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Honda's Sustainability



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Basic Approach

The Honda Philosophy consists of Fundamental Beliefs (including "Respect for the Individual" and "The Three Joys"), the Company Principle, and Management Policies. It forms the values shared by all Honda Group companies and all of their associates and serves as the basis for corporate management and business activities as well as associates' behavior and decision-making.

Honda recognizes that the world is facing serious global concerns related to the environment, the depletion of non-renewable energy resources and food supplying shortages. The Company conducts its corporate management and business activities based on the idea of contributing to the challenge of solving these serious problems on a global scale through the continued development and evolution of our business activities.

Honda Global Brand Slogan – The Power of Dreams – expresses that the dreams of each and every one of us working together at Honda have always been the driving force of Honda. Our creative power fueled by our dreams will generate the value which we provide customers. Such value we offer will move people, inspire people and become the "power" to support people who take one step closer to their dreams. As the "power" of people who embarked on their dream-filled journeys gains momentum and spreads to the people around them, it will create new connections and realize an expanse of dreams throughout our society.

Honda always believes in the power of such infinite dreams that people pursue all around the world, and we want to be the "power" to help people realize their dreams. With these aspirations for the future, we have added a new tagline – How we move you. – which follows the "The Power of Dreams" in our Global Brand Slogan.

In specific corporate management and business activities, 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, including consideration of the impact on the environment and society, and to contribute to social sustainability by solving social issues.

To put these ideas into practice, Honda must consciously sidestep any notion of trade-off with our pursuit of economic value. Instead, we are committed to intensifying our endeavors guided by the principle of trade-on, aiming to enhance economic value through the pursuit of social value. This strategy paves the way for a fresh path of growth for the Company.

Honda's corporate management and business activities that move people, inspire people, and spread dreams throughout the world contribute to sustainability, and the Company aims to continue to be a company people and society want to exist into the future.

HONDA
The Power of Dreams

How we move you.
CREATE ► TRANSCEND, AUGMENT

Honda Philosophy <https://global.honda/en/about/philosophy/>



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Sustainability Management Structure

Honda is promoting corporate activities grounded in the Honda Philosophy. The Honda Philosophy consists of three components: the Fundamental Beliefs, the Company Principle, and the Management Policies.

Honda's long-term management policies and medium-term management plan are approved and resolved by the Executive Council (chaired by the Director, President, and Representative Executive Officer, and Chief Executive Officer) and the Board of Directors. The Board of Directors is the final supervisory body, covering actions to address sustainability issues, including climate change issues. The Executive Council deliberates in advance on matters to be resolved by the Board of Directors and discusses important management matters within the scope of authority delegated to it by the Board of Directors.

In response to the need to address various risks associated with business activities and to oversee business operations for the sustainable development of society and Honda, Honda has designated knowledge in ESG and Sustainability, including ability in addressing climate change issues, as one of the necessary skills and appointed directors accordingly.

Each Operation and Supervisory Unit and subsidiary formulates and promotes action plans and measures based on the company-wide long-term management policies and medium-term management plan, and important matters are reported and approved at the Executive Council as appropriate. In each area of environment, safety, human resources, human rights, occupational safety and health, quality, and supply chain (purchasing and logistics), conference bodies have been established to promote global management through information sharing and discussions. For important cross-departmental issues such as addressing climate change issues, a cross-departmental task force is formed under the direct supervision of management members to consider and propose action plans and measures as appropriate, and important matters are reported and approved at the Executive Council. Compliance and risk management related to each area are operated by the Company's basic policies for the development of internal control systems. (⇒ p. 123)

So far, policies and initiatives for sustainability issues have been discussed and examined at the Corporate Integration Strategy Meeting, which was set up for the purpose of building consensus on the company-wide direction based on internal and external environmental recognitions and material issues to be addressed as a corporate entity. In addition, the World Environment and Safety Strategy Committee was set up to promote and reinforce efforts in the environmental and safety-related areas.

In FY2024, Honda clarified KGIs (Key Goal Indicators overseen by the Board of Directors) and KPIs (Key Performance Indicators overseen by Executive Council), which are company-wide goals, and upgraded the management operation structure with the aim of achieving corporate operations that can be speedily linked to the value provided. Under the new structure, Operations and Supervisory Units and subsidiaries, as well as cross-departmental task force, consider and propose action plans and measures as appropriate, and important matters are reported and approved at the Executive Council. As a result of this upgrading, the Corporate Integration Strategy Meeting and the World Environment and Safety Strategy Committee, which had been held basically once a year, have been dissolved.

The Board of Directors and the Executive Council regularly monitor the progress of KGIs for which the Board of Directors is responsible for supervision and KPIs for which the Executive Council is responsible for execution, thereby reinforcing management governance. Please refer to Item 6 B. "Compensation." in the Form-20F for details of the executive remuneration system linked to financial and non-financial indicators.

Form-20F https://global.honda/en/investors/library/form20_f.html

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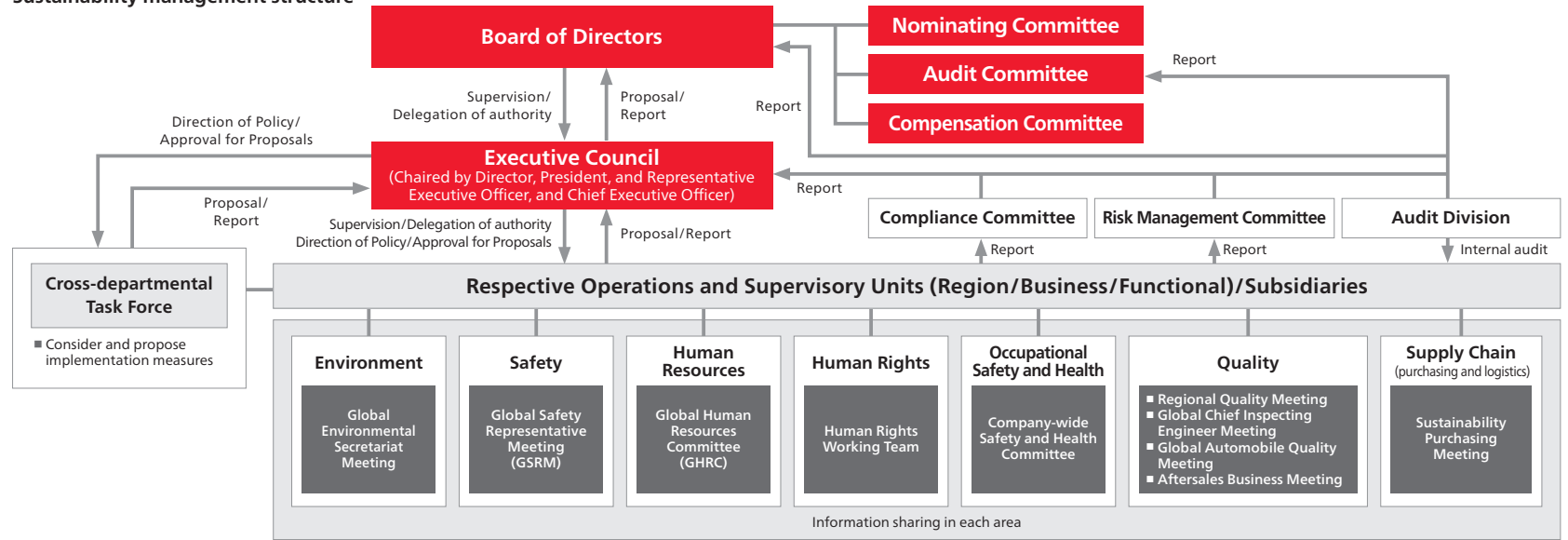
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Sustainability Management Structure

Sustainability management structure



Overview of sustainability-related meetings

Area	Meeting structure	Details
Environment	Global Environmental Secretariat Meeting	Share the Group's latest policies on initiatives in light of international trends and management discussions, and discuss global issues to achieve medium- and long-term targets
Safety	Global Safety Representative Meeting (GSRM)	Discuss inter-regional safety issues, including sharing details of the promotion toward the new safety goals and discussing how to strengthen efforts to achieve zero traffic collision fatalities
Human Resources	Global Human Resources Committee (GHRC)	HR managers from around the world gather to discuss HR issues specific to each region, to develop global HR strategy and its deployment across the Company
Human Rights	Human Rights Working Team	Working to strengthen the initiatives and encourage associates to take appropriate action through human rights due diligence measures, including assessments for Honda Group domestic and overseas business sites and suppliers, as well as awareness-raising activities
Occupational Safety and Health	Company-wide Safety and Health Committee	Under the safety principle of "No safety, no production," direct the development and implementation of company-wide policies on safety and health, and strengthen governance in the area of safety and health
Quality	Motorcycle/Power products	Regional Quality Meeting
	Automobile	Global Chief Inspecting Engineer Meeting
		Global Automobile Quality Meeting
Aftersales business	Motorcycle	Share policies and measures globally between headquarters and regional managers, with the aim to set as global benchmark levels to enable the provision of higher-quality services on-site
	Automobile	
	Power products	
Supply Chain (purchasing and logistics)	Sustainability Purchasing Meeting	To strengthen low-carbon initiatives and human rights and compliance efforts throughout the global supply chain, discuss and coordinate policies and means of achieving globally unified measures among working-level staff from each region

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Stakeholder Engagement

Basic Approach

To be a company society wants to exist, Honda needs to put into practice the communication cycle. This means to: 1) appropriately and accurately convey to society the value that it seeks to provide; 2) grasp and understand the demands and expectations of diverse stakeholders toward Honda; 3) translate these into concrete measures and implement them; and 4) listen to stakeholders' evaluations of its activities.

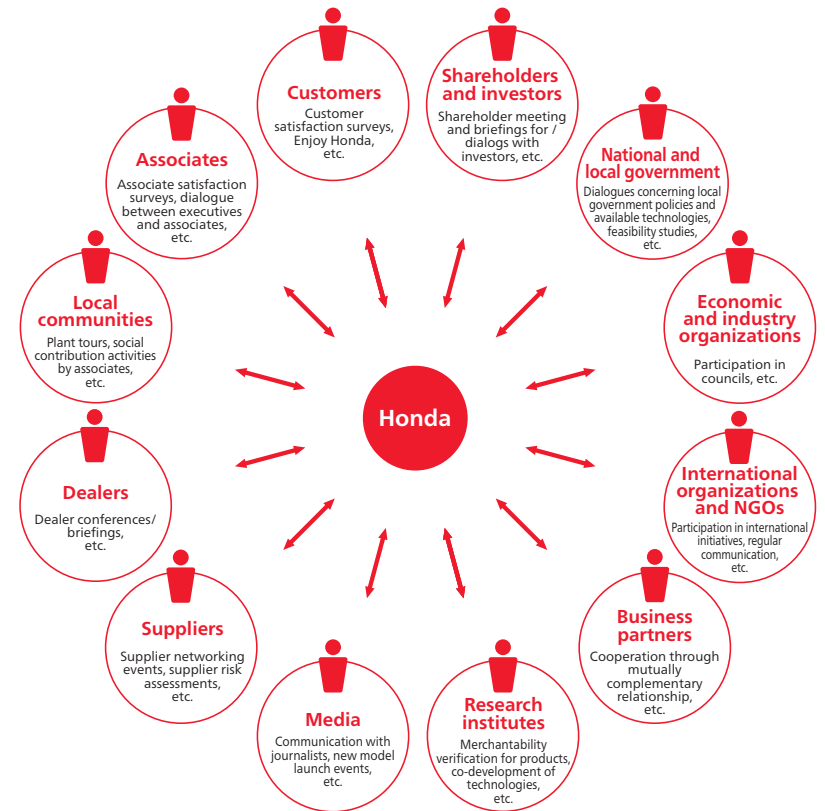
Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that dialogue with stakeholders is a beneficial tool that 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 (who are either impacted by Honda's business activities or whose activities impact Honda's business activities) as shown in the diagram at the right and respective divisions within Honda.

For example, in engagements with shareholders and investors, Honda holds dialogues to help them better understand the Company through shareholder relations and investor relations.

In addition, opinions gained from dialogues with leading ESG rating organizations and NGOs are used to consider corporate activities that Honda should undertake.

Stakeholder engagement





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Examples of initiatives in FY2024

Stakeholder	Key means of dialogue	Overview	Frequency	Point of contact	Reference		
Customers	Customer satisfaction survey	To ensure customer satisfaction worldwide, we conduct a customer satisfaction survey for customers who have received service at a dealer around the world and engage in improvement activities to provide high-quality service operations.	Annually	Customer-related divisions	→ p. 64		
Shareholders and investors	Financial results meeting	We hold web conferences with simultaneous interpretation for investors and analysts in Japan and overseas on the overview of our financial results and various initiatives. For those unable to attend meetings due to time differences or other reasons, the minutes are posted on the website in both Japanese and English.	4 times/year	Finance Division	https://global.honda/en/investors/		
	Dialogue through 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 valuable feedback we receive to further enhance 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 QCDD [®] . 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	Purchasing Division	→ p. 114		
	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				
	ESG inspection of suppliers	We conduct an ESG inspection for key suppliers to confirm the status of their initiatives to prevent compliance violations and risks related to human rights, and to reduce our environmental impact in accordance with the Honda Supplier Sustainability Guidelines. (→ p. 101) If a problem is likely to occur or has occurred in this process, we communicate with suppliers and implement activities for improvement.	Annually			→ p. 106	
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	Government and Industry Relations Division			
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	Sustainability Planning Division			
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	Traffic Safety Promotion Operations	→ p. 37		
	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			→ p. 42	
	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 429 times on various beaches across Japan, and the cumulative total of beach trash collected by the project amounts to 542 tons.				Divisions in charge of promoting social contribution activities	https://global.honda/en/philanthropy/index.html
	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 Space Conservation District.	Year round				
National and local governments	Support for disaster affected areas	Considering the current status of society-wide efforts toward recovery from the Noto Peninsula earthquake that occurred in January 2024, we have provided 35 million yen in relief funds. We have also offered to provide 15-million-yen worth of supplies, including generators and high-pressure cleaners.		Divisions in charge of promoting social contribution activities, others			
Associates	Measurement of associates' engagement	We measure the level of associates' engagement and take initiatives according to the results for creating a more comfortable and conducive work environment.	Annually	Human Resources Division	→ p. 89		

* 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 in the international motorcycle industry body, the International Motorcycle Manufacturers Association (IMMA). 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).

Honda has delegated the 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 FY2021, ¥25 million in FY2022 and ¥25 million in FY2023. Honda has confirmed that these expenditures do not infringe on the Honda Guidelines for the Prevention of Bribery and Corruption.

Appropriate Advertising and Publicity

To continue to live up to the trust and expectations of customers and society, Honda engages in advertising, publicity, and sales promotion activities in good faith, avoiding misleading expressions and explanations about products and product characteristics, and refraining from exaggerated advertising.

When expressing or explaining the superiority of Honda products or services over those of other competitors, Honda will not make exaggerated advertising without rational and objective evidence, in accordance with applicable laws and regulations, when promoting Honda products and sales activities so as not to mislead our 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 mobility 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. The Company will contribute to the achievement of the SDGs through its corporate activities.

Initiatives by priority issue

Priority issues	Honda's initiatives	SDGs Goals supported by Honda	
Environment	Initiatives for carbon neutrality (→ p. 19) Clean energy initiatives (→ p. 23) Logistics initiatives (→ p. 108) Initiatives to achieve carbon neutrality with suppliers (→ p. 103)	With a view to leading the way in realizing a carbon-free society, Honda undertakes corporate activities while considering all processes from the procurement 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.	
	Advancing powertrain electrification	Advancing powertrain electrification (→ p. 19)	
	Preservation of clean air	Preservation of clean air (→ p. 32)	
	Utilizing resources efficiently and waste management	Resource circulation initiatives (→ p. 24) Waste management initiatives (→ p. 25)	
	Conserving water resources	Water resources initiatives (→ p. 25)	
	Biodiversity conservation	Biodiversity conservation initiatives (→ p. 28)	
	Managing chemical substances and preventing pollution	Management and reduction of chemical substances (→ p. 33)	

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Initiatives by priority issue

Priority issues	Honda's initiatives	SDGs Goals supported by Honda
<p>Safety</p> <p>Significantly reducing traffic fatalities</p>	<p>To realize a zero traffic collision society (→ p. 37)</p>	
<p>Human resources</p> <p>Developing and securing excellent human resources, Expanding diversity</p>	<p>Promoting diversity to maximize corporate comprehensive strength (→ p. 76) Diversity-related initiatives (→ p. 79)</p>	
<p>Human rights</p> <p>Respecting human rights</p>	<p>Human rights (→ p. 66) Human rights policy (→ p. 67)</p>	
<p>Social</p> <p>Occupational safety</p> <p>Ensuring occupational safety and health</p>	<p>Occupational safety and health (→ p. 90)</p>	
<p>Customers</p>	<p>Improving product quality</p> <p>Aiming to bring reassurance and satisfaction to customers (→ p. 50)</p>	
	<p>Eliminating the mobility divide</p> <p>Honda's Sustainability (→ p. 04)</p>	



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Honda's Initiatives and the SDGs

Initiatives by priority issue

Priority issues	Honda's initiatives	SDGs Goals supported by Honda	
Governance and Economy	<p>Deploying total supply chain sustainability initiatives</p> <p>Strengthening supply chain sustainability (→ p. 99) Initiatives to achieve carbon neutrality with suppliers (→ p. 103)</p>	<p>Together with suppliers around the world, Honda is making efforts throughout the supply chain to realize a sustainable society while taking into account the environment, safety, human rights, compliance and social responsibilities. In doing so, Honda has formulated the Honda Green Purchasing Guidelines and Honda Supplier Sustainability Guideline and has been confirming adherence based on these guidelines. Honda has initiated an ESG survey on suppliers having significant influences on the Company and will expand application of the survey in collaboration with overseas purchasing sites.</p>	
	<p>Utilizing management resources efficiently</p> <p>Honda's sustainability (→ p. 04)</p>	<p>Understanding opportunities and responsibilities in the value chain is essential in identifying, among a number of social issues, Honda's priority issues in management. Honda aims to create new value by considering how to transform and evolve the value of existing businesses in step with the rapidly changing social expectations and customer needs from the two perspectives of forecasting and backcasting.</p>	
	<p>Strengthening corporate governance</p> <p>Corporate governance (→ p. 123)</p>	<p>Honda seeks sustainable growth and the enhancement of corporate value over the medium to long term and strives to be a company society wants to exist. Honda strives to enhance corporate governance as one of the most important tasks for its management. At the same time, it will continue to work for ensuring the transparency of its management through appropriate disclosure of corporate information to further bolster trust and appreciation from society.</p>	
	<p>Contributing to the economic development of developing countries</p> <p>Honda's sustainability (→ p. 04)</p>	<p>Honda aims to enrich people's lives by providing more efficient means of mobility and greater opportunities for business or learning. In expanding business overseas, Honda has evolved its business model from exporting finished products to local production and then to local development, thereby strengthening production and development functions in emerging countries. Honda aims to contribute to each region through employment and OJT-based education.</p>	

Honda's Initiatives and the SDGs <https://global.honda/en/sustainability/sdgs.html>

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Selected as a Component of the Dow Jones Sustainability World Index

In December 2023, Honda was selected for the seventh consecutive year as a component of the Dow Jones Sustainability World Index after being ranked within the top four 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 ninth 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.



Selected as a "Top 10%" company in S&P Global's Sustainability Yearbook - 2024 Rankings

Honda has been recognized as a "Top 10%" company in the 2024 Sustainability Yearbook by S&P Global Inc. S&P Global evaluates companies on economic, environmental, and social aspects, and selects the most outstanding companies with advanced sustainability performance for inclusion in the Sustainability Yearbook.

In 2024, S&P Global evaluated over 9,400 companies across 62 sectors worldwide and selected 759 companies.

In the automobile sector, Honda was one of just two companies chosen as a "Top 10%" enterprise, with one company selected as "Top 1%" and two selected as "Top 5%."



Selected as a "A-List" company in the category of climate change, the highest rating in CDP's Environmental Information Disclosure

In February 2024, Honda was selected by CDP, an international non-profit environmental information disclosure organization, as a "A-List" company in the area of climate change for 2023, the highest rating in recognition of its efforts in the area of climate change and the transparency of its information disclosure.

Each company discloses environmental information in accordance with the CDP's questionnaire on the three categories of climate change, forests, and water security. CDP evaluates the information disclosed by companies on an eight-point scale from A to D-, and recognizes companies with particularly outstanding efforts as "A-list" companies.

Honda received B rating in the category of water security and C rating in the category of forestry (cattle products and timber), which were announced at the same time.

