102-15,103-1,103-2,103-3

| | | Contents | 1 | Editorial Policy | 2 | Top Message | 3 | Honda Philosophy | 4 | Overview of Honda | 5 | Strategy | 6 | Governance | 7 | Performance Report | 8 | Assurance GRI Content Index Financial Data |

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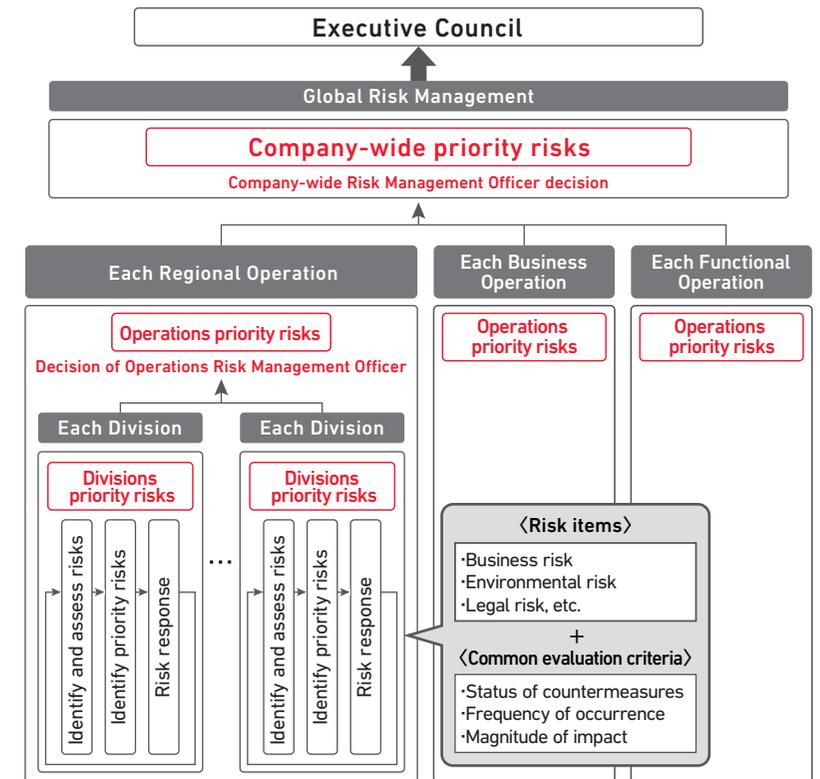
Each department performs annual risk evaluation using the Group's common risk items and evaluation criteria to identify the division priority risks.

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

102-15,103-1,103-2,103-3

| | Contents | 1 | Editorial Policy | 2 | Top Message | 3 | Honda Philosophy | 4 | Overview of Honda | 5 | Strategy | 6 | Governance | 7 | Performance Report | 8 | Assurance GRI Content Index Financial Data |

6 Governance

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.

102-15,103-1,103-2,103-3

| | Contents | 1 | Editorial Policy | 2 | Top Message | 3 | Honda Philosophy | 4 | Overview of Honda | 5 | Strategy | 6 | Governance | 7 | Performance Report | 8 | Assurance GRI Content Index Financial Data |

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.

102-15,103-1,103-2,103-3,418-1

| Contents | 1 Editorial Policy | 2 Top Message | 3 Honda Philosophy | 4 Overview of Honda | 5 Strategy | 6 Governance | 7 Performance Report | 8 Assurance GRI Content Index Financial Data |

## 6 Governance

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
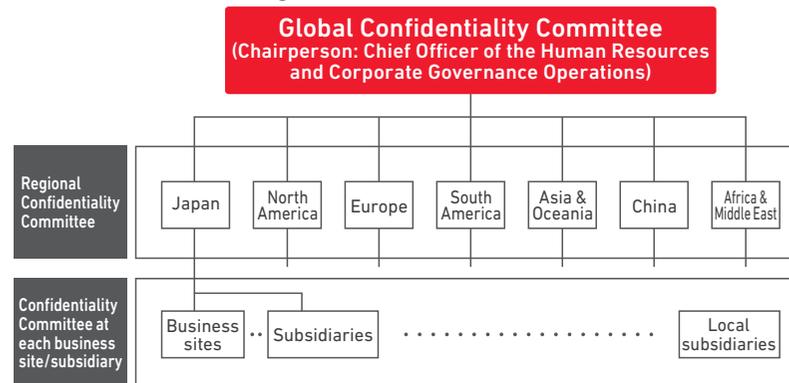
Protection of Personal Information

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.