

[Translation]
May 10, 2024

To: Shareholders of Honda Motor Co., Ltd.

From: Honda Motor Co., Ltd.
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Minato-ku, Tokyo, 107-8556
Toshihiro Mibe
Director, President and Representative Executive Officer

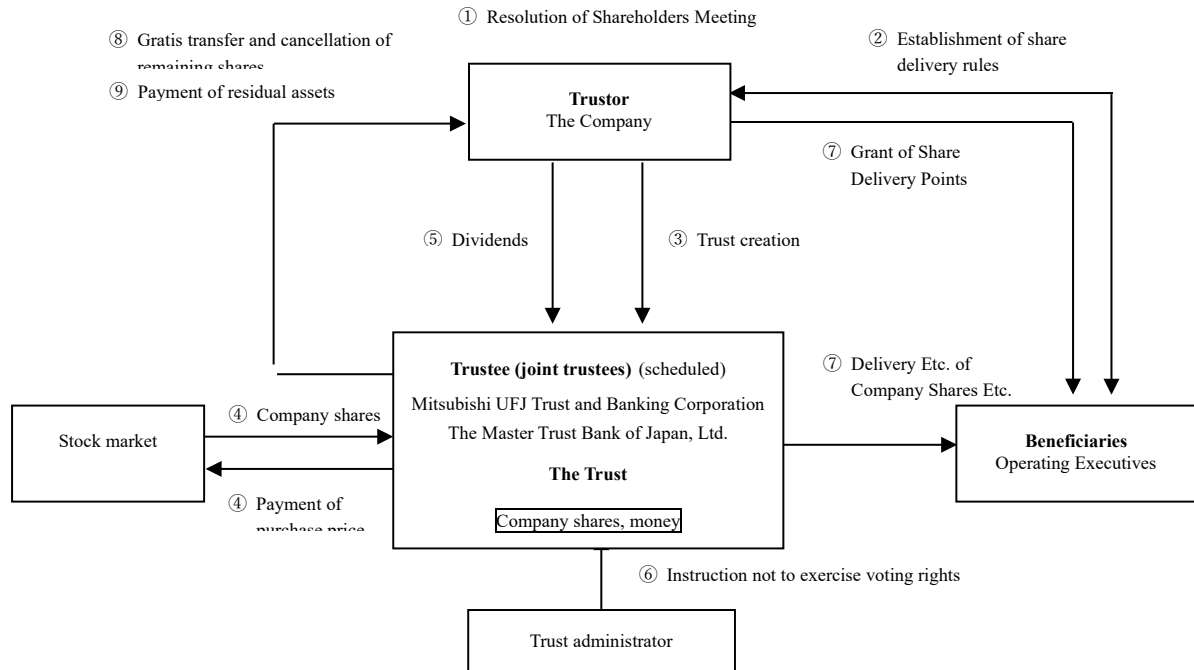
Notice Regarding Stock Compensation Scheme for Operating Executive

Honda Motor Co., Ltd. (the “**Company**”) passed a resolution approving the introduction of stock compensation scheme utilizing the Employee Stock Ownership Plan (ESOP) Trust for Operating Executive positions, who are employees of the company (hereinafter referred to as the “**System**”).

Particulars

1. Purpose, etc. of introduction of the Scheme
 - (1) We have organized our 2030 Vision, which includes important themes, materialities, and associated goals that our entire company will focus on, particularly aimed at creating "the joy of free movement." These important themes were selected by systematically extracting societal issues from a sustainability perspective, aligning them with the direction our company aims for, and prioritizing them. Specifically, in addition to the traditionally emphasized management themes of "Environment" and "Safety," we have also identified "People" and "Technology" as the driving forces behind our company's growth, along with "Brand," which encompasses all corporate activities, as five key non-financial areas. By aligning these with our financial strategy, we aim to realize the creation of social and economic value. We are introducing this program with the purpose of accelerating efforts towards these important themes, with both Executive Officers and Operating Executives working together to further support the creation of social and economic value.
 - (2) The Scheme is a stock compensation scheme that uses a “ESOP (Employee Stock Ownership Plan) trust” (a “**ESOP Trust**”). The ESOP Trust is an incentive plan for employees, modeled after the ESOP system in the United States. Under this plan, the ESOP Trust acquires shares of our company, which are then allocated to executive positions in accordance with the stock grant regulations. For the acquisition of company shares by the ESOP Trust is provided by company, and there is no financial burden on the Operating Executives.

2. Structure of ESOP Trust



- ① The Company will introduce the Scheme on the condition that a resolution approving the amount and details of the compensation for Operating Executives pertaining to the Scheme is passed at the Executive Council.
- ② The company will establish the Stock Grant Regulations as an internal regulation concerning this program.
- ③ The Company will entrust money and create a ESOP trust whose beneficiaries are Operating Executives who satisfy the beneficiary requirements.
- ④ In accordance with the instructions of the trust administrator, the Trust will acquire Company shares from the stock market using the money entrusted in ③ above as the source of funds.
- ⑤ Dividends on Company shares held by the Trust shall be paid in the same manner as for other Company shares.
- ⑥ For the duration of the trust period, voting rights may not be exercised in respect of the Company shares held by the Trust.
- ⑦ During the trust period, the beneficiaries in accordance with the s Stock Grant Regulations of the Company, be granted a certain number of points and, in principle one year after such granting of points, receive delivery of Company shares. Also, any dividends paid in respect of the Company shares held by the Trust shall be paid to the beneficiaries in proportion to the number of Company shares (including shares that will be subject to conversion) that were delivered by the Trust.
- ⑧ If the Trust will continue to be used for the Scheme or for a stock compensation scheme similar to the Scheme, any remaining shares at the time of expiration of the trust period will

be delivered to the Operating Executive by amending the trust agreement and entrusting additional amounts to the Trust. If the Trust will be terminated due to expiration of the trust period, as a measure of returning value to shareholders, the Trust will transfer such remaining shares to the Company for no consideration and the Company will cancel such shares by a resolution of the Board of Directors.

- ⑨ If the Trust will continue to be used after the expiration of the trust period, any remaining amounts of dividends pertaining to the Company shares held by the Trust at the time of such expiration shall be utilized as funds for acquiring Company shares, and if the Trust will be terminated due to expiration of the trust period, any portion of such remaining amounts of dividends that exceeds the trust expenses reserve (meaning the reserve for the trust fees and trust expenses, etc., which is the amount obtained after deducting the share acquisition funds from the trust money; the same applies hereinafter) is planned to be donated to organizations in which the Company and the Operating Executive do not have any interests.

Note: During the trust period, in the event of a shortage of company shares held within this trust or a shortfall of funds in the trust property for payment of trust fees or expenses, there is a possibility of additional funds being entrusted to this trust.

Content of trust agreement

(1)	Type of trust	An individually-operated specified trust of money other than cash trust (third party beneficiary trust)
(2)	Purpose of trust	To further enhance the attitude of Operating Executive of contributing toward the sustained improvement of corporate value of the Company in the medium to long term
(3)	Trustor	The Company
(4)	Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
(5)	Beneficiaries	Employee who satisfy the beneficiary requirements
(6)	Trust administrator	A third party which has no interests in the Company (a certified public accountant)
(7)	Date of trust agreement	By August 31, 2024 (scheduled)
(8)	Period of trust	From the date of trust agreement to August 31, 2027 (scheduled)
(9)	Exercise of voting rights of Company shares	None
(10)	Class of shares acquired	Common shares of the Company
(11)	Amount of additional trust money	2,940 million yen (scheduled) (including trust fees and trust expenses)
(12)	Timing of acquisition of shares	By August 31, 2024 (scheduled) (excluding the period from the fifth business day before the last day of each accounting period (including fiscal quarters) to the last day of such accounting period)
(13)	Method of acquisition of shares	Acquisition from stock market
(14)	Holder of vested rights	The Company
(15)	Residual assets	The residual assets able to be received by the Company as holder of vested rights shall be within the scope of the trust expenses reserve