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.

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.
In FY2020 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.

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.

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.

Since the Kumamoto earthquakes that occurred in April 2016, the activities of Honda’s Global Emergency Headquarters strive to strengthen functions. 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. In FY2019, Honda held drills for making crisis responses spanning multiple business bases on the assumption that a large earthquake occurs directly under the Tokyo metropolitan area.

In addition, in FY2020 we reconfirmed the basic actions in crisis response based on the assumption that the Nankai Trough earthquake has occurred. These measures included discussing matters specific to each group as well as sharing information among groups and improving the speed and accuracy of the matters to be discussed based on the information.

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.

Global Emergency Headquarters Structure

Since the World Health Organization (WHO) declared the outbreak of novel coronavirus a Public Health Emergency of International Concern in January 2020, COVID-19 has spread around the world. The highly infectious disease has forced many countries to resort to measures that include social distancing and limiting their citizens’ movements, bringing economic and corporate activities to a standstill. The impact of the spread of COVID-19 has also been felt at Honda, with production having been either suspended or curtailed and dealers shut down in the Motorcycle, Automobile, Life Creation and other businesses.

In light of the heavy impact reverberating throughout the Company, we established the Global Emergency Headquarters in January 2020. While placing utmost priority on the safety of its customers, business partners, associates and other stakeholders, it coordinates the information sharing among relevant parties in and outside the Company and implements company-wide measures to minimize the impact of COVID-19 on business activities.

Honda has been gradually resuming its business activities based on developments in local regulations and the supply of parts, upon taking measures such as checking employees’ temperatures and ensuring social distancing in work areas.
Information Management

In FY2015, Honda formulated the globally common Global Confidentiality Policy (GCP) as a basic policy for information management and set up the Global Confidentiality Committee, which takes the lead in information management efforts.

Based on the GCP, Honda undertakes activities to ensure the safe handling of information generated in business activities such as personal information of its customers and associates, important management information as well as blueprint data of products and facilities.

As the person with responsibility for the Global Confidentiality Committee, the Chief Officer of the Human Resources and Corporate Governance Operations serves as its chairperson. Under the Committee, a regional confidentiality structure has been established to supervise each region.

At the Global Confidentiality Committee, members formulate globally common medium-term policies and promote initiatives in each region.

In Japan, in response to the determination of the policies of the Global Confidentiality Committee, Honda promotes initiatives to strengthen information management throughout the year, led by the Japan Confidentiality Committee.

The Global Confidentiality Committee is collaborating with the Japan Confidentiality Committee in responding to cyberattacks that have become increasingly sophisticated and complex in recent years and is implementing initiatives for strengthening information security.

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. At the same time, Honda implements training on the protection of personal information with the aim of ensuring compliance and the proper handling of this information.

In addition, to systematically manage personal information, departments handling personal information report such information 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.

In FY2020, Honda established and began operating even more strict security standards with the aim of strengthening the security of information systems that include customer information.

Moreover, to reliably respond to personal information protection laws in each country, at the Global Confidentiality Committee held in December 2018 Honda reached a consensus with all regions on its approach. In FY2020, Honda steadily responded to the laws and regulations of each country.

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.

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.