

[Translation]  
May 10, 2024

To: Shareholders of Honda Motor Co., Ltd.  
From: Honda Motor Co., Ltd.  
1-1, Minami-Aoyama 2-chome,  
Minato-ku, Tokyo, 107-8556  
Toshihiro Mibe  
Director, President and Representative Executive Officer

### **Notice Regarding Stock Compensation Scheme for Executive Officers Etc.**

Honda Motor Co., Ltd. (the “**Company**”) passed a resolution approving the content of the stock compensation scheme for Executive Officers, and a part of Operating Executives of the Company who are residents of Japan (collectively, “**Executive Officers Etc.**”) and the continuation of the stock compensation scheme which uses a trust (the “**Scheme**”), with revisions as below.

#### Particulars

##### 1. Continuation of the Scheme

- (1) The Company made a decision to continue with the Scheme for Executive Officers Etc., which was introduced in the fiscal year ended March 31, 2019, for the purpose of further enhancing their attitude of contributing toward the sustained improvement of corporate value of the Company in the medium to long term as well as seeking for the sharing of common interests with shareholders.
- (2) The Scheme adopts a system called the “BIP (Board Incentive Plan) trust” (a “**BIP Trust**”). To continue with the Scheme in the fiscal year ending March 31, 2024, and onward, the Company will make a partial amendment to the Scheme and extend the trust period of the BIP Trust which has already been set.
- (3) The continuation of the Scheme was approved by the Company’s Compensation Committee, which consists of a majority of Outside Directors and is chaired by an Outside Director, and Board of Directors. The Compensation Committee will fairly evaluate the appropriateness of the performance targets and the level of achievement of such targets, and will ensure the transparency and objectivity of the decision-making process and results related to the compensation scheme for the officers.

##### 2. Partial amendment of the Scheme

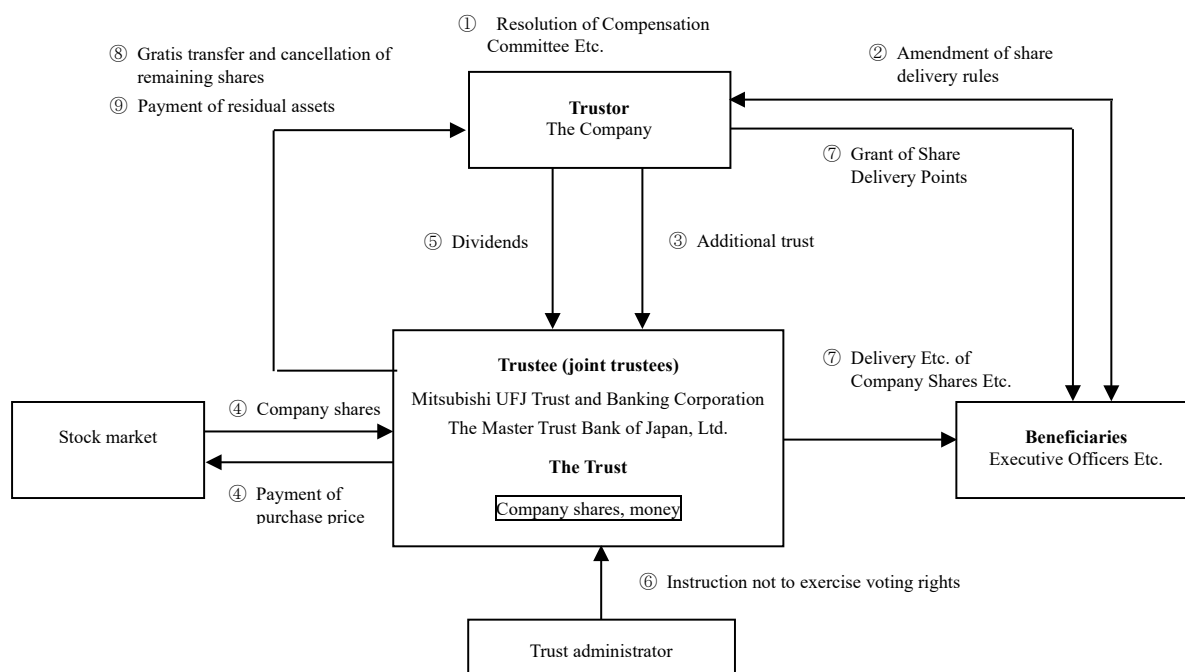
Company has organized the 2030 Vision, which includes important themes ("Environment," "Safety," "People," "Technology," "Brand") and materialities that we will particularly focus on in the future to create the joy of free movement. In line with stakeholders' perspectives, including shareholders, we have decided to revise certain performance evaluation methods in this scheme to accelerate initiatives related to important themes and further support the creation of both social and economic value. Specifically, we will evaluate key financial indicators (such as consolidated operating profit margin, net income attributable to owners of the parent company) that should be addressed to achieve the ROIC target set for 2030, as

well as non-financial indicators directly related to the five important themes (brand value, total product CO2 emissions, employee engagement scores, etc.), and market valuation reflecting the creation of social and economic value (relative TSR, etc.) on an annual basis.

In the revised System, points corresponding to the criteria for each position will be granted annually in April, and shares equivalent to the points linked to the performance of the fiscal year will be issued, with transfer restrictions generally set until retirement from any position of director or executive officer of our company. These shares will be issued one year after the points are granted. The content of performance evaluation indicators is as follows.

KPIs		Evaluation method	Weight	Fluctuation
Financial indicators	Consolidated operating profit margin	Evaluated based on degree of achievement of targets	60%	40 to 240%
	Profit for the year attributable to owners of the parent			
Non-financial indicators	Brand value			
	Total CO2 emissions			
	Associate engagement			
Stock indicators	Total Shareholder Return	Evaluation based on relative comparison with the dividend-inclusive TOPIX growth rate for the fiscal year	20%	

### 3. Structure of BIP Trust



- ① At its Compensation Committee meeting the Company passed a resolution to continue with the Scheme.
- ② For the continuation of the Scheme, the Company will make a partial amendment to share delivery rules.
- ③ Based on the resolution specified in ①, the Company will extend the trust period of a trust whose beneficiaries are Executive Officers Etc. who satisfy the beneficiary requirements (the “Trust”) and entrust trustees with additional money.
- ④ In accordance with the instructions of the trust administrator, the Trust will acquire Company shares from the stock market using the additional money entrusted as specified in ③ and the money remaining in the Trust 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 (i) shall, in accordance with the share delivery rules 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 accordance with the provisions of the trust agreement, with restriction period on transfer until the time of retirement from both of the Company’s Director and Executive Officer.  
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 Etc. 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 Etc. to Executive Officers Etc. 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 Executive Officers Etc. 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.

*Reference information*

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 Executive Officers Etc. 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	Executive Officers Etc. 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	August 20, 2018 (scheduled to be changed by August 31, 2024)
(8)	Period of trust	From August 20, 2018 to August 31, 2024 (scheduled to be extended until August 31, 2027 based on the changes to be made to the trust agreement by August 31, 2024)
(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	1,940 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

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