

Governance | Corporate Governance

Basic Approach

Enhancing Corporate Governance to Become “A Company People and Society Want to Exist”

As a key task for management, Honda strives to enhance its corporate governance based on the Company's basic principle to strengthen the trust of its shareholders/investors, customers and society; encourage timely, decisive and risk-considered decision-making; seek sustainable growth and enhance corporate value over the medium- to long-term; and become “a company people and society want to exist.”

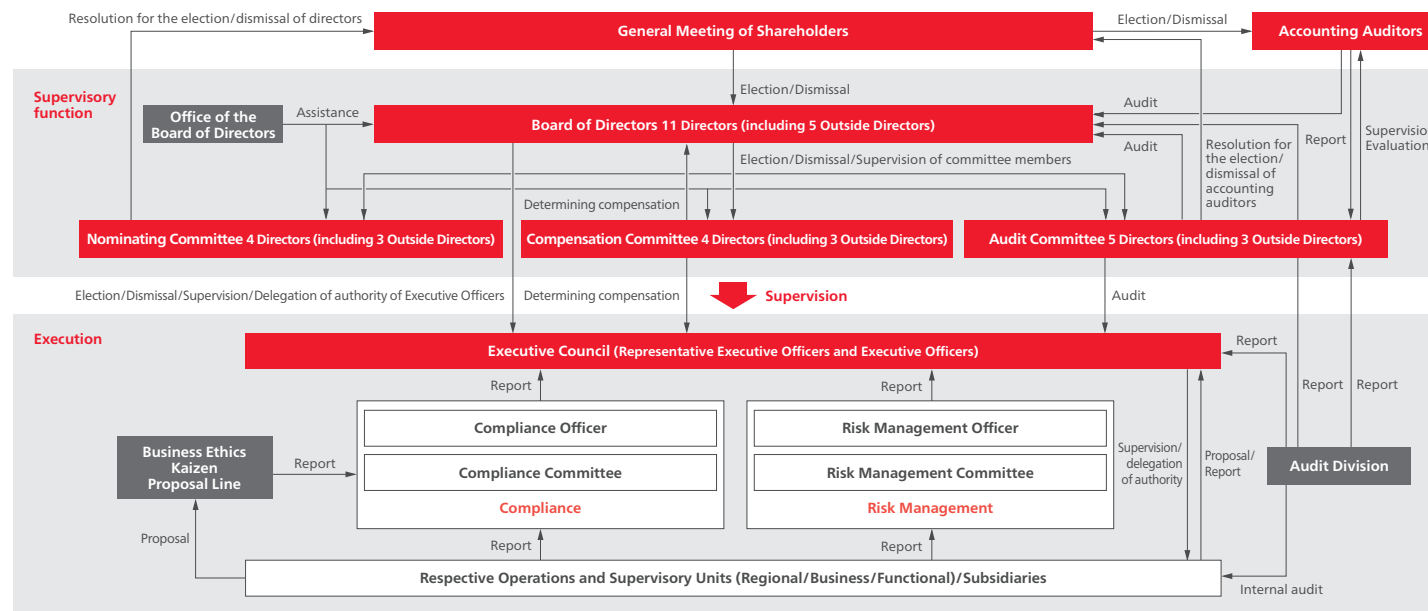
To clearly segregate the supervisory and execution functions of management, strengthen the supervisory function and enable prompt and flexible decisions, Honda has created a Nominating Committee, Compensation Committee and Audit Committee, each of which is composed of over 50% Outside Directors. Honda has also adopted a “company with three committees” structure, which allows the

broad delegation of the business execution authority from the Board of Directors to the Executive Officers.

Honda is making efforts to appropriately disclose corporate information including the release and disclosure of quarterly financial results and management policies in a timely and accurate manner to bolster the trust and appreciation of shareholders/investors, customers and society. Going forward, Honda will continue to strive to ensure the transparency of its management.

WEB “Honda Corporate Governance Basic Policies” “Corporate Governance Report”
<https://global.honda/en/investors/policy/governance.html>

Corporate Governance Structure (as of June 21, 2023)



Decision-Making for Executing Business Matters

Adopting a Company with Three Committees System

Honda has adopted a “company with three committees” system to delegate the decision-making authority of the Board of Directors to execute important business matters to the Executive Officers in accordance with the provisions of the Company’s Articles of Incorporation and resolutions approved by the Board. This system enables quick decision-making and prompt business execution while clearly separating the functions of management supervision and business execution so that the Board is focused on overseeing business execution.

The Board of Directors has established criteria for deliberation and has delegated some of its authority to the Executive Council, which, in turn, delegates some of its authority to the Business Operating Board.

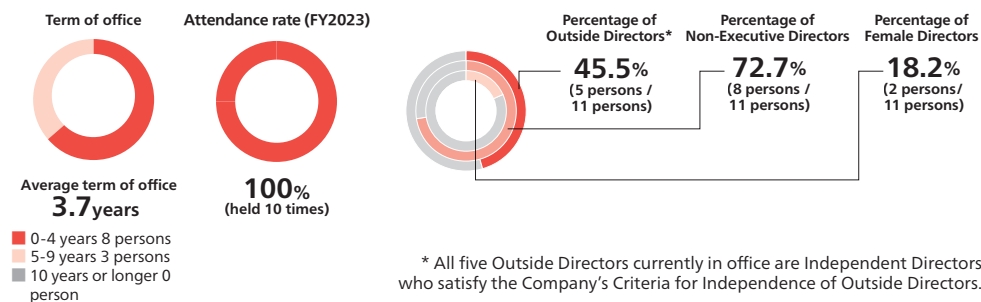
The Executive Council conducts preliminary deliberations on matters to be resolved by the Board of Directors and deliberates on important management matters within the scope of the authority delegated by the Board of Directors. The Business Operating Board deliberates important management matters in each area within the scope of the authority delegated by the Executive Council.

Board of Directors

The Board of Directors is comprised of six Directors and five Outside Directors.

To respond to the mandate of the shareholders to achieve sustainable growth and enhance the corporate value of the Company over the medium- to long-term, the duties of the Board of Directors include making decisions concerning key Company matters, such as its basic management policies, and the monitoring of operations by Directors and Executive Officers. Additionally, the Board of Directors discusses and makes decisions concerning matters specified in the regulations of the Board of Directors as well as matters set forth in the Articles of Incorporation and applicable laws. All other matters are delegated to the Representative Executive Officers or Executive Officers.

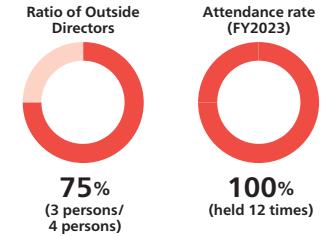
To fulfill the above roles, the candidates for Director, regardless of gender, nationality, or other personal attributes, shall be persons of superior character and insight who are experts in company management, laws, politics, accounting, education, or the Company’s business. The Nominating Committee shall consider the balance of gender, nationality, knowledge and related experience among the candidates.



Nominating Committee

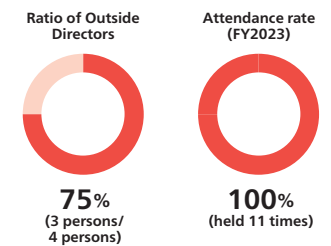
The Nominating Committee determines the content of the proposals for the appointment or removal of Directors to be submitted to the general shareholders’ meeting and performs other duties prescribed by laws and regulations and the Articles of Incorporation. The Nominating Committee is composed of four Directors, including three Outside Directors.

The Chairperson of the Nominating Committee is selected from among the Independent Directors.



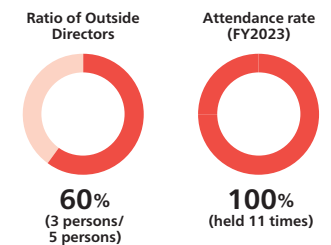
Compensation Committee

The Compensation Committee makes determinations regarding the details of compensation for each Director and Executive Officer and carries out other duties as prescribed by laws and regulations and the Articles of Incorporation. The Compensation Committee is composed of one Director and three Outside Directors. The chairperson is selected from among the Independent Directors.














Audit Committee

To respond to the mandate of the shareholders, the Audit Committee conducts audits of the execution of duties by the Directors and Executive Officers and performs other duties as prescribed by laws and regulations and the Articles of Incorporation to ensure the sound and sustainable growth of the Honda Group. The Audit Committee is composed of two Inside Directors and three Outside Directors. The Chairperson of the Audit Committee is selected from among Independent Directors. To ensure the effectiveness of the audit, full-time member(s) of the Audit Committee are elected by resolutions of the Board of Directors.



Governance | Corporate Governance

Board and Committee Members

Name	Term of office	Position	Responsibilities	Attendance in FY2023 (Attendance/Number of times held)				Skills							
				Board of Directors	Nominating Committee	Audit Committee	Compensation Committee	Corporate management	Internationality	Industrial experience	New business strategies	HR	Accounting & finance	Legal & risk management	ESG & sustainability
 Seiji Kuraishi	8 years (total)	Chairman and Director	Chairman of the Board of Directors	10/10 100%	-	-	-	●	●	●		●		●	●
 Toshihiro Mibe	3 years	Director President and Representative Executive Officer	Member of the Nominating Committee Chief Executive Officer	10/10 100%	12/12 100%	-	-	●	●	●	●	●		●	●
 Shinji Aoyama	5 years (total)	Director Executive Vice President and Representative Executive Officer	Member of the Compensation Committee Chief Operating Officer Risk Management Officer In charge of government and industry relations	8/8 100%	-	-	-	●	●	●	●	●		●	●
 Noriya Kaihara	4 years (total)	Director Senior Managing Executive Officer	Chief Officer for Regional Operations (North America) President, Chief Executive Officer and Director of American Honda Motor Co., Inc.	-	-	-	-		●	●				●	●
 Asako Suzuki	2 years	Director	Member of the Audit Committee (full-time)	10/10 100%	-	11/11 100%	-		●	●		●	●	●	
 Masafumi Suzuki	6 years	Director	Member of the Audit Committee (full-time)	10/10 100%	-	11/11 100%	-		●	●		●			
 Kunihiko Sakai	4 years	Director	Member of the Nominating Committee Member of the Audit Committee	10/10 100%	12/12 100%	11/11 100%	-		●					●	
 Fumiya Kokubu	3 years	Director	Member of the Nominating Committee (Chairperson) Member of the Compensation Committee	10/10 100%	12/12 100%	-	11/11 100%	●	●		●	●			
 Yoichiro Ogawa	2 years	Director	Member of the Audit Committee (Chairperson) Member of the Compensation Committee	10/10 100%	-	11/11 100%	11/11 100%	●	●			●	●		
 Kazuhiro Higashi	2 years	Director	Member of the Nominating Committee Member of the Compensation Committee (Chairperson)	10/10 100%	12/12 100%	-	11/11 100%	●			●	●	●	●	
 Ryoko Nagata	2 years	Director	Member of the Audit Committee	10/10 100%	-	11/11 100%	-				●	●			●

Reason for Appointment of Outside Directors

Five Outside Directors Having Abundant Experience and Deep Insight

Honda appoints Outside Directors who have abundant experience and deep insight and are capable of overseeing the business management of the Company from an objective, highly sophisticated and broad viewpoint thanks to their independent position outside the Company. The Company has at least two Outside Directors, and at least one third of the members of the Board of Directors are Independent Directors who fulfill the Company's Criteria for the Independence of Outside Directors. All five Outside Directors currently in office satisfy the Criteria for Independence of Outside Directors, and their interests are not in conflict with those of the Company or the shareholders. The five Outside Directors are specified as Independent Directors as prescribed by a provision of the Tokyo Stock Exchange (TSE). The names of these Directors have been submitted to the TSE.

Please see the "Honda Corporate Governance Basic Policies" Annex 1 for Honda's Criteria for the Independence of Outside Directors (Please use the link below.) If any Outside Director also serves as an officer at another listed company, such Director shall only serve at four companies other than the Company so that they can secure sufficient time to perform their duties for the Company.

WEB "Honda Corporate Governance Basic Policies"
<https://global.honda/en/investors/policy/governance.html>

Kunihiko Sakai	Mr. Kunihiko Sakai has high expertise and abundant experience as a legal affairs specialist having served as Public Prosecutor and a lawyer, including posts of Superintending Prosecutor at High Public Prosecutors' Offices from July 2014 to March 2017. He has properly fulfilled his duties as Outside Director who is an Audit and Supervisory Committee Member since June 2019, and as Outside Director and a Member of the Nominating Committee and the Audit Committee since June 2021, by auditing and overseeing the entire business management of the Company from an independent standpoint.
Fumiya Kokubu	Mr. Fumiya Kokubu held positions of President and CEO, and Chairman of the Board of Marubeni Corporation from April 2013, and has abundant experience and deep insight regarding corporate management. He has properly fulfilled his duties as Outside Director since June 2020, and as Outside Director, the Chairperson of the Nominating Committee and a Member of the Compensation Committee since June 2021 by overseeing the entire business management of the Company from an independent standpoint.
Yoichiro Ogawa	Mr. Yoichiro Ogawa has high expertise and abundant experience as an accounting specialist having served as a Certified Public Accountant for many years, including posts of CEO of Deloitte Tohmatsu Group from July 2015 to May 2018. He has properly fulfilled his duties as Outside Director, the Chairperson of the Audit Committee and a Member of the Compensation Committee since June 2021 by auditing and overseeing the entire business management of the Company from an independent standpoint.
Kazuhiro Higashi	Mr. Kazuhiro Higashi held positions of President and Chairman of Resona Holdings, Inc. from April 2013 to June 2022, and has abundant experience and deep insight regarding corporate management. He has properly fulfilled his duties as Outside Director, the Chairperson of the Compensation Committee and a Member of the Nominating Committee since June 2021 by overseeing the entire business management of the Company from an independent standpoint.
Ryoko Nagata	Ms. Ryoko Nagata held positions of Executive Officer and Audit & Supervisory Board Member of Japan Tobacco Inc. from June 2008 to March 2023, and has abundant experience and deep insight regarding corporate management and audit. She has properly fulfilled her duties as Outside Director and a Member of the Audit Committee since June 2021 by auditing and overseeing the entire business management of the Company from an independent standpoint.

Support Systems for Outside Directors

Board of Directors Office Providing Necessary Support as Appropriate

Honda's Board of Directors Office plays a central role in providing the following support to Outside Directors to ensure they can maximize their functions as Outside Directors.

1. Orientation at the time the director assumes this role

Honda provides training in industry trends as well as the Company's history, business, finances, organizations, internal control system and other matters to newly appointed Outside Directors.

2. Preliminary briefing sessions and information-sharing meetings

Preliminary briefing sessions are held for Outside Directors in advance of each Board of Directors' meeting for the following purposes: to ensure that they fully understand the details and background of each agenda item to be submitted to the Board of Directors, its position in the medium- to long-term management plan, and other relevant information, and to ensure that the Board of Directors holds substantial deliberations. Honda also provides opportunities for information-sharing and discussion among Directors on important matters, such as the status of companywide risk management and the progress of the medium-term management plan, as appropriate.

3. Opinion exchange meetings on matters of management concern

Honda holds opinion exchange meetings for Directors regarding matters of concern to management. These meetings aim to share with Outside Directors an awareness of the Honda Group's long-term challenges and directions to be pursued and to deepen their understanding of management initiatives. Such meetings are also intended to utilize the knowledge of Outside Directors in discussing future management policies.

4. Dialogue with Executive Officers/dialogue among Outside Directors

To facilitate forthright communication among Directors, Honda provides opportunities for dialogue between Outside Directors and Executive Officers or Directors, as well as dialogue among Outside Directors as needed.

5. Inspection visits to business sites

Honda arranges inspection visits to its plants and other business sites as necessary to promote the Outside Directors' understanding of the Company's business.



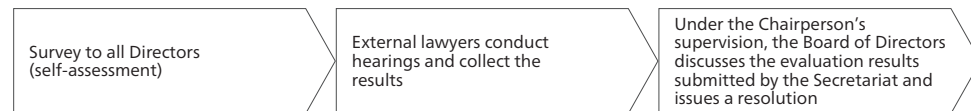
Inspection of the Saitama Factory's assembly plant

Evaluation of the Effectiveness of the Board of Directors

Conducting Questionnaire and Interviews in Each Fiscal Year to Increase Effectiveness

Each fiscal year, the Company evaluates the overall effectiveness of the Board of Directors to confirm the current status of the Board's functions and with the aim of further improving its effectiveness and promoting understanding among shareholders and stakeholders.

Evaluation Process



Evaluation Results

	Tasks for FY2022	Main initiatives for FY2023
Composition	Continued examination of the composition of the Board of Directors for further functional enhancement	Discussing the need for formulating, disclosing and revising the skill matrix in the Nominating Committee
Shared information	Further enhancement of timely information sharing and opportunities for business site visits for Outside Directors	<ul style="list-style-type: none"> Additional information sharing matters for Outside Directors Enhancement of opportunities for Outside Directors to visit business sites and events
Agenda items for deliberation, etc.	Further enhance opportunities to share information and exchange opinions about the progress status of the medium-term management plan and the direction of the next term plan	<ul style="list-style-type: none"> Setting up opportunities for information sharing and discussion regarding the direction of the next management plan. Conduct a meeting to exchange views on management-related concerns
Deliberation at meetings	Further revitalization of discussions in the Board of Directors	Update proposals and explanations on the day of the event as appropriate, based on questions and discussions raised at the pre-briefing
Committee	Maintaining and enhancing coordination between committees and the Board of Directors	Report the deliberation status of each committee at the Board of Directors meeting immediately following the committee meeting

Summary of Evaluation Results

The results of the effectiveness evaluation confirmed that the effectiveness of the Board of Directors has been adequately ensured through the following initiatives: setting appropriate items for deliberation and frequency of meetings, providing information to Outside Directors and enhancing opportunities for exchange of opinions, including business site visits, as well as the appropriate operation of the three committees.

Going forward, the Company will further enhance the effectiveness of the monitoring-type Board of Directors by stimulating discussion both within and outside the Board of Directors and by further strengthening cooperation between the Board of Directors and the three committees.

Evaluation for FY2023	Tasks and initiatives for the future
The current composition of the Board of Directors is appropriate.	Further deepening the discussion on the expertise and diversity of future Directors
<ul style="list-style-type: none"> The information provided is substantial. It was meaningful to have ample opportunities for Outside Directors to visit business sites and events, which deepened their understanding of the business and allowed them to experience the corporate culture. 	Provide information and inspection opportunities with a greater focus
<ul style="list-style-type: none"> Discussion items are narrowed down to important matters. Information sharing/opinion exchange opportunities are effective. 	Enhancing Board discussions through effective setup of information sharing/exchange opportunities
<ul style="list-style-type: none"> Active debates are underway. Each Director provides insightful opinions and questions. 	Further revitalization of discussions in the Board of Directors (Continued)
The deliberation status of each committee is being properly reported to the Board of Directors.	Maintaining and enhancing coordination between committees and the Board of Directors (Continued)

Remuneration Structure for Directors and Executive Officers

Remuneration Structure Linked to Medium- to Long-Term Business Performance

The Company views remuneration for Directors and Executive Officers, the key to its corporate governance, as an important driving force in realizing our fundamental beliefs, management policies and aspirations. The Compensation Committee has established the following decision-making policy to encourage appropriate risk-taking and accurately reflect management responsibility to promote speedy reforms and thus achieve our vision amidst a rapidly changing environment.

The Company's remuneration structure for Directors and Executive Officers is designed to motivate associates to contribute to the improvement of the Company's business performance not only over the short-term but also over the medium- to long-term so that the Company can continuously enhance its corporate value. The structure consists of monthly remuneration, a fixed amount paid each month as remuneration for the execution of duties; a short term incentive (STI) based on business performance for the relevant fiscal year; and a long term incentive (LTI) based on medium- to long-term business performance. Monthly remuneration shall be paid as a fixed amount each month based on the remuneration standards decided by the Compensation Committee.

STI shall be determined and paid by the resolution of the Compensation Committee, taking into consideration the business's performance in each fiscal year.

Based on the standards and procedures approved by the Compensation Committee, LTI is based on the business's medium- to long-term performance and paid in the form of Company shares and cash to function as a sound incentive for sustainable growth.

The remuneration paid to Directors - who concurrently serve as Executive Officers - and Executive Officers shall consist of monthly remuneration, STI and LTI. The composition rate shall be determined based on the remuneration standards decided by the Compensation Committee. The composition ratio of variable compensation shall increase according to the responsibilities assumed by the individual.

The remuneration paid to Outside Directors and other Directors who do not concurrently serve as Executive Officers shall consist only of monthly remuneration.

To advance the Company's sustainable growth and enhance its corporate value over the medium- to long- term from shareholders' perspectives, even Directors and Executive Officers who are ineligible for LTI shall acquire the Company's stock by contributing a certain portion of their remuneration to the Officers Shareholding Association.

Throughout their term of office and for one year after their retirement, Directors and Executive Officers shall continuously hold Company stock acquired as an LTI or through the Officers Shareholding Association.

Please see Article 13 of "Honda Corporate Governance Basic Policies" for information on the policy for determining remuneration for Directors. (Please use the link below.)

WEB "Honda Corporate Governance Basic Policies"
<https://global.honda/en/investors/policy/governance.html>

Total Amount of Remuneration by Category

Category of Directors	Total amount of remuneration (millions of yen)	Total amount by type of remuneration (millions of yen)			Number of eligible directors (Number of persons)
		Basic remuneration	Performance-linked remuneration		
			STI (Short Term Incentive)	LTI (Long Term Incentive)	
Directors (excluding Outside Directors)	291	288	-	3	4
Outside Directors	90	90	-	-	5
Executive Officers	794	282	229	283	6
Total	1,175	660	229	286	15

- "Directors" in the table above does not include the three directors who concurrently serve as Executive Officers.
- These amounts indicate the remuneration paid to directors during the fiscal year. The above includes the amount paid to one director who retired at the closing of the 98th Ordinary General Meeting of Shareholders held on June 22, 2022, and the amount paid to one Executive Officer who retired on May 31, 2022.
- The amount of STI for Executive Officers was determined by the Compensation Committee held on June 15, 2023.
- The total amount of LTI is the expenses recorded for stock delivery points granted during the fiscal year in relation to the Directors' remuneration Board Incentive Plan (BIP) trust and falls under non-monetary remuneration.

Remuneration of Accounting Auditors

Determining Remuneration with Prior Approval to Uphold Independence

The Company undergoes accounting audits by KPMG AZSA LLC under the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, the Securities Exchange Act of 1934 (United States) and the Exchange Act of 1933 (United States).

The duration of continuous auditing by KPMG AZSA LLC is 18 years.

This period refers to the period during which KPMG AZSA LLC, the current auditor, has continuously audited the consolidated financial statements and financial statements included in the Company's Securities Report. In addition, KPMG, to which KPMG AZSA LLC belongs as a member firm, has been conducting audits of the Company for U.S. SEC registration purposes since 1962.

A total of 80 staff members at KPMG AZSA LLC have been engaged in the auditing services, including 3 certified public accountants (Masahiko Chino, Isao Kamizuka and Takeshi Kamada), who are responsible for the execution of the accounting audits, and 77 assistant members (24 certified public accountants and 53 other members).

In deciding the remuneration for auditing services by the certified public accountants, etc., the Company consults with the Accounting Auditors and takes into consideration various factors, including the size and characteristics of the Company and the audit schedule. To maintain the independence of the Accounting Auditor, prior approval by the Audit Committee is obtained for the audit remuneration.

Governance | Compliance

Honda Code of Conduct

Formulation and Dissemination of Integrity Guidelines to be Observed by Honda Associates around the World

To earn the trust of customers and society and achieve sustainable growth, we must not only comply with laws and regulations but also practice sincere and ethical conduct.

Recognizing this, Honda has formulated the Honda Code of Conduct, which summarizes the integrity of conduct to be practiced by all Honda associates around the world, and shares it throughout the Group, including subsidiaries in Japan and overseas.

The Company works to instill the Honda Code of Conduct in each and every associate through awareness-raising activities such as distribution of leaflets and posters, publication of in-house newsletters, distributing educational videos and introducing case studies and other information on the intranet, as well as conducting training sessions. The status of these activities is regularly reported to the Compliance Committee after confirmation by each division and subsidiary of the Company. For more information, please see the "Honda Code of Conduct."

WEB **Honda Code of Conduct**
<https://global.honda/en/about/codeofconduct.html>



Honda Code of Conduct



In-house newsletters

Compliance Committee

Establishment and Operation of Committees to Improve the Group's Compliance

To improve compliance in the Honda Group, Honda has established a Compliance Committee, headed by a Compliance Officer designated by the Board of Directors. This Committee is composed of the Compliance Officer as well as Executive Officers and other Executives who are appointed by the Executive Council. The Committee determines important measures for the internal control system, including the formulation and revision of compliance policies, checks the status of the development and operation of the internal control system, supervises the proper operation of the Business Ethics Kaizen Proposal Line and decides measures to prevent recurrences of serious compliance-related matters when they arise. When a particularly important compliance-related matter arises, it will be deliberated or reported at a meeting of the Executive Council or the Board of Directors, depending on the nature of the matter.

The Compliance Committee met five times (four regular meetings and one extraordinary meeting) in FY2023 to report on the status of development and operation of internal control systems as well as the operation status of the Business Ethics Kaizen Proposal Line, among other things. There were no major violations of laws or regulations in FY2023.

Business Ethics Kaizen Proposal Line

Establishment and Operation of a Consultation Desk that Provides Consultation from a Fair and Neutral Standpoint

Honda established the Business Ethics Kaizen Proposal Line as a structure for improving corporate ethics issues. This hotline accepts proposals and provides consultation from a fair and neutral standpoint, for any violations of laws/regulations or internal rules in the workplace, and issues that are difficult for associates to remedy or resolve in the workplace for some reason, such as difficulties in consulting with their superiors.

Furthermore, in addition to cases of a clear violation of laws/regulations or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable cases have occurred and engages in fact checking related to such cases. Proposals are accepted by email, letter, telephone or fax from all subsidiaries and suppliers in Japan and overseas, as well as from the parent company. This hotline ensures protection of the Kaizen proposers and accepts also anonymous proposals.

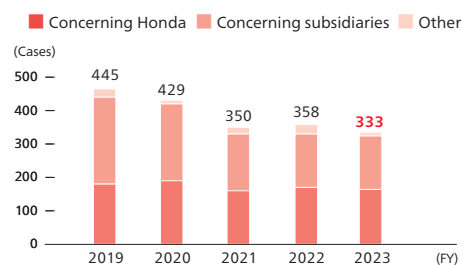
Moreover, the Company established a point of contact within an external law office to facilitate associates to submit proposals. As for overseas, local points of contact have been established in all Regional Operations, while some subsidiaries set up their own points of contact.

In FY2023, 333 proposals and consultations were handled by the Business Ethics Kaizen Proposal Line (including points of contact outside the Company). Among these, 164 concerned the parent company, 160 concerned subsidiaries and 9 concerned other matters.

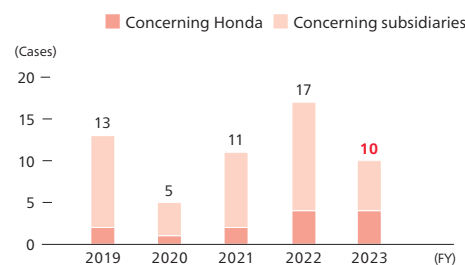
Following investigations of the proposals and consultations submitted, disciplinary action was taken in four cases in the parent company and six cases in subsidiaries in FY2023. There was no case involving the Company that resulted in punitive dismissal. None of the cases involved violations of the Honda Policy on the Prevention of Bribery.

In order to raise internal awareness of the points of contact, Honda provides notice on its intranet, distributes information cards to all associates, including fixed-term associates and temporary workers, and displays information posters in each workplace. These tools clearly state that the Kaizen proposers are protected. In addition, Honda observes how well these points of contact are recognized through an annual associate vitality survey for all associates. For departments found in these surveys to have low recognition of the points of contact, the Company makes additional efforts to increase their awareness.

Proposals and Consultations with the Business Ethics Kaizen Proposal Line (including External Contacts)



Number of Disciplinary Actions Taken as a Result of Investigating Cases Proposed to the Office



Initiatives to Prevent Bribery and Corruption

Developing and Disseminating Anti-Bribery Policies to Ensure the Soundness of Corporate Activities

Honda prohibits bribery and corruption.

The Honda Code of Conduct requires that the Company complies with laws and regulations, and states that “as an independent corporate entity, Honda maintains appropriate relationships with political entities (political organizations and politicians) and administrative entities (governmental agencies and government officials)” and “will interact with political and administrative entities in an appropriate manner in compliance with laws, regulations and company policies and will not offer politicians or government officials entertainment or gifts (both monetary and non-monetary) that are prohibited by laws, regulations and company policies.” Moreover, the Code stipulates that the associates “will not receive from or provide to business partners benefits in the form of goods (both monetary and non-monetary) or entertainment beyond what is generally considered appropriate by society.”

In addition to the above, the Company also established the Honda Policy on the Prevention of Bribery and Corruption, which stipulates basic policy about bribery and corruption, and the Honda Guideline for the Prevention of Bribery and Corruption, which stipulates specific compliance items and prohibited items. These are posted on the intranet for Honda associates along with related educational content.

Honda strives to further reduce the risk of bribery and corruption by educating all associates on the bribery and corruption prevention through awareness-raising activities in accordance with the Honda Code of Conduct, and by providing training to personnel stationed overseas and newly appointed managers based on their positions and roles. Regarding its subsidiaries, Honda has launched training programs, matched to conditions in each company, aimed at raising awareness.

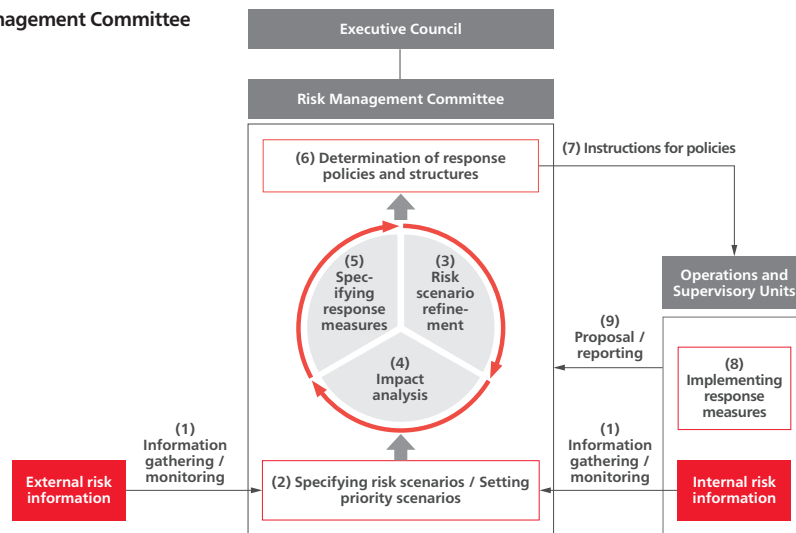
Governance | Risk Management

Risk Management Committee

Responding Flexibly to the Complexity and Uncertainty of Risks

The business environment has undergone drastic changes in recent years in all business categories. Accordingly, the complexity and uncertainty of risks are rising, which requires effective risk management activities. Honda set up the Risk Management Committee chaired by a company-wide Risk Management Officer (RMO), to identify, discuss and monitor important risks from a holistic perspective. The Risk Management Committee not only identifies internal risks but also gathers and monitors information on external risk trends associated with changes in the external environment. The Committee uses internal and external information to ascertain specific risk scenarios and conduct impact analyses in relation to Honda's business strategies. Based on this objective risk analysis, management members engage in discussions to determine the response policies and structures for the company-wide risks that Honda should address that are consistent with its management strategies. Of these, risks that are particularly important in terms of business strategy are designated as company-wide priority risks, and the status of response to these risks is regularly checked and discussed. The discussions and monitoring activities of the Risk Management Committee are reported to the Executive Council in a timely and appropriate manner.

Risk Management Committee



Company-Wide Priority Risks

Identifying Company-Wide Priority Risks and Addressing them in the Lead Department

In FY2023, Honda also identified company-wide priority risks, which have been addressed mainly by the responsible departments. In the meantime, the status of progress has been confirmed and discussed by the Risk Management Committee.

Company-wide priority risk items	Risk perspectives
Geopolitical risk	Stoppages or delays of corporate activities due to the strengthening of economic security policies and human rights laws and regulations, or the conflicts between nations or regional conflicts
Purchasing and procurement risk	Stoppages or delays of production activities due to difficulties in receiving parts supplies from suppliers or increases in the prices of raw materials and parts, etc.
Information security risk	Suspension of important operations/services due to cyberattacks and other incidents, leakage of confidential or personal information
Business alliances and joint ventures risk	Disagreements among partners regarding business, leakage of profit or technology, delays in decision-making
Environmental risk	Costs incurred in response to climate change regulations and fuel consumption and emissions regulations in various countries
Intellectual property risk	Infringement of Honda's intellectual property rights or payment of expensive compensation or licensing fees
Natural disaster risk	Stoppages or delays of corporate activities due to natural disasters (earthquakes, floods, etc.) or spread of infectious diseases
Financial and economic risk	Business impact from economic trends, economic fluctuations, or currency fluctuations
Risk related to brand image	Business impact associated with damage to brand image

Risk Assessment Activities

Foreseeing the Potential Risks to Honda's Business and Responding Pre-Emptively

Honda globally carries out risk assessment activities.

The purpose of these activities is to foresee the potential risks to Honda's business and respond pre-emptively to minimize these risks.

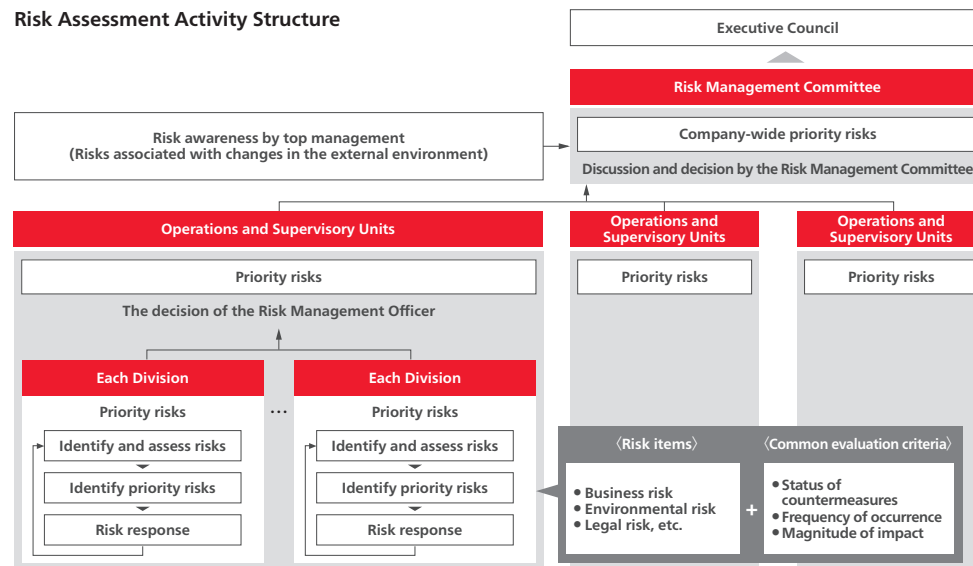
Each department performs an annual risk evaluation using the Group's common risk items and evaluation criteria to identify the divisional priority risks.

Each of the Operations and Supervisory Units carries out repeated discussions based on the results of the risk assessments of each department. They then identify and respond to priority risks of the Operations and Supervisory Units based on the judgment of Risk Management Officer of the Operations and Supervisory Units.

Additionally, the status of priority risks of the Operations and Supervisory Units based on the risk awareness of the Operations and Supervisory Units is reported to the Risk Management Committee. Internal and external risk trends are then considered in order to identify and respond to company-wide priority risks.

Through these efforts, Honda aims to firmly establish risk management activities within each Operations and Supervisory Unit, reduce the risk faced by the entire Group and raise the risk awareness of every associate.

Risk Assessment Activity Structure



Crisis Response

Monitoring, Reporting and Quickly Responding to Signs of Crisis

Honda carries out risk-sensing activities to monitor and report on signs of a crisis. While collecting a wide range of crisis information that may have an impact on Honda, the Company is also establishing an information coordination system in case a crisis becomes apparent.

When a crisis occurs, the Company establishes a Global Emergency Headquarters proportionate to the anticipated magnitude of the crisis's impact to manage the crisis response. In this way, Honda creates a structure to prevent the crisis from spreading and to quickly bring the situation under control.

Through its initiatives and experience, Honda's Global Emergency Headquarters is working to strengthen its functions to better cope with future events.

Honda regularly holds Emergency Headquarters drills to verify its crisis response capabilities while also promoting information coordination with each response team in our daily operations. Honda has held drills to simulate responses to an earthquake directly under the Tokyo metropolitan area and the Nankai Trough earthquake. The Company has also reaffirmed (confirming cooperation between groups) how to respond to a crisis occurring at multiple bases, as well as basic actions in its crisis response.

Also, concerning disaster drills, besides ensuring the safety of human life and procedures to account for its associates, Honda continuously holds training on procedures from a Business Continuity Planning (BCP) viewpoint to share information and identify the impact of a crisis on business at an earlier stage.

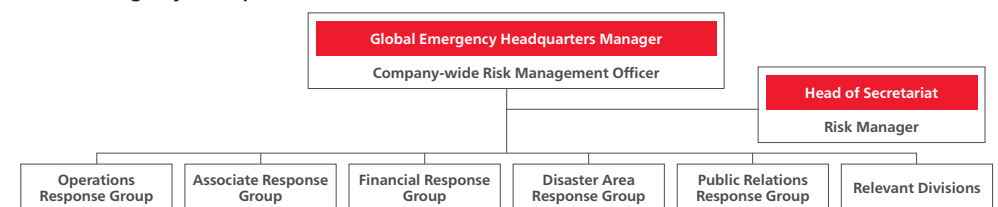
As a recent example of its crisis response, to counter COVID-19, Honda launched a Global Emergency Headquarters. The Company promotes companywide, cross-sectional responses and strengthens functions by reflecting on these responses.

In terms of COVID-19 status, the resumption of socio-economic activities is accelerating and the normalization of production, development, purchasing, sales and other corporate activities is also underway at Honda.

Going forward, Honda will continue to strengthen our business foundation in areas such as production, development, procurement and sales. In the event of a resurgence of infections, we will prioritize the safety of stakeholders, including our customers, business partners and associates and take measures to minimize the negative impact on our business and performance from a business continuity perspective.

Additionally, Honda is actively promoting company-wide, cross-sectional measures in collaboration with our suppliers to minimize the impact of the semiconductor supply issue.

Global Emergency Headquarters Structure



Information Management

Protection of Information Assets, Including Confidential and Personal Information, throughout the Group

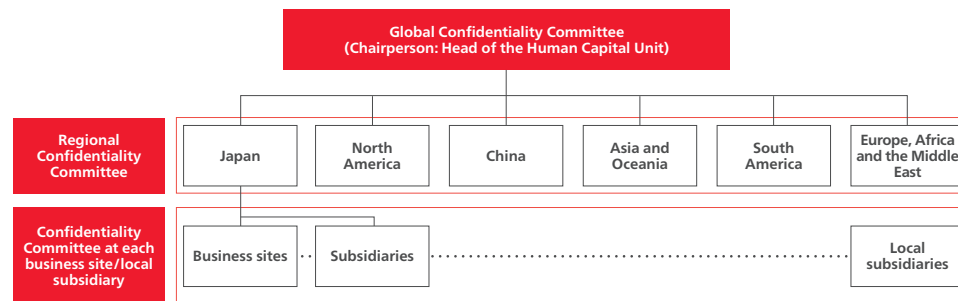
To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy and the Global IT Security Policy, the scope of which extends to Group subsidiaries. These policies stipulate the adoption of a systematic response structure, the use of global compliance items when handling confidential information and personal information and the implementation of security standards for information systems and networks. They also specify the line of reporting in the event of an information leak.

As part of its efforts to effectively implement these policies, Honda has set up the Global Confidentiality Committee, chaired by the Head of the Human Capital Unit, to ensure timely responses to changes in information flows and other issues.

The Global Confidentiality Committee determines globally common medium-term policies and an annual activity plan. Based on this plan, each Regional Confidentiality Committee takes the lead in promoting activities to safely handle information obtained through Honda's corporate activities, including personal information and confidential information.

Besides continuously strengthening its activities to ensure information security against cyberattacks, which are becoming increasingly sophisticated and complex, the Company performs daily monitoring while establishing systems capable of immediately responding to events that must be addressed.

Global Emergency Headquarters Structure



Governance | Directors and Executive Officers

Directors (as of June 21, 2023)

 <p>Chairman and Representative Executive Officer Seiji Kuraishi</p> <ul style="list-style-type: none"> Chairman of the Board of Directors 	<p>Apr. 1982 Joined Honda Motor Co., Ltd. Jun. 2010 Director Apr. 2011 Operating Officer and Director Jun. 2011 Operating Officer (resigned from position as Director) Nov. 2013 President of Honda Motor (China) Technology Co., Ltd. Apr. 2014 Managing Officer of the Company Apr. 2016 Senior Managing Officer Jun. 2016 Executive Vice President, Executive Officer and Representative Director Jun. 2016 Risk Management Officer Jun. 2016 Corporate Brand Officer</p>	<p>Apr. 2017 Chief Operating Officer Apr. 2017 In Charge of Strategy, Business Operations and Regional Operations Jun. 2017 Executive Vice President and Representative Director Apr. 2019 Director in Charge of Strategy, Business Operations and Regional Operations Apr. 2019 Chief Officer for Automobile Operations Jun. 2021 Director, Executive Vice President and Representative Executive Officer Jun. 2021 Compensation Committee Member Apr. 2022 Chairman and Director (present) Apr. 2022 Chairman of the Board of Directors (present)</p>	 <p>Director Masafumi Suzuki</p> <ul style="list-style-type: none"> Full-time Audit Committee Member 	<p>Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager of Regional Operation Planning Office for Regional Operations (Europe, CIS, the Middle & Near East and Africa) Apr. 2013 General Manager of Accounting Division for Business Management Operations</p>	<p>Jun. 2017 Director (Full-time Audit and Supervisory Committee Member) Jun. 2021 Director (present) Jun. 2021 Full-time Audit Committee Member (present)</p>
	<p>Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2014 Operating Officer Apr. 2014 Executive in Charge of Powertrain Business for Automobile Operations Apr. 2014 Head of Powertrain Production Supervisory Unit of Automobile Production for Automobile Operations Apr. 2015 Executive in Charge of Powertrain Business and Drivetrain Business for Automobile Operations Apr. 2015 Head of Drivetrain Business Unit in Automobile Production for Automobile Operations Apr. 2016 Senior Managing Officer and Director of Honda R&D Co., Ltd. Apr. 2018 Managing Officer of the Company Apr. 2018 Executive Vice President and Director of Honda R&D Co., Ltd. Apr. 2019 President and Representative Director of Honda R&D Co., Ltd.</p>	<p>Apr. 2019 In Charge of Intellectual Property and Standardization of the Company Apr. 2020 Senior Managing Officer Apr. 2020 In Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT) Apr. 2020 Risk Management Officer Jun. 2020 Senior Managing Director Jun. 2020 Director in Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT) Apr. 2021 President and Representative Director Apr. 2021 Chief Executive Officer (present) Jun. 2021 Director, President and Representative Executive Officer (present) Jun. 2021 Nominating Committee Member (present)</p>		 <p>Director Kunihiko Sakai</p> <ul style="list-style-type: none"> Nominating Committee Member Audit Committee Member 	<p>Apr. 1979 Public Prosecutor of Tokyo District Public Prosecutors' Office Jul. 2014 Superintending Prosecutor of Takamatsu High Public Prosecutors' Office Sep. 2016 Superintending Prosecutor of Hiroshima High Public Prosecutors' Office (resigned in March 2017) Apr. 2017 Registered with the Dai-Ichi Tokyo Bar Association Apr. 2017 Advisor Attorney to TMI Associates (present)</p>
<p>Apr. 1986 Joined Honda Motor Co., Ltd. Apr. 2012 Operating Officer Apr. 2013 Chief Officer for Motorcycle Operations Jun. 2013 Operating Officer and Director Apr. 2017 Chief Officer for Regional Operations (Asia & Oceania) Apr. 2017 President and Director of Asian Honda Motor Co., Ltd. Jun. 2017 Operating Officer of the Company (resigned from position as Director) Apr. 2018 Managing Officer Apr. 2018 Vice Chief Officer for Regional Operations (North America) Apr. 2018 Senior Executive Vice President, Chief Operating Officer and Director of Honda North America, Inc. Apr. 2018 Senior Executive Vice President, Chief Operating Officer and Director of American Honda Motor Co., Inc. Nov. 2018 President, Chief Operating Officer and Director of Honda North America, Inc. Nov. 2018 President, Chief Operating Officer and Director of American Honda Motor Co., Inc.</p>	<p>Apr. 2019 Chief Officer for Regional Operations (North America) of the Company Apr. 2019 President, Chief Executive Officer and Director of Honda North America, Inc. Apr. 2019 President, Chief Executive Officer and Director of American Honda Motor Co., Inc. Jul. 2021 Managing Officer in Charge of Electrification of the Company Oct. 2021 Managing Executive Officer Apr. 2022 Senior Managing Executive Officer Apr. 2022 Chief Officer for Business Development Operations Apr. 2022 Corporate Brand Officer Jun. 2022 Chief Officer for Automobile Operations Jun. 2022 Director, Senior Managing Executive Officer Apr. 2023 Director, Executive Vice President and Representative Executive Officer (present) Apr. 2023 Chief Operating Officer (present) Apr. 2023 Compensation Committee Member (present) Apr. 2023 Risk Management Officer (present) Apr. 2023 In Charge of Government and Industry Relations (present)</p>	 <p>Director Fumiya Kokubu</p> <ul style="list-style-type: none"> Nominating Committee Member (Chairperson) Compensation Committee Member 	<p>Apr. 1975 Joined Marubeni Corporation Apr. 2013 President and CEO, Member of the Board of Marubeni Corporation Apr. 2019 Chairman of the Board of Marubeni Corporation (present) Jun. 2019 Outside Director of Taisei Corporation (present) Jun. 2020 Director of the Company (present) Jun. 2021 Nominating Committee Member (Chairperson) (present) Jun. 2021 Compensation Committee Member (present)</p>		<p>May 2022 Chairman of Japan Machinery Center for Trade and Investment (present) May 2022 Chairman of Japan Foreign Trade Council, Inc. (present)</p>
<p>Apr. 1984 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager and Automobile Quality Assurance Division Apr. 2013 Operating Officer Apr. 2013 Chief Quality Officer Jun. 2013 Operating Officer and Director Apr. 2014 Chief Officer for Customer Service Operations Apr. 2014 Head of Service Supervisory Unit for Automobile Operations Apr. 2016 Chief Officer for Customer First Operations Jun. 2017 Operating Officer (resigned from position as Director) Apr. 2018 Managing Officer Apr. 2018 Chief Officer for Purchasing Operations</p>	<p>Apr. 2020 Head of the Business Supervisory Unit for Automobile Operations Apr. 2021 Chief Officer for Customer First Operations Apr. 2021 Risk Management Officer Jun. 2021 Managing Executive Officer Oct. 2021 Managing Officer Oct. 2021 Chief Officer for Regional Operations (North America) (present) Oct. 2021 President, Chief Executive Officer and Director of American Honda Motor Co., Inc. (present) Apr. 2023 Senior Managing Executive Officer of the Company Jun. 2023 Director, Senior Managing Executive Officer (present)</p>		 <p>Director Yoichiro Ogawa</p> <ul style="list-style-type: none"> Audit Committee Member (Chairperson) Compensation Committee Member 	<p>Oct. 1980 Joined Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC) Mar. 1984 Registered as Japanese Certified Public Accountant Oct. 2013 Deputy CEO of Deloitte Touche Tohmatsu LLC Oct. 2013 Deputy CEO of Tohmatsu Group (currently Deloitte Tohmatsu Group) Jun. 2015 Global Managing Director for Asia Pacific of Deloitte Touche Tohmatsu Limited (United Kingdom) (resigned in May 2018) Jul. 2015 CEO of Deloitte Tohmatsu Group</p>	<p>Jun. 2018 Senior Advisor of Deloitte Tohmatsu Group (resigned in October 2018) Nov. 2018 Founder of Yoichiro Ogawa CPA Office (present) Jun. 2020 Outside Audit & Supervisory Board Member of Recruit Holdings Co., Ltd. (present) Jun. 2021 Director of the Company (present) Jun. 2021 Audit Committee Member (Chairperson) (present) Jun. 2021 Compensation Committee Member (present)</p>
<p>Apr. 1984 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager and Automobile Quality Assurance Division Apr. 2013 Operating Officer Apr. 2013 Chief Quality Officer Jun. 2013 Operating Officer and Director Apr. 2014 Chief Officer for Customer Service Operations Apr. 2014 Head of Service Supervisory Unit for Automobile Operations Apr. 2016 Chief Officer for Customer First Operations Jun. 2017 Operating Officer (resigned from position as Director) Apr. 2018 Managing Officer Apr. 2018 Chief Officer for Purchasing Operations</p>	<p>Apr. 2020 Head of the Business Supervisory Unit for Automobile Operations Apr. 2021 Chief Officer for Customer First Operations Apr. 2021 Risk Management Officer Jun. 2021 Managing Executive Officer Oct. 2021 Managing Officer Oct. 2021 Chief Officer for Regional Operations (North America) (present) Oct. 2021 President, Chief Executive Officer and Director of American Honda Motor Co., Inc. (present) Apr. 2023 Senior Managing Executive Officer of the Company Jun. 2023 Director, Senior Managing Executive Officer (present)</p>	 <p>Director Kazuhiro Higashi</p> <ul style="list-style-type: none"> Nominating Committee Member (Chairperson) Compensation Committee Member 		<p>Apr. 1982 Joined Resona Group Apr. 2013 Director, President and Representative Executive Officer of Resona Holdings, Inc. Apr. 2013 Representative Director, President and Executive Officer of Resona Bank, Limited Jun. 2013 Chairman of Osaka Bankers Association (resigned in June 2014) Apr. 2017 Chairman of the Board, President, and Representative Director of Resona Bank, Limited Jun. 2017 Chairman of Osaka Bankers Association (resigned in June 2018) Apr. 2018 Chairman of the Board, President, Representative Director and Executive Officer of Resona Bank, Limited</p>	<p>Apr. 2020 Chairman and Director of Resona Holdings, Inc. (resigned in June 2022) Apr. 2020 Chairman and Director of Resona Bank, Limited (resigned in June 2022) Jun. 2020 Outside Director of Sampo Holdings, Inc. (present) Jun. 2021 Director of the Company (present) Jun. 2021 Nominating Committee Member (present) Jun. 2021 Compensation Committee Member (Chairperson) (present) Jun. 2021 Senior Advisor of Resona Holdings, Inc. (present) Jun. 2022 Senior Advisor of Resona Bank, Limited (present)</p>
<p>Apr. 1984 Joined Honda Motor Co., Ltd. Apr. 2012 General Manager and Automobile Quality Assurance Division Apr. 2013 Operating Officer Apr. 2013 Chief Quality Officer Jun. 2013 Operating Officer and Director Apr. 2014 Chief Officer for Customer Service Operations Apr. 2014 Head of Service Supervisory Unit for Automobile Operations Apr. 2016 Chief Officer for Customer First Operations Jun. 2017 Operating Officer (resigned from position as Director) Apr. 2018 Managing Officer Apr. 2018 Chief Officer for Purchasing Operations</p>	<p>Apr. 2020 Head of the Business Supervisory Unit for Automobile Operations Apr. 2021 Chief Officer for Customer First Operations Apr. 2021 Risk Management Officer Jun. 2021 Managing Executive Officer Oct. 2021 Managing Officer Oct. 2021 Chief Officer for Regional Operations (North America) (present) Oct. 2021 President, Chief Executive Officer and Director of American Honda Motor Co., Inc. (present) Apr. 2023 Senior Managing Executive Officer of the Company Jun. 2023 Director, Senior Managing Executive Officer (present)</p>		 <p>Director Ryoko Nagata</p> <ul style="list-style-type: none"> Audit Committee Member 	<p>Apr. 1987 Joined Japan Tobacco Inc. Jun. 2008 Executive Officer of Japan Tobacco Inc. Mar. 2018 Standing Audit & Supervisory Board Member of Japan Tobacco Inc. (resigned in March 2023) Jun. 2021 Director of the Company (present) Jun. 2021 Audit Committee Member (present)</p>	<p>Mar. 2023 External Corporate Auditor of Medley, Inc. (present)</p>
<p>Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2014 President of Dongfeng Honda Automobile Co., Ltd. Apr. 2016 Operating Officer of the Company Apr. 2018 Vice Chief Officer for Regional Operations (Japan) Apr. 2019 Chief Officer for Human Resources and Corporate Governance Operations</p>	<p>Apr. 2020 Operating Executive Jun. 2021 Director (present) Jun. 2021 Full-time Audit Committee Member (present)</p>	 <p>Director Asako Suzuki</p> <ul style="list-style-type: none"> Full-time Audit Committee Member 		<p>Apr. 1987 Joined Honda Motor Co., Ltd. Apr. 2014 President of Dongfeng Honda Automobile Co., Ltd. Apr. 2016 Operating Officer of the Company Apr. 2018 Vice Chief Officer for Regional Operations (Japan) Apr. 2019 Chief Officer for Human Resources and Corporate Governance Operations</p>	<p>Jun. 2021 Full-time Audit Committee Member (present)</p>

Executive Officers (as of April 1, 2023)

For the detail information on Executive Officers, please click here (<https://global.honda/en/about/management.html>).

Governance | Messages from Outside Directors

We asked the chairpersons of the Committees for their impressions of the redefined Global Brand Slogan, as well as the strategies and initiatives taken by each Committee.



■ **Nominating Committee
Chairperson**
Outside Director
Fumiya Kokubu

■ **Compensation Committee
Chairperson**
Outside Director
Kazuhiro Higashi

■ **Audit Committee
Chairperson**
Outside Director
Yoichiro Ogawa

The Great Possibilities that Lie Beyond the Boundaries of a Mobility Company



Honda already has a widely recognized global brand slogan, “The Power of Dreams.” To clearly illustrate Honda’s vision in line with the changing times and to demonstrate how the company will progress, complementary phase and keywords have been incorporated into this slogan. To firmly establish these new elements as “Honda’s Vision” the first step is to repeatedly and thoroughly explain to those within Honda to deepen their understanding and permeation. Subsequently, it is crucial to consistently communicate this message to the external world, ensuring a continuous flow of information.

Qualities Required for the Leaders in the Future

In Nominating Committee discussions, we have spent time to discuss in-depth the qualities required for Honda’s leaders. As the results, we concluded that sincerity and honesty, in other words, “integrity” are indispensable attributes for someone in a top leadership position. Building on that foundation, the ability to “craft a compelling vision,” “make proactive decisions” and “lead a group and take the initiative” are the three particularly essential elements we identified.

Especially during this period of significant transformation, not only “craft a compelling vision” but also “make proactive decisions” becomes extremely important. This time, the fact that CEO Toshihiro Mibe decided to shift toward electrification business strategy without being bound by past successes and clearly presented Honda’s Vision is perceived as a manifestation of such qualities. Going forward, I would like to continue discerning the qualities of the ideal leader from an independent standpoint.

Multiplying Assets to Deliver Added Value to Society Beyond Expectations

The excitement surrounding the question “What will Honda come up with next?” encapsulates, I believe, the image the wider society has of Honda. It is also the facet of Honda I most eagerly look forward to. To respond to this sense of excitement, it is essential for the company to have comprehensive strengths that are not limited to any one segment. Honda has continuously expanded its business beyond just motorcycles and automobiles, venturing into new segments such as power products and aviation. I feel that by combining Honda’s abundant assets, we will be able to bring Honda’s unique value to completely new areas.

We are in an era where tomorrow is not merely an extension of yesterday. What is required now is the power of ideas and the intellectual power of the organization. I hope that the organization will absorb the power generated by the combination of each individual’s abilities and meet the expectation hidden in the question “What will Honda come up with next?”



Toward a Company that Leads Change with Unique and Intriguing Ideas and Rapid Management Decisions

Honda's company name does not contain the word "automobile." This reflects the world's expectation that the company will create an interesting future that is not confined to the automobile. When I attend General Shareholder Meetings, I see many investors who like Honda as a company and expect it to do something interesting. It is important to remain a company people and society want to exist, cherishing such a shared understanding in society. With a global business scale and long-term vision required, I believe that Honda aims to lead by creating change, not just catching up with it, based on a bold concept from a global perspective. Speed is also an important factor in leading change. We believe that the adaptation of the company with nominating and other committees will not only ensure transparency and objectivity in management but will also accelerate the speed of management decision-making and encourage change through the appropriate delegation of authority to Executive Officers.

Challenge of Staying at the Forefront in the Era of Rapid Evolution

The slogan "The Power of Dreams" has become so intertwined with Honda that the mere mention of the word "dream" evokes the company. Redefining this slogan was thus undoubtedly a momentous decision. In an era of once-in-a-century transformation, I believe recognizing where Honda should be headed has been perceived as an essential process for Honda at present.

Today, the competition in EVs and automated driving is intensifying, but it is possible that in 5 or 10 years these technologies will be taken for granted. Honda must move ahead of this extremely rapid progress. Should we do so while being overwhelmed by reality, or should we take the lead in challenging to create an exciting future? Honda is the latter, and I believe that is also Honda's social responsibility. The redefined global brand slogan should serve as a guidepost for challenges that envision such a future.

Establishing a Compensation System that Maximizes Honda's Uniqueness

The Compensation Committee is working on implementing a compensation system that incentivizes future-oriented, enthusiastic human resources and management based on a long-term perspective. This is the third year since we adopted the company with nominating and other committees. In the first year, we started to build the base of the system, and in the second year, we thoroughly discussed long-term incentives. Now, the design of the system is finally taking shape. We will establish a compensation system that will enhance Honda's corporate value while incorporating sustainability elements such as carbon neutrality and diversity. This will become the mechanism that brings out Honda's uniqueness to its fullest.



A New Evolutionary Challenge that Goes beyond Honda's Past

I believe that no other phrase embodies Honda's values more than "The Power of Dreams," which combines the "power" of the engine, Honda's founding business, and the "dreams" that have been realized so far, from mopeds to Super Cubs, automobiles, emission control vehicles in the United States and jet aircraft. I thought reconstructing these two words that signify Honda's driving force and adopting them as shared values globally was an excellent approach. Of the keywords "Create," "Transcend" and "Augment," "Transcend" not only means freeing people from the constraints of time and space but can also be seen as transcending Honda itself.

Amidst these significant changes, rather than resting on past successes or maintaining the status quo, I believe Honda's aspiration is to continue being a company people and society want to exist beyond its past achievements.

Accelerating the Pace of Transformation with the Ability to Read Changes and Make Appropriate Investment Decisions

While maintaining the unwavering trust that society places in Honda's exceptional quality, it is imperative that Honda enhances its ability to recognize the rapid transformations occurring in the global manufacturing and digital industries, as well as the geopolitical risks that surround them, in the medium to long term. This involves making appropriate investment decisions regarding the industry sector, partners, scale and timing in collaborations. Over the past year, Honda has actively engaged in building partnerships and collaborations with other companies, emphasizing its unique strengths and a sense of urgency. This represents a significant change for Honda, which has traditionally adhered to a doctrine of self-reliance in technology. We are confident that this change will lead to our next quantum leap in growth.

Evolution of Governance Leveraging the On-Site and In-Person Insights

The Audit Committee plays a part in the supervisory function fulfilled by the Board of Directors and contributes to the establishment of a high-quality corporate governance system by supervising and auditing the duties executed by directors and Executive Officers. In conducting audit activities from an independent standpoint, the Committee confirms how the executives and management carry out day-to-day operations, sometimes taking the opportunity to visit company sites.

In FY2023, we were given many opportunities for site visits, and I strongly sensed that the executive team was acutely conscious of the importance of ensuring that Outside Directors possess a thorough understanding of both cutting-edge research and the challenges we face. I believe that the time spent on site visits and the communication we engaged in were extremely valuable to the Audit Committee as we were able to understand certain things only by actually going to a site, seeing the products, deepening our technical understanding and communicating with associates rather than discussing issues without them at the headquarters. Moving forward, while striving to grasp the on-site situation, we will ensure the implementation of external environment analysis and risk management, thereby contributing to the establishment of a high-quality corporate governance structure.