

5 Strategy

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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.

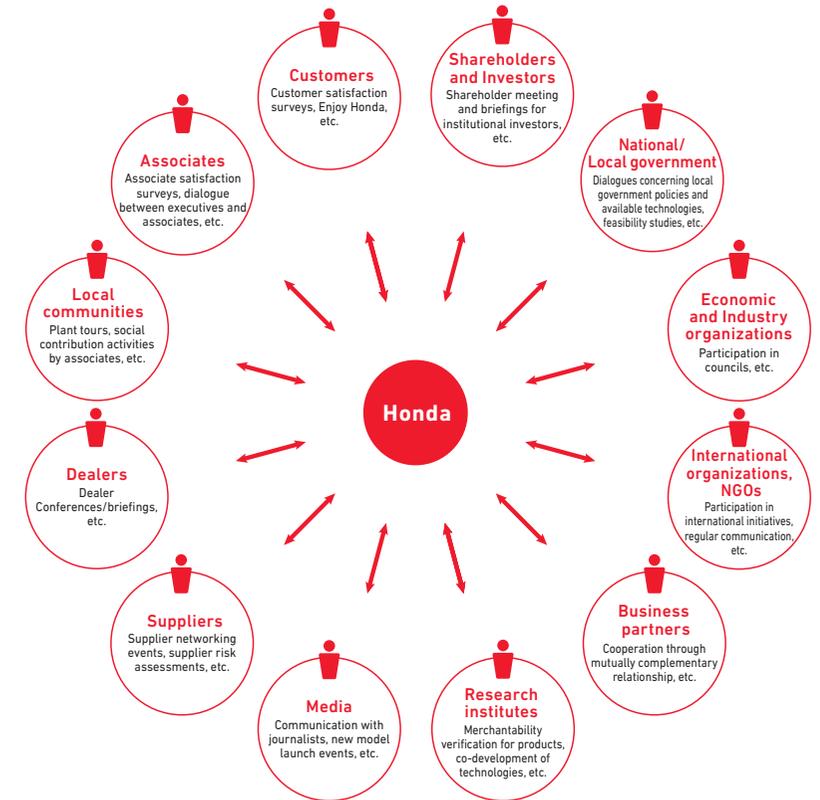
Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that stakeholder dialogue is a beneficial tool that leads 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.

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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		⇒ p. 143
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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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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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.