

5 Strategy

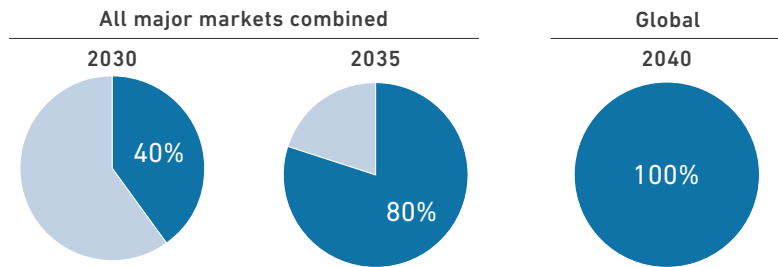
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Initiatives for Zero Environmental Impact

Strategy for Automobile Electrification

Setting “elimination of our environmental impact” as an overarching theme, Honda has been striving for the environmental target of achieving carbon neutrality by 2050. Accordingly, the Company has been working to increase the ratio of electric vehicles (EVs) and fuel cell vehicles (FCVs) in overall unit sales in all major markets combined to 40% by 2030, 80% by 2035 and then 100% globally by 2040. The following highlights Honda’s initiatives concerning automobile electrification, which is one important means of achieving the environmental target.

Ratio of EVs and FCVs in overall unit sales



Battery Procurement Strategy

The key challenge in the EV era is the global procurement of batteries. Honda’s basic approach to this challenge is to procure batteries from external partners at the moment and to accelerate independent research and development in the future.

Procurement of Liquid Lithium-Ion Batteries

For the procurement of liquid lithium-ion batteries needed now and for the time being, Honda has set respective procurement policies for each of the major markets, based on its commitment to “build EV batteries close to the vehicle production site” in order to maintain its competitiveness from the

perspective of the product life cycle as well. Honda aims to secure a stable procurement volume by strengthening external partnerships.

Initiatives for All-Solid-State Batteries

Honda will accelerate its independent research and development of all-solid-state batteries, aiming for their realization in the second half of the 2020s.

Currently, Honda is conducting technology and production verification at its lab to determine the batteries’ target performance. Additionally, to ensure performance at the mass production level and verify superiority in terms of cost and safety, the Company has decided to build a demonstration line in Sakura City, Tochigi Prefecture, which will enable product design encompassing production processes. The plan is to invest approximately ¥43 billion and make it operational in spring 2024.

Honda is accelerating research and development with a goal to adopt these batteries to models to be introduced to the market in the second half of the 2020s. Nonetheless, mass production of these batteries is a challenge even for Honda. The Company will make proactive efforts to strengthen the required structure in the future, including securing more human resources with specialized knowledge.

Liquid lithium-ion battery procurement policy by region

Region	Procurement policy
North America	<ul style="list-style-type: none"> <li>• Plan to procure Ultium batteries from General Motors Company (GM)</li> <li>• Explore the possibility of creating a joint venture company for battery production</li> </ul>
China	<ul style="list-style-type: none"> <li>• Further strengthen collaboration with Contemporary Amperex Technology Co., Ltd. (CATL)</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• Agreed to procure batteries for mini-EVs from Envision AESC Japan Ltd.</li> </ul>

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Roadmap for EV Product Releases

During the early stage of proliferating EVs (at present to the latter half of the 2020s), Honda will release products matched to the respective characteristics of major markets such as North America, China and Japan.

In realizing the more widespread use of EVs (from the latter half of the 2020s onwards), the Company will evolve its strategy from introducing the "best EVs matched to each region" to releasing the "best EVs from a global perspective."

EV release roadmap by region

Region	EVs to be released
North America	<ul style="list-style-type: none"> <li>• Introduce mid- to large-size EV models currently being developed with GM</li> <li>• Introduce a large-size EV SUV model for the Acura along with all-new Honda brand Prologue EV in 2024</li> </ul>
China	<ul style="list-style-type: none"> <li>• Leverage the characteristics of the country's advanced EV market and make a swift response via independent, local development</li> <li>• Introduce a total of 10 new EV models by 2027</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• Introduce a commercial-use mini-EV model at the 1 million yen price range in early 2024</li> <li>• Make the timely introduction of personal-use mini-EVs and EV SUVs</li> </ul>

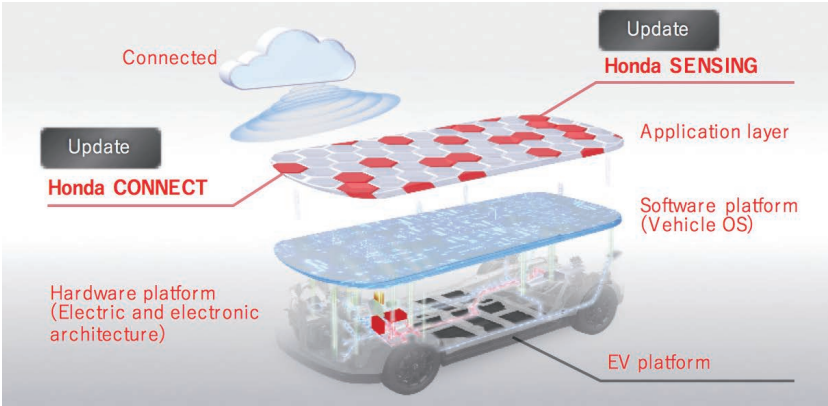
"Honda e: Architecture" Platform for EVs

In 2026, Honda will begin adopting the Honda e: Architecture, a new EV platform that combines hardware and software platforms of EVs. More specifically, it combines an EV's hardware platform, including batteries, with a next-generation electronic platform serving as a foundation for over-the-air (OTA) technology necessary for updating vehicles' functions later. By blending hardware and software, Honda will be able to stay connected with its customers after product sales and provide various services and values. The Company intends to offer added value only Honda can provide to its customers by applying the platform beyond automobiles to other types of mobility products in the future.

Alliance with GM

Through an alliance with GM, Honda is planning to introduce affordable EVs in 2027, with a cost and driving range that will be as competitive as gasoline-powered vehicles. Under the joint development, Honda will continue to work to expand the foundation for the widespread use of EVs globally, including extending its efforts to joint procurement.

Honda e: Architecture



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Production Structure

By 2030, Honda is planning to launch 30 EV models globally, with a full lineup from commercial-use mini-EVs to flagship-class models, and achieve annual production volume of more than 2 million units. As a production structure to sustain the volume, Honda is planning to build a dedicated EV production plant in Wuhan and Guangzhou, China, and a dedicated EV production line in North America.

Honda is committed to "sourcing and manufacturing products close to the market" from the perspective of the product life cycle. As this strategy will in turn generate competitiveness, the Company will examine the required production capacity for each of the major markets in a timely manner.



EV production plant in Wuhan, China (image)

Building a Cross-Domain Connected Platform

In promoting electrification, Honda aims to offer greater value not only with each of its products, but also by linking various products to realize connectivity beyond product domains. To do so, it will be necessary to connect energy and information stored in electrified and other products with the users and society. Honda will work on the establishment of a cross-domain connected platform, which will be the key to achieving its goal. Going ahead, in the areas of electrification technologies, including batteries, as well as software and connected technologies, Honda will make efforts to enhance its development capabilities, which will include strengthening recruitment from outside Honda. Also, in these areas, Honda will proactively pursue partnerships that generate synergy between Honda and the other parties, such as inter-industry collaboration and alliances as well as investments in venture companies.

Connected platform

