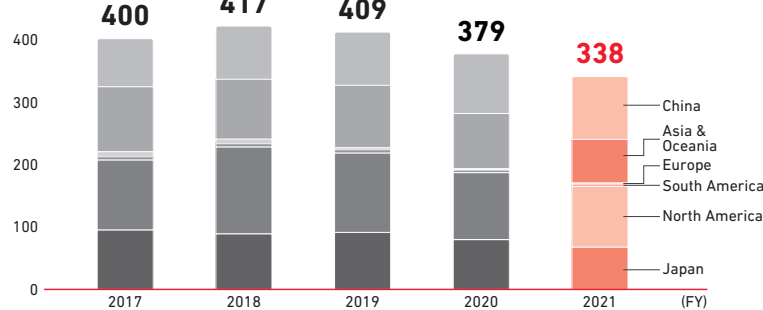
(10,000 t-CO₂e)



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

Indirect emissions (Scope 2)

(10,000 t-CO₂e)

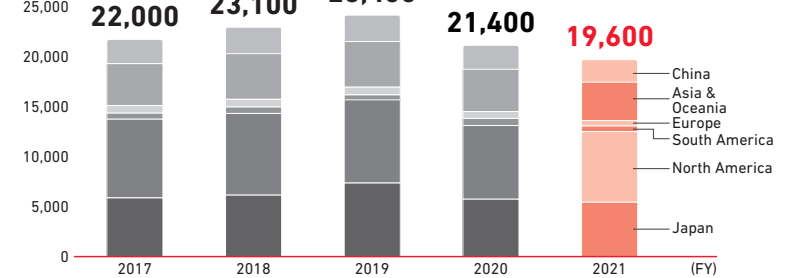


Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group
 Calculation method: Emissions amount = Σ (Purchased electricity consumption, etc.*1 x emission factor)
 Honda adopts to the GHG Protocol's standard market-based method.
 Emission factor:
 Japan: Electricity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

Energy consumption

Direct energy consumption

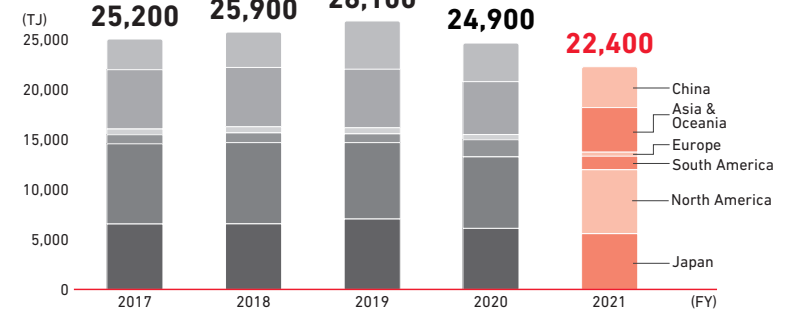
(TJ)



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

Indirect energy consumption

(TJ)



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



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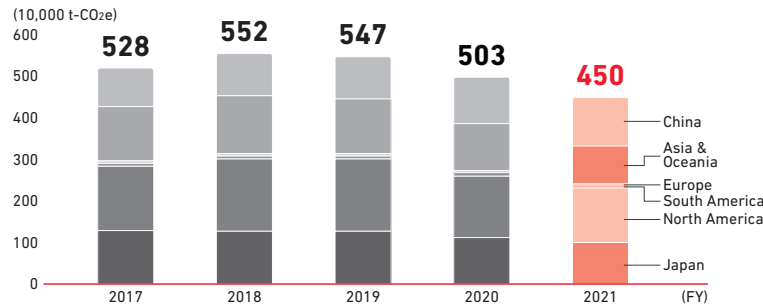
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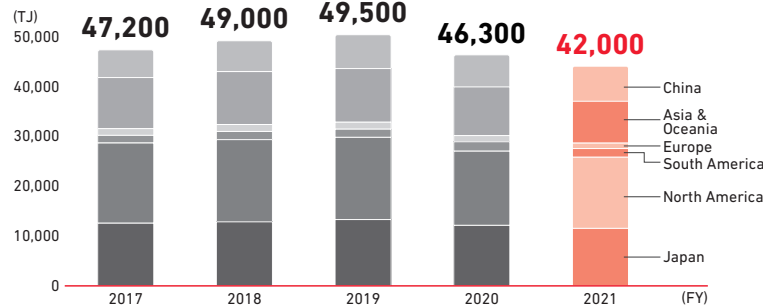
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Total GHG emissions (Scope 1 and 2)



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

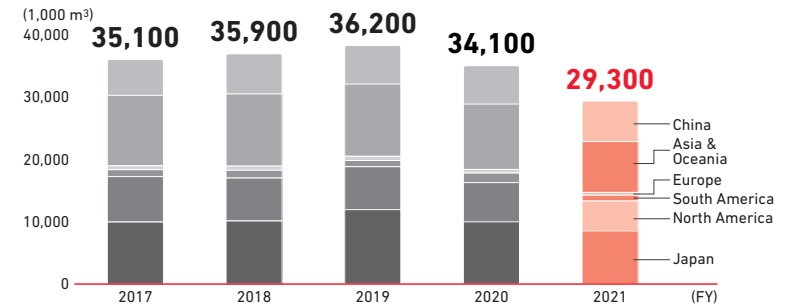
Total energy consumption



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

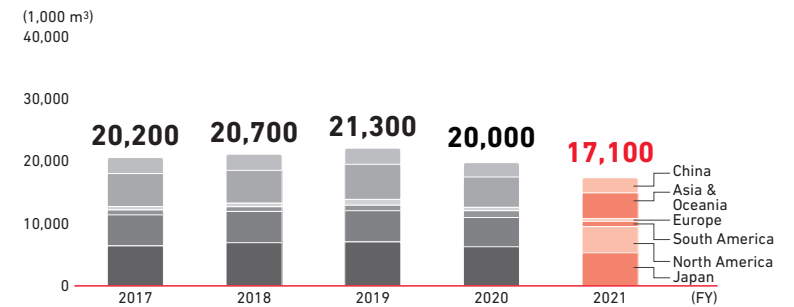
Water intake/Wastewater volume

Amount of water intake



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

Wastewater volume



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

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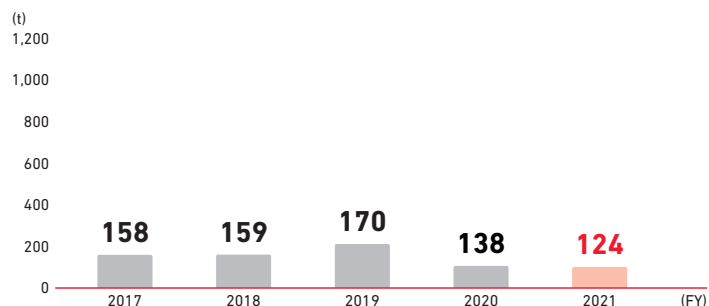
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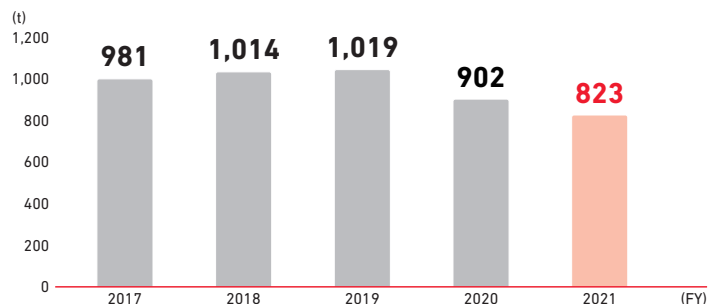
Atmospheric pollutants

SOx emissions



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

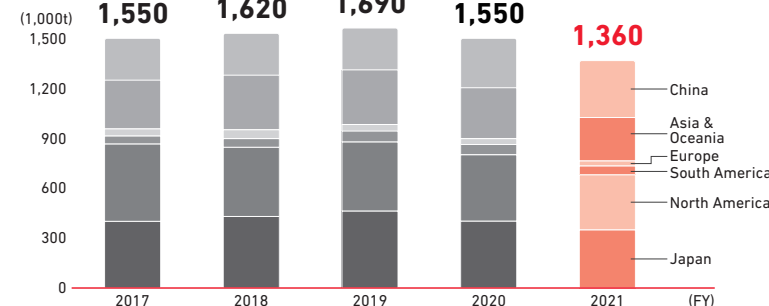
NOx emissions



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

Waste generated

Waste generated



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



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Cost of environmental conservation activities and investments in FY2021

Category	Major activities and investments	FY2021	
		Investments (millions of yen)	Expenditures (millions of yen)
Business area costs	Pollution prevention costs ● Air, water, and soil pollution prevention	446	190
	Global environmental conservation costs ● Global warming mitigation, ozone depletion prevention and other conservation activities	273	233
	Recycling costs ● Waste processing, treatment, reduction, elimination and recycling	17	625
Upstream/downstream costs	● Collection, recycling, resale and proper disposal of products manufactured and sold ● Industry organization and other membership fees	161	572
Management costs	● Installation, operation and acquisition of certification for environmental management systems ● Environmental impact monitoring and measurement ● Management and training of associates and organizations responsible for environmental conservation (expenses for environment-related communications activities)	8	1,825
Research and development costs	● Research, development, planning and design for impact reductions across product life cycles (R&D costs for advanced eco-cars, including EVs and PHVs)	9,093	202,940
Local conservation costs	● Environmental improvement measures, including ecosystem protection, cleanups, green space development and natural landscape conservation ● Local conservation and communication activities (beach cleanups and watershed conservation activities)	0	126
Environmental damage costs	● Remediation of polluted soil	0	2
Total		10,000	206,513

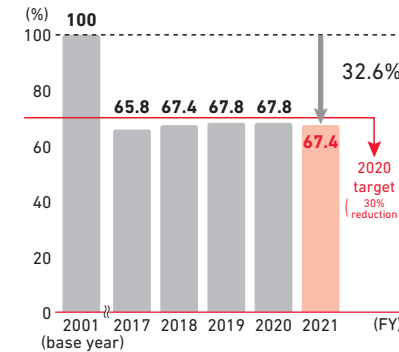
- Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Engineering Co., Ltd. and Honda Access Corporation
- Accounting period: April 1, 2020 to March 31, 2021
- Some figures are estimated values.
- Guidelines, guidebooks and other environmental accounting publications by Japan's Ministry of the Environment were used as references.
- Figures were calculated on a cash-flow basis with depreciation and amortization expenses excluded.

Economic benefits (Effect on revenue and expenses)

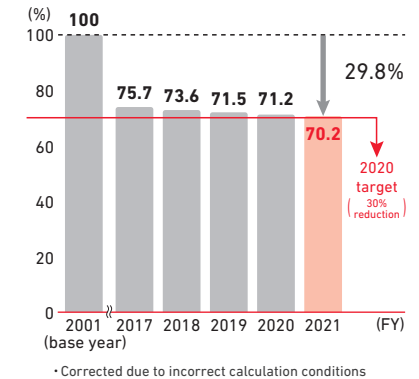
		FY2021 (millions of yen)
Income from sale of valuable waste materials		4,345
Cost reductions from saved energy	Installed technologies	36
	Behavioral changes, etc.	55
Total		4,436

Current status of achievement vs. 2020 product CO₂ emissions intensity reduction targets

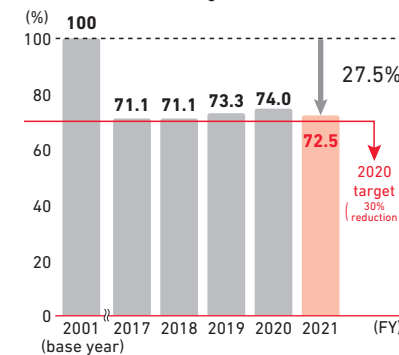
Motorcycles (g/km)



Automobiles (g/km)



Power Products (kg/hour)



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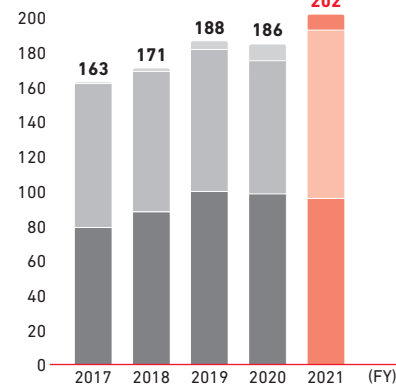
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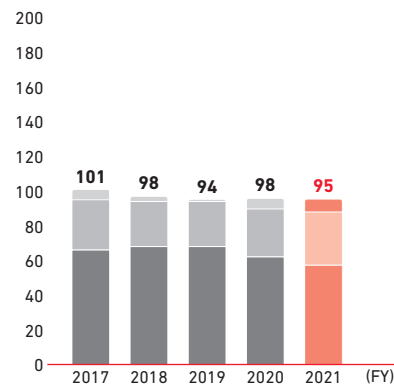
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Global number of HEPS-compliant models

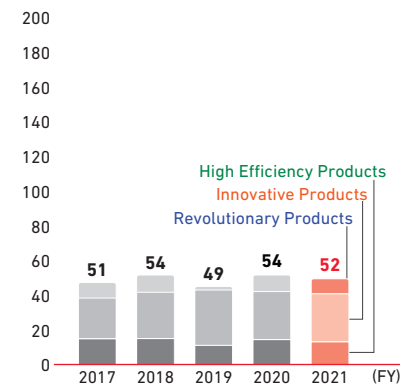
Motorcycles
(Models)



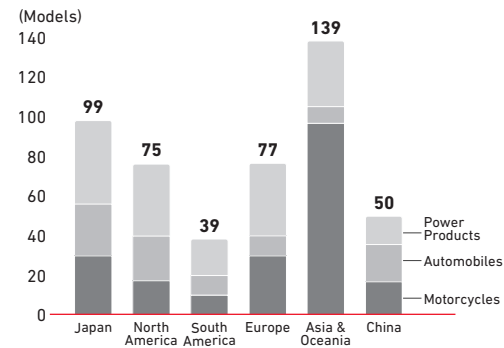
Automobiles
(Models)



Power Products
(Models)



Number of HEPS-compliant models by region (FY2021)



7

Safety



Material Issues

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

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Basic Approach

Toward a Collision-Free Mobile Society

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

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

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

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

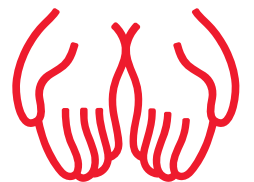


Global Safety Slogan

Safety for Everyone

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

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



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Basic Approach

Direction of Activities

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

Human Ability

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

Performance of Mobility

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

Traffic Ecosystem

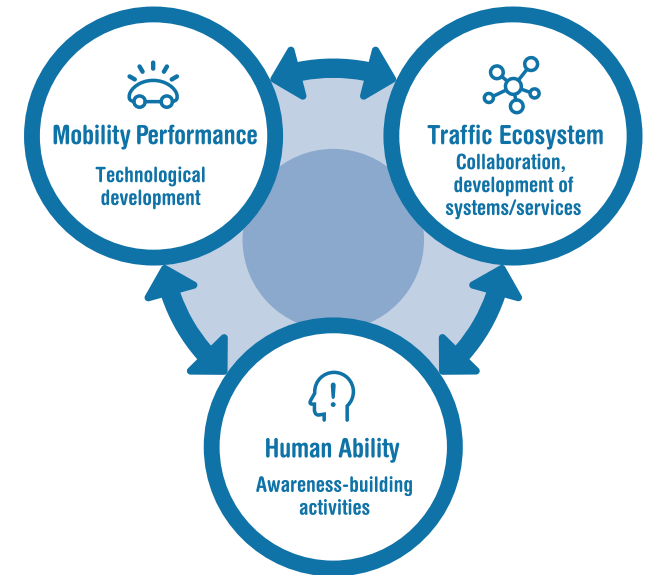
The traffic environment changes constantly due to traffic congestion, bad weather and various other factors. Honda believes that preventing accidents or mitigating their damage in such a traffic environment require dynamically understanding its holistic picture (“traffic ecosystem”). It encompasses the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

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

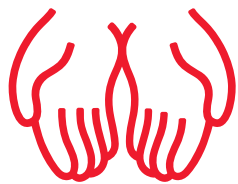
Three elements of safety

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

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



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



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

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

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Initiative to Eliminate Traffic Accidents through Accident Surveys

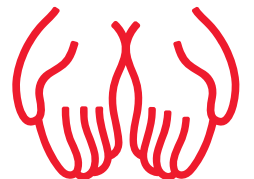
Collecting and Analyzing Traffic Accident Information in Thailand

In order for Honda to work toward traffic safety through the three elements, it is imperative to gain an in-depth understanding of the actual situations of traffic accidents. Honda is accordingly carrying out detailed analysis of how traffic accidents are occurring.

In Thailand, for example, motorcycle riders in particular account for a high percentage of traffic fatalities compared with other parts of Asia. As such, safety measures are an urgent challenge in the country. As a joint project with Yamaha Motor Co., Ltd., Honda conducted a survey on the causes of accidents involving motorcycles. (The survey and analysis work were consigned to the Thailand Accident Research Center.)

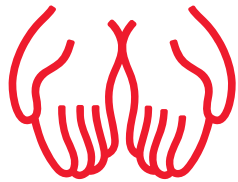
Based on the survey results, Honda will proactively continue its already ongoing activities to raise awareness for preventing driving/riding under the influence, speeding or riding without a helmet and to provide education on driving/riding safety and utilize these activities in reducing motorcycle accidents.

Besides undertaking independent activities, Honda will work with the member companies of the Thai Automotive Industry Association to engage the Thai government and related organizations to revise its motorcycle and automobile license systems and enhance driving/riding school facilities toward the ultimate goal of increasing opportunities of driving/riding safety education, including practical training, throughout the Thai society.



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

Safety Initiatives

Human Ability

Honda's Approach

In 1970, Honda established the Traffic Safety Promotion Operations (formerly Driving Safety Promotion Center) in Japan and subsequently a department dedicated to promoting activities overseas within the operations in 1972. Since then, Honda has been reinforcing its efforts overseas by establishing Traffic Education Centers* in various countries and cooperating with local dealers. As of 2020, Honda is carrying out traffic safety promotion activities in 42 countries and regions throughout the world including Japan.

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

on education program" under the guidance of expert instructors.

In Japan, Honda has provided traffic safety education and training for drivers and riders to more than 6.61 million customers to date in cooperation with Honda Traffic Education Centers, motorcycle and automobile dealers, local corporations and schools.

Overseas, the Company has established Traffic Education Centers in various countries to play a key role in its efforts and encourage collaboration with dealers, while its subsidiaries lead a broad range of activities. Emerging countries in particular contain areas where regulations, traffic rules and road infrastructure are not yet ideal despite the fact that motorization is rapidly progressing. As such, an increase in the number of fatal traffic accidents has become a social issue. Therefore, Honda is undertaking activities matched to the traffic situation of each country while collaborating with local governments and relevant organizations.

Countries and regions where traffic safety education and driving training are conducted



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Safety Initiatives

FY2021 Activities

Working to Expand KYT Education in Asian Countries

With the steep progress in motorization, Asian countries are facing significant motorcycle fatalities. In response to the increasing inquiries from these countries about human resources development and training materials in this area, Honda cooperated with the Regional Operations (Asia & Oceania) and held an online session to explain the introduction of hazard prediction training (*kiken yosoku* training – KYT) programs. The session was attended by 112 safety managers and instructors from overseas business sites. The participants were able to deepen their knowledge about KYT education through participating in exercises.



Online session for promoting KYT education

Supporting the Nurturing of Instructors Online

COVID-19 has greatly restricted travel to and from Japan, causing a drastic loss of opportunities for instructor development compared with previous years. To counter the situation, Honda has created training videos and held online training for the development of new instructors at Honda Turkiye A.S. and Honda Taiwan Co., Ltd.



Online training for new instructors

Collaboration with Traffic Education Centers

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

Specifically, Honda's seven Traffic Education Centers across Japan offer training to traffic safety instructors. They also provide participatory hands-on education mainly to companies, organizations, schools and individual customers to improve their riding/driving skills and facilitate their safety driving awareness and understanding. In 2020, Honda provided education to some 40,000 persons (as of December 31).

TOPICS

Opening a New Traffic Education Center in Indonesia

P.T. Astra Honda Motor, a Honda subsidiary in Indonesia engaging in production and sales of motorcycles, opened the Astra Honda Motor Safety Riding and Training Center in August 2020.

This new facility provides correct knowledge and skills for riding safety and facilitates an understanding of the characteristics of vehicle in various traffic condition. It has also adopted a new concept that seeks to add fun to riding motorcycles safely.



New Traffic Education Center opened in Indonesia



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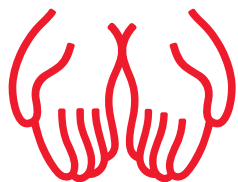
Safety Initiatives

Collaboration with Local Communities

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

As additional efforts in 2020, Honda engaged in promotion activities matched to new lifestyles resulting from COVID-19. With a view toward the possibility of online educational activities, the Company pushed ahead with the digitization of its educational programs. Moreover, in order to ensure that these educational programs are used effectively, Honda created a DVD that contains a visual guide on their use and teaching content, which had previously been taught in person.

Led by Honda Partnership Instructors of partner companies, Honda also makes efforts to promote traffic safety, such as conducting traffic safety lessons, within those companies as well as in surrounding areas.



Screen image of a worksheet used in a conventional program

Creating new videos showing Honda staff giving a program demonstration

Collaboration with Relevant Organizations

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

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

Honda has also cooperated in running the 50th National Police Motorcycle Safe Riding Competition of Japan's National Police Agency. Also, through participation in activities of the Japan Automobile Manufacturers Association and other industrial organizations, Honda has been providing a broad range of cooperation. Examples of such activities include proposing traffic safety measures to the governments looking ahead, holding riding/driving safety seminars for high school students, adults and senior citizens, hosting awareness-building events and developing instructors.



50th National Police Motorcycle Safe Riding Competition

TOPICS

Enhancing Programs for Small Children

In Japan, as an effort to enhance programs targeting small children, Honda has added the "Parking Lot" version to "Learn about Traffic Safety with 'Dekirunyan' Cat," its traffic safety educational program for five- to six-year-olds. This program was designed based on the discussions with traffic safety instructors. As examples of traffic accidents that can happen in places closer to home, the new "Parking Lot" version is designed to show potential hazards in parking spaces of commercial facilities and homes. It encourages children to think about and understand safe behavior to avoid such accidents. As in the previous programs, it uses animation and takes the form of a dialogue between children and a traffic safety instructor.



Traffic safety class

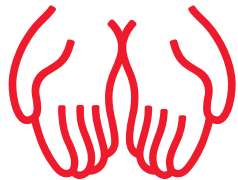
WEB

Article on the characteristics of the program

> https://www.honda.co.jp/safetyinfo/sj/21_02/index.html (Japanese only)

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Safety Initiatives

Development of Educational Equipment

In Japan, Honda leverages its driving safety and KYT know-how accumulated over the years and provides educational equipment and software programs, including simulators, which are used at various driving safety education opportunities.

Honda has developed various equipment useful in driving safety education, including the Driving Simulator updated to match the latest needs of society; Riding Simulator for motorcycle KYT difficult to conduct on the road; Bicycle Simulator to learn safe bicycle riding; and Movie KYT that enables a large group of persons to experience hazard prediction.



Driving Simulator Type DB, Model S (Released in April 2021)

Activities in the Welfare Field

In Japan, Honda offers training opportunities and venues for persons with disabilities who want to drive again. In this capacity, the Company provides its know-how to hospital and driving school personnel in charge of evaluating the driving competence of these persons. It also offers support for the creation of a local collaboration environment in which driving school instructors and occupational therapists exchange information and opinions.

As a means to evaluate the driving ability of those who want to return to driving, we provide Training Support Program for Driving Rehabilitation*1 using simulators and vehicles.

Additionally, in collaboration with NPOs and welfare-related companies, Honda uses its Safety Training Program for Operating Nursing Vehicles*2 to encourage welfare facility drivers providing pickup and drop-off services to gain driving skills that give due consideration to their passengers.

*1 A program offered at Honda Traffic Education Centers as a means to evaluate the driving competence of people with higher cerebral dysfunction wishing to resume driving. It is used to check their current ability to drive an actual vehicle and train them to overcome the identified issues.

*2 A program offered at Honda Traffic Education Centers for welfare facility drivers providing pickup and drop-off services. It provides advice on preventing accidents during these services as well as training to facilitate an understanding of the importance of giving due consideration to their passengers.

TOPICS

50 Years of Traffic Safety Promotion Operations

October 2020 marked the 50th year of the establishment of the Traffic Safety Promotion Operations (formerly Driving Safety Promotion Center). The operations began in 1970, in the period when the concept of "traffic safety" was not yet universal. It was also the period during which the expression "traffic war" was created as the growing motorization in Japan resulted in a steep rise in the traffic volume, causing a serious social issue of increasing traffic accidents. The social responsibility of a mobility company naturally entails the provision of safe motorcycles and automobiles. Going a step beyond, Honda strongly recognizes the need to spread safe driving practices. As such, the Company has been promoting its concept of safety both in terms of "hardware" and "software," while basing all ideas and thoughts on the perspective of road users.

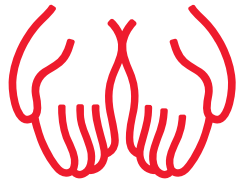
The unprecedented pandemic that broke out in 2020 has forced Honda to continue exploring new ways of providing traffic safety education. Society is shifting to a new, "non-contact" lifestyle while automobiles, bicycles and the like are gaining popularity as personal mobility. Amid such an environment, Honda will strive to ensure further evolution of its forward-looking traffic safety education based on its ongoing, basic activities "To pass on safety education from person to person" and "To provide a participatory hands-on education program."



50 Years of the Traffic Safety Promotion Operations (Issued on November 1, 2020)

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

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

Safety Initiatives

Performance of Mobility

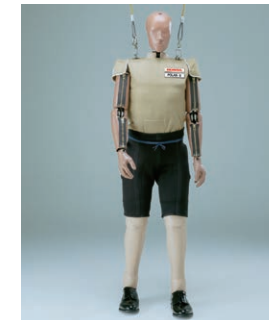
Honda's Approach

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

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

In addition to the above, Honda has become the first company in the world to provide a number of new technologies. These include the driver-side SRS airbag, Advanced Compatibility Engineering (ACE) body structure*2, Collision Mitigation Braking System (CMBS) and "Honda Sensing/AcuraWatch" advanced safety and driver-assistance system. In April 2021, Honda installed a new CMBS, which is capable of detecting motorcycles, for the first time among Honda's automobiles in the Vezel released in Japan.

Going forward, Honda will work to evolve the current Honda Sensing/AcuraWatch in all directions and equip the resulting system in all automobile models sold in developed countries by 2030. Moreover, being a manufacturer of both motorcycles and automobiles, Honda will proactively promote research on Honda-specific Safety for Everyone technologies, with a view to realizing technologies that enable automobiles to protect motorcycles.



POLAR III, the third-generation pedestrian dummy



Omni-directional crash test facility

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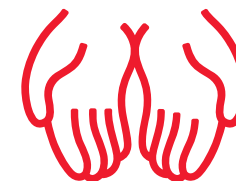
FY2021 Activities

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

In FY2021, more than 95% of new vehicles (total of regular passenger cars and mini-vehicles) sold in Japan equipped with the system. Similarly, the combined percentage of Honda Sensing/AcuraWatch fitted in new vehicles was also around 95% in the United States.

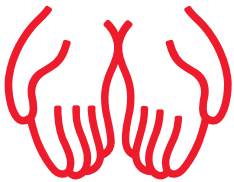
Meanwhile, traffic accidents caused by false start has become a social issue in recent years in Japan. As a measure against such accidents, Honda has started domestic sales of a retrofit kit to prevent false start, which can be added to vehicles already sold without preventive safety functions. In July 2020, Honda released a kit for the N-BOX (sold from 2011 to 2017, excluding models fitted with the City-Brake Active System known as CTBA) and the Fit (sold from 2007 to 2013, excluding manual transmission models).

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



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- *1 Adopted the definitions (J3016) of the Society of Automotive Engineers International (SAE International), a U.S.-based global association of automotive engineers.
- *2 To perform tasks of recognizing, predicting, making judgments and operating that are necessary to drive a vehicle
- *3 The system is required to immediately warn the driver to take over if it deviates from its allowed use conditions.
- *4 Conditions under which automated driving is allowed, including location (e.g., only on highways), weather (e.g., only on fine days) and speed. These conditions vary depending on the performance of an automated driving system.
- *5 Defined in the Public-Private ITS Initiative/Roadmaps 2020 (approved in July 2020 by the IT Strategic Headquarters led by the Prime Minister of Japan).

Safety Initiatives

TOPICS

Started Sales of the New Legend Equipped with “Traffic Jam Pilot,” a Level 3 Automated Driving System

In March 2021, Honda started sales of the new Legend equipped with the Honda Sensing Elite in Japan. For the “Traffic Jam Pilot (traffic congestion driving function)” included in the system, Honda has received the required type designation for Level 3 (conditional) automated driving from Japan’s Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

In the revised Road Transport Vehicle Act that went into effect in April 2020, an automated driving system is officially defined as a system providing, under certain driving conditions, functions to “recognize, predict, make judgments and operate,” which are necessary capabilities to drive an automobile, using sensors and computers. The system must also have a drive recording device. A vehicle equipped with the system is required to attach a sticker to its rear to show it is an automated driving car to other road users.

The Japanese government defines and categorizes automated driving into five levels*1. At Levels 1 and 2, the driver is primarily responsible for driving tasks*2, with the system just providing driver assistance. Level 3 is conditional driving automation, in which the system monitors surrounding traffic situations and is allowed to conduct driving tasks in place of the driver*3 under certain conditions*4, such as during traffic congestion on a highway. The “Traffic Jam Pilot” is an

automated driving system corresponding to Level 3 of the MLIT’s driving automation levels*5.

In controlling a vehicle, the system uses 3-D high-precision maps and information from the Global Navigation Satellite System (GNSS) to identify the position of the actual vehicle and road conditions, while many external sensors offer a 360-degree view of the surrounding area and an internal monitoring camera checks on the driver. Based on such a variety of information, the main electronic control unit (ECU) appropriately exercises the functions to recognize, predict and make judgments and assists the high-quality and smooth conduct of driving tasks through highly controlled acceleration, braking and steering.

In developing the system, Honda attached utmost importance to safety and reliability and conducted about 10 million simulations assuming varying real-world situations. At the same time, the Company repeated feasibility tests on highways using test vehicles, covering a total distance of 1.3 million kilometers. The system also incorporates a redundancy design to ensure safety and reliability should a failure occur in any of the devices.



“Traffic Jam Pilot” (notional image of operation)



Layout of sensors of the Honda Sensing Elite

- Front sensor camera x 2
- Lidar sensor x 5
- Radar sensor x 5



Sticker showing the vehicle is an automated driving car

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Safety Initiatives

TOPICS

Equipping the Industry’s First Camera-Mounted Rear Seat Reminder System in the Odyssey Sold in the United States

In the United States, Honda started offering the industry’s first* camera-mounted Rear Seat Reminder system with the Odyssey that underwent minor updates in August 2020.

The Rear Seat Reminder system alerts the driver getting out of the vehicle to check the rear seats for children, pets or bags. It sets off an audio alert when the engine is switched off and shows a message to check the rear seats on the LCD monitor in the instrument panel.

In some Odyssey models, the Rear Seat Reminder system is integrated with a camera system and displays a real-time view of the rear seating area on the Display Audio screen in the instrument panel in addition to an audio alert and a text message reminder.

In the United States, dozens of children die of heat stroke in a vehicle every year. Honda is aiming to install its Rear Seat Reminder system in the majority of Honda vehicles sold in the U.S. by 2022.

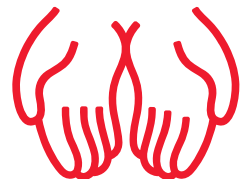


Odyssey



Rear Seat Reminder system and Rear Seat Camera system

* Survey by Honda



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Safety Initiatives

Traffic Ecosystem

Honda's Approach

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

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

In 2013, Honda launched a Safety Map service that integrates and analyzes various information, such as emergency braking information collected through the Internavi system, information on traffic accidents provided by the police and local governments and traffic information provided by local residents. A map of accident-prone areas is shown on Honda's website for drivers to check in advance.

In addition, Honda is participating in D-Call Net®*2 in Japan, a system commonly referred to as an Advanced Automatic Collision Notification (AACN), which uses connected car technology. The system automatically analyzes the vehicle data upon a collision using an algorithm based on the database of some 2.8 million accident cases in Japan and estimates the probability of death or serious injury. It then reports the accident automatically from the vehicle to fire departments and cooperating hospitals. The aim is to save more lives in traffic accidents by making prompt air and ground ambulance dispatch decisions possible.

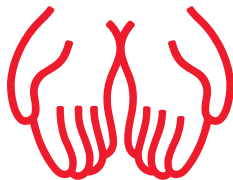
Going ahead, in order to realize zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050, Honda will utilize communication technologies to create a better collaborative relationship

among all road users, including motorcycles, automobiles, pedestrians and bicycles, and help realize a safer traffic ecosystem.

FY2021 Activities

The utilization of communication technologies is one such initiative to contribute to the sound development of a traffic ecosystem. In Japan, since installing a Honda Connect on-board communication module in the Fit released in February 2020, Honda also fitted the module in the Honda e released in August 2020.

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



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

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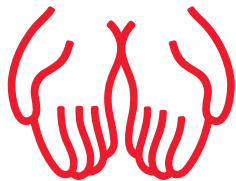
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Safety Initiatives

TOPICS

Feasibility Testing of Ropot, a Traffic Safety Advice Robot, Aiming to Reduce Traffic Accidents Involving Children

Honda R&D Co., Ltd., a research and development subsidiary of Honda, is undertaking the research and development of a traffic safety advice robot named Ropot.

Ropot is a tiny, palm-sized robot under development based on the concept of helping parents with teaching traffic safety to their children. Perched on a shoulder strap of their schoolbag, the Ropot device for children works with a smartphone app for parents and encourages children to check safety along the school route, assisting them in developing safety check habits.

In November 2020, Honda conducted feasibility testing of the robot, with the cooperation of 25 elementary school children (24 families) in Wako City, Saitama Prefecture, to actually use it on their way to and from school.

Ropot uses its Global Positioning System (GPS) to detect the location of the child and gives a vibration warning at the safety check points such as crossings specified by a parent in advance, urging the child to check safety before crossing the street. Ropot also has a vehicle detection sensor and vibrates to warn the child to watch out for a vehicle approaching from behind.

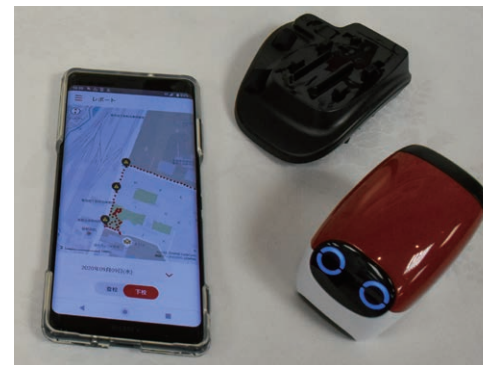
After coming home, the child can go through the route he or she has actually taken with an adult and check the history of stopping at the specified points by using the app on parents' smartphones. This function to later check the school route and safety behavior with an adult is expected to be an effective means to ingrain traffic safety awareness more firmly among children.

The development of Ropot has been driven by the fact that seven-year-olds are more frequent pedestrian victims of traffic accidents in Japan. This is probably because they enter elementary school at this age and start navigating through traffic on their own at more occasions when going to and from school or other after-school activities. With the aim of reducing such accidents, Honda is also undertaking research and development in other ways than improving the safety performance of vehicles and motorcycles.

Ropot is still in the research and development stage, and no plan has yet been made as to its commercialization.



Ropot device perched on a shoulder strap of a child's schoolbag



Go through the school route and check the history of stopping at the specified points by using the app on parents' smartphones.

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TOPICS

Conducting Feasibility Testing on a Technology to Detect Road Damage in Ohio

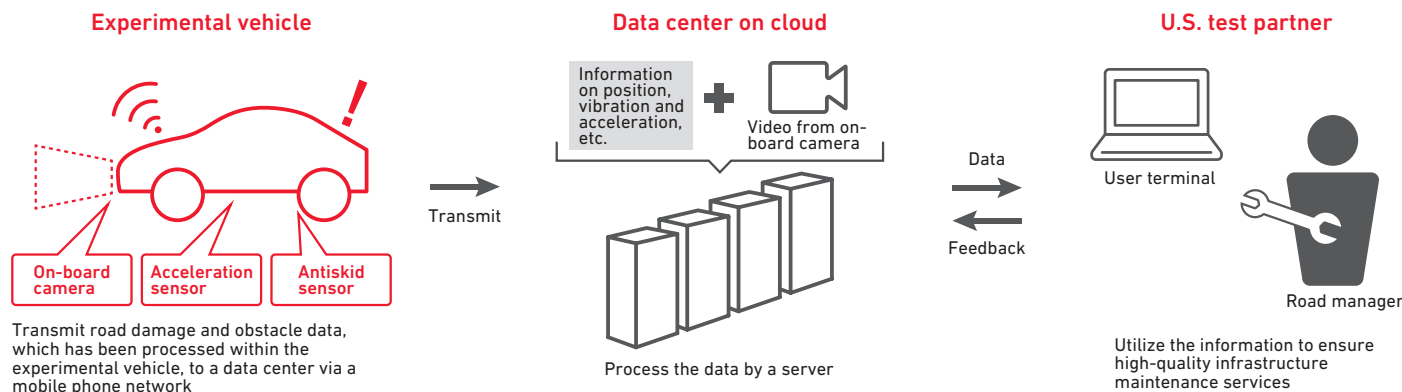
Honda has conducted feasibility testing* on the use of connected car technology to detect road damage in the U.S. state of Ohio with the ultimate goal of building a platform for data utilization.

In order to relieve traffic congestion and increase traffic safety, Ohio has set up a Smart Mobility Corridor along a section of U.S. Route 33. Accordingly, it has installed an optical fiber network, sensors to collect traffic information and devices to communicate with vehicles.

In the feasibility test, an experimental vehicle equipped with a camera and sensors for AI analysis, a communication device and an on-board analysis-use computer ran on the route. It explored challenges involved in detecting road damage and obstacles, collecting the obtained information at a data center using a mobile phone network and distributing the information via dedicated short range communication (DSRC) and 4G LTE.

In the future, the project aims to let road managers to utilize the collected data in their operations, such as alerting other road users or quickly arranging road repairs, and to build an even safer road infrastructure.

Flow of feasibility testing



* This feasibility testing has been carried out as part of a project consigned by Japan's Ministry of Internal Affairs and Communications (MIC) to survey the feasibility of advanced systems utilizing probe information in the United States. Under a public-private partnership of the government and companies of Japan, the project supports repairs of aging roads in the United States. In this project, the operation of experimental vehicles is consigned to a specific purpose company established by Pacific Consultants Co., Ltd., Oriental Consultants Global Co., Ltd. and SoftBank Corp., while the server operation is consigned to ZENRIN DataCom Co., Ltd.



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Safety Initiatives

Third-Party Evaluations

Honda's Approach

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

Results of key third-party evaluations (tests conducted in FY2021)

Country / Region	Third-party evaluation	Model	
Japan	JNCAP 5 ★	Fit	
Europe	Euro NCAP 5 ★	Jazz	
China	C-NCAP 5 ★	Breeze / ENVIX	
	C-IASI*2 GGG	Breeze	
U.S.A.	NCAP 5 ★	Acura TLX	
	IIHS*3	TSP+	Acura RDX / Acura TLX / Accord / Insight / Odyssey / Acura MDX
		TSP 5 ★	Civic sedan / Civic hatchback / CR-V Performance not evaluated in FY2021
Australia	ANCAP 5 ★	Performance not evaluated in FY2021	
Southeast Asia	ASEAN NCAP 5 ★	Performance not evaluated in FY2021	
Latin America	Latin NCAP		

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

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

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

*4 This refers to Japan New Car Assessment Program, which is conducted jointly by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety & Victim's Aid (NASVA).

*5 In 2020, JNCAP shifted to a program in which the existing Collision Safety Performance Assessment and Preventive Safety Performance Assessment were combined into a single Comprehensive Assessment, selecting the Five Star Award based on the sum of scores of the two assessments.



TOPICS

Fit Receiving the Five Star Award from JNCAP*4

The Fit received the Five Star Award in JNCAP's Automobile Safety Performance 2020, which evaluates and publicizes the safety performance of automobiles. The vehicle received high marks in both the Collision Safety Performance Assessment and Preventive Safety Performance Assessment as well as being equipped with an automatic collision notification system. It became the first Honda vehicle to receive the award under JNCAP's new testing program*5 in 2020.



Fit

Accord and City Receiving Awards from ASEAN NCAP

For the ASEAN NCAP Grand Prix Awards 2020 held in February 2021, the Accord, which was released in the ASEAN region in November 2019, received the highest rating overall in the Best Safety Performance Award. The model achieved the highest scores in the Adult Occupant Protection (AOP) and Child Occupant Protection (COP) categories, and combining the score of the Safety Assist category, the highest scores overall.

The City, which was fully revamped and released in the ASEAN region in November 2019, also received a five-star ASEAN NCAP rating and won an award for achieving five stars for three consecutive generations, following the previous models released in 2012 and 2014, respectively.

ASEAN NCAP conducts a safety assessment of new cars sold in the ASEAN member countries in the three categories of AOP, COP and Safety Assist and then selects the highest-rating car based on the total score of each category.



Accord



City

7 Quality



Material Issues

— Assuring outstanding product quality

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Basic Approach

Aiming to Bring Reassurance and Satisfaction to Customers

“We have to aim for 120% product quality. If 99% of the products we make are perfect, that would seem like a pretty good record. However, the customers who become the owners of the remaining 1% will surely consider their products 100% defective. It is unacceptable that even one customer in a thousand — even one customer in ten thousand — should receive a defective product. That’s why we have to aim for 120%.” These words of founder Soichiro Honda define the company’s fundamental approach to quality, or more specifically, what it means to strive to be “a company society wants to exist.” Determined to meet or exceed the expectations of customers, Honda is taking new initiatives to reach high product quality standards.

Honda offers products founded on safety and a new level of outstanding quality to strengthen customer trust. To this end, Honda has created the Honda Quality Cycle (⇒ p. 97) that continuously enhances quality at every stage encompassing planning, development, production, sales and after-sales service.

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

Offering a New Level of Outstanding Quality

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

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

Honda will accelerate powertrain electrification as well as the introduction of driver-assistance technologies for the realization of a collision-free mobile society. Honda is now working to create new value through open innovation by teaming up with other companies, including those from different industries, to take up a challenge of creating new forms of mobility that incorporate the Internet of Things (IoT).

Moving ahead, Honda aims to reduce problems at all points of customer contact in step with evolution in mobility and living in addition to ensuring the utmost quality in products and services provided to customers. Through such a pursuit of quality in each domain, Honda has been evolving its activities to realize a new level of outstanding quality.



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Global Management

Quality Management System and Quality Enhancement Promotion System

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

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

G-HQS is a set of fundamental standards supporting quality assurance and improvement activities in all sections based on the Honda Quality Cycle. The aim is to improve the quality of Honda brand products manufactured and sold around the world. Each facility complies with G-HQS to enable the horizontal development of a quality assurance system across the board and contribute to quality assurance not only in production activities but also in logistics and services.

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

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

As of the end of March 2021, 60 of the 64 Honda production facilities had acquired ISO9001 certification.

Global Meeting Structure

In order to ensure the strengthening of quality under this quality management system, Honda sets challenges based on quality targets established in company-wide policy, which are then modified to reflect the challenges found in different regions with countermeasures formulated for them. The management of this initiative and information-sharing are conducted regularly at the Global Quality-related Meetings. Each of the Honda businesses (i.e., Automobile, Motorcycle and Life Creation) holds its own Global Quality-related Meetings.

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

Global meeting structure

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



Global Automobile Quality Meeting



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

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Global Management

Quality Management Education

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

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

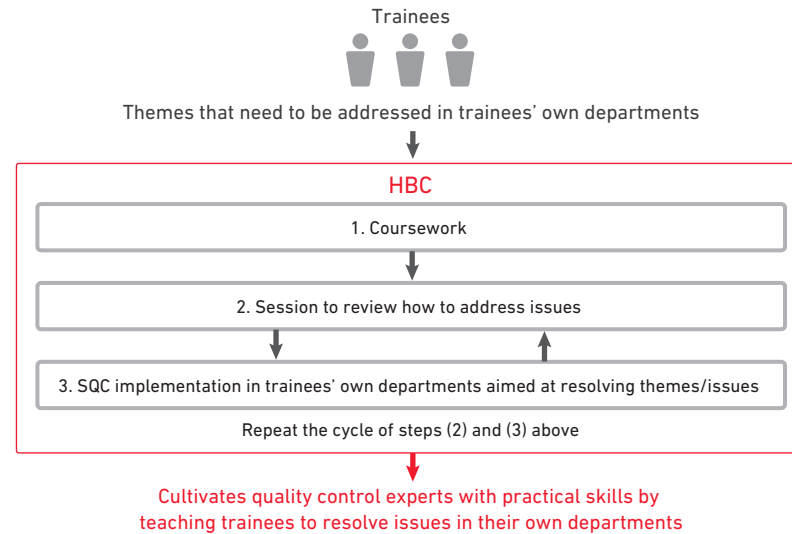
Outside Japan, the QC Junior (QC J) Course and the QC Foreman (QC F) Course are offered as basic training.

Training curricula content

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

* SQC Course and HBC are held in Japan.

HBC flow



Best Quality Award

The Chief Officer for Quality Innovation Operations presented awards for themes that generate outstanding results through quality-related measures based on policy management with the aim of elevating quality awareness. Divisions in line for recognition include development, production, production technology, purchasing, certification, quality, parts/service and IT. Awards for divisions overseas were introduced in 2012, with the Chief Officer for Quality Innovation Operations presenting awards on-site. Over the eight-year period from FY2013 to FY2020, a total of 60 sites were visited around the world enabling direct communication with associates.



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Quality Initiatives

Honda's Quality Cycle

Honda has created the Honda Quality Cycle that continuously enhances quality at every stage, encompassing planning, development, production, sales and after-sales service in order to realize products offering a new level of outstanding quality.

This initiative aims to apply and reflect design and development expertise at the production preparation and production (mass-production) stages. The goal is to achieve the highest quality by creating drawings designed to facilitate manufacturing and by developing manufacturing control techniques that limit process variability.

Honda Quality Cycle



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Quality Initiatives

Planning/Development and Production (Mass Production)

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

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

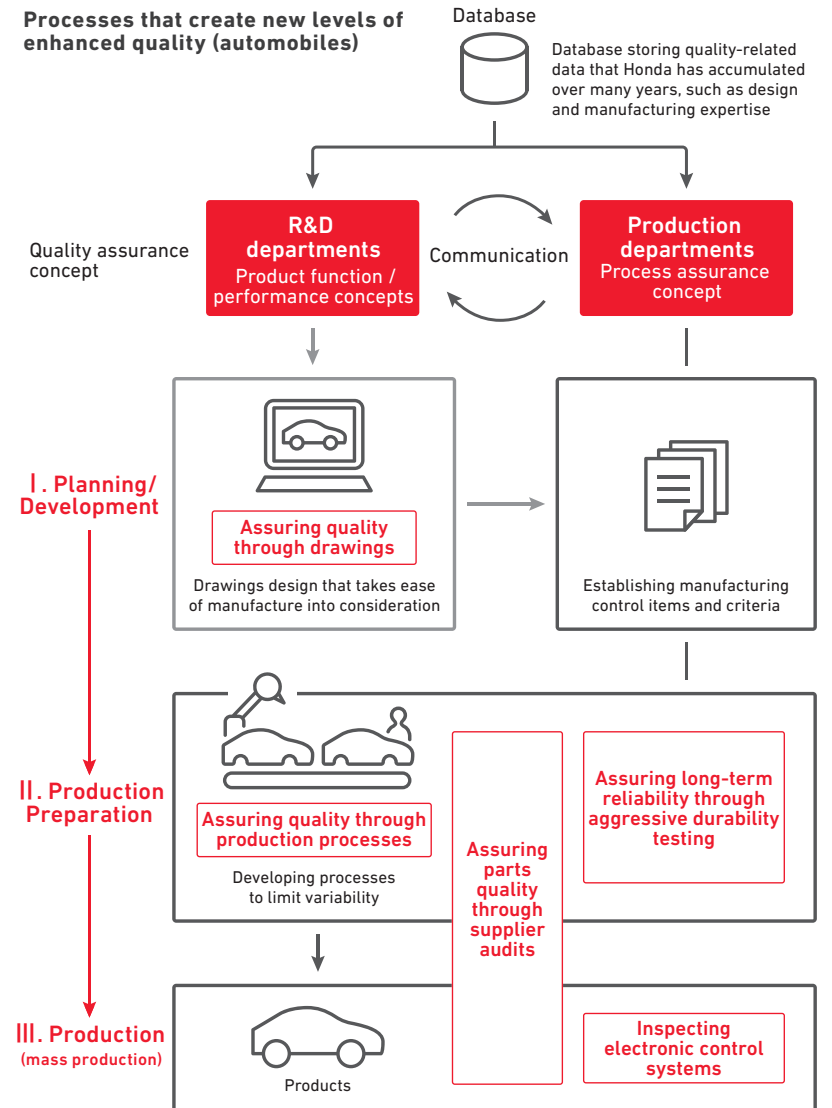
Strengthening Activities to Improve Planning and Development

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

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

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

Processes that create new levels of enhanced quality (automobiles)



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Quality Initiatives

I. Planning/Development

Assuring Quality through Drawings

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

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

Establishment of Development Procedures with Suppliers

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

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

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

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

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

II. Production Preparation

Assuring Quality through Production Processes

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

Honda’s activities to purchase parts encompass their materials.

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

Assuring Parts Quality through Supplier Audits

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

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

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

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



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Quality Initiatives

Assuring Long-Term Reliability through Rigorous Durability Testing

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

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



Verification of parts following durability testing

III. Production (Mass Production)

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

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

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

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

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



Inspection using LET system



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Quality Initiatives

IV. Sales and Service

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

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

Customer Satisfaction Survey

Honda conducts a survey around the world on customer satisfaction related to service operations for customers who have received after-sales service from a dealer. In FY2021, the survey was conducted in 18 countries, including Japan and countries in North America, South America, Europe, Asia and Oceania, Africa and the Middle East. The survey method enabled minute measurements of satisfaction for each part of the service process at a dealer, with the survey findings used to provide guidelines for each dealer. While comparing these guidelines with quality-related initiatives at dealers, activities are being undertaken toward better service quality at all points of customer contact by implementing a plan-do-check-act (PDCA) cycle.

In addition, once a year Honda conducts a survey comparing with other manufacturers and brands that are the benchmarks in each country, and the results are used as a reference to maintain and improve customer satisfaction at an industry-leading level. In FY2021, Honda attained top-level customer satisfaction in 17 countries*.



* Internal survey by Honda; as of March 2021

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Quality Initiatives

Customer Relations Center

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

The center receives feedback in the form of customer questions, suggestions, requests and complaints 365 days a year, and during FY2021 it processed 140,383 inquiries. To ensure that this valuable information is put to good use in Honda's operations, the facility shares it in a timely manner with the company's R&D, manufacturing, service and sales departments in compliance with laws and regulations as well as Honda's own policies concerning the handling of personal information.



Sharing customer feedback at a meeting of relevant parties

Honda Total Care

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

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

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

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

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



* Survey by Honda; as of December 2019

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Quality Initiatives

V. Quality Information Collection/ Analysis and Quality Improvement

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

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

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

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

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

Prediction System

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

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

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

Market quality enhancement system (automobiles)

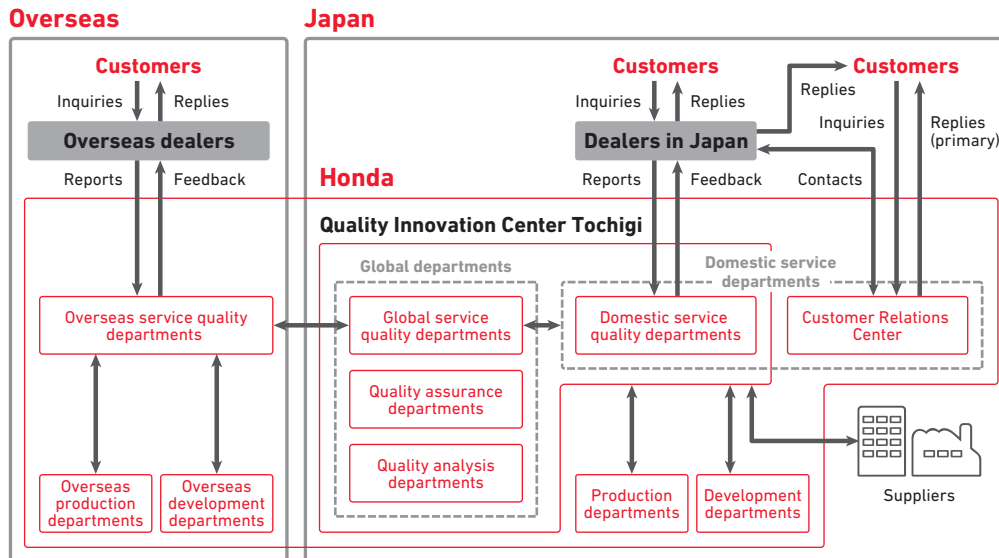
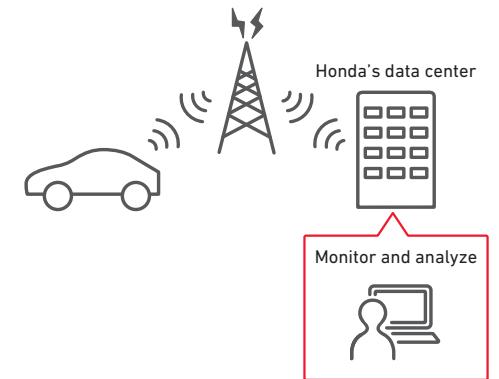


Image of the prediction system



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Quality Initiatives

Quality Innovation Center Tochigi

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

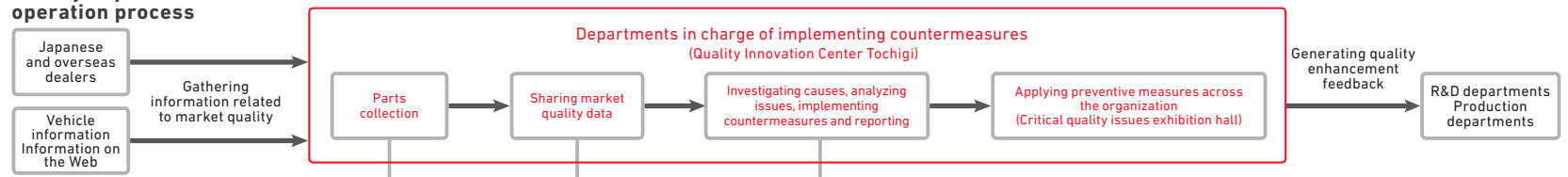
In particular, locating quality and service departments in a single facility allows for effective analysis and development of countermeasures thanks to the ability to share information quickly.

Quality Improvement Operation Process

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

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

Quality improvement operation process



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

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

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

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

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

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

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

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



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Quality Initiatives

Critical Quality Issues Exhibition Hall Presents Examples of Key Quality Issues

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

The hall provides key examples of past market quality issues. Many people visit the hall annually for training or as part of a tour. In FY2021, training (including online training) was provided to a total of 1,700 participants. The targets include not only Honda associates but also suppliers, overseas distributors and service division personnel.

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



Rust on the body of a Honda Civic made in 1981



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



Training for development team members



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Quality Initiatives

Analysis in Partnership with Overseas Entities

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

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



Quality Innovation Center Tochigi, Japan

Working with automotive production plants



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Quality Initiatives

Handling of Quality Issues When They Occur

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

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

Number of Global Quality Committee meetings (FY2021)

Segment	Number of times
Automobiles	57
Motorcycles	19
Life Creation	7
Total	83

<Airbag recalls>

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

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

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

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



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Third-Party Evaluation

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

Results of the 2020 IQS for automobiles

J.D. Power and Associates

Country	Brand	Ranking
U.S.A.	Honda	No. 19
	Acura	No. 23
Japan	Honda	No. 1

Country	Segment	Model	Ranking
U.S.A.	Midsize Pickup	Ridgeline	No. 3
	Minivan	Odyssey	No. 2
	Small Premium Car	ILX	No. 2
Japan	Mini-vehicle	N-BOX	No. 2
	Compact	Fit	No. 1
	Midsize	Shuttle	No. 2
China	Compact Upper	Fit	No. 3
	Midsize Basic	City	No. 2
	Midsize Upper	Accord	No. 1
	Large SUV	Avancier	No. 1
	Large SUV	UR-V	No. 3

• Includes top three vehicles in major markets from January to December 2020

Sources:

- J.D. Power and Associates 2020 U.S.
 - Initial Quality Study SM (based on responses from more than 87,282 owners who purchased or leased a new vehicle as surveyed from February to May 2020)
- J.D. Power Japan 2020 Japan
 - Initial Quality Study SM (based on responses from more than 19,435 owners who purchased a new vehicle as surveyed from May to June 2020)
- J.D. Power China 2020 China
 - Initial Quality Study SM (based on responses from more than 32,536 owners who purchased a new vehicle as surveyed from December 2019 to August 2020)



7

Human Resources



Material Issues

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

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Basic Approach

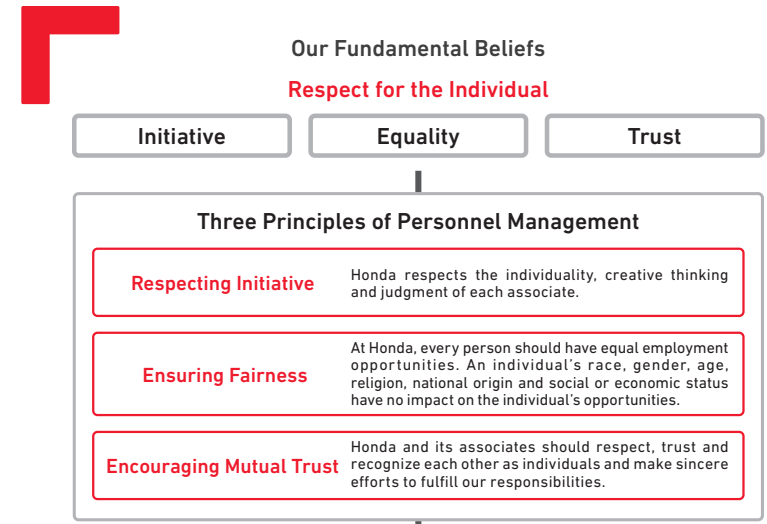
Basic Policy for Personnel Management

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

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

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

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



Associate Relations Policies

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

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

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Global Management

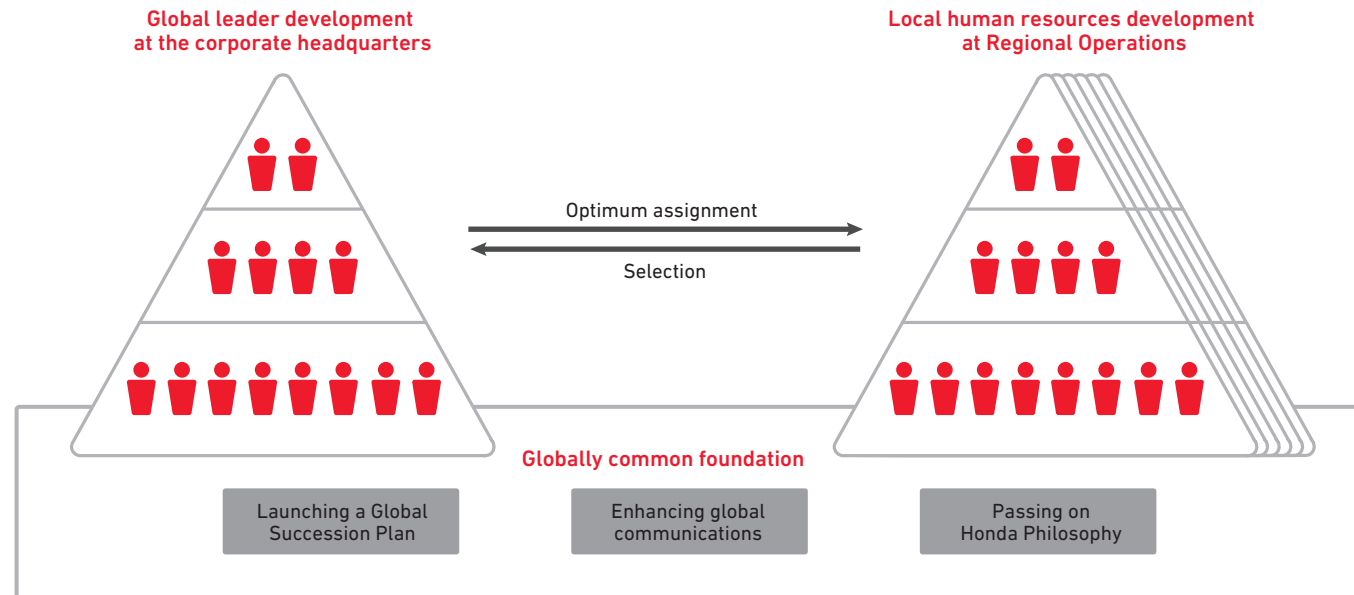
Human Resources Vision and Strategies

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

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

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

Global human resources management approaches



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Global Management

Honda's Approaches

Honda takes two approaches to supporting autonomous operations in six global regions and developing and assigning human resources to enhance Honda's total strength.

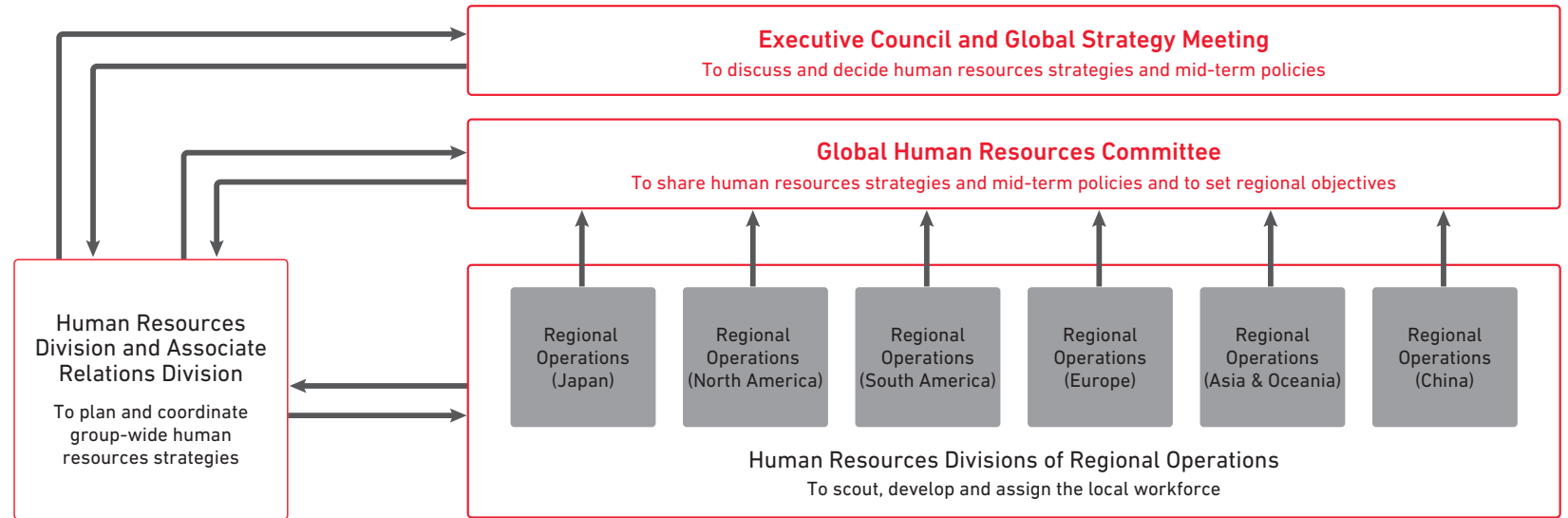
One of the approaches is to develop and reinforce local human resources. On the basis of the Honda Philosophy, Honda core values and competency, Honda aims to share values with Honda Group associates and vitalize communication. At the same time, Honda provides training programs tailored for each region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

Human Resources Management Structure

At Honda, the Human Resources Division and Associate Relations Division at the corporate headquarters in Tokyo draw up global human resources strategies from a mid- to long-term perspective in coordination with operations in each region. Strategies proposed by the division are discussed annually by the management members in the Global Strategy Committee.

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

Global human resources management



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Human Resources Initiatives

Human Rights

Basic Approach

Honda upholds the idea of “Respect for the Individual” in the Honda Philosophy and includes “Respect of Human Rights” in the Honda Code of Conduct to show its policy to “maintain its stance as a company committed to practicing fairness and sincerity and respecting human rights.” Also in the Code, Honda specifically requires its associates to “respect fellow associates, interact with them in a sincere and appropriate manner, and never engage in any form of harassment or unjust, discriminatory behavior in the workplace.”

In 2012, Honda formulated the Associate Relations Policies (⇒ p. 110) which show its approach toward “Respect of Human Rights.” The policies are explained in training programs before overseas assignment and are applied to Honda’s daily corporate actions.

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

Specific Initiatives

In its company-wide risk management activities, Honda has set up a category on human rights. Once a year, each department identifies the priority issues concerning human rights based on the Group’s common evaluation criteria. The Operations priority risks and company-wide priority risks are then identified based on the results of evaluation of each department.

With regard to all local subsidiaries, including joint ventures, Honda works to identify any risk concerns by conducting an annual assessment of Group companies to check if their operations comply with the Associate Relations Policies (⇒ p. 110). In FY2021, this assessment was conducted for 118 bases. Honda also performs monthly checks on the status of labor management of all local subsidiaries, including joint ventures, and shares the results in the Global Monthly Report. Moreover, to make an appropriate response when there is a risk concern, Honda has in place a system to share and discuss the issue through meetings with regional human resources officers. In FY2021, no incidents were identified.

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

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



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Human Resources Initiatives

Diversification Aimed at Leveraging Total Workforce Strength

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

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

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

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

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

Starting from 2021, Honda plans to implement the following specific

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

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

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

DATA

Annual training hours and cost per associate

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Launch of a Global Succession Plan

Honda has launched a Global Succession Plan to systematically develop and appoint competent and motivated personnel regardless of an individual’s attributes (such as nationality and gender). More specifically, Honda has developed a Global Competency Model (GCM), which represents behavioral traits required of a global leader, and introduced a talent assessment system based on the GCM. The Company has also revamped its global leader training programs. These efforts are geared toward creating Honda’s global talent profiles.

By visualizing such talent information and required capabilities, Honda will stimulate discussions for promoting the appointment of human resources on a global basis.



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Human Resources Initiatives

Development of Leaders on a Global Basis and in Each Region

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

Starting from 2021, Honda will provide the following programs globally.

- Global Leadership Program (GLP) – Transformation (formerly Honda Executive Advanced Development School, or HEADS)
- GLP – Exploration (formerly Leadership Development Training, or LDT)
- GLP – Discovery (newly established)

In addition to the existing global leader training for associates in management positions, Honda has established a new selection-based global training program targeting young associates as an effort to start leader development at an earlier stage.

In order to implement the GCM globally and form a pool of global leader candidates who will work toward a globally common goal, Honda will collaborate with the human resources divisions in each region worldwide to reexamine the content of local training while considering the implementation of GCM-based talent assessments.

Passing on the Honda Philosophy

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

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

Promoting Interregional Communication

Toward the realization of the 2030 Vision, Honda will make effective use of its limited management resources to transform and evolve existing businesses and create new value. To do so, it is important that each region takes a global viewpoint and operates business efficiently while increasing mutual, complementary relationships according to respective roles. Among these regions, Japan in particular is required to lead every aspect of Honda operations globally. For this reason, Honda has been promoting interregional communication by improving the level of English among associates in Japan.

Specifically, Honda in Japan has implemented English learning support programs on a company-wide basis, offering various choices depending on personal goals and purposes. Honda has also been working to reinforce associates’ English skills, which are needed for career development and in business operations, by functional group, such as sales, manufacturing, research and development and purchasing. For ensuring speedier and more in-depth interregional information sharing and promoting collaboration with local associates, Honda will steadily and continuously switch its language used in meeting materials and general communication to English, depending on how and by whom particular information is used.



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Human Resources Initiatives

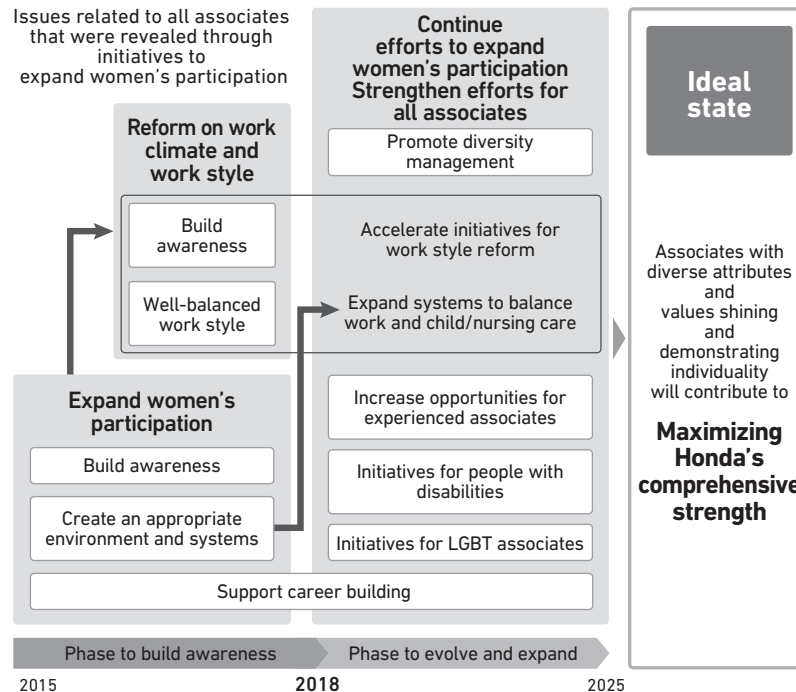
Initiatives Related to Diversity

Advancement in Workforce Diversification

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

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

Roadmap for workforce diversification at Honda



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

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

WEB

Honda Diversity & Inclusion (Japanese only)

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

Promoting Diversity Management

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

Major initiatives for promoting diversity management

Initiative	Lecture on diversity management	Training for cultivating superiors’ diversity skills
Aim	Foster an appropriate work climate to accept, nurture and leverage diversity	Identify their own challenges to clarify the way they want to be and learn how to achieve that goal
Target	Associates holding division manager or equivalent positions and those in management positions	Associates holding division manager or equivalent positions
Number of participants	Total of about 1,600 over the three years since 2018	Total of about 260 over the three years since 2018
Duration	2 hours	8 hours/session x 4 days



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Human Resources Initiatives

Meaning of Expanding Women's Participation

In Japan, Honda has been working to expand women's roles since 2007 and offering greater opportunities by building awareness, introducing systems to help women achieve a work-life balance and providing career support programs. As a result, the proportion of female associates in the workforce has increased from 5.0% in the 2005 base year to 8.2%.

Honda carries out business operations globally, but the participation of women remains low in Japan compared with other business sites. As part of the Company's efforts to expand women's roles, it has selected the number of women holding management positions as one management indicator. Efforts from 2015 have resulted in steady progress, with the number increasing 2.6 times in FY2021 compared with 2014. Using FY2021 as the base year, Honda has updated its target for 2025 and also set a long-term target for 2030.

Specifically, Honda has announced that it will triple and quadruple the number by 2025 and 2030, respectively, compared with FY2021 to reinforce human resources development at a younger age and help facilitate career building.

In addition, Honda will encourage male associates to take part in child care as part of its efforts to ensure appropriate employment practices while working to realize a world where people can develop their careers regardless of gender. In this regard, Honda has set a specific target of increasing the percentage of men taking child care leave to at least 30% by 2025.

Honda's Action Plan

1. Period of plan

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

2. Issues at Honda

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

3. Targets

- ① Triple and quadruple the number of women holding management positions by 2025 and 2030, respectively, compared with FY2021
- ② Increase the ratio of new recruits who are women to at least 20% by 2025
- ③ Increase the percentage of men taking child care leave to at least 30%

4. Details of initiatives and period of implementation

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

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Human Resources Initiatives

Initiatives for Expanding Women’s Participation

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

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

Honda also supports the provisions of the Women’s Empowerment Principles (WEPs), a set of principles for companies voluntarily promoting women’s empowerment.

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

From 2019 to 2020, Honda focused on enhancing systems to help associates balance work and child/nursing care. This effort aligns with Honda’s commitment to realizing diverse workstyles that enable individual associates to yield their maximum performance regardless of their circumstances.

Initiatives for LGBT Associates

With the aim of eliminating discrimination in terms of gender identity and sexual orientation and realizing workforce diversification, Honda has been working to create a corporate culture and environment that naturally accepts LGBT since 2019. In order to cultivate a culture to understand and accept diversity, Honda held a seminar for members of company management in 2019 and provided an e-learning program to associates in management positions in 2020. In the area of personnel and welfare systems, Honda started treating associates’ same-sex partners as spouses as an effort to eliminate discrimination and create appropriate systems and work environment that provide comfort and motivation. The Company has also established an LGBT counseling hotline. Additionally, Honda is promoting corporate activities to facilitate society’s understanding of LGBT and is supporting LGBT-related and other events.

As a result of these efforts, Honda received the highest Gold rating in the PRIDE Index, an index created by the voluntary organization “work with Pride” to evaluate companies’ efforts to create a workplace friendly to LGBT in Japan.



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

DATA

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

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Percentage of women in the Honda workplace: FY2021

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

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

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Human Resources Initiatives

Increasing Opportunities for Experienced Associates to Expand Their Roles

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

In terms of the creation of necessary systems, Honda introduced a flexible retirement system in April 2017 to allow associates to choose when to retire (up to the age of 65) according to their plan in order to provide a more suitable working environment for people aged 60 and over. In FY2021, about 88% of associates who have reached the retirement age of 60 chose to continue working.

As a result of these efforts, re-employed retirees are actively participating in various workplaces while drawing on their extensive experience and specialized knowledge.

Overview of career story training

Initiative	Career story training
Aim	Provide an opportunity to clarify individuals' ideas of work and life and integrate these ideas into their future lives
Target	General associates aged 55 to 59
Number of participants	Total of about 710 over the three years since 2018
Duration	7 hours/session x 2 days

DATA

Number of persons over 60 employed by Honda in Japan

> p. 130

Employment of People with Disabilities

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

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

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

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

Employment of individuals with disabilities at Honda Group companies in Japan in FY2021 stands at 2.38%, or 1,142 individuals, which is above the legally mandated level of 2.2%.

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

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Human Resources Initiatives

Advancement of Diversification in Employment

As a part of workforce diversification efforts, Honda proactively recruits people with diverse backgrounds, regardless of nationality.

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

In the future, Honda will strive to raise the total strength of its global workforce by enabling these diverse human resources to fully demonstrate their abilities.

DATA

Number of global hires

> p. 130



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

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

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

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

Honda will continue to establish systems and an environment to accelerate initiatives related to diversity (⇒ p. 116) and enable both varied lifestyles and careers desired by individual associates.

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

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




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Human Resources Initiatives

External Evaluations of Honda's Initiatives for Promoting Diversity

PRIDE Index 2020	
In November 2020, Honda received the highest Gold rating in the PRIDE Index, an index to evaluate companies' efforts to create a workplace that is friendly to sexual minority groups, including LGBTQ.	
Selected for the New Diversity Management Selection 100	
In March 2019, Honda was commended by the Minister of Economy, Trade and Industry for its diversity management which leads to value creation by leveraging the abilities of diverse human resources.	
"L-boshi" Certification	
In August 2018, Honda received the "L-boshi" certification from the Japanese Minister of Health, Labour and Welfare as a company promoting the participation of women.	
"Kurumin" Certification	
In July 2012, Honda received the "Kurumin" certification from the Japanese Minister of Health, Labour and Welfare as a company supporting child-rearing.	

Direction of Future Initiatives

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

Honda will maintain its ongoing initiatives to expand the participation of women. At the same time, it will extend their scope to all associates to further advance and expand diversity in the true sense of the word. The Company believes that these initiatives will enable each and every associate to exercise independence and achieve personal growth, which in turn will maximize Honda's comprehensive strength – the goal of its workforce diversification efforts.



human resources

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Human Resources Initiatives

Building Motivating Work Environments

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

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

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

Since March in 2020 when the COVID-19 started to spread, Honda has encouraged the staggered working hours while abolishing the core time system. As for the system of working at home, which was introduced in 2016 for associates engaging in child/nursing care, Honda extended its scope to all workplaces operating the flex-time system. Additionally, Honda has been providing financial support to help associates working at home by launching a telecommuting benefit in October 2020 and expanding the applicable scope of its Selection-based Welfare Program.

As a result, total annual working hours averaged 1,953 per associate in FY2021, and associates averaged 17.2 paid vacation days.

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

DATA

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

> p. 132

Counseling Hotlines for Associates

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

Examples of counseling hotlines in Japan

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



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Human Resources Initiatives

Evaluation and Treatment

Personnel Evaluation System

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

For example, in Japan, Honda places emphasis on two-way communication with supervisors in associate development and evaluation, and all associates have at least three interviews with their supervisors each year. During the first interview in April, associates come out with a clear vision for the future and their direction going forward through their supervisor’s advice. They then work out their individual role based on the organization’s business goals for the fiscal year in question. During interviews in June and December, supervisors evaluate associate performance and initiatives during the preceding six months and feed back each associate’s strengths and weaknesses. Additionally, by facilitating a discussion of subjects such as future objectives and career directions, the interviews pave the way for associates’ skill development and raising motivation.

DATA

Percentage of associates going through the evaluation programs

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Compensation and Incentives

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

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

DATA

Percentage of performance-based remuneration in Japan

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DATA

Starting salary in Japan

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Human Resources Initiatives

Establishing a Good Relationship with Associates

Creating an Environment of Free and Open Dialogue

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

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

Measurement of Associate Engagement

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

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

DATA

Associate engagement in Japan

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Occupational Safety and Health

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

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

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

Honda and its associates act in accordance with the Honda Code of Conduct (⇒ p. 42), which outlines the behavior to be practiced by associates around the world. In the field of safety and health, Honda strives to create a health and safety workplace, while each associate works to maintain such a workplace and to prevent and minimize accidents.

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

Honda’s policy

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

Required conduct

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

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Human Resources Initiatives

Collaboration with Overseas Group Companies

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

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

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

DATA

Frequency rate of lost workday injuries

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DATA

Number of industry accident fatalities

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

Health and Safety Governance Structure

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

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

Occupational Safety and Health Management System (OSHMS)

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

Activities based on an OSHMS approach

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

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

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

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Human Resources Initiatives

Creating working environment criteria

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

Health and safety education and training

The corporate headquarters, responsible for supervising health and safety activities, provides training to develop health and safety experts both in Honda and in its Group companies. This includes training to nurture

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

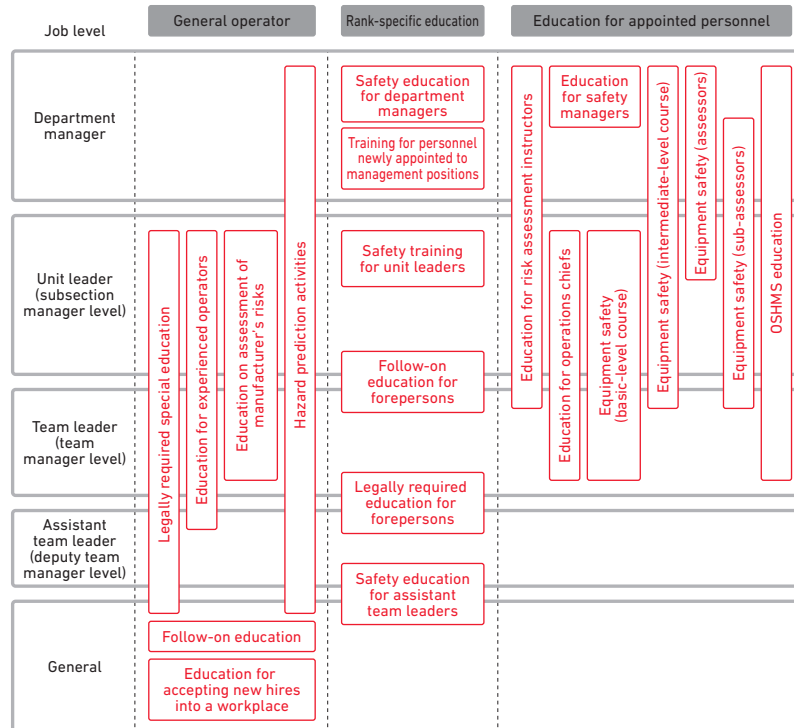
Each Associate Working Safely and Energetically While Remaining Healthy Both Physically and Mentally

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

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

Toward achieving this goal, Honda has announced a Health Statement. At the same time, the Company is strengthening health-oriented corporate management activities based on specific measures represented by three pillars and five matters for better health management.

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



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

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Human Resources Initiatives

Health-Oriented Corporate Management Activities

Three Pillars

1. Promote more educational activities on how each individual can work toward becoming healthier and staying healthy; Provide more feedback on results of the periodic health checkups and physical fitness tests

- Promote further education of associates through educational videos and periodic publications
- Carry out physical fitness tests during working hours
Help associates gain a more accurate understanding of their own physical and mental conditions through both aspects of the health checkups and the physical fitness tests, and support them as they carry out their own duties for remaining healthy.

2. Conduct activities involving the whole workplace for promoting more health awareness

- Make more visible (transparent) the current conditions of physical and mental health of everyone in the organization
To further reinforce the duty of care of managers and supervisors, Honda will encourage health awareness communication within the organization through two-way health communication based on the revealed data.

3. Promote activities for continuously improving the workplace environment

- Set aside one day each month as "Healthy Food Day" at the company cafeterias, and expand and improve the healthy dishes on the menus
- Toward the goal of achieving a "Ban on all smoking on the premises by 2030," reduce to zero any unwanted passive smoking for associates
- In collaboration with the Honda Health Insurance Association and other organizations, implement various other health promotion measures

Five Matters for Better Health Management

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

Recognized under the 2021 Certified Health & Productivity Management Organizations Recognition Program

Honda was recognized in the large enterprise category of the 2021 Certified Health & Productivity Management Organization Recognition Program. Jointly promoted by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, the program recognizes companies that consider health management of employees from a corporate management viewpoint and strategically promote related efforts.

Honda will continue to reinforce its initiatives to help associates achieve lifelong health.



Collaboration with the Health Insurance Association

Introducing the Healthy Point Program

The Honda Health Insurance Association works under the idea of "realizing a healthy and spiritually-rich life."

Toward this goal, the Association introduced a Healthy Point Program as an incentive scheme to support associates who are making efforts to prevent diseases and improve their lifestyle habits. Using a smartphone app, the program provides motivation for associates to carry out health promotion activities by allotting points based on daily pedometer records and health checkup results.

Additionally, Honda provides a portal site for individuals, called "Health UP WEB," to encourage voluntary health promotion efforts. On this portal site, associates can view their past health checkup results and keep track of their individual, daily health promotion efforts, including pedometer records, meals and blood pressure.

For reinforcing specific health guidance, the Association and each business site are collaborating to set up a system to make it easier for associates to receive health checkups and guidance.

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Human Resources Initiatives

Measures to Promote Mental Health

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

Honda-Wide Mental Health Policy

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

Activity structure

To implement mental health activities, Honda has established a company-wide mental health promotion team specialized in activity planning and management. Each of Honda’s business sites has also established its own workplace mental health promotion team.

Honda’s major mental health initiatives to promote the mental well-being of its associates include “preventative education,” “improving working environments,” “checking stress levels,” “enhancing counseling programs” and “support for those returning to work after taking time off.” The Company also distributes leaflets and pamphlets to associates aimed at facilitating an understanding of mental health care.

Promoting Health by Utilizing a Selection-Based Welfare Program

Honda has introduced a Selection-Based Welfare Program, in which associates use points (allotted as welfare-related expenses) to freely choose from a diverse menu of services the ones that match their preferences. The purpose of the program is to provide an environment that gives associates a sense of security in their lives and allows them to concentrate on their work.

Honda’s program offers an enhanced menu of services for health promotion, primarily aimed at “maintaining physical and mental well-being” and “encouraging exercise,” to enable associates to enjoy a healthy life well into the future.

Services for “maintaining physical and mental well-being” include receiving health checkups, counseling and guidance, as well as vaccinations, using company-owned recreation facilities and enrolling in yoga classes. For “encouraging exercise,” the menu offers such services as using fitness and sports facilities, participating in sporting events and purchasing sporting goods.



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Consolidated number of associates

	FY2019	FY2020	FY2021
Japan	66,507	67,144	67,496
North America	55,076	52,598	49,358
South America	14,835	15,870	14,877
Europe/Africa/Middle East	9,118	8,658	8,378
Asia & Oceania	57,012	57,320	53,913
China	17,174	17,084	17,352
Total	219,722	218,674	211,374

Number of associates by gender

	FY2019	FY2020	FY2021
Japan	49,202	48,369	47,114
Male	45,107	44,257	42,931
Female	4,005	4,112	4,183

• With the exception of the item "Consolidated number of associates," HR data for Japan is tabulated from numbers for the following companies: Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Racing Corporation, Honda Technical College and Honda Access Corporation.



Number of new permanent associates

	FY2019	FY2020	FY2021
Japan	1,529	1,485	1,302
Male	1,294	1,234	1,065
Female	235	251	237
North America	4,456	2,549	3,901
Male	3,176	1,731	2,688
Female	1,280	818	1,213
South America	992	1,428	325
Male	820	1,191	263
Female	172	237	62
Europe/Africa/Middle East	739	158	158
Male	589	101	127
Female	150	57	31
Asia & Oceania	3,042	4,160	918
Male	2,521	3,512	629
Female	521	648	289
China	8,986	2,141	2,228
Male	7,972	1,837	1,894
Female	1,014	304	334

Number of associates by employment contract and type

	FY2019	FY2020	FY2021
By contract			
Permanent	42,550	43,173	43,472
Non-permanent	6,475	5,151	3,599
By type			
Full-time	48,848	48,142	47,028
Part-time	177	182	43

Attrition rate (%) (including compulsory retirees)

	FY2019	FY2020	FY2021
Japan	1.7	1.7	2.3
Male	1.6	1.6	2.3
Female	2.9	2.4	2.3
North America	11.7	11.2	15.9
South America	5.1	4.7	5.0
Europe/Africa/Middle East	2.9	6.6	6.9
Asia & Oceania	2.2	5.7	4.8
China	6.3	5.8	5.4

Percentage of associates from local communities taking upper management positions

Percentage of associates from local communities in entire upper management positions

North America	58
South America	49
Europe	46
Asia & Oceania	42
China	2

Annual training hours and cost per associate

	Annual training time (hours)	Annual training cost (yen)
Japan	9.09	15,610
North America	9.53	7,992
South America	100.14	251,574
Europe/Africa/Middle East	15.40	19,971
Asia & Oceania	10.22	11,363
China	24.25	29,128

• Amounts are approximate estimates.

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

	FY2015 (base year)	FY2019	FY2020	FY2021
Compared with FY2015 (times)	1.00	1.90	2.10	2.60

Percentage of women in the Honda workplace: FY2021

	Ratio of women in the entire workforce	Ratio of women in management positions
Japan	8.2	1.5
North America	25.3	16.1
South America	12.5	9.0
Europe/Africa/Middle East	17.4	15.4
Asia & Oceania	12.1	8.9
China	12.2	19.4
Total	14.0	8.0

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

	Base salary (Female : Male)	Total compensation (Female : Male)
Management positions	1 : 1.00	1 : 1.02
General associates	1 : 1.19	1 : 1.27

*The same pay scale is applied to male and female associates. Gaps are due to differences in factors such as age distribution and the ratio of males and females in pay grades.

Number of persons over 60 employed by Honda in Japan

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of persons*	729	1,097	1,155	1,111	1,379

*Includes persons who turned 60 and continued employment in each fiscal year

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

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of associates*	1,073	1,041	1,055	1,096	1,142
Percentage of employment*	2.32	2.31	2.32	2.30	2.38

*Laws governing the employment of people with disabilities stipulate that employment of one individual with a serious disability is equivalent to employing two less severely disabled individuals for purposes of calculating the number of associates with disabilities and percentage of employment. Data depicted in the table are current as of June 1 of each year.

Number of global hires

	FY2020	FY2021	FY2022
Number of people hired	19	4	13

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

	FY2017	FY2018	FY2019	FY2020	FY2021
Short working hours to facilitate child care	219	269	319	311	299
Male	6	14	22	19	19
Female	213	255	297	292	280
Administrative leave to facilitate child care	452	454	459	506	531
Male	32	50	80	124	170
Female	420	404	379	382	361
Nursing care leave for children	1,356	1,797	1,662	1,812	1,347
Male	892	1,245	1,212	1,336	945
Female	464	552	450	476	402
Work at home during child raising	145	249	445	869	918
Male	38	76	192	518	545
Female	107	173	253	351	373
Childcare cost subsidy	74	150	180	210	157
Male	1	5	6	15	7
Female	73	145	174	195	150
Short working hours to facilitate nursing care	8	5	6	8	6
Male	5	3	2	4	1
Female	3	2	4	4	5
Administrative leave to facilitate nursing care	22	22	25	26	23
Male	14	13	19	18	18
Female	8	9	6	8	5
Nursing care leave	11	37	40	376	512
Male	10	31	30	316	424
Female	1	6	10	60	88
Work at home during nursing care	22	29	47	115	146
Male	12	17	27	81	106
Female	10	12	20	34	40

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

	FY2017	FY2018	FY2019	FY2020	FY2021
Reinstatement rate	96.1	96.5	98.4	99.2	99.3
Male	100.0	100.0	100.0	100.0	100.0
Female	95.5	95.7	97.8	98.7	98.9



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

Pillars of initiatives	Objective	Target	Description
Build awareness and foster an appropriate work climate	Cultivate awareness	Management-level associates	Members of company management Lecture for increasing women’s participation (about 30 participants)
		Female associates	General, office and plant managers Lecture for increasing women’s participation (total of 8 times; about 230 participants)
			Associates in management positions Lectures and seminars (total of 39 times from 2015 to 2018; 3,600 participants)
	Form a network	Female associates	All associates Shine at Work – Seminar to Raise Awareness for Self-Reliant Human Resources (total of 31 times from 2015 to 2017; 2,300 participants)
			Associates in management positions Diversity Forum 2016 (total participation of about 30 associates)
		Chief supervisors Diversity Forum 2017 (total participation of about 500 associates)	
Foster an appropriate work climate and build work style awareness	Management-level associates	Members of company management Work climate and work style lecture (total of 19 times; about 800 participants)	
		General, office and plant managers Management support workshop (total of 7 times; about 100 participants)	
Support career building	Nurture associates with a focus on the individual	Female associates	Applicants Introduction of career development plans. Individual interviews with career advisors with a total of about 3,500 female associates over the six years since 2015
		Middle- and higher-level associates	Career theme training
		Young associates	Career base training
	Support associates in child-rearing years	Associates taking maternity leave and/or child care leave	Program to support career development during child care leave (used by about 240 associates) Seminar on work-life balance during child-rearing years (for associates and their spouses) (total of 35 times over the four years since 2017; about 870 participants)
Create an appropriate environment and systems	Create an environment to facilitate participation of diverse human resources	Associates engaging in child care or nursing care	Enhancement of the child care leave system (since April 2006) *Available until the end of April immediately following the child’s third birthday (Legal requirement: Until the child turns one year old) Establishment of a system of working at home for associates engaged in child care/nursing care (since October 2016) Enhancement of the system of short working hours (since October 2016) *Available until the fourth grade and for a family member in need of nursing care (Legal requirement: Until the child turns three years old) Introduction of a system to provide financial support for child care (since October 2016) Company nurseries (opened in the Tochigi district in April 2017 and in the Wako district in April 2018) Enhancement of the system of temporary nursery services for associates working on public holidays (since April 2017) Enhancement of children’s nursing care leave (since September 2017) *A system of paid leave available until the fourth grade (Legal requirement: Until the child starts elementary school; no specification as to whether it should be a paid or unpaid leave) Enhancement of a system of nursing care leave (since April 2019) Establishment of fixed-shift system for shift work associates at manufacturing workplaces (since April 2019) Enhancement of the system of working at home (since April 2020)
		Associates undergoing disease or fertility treatment	Introduction of a system of working at home for disease or fertility treatment (since April 2020) Introduction of a system of short-term leave for disease or fertility treatment (since April 2020) Introduction of a system of long-term leave for fertility treatment (since April 2020)
		Associates leaving their job following a transfer of their spouses	Operation of a system of transfer for associates to accompany their spouses being transferred (since April 2018) Introduction of a system of leave for associates to accompany their spouses being transferred (since April 2018) Revision of the career reinstatement registration program (since April 2018)
		Strengthen the employment of women	Increase the percentage of women

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Human Resources Data

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

	FY2017	FY2018	FY2019	FY2020	FY2021
Total working hours per associate	1,954	1,932	1,909	1,997	1,953
Average paid vacation days taken	19.0	18.7	19.3	18.8	17.2

Percentage of associates going through the evaluation programs

Region	Percentage of associates to be targeted for the evaluation programs
North America	100.0
South America	96.3
Europe/Africa/Middle East	98.6
Asia & Oceania	97.0
China	99.5

Percentage of performance-based remuneration in Japan

Level	Proportion of performance-based remuneration in entire compensation
Director, Operating Officer positions	50*
Management positions	37

*A certain level of stock options is included in remuneration for Director and Operating Officer positions.

Starting salary in Japan

	Monthly salary (yen)	Compared to minimum wage (%)
High school	177,800	108
Technical college and junior college	198,900	121
Undergraduate	222,300	135
Graduate school (Master's degree)	248,800	151

*Minimum wage is calculated using 20.3 eight hour days as one month based on the minimum wage for the Tokyo metropolitan area (1,013 yen/hour). This is a graded salary system and there is no difference in salary for males and females with the same qualification level.

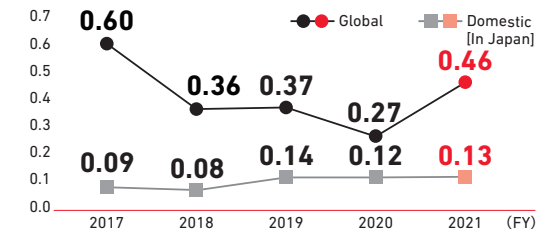


Associate engagement in Japan (Total of 24 questions in six categories; average on a scale of 1 to 5) Target: 3.50 points or more (Status of "very good" engagement levels* working at Honda)

	FY2020	FY2021
All associates	3.48	3.55
Male	3.48	3.56
Female	3.45	3.54
Percentage of respondents for all associates	97.7%	97.0%

*Honda assesses the status of "very good" engagement levels in six categories: an open-minded workplace; rewarding tasks; an environment that makes hard work worthwhile; being proud to work at Honda; trustworthy management; and a pleasant work environment.

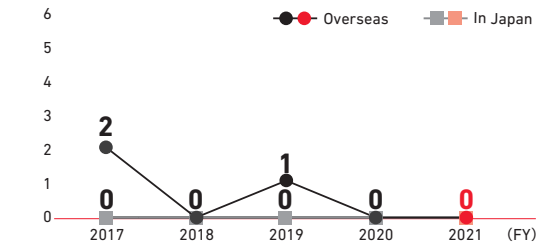
Frequency rate of lost workday injuries



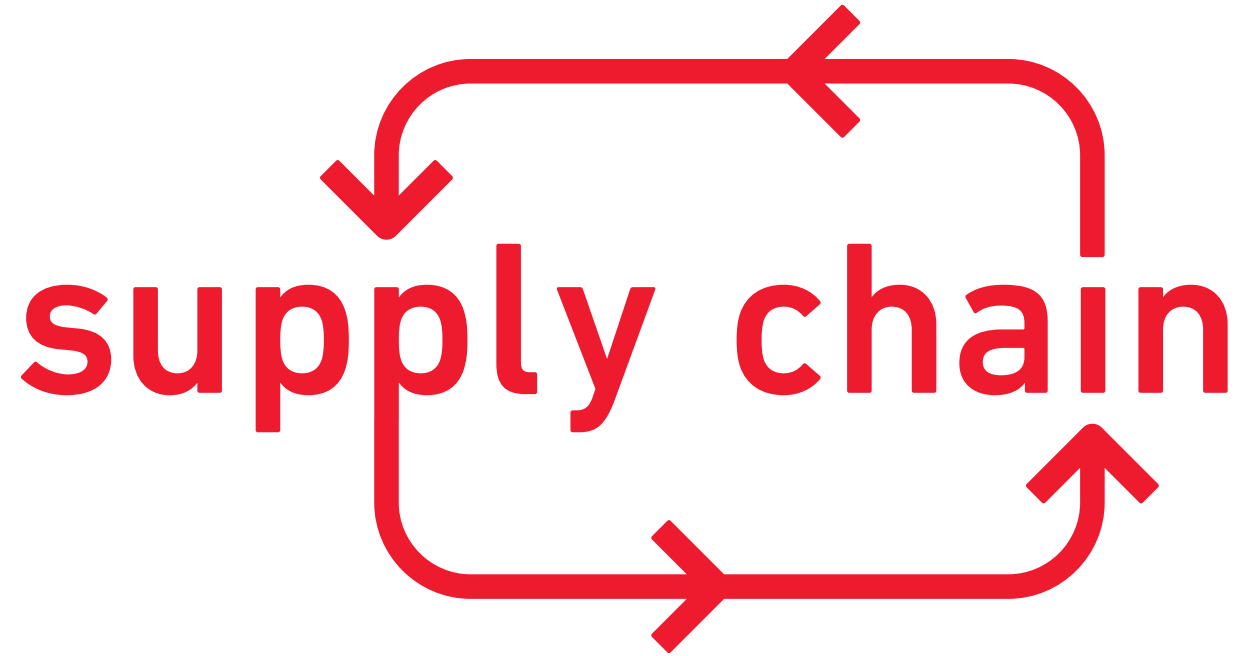
•Global (Frequency rate of lost workday injuries): The number of lost workday injuries per one million work hours at Honda's 5 production bases in Japan and 64 overseas production bases

•In Japan (Frequency rate of lost workday injuries): The number of lost workday injuries per one million work hours at companies to which Honda's labor agreement applies

Number of industry accident fatalities



7 Supply Chain



Material Issues

- Responding to climate change and energy issues
- Deploying total supply chain sustainability initiatives

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Basic Approach

Strengthening Supply Chain Sustainability

In order to provide customers with a timely, stable supply of better products and services, it is necessary to put significant effort into developing and optimizing supply chains with suppliers around the world while also taking into account environmental and human rights issues.

Companies within the automobile industry, which is a broad-based industry supported by many suppliers, must pursue the reduction of not only their own environmental impacts but also those of suppliers throughout their entire supply chain.

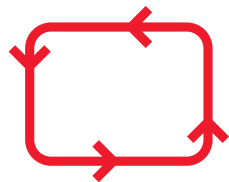
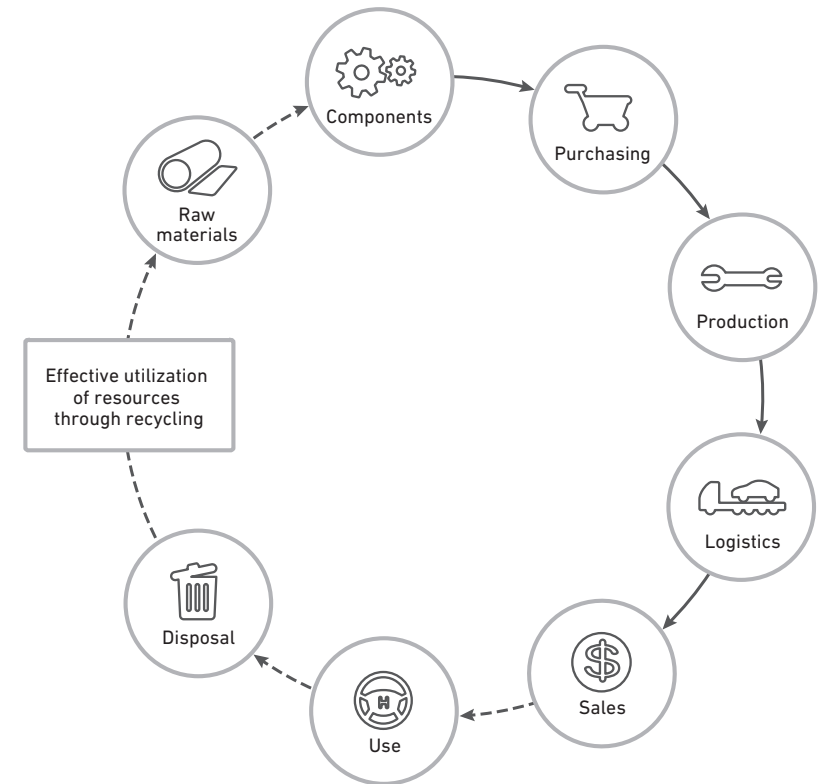
In addition, as awareness of compliance and human rights issues grows worldwide, companies are being asked to verify working conditions and legal compliance not only for themselves but also for their suppliers, as well as to make efforts to take corrective action if required.

From FY2018, Honda is taking part in CDP’s supply chain program (an international initiative by institutional investors requesting companies for disclosure of information on climate change policies) and requesting disclosure of risks and opportunities related to Greenhouse Gas (GHG) emissions and the environment from suppliers in addition to information on matters relating to Honda’s operational domains.

In this way, Honda will actively promote sustainable initiatives at its development and manufacturing facilities in cooperation with all its suppliers around the world. By doing so, Honda is seeking to realize a supply chain where Honda co-exists and co-prospers with local communities as “a company that society wants to exist.”

Honda is striving to strengthen supply chain sustainability mainly in the areas of purchasing and logistics.

Overview of supply chain



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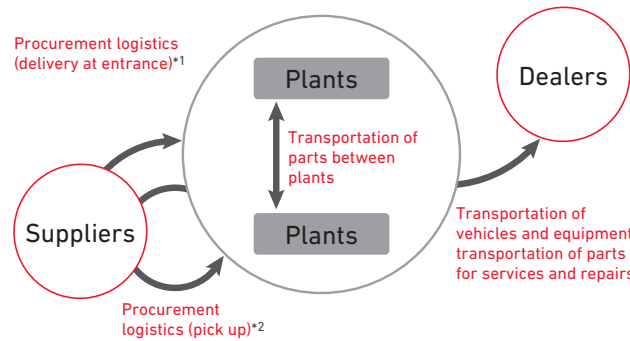
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Basic Approach to Logistics

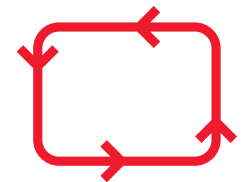
At Honda, many parts that are used in its products are transported from suppliers to its plants. Likewise, the completed models as well as parts for services and repairs are sent directly from the plants to dealers. Due to the extremely large volume of transportation that takes place throughout the manufacturing process at Honda, increasing efficiency, along with reducing environmental burden, compliance and risk management in logistics, are becoming critical issues. For instance, to reduce environmental burden Honda is seeking more efficient container transport.

Overview of Honda logistics



*1 A transportation operator retained by the supplier delivers sourced parts to the entrance of Honda's plants.

*2 A transportation operator retained by Honda makes the rounds of parts suppliers and picks up the sourced parts.



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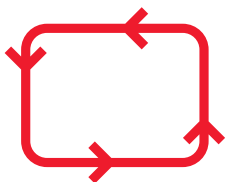
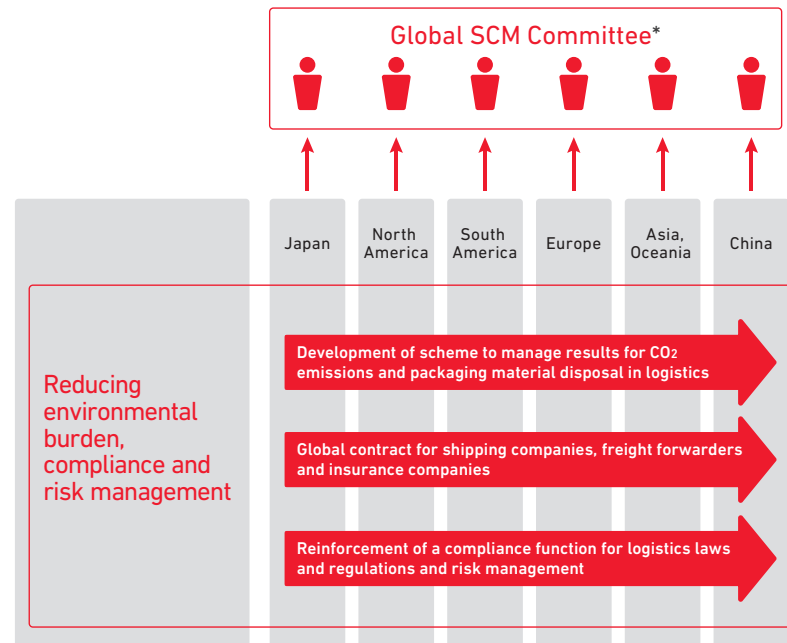
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Global Management of Logistics

Integrated Management Framework Transcending Divisions and Regions

Honda is promoting the reduction of environmental burden derived from logistics as well as compliance and risk management through a global organization. This body has teamed up with logistics-related divisions and the six regional headquarters worldwide to formulate policies and carry out strategies for tackling the various logistics-related pending issues and challenges. The aim is to manage the challenges, including environmental response for CO2 reduction, management of transportation companies, response to laws and regulations, insurance policy and risk management, in an integrated fashion.

Logistics global management framework



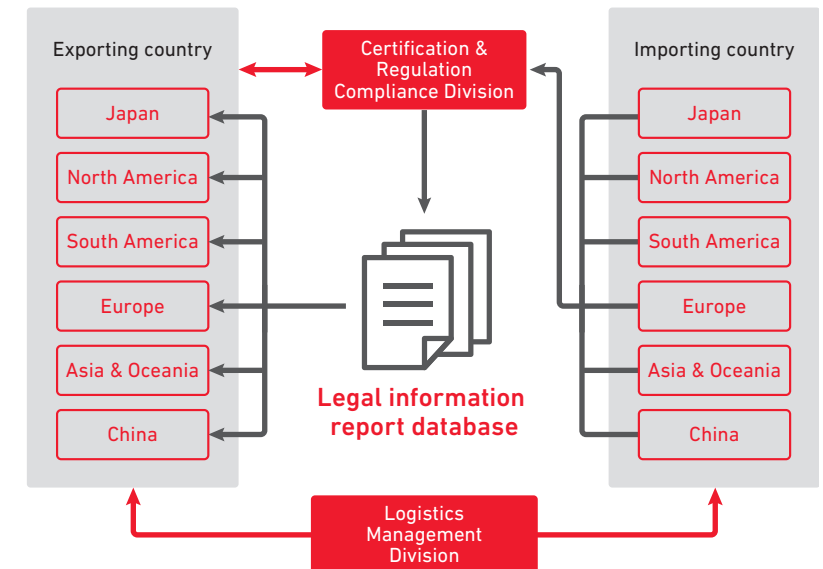
* A committee to debate Supply Chain Management (SCM) issues at the global headquarters and in respective regions in order to achieve medium-term goals

Integrated Management of Legal Information Concerning Logistics

In order to supply products and parts across countries and regions, it is necessary to identify and analyze a variety of factors that include differing transport infrastructure, laws and risk of natural disasters. Laws and regulations, in particular, have the potential to significantly impact safety and speed in transportation.

Honda aims to consistently secure precise information and enable efficient, accurate and early global response. To do so, the Company strives to strengthen compliance with laws and regulations by creating a function for the integrated management of international treaties and legal information concerning logistics operations and by ensuring swift response.

Integrated management framework for legal information



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Logistics Initiatives

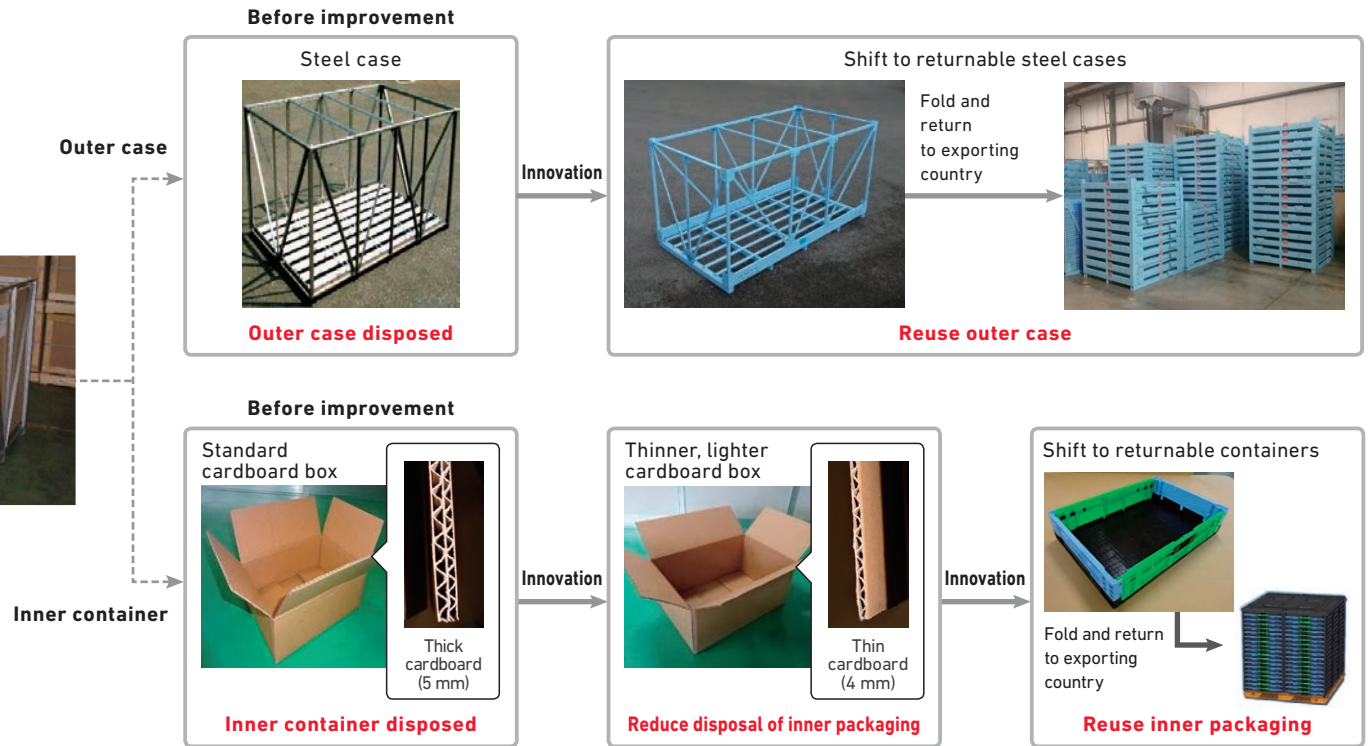
Technological Advancement of Packaging Materials

Honda exports (supplies) parts between factories across different countries and regions, and conducts assembly of vehicles and equipment in the importing countries.

Such export of parts involves usage of packaging materials, which are classified into outer case and inner container.

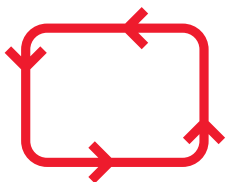
In the past, these packaging materials were disposed of in the importing country. To counter this, Honda has innovated packaging technology to reuse containers and reduce the weight of packaging materials, thereby reducing both waste and CO2 output.

Image of updating of packaging specifications



Classification and evolution of packaging materials

Packaging materials	Use	Evolution of packaging techniques
Outer case	Case to be loaded onto containers	Returnable steel cases
Inner container	Container to pack parts, which is then enclosed in an outer case	Use of thin, light cardboard boxes; shift to returnable containers



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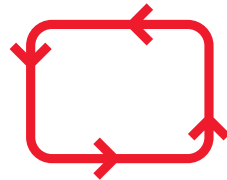
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Basic Approach to Purchasing

Purchasing Belief, Three Purchasing Principles and Guiding the Code of Conduct for purchasing associates

Honda's goal is to achieve a sustainable society across the supply chain. The Company implements initiatives with consideration for the environment, safety, human rights, compliance and social responsibility, among others, in partnership with its suppliers worldwide. Based on the Honda Philosophy, the Company established the Purchasing Belief and Three Purchasing Principles and engages in business that is fair and equitable with transparency.

Honda has also defined points that should be followed by each and every associate engaging in purchasing activities as the Guiding the Code of Conduct for purchasing associates. By following these Rules, the Company ensures trust both internally and externally and builds sound relationships with suppliers.

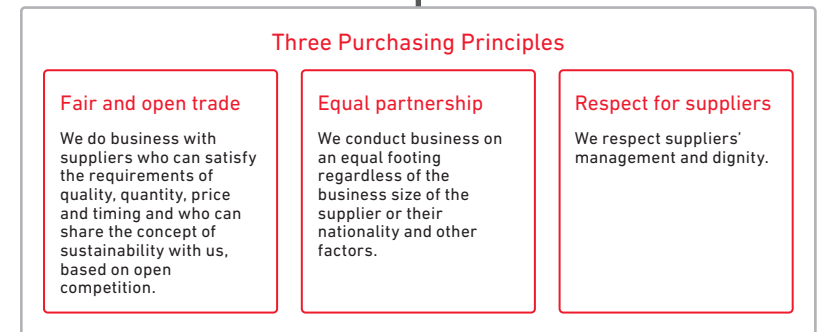


Purchasing Belief and Three Purchasing Principles

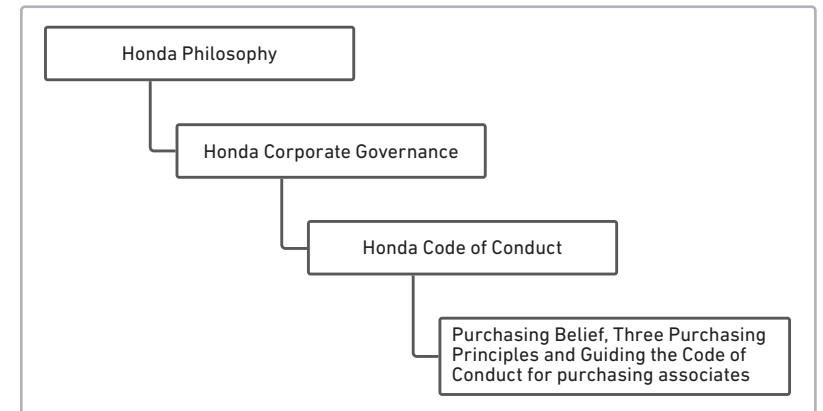
We do fair and equitable business with transparency based on the "Purchasing Belief" and the "Three Purchasing Principles."

Purchasing Belief

We sustain the procurement of good products at reasonable prices and in a timely manner.



Positioning of Purchasing Belief, Three Purchasing Principles and Guiding the Code of Conduct for purchasing associates



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Basic Approach to Purchasing

Establishment of Guidelines

The Company published the Honda Supplier Sustainability Guidelines and Honda Green Purchasing Guidelines to share its approach to sustainability with suppliers worldwide and to promote Honda initiatives. (Please refer to the links on the right.)

Through the Guidelines, Honda seeks to prevent compliance violations and other issues in advance along with reducing its environmental impact.

If a supplier fails to follow the Guidelines, Honda immediately receives a report from the supplier and works to prevent a recurrence by requesting them to analyze the cause and draw up the corrective action plan.

If the corrective action plan received from the supplier is determined to be inappropriate, Honda considers its future business relations with them, taking into account the social impact of the problem.

In addition, the Company is working to instill and promote the Guidelines throughout the entire supply chain by performing checks on the status of suppliers' related initiatives and utilizing sustainability-

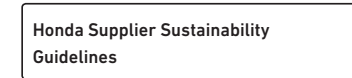
related check sheets for sub-tier suppliers.

When selecting suppliers for components and raw materials based on these sustainability policies, Honda confirms their initiatives on Quality, Cost, Delivery, Development and Environment (QCDD), human rights, labor, safety, compliance, risk, protection of information and other aspects to determine the best and most sustainable supplier.

Establishing a Hotline to Receive Suggestions and Consultation Requests from Suppliers

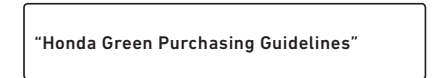
Honda has established the Business Ethics Kaizen Proposal Line (⇒ p. 43) to accept suggestions and requests for consultation from all suppliers from a fair and neutral standpoint.

PDF



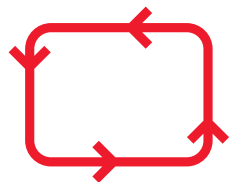
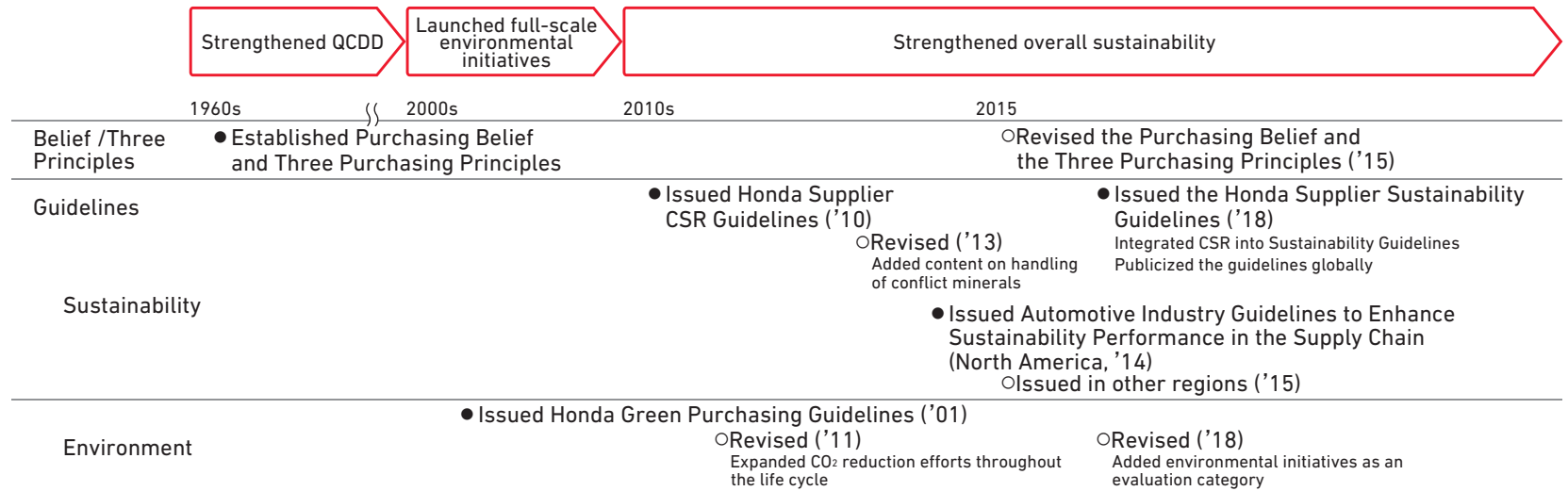
> https://global.honda/sustainability/cq_img/report/pdf/supplier-sustainability-guidelines.pdf

PDF



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

Changes in purchasing practices



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Global Management of Purchasing

Promotion Structure

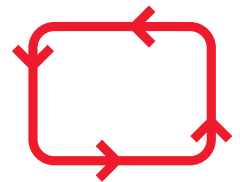
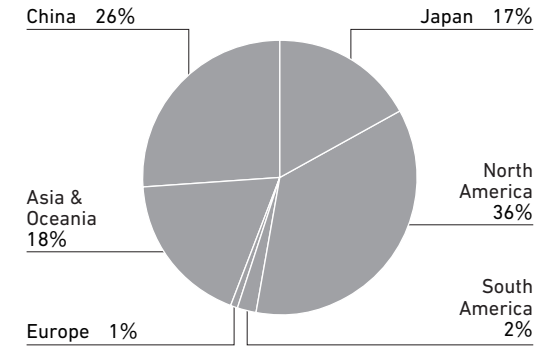
Honda conducts business in six regions worldwide and has respectively established purchasing functions. In line with Honda’s corporate philosophy of “building products close to the customer,” each region is encouraged to source locally. The rate of local procurement in the United States, Honda’s primary production base, reaches 80% for major global models.

The Purchasing Planning Division in Japan, which supervises the overall, global purchasing function, provides coordination across regions and businesses and formulates sustainability policies and goals. In 2016, the Company established a department dedicated to reinforcing and accelerating sustainability initiatives.

In addition, to discuss and examine the direction Honda should take globally over the medium to long term, Honda holds periodic meetings with the management team of respective companies operating in each region and facilitates collaboration with them.

The Environmental Purchasing Meeting had been held since 2011 in order to strengthen initiatives aimed at a low-carbon society across the entire global supply chain. This meeting was composed of working level staff from each region. It discussed and coordinated policies and methods of reducing CO₂ together with suppliers in each region worldwide. In FY2017, Honda added human rights and compliance initiatives and transformed the meeting into the Sustainability Purchasing Meeting.

Regional distribution of purchasing volume (FY2021)



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Purchasing Initiatives

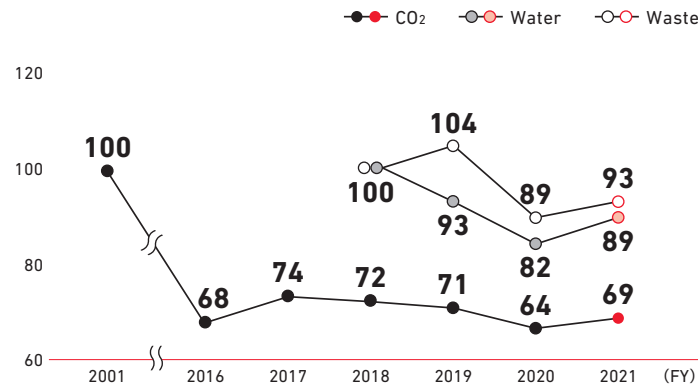
Reducing Environmental Impact at Suppliers' Sites

In the Honda Global Environmental Purchasing Vision, the Company has adopted the concept of coexisting in shared prosperity with local communities by reducing environmental impact together with Honda's suppliers worldwide in its component procurement operations.

Based on this vision, the Company formulated the Honda Green Purchasing Guidelines, which forms the policy, and the Environmental Purchasing Grand Design, which shows the steps toward the Company's priority of attaining a low-carbon society.

When launching new transactions, Honda shares the guidelines and the grand design with all suppliers in each region, and with their consent, jointly works to realize a low-carbon supply chain.

Performance of reducing environmental impact index of CO₂ emissions/water use/waste generation per millions of yen



• CO₂: FY2001, Water/Waste: FY2018
 • Scope of data: all consolidated tier 1 suppliers in Japan

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
CO ₂ (t/millions of yen)	1.01	1.11	1.08	1.07	0.95	1.03
Water (m ³ /millions of yen)	10.08	9.48	9.99	9.29	8.19	8.91
Waste (t/millions of yen)	0.53	0.54	0.59	0.62	0.53	0.55

Management of CO₂ Data

In order to increase the effectiveness of reductions in environmental impacts in the supply chain, Honda established a system for the integrated management of data on reduction in CO₂ emissions at suppliers in FY2012 and commenced full-scale operation in FY2015. Since FY2018, Honda has been taking part in CDP's supply chain program (an international initiative by institutional investors requesting companies for disclosure of information on climate change policies) to share similar data.

Honda is using these tools to share reduction targets (reduce CO₂ emissions intensity by 1% per year) and progress status and to implement the PDCA cycle with suppliers worldwide.

As of 2020, approximately 1,700 companies, equating to more than 80% of purchasing value on a global level, are using these tools.

Going forward, the Company will comprehensively analyze data to assist in activities to reduce CO₂ at suppliers, including their efforts to achieve total emissions control targets.

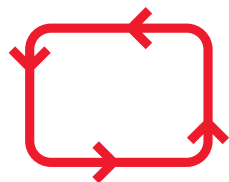
Initiatives to Reduce Environmental Impact in the Supply Chain

Honda promotes initiatives together with suppliers to reduce environmental impact, that is, reduction of CO₂ emissions and efficient use of resources in each region.

In Japan, Honda sets specific numerical CO₂, water and waste targets for its Honda Group suppliers and promotes reduction initiatives in partnership with each.

As part of this initiative, Honda has provided tools to these suppliers to analyze their respective progress and past performance and has been checking their activities to reduce environmental impact as well as their stance in this area.

By communicating and sharing information with Honda Group suppliers via the Internet, Honda actively collaborates with them to promote efforts to achieve the set targets.



supply chain

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Purchasing Initiatives

Chemical Substance Management

The Company issued the Honda Chemical Substance Management Standard, which aims to ensure that all the components that make up Honda products comply with laws and regulations and to reduce their impact on the global environment and ecosystem. Honda requests suppliers around the world to establish a structure for managing chemical substances that meets the standard and to guarantee that the components they supply satisfy the standard. The Company also uses an industry standard management system for specific data on chemicals contained in components, which are evaluated prior to commencing mass production.

Measures to Counter Procurement Risk

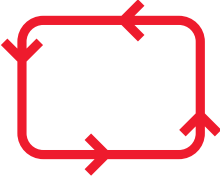
Honda views all phenomena that can impact production, including disasters, fires, financial issues and labor issues within the supply chain, as risks. Accordingly, the Company works to reduce these risks and prevent the spread of any impact if they materialize throughout the supply chain, beginning with the procurement of components and materials. For example, Honda defines all components and materials that are dependent on production at one facility as Mission-Critical Parts, and inspections and countermeasures are implemented continually around the world.

Honda began operating a procurement risk management system with suppliers in Japan in December 2014. Through the operation of this system, the Company established structures to assess damage and identify the impact on production at suppliers in a short time after the occurrence of a major disaster.

Honda also performs once-yearly evaluations based on supplier surveys in order to minimize financial risk. In addition, the Company checks risk every month by referring to information from third-party organizations.

Requiring Legal Compliance from Suppliers

Honda seeks to strengthen sustainability, including compliance, throughout the supply chain. In conducting business, the Company concludes basic agreements on component procurement that specify areas of attention such as safety, disaster prevention, environmental preservation and protection of resources. The agreements also contain terms regarding compliance with each country’s laws and regulations, including competition laws and laws and regulations related to the prevention of bribery.



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Purchasing Initiatives

ESG Inspection for Suppliers

Honda has distributed a checklist to suppliers requesting independent inspection in order to confirm the status of initiatives relative to guidelines.

Honda introduced an environmental, social and governance (ESG) inspection in Japan in 2016 for suppliers with large business volume and significant influences on the Company in line with rising expectations worldwide to fulfill corporate social responsibility that also includes the supply chain. The inspection is now carried out globally. Following the flow diagram indicated on the right, in Japan Honda performs this inspection periodically on suppliers who account for more than 80% of purchasing value. Based on the inspection results, the Company identifies high-risk suppliers who are prone to problems and may have a significant impact on Honda when a problem does occur. In a written survey, Honda carries out the following three activities accordingly.

- Distribute a check sheet based on international standards
- Confirmation of the compliance status of the guidelines
- Promote improvement

The check sheet encompasses all aspects of human rights and labor matters, including eliminating race, ethnicity, nationality, religion, gender and other discrimination, as well as banning child labor, forced labor and human trafficking and guaranteeing minimum wages. The check sheet verifies supplier activities in a broad range of fields as it also covers such evaluation categories as the environment, compliance and information disclosure.

Next, Honda conducts and verifies the following items in an interview survey with high-risk suppliers.

- Check relevant records, actual production processes and related facilities
- Verify the progress through a report on improvement plan and result
- Conduct a follow-up investigation (including an on-site check as necessary)

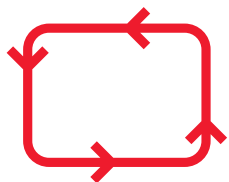
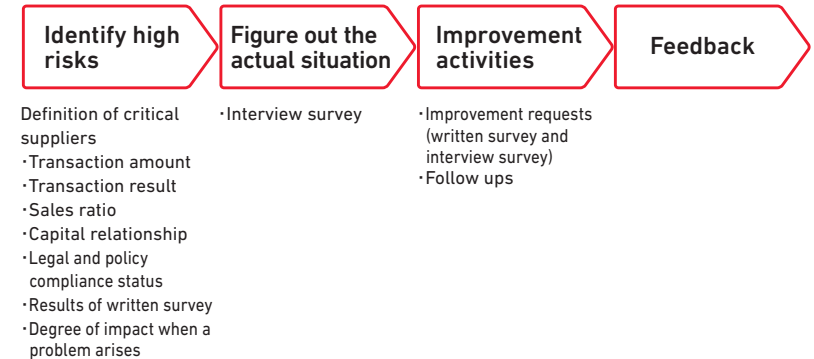
Recent examples of improvement include formulation of an internal rule to prohibit suppliers from keeping ID documents of non-Japanese workers in

their custody.

Going forward, Honda will work with overseas purchasing sites to promote the ESG inspection globally while enhancing education for associates responsible for the investigation to cultivate required skills.

There were no instances of issues bearing significant risk in FY2021.

Flow diagram of ESG inspection



supply chain

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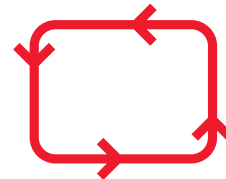
Purchasing Initiatives

Instruction and Training for Associates

To ensure that every associate involved in Honda’s purchasing operations promotes honest and fair initiatives, Honda has prepared manuals and personnel development programs in each region.

For example, in North America Honda takes up various topics through seminars, e-learning and on-the-job training (OJT). In its Basic Training Course, the Company shares its approach in such areas as the selection of suppliers and initiatives to strengthen QCDDE. Honda’s Building Business Relations training emphasizes the importance of the Company’s code of conduct, legal compliance and confidentiality in developing positive long-term relationships with suppliers.

In this way, Honda has developed programs worldwide that incorporate the cultural and social background of each region in addition to basic knowledge about purchasing operations to provide instruction for all purchasing associates.



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Purchasing Initiatives

Joint Efforts with Industry Groups and Suppliers

Honda is striving to strengthen sustainability across the entire supply chain through this kind of collaborative capacity building between the automotive industry and its suppliers.

Collaboration with Industry Groups and Suppliers

Honda North America Inc., Honda's U.S. subsidiary, participates in working groups established by the Automotive Industry Action Group (AIAG) to strengthen sustainability in the supply chain. They participate in the Responsible Materials working group, the Human Rights and Trade working group, the GHG working group and the Chemical Management working group. AIAG offers supplier training and encourages participation in training sessions on corporate ethics, environmental regulations, the working environment, human rights and other topics for tier 1 and sub-tier suppliers in North America since 2012.

In addition, Honda participates in AIAG's Corporate Responsibility Steering Committee and Drive Sustainability* to proactively identify issues, needs and trends in and outside the automobile industry.

In North America, e-learning programs using computer-based training (CBT) are also provided for suppliers in order to facilitate their understanding of sustainability. Under the theme of sustainability, these programs deal with the environment, export control, social responsibility, safety and health, diversity, governance, compliance and ethics.

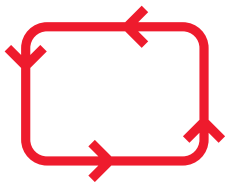
Dialogue with Suppliers

In June 2020, Honda convened a Sustainability Information Sharing Meeting, where it shared current social trends and provided feedback on the results of inspections at suppliers in accordance with the Honda Supplier Sustainability Guidelines.

Honda also regularly holds conferences around the world to share with suppliers the direction of its business and the substance of its initiatives. In FY2021, meetings were held in 23 locations around the world. At these regional conferences, Honda presented Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDDE.

In Japan, Honda has held annual Suppliers Conferences since 1974. Senior management from about 450 suppliers attended the conference held online in March 2021. At the conference, Honda explained both company-wide policies and policies of the motorcycle, automobile and life creation businesses. The conference is also a venue to present the Supplier Award for Sustainability to suppliers, which extends from the environment to include social and governance aspects.

In North America, Honda presents the Sustainability Award to suppliers who made the greatest contributions in social areas such as compliance, safety and health, community contribution activities, the environment, diversity and human rights.



Presentation of Sustainability Department Award to Sumitomo Chemical Co., Ltd. in Japan

* A partnership for promoting sustainability, formed by 10 automakers around the world

7 Social Contribution Activities



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Basic Approach

Honda Social Contribution Activities

Since the Company was founded, Honda has sought to contribute to society and customers by creating quality products and technologies while coexisting harmoniously with the communities that host its operations. In the 1960s, while the Company was still in a period of early growth, Honda began to launch philanthropic initiatives designed to strengthen ties with local communities.

Currently, Honda undertakes various social contribution activities in the seven regions of the Company’s worldwide operations, aiming to share joy with people all around the world and to become “a company society wants to exist.” Honda also strives to support initiatives that reflect local circumstances in its corporate activities overseas. In order to be able to share joy, Honda will continue to pursue various social contribution activities while communicating with customers and local residents.

Basic Approach

In 1998, Honda devised Philosophical Basis and Principles of Honda philanthropy for its social contribution activities. Thereafter, in 2006 the Company formulated its Global Policy for Social Contribution Activities to make a unified effort with the aim of creating future societies in which everyone can pursue their dreams.

After revising the policy in 2018 in response to a changing environment, Honda has been engaging in activities to realize its 2030 Vision to “serve people worldwide with the joy of expanding their life’s potential.”

Based on its fundamental principles of “Respect for the Individual” and “the Three Joys,” Honda seeks to improve the quality of people’s daily lives around the world. In order to share this joy, the Company hopes that its associates will strive to accelerate their initiatives worldwide.

Global Policy for Social Contribution Activities

Corporate Philosophy

Honda will proactively exercise its initiatives for social contribution, founded on the fundamental principles of “Respect for the Individual” and “the Three Joys,” to support Honda’s universal passion: to improve the quality of people’s daily lives.

Objective

Honda will aspire to become “a company that society wants to exist,” and will contribute to the realization of a sustainable society, by serving people worldwide with the joy of expanding their life’s potential through its social contribution activities.

Activity Policy

- Honda will earn social acceptance by creating empathy and trust through active community engagement and by being a good corporate citizen.
- Honda will use its resources and workforce to contribute to society from a global point of view, while maintaining the importance of each region.
- Honda will promote and facilitate maximum associate participation in, and passion for, social contribution activities.

Field of Activities

- Supporting our youth for the future
- Protecting the global environment
- Promoting traffic safety
- Addressing local community needs



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Global Management

Honda's Global System for Social Contribution Activities

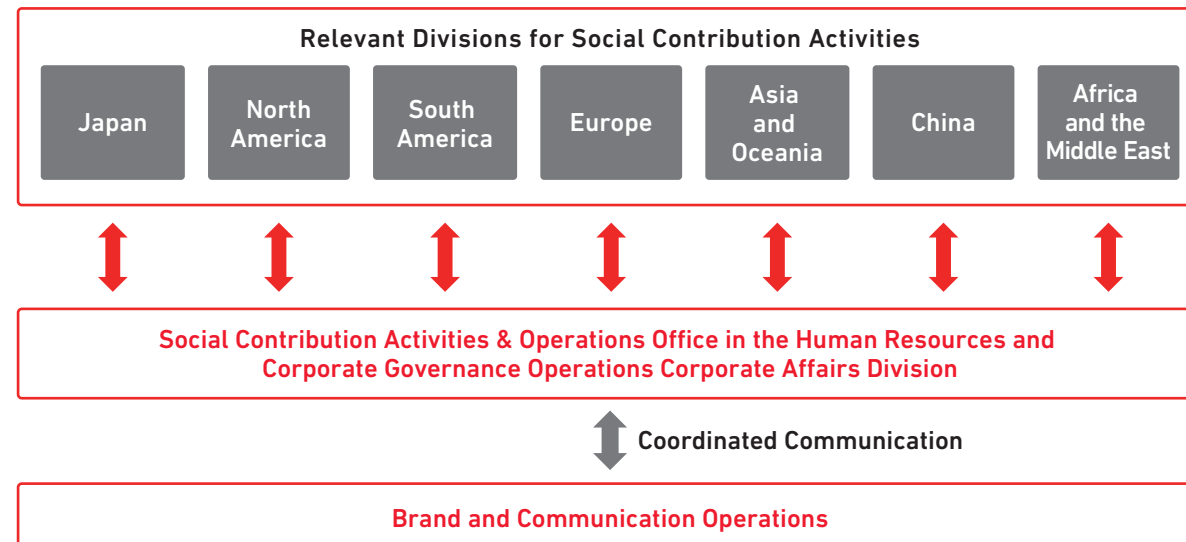
Honda's social contribution activities are centered on four core policies: supporting our youth for the future; protecting the global environment; promoting traffic safety; and addressing local community needs. Based on these policies, the entire Honda Group engages in activities that recognize the value of its bonds with local communities.

Honda pursues a variety of activities in seven regions, taking maximum advantage of its resources in line with its Global Policy for Social Contribution Activities.

To strengthen Honda's global networks, the Social Contribution Activities & Operations Office in the Human Resources and Corporate Governance Operations Corporate Affairs Division gathers activity data from across the seven regions, shares activity policies and works together with the Brand and Communication Operations for coordinated communication of information.

Going forward, the Honda Group intends to fulfill its responsibilities as a corporate citizen; to this end, the Group will continue its efforts to create future societies "That are Full of Dreams" and, hand in hand with local residents under globally coordinated initiatives, it will continue to promote a wide range of activities.

Honda's Global System for Social Contribution Activities



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Social Contribution Activities Initiatives

Major Activities under the Pandemic

FY2021 was a difficult year. Throughout the year, we were unable to go on about our usual activities as the COVID-19 pandemic forced us to stay at home, keep social distancing and deal with shortages in health products and medical equipment.

Honda had to cancel or postpone many of its ongoing social contribution activities as well. However, its associates from across the world worked as one team to do the best they could through Honda’s products, technologies and manpower, while maintaining their close ties with local communities.

This report highlights Honda’s major activities undertaken under the pandemic around the world.

Further details can be found at the following link.

WEB

Honda Social Contribution Activities

> <https://global.honda/about/sustainability/community.html>



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Social Contribution Activities Initiatives

Major Activities under the Pandemic

Japan [Addressing Local Community Needs]

Helping to Protect Drivers from Droplet Infection by Providing Modified Vehicles to Transport COVID-19 Patients

As an effort to prevent COVID-19 infection, Honda provided local governments with vehicles specifically modified to transport patients with mild symptoms of COVID-19.

Modifications, which were made to the Odyssey, STEP WGN and other minivans, included installing a plastic barrier between the front and rear seats to reduce the risk of infection during transportation. These vehicles use an air pressure differential between the two sections to inhibit droplet infection. Honda provided a total of 168 such vehicles, including local government-owned vehicles to which Honda added a plastic barrier, to 26 prefectures since April 2020. In the United States, similar vehicles based on the know-how acquired in Japan were also provided to local governments to transport COVID-19 patients.

As an additional effort in Japan, Honda produced face shields much needed by healthcare professionals and donated 28,200 sets through local governments.



Interior of a vehicle used to transport COVID-19 patients (with a plastic barrier between the driver and rear seats)

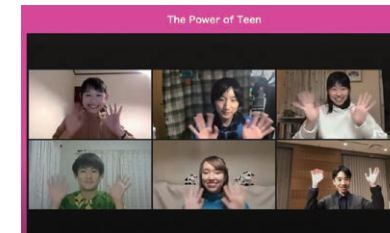


Face shield produced by Honda

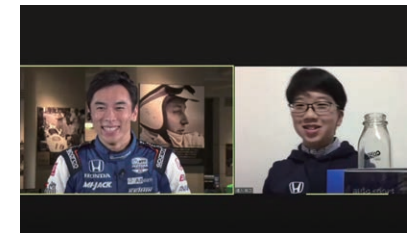
Japan [Supporting Our Youth for the Future]

“The Power of Teen” Project, a New Social Contribution Activity Conceived during the Pandemic to Support Teenagers Who Are Working toward Their Dreams

Honda held “The Power of Teen,” an event organized out of a desire to support children to fulfill their dreams. The increasing spread of COVID-19 has forced children to give up usual activities that have been done every year. As a result, they are struggling to draft a blueprint for achieving their dreams or goals or have lost sight of them under the pandemic. Honda solicited from teenagers their dream ideas and what they are doing to realize them and selected six members among the applicants. They participated in an online presentation to share dreams with viewers. They also joined online “sharing dreams” lectures by Honda’s special guests. These lectures communicated the importance of learning from failures, having the courage to make a step toward a dream and taking up a new challenge. Other companies and educational professionals supported and widely publicized the event. With their help, these sessions were viewed for a total of more than 70,000 times and successfully conveyed the power of dreams to wide audiences from children to adults. Honda also held an event to give the selected six members an opportunity to board a HondaJet and actually feel Honda’s power of dreams. Honda will continue to support children’s efforts toward their dreams while flexibly adapting to changes in the surrounding environment.



Online “sharing dreams” presentation, which provided an opportunity for children to see their dreams from a fresh perspective as they depicted their dreams more clearly and announced them during the session



Online “sharing dreams” lecture by racing driver Takuma Sato

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Social Contribution Activities Initiatives Major Activities under the Pandemic

North America [Addressing Local Community Needs]

Helping to Reduce Medical Equipment Shortages by Using Manufacturing Know-how to Produce Face Shields

As part of its broad-ranging response to help protect frontline healthcare professionals during the COVID-19 pandemic, and in response to a serious shortage of face shields, North American Honda companies developed new methods to use high-speed injection-molding equipment, which is ordinarily used in the production of vehicle components, and produced critically needed face shields. Associates from across the country worked together to implement the entire value chain required to deliver face shields to those in need.

Honda tapped its extensive network of automobile, powersports and power equipment dealers to identify medical facilities in local communities across the country in need of protective gear. In total, over 120,000 face shields were donated to healthcare workers at 305 medical facilities in 45 states.



Face shield production



Healthcare workers with Honda-produced face shields

North America [Addressing Local Community Needs]

Supporting Local Communities While Maintaining Social Distancing through Virtual Volunteerism

In this time of social distancing, Honda associates throughout North America served as virtual volunteers out of a desire to help the communities in which they live and work during the COVID-19 pandemic.

One of these virtual volunteer projects focused on providing face masks to people in need. Associates had the opportunity to sign up to receive mask sewing supply kits that they could sew and assemble at home. A total of 743 associates from Honda companies throughout North America participated in sewing over 41,500 masks, which were distributed within their local communities.



Preparing the kits for associate volunteers



Associate volunteer sewing masks at home



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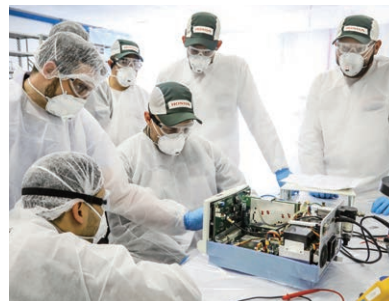
Major Activities under the Pandemic

South America [Addressing Local Community Needs]

Contributing toward Addressing the Medical Equipment Shortage by Supporting the Repair of Defective Ventilators

In Brazil, as COVID-19 spreads and the demand for medical and healthcare equipment increases, it was assessed that approximately 3,600 units of ventilators were defective and not in use. Given this situation, Moto Honda Da Amazonia Ltda. and Honda Automoveis Do Brasil Ltda. supported the repair of ventilators. As of the end of July 2020, 80 units have been repaired and provided to medical institutions.

Still in line with the solidarity mobilization to face the effects of COVID-19, Moto Honda da Amazônia also donated oxygen to the State of Amazonas to address severe oxygen shortages in local health services.



Repair of ventilator



Donating oxygen tanks

Europe [Addressing Local Community Needs]

Manufacturing Face Shields and Donating Them to Medical Institutions

The United Kingdom was facing a significant shortage of personal protective equipment (PPE) due to the spread of COVID-19. To support healthcare workers and meet the expectations of customers, society and associates, Honda of the U.K. Manufacturing Ltd. manufactured 3D printed surgical masks and mask tension release bands and donated them to medical institutions and other bodies. The company also donated 50,000 units of PPE—including face masks—and provided National Health Service (NHS) Volunteer Support by associates.



Manufactured face shield



Donating PPE



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Major Activities under the Pandemic

Asia & Oceania
[Addressing Local Community Needs]

Using Honda's Technologies to Contribute toward Resolving Medical Equipment Shortage in Thailand

To address the severe shortage of medical equipment in Thailand, Honda Khiang Khang Thai Fund (HKKT)*¹ cooperated with Vajira Hospital to use Honda's technologies and knowledge in manufacturing 100 negative pressure mobile beds, which were then donated to medical institutions.

By improving the pressure adjustment system, filter and oxygen tank storage space, the mobile bed is capable of more efficient pressure adjustment, air filtration and oxygen tank storage. Tests by medical professionals also yielded satisfactory results. The improved beds are donated to more than 90 hospitals across Thailand.

HKKT also made and donated 1,000 units of the Negative and Positive Pressure Smart Face Shield developed using this technology and another 1,000 face shields. Other activities included donations of 10,000 sets of personal protective equipment (PPE) suits for medical staff, 100 Honda Backpack Sprayers and the lease of 10 ambulances and 10 rescue motorcycles owned by the fund.



Manufacturing of negative pressure mobile bed



Associate volunteers making face shields

Asia & Oceania
[Addressing Local Community Needs]

Receiving the Outstanding Humanitarian Award for Corporate Social Responsibilities from the Philippine Red Cross

Honda Foundation, Inc. (HFI)*² received the Outstanding Humanitarian Award for Corporate Social Responsibilities (CSR) from the Philippine Red Cross (PRC) given to organizations that contributed significantly in terms of providing relief assistance toward disasters and other calamities.

During the spread of COVID-19, HFI conducted the ONE DREAM campaign to use Honda's motorcycles for saving lives and supporting agencies such as PRC and donated 104 motorcycles. The award this time was in recognition of active efforts in supporting local communities. The donated motorcycles are being used by PRC volunteers and staff in its 104 Chapters within the Philippines.

HFI has been conducting social contribution activities in the Philippines for 28 years and has also supported PRC for a decade.



HFI donating 104 motorcycles to PRC

*1 A fund established under the Honda Thailand Foundation in cooperation with a Honda Group company in Thailand
*2 A foundation established in cooperation with a Honda Group company in the Philippines

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China [Addressing Local Community Needs]

Making Group-wide Efforts to Support Hospitals through Donation of Air Purifiers

Honda Motor (China) Technology Co., Ltd. donated 3,500 vehicle-use ionic air purifiers to hospitals treating COVID-19 patients in Wuhan, China.

The donation was made based on the aspiration of associates to ensure the safety and security of vehicle interior space as a show of appreciation toward frontline healthcare professionals risking their lives to save COVID-19 patients. Honda dealers and parts distributors worked together to quickly donate air purifiers to hospitals within Wuhan as soon as its lockdown order was lifted.

Additionally, Honda Motor (China) Investment Co., Ltd. and Honda Motor Co., Ltd. donated a total of 10 million yuan to the Hubei branch of the Red Cross Society of China. Honda Group companies in China also donated face masks and electric motorcycles to medical institutions and undertook activities to help prevent the spread of COVID-19.



Donation event

China [Protecting the Global Environment]

Carrying on Afforestation Activities in Inner Mongolia under the COVID-19 Pandemic with Associates Participating in Tree Planting Online

Since 2008, Honda Group companies in China have been involved in afforestation activities in Inner Mongolia as part of a long-term environmental conservation project.

In FY2021, afforestation of about 950,000 square meters of land was carried out, thereby successfully afforesting a total of 12.5 million square meters with about 1.8 million trees over 13 years. With the average survival rate surpassing 95%, the project has been making a steady contribution to an improvement in the local ecology.

As the pandemic hindered the participation of associate volunteers, the company conducted online tree planting using social media and allowed a majority of associates to take part. This was done in hope of continuing to deliver a message to associates, which encourages them to “plant trees with their own hands.” Later, a small group of volunteers actually planted trees bearing name tags of 200 representative participants while taking preventive measures against COVID-19. The planting was livestreamed to participating Group companies over the Internet.

Many of the associates who participated in the online tree planting event voiced their desire to join actual planting activities. Thus, the online event has succeeded in increasing their motivation to contribute to society.



Online planting event via social media



Expanding afforestation activities throughout the Honda Group

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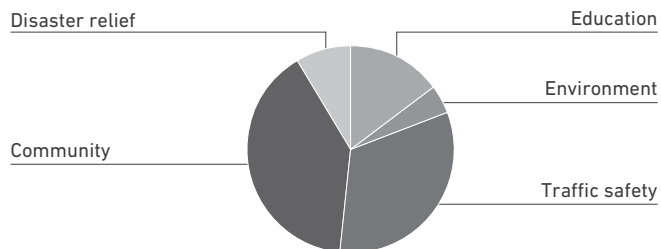
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Social Contribution Activities Data

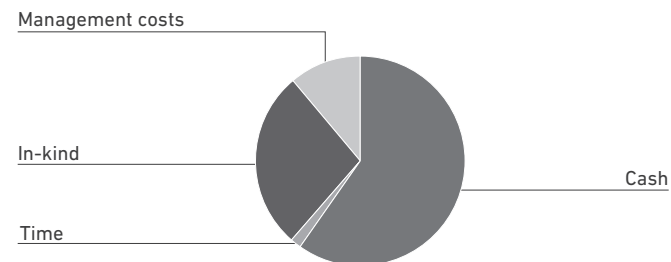
Expenditure related to social contribution activities (FY2021)

	Expenditure (million yen)
Education	1,222
Environment	365
Traffic safety	2,637
Community	3,246
Disaster relief	695
(Total)	8,165



How the contribution breaks down (FY2021)

	Expenditure (million yen)
Cash	4,886
Time	146
In-kind	2,230
Management costs	903
(Total)	8,165



8

Assurance

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Assurance

To disclose environmental data in a more transparent and reliable manner to our diverse stakeholders, Honda obtained the independent practitioner's assurance of the environmental data indicated with for the year ended March 31, 2021 in the Japanese version of this report by Deloitte Tohmatsu Sustainability Co., Ltd., a subsidiary of Deloitte Touche Tohmatsu LLC, which is a member firm of Deloitte Touche Tohmatsu Limited.

Scope of Assurance

Environmental data assured:

- Direct emissions from business activities (Scope 1), Indirect emissions from energy use (Scope 2) and Emissions from customer use of sold products (Scope 3, category 11) out of Honda's total GHG emissions
- GHG emissions (direct emissions (Scope 1), Indirect emissions (Scope 2), Total emissions (Scope 1 and 2))
- Energy consumption (Direct energy consumption, Indirect energy consumption and Total energy consumption)
- Water intake/Wastewater volume
- Atmospheric pollutants (SOx emissions, NOx emissions)
- Waste generated

Deloitte.
デロイト トーマツ
(TRANSLATION)

Independent Practitioner's Assurance Report

July 1, 2021

Mr. Toshihiro Mibe,
Director, President and Representative Executive Officer,
Honda Motor Co., Ltd.

Masahiko Sugiyama
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the environmental data indicated with for the year ended March 31, 2021 (the "Environmental Data") included in the "Honda Sustainability Report 2021" (the "Report") of Honda Motor Co., Ltd. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Environmental Data in accordance with the calculation and reporting standard adopted by the Company (indicated with the Environmental Data included in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Environmental Data based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Performing interviews of responsible persons and inspecting documentary evidence to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Environmental Data is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited

GRI Content Index



For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016					
	Organizational profile				
	102-1 Name of the organization	14			
	102-2 Activities, brands, products, and services	11,12,14			
	102-3 Location of headquarters	2,14			
	102-4 Location of operations	2,14			
	102-5 Ownership and legal form	14			
	102-6 Markets served	14,15			
	102-7 Scale of the organization	14,16 2021 Form 20-F https://global.honda/investors/library/form20_f.html 1,2,9,10,11,12,13,33,34,F-9,F-45,F-46,F-47			
	102-8 Information on employees and other workers	129			
	102-9 Supply chain	134,140			
	102-10 Significant changes to the organization and its supply chain	2			
	102-11 Precautionary Principle or approach	2			
	102-12 External initiatives	29,118			
	102-13 Membership of associations	28,29,118,145			
	Strategy				
	102-14 Statement from senior decision-maker	3,4,5,6,7,8			
	102-15 Key impacts, risks, and opportunities	18,19,20,21,22,23,24,30,31,45,46,47,48,55,56,57,58,59,60,67,68,78,79,94,110,134			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	9,18,19,20,21,42			
	102-17 Mechanisms for advice and concerns about ethics	43			
	Governance				
	102-18 Governance structure	25,33,34,35,36,37,38,39,40,41			
	102-19 Delegating authority	25			
	102-20 Executive-level responsibility for economic, environmental, and social topics	25			
	102-21 Consulting stakeholders on economic, environmental, and social topics	25			
	102-22 Composition of the highest governance body and its committees	33,34,35,36,37,38,39,40,41			
	102-23 Chair of the highest governance body	33,34,35,36,37,38,39,40,41			

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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part omitted	Reason	Explanation
	102-24 Nominating and selecting the highest governance body	33,34,35,36,37,38,39,40,41 Honda Corporate Governance Basic Policies https://global.honda/investors/policy/governance.html			
	102-25 Conflicts of interest	33,34,35,36,37,38,39,40,41 Honda Corporate Governance Basic Policies https://global.honda/investors/policy/governance.html			
	102-26 Role of highest governance body in setting purpose, values, and strategy	25			
	102-27 Collective knowledge of highest governance body	25			
	102-28 Evaluating the highest governance body's performance	25			
	102-29 Identifying and managing economic, environmental, and social impacts	25			
	102-30 Effectiveness of risk management processes	25			
	102-31 Review of economic, environmental, and social topics	25			
	102-32 Highest governance body's role in sustainability reporting	25			
	102-33 Communicating critical concerns	25,33			
	102-34 Nature and total number of critical concerns	25,33,34,35,36,37			
	102-35 Remuneration policies	33,34,35 Honda Corporate Governance Basic Policies https://global.honda/investors/policy/governance.html			
	102-36 Process for determining remuneration	33,34,35,38 Honda Corporate Governance Basic Policies https://global.honda/investors/policy/governance.html			
	102-37 Stakeholders' involvement in remuneration	33,34,35,38 Honda Corporate Governance Basic Policies https://global.honda/investors/policy/governance.html			
	102-38 Annual total compensation ratio	38,49 Honda Corporate Governance Basic Policies https://global.honda/investors/policy/governance.html			
	102-39 Percentage increase in annual total compensation ratio	38,49 Honda Corporate Governance Basic Policies https://global.honda/investors/policy/governance.html			

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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part omitted	Reason	Explanation
	Stakeholder engagement				
	102-40 List of stakeholder groups	26,27			
	102-41 Collective bargaining agreements	2021 Form 20-F https://global.honda/investors/library/form20_f.html 85,86			
	102-42 Identifying and selecting stakeholders	26,27			
	102-43 Approach to stakeholder engagement	26,27			
	102-44 Key topics and concerns raised	27			
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	2 2021 Form 20-F https://global.honda/investors/library/form20_f.html 33,34,F-88			
	102-46 Defining report content and topic Boundaries	2,18,19,20,21,25			
	102-47 List of material topics	21			
	102-48 Restatements of information	2			
	102-49 Changes in reporting	2			
	102-50 Reporting period	2			
	102-51 Date of most recent report	2			
	102-52 Reporting cycle	2			
	102-53 Contact point for questions regarding the report	2			
	102-54 Claims of reporting in accordance with the GRI Standards	2			
	102-55 GRI content index	158,159,160,161,162,163,164,165, 166,167,168,169			
	102-56 External assurance	157			

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GRI 200 Economic Standard Series					
Economic Performance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21		
	103-2	The management approach and its components	21		
	103-3	Evaluation of the management approach	21		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	16		
	201-2	Financial implications and other risks and opportunities due to climate change	55,56,57,58,61		
	201-3	Defined benefit plan obligations and other retirement plans	2021 Form 20-F https://global.honda/investors/library/form20_f.html F-24,F-53,F-54,F-55,F-56,F-57,F-58		
	201-4	Financial assistance received from government	-	Financial assistance received from government	This information is currently unavailable.
Market Presence					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21		
	103-2	The management approach and its components	21		
	103-3	Evaluation of the management approach	21		
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	132		
	202-2	Proportion of senior management hired from the local community	129		
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21		
	103-2	The management approach and its components	21		
	103-3	Evaluation of the management approach	21		
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	91		
	203-2	Significant indirect economic impacts	14,140,155		
Procurement Practices					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21		
	103-2	The management approach and its components	21		
	103-3	Evaluation of the management approach	21		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	140		

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	103-2	The management approach and its components	21,42,43,44		
	103-3	Evaluation of the management approach	21,42,43,44		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	43		
	205-2	Communication and training about anti-corruption policies and procedures	43		
	205-3	Confirmed incidents of corruption and actions taken	43		
Anti-competitive Behavior					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21,42,43,44		
	103-2	The management approach and its components	21,42,43,44		
	103-3	Evaluation of the management approach	21,42,43,44		
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	44		
Tax					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	37,50		
	103-2	The management approach and its components	37,50		
	103-3	Evaluation of the management approach	37,50		
GRI 207: Tax 2019	207-1	Approach to tax	50		
	207-2	Tax governance, control, and risk management	50		
	207-3	Stakeholder engagement and management of concerns related to tax	50		
	207-4	Country-by-country reporting	-	Country-by-country reporting	This information is currently unavailable.

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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
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GRI 300 Environmental Standards Series					
Materials					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21,52,53,54,55,56,57,58,59,60		
	103-2	The management approach and its components	21,52,53,54,55,56,57,58,59,60		
	103-3	Evaluation of the management approach	21,52,53,54,55,56,57,58,59,60		
GRI 301: Materials 2016	301-1	Materials used by weight or volume	-	Materials used by weight or volume	This information is currently unavailable. We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2022 Sustainability Report (to be published in July 2022).
	301-2	Recycled input materials used	-	Recycled input materials used	This information is currently unavailable. We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2022 Sustainability Report (to be published in July 2022).
	301-3	Reclaimed products and their packaging materials	64		
Energy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21,52,53,54,55,56,57,58,59,60		
	103-2	The management approach and its components	21,52,53,54,55,56,57,58,59,60		
	103-3	Evaluation of the management approach	21,52,53,54,55,56,57,58,59,60		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	72		
	302-2	Energy consumption outside of the organization	72		
	302-3	Energy intensity	-	Energy intensity	This information is currently unavailable. We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2022 Sustainability Report (to be published in July 2022).
	302-4	Reduction of energy consumption	72		
	302-5	Reductions in energy requirements of products and services	55,56,57,58,63		
Water					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21,52,53,54,55,56,57,58,59,60		
	103-2	The management approach and its components	21,52,53,54,55,56,57,58,59,60		
	103-3	Evaluation of the management approach	21,52,53,54,55,56,57,58,59,60		
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	59,67		
	303-2	Management of water discharge-related impacts	67		
	303-3	Water withdrawal	73		
	303-4	Water discharge	59,67,73		
	303-5	Water consumption	73		

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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission			
			Part omitted	Reason	Explanation	
Biodiversity						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21,52,53,54,55,56,57,58,59,60,68			
	103-2	The management approach and its components	21,52,53,54,55,56,57,58,59,60,68			
	103-3	Evaluation of the management approach	21,52,53,54,55,56,57,58,59,60,68			
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	68			
	304-2	Significant impacts of activities, products, and services on biodiversity	68			
	304-3	Habitats protected or restored	-	Habitats protected or restored	This information is currently unavailable.	We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2022 Sustainability Report (to be published in July 2022).
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	68			
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	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	107		
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	42,43,44,52,53,54,55,56,57,58,59,60		
	103-2	The management approach and its components	42,43,44,52,53,54,55,56,57,58,59,60		
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GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	62		
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Operating and Financial Review

Sales Revenue

Honda's consolidated sales revenue for the fiscal year ended March 31, 2021, decreased by ¥1,760.4 billion, or 11.8%, to ¥13,170.5 billion from the fiscal year ended March 31, 2020, due mainly to decreased sales revenue in all business operations. Honda estimates that by applying Japanese yen exchange rates of the previous fiscal year to the current fiscal year, sales revenue for the year would have decreased by approximately ¥1,410.9 billion, or 9.4%, compared to the decrease as reported of ¥1,760.4 billion, which includes negative foreign currency translation effects.

Operating Costs and Expenses

Operating costs and expenses decreased by ¥1,787.0 billion, or 12.5%, to ¥12,510.3 billion from the previous fiscal year. Cost of sales decreased by ¥1,411.9 billion, or 11.9%, to ¥10,439.6 billion from the previous fiscal year, due mainly to a decrease in costs attributable to decreased consolidated sales revenue in all business operations. Selling, general and administrative expenses decreased by ¥309.8 billion, or 18.9%, to ¥1,331.7 billion from the previous fiscal year. Research and development expenses decreased by ¥65.2 billion, or 8.1%, to ¥738.8 billion from the previous fiscal year.

Operating Profit

Operating profit increased by ¥26.5 billion, or 4.2%, to ¥660.2 billion from the previous fiscal year, due mainly to decreased selling, general and administrative expenses as well as continuing cost reduction, which was partially offset by a decrease in profit attributable to decreased sales revenue and model mix. Honda estimates that by excluding negative foreign currency effects of approximately ¥47.1 billion, operating profit would have increased by approximately ¥73.6 billion.

With respect to the discussion above of the changes, management identified factors and used what it believes to be a reasonable method to analyze the respective changes in such factors. Management analyzed changes in these factors at the levels of the Company and its material consolidated subsidiaries. "Foreign currency effects" consist of "translation adjustments", which come from the translation of the currency of foreign subsidiaries' financial statements into Japanese yen, and "foreign currency adjustments", which result from foreign-currency-denominated transaction. With respect to "foreign currency adjustments", management analyzed foreign currency adjustments primarily related to the following currencies: U.S. dollar, Japanese yen and others at the level of the Company and its material consolidated subsidiaries. The estimates excluding the foreign currency effects are not on the same base as Honda's consolidated financial statements, and do not conform to IFRS. Furthermore, Honda does not believe that these measures are substitute for the disclosure required by IFRS. However, Honda believes that such estimates excluding the foreign currency effects provide financial statements users with additional useful information for understanding Honda's results.

Profit before Income Taxes

Profit before income taxes increased by ¥124.1 billion, or 15.7%, to ¥914.0 billion. The main factors behind this increase, except factors relating to operating profit, are as follows:

Share of profit of investments accounted for using the equity method had a positive impact of ¥108.5 billion, due mainly to an increase in profit attributable to increased sales revenue at affiliates and joint ventures in Asia as well as recognition of reversal of impairment losses which had been previously recognized on the investments in certain companies accounted for using the equity method.

Finance income and finance costs had a negative impact of ¥10.9 billion, due mainly to decreased interest income.

Income Tax Expense

Income tax expense decreased by ¥61.3 billion, or 21.9%, to ¥218.6 billion from the previous fiscal year. The average effective tax rate decreased by 11.5 percentage points to 23.9% from the previous fiscal year.

Financial Data

Profit for the Year

Profit for the year increased by ¥185.5 billion, or 36.4%, to ¥695.4 billion from the previous fiscal year.

Profit for the Year Attributable to Owners of the Parent

Profit for the year attributable to owners of the parent increased by ¥201.6 billion, or 44.3%, to ¥657.4 billion from the previous fiscal year.

Profit for the Year Attributable to Non-controlling Interests

Profit for the year attributable to non-controlling interests decreased by ¥16.1 billion, or 29.8%, to ¥38.0 billion from the previous fiscal year.

Operating segments and geographic segments in financial data

Segment	Principal products and services	Functions
Motorcycle Business	Motorcycles, all-terrain vehicles (ATVs), side-by-sides (SxS) and relevant parts	Research and development, Manufacturing, Sales and related services
Automobile Business	Automobiles and relevant parts	Research and development, Manufacturing, Sales and related services
Financial Services Business	Financial services	Retail loan and lease related to Honda products, Others
Life Creation and Other Businesses	Power products and relevant parts, and others	Research and development, Manufacturing, Sales and related services, Others

• Operating segments are defined as the components of Honda for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The accounting policies used for these reportable segments are consistent with the accounting policies used in the Company's consolidated financial statements.

Area	Major countries
North America	United States, Canada, Mexico
Europe	United Kingdom, Germany, Belgium, Italy, France
Asia	Thailand, Indonesia, China, India, Vietnam
Other Regions	Brazil, Australia

• Segmentation by country and region is based on geographical proximity.

Financial Data

Motorcycle Business

Honda Group Unit Sales* (thousands)

	FY20	FY21	Change	%
Total	19,340	15,132	(4,208)	(21.8)
Japan	205	215	10	4.9
North America	330	332	2	0.6
Europe	239	234	(5)	(2.1)
Asia	17,262	13,319	(3,943)	(22.8)
Other Regions	1,304	1,032	(272)	(20.9)

Consolidated Unit Sales* (thousands)

	FY20	FY21	Change	%
Total	12,426	10,264	(2,162)	(17.4)
Japan	205	215	10	4.9
North America	330	332	2	0.6
Europe	239	234	(5)	(2.1)
Asia	10,348	8,451	(1,897)	(18.3)
Other Regions	1,304	1,032	(272)	(20.9)

*Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries.

Total demand for motorcycles in India, the largest market within Asia, decreased around 24% from the previous year to approximately 14,110 thousand units in calendar year 2020. Total demand for motorcycles in other countries in Asia*¹ decreased around 23% from the previous calendar year to approximately 17,190 thousand units. This was mainly due to decreases in demand in Indonesia and China. Honda's consolidated unit sales in Asia were 8,451 thousand units in fiscal year 2021, a decrease by 18.3% from the previous fiscal year, mainly due to decreases in sales units of the Activa model series in India and the Wave and Air Blade model series in Vietnam. Honda's consolidated unit sales do not include sales by P.T. Astra Honda Motor in Indonesia, which is accounted for using the equity method. P.T. Astra Honda Motor's unit sales for fiscal year 2021 decreased around 45% from the previous fiscal year to approximately 2,690 thousand units, mainly due to decreases in sales units of the BeAT and Vario model series.

Total demand for motorcycles in Brazil*², the principal market within Other Regions, decreased around 14% from the previous year to approximately 930 thousand units in calendar year 2020. In Other Regions (including South America, the Middle East, Africa, Oceania, and other areas), Honda's consolidated unit sales decreased 20.9% from the previous fiscal year to 1,032 thousand units in fiscal year 2021 due mainly to decreases in sales units of the CG160 and Biz model series in Brazil.

*¹ Based on Honda research. Only includes the following seven countries: Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Pakistan, and China.

*² Source: ABRACICLO (the Brazilian Association of Motorcycle, Moped, and Bicycle Manufacturers)

Financial Data

Automobile Business

Honda Group Unit Sales* (thousands)

	FY20	FY21	Change	%
Total	4,790	4,546	(244)	(5.1)
Japan	672	592	(80)	(11.9)
North America	1,825	1,480	(345)	(18.9)
Europe	133	101	(32)	(24.1)
Asia	1,952	2,247	295	15.1
Other Regions	208	126	(82)	(39.4)

Consolidated Unit Sales* (thousands)

	FY20	FY21	Change	%
Total	3,318	2,617	(701)	(21.1)
Japan	589	520	(69)	(11.7)
North America	1,825	1,480	(345)	(18.9)
Europe	133	101	(32)	(24.1)
Asia	563	390	(173)	(30.7)
Other Regions	208	126	(82)	(39.4)

*Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. Certain sales of automobiles that are financed with residual value type auto loans by our Japanese finance subsidiaries and sold through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to the external customers in our Automobile business. Accordingly, they are not included in Consolidated Unit Sales, but are included in Honda Group Unit Sales of our Automobile business.

Total demand for automobiles in Japan*¹ decreased around 8% from the previous fiscal year to approximately 4,650 thousand units in fiscal year 2021. Honda's consolidated unit sales in Japan decreased 11.7% from the previous fiscal year to 520 thousand units*² in fiscal year 2021, due mainly to decreases in sales units of the N-BOX model series. Honda's unit production of automobiles in Japan decreased 14.9% from the previous fiscal year to 687 thousand units in fiscal year 2021. This was mainly because of restrictions on the supply of parts and the decline in demand.

Total industry demand for automobiles in the United States*³, the principal market within North America, decreased around 15% from the previous year to approximately 14,570 thousand units in calendar year 2020. Honda's consolidated unit sales in North America decreased 18.9% from the previous fiscal year to 1,480 thousand units in fiscal year 2021, due mainly to decreases in sales units of the ACCORD and CIVIC models. Honda manufactured 1,397 thousand units in North America in fiscal year 2021, a decrease of 19.5% from the previous fiscal year, mainly due to a decrease in demand and the effects of restrictions on the supply of parts.

Total demand for automobiles in China, the largest market within Asia, decreased around 2% from the previous year to approximately 25,310 thousand units*⁴ in calendar year 2020. Total demand for automobiles in other countries in Asia decreased around 24% from the previous calendar year to approximately 6,050 thousand units*⁵. This was mainly due to the decreases in demand in India and Indonesia. Honda's consolidated unit sales in Asia decreased 30.7% from the previous fiscal year to 390 thousand units in fiscal year 2021. The decrease was mainly attributable to decreases in sales units of the BRIO and HR-V models in Indonesia, and the JAZZ and CIVIC models in Thailand. Honda's consolidated unit sales do not include unit sales of Dongfeng Honda Automobile Co., Ltd. and GAC Honda Automobile

Co., Ltd., both of which are joint ventures accounted for using the equity method in China. Unit sales in China increased 33.8% from the previous fiscal year to 1,858 thousand units in fiscal year 2021, mainly due to the increases in sales units of the BREEZE and CR-V models. Honda's unit production by consolidated subsidiaries in Asia decreased 33.6% from the previous fiscal year to 402 thousand units*⁶ in fiscal year 2021. Meanwhile, unit production by Chinese joint ventures Dongfeng Honda Automobile Co., Ltd. and GAC Honda Automobile Co., Ltd. increased 37.0% from the previous fiscal year to 1,877 thousand units in fiscal year 2021.

*1 Source: JAMA (Japan Automobile Manufacturers Association), as measured by the number of regular vehicle registrations (661cc or higher) and mini vehicles (660cc or lower)

*2 Certain sales of automobiles that are financed with residual value type auto loans by our Japanese finance subsidiaries and sold through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to external customers in the Automobile business. Accordingly, they are not included in consolidated unit sales.

*3 Source: Autodata

*4 Source: CAAM (China Association of Automobile Manufacturers)

*5 The total is based on Honda research and includes the following eight countries: Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Taiwan, India and Pakistan.

*6 The total includes the following eight countries: Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Taiwan, India and Pakistan.

Financial Data

Life Creation and Other Businesses

Honda Group Unit Sales/Consolidated Unit Sales* (thousands)

	FY20	FY21	Change	%
Total	5,701	5,623	(78)	(1.4)
Japan	312	336	24	7.7
North America	2,848	2,617	(231)	(8.1)
Europe	845	929	84	9.9
Asia	1,375	1,405	30	2.2
Other Regions	321	336	15	4.7

*Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed power products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed power products of Honda and its consolidated subsidiaries. In the Life Creation business, there is no discrepancy between Honda Group Unit Sales and Consolidated Unit Sales since no affiliate and joint venture accounted for using the equity method was involved in the sale of Honda power products.

Honda's consolidated unit sales in North America decreased 8.1% from the previous fiscal year to 2,617 thousand units in fiscal year 2021, mainly due to the decrease in sales of OEM engines*, which offset the increase mainly in the sales of generators.

Honda's consolidated unit sales in Europe increased 9.9% from the previous fiscal year to 929 thousand units in fiscal year 2021, mainly due to the increases in sales of lawnmowers and OEM engines, which offset the decrease in sales of generators.

Honda's consolidated unit sales in Asia increased 2.2% from the previous fiscal year to 1,405 thousand units in fiscal year 2021. This was mainly due to the increases in sales of OEM engines, which offset the decrease in sales of generators.

*OEM (Original Equipment Manufacturer) engines: refers to engines installed on products sold under a third-party brand.

Financial Data

Consolidated Statements of Financial Position

March 31, 2020 and 2021

	Yen (millions)	
Assets	2020	2021
Current assets:		
Cash and cash equivalents	¥2,672,353	¥2,758,020
Trade receivables	633,909	801,814
Receivables from financial services	1,878,358	1,794,654
Other financial assets	190,053	295,307
Inventories	1,560,568	1,545,600
Other current assets	365,769	383,696
Total current assets	7,301,010	7,579,091
Non-current assets:		
Investments accounted for using the equity method	655,475	891,002
Receivables from financial services	3,282,807	3,619,896
Other financial assets	441,724	628,533
Equipment on operating leases	4,626,063	4,919,916
Property, plant and equipment	3,051,704	3,021,514
Intangible assets	760,434	818,763
Deferred tax assets	132,553	99,552
Other non-current assets	209,695	342,763
Total non-current assets	13,160,455	14,341,939
Total assets	¥20,461,465	¥21,921,030

	Yen (millions)	
Liabilities and Equity	2020	2021
Current liabilities:		
Trade payables	¥958,469	¥1,088,061
Financing liabilities	3,248,457	3,005,624
Accrued expenses	449,716	415,106
Other financial liabilities	209,065	182,145
Income taxes payable	43,759	47,793
Provisions	287,175	362,151
Other current liabilities	593,447	614,577
Total current liabilities	5,790,088	5,715,457
Non-current liabilities:		
Financing liabilities	4,221,229	4,715,361
Other financial liabilities	303,570	280,809
Retirement benefit liabilities	578,909	358,532
Provisions	238,439	278,890
Deferred tax liabilities	698,868	842,001
Other non-current liabilities	344,339	357,141
Total non-current liabilities	6,385,354	6,832,734
Total liabilities	12,175,442	12,548,191
Equity:		
Common stock	86,067	86,067
Capital surplus	171,823	172,049
Treasury stock	(273,940)	(273,786)
Retained earnings	8,142,948	8,901,266
Other components of equity	(114,639)	196,710
Equity attributable to owners of the parent	8,012,259	9,082,306
Non-controlling interests	273,764	290,533
Total equity	8,286,023	9,372,839
Total liabilities and equity	¥20,461,465	¥21,921,030

Financial Data

Consolidated Statements of Income

Years ended March 31, 2020 and 2021
Yen (millions)

	2020	2021
Sales revenue	¥14,931,009	¥13,170,519
Operating costs and expenses:		
Cost of sales	(11,851,659)	(10,439,689)
Selling, general and administrative	(1,641,590)	(1,331,728)
Research and development	(804,123)	(738,894)
Total operating costs and expenses	(14,297,372)	(12,510,311)
Operating profit	633,637	660,208
Share of profit of investments accounted for using the equity method	164,203	272,734
Finance income and finance costs:		
Interest income	49,412	19,805
Interest expense	(24,689)	(13,877)
Other, net	(32,645)	(24,817)
Total finance income and finance costs	(7,922)	(18,889)
Profit before income taxes	789,918	914,053
Income tax expense	(279,986)	(218,609)
Profit for the year	¥509,932	¥695,444
Profit for the year attributable to:		
Owners of the parent	¥455,746	¥657,425
Non-controlling interests	54,186	38,019
Earnings per share attributable to owners of the parent (Yen)		
Basic and diluted	260.13	380.75

Consolidated Statements of Cash Flows

Years ended March 31, 2020 and 2021

	Yen (millions)	
	2020	2021
Cash flows from operating activities:		
Profit before income taxes	¥789,918	¥914,053
Depreciation, amortization and impairment losses excluding equipment on operating leases	699,877	624,239
Share of profit of investments accounted for using the equity method	(164,203)	(272,734)
Finance income and finance costs, net	(47,892)	22,630
Interest income and interest costs from financial services, net	(130,636)	(137,178)
Changes in assets and liabilities		
Trade receivables	132,702	(133,788)
Inventories	(59,931)	68,281
Trade payables	(141,159)	101,301
Accrued expenses	(4,529)	(40,927)
Provisions and retirement benefit liabilities	118	106,829
Receivables from financial services	103,614	(59,934)
Equipment on operating leases	(270,677)	(161,579)
Other assets and liabilities	(20,524)	(72,473)
Other, net	10,959	5,190
Dividends received	185,742	191,112
Interest received	288,821	236,729
Interest paid	(162,263)	(113,100)
Income taxes paid, net of refund	(230,522)	(206,272)
Net cash provided by operating activities	979,415	1,072,379

	Yen (millions)	
	2020	2021
Cash flows from investing activities:		
Payments for additions to property, plant and equipment	¥(370,195)	¥(318,410)
Payments for additions to and internally developed intangible assets	(231,063)	(232,727)
Proceeds from sales of property, plant and equipment and intangible assets	17,638	6,770
Payments for acquisitions of subsidiaries, net of cash and cash equivalents acquired	(3,047)	2,230
Payments for acquisitions of investments accounted for using the equity method	(14,584)	(110,747)
Proceeds from sales of investments accounted for using the equity method	—	12,570
Payments for acquisitions of other financial assets	(282,806)	(433,375)
Proceeds from sales and redemptions of other financial assets	265,980	276,808
Other, net	(1,404)	—
Net cash used in investing activities	(619,481)	(796,881)
Cash flows from financing activities:		
Proceeds from short-term financing liabilities	9,037,608	9,115,347
Repayments of short-term financing liabilities	(9,039,601)	(9,294,859)
Proceeds from long-term financing liabilities	2,021,173	1,948,835
Repayments of long-term financing liabilities	(1,676,504)	(1,798,429)
Dividends paid to owners of the parent	(196,795)	(145,090)
Dividends paid to non-controlling interests	(54,280)	(41,755)
Purchases and sales of treasury stock, net	(96,113)	154
Repayments of lease liabilities	(78,659)	(67,628)
Other, net	(4,240)	(555)
Net cash provided by (used in) financing activities	(87,411)	(283,980)
Effect of exchange rate changes on cash and cash equivalents	(94,291)	94,149
Net change in cash and cash equivalents	178,232	85,667
Cash and cash equivalents at beginning of year	2,494,121	2,672,353
Cash and cash equivalents at end of year	¥2,672,353	¥2,758,020

Financial Data

Segment Information

Segment information as of and for the years ended March 31, 2020 and 2021 is as follows:

As of and for the year ended March 31, 2020

Yen (millions)

	Motorcycle Business	Automobile Business	Financial Services Business	Life Creation and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	¥2,059,335	¥9,959,080	¥2,586,965	¥325,629	¥14,931,009	—	¥14,931,009
Intersegment	—	235,558	13,972	25,025	274,555	(274,555)	—
Total	2,059,335	10,194,638	2,600,937	350,654	15,205,564	(274,555)	14,931,009
Segment profit (loss)	285,668	153,323	219,704	(25,058)	633,637	—	633,637
Segment assets	1,483,888	7,821,499	10,282,136	354,472	19,941,995	519,470	20,461,465
Depreciation and amortization	67,512	555,153	823,996	14,742	1,461,403	—	1,461,403
Capital expenditures	93,871	498,260	2,248,597	17,611	2,858,339	—	2,858,339

As of and for the year ended March 31, 2021

Yen (millions)

	Motorcycle Business	Automobile Business	Financial Services Business	Life Creation and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	¥1,787,283	¥8,567,205	¥2,494,294	¥321,737	¥13,170,519	—	¥13,170,519
Intersegment	—	212,144	12,494	20,107	244,745	(244,745)	—
Total	1,787,283	8,779,349	2,506,788	341,844	13,415,264	(244,745)	13,170,519
Segment profit (loss)	224,608	90,255	356,980	(11,635)	660,208	—	660,208
Segment assets	1,555,057	8,643,109	10,832,645	374,169	21,404,980	516,050	21,921,030
Depreciation and amortization	68,258	515,241	825,975	15,644	1,425,118	—	1,425,118
Capital expenditures	48,800	500,431	2,006,264	11,609	2,567,104	—	2,567,104

Explanatory notes:

- Intersegment sales revenues are generally made at values that approximate arm's-length prices.
- Reconciling items include elimination of intersegment transactions and balances as well as unallocated corporate assets. Unallocated corporate assets included in reconciling items as of March 31, 2020 and 2021 amounted to ¥787,022 million and ¥696,327 million, respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

Financial Data

Motorcycle Business

Sales revenue from external customers decreased by ¥272.0 billion, or 13.2%, to ¥1,787.2 billion from the previous fiscal year, due mainly to decreased consolidated unit sales.

Operating profit decreased by ¥61.0 billion, or 21.4%, to ¥224.6 billion from the previous fiscal year, due mainly to a decrease in profit attributable to decreased sales volume and model mix, which was partially offset by continuing cost reduction as well as decreased selling, general and administrative expenses.

Automobile Business

Sales revenue from external customers decreased by ¥1,391.8 billion, or 14.0%, to ¥8,567.2 billion from the previous fiscal year, due mainly to decreased consolidated unit sales.

Operating profit decreased by ¥63.0 billion, or 41.1%, to ¥90.2 billion from the previous fiscal year, due mainly to a decrease in profit attributable to decreased sales volume and model mix, which was partially offset by decreased selling, general and administrative expenses as well as continuing cost reduction.

Financial Services Business

Sales revenue from external customers decreased by ¥92.6 billion, or 3.6%, to ¥2,494.2 billion from the previous fiscal year, due mainly to decreased revenues on disposition of lease vehicles.

Operating profit increased by ¥137.2 billion, or 62.5%, to ¥356.9 billion from the previous fiscal year, due mainly to decreased selling, general and administrative expenses.

Life Creation and Other Businesses

Sales revenue from external customers decreased by ¥3.8 billion, or 1.2%, to ¥321.7 billion from the previous fiscal year, due mainly to decreased sales revenue in Other businesses.

Operating loss was ¥11.6 billion, an improvement of ¥13.4 billion from the previous fiscal year, due mainly to decreased selling, general and administrative expenses as well as continuing cost reduction, which was partially offset by decreased sales revenue in Other businesses. In addition, operating loss of aircraft and aircraft engines included in the Life creation and Other businesses was ¥32.3 billion, an improvement of ¥9.9 billion from the previous fiscal year.

Financial Data

Financial Summary

Fiscal years ended March 31

	2011	2012	2013	2014	U.S. GAAP Yen (millions) 2015		2014	2015	2016	2017	2018	2019	2020	IFRS Yen (millions) 2021
Sales, income and dividends						Sales, income and dividends								
Net sales and other operating revenue	¥8,936,867	¥7,948,095	¥9,877,947	¥11,842,451	¥12,646,747	Sales revenue	¥12,506,091	¥13,328,099	¥14,601,151	¥13,999,200	¥15,361,146	¥15,888,617	¥14,931,009	¥13,170,519
Operating income	569,775	231,364	544,810	750,281	606,878	Operating profit	823,864	670,603	503,376	840,711	833,558	726,370	633,637	660,208
Operating margin	6.4%	2.9%	5.5%	6.3%	4.8%	Operating margin	6.6%	5.0%	3.4%	6.0%	5.4%	4.6%	4.2%	5.0%
Income before income taxes and equity in income of affiliates	630,548	257,403	488,891	728,940	644,809	Share of profit of investments accounted for using the equity method	130,916	96,097	126,001	164,793	247,643	228,827	164,203	272,734
Income taxes	206,827	135,735	178,976	252,662	235,204	Profit before income taxes	933,903	806,237	635,450	1,006,986	1,114,973	979,375	789,918	914,053
Equity in income of affiliates	139,756	100,406	82,723	132,471	126,570	Income tax expense	267,992	245,139	229,092	327,592	(13,666)	303,089	279,986	218,609
Net income attributable to non-controlling interests	(29,389)	(10,592)	(25,489)	(34,642)	(43,168)	Profit for the year	665,911	561,098	406,358	679,394	1,128,639	676,286	509,932	695,444
Net income attributable to Honda Motor Co., Ltd.	534,088	211,482	367,149	574,107	493,007	Profit for the year attributable to owners of the parent	624,703	509,435	344,531	616,569	1,059,337	610,316	455,746	657,425
Cash dividends paid during the period	92,170	108,138	129,765	142,381	158,601	Dividends paid to owners of the parent	142,381	158,601	158,601	162,205	174,221	194,271	196,795	145,090
Research and development	487,591	519,818	560,270	634,130	662,610	R&D expenditures	625,698	670,331	719,810	659,918	730,734	820,037	821,478	780,065
Interest expense	8,474	10,378	12,157	12,703	16,598	Interest expense	12,803	18,194	18,146	12,471	12,970	13,217	24,689	13,877
Assets, long-term debt and shareholders' equity						Assets, liabilities and equity								
Total assets	¥11,577,714	¥11,787,599	¥13,635,357	¥15,622,031	¥18,088,839	Total assets	¥16,048,438	¥18,425,837	¥18,229,294	¥18,958,123	¥19,349,164	¥20,419,122	¥20,461,465	¥21,921,030
Long-term debt	2,043,240	2,235,001	2,710,845	3,234,066	3,933,860	Financing liabilities (Non-current liabilities)	3,224,512	3,926,276	3,736,628	4,022,190	3,881,749	4,142,338	4,221,229	4,715,361
Total Honda Motor Co., Ltd. shareholders' equity	4,439,587	4,398,249	5,043,500	5,918,979	6,696,693	Equity attributable to owners of the parent	6,335,534	7,108,627	6,761,433	7,295,296	7,933,538	8,267,720	8,012,259	9,082,306
Capital expenditures (excluding purchase of operating lease assets)	326,620	424,413	630,408	782,027	714,502	Additions to property, plant and equipment	803,231	703,920	687,306	588,360	484,778	466,657	455,169	390,081
Depreciation (excluding property on operating leases)	377,272	345,105	335,536	442,318	490,375	Depreciation	419,022	451,052	486,410	484,133	513,455	499,036	470,320	428,063

Financial Data

Financial Summary (continued)

Fiscal years ended March 31

	2011	2012	2013	2014	2015	U.S. GAAP Yen	2014	2015	2016	2017	2018	2019	2020	2021	IFRS Yen	
Per common share							Per share									
Net income attributable to Honda Motor Co., Ltd.:																
Basic	¥295.67	¥117.34	¥203.71	¥318.54	¥273.54		¥346.62	¥282.66	¥191.16	¥342.10	¥590.79	¥345.99	¥260.13	¥380.75		
Diluted	295.67	117.34	203.71	318.54	273.54		346.62	282.66	191.16	342.10	590.79	345.99	260.13	380.75		
Dividends	54	60	76	82	88		82	88	88	92	100	111	112	110		
Honda Motor Co., Ltd. shareholders' equity	2,463.29	2,440.35	2,798.37	3,284.14	3,715.66		3,515.27	3,944.23	3,751.59	4,047.81	4,461.36	4,698.74	4,640.46	5,260.06		
	Yen (millions)						Yen (millions)									
Sales							Sales									
Sales amounts:*																
Japan	¥1,503,842	¥1,517,927	¥1,652,995	¥1,912,504	¥1,810,283		¥1,920,114	¥1,800,439	¥1,754,167	¥1,799,772	¥1,919,130	¥2,042,891	¥1,985,945	¥1,849,268		
	17%	19%	17%	16%	14%		15%	14%	12%	13%	12%	13%	13%	14%		
Overseas	7,433,025	6,430,168	8,224,952	9,929,947	10,836,464		10,585,977	11,527,660	12,846,984	12,199,428	13,442,016	13,845,726	12,945,064	11,321,251		
	83%	81%	83%	84%	86%		85%	86%	88%	87%	88%	87%	87%	86%		
Total	¥8,936,867	¥7,948,095	¥9,877,947	¥11,842,451	¥12,646,747		¥12,506,091	¥13,328,099	¥14,601,151	¥13,999,200	¥15,361,146	¥15,888,617	¥14,931,009	¥13,170,519		
	100%	100%	100%	100%	100%		100%	100%	100%	100%	100%	100%	100%	100%		
	Thousands						Thousands									
Unit sales:							Unit sales:									
Motorcycle Business	18,331	15,061	15,494	17,021	17,765		17,008	17,592	17,055	17,661	19,554	20,238	19,340	15,132		
Automobile Business	3,529	3,108	4,014	4,323	4,364		4,340	4,367	4,743	5,028	5,199	5,323	4,790	4,546		
Life Creation Business	5,509	5,819	6,071	6,036	6,001		6,018	5,983	5,965	6,121	6,262	6,301	5,701	5,623		
Number of employees	179,060	187,094	190,338	198,561	203,902		199,368	204,730	208,399	211,915	215,638	219,722	218,674	211,374		
Exchange rate (yen amounts per U.S. dollar)							Exchange rate (yen amounts per U.S. dollar)									
Rates for the period-end	¥83	¥82	¥94	¥103	¥120		¥103	¥120	¥113	¥112	¥106	¥111	¥109	¥111		
Average rates for the period	86	79	83	100	110		100	110	120	108	111	111	109	106		

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



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