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Honda's Sustainability

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Basic Approach

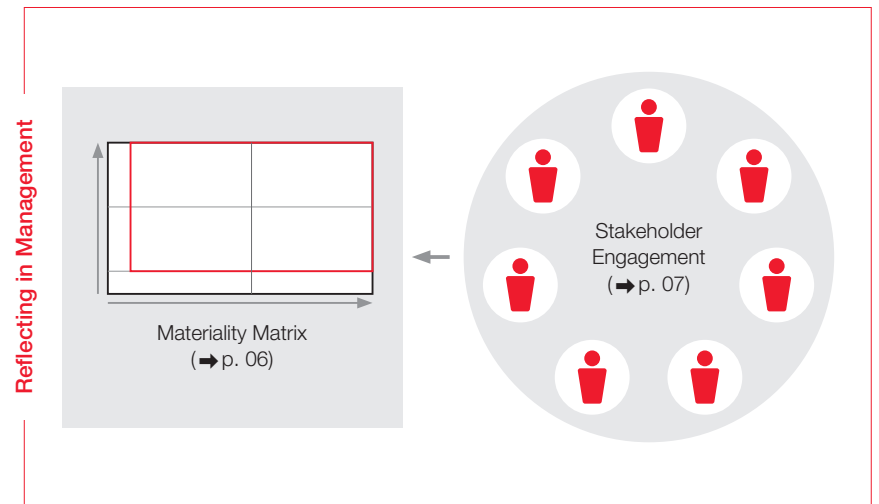
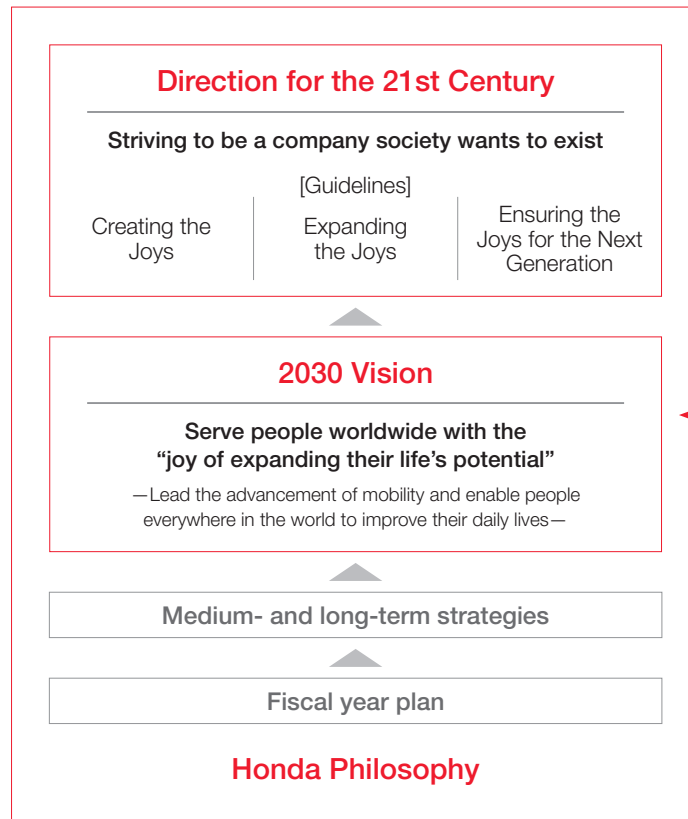
The Honda Philosophy forms the values shared by all Honda Group companies and all of their associates. It is the basis for Honda's corporate activities and the associates' behavior and decision-making.

To achieve both the creation of growth opportunities for the Company and a sustainable society, Honda has set "Striving to be a company society wants to exist" as its direction for the 21st century. It is also advancing initiatives known as "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation."

The "2030 Vision" is one milestone indicating in concrete terms the direction Honda ought to take toward realizing these objectives.

For Honda to achieve sustainability, it is important to meet stakeholders' expectations and needs by providing value through its products and services. Equally important is to fulfill its corporate social responsibility, for instance, by considering its impact on the environment and society and to contribute to the resolution of social issues through its business activities.

To this end, Honda devises medium- and long-term strategies that are based on the perspectives of both stakeholders and Honda itself. In determining these perspectives, Honda uses the materiality matrix as its guide and considers the roles it should play and contributions it should make, geared to the characteristics of each region around the world.



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Sustainability Management Structure

Structure for Deliberating Sustainability Initiatives

Honda established the Corporate Integration Strategy Meeting chaired by the Chief Executive Officer (CEO) with the aim of building consensus on the company-wide direction based on recognition of the environment both internally and externally, as well as material issues that Honda as a whole should tackle. Policies and initiatives for sustainability issues are discussed and examined in the meeting.

While continuing activities to “increase Honda’s value of existence and receive due recognition from society by showing to the public its entire corporate activities rooted in the Honda Philosophy,” the Corporate Integration Strategy Meeting will plan company-wide strategies that reflect a sustainability perspective.

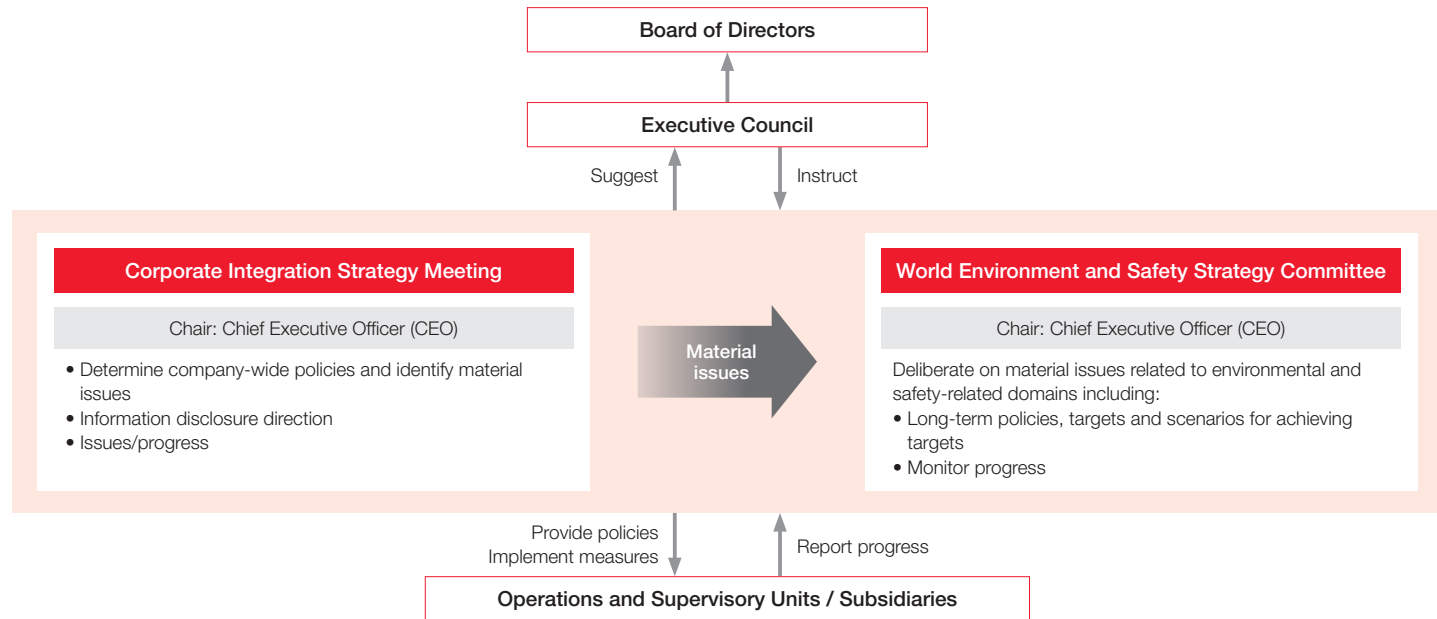
To promote and reinforce efforts in the environmental and safety-related

domains, which represent the most important material issue as a mobility company, Honda has established the World Environment and Safety Strategy Committee chaired by the Chief Executive Officer (CEO).

Since strategies in the environmental domain also include Honda’s response to climate change, the CO₂ emissions reduction targets set by the Committee are examined and decided by the Board of Directors.

Taking into consideration the material issues examined at these committees, Honda determines corporate strategies through the Executive Council and the Board of Directors. The Company then breaks them down into policies and measures for Operations and Supervisory Units and subsidiaries for actual execution.

Sustainability management structure from FY2021



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Materiality Analysis

Evaluation of Issues from the Stakeholders' Perspective

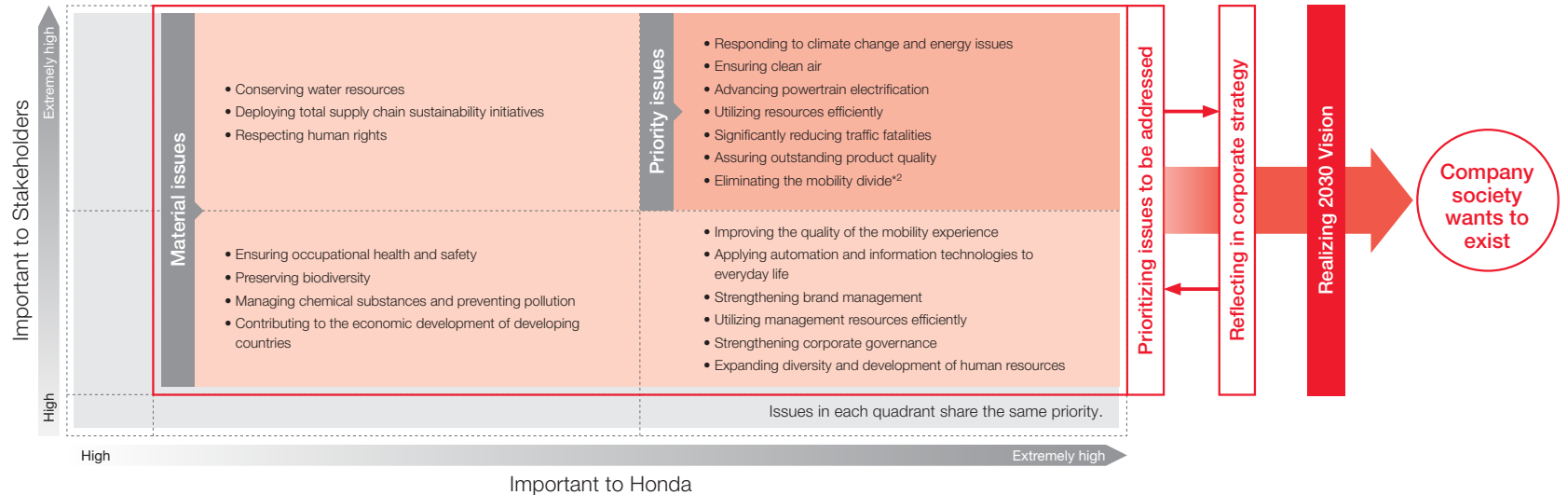
Toward achieving our long-term vision which is based on the Honda Philosophy, key issues to be addressed are identified and prioritized from our perspective and from the viewpoint of our stakeholders. The materiality matrix provides the essential framework for organizing these issues. By creating and employing this matrix, we confirmed the coverage of overall issues and clarified where each of them is positioned.

The materiality matrix was prepared in two stages: identifying issues and then categorizing them according to their materiality. Issues were identified through dialogue among members of respective business operations within the Company. The process also took into account various viewpoints including global and value chain perspectives, the status of technological innovation, the Sustainable Development Goals (SDGs)*1 and social issues pursuant to the Paris Agreement. We evaluated the materiality of these issues in light of the views of stakeholders through

dialogue with leading environmental, social and corporate governance rating agencies and NGOs in Europe and the United States that focus on sustainability issues. The contents were also evaluated and assessed by management at the Corporate Integration Strategy Meeting.

This resulted in the successful visualization of material issues on a priority basis as a mobility company, including the realization of a carbon-free and collision-free mobile society. We believe our efforts should contribute to the achievement of certain SDGs, notably Goal 13 "Take urgent action to combat climate change and its impacts"; Goal 7 "Ensure access to affordable, reliable, sustainable and modern energy for all"; and Goal 3 "Ensure healthy lives and promote well-being for all at all ages." Critical issues specified based on the views of stakeholders are being reflected in company-wide strategy and incorporated into respective business activities to achieve the Company's vision.

Materiality matrix



*1 The SDGs are international objectives related to such areas as poverty, hunger, energy, climate change and a peaceful society adopted at the United Nations Sustainable Development Summit in 2015.

*2 Disparity in quality of life between those who do and do not have access to mobility

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Stakeholder Engagement

Basic Approach

To be a “company society wants to exist,” Honda must put into practice a communication cycle. This means to: 1) appropriately and accurately convey to society the value that it seeks to provide; 2) engage in dialogue with diverse stakeholders to grasp and understand the demands and expectations placed on the Company; 3) translate these into concrete measures and implement them; and 4) listen to stakeholders’ evaluations of its activities.

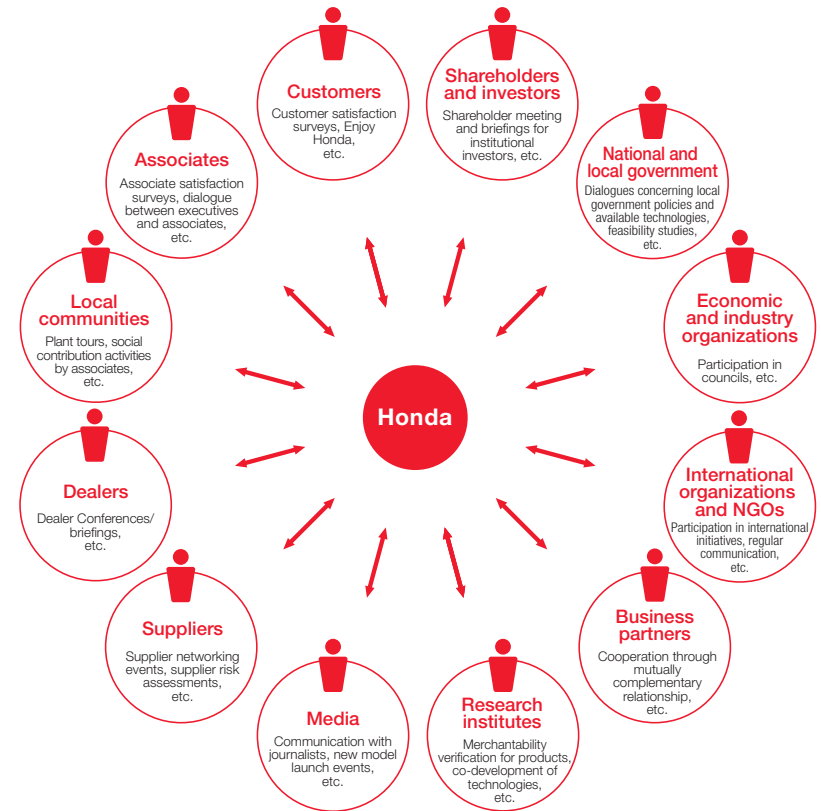
Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that stakeholder dialogue is a beneficial tool that leads to a proper understanding of stakeholders regarding the Company’s initiatives while also giving the Company an understanding of changes and risks in the social environment.

Based on this understanding, Honda engages in dialogues globally through various opportunities. These dialogues are conducted between key stakeholders (that are either impacted by Honda’s business activities or whose activities impact Honda’s business activities) as shown in the diagram indicated at the right and respective divisions within Honda.

As an example, engagement with shareholders and investors consists of dialogue aimed at ensuring that Honda is understood accurately through shareholder relations and investor relations activities.

In addition, opinions gained from dialogues with leading ESG rating agencies and NGOs are reflected in the Materiality Analysis (➔ p. 06), which is utilized in identifying issues Honda ought to be addressing.

Stakeholder engagement





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Stakeholder Engagement

Examples of initiatives in FY2023

Stakeholder	Key means of dialogue	Overview	Frequency	Corresponding items in the materiality matrix	Point of contact	Reference
Customers	Customer satisfaction survey	To ensure customer satisfaction worldwide, we conduct a customer satisfaction survey for customers who have received after-sales service at a dealer around the world and engage in improvement activities to provide high-quality service operations.	Annually	Strengthening brand management	Customer-related divisions	→ p. 55
Shareholders and investors	Financial results press conference	We hold press conferences and web conferences to review our financial results and various initiatives. We use the feedback and requests thus obtained in maximizing our corporate value.	4 times/year		Finance divisions	https://global.honda/investors/
	Individual sessions and conferences	We hold sessions and opinion exchange meetings to explain our financial conditions as well as production, R&D, and business strategies. We use the feedback and requests thus obtained in maximizing our corporate value.	Year round			
Suppliers	Suppliers Conferences	We hold periodic conferences to share with suppliers the direction of our business and the substance of our initiatives and to communicate Honda's company-wide policies and purchasing policies. We also present Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDDDE*. At the end of a conference, we conduct a questionnaire survey for participants to identify their level of satisfaction and what can be improved for the next event as an effort to further enhance this activity.	Annually	Assuring outstanding product quality Deploying total supply chain sustainability initiatives	Purchasing divisions	→ p. 102
	Business plan networking events and meetings to share business status	We share our medium- to long-term management policies, business plans, and information on sustainability-related matters (ESG issues, compliance, corporate governance, and risk assessment).	Annually	Assuring outstanding product quality Deploying total supply chain sustainability initiatives		
	ESG inspection of suppliers	We conduct an ESG inspection for key suppliers to prevent compliance violations and reduce our environmental impact in accordance with the Honda Supplier Sustainability Guidelines. (→p. 90)	Annually	Deploying total supply chain sustainability initiatives Strengthening corporate governance		
Economic and industry organizations	Participation in activities of industry organizations	We participate in various councils to identify the expectations and demands of society through activities of industrial organizations, create a sustainable business environment and contribute to society.	Year round		Division in charge of government and industry relations, others	
International organizations and NGOs	Participation in international initiatives	We participate in various councils to identify the expectations and demands of society and contribute to society, toward the realization of a sustainable society.	Year round		Divisions in charge of sustainability planning, others	
Local communities	Driving safety promotion activities	Honda adheres to the global safety slogan "Safety for Everyone" and takes an active role in promoting traffic safety for all members of society who participate in transportation, from children to the elderly. This is achieved through the principles of "safety handed down from person to person" and "participatory experiential education," as well as the use of safe driving support technology to prevent accidents. Honda is currently engaged in traffic safety promotion activities in 43 countries and regions worldwide.	Year round	Significantly reducing traffic fatalities	Divisions in charge of promoting driving safety	→ p. 34
	Helping people with disabilities who want to resume driving	We aim to reduce the gap in social participation by expanding transportation options, and we support the establishment of a support system in the local community for people who wish to resume driving by providing welfare vehicles (driving support devices) and supporting occupational therapists and others.	Year round	Eliminating mobility divide		→ p. 40
	Beach clean-up project	We undertake joint activities among members of the Honda Group and local residents to clean up the beaches using our originally developed equipment. Since the launch of the project in 2006, we have conducted the activities about 406 times on various beaches across Japan, and the cumulative total of beach trash collected by the project amounts to 520 tons.			Divisions in charge of promoting social contribution activities	→ p. 106
	Activities to conserve satoyama landscapes	We have concluded an agreement with Hachioji City, Tokyo, in which Honda's associates and their families carry out satoyama landscape conservation activities within the Kamikawa no Sato special green conservation area.	Year round			
National and local governments	Support for disaster-affected areas	We provide product supports and donations to disaster-affected areas in the event of disasters.			Divisions in charge of promoting social contribution activities, others	https://www.honda.co.jp/philanthropy/saigai/
Associates	Activity measurement	We are taking initiatives to measure and improve employee engagement for creating a more comfortable and conducive work environment.	Activity measurement: Annually	Expanding diversity and the development of human resources	Human resources divisions	→ p. 80

* Quality, cost, delivery, development, and environment



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Stakeholder Engagement

Cooperation with External Organizations

To carry out its responsibility as a global mobility company, Honda engages in dialogues with government, economic and industry organizations and also cooperates with external bodies. In Japan, Honda executives serve as vice chairman and committee head within the Japan Automobile Manufacturers Association (JAMA); committee head in the Japan Business Federation (Keidanren); and vice chairman and committee head in the Tokyo Chamber of Commerce and Industry.

In addition, Honda executives serve as committee and working group chairs and other representatives in the international motorcycle and automobile industry bodies such as The International Motorcycle Manufacturers Association (IMMA) and Organisation Internationale des Constructeurs d'Automobiles (OICA). Furthermore, Honda cooperates with initiatives related to sustainability through membership in the World Economic Forum (WEF) and the World Business Council for Sustainable Development (WBCSD).

At Honda, we delegate authority to Regional Operations within a certain scope when executing business in respective regions in order to enhance local autonomy and enable speedy decision-making. Political contributions* can be made following required internal procedures based on the laws and regulations of respective countries.

* Political contributions were made to the People's Political Association in the amounts of ¥25 million in FY2020, ¥25 million in FY2021 and ¥25 million in FY2022. Honda has confirmed that these expenditures do not infringe on the Honda Guidelines for the Prevention of Bribery and Corruption.

Appropriate Advertising and Publicity

Honda engages in advertising, publicity, and sales promotion activities in good faith so as to constantly meet the trust and expectations of customers and society.

We properly engage in product advertising, publicity, and sales promotion activities to avoid misleading customers.



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Honda's Initiatives and the SDGs

Contribution to SDGs

In order to share joys with stakeholders, Honda seeks to contribute to the advancement of a mobile society with its original and useful technologies that anticipate the needs of the times.



This approach aligns with the United Nations' SDGs, specifically, Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation," Goal 12 "Ensure sustainable consumption and production patterns" and Goal 17 "Strengthen the means of implementation and revitalize the global partnership for sustainable development," and aligns with Honda's overall

corporate activities.

Honda also believes that creating value for society while pursuing economic value will lead to sustainable corporate management and ultimately contribute to the sustainability of society.

In accordance with the material issues for the realization of the 2030 Vision (➡ p. 06), Honda will contribute to the achievement of the SDGs through its corporate activities.

Initiatives by priority issue

Priority issues	Honda's initiatives	SDGs supported by Honda
Responding to climate change and energy issues	<p>Initiatives for zero environmental impact (➡ p. 17)</p> <p>Responses to climate change and energy issues (➡ p. 18)</p> <p>Logistics initiatives (➡ p. 99)</p> <p>Reducing environmental impact together with suppliers (➡ p. 92)</p>	<p>With a view to leading the way in realizing a carbon-free society, Honda undertakes corporate activities while giving consideration to everything from the purchase of raw materials to end use of its products. Honda believes its measures against climate change, including vehicle electrification and the use of portable batteries and hydrogen energy, will lead to stabilizing food production, ensuring energy supply and facilitating the creation of more comfortable communities.</p>  
Advancing powertrain electrification	<p>Advancing powertrain electrification (➡ p. 20)</p>	
Preservation of clean air	<p>Preservation of clean air (➡ p. 25)</p>	<p>Honda is pushing ahead with the preservation of clean air and water resources by developing technologies to clean exhaust emissions from product usage and reduce the amount of harmful substances in the exhaust air and wastewater from production processes.</p> 
Utilizing resources efficiently	<p>Efficient utilization of resources (➡ p. 22)</p>	<p>Honda is cooperating and collaborating with both internal and external stakeholders to realize zero risk in relation to resources and waste generated during the stages spanning from resource procurement to product disposal. From the standpoint of resource circulation, Honda strives to offer products that fully contribute to the environment and reduce waste.</p>  
Significantly reducing traffic fatalities	<p>Toward a collision-free mobile society (➡ p. 34)</p>	<p>Under its global safety slogan, "Safety for Everyone," Honda aims to realize a collision-free society in terms of hardware and software through the development and spread of safety technologies for automobiles, such as the Honda SENSING advanced safety and driver-assistance system, while engaging in worldwide initiatives to provide education on traffic safety including motorcycles.</p>  
Eliminating the mobility divide	<p>Honda's Sustainability (➡ p. 04)</p>	<p>Honda seeks to provide more options of mobility to reduce the gap in social participation. As such, the Company is supporting the expansion of opportunities and venues for persons with disabilities to be active by providing welfare vehicles. Looking ahead, Honda will provide a sustainable means of mobility through its technologies and services and help resolve social issues through business activities while leveraging its unique strengths in having a broad range of businesses and products, including motorcycles, automobiles and power products.</p> 



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Honda's Initiatives and the SDGs

Initiatives by material issue

Material issues	Honda's initiatives	SDGs supported by Honda
Conserving water resources	Conserving water resources (→ p. 26)	
Deploying total supply chain sustainability initiatives	Strengthening supply chain sustainability (→ p. 88) Reducing our environmental impact together with suppliers (→ p. 92)	
Respecting human rights	Human rights (→ p. 67) Honda human rights policy (→ p. 146) Initiatives related to diversity (→ p. 71)	
Utilizing management resources efficiently	Honda's Sustainability (→ p. 04)	
Strengthening governance	Corporate governance (→ p. 111)	
Expanding diversity and the development of human resources	Diversification aimed at leveraging total workforce strength (→ p. 69) Initiatives related to diversity (→ p. 71)	
Ensuring occupational health and safety	Occupational health and safety (→ p. 81)	
Biodiversity conservation	Biodiversity conservation (→ p. 27)	
Managing chemical substances and preventing pollution	Management and reduction of chemical substances (→ p. 27)	
Contributing to the economic development of developing countries	2030 Vision (→ p. 04)	

Honda's Initiatives and SDGs https://global.honda/sustainability/sdgs.html?from=navi_header

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External Evaluations

Honda Selected as a Component of the Dow Jones Sustainability World Index

In December 2022, Honda was selected for the sixth consecutive year as a component of the Dow Jones Sustainability World Index after being ranked within the top five in the global automobile sector in the annual review of the Dow Jones Sustainability Indices (DJSI), a key benchmark for socially responsible investing. At the same time, the Company was selected for the eighth consecutive year as a component of the Dow Jones Sustainability Asia/Pacific Index.

The DJSI are investment indices run by U.S.-based S&P Dow Jones Indices LLC. The sustainability of the world's leading companies is evaluated according to economic, environmental, and social criteria, and companies that demonstrate overall excellence are selected for inclusion in the indices.



Honda has been selected as a "Top 10%" company in S&P Global's Sustainability Yearbook - 2023 Rankings.

Honda has been recognized as a "Top 10%" company in the 2023 Sustainability Yearbook by S&P Global. The company was evaluated on its economic, environmental, and social performance, and chosen as an outstanding leader in sustainability.

In 2023, S&P Global evaluated over 7,800 companies across 61 sectors worldwide and selected 708 companies for inclusion in the Sustainability Yearbook.

In the automobile sector, Honda was one of just three companies chosen as a "Top 10%" enterprise, with just one company selected as "Top 1%" and none selected as "Top 5%."

It is worth noting that the evaluation criteria have been updated from previous years, with the previous "Gold Class," "Silver Class," and "Bronze Class" classifications now replaced with "Top 1%," "Top 5%," and "Top 10%."



Securing a B Rating in the CDP Climate Change Report 2022, Japan Edition

In March 2023, CDP released the results of a survey on climate change initiatives and the reduction of GHG emissions by major companies worldwide.

Honda received a B rating in the CDP Climate Change Report 2022, Japan edition.

CDP is an international NPO that provides a global system for measuring, disclosing, managing, and sharing important environmental information from companies and cities. Company initiatives to face environmental challenges are evaluated in relation to four elements: information disclosure, awareness, management, and leadership.

Please refer to pages 55 to 58 of the Company's integrated report, Honda Report 2022 for the items required by the FSB Task Force on Climate-related Financial Disclosures (TCFD), one of the CDP evaluation indices.

Pages 55 to 58 of Honda Report 2022
https://global.honda/sustainability/integratedreport/pdf/Honda_Report_2022-en-all-m.pdf#page=29