Value Creation Process

INPUT
Honda's Capitals
➡ See p. 54

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

Recognition of the External Environment

Dreams

Original technologies and ideas

Honda Philosophy
➡ See p. 05

Driven by the power of each individual's dreams

Focus Areas
Electrification and Intelligence of Mobility

OUTPUT
Realization of the Mobility Honda Dreams of with Creativity as the Key

Automobiles
➡ See p. 28

Motorcycles
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Intelligence

Resource Circulation

Energy Management System

Carbon Neutrality of Power Units

Aircraft

Efforts Toward the Future
➡ See p. 38

Create
To realize through creativity

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

Augment
To augment people's possibilities

OUTCOME

Creating New Value
➡ See p. 16
Advancement of Human Capital Management

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Realizing a Zero Environmental Impact Society

Zero Traffic Collision Fatalities by 2050
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Realizing a Zero Traffic Collision Society

Acquisition of Core Technologies
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Establishment of a Brand That Inspires Empathy and Resonance
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Brand Value Enhancement

Honda's Vision

We create the joy and freedom of mobility

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

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Concept for Our Materiality and Forming Management Indicators

To sustainably provide the "joy and freedom of mobility" that we aspire to, it is essential to clearly define the issues and targets that the entire Company should focus on, and for every Honda associate to use them as a guide and move forward together in the same direction.

From this perspective, we have identified areas requiring focused initiatives as "priority issues" based on our vision for the future and our value proposition, as clarified through the redefinition of our Global Brand Slogan, as well as the changing environment surrounding Honda. Within each area, we have also identified issues requiring particular focus as our materialities. In addition, by organizing the corresponding indicators and targets, we will further enhance the effectiveness and speed of our initiatives.

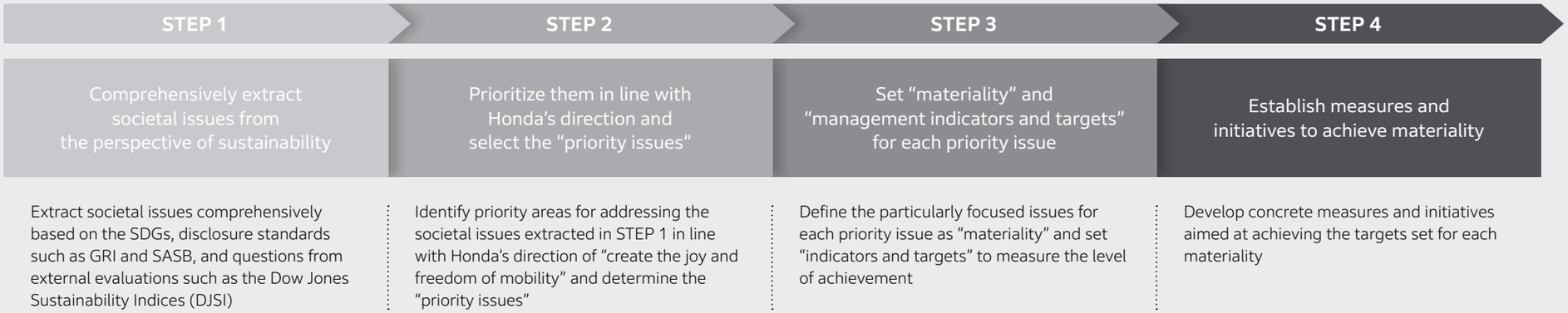
In identifying the "priority issues," we first comprehensively extract societal issues from the perspective of sustainability and prioritize them in line with Honda's direction. As a result, we identified five areas as priority issues: "environment" and "safety," which are Honda's responsibilities as a mobility company; "people" and "technology," which are the driving forces behind Honda's growth; and "brand," which can be considered the sum of all these corporate activities. By linking initiatives in these non-financial areas with our financial strategy and resource allocation, we aim to create both social and economic value.

We have established quantitative management indicators and target values to measure progress on our materiality as the areas requiring the strongest focus. As management indicators, we have defined key goal indicators (KGIs) to measure the extent to which each priority issue has been resolved, as well as key performance indicators (KPIs), which measure progress made on initiatives designed to achieve the KGIs. These indicators, together with our target values, are reflected in the strategies and activities that we are implementing in each business, region, and function.

Our priority issues and materiality are regularly reviewed in response to changes in the external environment and business conditions. Revisions are subject to approval by the Board of Directors based on exhaustive discussions by the Executive Council. Close monitoring of our management indicators and targets based on our materiality, as well as related measures, is essential in today's rapidly evolving business environment. Regular progress reviews are carried out at meetings of the Executive Council. Our structure also includes reporting of results and measures to the Board of Directors for appropriate oversight.

Honda will remain focused on its vision and value proposition, despite today's highly uncertain business environment. We will consistently formulate strategies and allocate resources from medium- to long-term perspectives as we strive to achieve our long-term goals while also ensuring that our management systems can adapt rapidly and flexibly to changes in the current environment.

Materiality Identification Process



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Priority Issues

01

Advancement of Human Capital Management

Materiality

- Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals
- Strengthening human and organizational foundations for future competitiveness

Strategy Overview

Ideal Vision

With the aim of sustainably creating the joy and freedom of mobility and becoming the power that supports individuals who start moving toward their dreams, Honda is building a talent portfolio that will be needed in the future by backcasting from the destination of its business strategies.

Philosophy and Approach

Honda Philosophy: "Respect for the Individual" and our Global Brand Slogan form the foundation for an accelerating cycle of challenge, integration, and growth driven by the power of dreams and speed, leading to transformation for both individuals and the organization.

Key Initiatives

1 Evolution of people management and organizational revitalization that encourages value-creating behavior

- Establishment of required behavioral principles: "Honda 6 ACTIONS for Change"
- Expansion of internal job posting system
- Implementation of engagement improvement activities

2 Cultivate an organizational culture where diverse individuals can fuse and thrive

- Visualization of organizational status through inclusion scores
- Provision of career coaching and career development training
- Promoting women's participation in the workplace

3 Investment in human capital to support future value creation

- Implementation of the Global Leadership Program (GLP)
- Industry-academia collaboration on AI and human resource development
- Expansion of the GenAI Expert System

Management Indicators

KGI

- Associate engagement score (positive response rate)

KPI

- Inclusion score
- Women in management positions (compared to FYE Mar. 31, 2021)
- Human capital investment

Main Achievements to Date

1 Evolution of people management and organizational revitalization that encourages value-creating behavior

- Established the "Honda 6 ACTIONS for Change" as required behavioral principles, promoting company-wide awareness about behaviors that embody Honda Philosophy by enabling individuals to share their views and foster an intersection of thoughts and ideas, without being limited to existing mindsets and behaviors.
- Expanded the scope of the internal job posting system to include mid-career recruitment positions for associates looking to challenge themselves in new areas.
- Strengthened global dialogue with Honda associates. For example, in Europe, Africa, and the Middle East, we not only strengthened dialogue with our associates, but also promoted region-specific engagement-raising activities.

2 Cultivate an organizational culture where diverse individuals can fuse and thrive

- Established the inclusion score as a Honda-specific global metric. This allows us to monitor whether diverse individuals are accepted and able to realize their authentic selves in the workplace, based on scores that reflect "acceptance of diversity," "people's sense of belonging, self-realization within the organization," and "psychological safety within the organization."
- Introduced online coaching and career development training designed to support self-directed career development. This system was used by a total of around 3,000 associates in the Fiscal Year Ended March 31, 2026.
- Developed positive action measures (mentoring programs and management training) for women expected to advance to management roles in the future.

3 Implemented human resource investment to support future value creation

- Established the Global Leadership Program (GLP), a tiered training course designed to nurture global talent. A total of 1,033 individuals have participated in the GLP since 2013. We also strengthened our talent development-to-appointment cycle by promoting strategic appointments irrespective of nationality or gender through the Global Talent Board, which is administered by senior management, and by introducing a standardized global system for succession management.
- In partnership with Keio University and Osaka University, we launched the BRIDGE project, an industry-academia collaboration aimed at the development of AI experts and cutting-edge AI technology.
- In addition to providing allowances in line with each associate's level of expertise through the GenAI Expert System, we promoted various enhancement measures, including the expansion of the eligible talent pool, enhancements to training and development systems, and the company-wide implementation of tiered AI education.
- In collaboration with Ohio State University in the United States, we provided students with opportunities for practical problem-solving activities, simultaneously recruiting job-ready talent and fostering their professional development.

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Priority Issues | 01 Advancement of Human Capital Management

Evolving Human Capital Management to Support Corporate Value Enhancement and Corporate Transformation

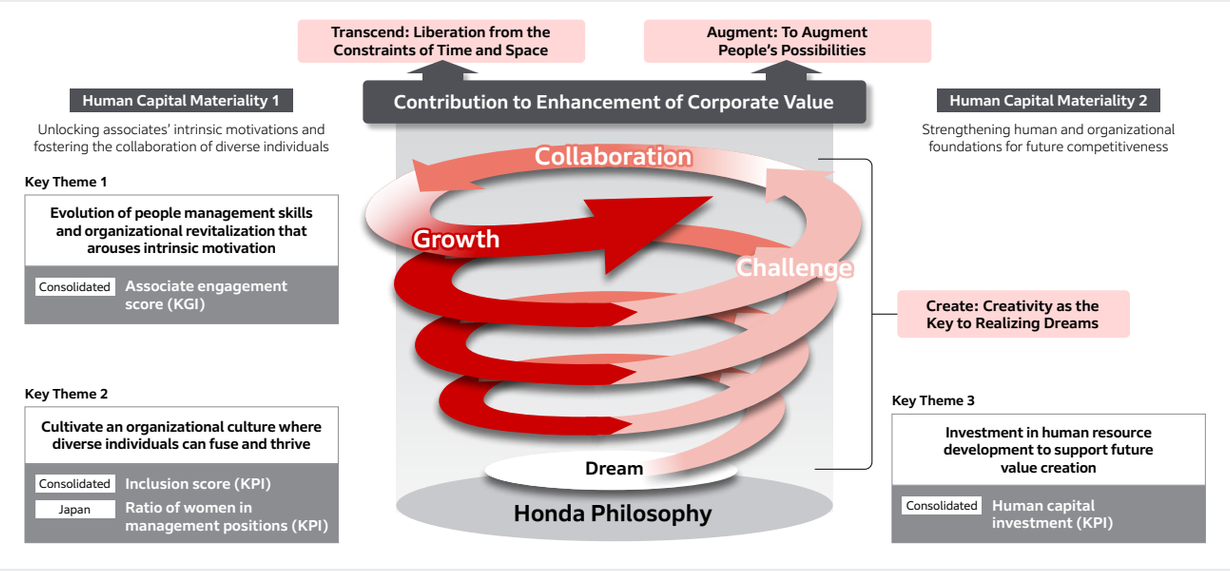
Honda Philosophy and Enduring Focus on People

"Respect for the Individual" is The Fundamental Beliefs of the Honda Philosophy. This means that we respect individual differences, work as equal partners, strive to build trust, and apply our fullest capabilities in order to share joy with one another. Under this philosophy, Honda has cultivated a bottom-up culture by creating an environment that enables individual associates with dreams and aspirations to develop their motivation and abilities and fulfill their potential. The Honda of today reflects the achievements of every associate who thought independently, took on challenges, and transformed new concepts and technologies into reality.

Honda's business environment is changing rapidly, and corporate transformation has become an imperative. Because that transformation will be driven by people, we will maintain and continue investing in human capital development, despite the challenging environment. We believe that we can build a future for Honda by fostering the growth of every associate and supporting them as they take on challenges, while also making continuous efforts to create an environment where diverse individuals can unleash their full potential. We will continue to invest in our people and organization to ensure that Honda remains a company where diverse individuals driven by dreams can continue to thrive.

Honda's Human Capital Management

Based on Honda Philosophy, Honda's human capital management drives personal and organizational transformation through a cycle of challenge, integration, and growth, starting from each individual's dreams, toward the realization of company-wide policies. To achieve this, we have set two materialities for human resources as well as management indicators (KGIs and KPIs). This fiscal year, we partially revised our materialities for our human resources as well as our management indicators. We clarified the linkage between the associate engagement score—a unique Honda metric—and customer value creation. Furthermore, rather than limiting human capital investment metrics to priority areas, we updated their positioning to cover the entire company in order to motivate all associates toward the improvement of corporate value. Through these initiatives, we will cultivate an environment where every individual can maximize their creative potential, contributing to business transformation and enhanced corporate value.



Strategic Direction for the Future Evolution of Human Capital Management

The power of Honda's approach to human capital management is derived from a corporate culture in which interactions among individuals foster a strong intrinsic motivation to take on new challenges, based on the Honda Philosophy. It is this intrinsic motivation that energizes the entire organization. By emphasizing respect for individual initiative, this culture channels proactive efforts into organizational strength. That is the source of Honda's unique competitiveness.

Our corporate culture enables us to create value that reflects Honda's unique identity on many levels, including talent development and innovation. Through the Global Leadership Program (GLP) launched in 2013, we support individuals who take on the challenge of personal growth, thereby cultivating next-generation leaders and successors capable of embodying the Honda Philosophy from a medium- to long-term perspective. In recent years, self-driven initiatives have expanded into activities that create new value. For example, a generative AI project launched by a voluntary workplace group has since evolved into a company-wide, AI talent.

However, business expansion and the increasing complexity of our internal and external environments are leading to situations that hinder the emergence of such initiatives, as well as the effectiveness of our bottom-up culture. Honda is responding to these challenges by driving the evolution of its organizational culture through company-wide initiatives, such as the "Honda 6 ACTIONS for Change." Through these initiatives, we will further enhance Honda's unique strengths and raise the productivity of individual associates to support the sustainable delivery of value to our customers and society in general.

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Priority Issues

02

Realizing a Zero Environmental Impact Society

Materiality

- Addressing climate change issues
- Addressing energy-related issues
- Efficient utilization of resources
- Biodiversity conservation

Strategy Overview

Ideal Vision

We are working to realize a Zero Environmental Impact Society in which we continue to sustainably create the joy and freedom of mobility. We have identified four materialities relating to the comprehensive reduction of our environmental impact: “addressing climate change,” “addressing energy issues,” “efficient utilization of resources,” and “biodiversity conservation.”

Philosophy and Approach

- Honda aims to achieve carbon neutrality by 2050 and has identified measures “addressing climate change” and “addressing energy issues” as priority actions. “Efficient utilization of resources” and “biodiversity conservation” will both require future-oriented preparations and will therefore be addressed in stages as long-term impact reduction measures.
- We have integrated our “carbon neutrality,” “clean energy,” and “resource circulation” initiatives under the Triple Action to ZERO concept, which will also foster harmony with nature. Our definition of coexistence with nature also encompasses biodiversity conservation, which is increasingly emerging as a global imperative. We also consider Nature-based Solutions (NbS)* when pursuing these initiatives.

* Nature-based Solutions (NbS) involve advancing societal challenges while conserving and restoring natural ecosystems.

Key Initiatives

1. **Expansion of carbon-neutral factories**
2. **Improvement of product environmental performance**
3. **Initiatives to minimize water withdrawal**
4. **Company-wide waste reduction and promotion of the 3Rs (reduce, reuse, and recycle)**
5. **Horizontal product recycling**

Management Indicators

KGI

- Reduction rate of CO_2 emissions from corporate activities*
- Total CO_2 emissions from products
- Reduction rate of industrial water withdrawal*
- Reduction rate of industrial waste (incineration and landfill disposal)*

KPI

- Reduction rate of product CO_2 emissions per unit*
- Recycled and biomass material usage rate

* compared to FYE Mar. 31, 2020

Main Achievements to Date

- Began recovering waste heat from painting processes and promoted electrification of drying facilities and other systems that previously used gas combustion at the Saitama Factory Automobile Plant resulting in net zero CO_2 emissions*1 for the first time at a Honda facility in the Fiscal Year Ended March 31, 2026.
- Expanded our use of renewable energy, such as solar and wind power generation, globally to reduce CO_2 emissions.
- Installed solar panels in spaces such as buildings, parking areas, and retention ponds located on Company sites. In Japan, we signed a Virtual Power Purchase Agreement (PPA) and began obtaining non-fossil fuel certificates for electricity generated since December 2025.
- Promoted and expanded the use of electrified products, which are the most effective means of reducing CO_2 emissions. In addition, we improved environmental performance by reducing the exhaust emissions and enhancing the fuel efficiency of Honda’s internal combustion engine (ICE) automobiles and HEVs, as well as enhancing the fuel efficiency of motorcycles. We also carried out research relating to carbon-neutral fuel and biofuel technologies.
- Implemented measures taking into account local water conditions, such as advancing wastewater recycling and introducing water-saving technologies.
- Virtually achieved a 100% wastewater recycling at the Tapukara Plant in India through the recovery and treatment of all wastewater.
- Began operating a wastewater recycling system at the Manaus Plant in Brazil in 2025.
- Took steps to reduce the amount of scrap generated by production processes and implemented various recycling measures, with the goal of minimizing waste.
- Reduced the amount of waste generated through improved yield in the manufacturing process, and implemented recycling measures for materials and components.
- Began applying pre-consumer recycled polypropylene materials*2 in 2024 as part of efforts to have “efficient utilization of resources.”
- Utilized pre-consumer recycled polypropylene materials in both the CB1000F and CB1000GT (European market model) motorcycles, which were released in 2025. Starting in March 2026, the Saitama Factory Automobile Plant began horizontal recycling, turning aluminum sheet offcuts into aluminum hoods for the Honda PRELUDE.
- Installed a biotope on the grounds of the Saitama Factory Automobile Plant as part of our consideration of biodiversity by maintaining a natural environment and preserving endangered species. In September 2024, the Saitama Factory Automobile Plant was certified as a Nature Symbiosis Site.

*1 For residual emissions, which are difficult to eliminate, we utilize offsetting through the use of high-quality carbon credits.
*2 Pre-consumer recycled materials are derived from scraps generated during the manufacturing or molding processes of products such as automobiles and home appliances.

Carbon-neutrality achieved at Saitama Factory Automobile Plant

Water discharge recycling system at the Tapukara Plant in India

PRELUDE

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Honda ESG Report 2026 Environment

Environment Initiatives

Continuing Initiatives to Realize a Zero Environmental Impact Society while Flexibly Responding to Change

Honda's ultimate goal is realizing a Zero Environmental Impact Society. To meet this goal, an important milestone is achieving carbon neutrality by 2050.

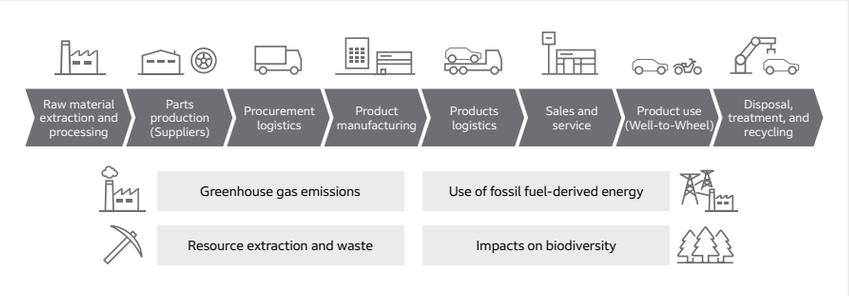
While flexibly responding to changes in the market environment, policies, and technologies, we are advancing initiatives to reduce environmental impact throughout the entire lifecycle of our products and corporate activities.

Our Vision

Honda aims to reduce environmental impact throughout the entire lifecycle of its products and corporate activities to realize a Zero Environmental Impact Society.

Honda recognizes that all business activities have environmental impacts. To address these challenges, it is important to consider the environmental impacts of each stage of the product lifecycle. Honda identifies the main environmental impacts as: greenhouse gas (GHG) emissions, use of fossil fuel-derived energy, extensive resource extraction and waste, and impacts on biodiversity.

Main Environmental Impacts in the Product Lifecycle



Honda, aiming for sustainable business practices, has set achieving a "Zero Environmental Impact Society" as one of its company-wide priority issues. To comprehensively reduce interlinked environmental impacts, Honda has established four materialities to guide its efforts.

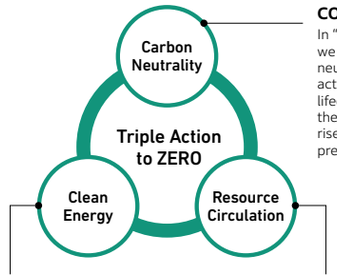
Comprehensively Reducing Environmental Impact Centered on Triple Action to ZERO

In our efforts to achieve a Zero Environmental Impact Society, we are working towards our vision of achieving CO_2 emissions neutrality, 100% utilization of carbon-free energy, and 100% use of sustainable materials in 2050. This vision is encapsulated in the concept of Triple Action to ZERO, a concept that consolidates three key initiatives: Carbon Neutrality, Clean Energy, and Resource Circulation. We position Triple Action to ZERO as the core concept guiding our efforts. The three initiatives of Triple Action to ZERO are closely related and we aim to maximize synergistic benefits by considering their linkages. The Triple Action to ZERO initiatives are also linked to the international demand for preserving biodiversity and fostering harmony with nature. In advancing these initiatives, we will consider Nature-based Solutions*1 as well.

Key Initiatives to Achieve Our Targets

Honda supports the Paris Agreement*2 and, with the goal of realizing a Zero Environmental Impact Society, aims to achieve carbon neutrality across all products and corporate activities involving Honda by 2050. Of the four materialities in the environmental domain, we are prioritizing efforts toward "addressing climate change issues" and "addressing energy issues" for achieving carbon neutrality. As priority actions, the Company is working on reducing CO_2 emissions from product use and corporate activities, breaking these efforts down into more specific initiatives that the Company plans to implement as concrete actions. Specifically, CO_2 emissions are tracked for various product groups within each business segment, as well as for individual production plants and manufacturing equipment. This approach helps in quantifying CO_2 reduction amounts for each product and factory. Honda will accelerate a multifaceted approach that combines EVs, hybrid vehicles (HEVs), carbon-neutral fuels, and carbon offset technologies, while carefully assessing market conditions and demand trends in each region. For long-term impact reduction measures related to the materiality of "efficient utilization of resources," there are initiatives that may require business transformation beyond existing frameworks. Honda is currently in the preparatory phase for reducing future CO_2 emissions across the entire product lifecycle from resource extraction (upstream) to disposal (downstream). We also recognize the importance of advancing these initiatives while considering our impact on nature, such as the materiality of "biodiversity conservation." Honda is aiming not only to achieve "carbon neutrality by 2050" but also to pursue a long-term perspective toward realizing a "Zero Environmental Impact Society."

Triple Action to ZERO



CO_2 emissions neutrality
In "addressing climate change," we aim to achieve CO_2 emissions neutrality from both our corporate activities and the product lifecycle, with the goal of limiting the global average temperature rise to 1.5°C compared to pre-industrial levels.

100% utilization of carbon-free energy
In "addressing energy issues," we aim to use clean energy during product use and corporate activities.

100% use of sustainable materials
In addressing the "efficient utilization of resources," we will strive to develop products and establish systems that use sustainable materials with no environmental impact. In corporate activities, we aim to achieve zero industrial water intake and zero industrial waste at Honda plants by 2050.

*1 Nature-based Solutions (NbS) involve advancing societal challenges while conserving and restoring natural ecosystems.
*2 The Paris Agreement sets as a global long-term goal to keep the rise in average global temperatures well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

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Priority Issues

03

Realizing a Zero Traffic Collision Society

Materiality

- Development of technology to capture and complement/enhance human intention
- Safety education and awareness-building activities
- Building a traffic ecosystem

Strategy Overview

Ideal Vision

Our goal is to continue providing the joy and freedom of mobility in a sustainable manner. To achieve that, we aim to realize a collision-free society in line with Honda's global safety slogan, "Safety for Everyone." Toward realizing this vision, Honda has set a goal of achieving zero traffic collision fatalities involving Honda motorcycles and automobiles*1 worldwide by 2050, with a milestone of halving traffic collision fatalities by 2030*2.

Philosophy and Approach

Honda has identified three elements of safety—"Mobility Performance (technological development)," "Human Ability (awareness-building activities)," and the "Traffic Ecosystem (collaboration, development of systems/services)." By combining our development efforts in these three areas, we are addressing the factors that cause traffic collisions.

Key Initiatives

Toward 2030

1. **Widespread adoption and functional evolution of advanced safety technology (Mobility Performance)**
2. **Strengthening instructor training globally (Human Ability)**
3. **Improvement of educational quality and establishment of global standards (Human Ability)**
4. **Support for road safety policies in collaboration with international organizations (Providing Honda's knowledge and practical know-how) (Traffic Ecosystem)**

Toward 2050

5. **Development, social implementation, and standardization of the Safe and Sound Network Technology (Traffic Ecosystem)**

*1 Traffic collisions involving Honda motorcycles and automobiles (rider, driver, and passengers), as well as pedestrians and bicycles and other involved parties (excluding intentional violation of traffic rules with malicious intent and cases of willful incapacitated status due to use of alcohol, drugs, or other substances).

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

Management Indicators

KGI

- Traffic fatalities involving Honda automobiles in Japan and the United States

KPI

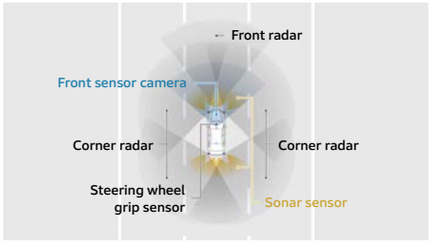
- Advanced safety technology application rate
  - Motorcycles (emerging countries)*3 Advanced Braking (ABS/CBS)
  - Automobiles (developed countries)*4 Honda SENSING 360
  - Automobiles (emerging countries)*5 Honda SENSING

*3 Representative measurement countries: India, Indonesia, Vietnam, Thailand, and Brazil
*4 Japan, the United States, China, and Europe
*5 Representative measurement countries: India, Indonesia, Malaysia, Thailand, and Brazil

Main Achievements to Date

- Provided traffic safety education programs tailored to all age groups, from children to the elderly, in 43 countries and regions worldwide. Approximately 4.6 million people attend these programs each year.
- Supervised the production of interactive video learning materials for delivery riders of Uber. The materials are distributed in 21 countries worldwide, and have been viewed by approximately 500,000 delivery riders.
- Promoted the introduction of the Intelligent Driving Circuit (IDC), Honda's next-generation driver training and testing platform, at a driving school in Singapore. Through the deployment of IDC, Honda aims to standardize the quality of traffic safety education and establish a new approach to addressing the growing challenge of driving-instructor shortages.
- Became the first automobile manufacturer to partner with the United Nations Road Safety Fund (UNRSF). Supported road safety policies in multiple countries by working to understand the actual situations and causes of traffic collisions and by making recommendations regarding the development and strengthening of related laws and regulations and their enforcement.
- Participated in the Cabinet Office's Cross-ministerial Strategic Innovation Promotion Program (SIP) Phase 3 and conducted demonstration tests in Tsukuba City, Ibaraki Prefecture, in preparation for the real-world deployment of Safe and Sound Network Technology, which uses communication technology to help prevent collisions by enabling road users to share risk information. Verified the effectiveness in a public road environment of a system in which road users use smartphones to share information that helps prevent traffic collisions.
- Many Honda automobile models have received the highest safety performance ratings in third-party evaluations in various countries and regions, including Japan, the United States, and Asia. In addition, Honda became the world's first company to receive the highest possible 5-star rating in the products/services rating of the FIA Road Safety Index, set forth by the FIA, the global governing body for motor sport and the federation for mobility organizations worldwide, to enable businesses and organizations to assess, manage, improve and report their road safety footprint.

Countries and regions implementing traffic safety educational programs



Honda SENSING 360 System Configuration

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- Honda ESG Report 2026 Safety
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- Topics Honda Partners with United Nations Road Safety Fund (UNRSF) to Work Toward Reduction of Fatalities from Traffic Collisions
- Topics Honda Becomes World's First Company to Receive the Highest, 5-Star Rating in FIA Road Safety Index

By integrating and advancing Human Ability, Mobility Performance and the Traffic Ecosystem, Honda aims to realize zero traffic collision fatalities

Honda aims to achieve zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050, and has set a milestone of halving the number of traffic collision fatalities by 2030. Under its "Safety for Everyone" slogan, Honda is advancing initiatives toward a collision-free society where not only drivers and riders, but everyone who shares the road can enjoy safety and peace of mind.

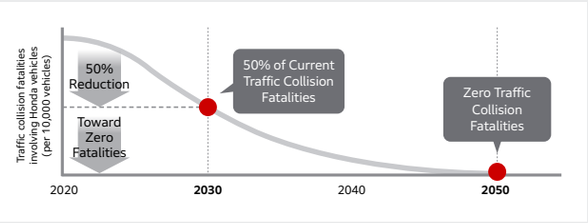
Our Vision

Honda aims for zero traffic collision fatalities involving Honda motorcycles and automobiles*1 globally by 2050. As a milestone, Honda targets to halve the number of traffic collision fatalities involving its motorcycles and automobiles worldwide by 2030 compared to 2020 levels*2. This includes not only new vehicles but all registered Honda motorcycles and automobiles on the market.

Honda has set "achieving a zero traffic collision society" as one of its important non-financial issues. As a key goal indicator (KGI) for tracking progress, Honda has adopted "traffic fatalities involving Honda automobiles in Japan and the United States" and is advancing efforts toward achieving the quantitative target (Not disclosed).

The focus is on these two countries due to insufficient accumulation of manufacturer specific traffic collision data in other countries. The reason for limiting the scope to automobiles is the lack of data for certain types of motorcycles. However, Honda's safety efforts are not limited to these regions nor to vehicle types. Within Honda, the number of traffic fatalities involving its motorcycles and automobiles in each country is also estimated, and countermeasures are developed accordingly. On the other hand, accurate data, including traffic collision fatalities, is essential for planning countermeasures. Since acquiring these data is a significant challenge, Honda has communicated its importance to international organizations, national agencies, and industry stakeholders, and is working to encourage them to address it.

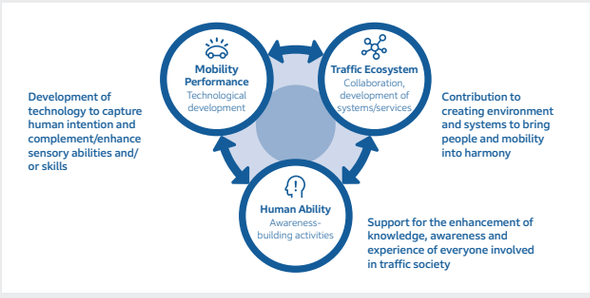
Honda safety goals scenario toward the realization of "zero traffic collision fatalities" by 2050



Addressing Collisions by Evolving and Combining the Honda's Three Elements of Safety

Honda is addressing various factors leading to collisions by evolving and combining "Human Ability (awareness-building activities)," "Mobility Performance (technological development)," and "Traffic Ecosystem (collaboration, development of systems/services)"—collectively referred to as the Honda's three elements of safety. These measures align with the Safe System Approach recently recommended by the United Nations to various countries, which is to promote safety measures with technologies and activities in various areas in response to a single collision case. Additionally, Honda's three elements of safety are established as material issues to be addressed.

Honda's three elements of safety



Key Initiatives to Achieve Our Targets

A key challenge toward 2030 is reducing fatal collisions involving motorcycles in emerging countries. To address this issue, Honda will actively develop instructor training programs, corporate training at Traffic Education Centers*3, and schools for individuals under "Human Ability (awareness-building activities)." Under "Mobility Performance (technological development)," for motorcycles, Honda will expand the adoption of advanced braking systems such as ABS and CBS (Combined Braking System), as well as lights with high visibility for both riders and other road users. For automobiles, Honda will actively promote the functional evolution and widespread use of advanced driver-assistance systems (ADAS), such as "Honda SENSING" with a motorcycle detection function in emerging countries and "Honda SENSING 360" in developed countries, tailored to the local realities of each region. Under "Traffic Ecosystem (collaboration, development of systems/services)," Honda is strengthening its collaboration with international organizations such as the United Nations in relation to traffic safety. Honda will support safety policies such as institutional reform, awareness-building, and infrastructure development by providing the knowledge and know-how cultivated through Honda's long-standing safety activities to countries around the world, with a focus on emerging countries, through such organizations.

A major challenge for 2050 is to reduce traffic collision fatalities among pedestrians, bicyclists, motorcyclists, and other vulnerable road users. To address this challenge, Honda will accelerate efforts related to the "Traffic Ecosystem (collaboration, development of systems/services)." Specifically, Honda will promote research and development relating to Safe and Sound Network Technology and standardization of technologies for social implementation. Safe and Sound Network Technology provides information through telecommunications to help all road users prepare for and avoid the risks of collision before they occur.

*1 Traffic collision involving Honda motorcycles and automobiles (rider, driver and passengers), as well as pedestrians and bicycles and other involved parties (excluding intentional violation of traffic rules with malicious intent and cases of willful incapacitated status due to use of alcohol, drugs, or other substances).
*2 Halve the number of traffic collision fatalities per 10,000 vehicles involving Honda motorcycles and automobiles worldwide by 2030 compared to 2020 levels.
*3 Honda facilities where internal and external traffic safety instructors are trained and safe driving education is provided to corporations, schools, and individual customers.

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Priority Issues

04

Creating Innovative Technologies

Materiality ● Establishing competitive advantage in focus areas

Strategy Overview

Ideal Vision

To achieve medium- to long-term growth and gain a competitive advantage that will contribute to future value five to ten years ahead, we are promoting intellectual capital management, which goes beyond traditional intellectual property (IP) activities. Our goal is to improve Honda's corporate value by creating innovative new technologies that will contribute to society in the future.

Philosophy and Approach

Integrating the IP Landscape (IPL)*1 with portfolio management:

After clarifying the rationale for owning IP in our various focus areas (e.g., in-house utilization, entry barriers against other companies, and licensing revenue), we integrate the IPL with our patent portfolio management as the basis for continual updating of our approaches to business and technology strategies.

Establishing a Competitive Advantage:

We select benchmark companies (competitors) for each technology relating to our "four focus areas," as well as "new value technologies," and establish KPIs on single-fiscal-year and cumulative bases. We evaluate competitiveness not only in terms of the number of patent applications (quantity), but also through detailed analysis of the content of each patent (quality). By feeding back results of these evaluations to the technology strategy division, we drive a cycle of strategy refinement (see Figure 2).

Key Initiatives

1. **Transformation of patent portfolio and establishment of competitive advantage**
2. **Expansion of IPL functions and acceleration of decision-making through the use of AI**
3. **Securing patent rights for "core applications" through portfolio management**
4. **Building of AI-based development support systems (ESS/GITEN)*2 and an IP AI platform (➡ P.23)**

*1 IPL (IP Landscape): A method of analyzing intellectual property information, such as patents, for technology trends, competitors, market needs, and other aspects from multiple perspectives and utilizing them in management and business strategies.
*2 ESS: Engineering Support System, GITEN: Generative Insight Technical Engineering Nexus

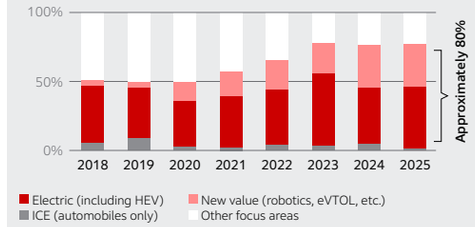
Management Indicators

KPI

● Ability to create intellectual property

Main Achievements to Date

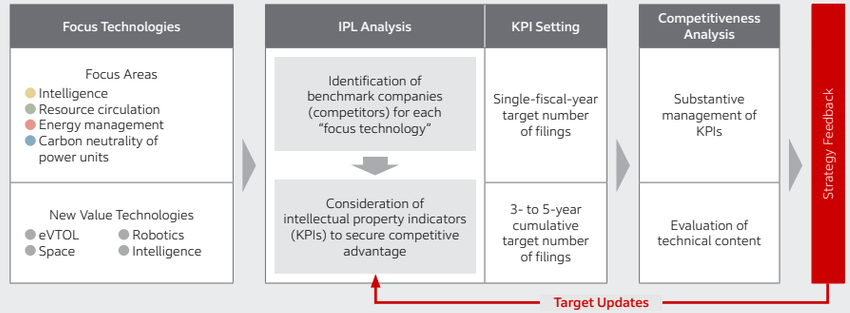
Figure 1



- In an effort to transform our patent portfolio and establish competitive advantage, we are boldly transforming our patent portfolio and have increased the proportion of patent applications related to electrification and new value technologies in our focus technology areas to approximately 80% (see Figure 1). As part of our efforts to build a highly competitive portfolio, we have also incorporated IPL analysis into new areas, such as multi-fingered hand technology. We currently hold over 37,100 patents, as well as over 14,700 pending patent applications in Japan and overseas (as of the end of the Fiscal Year Ended March 31, 2026).
- Used portfolio management to prioritize securing patent rights for "core applications." By clearly managing utilization policies from the application stage, we have prioritized the core technologies ("core applications") that are the source of our competitive advantage. This approach is intended to strengthen our market advantage, improve our ability to defend our technologies, and support sustainable differentiation.
- Directly assigned IPL analysis specialists to the management strategy division to strengthen collaboration between our business and technology strategies.
- Took steps to accelerate our engineers' development activities by leveraging generative AI to structure patent information and historical development documentation to support the creation of innovative new technologies. We have also used business process DX based on an integrated AI platform to introduce IP support apps that allow multifaceted analysis, leading to the proposal of business and technology strategies to management. (➡ P.23)

Flow for Setting KPIs to Secure Competitive Advantage

Figure 2



LINK

Form 20-F

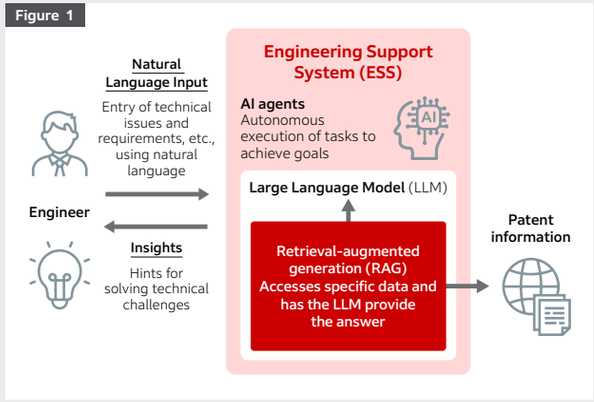
Using IP to Accelerate Development Speed

Utilizing AI Platforms to Develop New Opportunities for Collaboration between Development and IP

Delivering Insights with an AI-powered Development Support System: Engineering Support System (ESS)

To improve its future competitiveness, Honda is working to achieve 50% reductions in development timeframes, workloads, and costs through the Triple Half approach. This involves the timely monitoring of trends in competitors' technology and our own technological assets, and the strategic utilization of the insights gained, starting from the early stages of development. In the past, our intellectual property division would first analyze and organize data about patents held by Honda and other companies, and then provide the information to the development divisions. However, development staff wanted timely and direct access to primary information. To meet this demand, we conceived the ESS (see Figure 1), an AI-powered system that converts IP information into a more user-friendly format for use by development divisions, while also inspiring engineers to expand their thought processes.

Figure 1

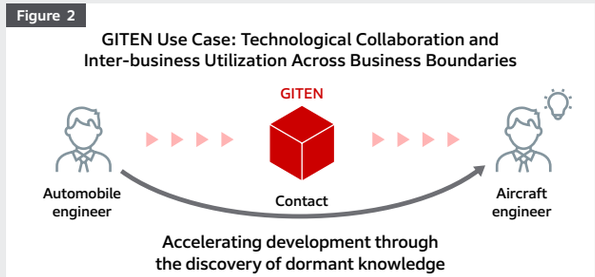


The ESS allows engineers to access relevant patent and technical information simply by submitting natural language inquiries, even if they lack specialized knowledge of patent systems. Using generative AI and RAG technology, it accurately finds and organizes technical insights and trends in competitors' development activities, tasks that were difficult when using conventional keyword searches. This creates an environment in which engineers can formulate hypotheses, consider technological directions, and apply this information to design decisions and the creation of new inventions.

GITEN: A Proprietary Generative AI platform Leveraging Honda's Dormant Knowledge to Foster Innovation

The ESS helps engineers to use patent information as the starting point for exploring technologies and making decisions. GITEN's role is to discover technology assets and development insights among Honda's vast collection of information. It supports company-wide innovation by enabling the discovery of new combinations of technologies that transcend the boundaries of individual business units (see Figure 2), as well as new business opportunities.

Figure 2

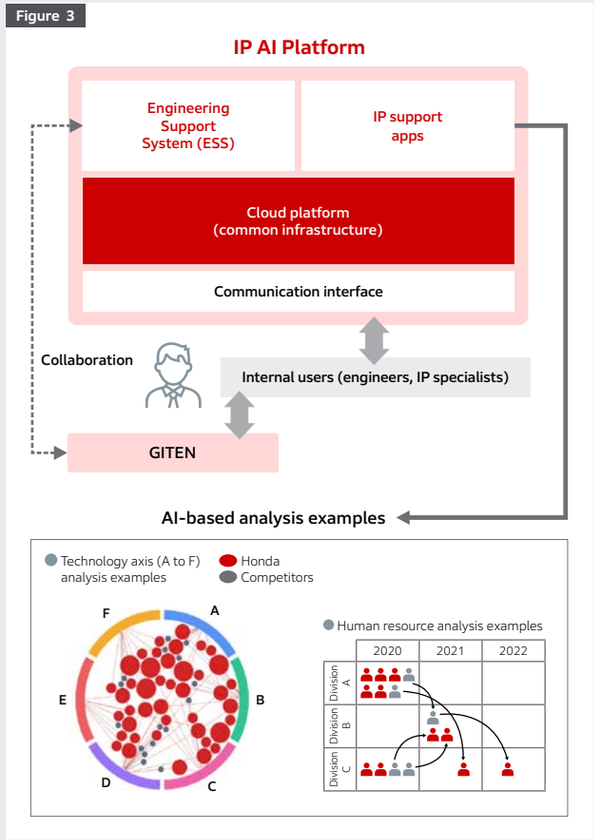


AI Transformation (AX)* Evolution Based on an IP AI Platform

We have developed a cloud-based IP AI platform (see Figure 3) as support infrastructure for the ESS. This serves as a common platform for IP-related data, search functions, and development environments.

Through this platform, we deploy IP support apps that enable the use of DX to support IP processes, from the discovery of existing inventions through to applications and patenting. By leveraging AI, we can rapidly analyze large amounts of information from various perspectives, such as technology and human resources, and propose business and technology strategies to management. Going forward, we intend to develop more advanced ways to utilize our intellectual capital through the combination of patent information and internal technical data, with the possible future linkage of ESS and GITEN in mind.

Figure 3



* A process in which activities and businesses are transformed through the application of AI.

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Priority Issues

05

Brand Value Enhancement

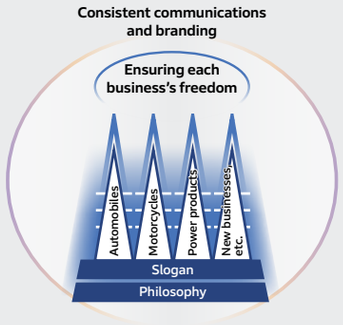
Materiality

- Enhancement of consistent brand management

Strategy Overview

Ideal Vision

At the foundation of all Honda's corporate activities as a comprehensive mobility company lie shared values and philosophies. Beyond those shared values and philosophies, our "diverse and multifaceted brand" that adapts to different regional and business contexts and represents "Honda's uniqueness" is an asset that will serve Honda long into our future. With our Global Brand Slogan (GBS) at the center of our brand management, by integrating Honda's "valuable consistency" with the individuality arising from the freedom of each business, we aim to further increase the value of Honda's overall brand.



Philosophy and Approach

Honda has established a system directly overseen by the Executive Council and built a global network to promote communication and branding activities that leverage company-wide shared brand assets with our GBS as the starting point. We are also honing our technologies and developing our talent through diverse activities that embody the spirit of challenge that is so important to Honda and returning the knowledge and experience that we gain through the process to our products and businesses.

Key Initiatives

1. **Strengthening our implementation structure by establishing a "Brand Council"**
2. **Strengthening Honda's "valuable consistency" by building and expanding brand assets**
3. **Enhancing Honda's brand value by taking on diverse challenges**
4. **Taking on greater challenges in motorsports, symbolizing Honda's spirit of challenge and innovation**

Management Indicators

KGI

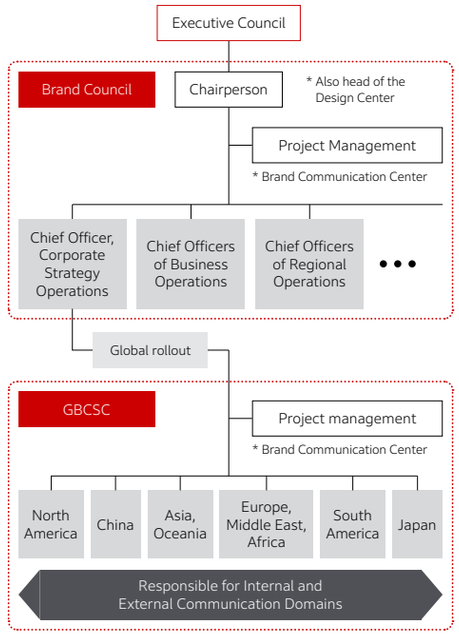
- Brand strength (Interbrand report)

* Upgraded from KPI to KGI

Main Achievements to Date

- Established a Brand Council directly overseen by the Executive Council to accelerate decisions on implementation measures and strengthen coordination with business strategy. Through a "Global Brand Communication Steering Committee (GBCSC)" with six centers including North America, China, and Europe, built a high-quality, highly effective brand management system and network.
- Operated the Brand Portal and created brand guidelines. Released a series of global corporate advertisements in 2025 to unify communications and strengthen the branding of Honda's diversity and our shared values and thoughts.
- Through motorcycle and automotive racing activities, corporate sports events, social contribution activities such as our Honda Beach Clean-up Activity, which marked its 20th anniversary, and educational activities, supported people sharing Honda's spirit of challenge and grew Honda's brand value.
- In 2026, began developing the new RA626H power unit and returned to F1™. Leveraging the technologies and knowledge of our personnel developed through elite races like F1™ and Japan's SUPER GT and SUPER FORMULA in our automobile products and rolling out HRC-spec models in a wide range of our production models to position these models as a pillar to strengthen our future sports models.

Brand Management System



Examples of Brand Assets

Operating our Brand Portal and creating brand guidelines More consistent brand communications.

Communicating Honda's diversity and shared values in our series of corporate advertisements.

Diverse Activities Supporting the Spirit of Challenge

Sports activities including official club operations and sponsoring competitions and athletes.

Honda Beach Clean-up Activity marks its 20th anniversary.

SUPER FORMULA automotive race.

MotoGP motorcycle race.

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- Corporate Brand
- Motorsports F1
- HRC
- Honda Sports Challenge
- Social Contribution Activities

Enhancing Honda's Brand Value through Diverse Challenges

Participating in motorsports starting with F1™ that symbolize Honda's spirit of challenge and innovation

Honda's Return to F1™

In 1964, after just starting to sell automobiles, Honda took on the challenge of F1™, the world's most elite automotive race. We overcame many obstacles and produced both results and many exciting moments. Our participation in F1™ has embodied the spirit of our founder Soichiro Honda to strive to be the best in the world and to take on even the most difficult challenges, and our participation in F1™ has symbolized the spirit of challenge and innovation that Honda has always cherished. Major changes were seen in 2026 to F1™'s regulations for both chassis and power units. Electrical output from the power unit increased to around three times its previous level, and the use of sustainable fuel was mandated for the internal combustion engine. This marked an evolution of F1™ to a next-generation motorsport balancing speed with carbon neutrality starting with electrification.

In the 2026 season, to mark Honda's return to F1™, Honda Racing Corporation (HRC), which is responsible for Honda's racing activities, developed a new power unit, the RA626H. Aiming to be the best in the world through our technology, through our return to F1™, we aim to share with the world the wonder of taking on challenges and enhance Honda's brand value. By continuing to test our limits, we are honing our technologies and developing our talent with the goal of returning the knowledge and experience that we gain to our automobile products and business.

Aston Martin Aramco Formula One™ Team

Reenergizing Motorsports and Returning the Results to Our Business

By appealing to the value of our motorsports, starting with F1™, Honda is striving to create empathy and resonance for our brand and to expand our fan base through diverse contact points.

F1™ Promotion movie

F1™ Public viewing

Celebrating 40 years of Acura with Lance Stroll

We also are positioning the HRC-spec model, which incorporates the technologies and racing driver feedback accumulated through racing activities, as the pillar to strengthen future sports models and rolling it out in a broad vehicle lineup. Starting with the Civic Type R HRC Concept announced at the Tokyo Auto Salon in January 2026, we are incorporating the knowledge and technologies developed in on-road and off-road motorsports in our market vehicles and delivering them to our customers. By providing Honda's unique motorsports value to our customers, we aim to expand the trust and technological image of our motorsports into our entire automobile business.

2026 SUPER GT race: Honda HRC PRELUDE-GT

CIVIC Type R HRC Concept

PRELUDE HRC Concept

HRC ORIGINALS TOKYO

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Targets and Progress of Priority Issues

Priority Issues	Materiality	KGI/KPI*1	Management Indicators	Category*2	Results*3		Targets*3
					Fiscal Year Ended March 31, 2025	Fiscal Year Ended March 31, 2026	Fiscal Year Ending March 31, 2031
Advancement of Human Capital Management	● Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals ● Strengthening human and organizational foundations for future competitiveness	KGI	Associate engagement score (positive response rate)	Consolidated*4	Japan: 46%	Consolidated: 66%	Consolidated: 65% or higher
		KPI	Inclusion score	Consolidated	3.67 points (5-point scale)	3.7 points (5-point scale)	(Not disclosed)
			Women in management positions (compared to FYE Mar. 31, 2021)	Japan	1.7 times	2.1 times	4.0 times
			Human capital investment	Consolidated	—	—	(Not disclosed)
Realizing a Zero Environmental Impact Society	● Addressing climate change issues ● Addressing energy-related issues ● Efficient utilization of resources ● Biodiversity conservation	KGI	Reduction rate of CO_2 emissions from corporate activities (compared to FYE Mar. 31, 2020)	Consolidated	47.5%	51.3%	46%
			Total CO_2 emissions from products	Consolidated	232.2 million t-CO_2e	232.7 million t-CO_2e	(Not disclosed)
			Reduction rate of industrial water withdrawal (compared to FYE Mar. 31, 2020)	Consolidated	—	—	12%
			Reduction rate of industrial waste (incineration and landfill disposal) (compared to FYE Mar. 31, 2020)	Consolidated	—	—	20%
		KPI	Reduction rate of product CO_2 emissions per unit (compared to FYE Mar. 31, 2020)	Motorcycles	3.1%	1.6%	15%
				Automobiles	3.5%	3.1%	13.6%
				Power products	12.5%	5.4%	13.4%
			Recycled and biomass material usage rate	Motorcycles	—	—	30% of motorcycles produced in Japan, for Europe market
				Automobiles	—	—	30% in EVs produced in Japan
Realizing a Zero Traffic Collision Society	● Development of technology to capture and complement/enhance human intention ● Safety education and awareness-building activities ● Building a traffic ecosystem	KGI	Traffic fatalities involving Honda automobiles in Japan and the United States	Consolidated	(Not disclosed)	(Not disclosed)	(Not disclosed)
		KPI	Advanced safety technology application rate	Motorcycles (emerging countries)	88%	91%	100%
				Automobiles (developed countries)	96%/1% (360*5)	95%/1% (360*5)	100%/100% (360*5)
				Automobiles (emerging countries)	61%	71%	100%
Creating Innovative Technologies	● Establishing competitive advantage in focus areas	KPI	Ability to create intellectual property	Consolidated	(Not disclosed)	(Not disclosed)	(Not disclosed)
Brand Value Enhancement	● Enhancement of consistent brand management	KGI	Brand strength (Interbrand report)	Consolidated	—	—	(Not disclosed)

*1 This table presents all KGIs and a selection of KPIs.
*2 For certain indicators, the applicable companies differ.
*3 New indicators for which no results are available, indicators for which targets are still being set are shown as "–."
*4 Indicators that until the FYE March 31, 2025 applied only to Japan have been expanded to cover the entire company, including overseas, from the FYE March 31, 2026.
*5 "360" refers to "Honda SENSING 360." From the FYE March 31, 2025, separate targets have been set for "Honda SENSING" and "Honda SENSING 360."

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