

Concept for Forming Management Indicators

Bringing Our Vision and Value Proposition to Life

To sustainably provide the “joy and freedom of mobility” that we aspire to, it is essential to clearly define the issues and targets that the entire Company should focus on. Each person working at Honda use these as a guiding principle to move forward in the same direction with full effort. From this perspective, we define the areas we will particularly focus on in the future, and in relation to these areas, organize the “priority issues” and “materiality,” as well as the indicators and targets linked to them. These are based on our clearly defined “vision” and “value proposition” through the redefinition of our Global Brand Slogan, as well as the rapid changes in the business environment surrounding Honda, which enhances the effectiveness and speed of our initiatives.

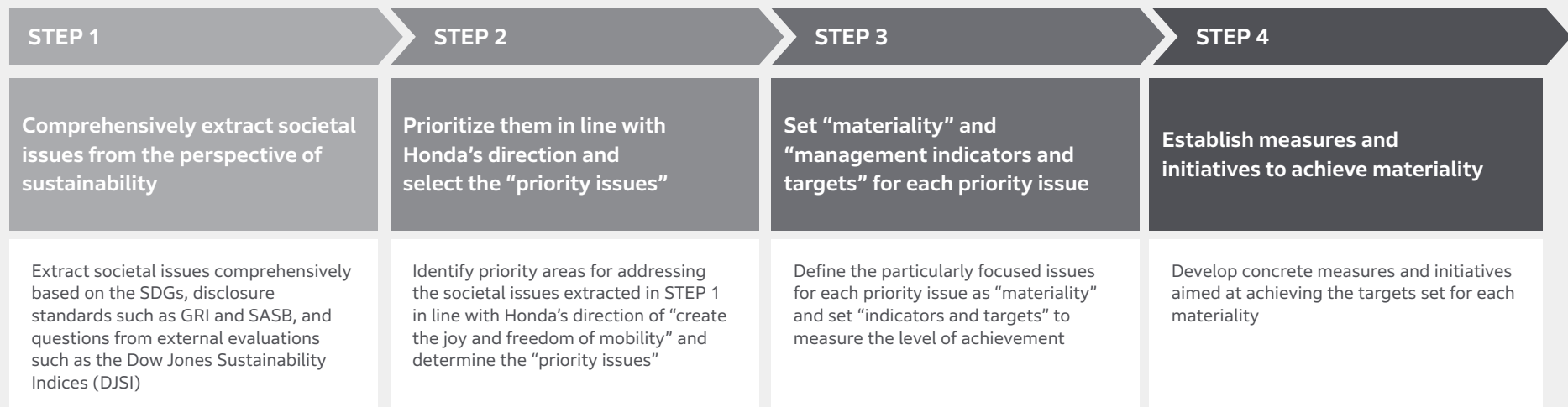
In the materiality identification process, we first comprehensively extract societal issues from the perspective of sustainability, prioritize them in line with Honda’s direction, and then identify areas to focus on to determine the “priority issues.” Specifically, we identify five areas: “environment” and “safety,” as well as “people” and “technology,” which are the driving forces behind Honda’s growth, and “brand,” which can be considered the sum of all corporate activities. By linking initiatives in these nonfinancial areas with our financial strategy, we aim to create social and economic value.

In addition, in terms of non-financial indicators, Honda is clarifying its focus areas toward its “vision” by defining the materiality that should be addressed under each theme.

Next, to achieve these materialities, we need to establish strategies and allocate resources from a medium- to long-term perspective, even under a rapidly changing and highly uncertain environment, without being overly fixated on short-term fluctuations. From this viewpoint, we set medium- to long-term targets over five- and ten-year spans, clearly defining the milestones to be achieved in each phase as KGI and KPI targets for the Fiscal Years Ending March 31, 2026 and 2031. Management members regularly monitor the progress of these management indicators and targets linked to the “priority issues” and “materiality,” as well as the measures connected to them, on an annual basis to strengthen our management governance. Additionally, we will continue to regularly review these priority issues and materialities in light of changes in the external environment and business conditions.

Honda will continue to swiftly implement effective initiatives toward achieving materiality, realizing our “vision” and “value proposition.”

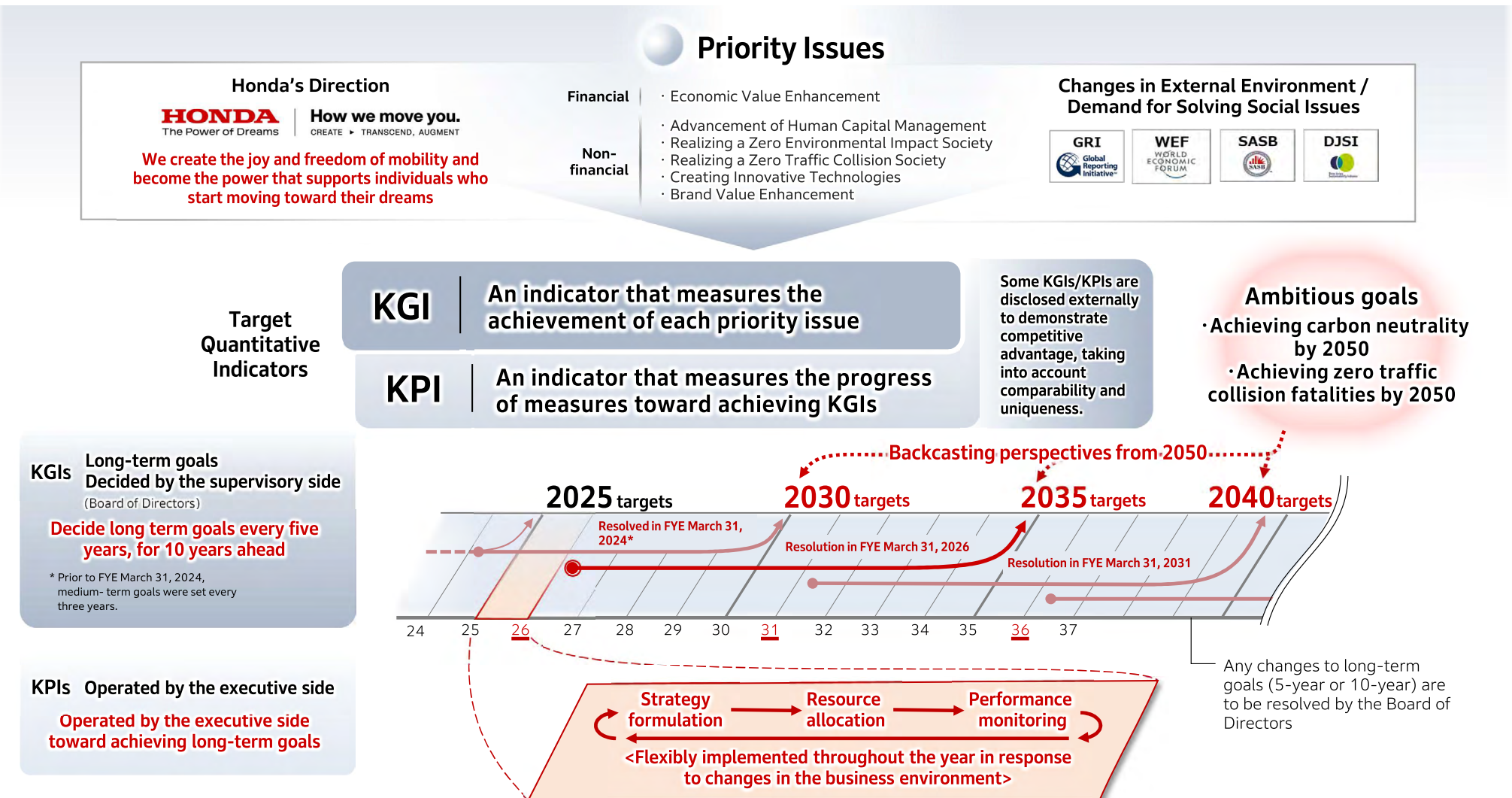
Materiality Identification Process



Concept for Forming Management Indicators

Honda's Management System for Creating Corporate Value

Honda has identified priority issues that it must focus on in order to achieve its ambitious goals for 2050 to realize its vision. Based on them, it sets long-term goals looking 10 years ahead every five years, while also setting annual goals and formulating, executing, and evaluating strategies each year. In the past, Honda formulated and operated on three-year medium-term goals. However, with the shift to the current management approach, Honda is now able to both pursue long-term objectives even in a highly uncertain business environment and, at the same time, respond to immediate changes in the business environment with agility and flexibility.



Concept for Forming Management Indicators

Identifying Priority Issues and Materiality / Setting the Corresponding Company-Wide Indicators and Targets

Priority Issues	Materiality	KGI/ KPI*1	Management Indicators (KGI*1)	Category*2	Results*3		Targets*3		Reference page
					Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2025	Fiscal Year Ending March 31, 2026	Fiscal Year Ending March 31, 2031	
Economic Value Enhancement	<ul style="list-style-type: none"> Improvement of capital efficiency Sustainable growth of cash flows 	KGI	ROIC	Consolidated	9.1%	6.7%	-	10% or higher	P. 62 ➔ Financial Strategy
			ROS	Consolidated	6.8%	5.6%	2.5% or higher	-	
Evolution of Human Resource Management	<ul style="list-style-type: none"> Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals Ensuring both the quantity and quality sufficiency of human resources in business focus areas 	KGI	Associate engagement score (positive response rate)	Consolidated*4	Japan: 40%	Japan: 46%	Consolidated: 60% or higher	Consolidated: 65% or higher	P. 11 ➔ Advancement of Human Capital Management
		KPI	Inclusion Score <New>	Consolidated	-	3.67 points (5-point scale)	(Confidential)	(Confidential)	
			Ratio of Female Managers (compared to FYE Mar. 31, 2021)	Japan	1.4 times	1.7 times	2.1 times	4.0 times	
			Focus Area: Personnel Fulfillment Rate (Annual Fulfillment Rate)	Consolidated	-	97%	100%	100%	
			Focus Area: Personnel Development Investment	Consolidated	-	(Confidential)	Globally top level	Globally top level	
Realizing a Zero Environmental Impact Society	<ul style="list-style-type: none"> Addressing climate change issues Addressing energy-related issues Efficient utilization of resources Biodiversity conservation 	KGI	Reduction rate of CO ₂ emissions from corporate activities (compared to FYE Mar. 31, 2020)	Consolidated	37.7%	47.5%	(Confidential)	46%	P. 19 ➔ Realizing a Zero Environmental Impact Society
			Total CO ₂ emissions from products	Consolidated	212.2 million t-CO ₂ e	232.2 million t-CO ₂ e	(Confidential)	(Confidential)	
			Reduction rate of industrial water withdrawal <New> (compared to FYE Mar. 31, 2020)	Consolidated	-	-	-	12%	
			Reduction rate of industrial waste (incineration and landfill disposal) <New> (compared to FYE Mar. 31, 2020)	Consolidated	-	-	-	20%	
		KPI	Electric product sales ratio	Motorcycles	0.30%	0.58%	(Confidential)	7%	
				Automobiles	0.51%	2.14%	(Confidential)	20%	
				Power products	1.27%	1.21%	(Confidential)	26%	
			Reduction rate of product CO ₂ emissions per unit (compared to FYE Mar. 31, 2020)	Motorcycles	5.4%	3.1%	(Confidential)	15%	
				Automobiles	1.1%	3.5%	(Confidential)	27.2%	
				Power products	2.8%	12.5%	(Confidential)	13.4%	
			Usage rate of recycled and biomass materials <New>	Motorcycles	-	-	-	30% of motorcycles produced in Japan, for Europe market	
				Automobiles	-	-	-	30% in EVs produced in North America and Japan	
Realizing a Zero Traffic Collision Society	<ul style="list-style-type: none"> Development of technology to capture and complement/enhance human intention Safety education and awareness-building activities Building a traffic ecosystem 	KGI	Traffic fatalities involving Honda automobiles in Japan and the United States	Consolidated	(Confidential)	(Confidential)	(Confidential)	(Confidential)	P. 25 ➔ Realizing a Zero Traffic Collision Society
		KPI	Advanced safety equipment application rate	Motorcycles (emerging countries)	85%	88%	(Confidential)	100%	
				Automobiles (developed countries)	94%	96%/1% (360*5)	(Confidential)	100%/100% (360*5)	
				Automobiles (emerging countries)	60%	61%	(Confidential)	100%	
Creating Innovative Technologies	Establishing competitive advantage in focus areas	KPI	Ability to create intellectual property	Consolidated	(Confidential)	(Confidential)	(Confidential)	(Confidential)	P. 29 ➔ Creating Innovative Technologies
Brand Value Enhancement	Enhancement of consistent brand management	KGI	Brand value (Interbrand research) (compared to FYE Mar. 31, 2022)	Consolidated	1.2 times	1.3 times	(Confidential)	(Confidential)	P. 32 ➔ Brand Value Enhancement

*1 This table presents all KGIs and a selection of KPIs. *2 For certain indicators, the applicable companies differ. *3 New indicators for which no results are available, indicators for which targets are still being set are shown as "-". *4 Indicators that until the FYE March 31, 2025 applied only to Japan have been expanded to cover the entire company, including overseas, from the FYE March 31, 2026. *5 "360" refers to "Honda SENSING 360." From the FYE March 31, 2025, separate targets have been set for "Honda SENSING" and "Honda SENSING 360." Please refer to page 26 for further details.

Advancement of Human Capital Management

Each individual who generates the power of dreams respects each other's unique personalities and strengths. We fully unleash our individual potential and harness our collective strength as a company.

Director,
Executive Vice President and Representative
Executive Officer
Culture Transformation Officer
Noriya Kaihara



Consistent Pursuit of “Respect for the Individual” Since the Founding of Honda

Driven by our dreams, Honda has continued to take on challenges with original technologies and ideas, delivering a wide range of products and services to our customers. We believe Honda was able to grow because so many customers purchased our products and shared the joy as they identified with the Honda corporate spirit. Another driving force behind this growth was the leadership of our founders, Soichiro Honda and Takeo Fujisawa. The most valuable legacy they left us is our corporate philosophy—the Honda Philosophy—which has always been the foundation guiding the actions of each and every one of us working at Honda.

The Fundamental Beliefs of Honda Philosophy, include “Respect for the Individual.” Honda believes that the human being is born as a free and unique individual with the capacity to think, reason and create—and the ability to dream.” Based on this view of people, “Respect for the Individual” calls on us to nurture and promote these characteristics in our company by respecting individual differences and trusting each other as equal partners, built on the three pillars of “Initiative, Equality and Trust,” and a commitment to apply our fullest capabilities in order to share joy with one another. Based on “Respect for the Individual,” Honda has a longstanding commitment to three principles of our human

resources policy—self-reliance, fairness and mutual trust. Guided by these principles, we have been working to establish a workplace environment where each and every member of Honda can enhance their motivation and abilities and demonstrate their competence with energy and enthusiasm.

As of today, approximately 190,000 associates are working at Honda around the world. Our vision for the future is to demonstrate the collective strengths of Honda by ensuring equal opportunity for each and every one of us, respecting diverse personalities and unique strengths, and fully leveraging our respective individuality. To this end, we are going to roll out various initiatives to promote inclusion.

Human Resource Strategy to Support the Advancement of Honda

Honda is striving to be a comprehensive mobility company that keeps advancing mobility products and services and plays a lead role in making our society a better place. To continue offering the joy and freedom of mobility into the future, in the long term, we are working toward application of electrification and intelligent technologies to various businesses and products. As Honda undergoes major business transformation, our people and organizations must also transform accordingly. Given the rapid changes taking place in society, self-motivated career

development and continuous self-growth are becoming increasingly important. We believe it is essential to provide an environment where people with aspirations can make use of Honda as a platform to build their own careers and realize personal growth. Therefore, it is important for us to 1) envision a talent portfolio aligned with the future vision of Honda, as well as the management and business strategies derived from the vision and 2) strengthen our initiatives to secure the necessary human resources at the optimal timing.

Human Resource Materialities for the Enhancement of Corporate Value

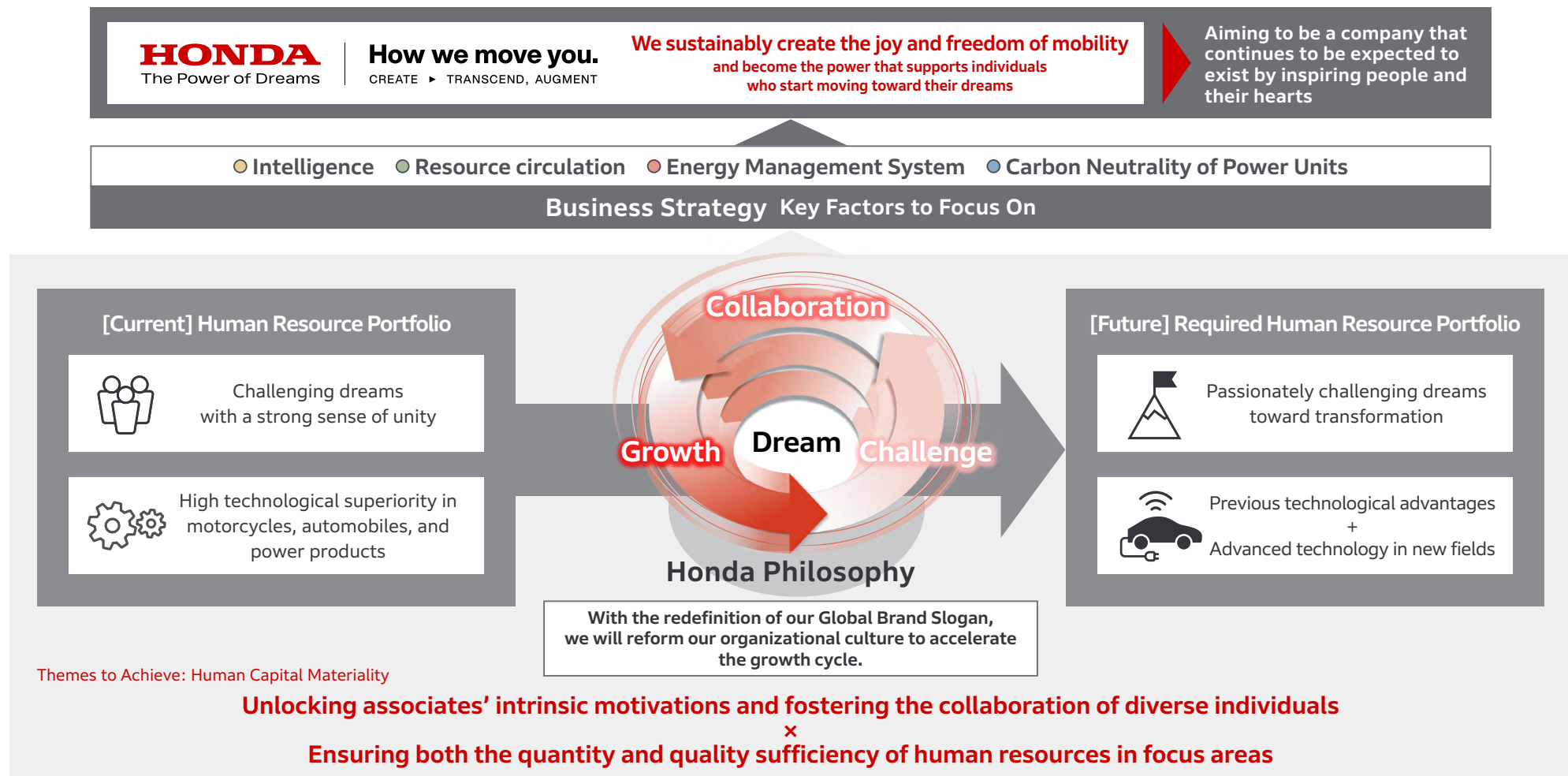
Honda has identified two materialities related to human resource strategy and human capital management. The first is to stimulate the intrinsic motivation of associates and integrate diverse individualities from a mid- to long-term perspective. We will accelerate the creation of a work environment where every Honda associate can fully demonstrate their abilities in pursuit of their dreams. At the same time, to achieve further innovation, we will thoroughly implement changes to fulfill Honda corporate culture to raise the overall energy of the company and a merit-based principle in human resource utilization as well as associate compensation and treatment. The second materiality is the short to mid-term quantitative and qualitative fulfillment of human resource requirements in key business focus areas. In order to build a future talent portfolio based on backcasting from the business strategy goals, we are making progress in visualizing our global human resource needs. Especially in the area of enhanced application of intelligent technologies and electrification, we are working to ensure prompt recruitment of the necessary talent in key focus areas such as software and batteries while also working to enhance the knowledge and skills required of each associate. For these two materialities, we have set quantitative targets as KPIs and conduct regular monitoring by management members.

Based on the Honda Philosophy, our shared set of values, we will continue to implement various initiatives to create enhanced opportunities and work environments so that Honda continues to be a place where passionate associates come together, and diverse associates can shine by taking on challenges while being driven by their own dreams.

Advancement of Human Capital Management

Honda's Human Capital Management

Honda's human capital management involves building a talent portfolio that will be needed in the future by backcasting from the destination of its business strategies, with the aim of sustainably creating the joy and freedom of mobility and becoming the power that supports individuals who start moving toward their dreams as our company-wide policy. Using the power of dreams and speed as our winning strategies, we will drive transformation in our people and organization through a cycle of challenge, integration, and growth based on the Honda Philosophy. To achieve this, we have set two human resource materialities: "unlocking associates' intrinsic motivation and fostering the collaboration of diverse individuals" from a medium-to long-term perspective, and "ensuring both the quantity and quality sufficiency of human resources in business focus areas" from a short- to medium- to long-term perspective.

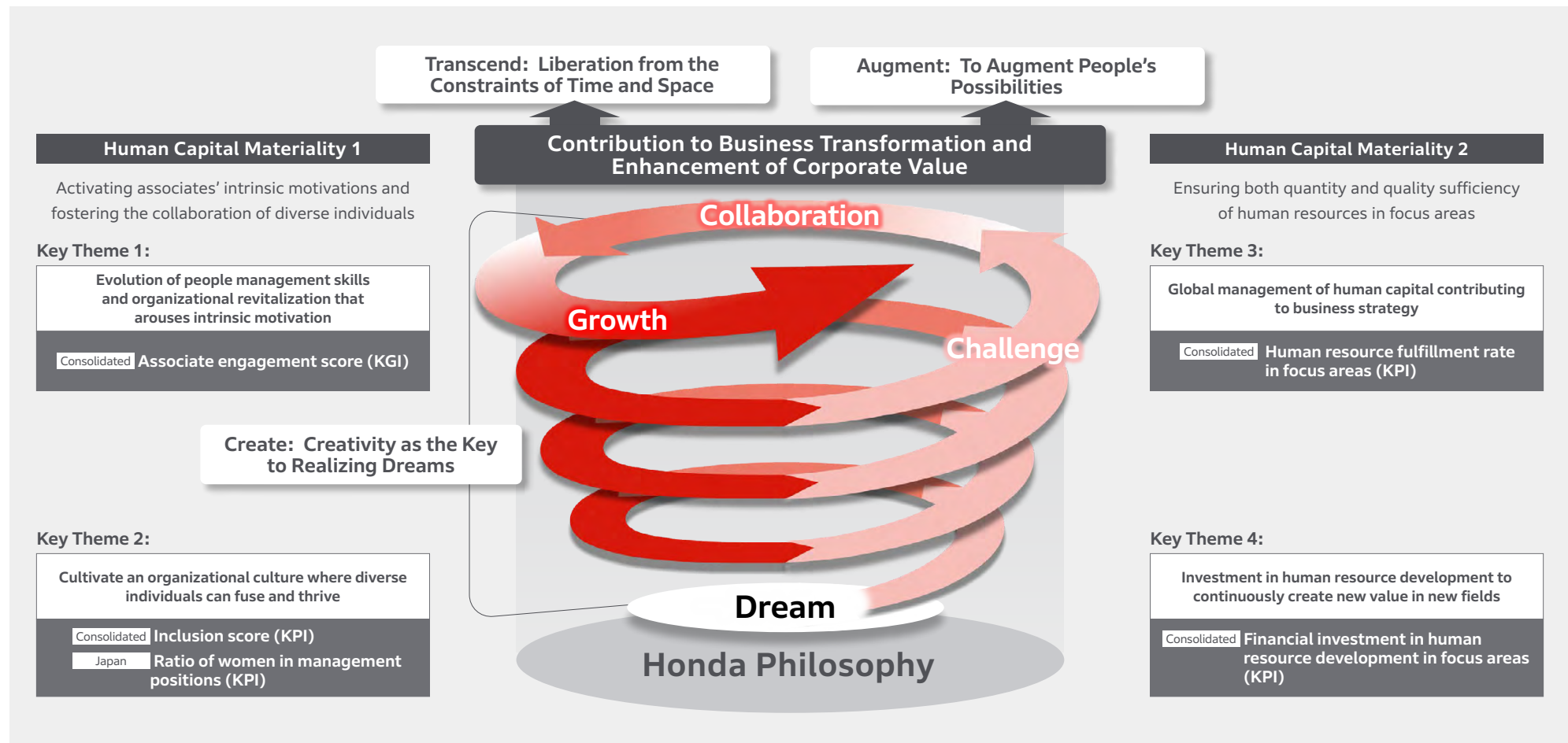


Advancement of Human Capital Management

Building an organization that takes on challenges, integrates, and grows toward creating new value

In this period of transformation in mobility, which could be called Honda's "second founding," we believe that in order for Honda to remain a company that the world values and looks to with expectations, it is necessary to create value that is driven by the dreams of each individual. While cherishing the Honda Philosophy, we will rapidly execute a cycle of challenge, integration, and growth, and by maximizing the creativity of each individual, we will contribute to business transformation and the improvement of corporate value.

Specifically, we have defined four key themes linked to human resource materiality, established management indicators (KGIs and KPIs) to be achieved for each, and set targets for the Fiscal Year Ending March 31, 2026 and 2031. Furthermore, since April 2024, we have established an advisory body to the Executive Council called the People and Organization Committee to consider important issues related to people and organizations, further strengthening the link between management strategy, business strategy, and human resource strategy.



Advancement of Human Capital Management

Management Indicators for Achieving Human Resource Materiality

For human resource materiality, we have defined the initiatives and management indicators (KGIs and KPIs) that must be prioritized, and are executing them toward achievement. In addition, progress on each indicator is monitored at the management level on a quarterly basis, establishing a framework for timely decision-making grounded in quantitative evidence.

Human Resource Materiality	Goals	KGI/KPI
Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals	Highly motivated and driven by goals, with supervisors actively supporting them in taking on challenges	Associate engagement score
	Synergy is optimized through the collaboration of diverse knowledge	Inclusion score/ Ratio of women in management positions
Ensuring both the quantity and quality sufficiency of human resources in business focus areas	There are sufficient human resources in the focus areas	Human resource fulfillment rate in focus areas
	Resources are proactively invested in the development of human resources	Financial investment in human resource development in focus areas

Management Indicators and Targets

Priority Issues	Materiality	KGI/KPI	Management Indicators	Category*1	Targets	
					Fiscal Year Ending March 31, 2026	Fiscal Year Ending March 31, 2031
Evolution of Human Resource Management	<ul style="list-style-type: none"> Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals Ensuring both the quantity and quality sufficiency of human resources in business focus areas 	KGI	Associate engagement score (positive response rate)	Consolidated*2	Consolidated: 60% or higher	Consolidated: 65% or higher
		KPI	Inclusion Score <New>	Consolidated	(Confidential)	(Confidential)
			Ratio of Female Managers (compared to FYE Mar. 31, 2021)	Japan	2.1 times	4.0 times
			Focus Area: Personnel Fulfillment Rate (Annual Fulfillment Rate)	Consolidated	100%	100%
			Focus Area: Personnel Development Investment	Consolidated	Globally top level	Globally top level

*1 For certain indicators, the applicable companies differ.

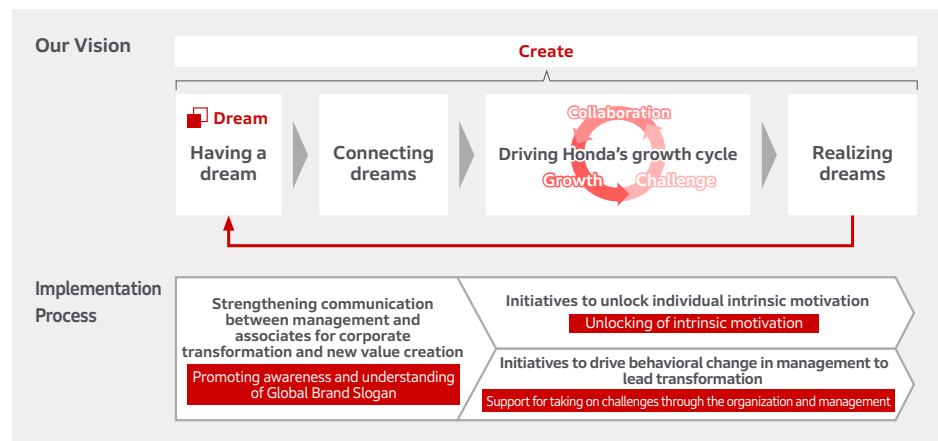
*2 Indicators that until the fiscal year ended March 2025 applied only to Japan have been expanded to cover the entire company, including overseas, from the fiscal year ending March 2026.

Advancement of Human Capital Management

Unlocking associates' Intrinsic Motivations and Fostering the Collaboration of Diverse Individuals

Among the key themes of the aforementioned human resource materiality, we will introduce some of our efforts in Key Theme 1: Evolution of people management skills to activate intrinsic motivation and revitalizing organizations.

We are carrying out initiatives to unlock the intrinsic motivation of each person and encourage them to take on challenges, in order to transform into individuals and organizations that embody the power of dreams and speed as winning strengths. We are also strengthening support from superiors and the organization to achieve these goals with a sense of speed.



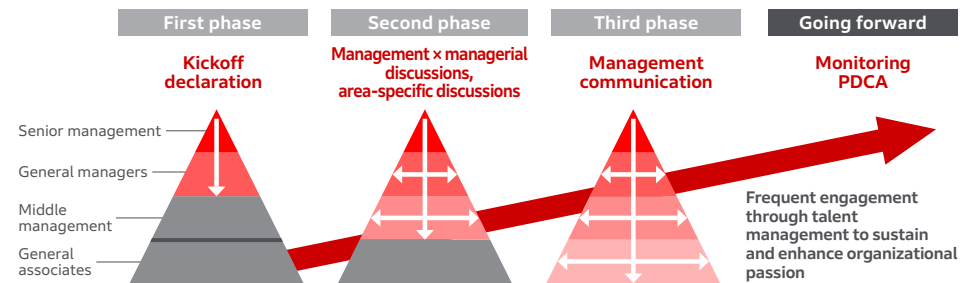
Efforts at Engaging Associates and Embodying Corporate Culture to Raise Company-Wide Passion for Continuously Creating Overwhelming Differentiation

The mobility industry is currently undergoing unprecedented change with unprecedented speed and complexity. Even in these times, for Honda to continue to be needed by society, it is essential that we keep creating surprises and excitement that make customers say, "That's Honda." The driving force behind this is people, and the actions of each and every person who embodies the Honda Philosophy are the true source of Honda's uniqueness. To further raise the passion across the company that continues to create this difference, we are working on engaging associates and embodying corporate culture.

This initiative is being carried out in stages, starting under the leadership of senior management leaders and instilled through "Waigaya (Y-gaya)" discussions with general managers. It has since been expanded to middle management and then to the general associate level, with communications also delivered directly from top management. Going forward, we will continue monitoring through fixed-point observations and pursue the PDCA cycle in human resource management. In some divisions, on-the-ground practices are already underway, such as messages from senior management leaders, roundtable discussions, more frequent one-on-one meetings, and enhanced internal communications.

In promoting changes in order to fulfill corporate culture, we aim to build a relationship in which each individual sets goals aligned with their role, engages autonomously, and is supported and encouraged in those challenges by management. To broaden this movement, we established "Honda 6 ACTIONS for Change" as the required behavioral principles for embodying our corporate philosophy. This serves as a guide for reflecting on daily actions and linking them to practical implementation.

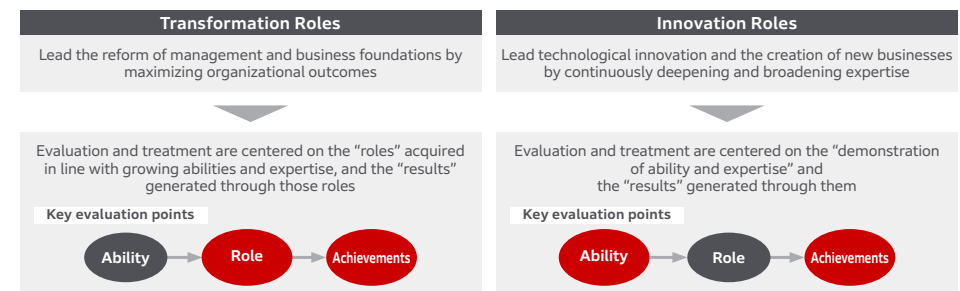
Going forward, we will share initiatives across divisions, establish mechanisms to respond at the management, institutional, and company-wide levels as needed, and plan to expand these efforts globally.



HR System Reforms to Accelerate the Cycle of Challenge, Integration, and Growth

In the Fiscal Year Ended March 31, 2025, we revised the personnel system for managers and, beginning in June 2025, launched it as a system designed to reward those who lead transformation, regardless of age or years of experience. Under this framework, managers are expected to embody challenge, integration, and growth themselves, while continually driving transformation by supporting their members, thereby advancing organizational reform and technological innovation in parallel.

Specifically, positions have been divided into "Transformation Roles," which drive the reform of management and business foundations, and "Innovation Roles," which are responsible for technological innovation and new business development. Each is now supported by a compensation and evaluation system tailored to its characteristics. As a result, the evaluation framework has become one that, more than ever before, provides treatment based on ability, expertise, role, and performance, regardless of age.

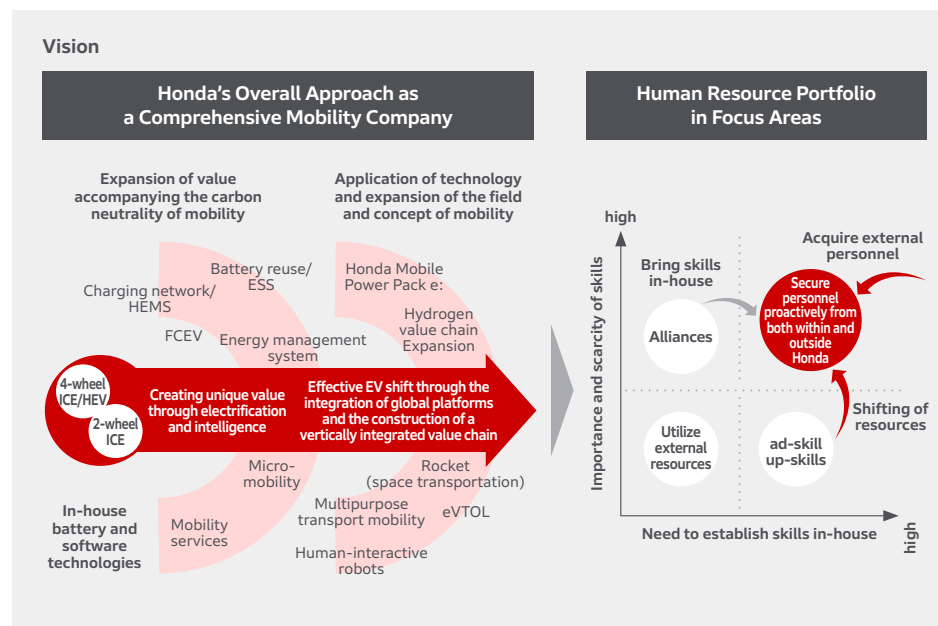


Advancement of Human Capital Management

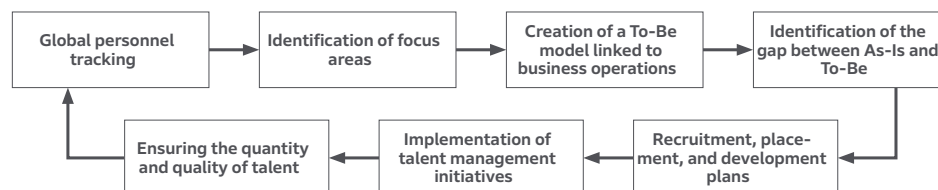
Ensuring Both the Quantity and Quality Sufficiency of Human Resources in Business Focus Areas

Next, let's turn to Key Theme 3 of the human resource materiality: Global human capital management that supports business strategy, and highlights some of our initiatives.

To support business success, we are creating talent portfolios in priority areas aligned with our business strategy, while at the same time promoting both the quantitative and qualitative fulfillment of talent needs through initiatives such as defining resource management processes, formulating workforce strategies, and implementing talent acquisition activities.



Furthermore, we have defined a resource management process to ensure the necessary talent for achieving our business plans. By integrating each step, we will achieve resource management aligned with our management policies and business plans.

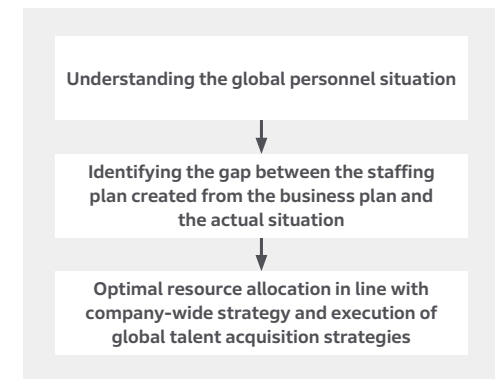


Formulating a Staffing Strategy for Optimal Global Resource Allocation

To formulate medium- to long- term workforce plans aligned with our business strategy, we are building a scheme to visualize both the quantity and quality of talent on a global basis and to enable the development of such plans.

In the Fiscal Year Ended March 31, 2025, we conducted an assessment of workforce conditions, including globally, and are currently using the results to examine global workforce strategies in conjunction with our medium- to long- term business plans. From the Fiscal Year Ending March 31, 2026 onward, we will place greater focus on the quality of talent. By visualizing the number of personnel and capabilities required to enhance medium- to long- term competitiveness, and by applying this framework globally, we aim to further strengthen the alignment of recruitment, development, placement, and treatment with our business strategy. Specifically, we are currently working on defining globally common standards for the detailed visualization of capabilities.

In addition, with respect to talent in the SDV (software-defined vehicle) and electrification domains, where upfront investment plays a significant role, we are advancing initiatives to allocate talent and acquire capabilities in line with business conditions, while also working to build a more productive organizational structure.



Continuation of Global Recruitment Activities

We have long continued global recruitment activities in order to acquire engineers with advanced expertise in AI and software. One example is recruitment at the Indian Institute of Technology, where we have steadily increased the number of hires by strengthening our relationship with the university through alumni and by establishing a structured recruitment scheme that includes highly competitive compensation.

Additionally, as a new initiative, we began expanding mid-career recruitment activities to overseas markets in 2024. From approximately 2,000 applicants, we hired 23 engineers with advanced expertise locally in 10 countries, including India and Indonesia.

We will continue our global recruitment activities to hire talented individuals who are expected to thrive in our focus areas.



Advancement of Human Capital Management

Honda's Health and Productivity Management

At Honda, the foundation of our health and productivity management initiatives is the principle of "Respect for the Individual," which represents our basic philosophy.

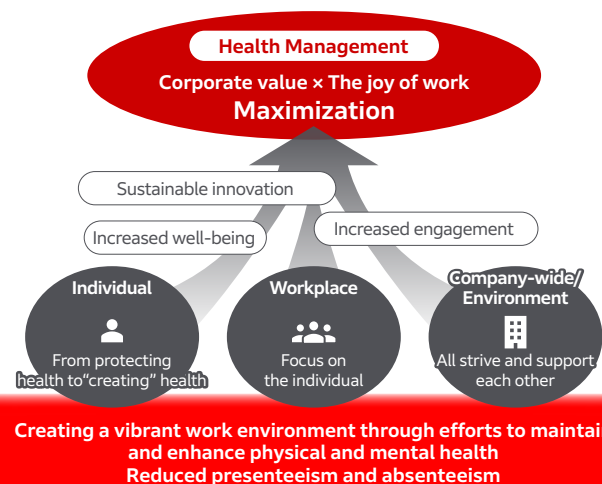
We also regard associate "health," like "safety," as a shared aspiration across the entire company.

Guided by the top management message, "The foundation of strong individuals is being healthy, and each one of us should be a challenger in maintaining and improving our health," we have incorporated health and productivity management into our Safety and Health Policy. Under this policy, we are rolling out initiatives company-wide to address both mental and physical health issues.

We are also actively working to raise awareness of health, with the aim of creating a workplace environment where every associate can demonstrate their abilities to the fullest with motivation and vitality. We believe that health and productivity management is not only connected to associate happiness and peace of mind, but also constitutes a vital management theme that underpins the company's sustainable growth. In this section, we introduce some of Honda's initiatives related to health and productivity management.

Based on a foundation that enables associates to work with vitality, we are pursuing the maximization of corporate value and workplace satisfaction through three pillars: the individual, the workplace, and the company/environment.

Three-Pillar Framework for Achieving Health and Productivity Management



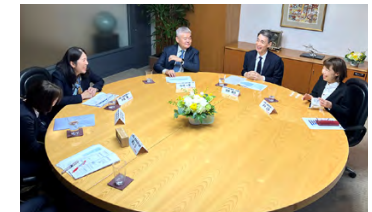
Building a Foundation for Vibrant Work

In 2009, Honda issued the "Mental Health Policy," which sets out a basic stance based on our philosophy of Respect for the Individual. Since then, we have been working in an organized, planned, and continuous manner both to promote the vitality of associates and workplaces and to support problem solving.

To advance mental health initiatives, we have established a Company-wide Mental Health Promotion Team that plans and manages programs professionally, and at each business site we have set up a Site Mental Health Promotion Team, which works in coordination with the Company-wide Safety and Health Committee.

At each site, activities are developed in line with actual conditions, focusing on five measures: preventive education, workplace environment improvement, stress checks, enhancement of consultation and cooperation with medical institutions, and support for returning to work.

In addition, we have positioned addressing mental health issues as the highest priority in the field of occupational health. Since 2024, we have welcomed external experts to serve as advisors to the Company-wide Mental Health Promotion Team. By holding roundtable discussions with the vice president, external experts, and occupational health professionals, we are drawing on knowledge from both inside and outside the company to drive more effective initiatives.



Roundtable Discussion on Mental Health

Based on the belief that "health is not merely a matter of personal responsibility but also a workplace issue," we are placing particular focus on presenteeism measures, such as addressing male menopause (LOH syndrome) and enhancing literacy on women's health issues, including menstruation, menopause, and preconception care. To deepen understanding of menopause in both men and women, we are also actively advancing initiatives such as hosting roundtable discussions with the vice president, external experts, and occupational health professionals.



Seminar for Managers and Supervisors on Women's Specific Health Issues



Roundtable Discussion on Menopause for Men and Women

Advancement of Human Capital Management

Looking Ahead

As technological innovation and changes in the business environment advance at unprecedented speed, companies are required to manage their organizations with greater flexibility and agility than ever before. Furthermore, we recognize that in order to continue responding to such changes, it is essential not only for our people themselves to evolve, but also to strengthen the environment and support systems that underpin them. Even in the execution of our current strategies, human capital challenges are becoming increasingly diverse and complex, and Honda recognizes their critical importance. In particular, risks such as shifting and growing skill requirements, imbalances in the supply and demand of talent arising from technological and business transformation, and the outflow of highly skilled talent are issues that cannot be overlooked in realizing sustainable growth for the future. To address these challenges, we will promote the visualization of individual associates' skills, support for autonomous career development, and the fostering of a culture that encourages continuous learning. At the same time, we will strengthen our organizational foundation for adapting flexibly to change by advancing initiatives such as optimizing talent portfolios from a global perspective in line with business strategies, enhancing engagement with key data, and promoting the placement of the right people in the right positions.

Moreover, by developing an environment in which every associate can look to the future with dreams and goals, and fully demonstrate their motivation and abilities, we will steadily advance initiatives aimed at further advancing human capital management.

In this section, we highlight selected elements from Honda's overall approach to human capital management. For more detailed information, please refer to the ESG Report.

WEB

"Honda ESG Report 2025"

https://global.honda/en/sustainability/cq_img/report/pdf/2025/honda-SR-2025-en-all.pdf#page=77

Associate Column Series | Words from Honda Colleagues Who Chase Their Dreams

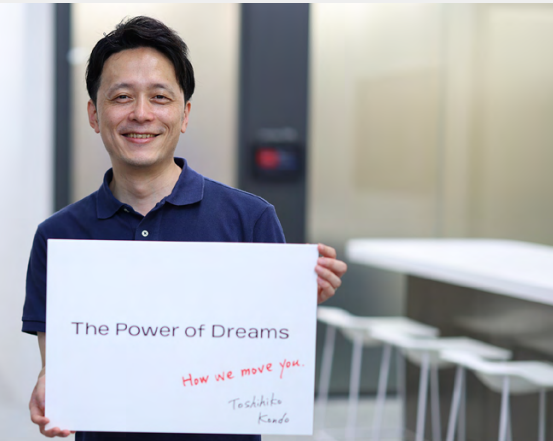
At Honda, we believe that dreams have the power to move people. In this series, Honda associates share the dreams that drive them—dreams they have discovered through their personal journeys and professional challenges. Their words reflect the passion Honda has always cherished and the unwavering spirit to keep pursuing dreams.



Words from Honda Colleagues Who Chase Their Dreams

Maximizing Honda's Global Workforce of 190,000 People

Human Resources Division
Toshihiko Kondo



Honda currently has more than 190,000 associates working worldwide. Until now, however, workforce planning had been carried out independently in each region, and there had not been sufficient discussion of workforce strategies at the global level. While this approach functioned under our traditional business model, in this period of transformation—where new challenges such as Software Defined Vehicles (SDVs) are required—it has become essential for Honda as a whole to redefine the capabilities needed and rebuild the workforce strategies that support them.

Against this backdrop, we have launched global workforce planning aligned with our medium- to long-term business strategies. Advancing this initiative is by no means easy, as it involves integrating headquarters and regional perspectives, balancing optimization at the business level with optimization at the company-wide level, and addressing many interrelated factors. In particular, confronting the question of “what quantity and quality of human resources are optimal for the organization, given limited resources”—a question with no single correct answer—has been a major challenge.

Through repeated candid discussions with colleagues from diverse backgrounds, I was exposed to perspectives and ways of thinking I had not considered before, and gradually ideas took shape that made me think, “This must be the right direction.” This was truly an insight gained through practicing the Honda Philosophy of “love your work and value communication,” and it was also a moment when I deeply felt the strength of Honda's associates, who come from such diverse backgrounds. While this initiative is still a work in progress, I am convinced it is essential for Honda's future.

Honda has many people with technologies and capabilities that can amaze the world, and I strongly want to help create a future where, even five or ten years from now as the environment changes, people will still feel excited about Honda's products and services. That is why I am committed to advancing this initiative further.

Realizing a Zero Environmental Impact Society

Consistent Commitment to the Environment

Continuing to Take on Challenges as an Environmental Front-Runner

Honda recognizes that all corporate activities have environmental impact. To sustainably provide the joy and freedom of mobility, we consider the environment to be one of our top priority issues.

Ever since the 1960s, Honda has actively addressed environmental issues. In the 1970s, we developed the low-emission "CVCC*1 engine," which reduced emissions of carbon monoxide, hydrocarbons, and nitrogen oxides and became the first in the world to meet the U.S. Muskie Act, widely regarded as the most stringent automobile emission regulation in the world at the time. In 1992, Honda established the Honda Environment Statement, which serves as the guiding framework for all our environmental initiatives. This statement organizes and clarifies our fundamental stance on reducing environmental impact throughout the entire product lifecycle, including material procurement, design, development, production, transportation, sales, usage, and disposal. To further advance our environmental initiatives and remain a "company that the world values and looks to with expectations," Honda established the Honda Environmental and Safety Vision in 2011. This vision aims to achieve the "joy and freedom of mobility" and a "sustainable society where people can enjoy life." Across our global operations, Honda is committed to reducing all forms of environmental impact. Our efforts include reducing greenhouse gas (GHG) emissions, which are considered one of the causes of climate change, as well as lowering energy consumption, improving resource efficiency for water and minerals, proper waste management and reduction, and preserving biodiversity as part of our commitment to protecting the global environment.

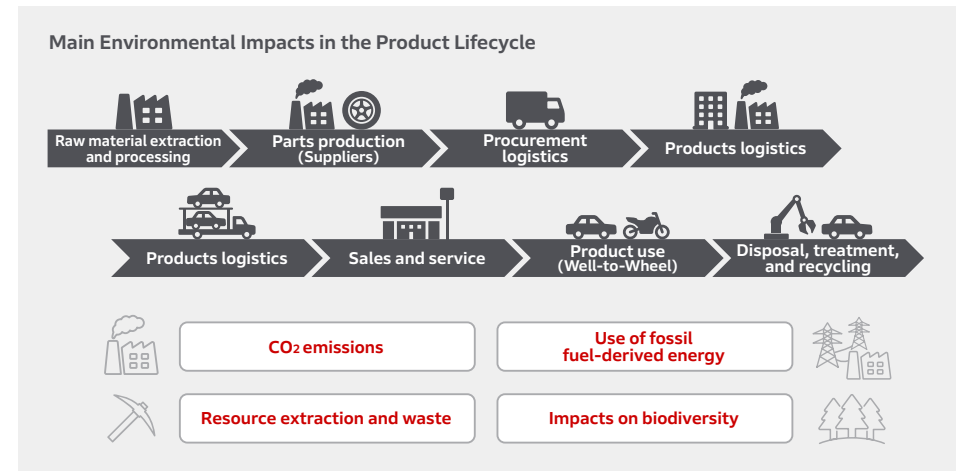
By sharing the Environment Statement with our Company, Group companies, suppliers, dealers, and all other stakeholders associated with Honda, we aim to achieve our vision through collaborative efforts with all involved parties.

*1 CVCC: Compound Vortex Controlled Combustion

Vision

Realizing a Zero Environmental Impact Society

To address these challenges, it is essential to divide corporate activities into each stage of the product life cycle and consider the environmental impacts at each stage. Honda has identified the main environmental impacts as CO₂ emissions, use of fossil fuel-derived energy, extensive resource extraction and waste, and impacts on biodiversity.



Aiming for sustainable corporate activities, and in order to comprehensively reduce interlinked environmental impacts, Honda has set the "realizing a zero environmental impact society" as one of its company-wide priority issues, and has defined four materialities to address environmental impact.

Priority Issue

Realizing a zero environmental impact society

Materialities

Addressing climate change



Addressing energy issues



Efficient utilization of resources



Biodiversity conservation



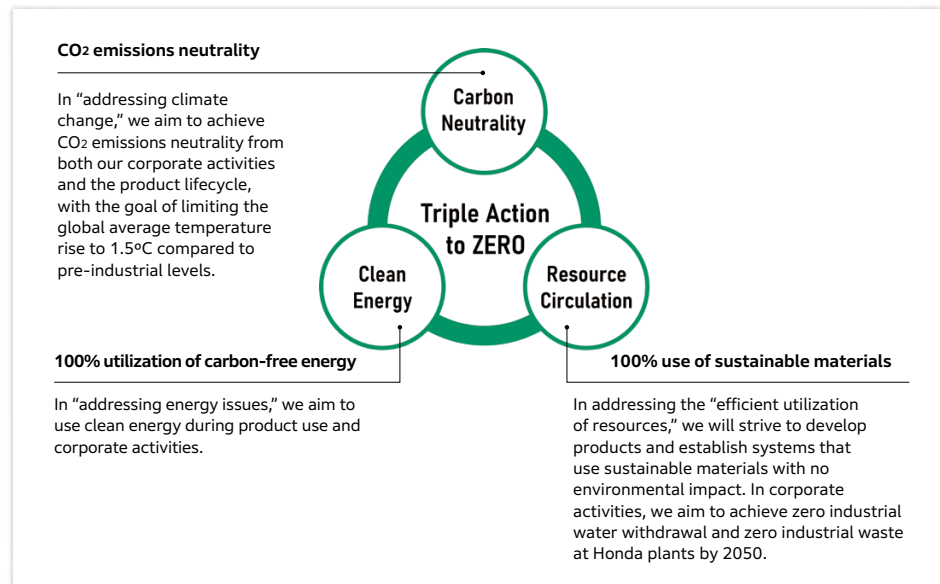
Realizing a Zero Environmental Impact Society

Triple Action to ZERO

To achieve the “realizing a zero environmental impact society,” we envision CO₂ emissions neutrality by 2050, 100% utilization of carbon-free energy, and 100% use of sustainable materials, and are working on initiatives centered around the Triple Action to ZERO, a concept that consolidates three key initiatives: “carbon neutrality,” “clean energy,” and “resource circulation.”

The Triple Action to ZERO initiatives are closely related, and we aim to maximize synergistic benefits by considering the links between them. We also believe that these initiatives lead to coexistence with nature, including biodiversity conservation, which is increasingly emphasized internationally. In advancing these initiatives, we will also take into account “nature-based solutions”^{*2}.

^{*2} Nature-based Solutions (NbS) involve addressing societal issues while conserving and restoring natural ecosystems.



Achieving Carbon Neutrality by 2050

Honda supports the Paris Agreement^{*3} and aims to achieve carbon neutrality across all Honda products and corporate activities by 2050, with the aim of realizing a society with zero environmental impact. Among the four materialities, Honda is prioritizing and working on “addressing climate change” and “addressing energy issues” in pursuit of carbon neutrality.

As priority measures, we have set the reduction of CO₂ emissions from product use (Scope 3^{*4}, Category 11^{*5}) and from corporate activities (Scopes 1^{*6} and 2^{*7}) as key initiatives, and subdivide them into more specific measures. Specifically, CO₂ emissions from individual product groups in each business area, as well as from each product plant and manufacturing equipment are aggregated to quantify the reduction of CO₂ emissions by product and by plant.

With respect to long-term measures for reducing environmental impact associated with the materiality of “efficient utilization of resources,” some require new initiatives beyond the existing frameworks. We are in the preparatory stage for the future reduction of CO₂ emissions throughout the product lifecycle from resource extraction (upstream) to disposal (downstream) processes. We also recognize the importance of advancing these initiatives while considering impacts on nature, including the materiality of “biodiversity conservation.” Honda will continue initiatives not only toward “carbon neutrality by 2050” but also toward the future with a long-term perspective for the “realizing a zero environmental impact society.”

Furthermore, to realize carbon neutrality across society as a whole, we are taking on challenges through a multifaceted approach in addition to the electrification of mobility.

^{*3} In the Paris Agreement, the approach of reducing CO₂ emissions is set forth with the aim of achieving the goal of limiting the rise in the Earth’s average temperature to 1.5°C compared to pre-industrial levels.

^{*4} Scope 3: Other indirect GHG emissions not included in Scope 1 and Scope 2, as defined by the GHG Protocol. Scope 3 is systematically broken down into 15 categories. For each category, Honda has defined the calculation targets.

^{*5} Category 11: Use of motorcycles, automobiles, power products, and aircraft sold by Honda

^{*6} Scope 1: Direct GHG emissions from corporate activities, as defined by the GHG Protocol (e.g., combustion of fuel oil at a manufacturing plant, emissions from work vehicles and company cars). In Japan, Honda uses the emission factor based on the Act on Promotion of Global Warming Countermeasures and in each region except Japan, emission factors from the 2006 IPCC Guidelines for National GHG Inventories. Global Warming Potential (GWP) is based on the IPCC’s Fifth Assessment Report.

^{*7} Scope 2: Indirect GHG emissions from the use of energy in corporate activities, as defined by the GHG Protocol (e.g., electrical energy used by a manufacturing plant or office). Honda adopts the GHG Protocol’s standard market-based method. In Japan, Honda uses adjusted emission factors by electric utility based on the Act on Promotion of Global Warming Countermeasures. In each region except Japan, Honda uses emission factors by electricity utility or the latest regional emission factors, and if these are unavailable, national emission factors from the IEA’s CO₂ Emissions from Fuel Combustion.

Realizing a Zero Environmental Impact Society

Looking Ahead to 2030

Adjustment of Electrification Targets in Light of Changes in the EV Market Environment

To realize carbon neutrality, we have considered that in the area of small mobility including passenger vehicles, electric vehicles (EVs) are the optimal solution from a long-term perspective, and have made a significant shift toward their widespread adoption and advanced initiatives. On the other hand, the speed of EV market expansion has been slowing for reasons such as changes in environmental regulations in each region, which are prerequisites for EV adoption, as well as changes in trade policy trends among others, leading to increasing uncertainty in the business environment.

In response to these changes in the EV market environment, we have reviewed our powertrain portfolio and product launch plans, including EVs and hybrid electric vehicles, and revised the target sales ratio of electrified products for automobiles for the Fiscal Years Ending March 31, 2031 from 30% to 20%. During the transitional period toward full-scale EV adoption, we will shift the composition to focus on hybrid electric vehicles, for which demand is high. By also achieving further improvements in the efficiency of the current hybrid system and improvements in the fuel economy of internal combustion engines (ICE), we will proceed with the conventional target for the reduction rate of CO₂ emissions intensity of product use for automobiles.

Similarly, for motorcycles, based on the reality that demand for electrified products has not expanded as much as expected, we have revised the target sales ratio of electrified products. As a

leading motorcycle company, Honda aims to lead carbon neutrality in motorcycles by actively working to expand demand for electrified products, including establishing a plant dedicated to electrified products in India and launching new models. In addition to electrification, we will contribute to reducing CO₂ by further improving fuel economy in ICE and expanding flex-fuel models capable of using high-concentration ethanol blended fuels according to region-specific circumstances.

Furthermore, we will not change our long-term goal, and in aiming for carbon neutrality by 2050, we will carefully assess the timing and steadily implement the measures we have prepared for the period of EV adoption. At the same time, we will continue to strengthen initiatives to reduce CO₂ through broad and multifaceted approaches such as research and application of carbon-negative technologies.

Setting New Targets for “Efficient Utilization of Resources”

Honda has set more fundamental and challenging long-term targets for “efficient utilization of resources,” which are linked to our ideal state by 2050.

As interim milestones for the Fiscal Years Ending March 31, 2031, we have newly established the “reduction rate of industrial water withdrawal” and the “reduction rate of industrial waste (incineration and landfill disposal)” as KGIs, and the “usage rate of recycled and biomass materials” as a KPI, and set target values for them.

Management Indicators and Targets

Priority Issue	Materialities	KGI/KPI*8	Management Indicators	Category	Targets*9	
					Fiscal Year Ending March 31, 2026	Fiscal Year Ending March 31, 2031
Realizing a Zero Environmental Impact Society	<ul style="list-style-type: none"> Addressing climate change issues Addressing energy-related issues Efficient utilization of resources Biodiversity conservation 	KGI	Reduction rate of CO ₂ emissions from corporate activities (compared to FYE Mar. 31, 2020)	Consolidated	(Confidential)	46%
			Total CO ₂ emissions from products	Consolidated	(Confidential)	(Confidential)
			Reduction rate of industrial water withdrawal <New> (compared to FYE Mar. 31, 2020)	Consolidated	-	12%
			Reduction rate of industrial waste (incineration and landfill disposal) <New> (compared to FYE Mar. 31, 2020)	Consolidated	-	20%
		KPI	Electric product sales ratio	Motorcycles	(Confidential)	7%
				Automobiles		20%
				Power products		26%
			Reduction rate of product CO ₂ emissions per unit (compared to FYE Mar. 31, 2020)	Motorcycles	(Confidential)	15%
				Automobiles		27.2%
				Power products		13.4%
			Usage rate of recycled and biomass materials <New>	Motorcycles	-	30% of motorcycles produced in Japan, for Europe market
				Automobiles		30% in EVs produced in North America and Japan

*8 This table shows all KGIs and some KPIs *9 For new indicators with no actual results yet, indicators for which targets are still being set, and non-disclosed management indicators, a “-” is shown.

Realizing a Zero Environmental Impact Society

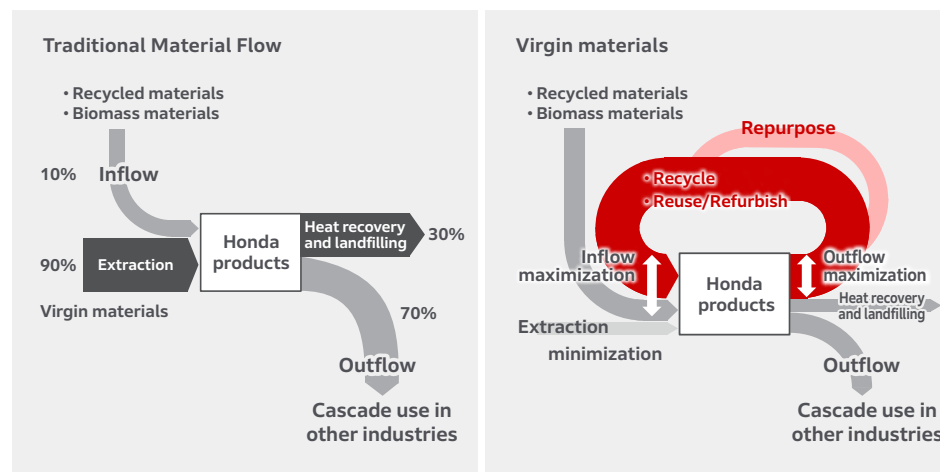
Looking Ahead to 2050

Resource Circulation Initiatives (Product Area)

Our lives involve production, consumption, and disposal, relying on various resources. Driven by global population growth and economic development, the demand for resources continues to rise, and extensive resource extraction has become a societal issue.

Electrification of products is an effective means of reducing CO₂ emissions during product use. However, compared to traditional internal combustion engine vehicles, electric vehicles use larger amounts of scarce resources such as copper, nickel, cobalt, lithium, and rare earth elements. The extraction of scarce resources not only involves substantial energy consumption and significant CO₂ emissions but also affects natural capital such as biodiversity and water through land alteration. To move away from these environmental impacts caused by resource consumption, “resource circulation (efficient utilization of resources)” is crucial.

Currently, approximately 90% of the resources used in new car manufacturing rely on newly mined materials. Although about 70% of the resources from dismantled vehicles are recycled and reused, they are often subjected to cascade use*¹⁰ in other industries, with the remaining 30% either incinerated for heat recovery or landfilled. Advancing the electrification of products increases the demand for scarce resources, leading to potential risks of rising resource prices and supply constraints, which could affect the availability of products and services. In addition, since the quality requirements for materials in today's automobiles are high, using recycled materials increases costs. Therefore, it is essential to implement resource circulation initiatives with economic feasibility to make recycled materials more viable.



Honda has set “efficient utilization of resources” as a materiality and aims to achieve a “100% use of sustainable materials” by 2050. To achieve this, it is necessary to maximize the inflow during the product manufacturing stage and the outflow after the end of the product lifespan.

*10 Cascade use: A method of using resources and energy in stages to maximize their use while allowing for a decline in quality.

Setting New Targets with a View to 2050

To maximize the inflow, we have set the new management indicator (KPI) “usage rate of recycled and biomass materials.” For motorcycle models produced in Japan for the European market, and for automobiles (EVs) produced in North America and Japan, in the Fiscal Years Ending March 31, 2031, we will aim for a target of 30%. To achieve this new target, we will further collaborate with suppliers of materials and parts in the upstream processes and apply recycled and biomass materials.

Management Indicator and Targets

	Management Indicators	Classification	Targets
			Fiscal Year Ending March 31, 2031
KPI	Usage rate of recycled and biomass materials	Motorcycles	30% of motorcycles produced in Japan, for Europe market
		Automobiles	30% in EVs produced in North America and Japan

To maximize the outflow, we will advance the establishment of horizontal recycling, which maximizes the use of end-of-life vehicles (ELVs). For the high-efficiency recycling of ELVs, it is crucial to incorporate “circular-oriented materials and design” into the products. For the products currently under development, we are advancing the replacement of materials with those designed for circularity, integrating material types, and adapting material specifications and manufacturing methods to accommodate the use of recycled materials. Additionally, we are working on designs that facilitate easy disassembly of ELVs and are aiming to transform components made of multiple materials into structures that allow for easy separation into single materials, avoiding the inclusion of contaminants during the recycling process.

In addition to incorporating these strategies into product design, we will also focus on expanding future horizontal recycling efforts. To achieve both environmental sustainability and economic viability, we are working with our partners to develop advanced recycling technologies, including those for dismantling, shredding, sorting, and reprocessing materials.

Through the maximization of inflow and outflow, we are striving to achieve a 50% usage rate of recycled and biomass materials in our next-generation models in the future.

WEB “Honda ESG Report 2025”

https://global.honda/en/sustainability/cq_img/report/pdf/2025/honda-SR-2025-en-all.pdf#page=52

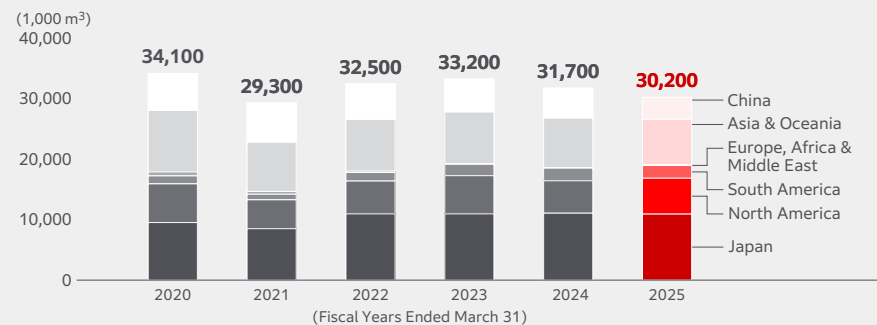
Realizing a Zero Environmental Impact Society

Resource Circulation Initiatives (Corporate Activities Area)

Honda will take on the challenge of achieving “zero industrial water withdrawal” and “zero industrial waste” by 2050 to conserve water resources upstream and downstream in the region and to prevent environmental pollution.

Results for the Fiscal Year Ended March 31, 2025

Water withdrawal

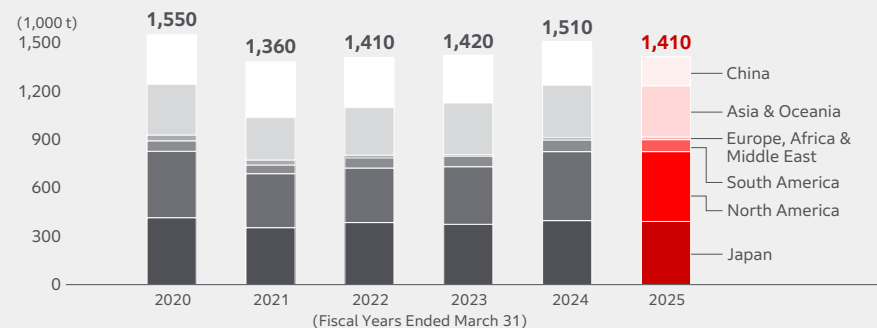


Calculation method: Amount of water intake = Σ (Purchased from water utilities + Groundwater intake + Rainwater utilization + Intake of surface water, such as from rivers)

• Expressed in three significant digits

Recycled water usage (global manufacturing sites):
3,160,000 m³/year (approximately 14% of total usage)


Generation of waste and other outputs



Calculation method: Amount generated = Σ (Industrial waste + General business waste + Valuable materials)

• With the exception of Japan, industrial waste other than hazardous waste (as defined by each country's regulations) and general business waste are excluded from the scope.

• Expressed in three significant digits

* The data marked with  have received third-party assurance.

We are also working to reduce water withdrawal and the generation of waste^{*11} in our corporate activities. However, regarding water resource conservation and waste reduction, with no standardized targets or indicators established globally or within the industry, Honda has continuously worked on voluntary management and reduction.

To reduce total water withdrawal and the total generation of waste across all corporate activities, we have continued initiatives such as water conservation through the utilization of recycled water and the 3Rs (reduce, reuse, and recycle). As a result, we have maintained and sustained the reduction levels for both water withdrawal and generation of waste since the Fiscal Years Ended March 31, 2020.

^{*11} Total amount of waste based on the GRI Standards

Setting New Targets with a View to 2050

For more fundamental issue solving, as interim targets linked to our ideal state by 2050, we have set new KGIs and targets to reduce industrial water withdrawal by 12% and industrial waste (incineration and landfill disposal) by 20% by the Fiscal Years Ending March 31, 2031.

New Targets for the Fiscal Year Ending March 31, 2031

Management Indicators and Targets

	Classification	Classification	Targets
			Fiscal Year Ending March 31, 2031
KGI	Industrial water withdrawal ^{*12} (compared to FYE Mar. 31, 2020)	Consolidated	12%
	Industrial waste (incineration and landfill disposal) ^{*13} (compared to FYE Mar. 31, 2020)	Consolidated	20%

^{*12} Industrial water withdrawal: The annual amount of water withdrawn that is directly used in product development and manufacturing in corporate activities. This indicator excludes domestic water use, such as drinking water and handwashing facilities for associates, which are provided as safe water, sanitation facilities, and hygiene practices (WASH: water, sanitation, and hygiene) under the Alliance for Water Stewardship (AWS) standard, which requires the provision of hygienic water and facilities.

^{*13} Industrial waste: The annual amount of waste generated in product development and manufacturing in corporate activities. This indicator excludes resources to be reused because of their small environmental impact.

For water resources, we will introduce water conservation technologies and expand the utilization of recycled water. For waste, we will work to reduce generation through improved yield in the manufacturing process and expand recycling measures for materials and components.

We will also pursue the establishment of new treatment technologies to replace incineration and landfill, striving to further reduce environmental impact. Going forward, taking into consideration the characteristics and challenges of water resources in each region, we will conduct water risk assessments at each production site, as well as emphasize consideration for biodiversity and contribute to the conservation of water environments and local communities in upstream and downstream areas around our sites.

Realizing a Zero Environmental Impact Society

Words from Honda Colleagues Who Chase Their Dreams

Creating a Future-Oriented Environmental Strategy, Aiming for the “Realizing a Zero Environmental Impact Society”

Environment Planning Division,
Corporate Planning Unit
Takashi Iwasa



When I joined Honda, my dream was to see automobiles equipped with materials and parts that contribute to reducing environmental impact being driven around the world. To realize that dream, I worked in the motorcycle development division to develop environmental technologies for low-fuel-consumption tires and applied them to mass production in small models in Southeast Asia and India. Later, as the large project leader for recycled and biomass materials development, the technologies to which I contributed were projected to be applied in mass production in the NC Series*¹⁴, which were launched in 2024. At that point, I felt that I had achieved my dream as an engineer that I had held since joining Honda. At the same time, I developed a desire to more actively communicate Honda's environmental technologies and deliver them to many customers. I then embraced a new dream: to formulate an All Honda environmental strategy and convey Honda's commitment and initiatives for the environment. With a growing desire to take on this challenge, I transferred to the Environment Planning Division, Corporate Planning Unit, in 2024.

Since transferring, I have been responsible for setting company-wide targets in the area of resource circulation. I have engaged in extensive discussions with planning and development divisions in each business and established the new KPI “usage rate of recycled and biomass materials.” Initiatives for resource circulation are important not only for solving the issue of “efficient utilization of resources” set as a materiality but also for contributing to reducing CO₂ emissions by curbing resource extraction and conserving natural capital and biodiversity. By setting this new target, I believe we can drive behavioral transformation among internal and external stakeholders and accelerate the introduction of products that contribute to reducing environmental impact.

Currently, I am also responsible for formulating strategies and setting targets for lifecycle CO₂ emissions. Going forward, I aim to link the four materialities toward the priority issue “realizing a zero environmental impact society” and develop Honda's new environmental strategy with a future-oriented perspective.

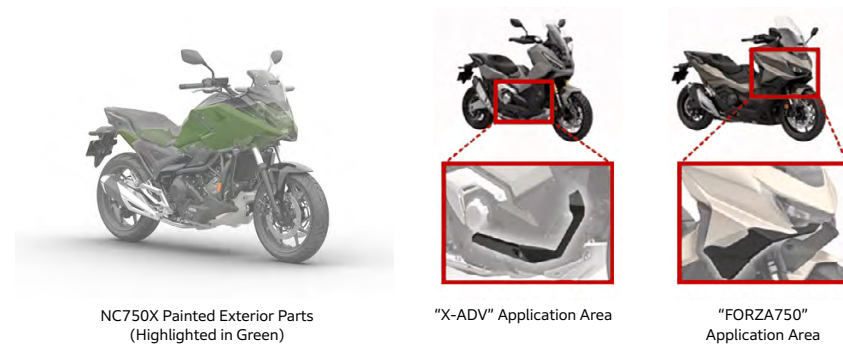
*¹⁴ NC Series: “NC750X” “FORZA750” “X-ADV”

Recycled and Biomass Materials Implemented in Mass Production

Recycled materials



Biomass materials



“Honda ESG Report 2025”

https://global.honda/en/sustainability/cq_img/report/pdf/2025/honda-SR-2025-en-all.pdf#page=57

Realizing a Zero Traffic Collision Society

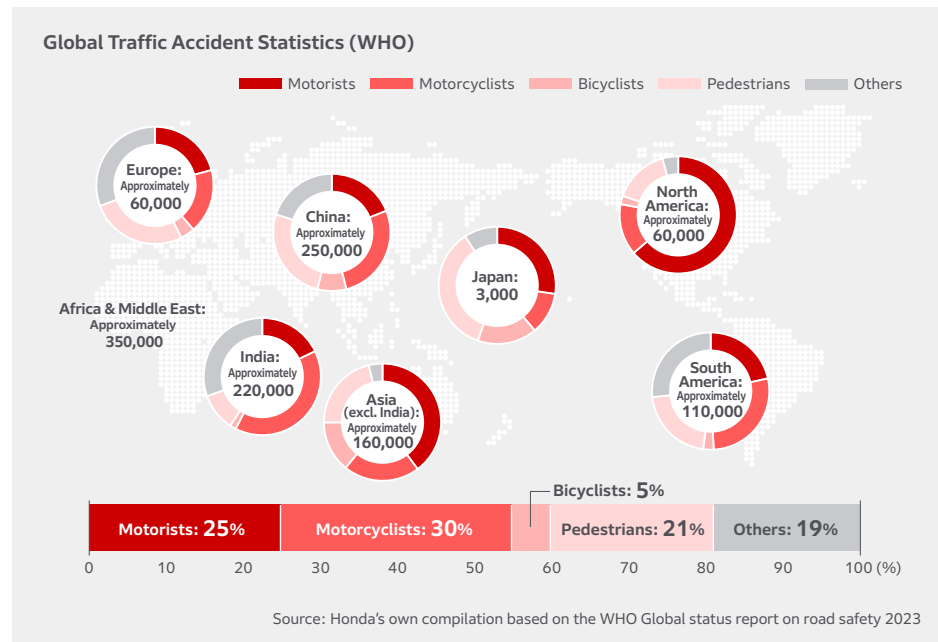
Consistent Commitment to Safety

Pursuing the Safety of All People in a Mobility Society

Honda has made its vision to continue to sustainably provide the joy and freedom of mobility to people, and has consistently worked toward making it a reality. To continuously deliver the “joy and freedom of mobility,” safety initiatives are one of the key challenges.

Currently, global road traffic fatalities remain a serious issue, with approximately 1.19 million annually. The majority of fatalities are among vulnerable road users such as motorcyclists, bicyclists, and pedestrians. In emerging countries in particular, including Asia-Pacific and South America, ensuring the safety of these vulnerable road users is an urgent issue.

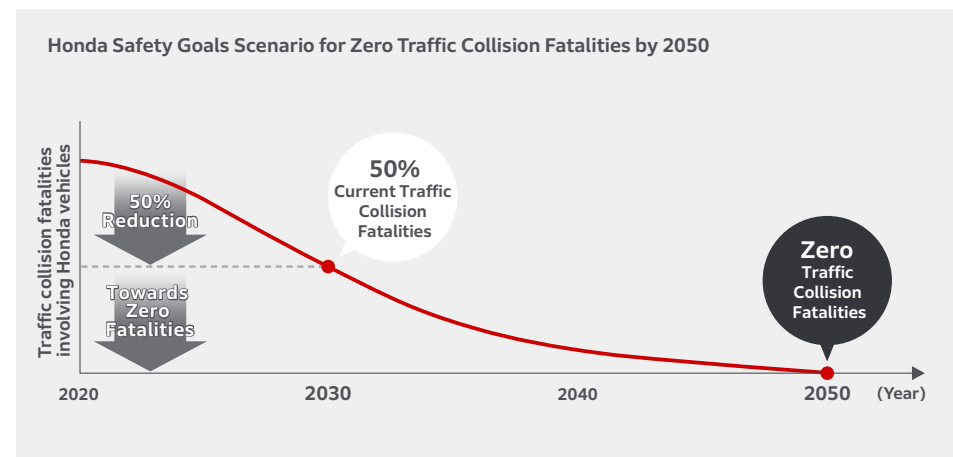
In response to this background, in April 2021, Honda set the goal of achieving zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050. A major challenge in realizing this goal lies in eliminating fatal collisions involving motorcycles in emerging countries. Honda has a social responsibility as the world's leading manufacturer in the motorcycle industry. By acting as a frontrunner in these efforts, Honda aims to enhance overall safety and realize a safe and secure mobility society where all road users can coexist.



Vision

Realizing a Zero Traffic Collision Fatalities

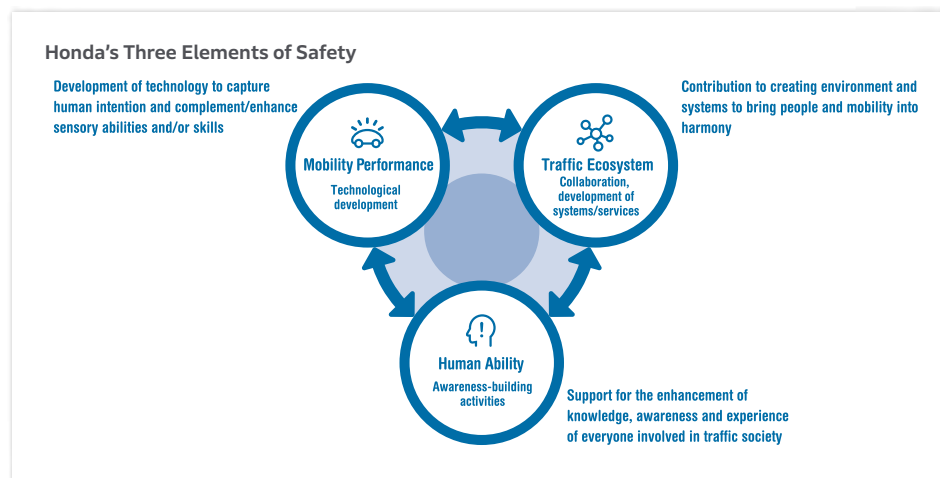
As a milestone for 2050, Honda has set a target of reducing worldwide traffic fatalities involving our vehicles by half by 2030 compared to 2020 levels. These targets include not only new vehicles but all existing motorcycles and automobiles on the market. We have made “traffic fatalities involving Honda automobiles in Japan and the United States” a management indicator (KGI) for monitoring progress toward these targets, and are advancing efforts towards achieving the quantitative targets. The focus is on these two countries due to the limited availability of OEM-specific traffic collision data in other countries. The reason for limiting the scope to automobiles is that sufficient collision data are not available for certain motorcycle categories, such as those based on engine displacement. However, Honda's safety efforts are not limited to these regions nor to vehicle types. Internally, we independently estimate traffic collision fatalities involving Honda motorcycles, in addition to automobiles, in various countries and develop safety measures based on these estimates. At the same time, we recognize that accurate data, including traffic collision fatalities, is an essential foundation for planning safety measures. We therefore communicate the importance of such data to international organizations, national government agencies, and industry stakeholders, and advocate for the improvement and sharing of this data. To realize zero traffic collision fatalities, involving Honda motorcycles and automobiles, we will continue to improve our effective traffic safety initiatives by accurately understanding the collision realities in each region.



Realizing a Zero Traffic Collision Society

Creating a Future That Balances Freedom of Mobility and Safety in Society

Honda is carrying out safety initiatives based on three materialities: “the development of technologies that capture, complement, and expand human intention,” “safety education and awareness-building activities,” and “the construction of a traffic ecosystem.” These materialities extend not only to the evolution of vehicles through advanced technologies but also to support for human behavior and cognition, as well as the development of traffic infrastructure that connects society as a whole. Through this multifaceted approach, we aim to realize a collision-free society.



Toward 2030

Development of Technologies that Interpret, Complement, and Expand Human Intentions

To further enhance the safety of mobility, vehicles must be equipped with advanced safety performance features that accurately complement and enhance human capabilities. Honda is working on the development of comprehensive safety performance features, including technologies that protect the human body, those that avoid collisions, and those that interpret human intentions and communicate them to the vehicle and its surroundings.

Since announcing the advanced driver assistance system “Honda SENSING”^{*1} in 2014, Honda has been promoting the deployment of safety technologies tailored to the collision realities in each region. In developed countries, where the penetration rate of automobiles is high and various

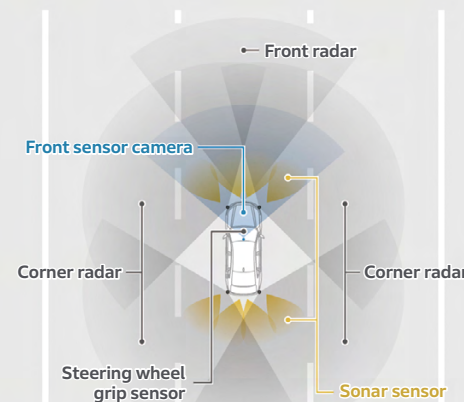
collision risks exist, such as those at intersections, we are focusing on expanding the adoption and enhancing the functionality of “Honda SENSING 360,”^{*2} with omnidirectional sensing that covers the front, rear, left, and right. We are also expanding the deployment of “Honda SENSING Elite,”^{*3} which enables conditional automated driving on highways. We are working to realize new safety technologies that allow coordination between the driver and the vehicle.

As motorcycles account for the majority of traffic collisions in emerging countries, we are introducing Honda SENSING with a motorcycle detection function. We are also installing safety equipment, including advanced braking systems such as ABS^{*4} and CBS^{*5}, as well as lights that enhance rider visibility to other road users. In particular, we are accelerating the installation of safety equipment in emerging markets, and the installation rate of advanced braking systems grew to approximately 88% as of the Fiscal Years Ended March 31, 2025. We quantitatively monitor the progress of these initiatives by using the advanced safety equipment application rate as a KPI.

Management Indicators and Targets

	Management Indicators	Targets		
		Fiscal Year Ending March 31, 2031		
KPI	Advanced safety equipment application rate	Automobiles in developed countries ^{*6} Honda SENSING 360 100%	Automobiles in emerging countries ^{*7} Honda SENSING 100%	Motorcycles in emerging countries ^{*8} Advanced braking systems (ABS/CBS) 100%

Honda SENSING 360 System Configuration



- ^{*1} Honda SENSING: Primarily senses the front of the vehicle and detects pedestrians and other objects to support safe and comfortable driving and collision avoidance.
- ^{*2} Honda SENSING 360: Expands collision avoidance support to all directions, further enhancing the capability to avoid imminent collisions or mitigate damage.
- ^{*3} Honda SENSING Elite: Incorporating advanced technology called “Traffic Jam Pilot (traffic jam driving function),” which conforms to conditional automated driving in limited areas, the system takes over driving operations under certain conditions, such as during highway traffic jams.
- ^{*4} ABS: Anti-lock braking system. A system that prevents the wheels from locking during braking on slippery surfaces, helping stabilize the vehicle's posture and maintain steering capability.
- ^{*5} CBS: Combined braking system. A system that links the front and rear brakes to assist the rider's operation, enabling safer and more comfortable braking.
- ^{*6} Japan, the United States, China, Europe
- ^{*7} India, Indonesia, Malaysia, Thailand, Brazil
- ^{*8} India, Indonesia, Vietnam, Thailand, Brazil

Realizing a Zero Traffic Collision Society

Safety Education and Awareness Activities

In addition to technological advancements, changes in human awareness and behavior are also essential to achieving traffic safety. Honda is working to enhance the human abilities of all participants in the traffic environment, including driving skills, cognition, judgment, and courtesy and consideration for others. Guided by the principles of “safety handed from person to person” and “practical experience-based learning,” we are developing instructor training programs, corporate training at traffic education centers*⁹, and schools for individuals. Currently, Honda delivers safety education in 43 countries and regions worldwide. In 2024, the cumulative number of participants in our safety education programs surpassed 4.5 million globally.

Furthermore, we are advancing our traffic safety awareness activities to meet each individual's level of awareness, experience, and physical ability. By introducing individually optimized education programs that utilize generative AI and digital tools, we are working to expand the quality and quantity of our education. In addition to the “Honda Driver Coaching” app, which supports mastering safe driving through driving diagnosis and voice advice, we are aiming to innovate training systems and are developing new solutions, particularly in emerging countries where low rates of driver's license acquisition remain a challenge.

*⁹ Traffic education centers: Honda's facilities that conduct internal and external instructional programs on traffic safety and offer safe driving education to companies, schools, and individual customers.

Countries and Regions Where We Conduct Traffic Safety and Driving Education



Building a Traffic Ecosystem (Collaboration and System/Service Development)

Honda is striving to realize a traffic ecosystem in which road users and mobility create a traffic environment while interacting with each other. This envisions a system where various types of mobility, such as motorcycles, automobiles, and bicycles, and a diverse range of road users from children to the elderly collaborate to enhance traffic smoothness and safety performance.

Based on this approach, we are advancing the service of the “SAFETY MAP,” which analyzes data such as sudden braking information collected from vehicles, traffic collision information from police and local governments, and road information provided by local residents and allows users to know collision-prone areas in advance on our website. Local governments utilize this service for road improvements, such as adding pavement markings.

Global Contribution Through Support for Traffic Safety Policies

Honda has also entered into a partnership with the United Nations Road Safety Fund (UNRSF), donating a total of 3 million USD to the UNRSF over the five years from 2025 to 2030. This partnership has set two focus areas: traffic collision analysis and traffic safety policy support. Through collaboration with various countries, we will contribute to the reduction of traffic collision fatalities and injuries. Furthermore, in emerging countries, which account for a large number of traffic collision fatalities and injuries, we aim to reduce fatal collisions involving motorcycles. Drawing on our long-standing experience in the development of safety technologies and safe driving promotion activities, we will work to advocate for the legislation of appropriate speed limits, helmet and seatbelt use, and licensing systems, as well as to support the strengthening of enforcement against traffic rule violations.

In February 2025, Honda became the first company in the automotive industry to receive the highest “three-star” rating in the FIA Road Safety Index, an assessment index established by the Fédération Internationale de l'Automobile (FIA) for corporate and organizational initiatives toward traffic safety. This rating reflects the high regard for Honda's initiatives based on a long-term strategy for traffic safety.



FIA Road Safety Index Awards

Realizing a Zero Traffic Collision Society

Toward 2050

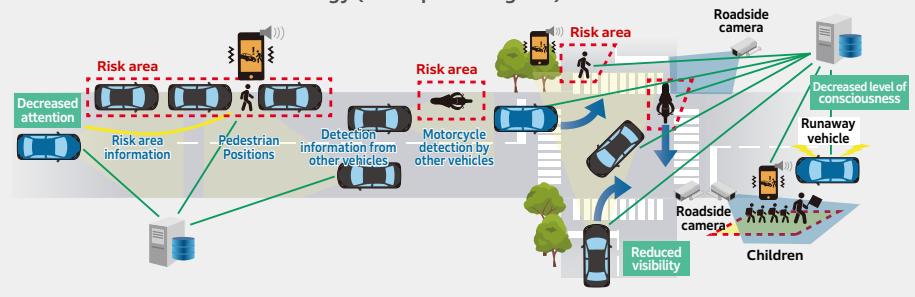
Realization of a Cooperative and Safe Society Through Communication and Data Utilization

Honda positions the building of a society in which all road users, including vulnerable road users such as pedestrians, bicyclists, and motorcyclists, collaborate and create safety as one of the key challenges to realize a zero traffic collision society. To achieve this cooperative and safe society, we believe that, in addition to advanced vehicle technologies, a transformation of the social system itself is required: one that encourages awareness reform and behavioral transformation among all road users. Based on this belief, we are carrying out innovative initiatives under our unique strategy.

At the core of these initiatives is the “Safe and Sound Network Technology,” which is currently under research and development. Various types of data obtained from roadside units, in-vehicle cameras, smartphones, and other sources are aggregated in the cloud to recreate the traffic environment in a virtual space. Taking into account the conditions and characteristics of each road user, the technology predicts and simulates the occurrence of dangerous behavior, and derives optimal support information for avoidance. This information is conveyed in real time via interfaces such as voice-interactive AI, prompting drivers and pedestrians to take evasive action before a collision occurs. Honda plans to launch this technology in the latter half of the 2020s and aims for its full-scale rollout in or after 2030. In Japan, we are also participating in the Cabinet Office-led SIP Phase 3 Smart Mobility Platform, accelerating initiatives through industry-government-academia collaboration.

In addition, utilizing Understanding Human Characteristics, a core element of the “Safe and Sound Network Technology,” Honda has begun a demonstration aimed at creating safety value through collaboration between healthcare and mobility service. Physical and mental changes during driving, such as fatigue and stress, can lead to serious human errors. To prevent collisions before they occur and raise safety awareness, we are working on the development of a monitoring system that detects and predicts such changes before they manifest in driving behavior. Going forward, Honda will continue to take on challenges and aim to create a “cooperative and safe society” in which all road users are connected and coexist by making full use of communications and data, aiming for the realization of a society where no one is involved in traffic collisions.

Safe and Sound Network Technology (Conceptual Diagram)



Words from Honda Colleagues Who Chase Their Dreams

Toward Visualization of Traffic Safety

Safety Planning Division,
Corporate Planning Unit
Miwako Ikeda



After joining the Company, I worked on improving vehicle safety from the perspective of biomechanics for automobile crash safety. Since about five years ago, I have been in charge of the company-wide traffic safety strategy and have been involved in planning and promoting company-wide policies and measures, mainly in collaboration with internal and external stakeholders based outside Japan. In November 2022, the FIA Road Safety Index was announced, and a movement began to comprehensively visualize the progress of corporate traffic safety activities. I was involved in promoting the initial introduction of this safety index, and as a result, Honda became the first automobile company to receive the highest three-star rating in February 2025.

Through this initiative, involving more exchanges with external stakeholders, I have become more conscious of how Honda's activities are being received. This is because I feel that Honda's overall initiatives toward society, not just associate-oriented measures, are being incorporated into strategies from the perspective of effectiveness and accountability. Through repeated dialogue with people from international organizations, I have witnessed the global impact of those who have built relationships of trust, and I feel a great sense of fulfillment and responsibility in knowing that I am able to play a part in this.

Progress in traffic safety can be quantitatively monitored through data such as traffic collision fatalities. However, in emerging countries, which account for a large number of the world's traffic collision fatalities, data infrastructure is not yet fully developed. To address this issue, Honda is considering further contributions through collaboration with international organizations to develop effective activities in these countries and regions. I hope that such efforts will lead to improved traffic safety throughout society, and I intend to continue learning and playing my part.

Creating Innovative Technologies

Research Systems and Innovation Measures to Create New Value

Honda's research and development subsidiary, Honda R&D Co., Ltd., is operated under a system that enables it to focus on technological development for creating new value and conducting fundamental research with a long-term perspective. The company is committed to expanding the possibilities of mobility and to achieving a future society with zero environmental impact and zero traffic collision fatalities. Having defined key focus areas, experts in each field lead technological development. Honda R&D has also established the Honda Research Institute as its subsidiary, with locations in Japan, the United States, and Europe. This institute specializes in cutting-edge areas such as computer science and collaborates with various research institutions worldwide to explore and integrate global knowledge.

Strengthening collaboration with external parties through initiatives such as venturing is also one of our efforts for technology creation. Honda established a department responsible for corporate development in 2021, and has continued to strengthen its functions to enhance corporate competitiveness by consolidating internal and external knowledge, experience, and expertise. Within this initiative, Honda has secured an annual budget of around 10 billion yen for exploring and investing in startups, actively implementing the "Honda Xcelerator Ventures" program. Honda Innovations Co., Ltd. collaborates with Honda Innovations Silicon Valley, Inc. in the United States to globally expand exploration activities, and by building up results in investment and collaboration, it is accelerating corporate transformation. In addition, Honda is actively creating new businesses through a bottom-up approach, leveraging associates' unique ideas and technologies. In 2017, we launched the internal new business creation program "IGNITION." Through this program, venture companies Ashirase, Inc., Strimeo, Inc., and UMIAILE Co., Ltd. were established, and the in-house business SmaChari was launched. Together, they are taking on the challenge of solving social issues and creating new value."

List of CVC Portfolio Companies (Drivemode, Inc. joined our Group through an acquisition.)



In addition, Honda is actively creating new businesses through a bottom-up approach, leveraging associates' unique ideas and technologies. In 2017, we launched the internal new business creation program "IGNITION." Through this program, venture companies Ashirase Inc., Strimeo Inc., and UMIAILE Inc. were established, and the in-house business SmaChari was launched. Together, they are taking on the challenge of solving social issues and creating new value."

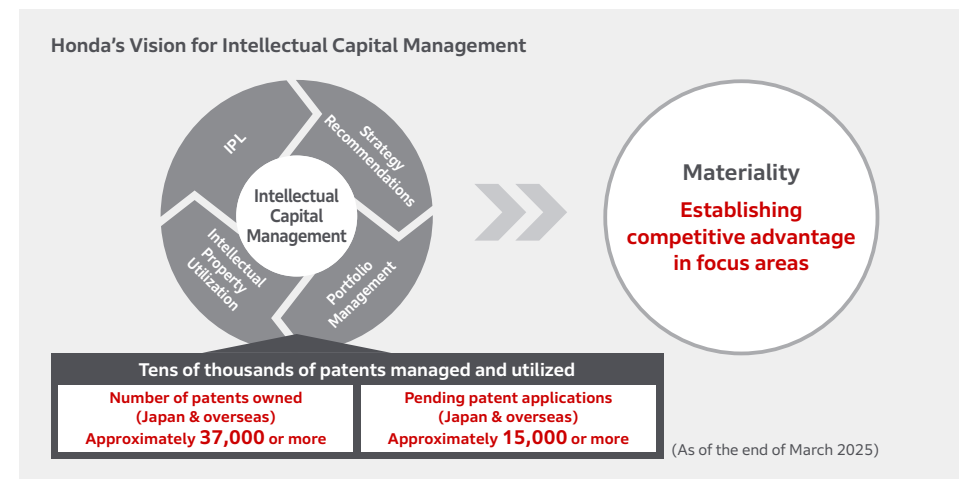
Intellectual Capital Management for Establishing Competitive Advantage in Focus Areas

Intellectual property is an essential element for a company to gain competitive advantage and continuously enhance its value. In particular, it represents an important asset that leads to medium- to long- term growth, especially contributing to future value five to ten years ahead. To utilize intellectual property more strategically, we clarify the purpose of owning intellectual property (e.g., in-house utilization, entry barriers against other companies, and licensing revenue) mainly in our focus areas, and utilize the IP Landscape (IPL)*1 for updating our business and technology strategies.

Furthermore, to maintain and strengthen filed patents as optimal rights, we implement portfolio management*2 (described below) in combination, thereby practicing intellectual capital management.

*1 IPL (IP Landscape): A method of analyzing intellectual property information, such as patents, for technology trends, competitors, market needs, and other aspects from multiple perspectives and utilizing them in management and business strategies.

*2 Portfolio management: An initiative to strategically manage the overall composition (portfolio) of owned patents to enhance alignment with and effectiveness for businesses.



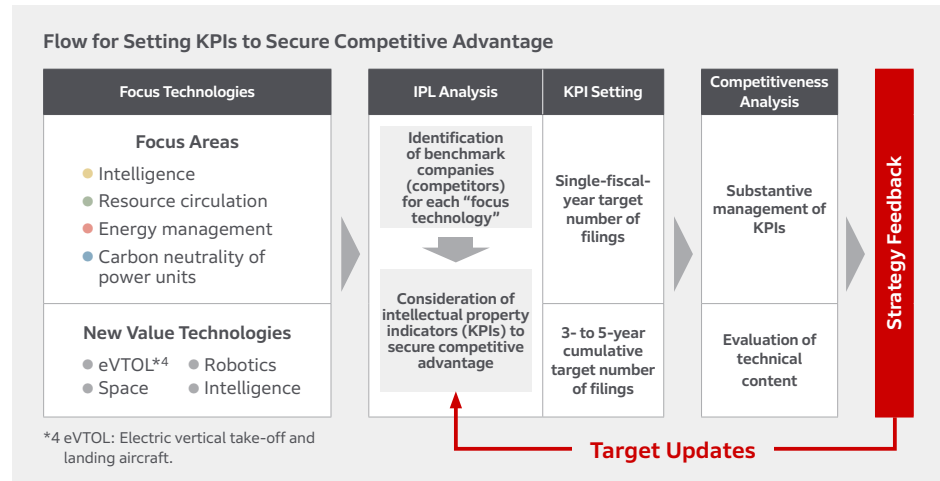
Intellectual Property Creation (Shift to Electrification and New Value Creation)

To support Honda's transformation into a company that enables new growth and value creation, referred to as the period of the "second founding," we conduct IPL analysis for each focus technology within the "four focus areas"*3 and the "new value technologies," set KPIs for establishing competitive advantage, and file patents accordingly. Specifically, for each focus technology, we identify benchmark companies and establish KPIs on single-fiscal-year and

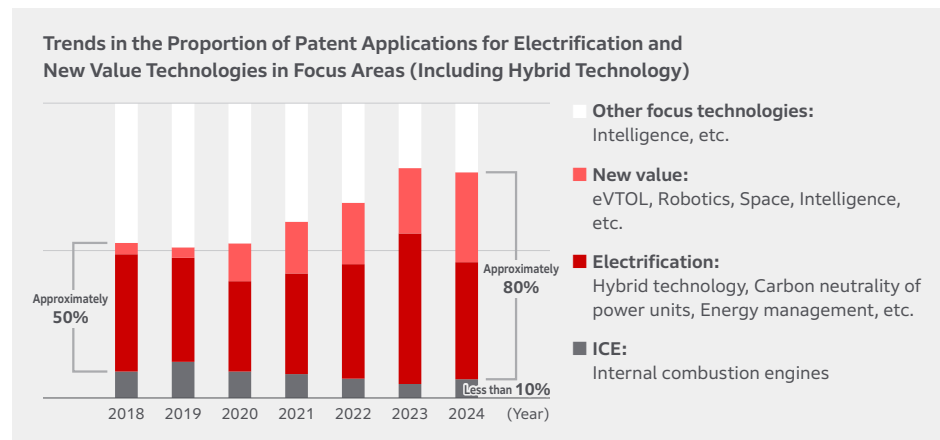
Creating Innovative Technologies

cumulative bases. In addition to comparing the number of patent applications (quantity), we also conduct detailed analysis of the content of each patent (quality) to evaluate competitiveness. These results are provided as feedback to the technology strategy division, where they are reflected in the revision of KPIs and the refinement of strategies.

*3 Four focus areas: The following four areas on which Honda focuses in the near term in promoting the “creation of innovative technologies”: Intelligence, Resource circulation, Energy management and Carbon neutrality of power units.



As an achievement, the graph shows the proportion of patent applications in our focus areas, including hybrid technology as part of electrification. The proportion of applications related to electrification technologies and new value technologies with future commercial potential was approximately 50% in 2018 and now accounts for approximately 80%.



In addition, the “other focus technologies” in the graph include ADAS and intelligent technologies related to automated driving, with a consistent number of patent applications filed each year. Meanwhile, patent applications related to engines continue on a downward trend, and their proportion in the overall focus areas remains less than 10%.

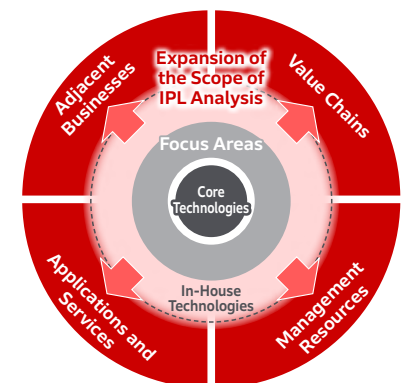
Robotics technologies classified in the “new value” area in the graph include “multi-fingered hand technology.” This integrates AI technologies with the mechatronics technologies developed through our previous robotics research and development, and aims to provide new value to society. For these technologies, we have set KPIs that incorporate IPL analysis utilizing intellectual property information, and implement a strategy update process to continuously file and evaluate patents. This has enabled us to steadily build a patent portfolio with strong competitive advantage. Through the accumulation of intellectual capital, Honda aims to create innovative technologies that will contribute to future society.

Expansion of IPL Function: Expanding into the Entire Ecosystem and into Technologies for New Value Creation

In recent years, as the external environment has become complex and changes have accelerated, there has been a growing need to comprehensively understand the environment and to rapidly review strategies.

In response to this situation, since 2024, Honda has strengthened the collaboration between business and technology strategies and intellectual property strategies by directly assigning personnel responsible for analysis functions to the management strategy division to realize agile strategy updates starting with IPL. We have also expanded the scope of IPL utilization beyond the analysis of technologies themselves to include analysis aimed at establishing the entire ecosystem, encompassing the creation of services and the development of value chains utilizing technologies, and application to other use cases. This allows us to comprehensively understand the competitive environment, including adjacent industries and related technologies, identify new collaboration opportunities, and gain insights into future market structures, thereby aiming to improve the accuracy of technology and business strategy planning.

Going forward, we will further expand the utilization of IPL and have our intellectual property division analyze patent information from multiple angles for management resources (e.g., analyzing our own and other companies' development resources) to promote transformation into a system that will provide information contributing to management strategies.



Brand Value Enhancement

HONDA
The Power of Dreams

How we move you.
CREATE ► TRANSCEND, AUGMENT

The dreams of each and every one of us working together have always been the driving force of Honda.

We have different kinds of dreams, but by applying our original technologies, ideas and design we take on challenges continuously to realize mobility that enables our customers to enjoy life with more freedom, more convenience and more fun.

The future mobility Honda dreams of will create a joy and freedom of mobility that enables people to transcend the constraints of time and place, and augment their every possibility.

Such mobility will become the “power” for people who are trying to advance toward their own dreams.

Dreams that will move even more people, until there is an endless expanse of new dreams.

The Power of Dreams

Through the creation of mobility we dream of, Honda will become “The Power of Dreams” of more and more people. That is how we will move people and society forward.

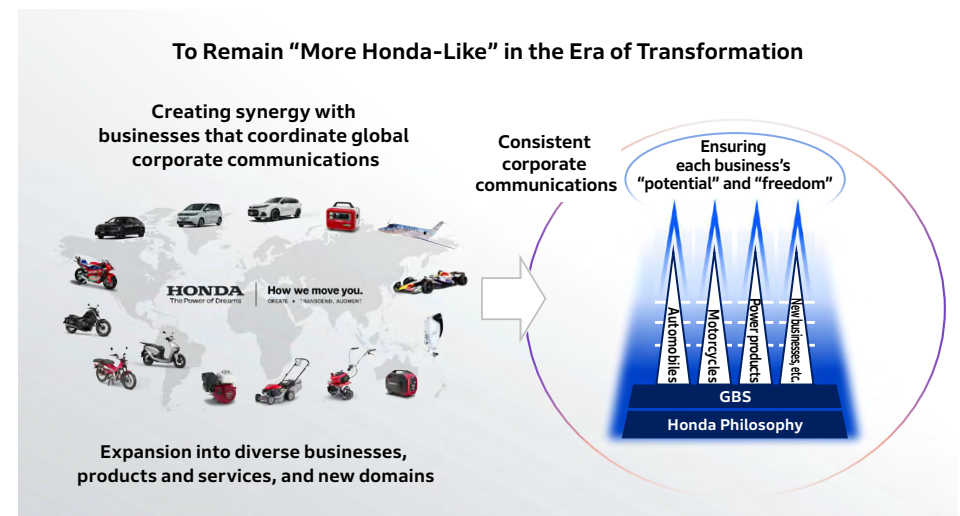
Starting Point: “Redefining the Honda Global Brand Slogan”

Honda’s brand has been built over time through all of its corporate activities alongside its customers since its founding. Even in the midst of a significant transformative period said to occur once in a century, enhancing the Honda brand and continuously increasing its value for the future is one of the most important challenges.

To achieve this, Honda redefined the Global Brand Slogan (GBS) “The Power of Dreams,” established in 2001, in 2023, and positioned it once again as the “starting point for all brand management.” By embodying the aspirations embedded in this slogan through all corporate activities, we aim to highlight the uniqueness of Honda and continue to be a company that the world values and looks to with expectations.

Furthermore, as a comprehensive mobility company and the world’s leading power unit manufacturer, Honda has delivered a diverse range of products and services to customers across the globe.

At the foundation of all Honda’s corporate activities lies shared “values and philosophies.” While strongly embracing the shared “values and philosophies,” the Honda brand is recognized as a “diverse and multifaceted brand” that is not uniform in contexts such as regions, businesses, products, and services. We believe that this distinctive brand personality represents the “uniqueness of Honda” developed for 75 long years and an asset for the future even in the era of transformation.



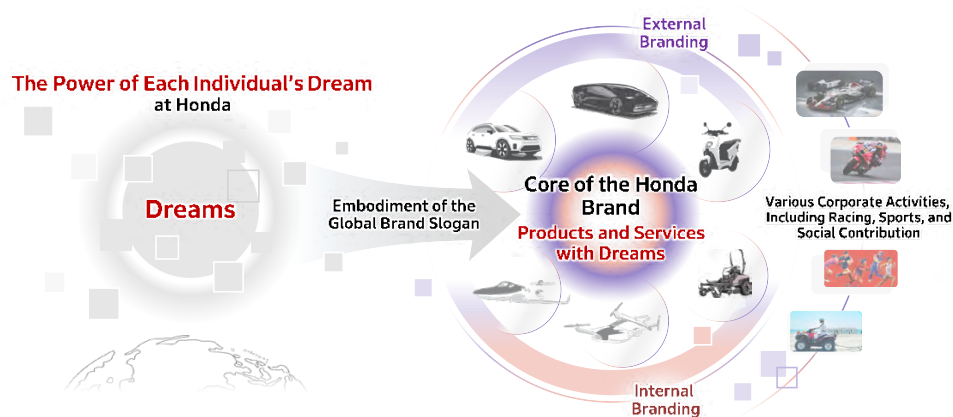
Brand Value Enhancement

Achievements of the Redefinition of the Global Brand Slogan and Future

Since the redefinition of the GBS, Honda has been conducting activities to disseminate its aspirations inside and outside the company with full effort, as well as working on reviews and improvements in all corporate activities, placing the GBS at the core. We recognize that, for approximately three years since the redefinition, diverse initiatives have started with the transformation of each associate's awareness and behavior, extended to products and services, and gradually been expressed as concrete achievements. Particularly, the EV "0 Series" announced in 2024 is positioned as one of the expressions of Honda's brand transformation, and at the same time as a symbol embodying the mobility we dream of.

Honda will continue to place the GBS at the core of brand management and, through various products, services, and corporate activities, integrate individual brand identities with the valuable consistency as Honda, further enhancing the overall value of the Honda brand.

Elements that Shape the Honda Brand



Honda's Design, Continuously Challenging with Creativity

Managing Director
Chief Operating Officer,
Design Center
Honda R&D Co., Ltd.
Toshinobu Minami

I was drawn to become a Honda designer by my strong interest in both mobility and design. Motorcycles are fun to ride, and automobiles captivated me even more after I obtained my license. I also felt I could make the most of my strengths in the field of design. During that time, Honda's automobiles of that era such as the "Wonder Civic" and the "second-generation Prelude" strongly inspired me, and I decided to join Honda.

I believe design is not merely the work of considering an object's appearance, but rather of envisioning "the world beyond the object" and creating the future through the object. Honda's Design Center brings together members from different product cultures, including motorcycles, automobiles, and power products. However, we do not try to forcibly unify these differences. Rather, I believe an environment that respects individual differences while naturally seeing and hearing what colleagues are working on and inspiring one another is a source of Honda's creativity.

The aim of our work as designers is to deliver not "what our customers want" but "what serves them." I believe that, while functionality such as performance and convenience is essential, even small moments, such as when someone steps out of an automobile, looks back, and thinks "This is cool" or "This is a great automobile," can also serve our customers well in terms of emotional fulfillment.

However, achieving this balance is never easy. It requires time and effort, and not every attempt succeeds. Yet, I believe continuing to take on challenges leads to Honda's creativity and the environment of mutually supporting colleagues in their pursuits is another major appeal of Honda.

Without being constrained by the past, we envision new dreams and keep taking on challenges. I am confident that the creativity that emerges going forward has shaped, and will continue to shape, the Honda brand.

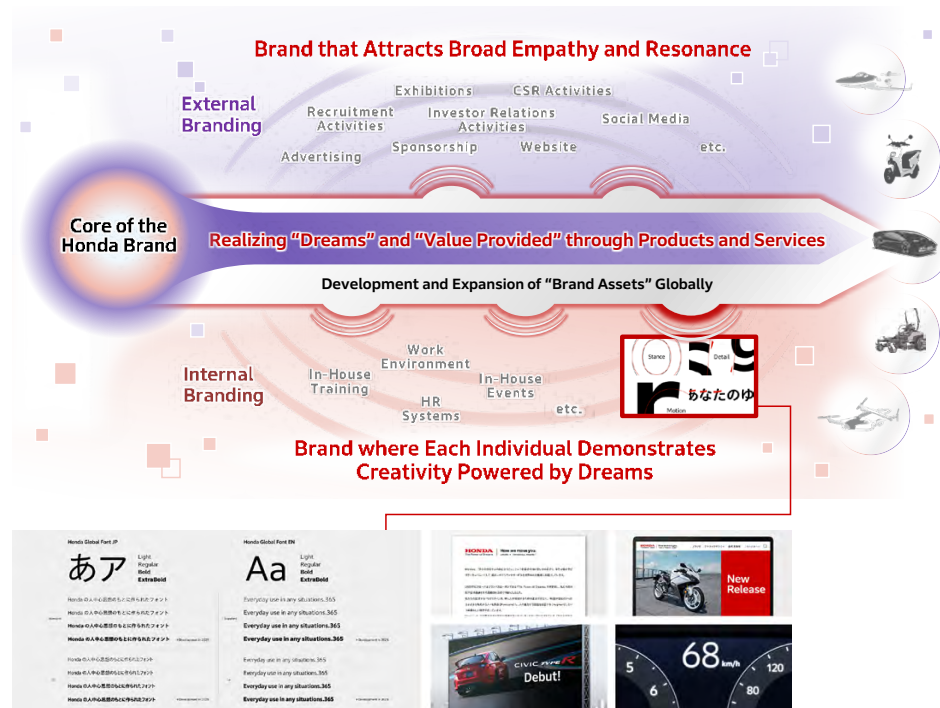
Brand Value Enhancement

Further Enhancing Brand Value

Evolution of Branding Strategies

In brand management, we believe it is crucial to create synergies between “common values and thought as a company” and “the diversity and uniqueness of products and services” based on the unique personality of the Honda brand. As part of this, we are working on developing and expanding “brand assets” that serve as guidelines for various communications and branding practices to ensure valuable brand commonality on a global scale.

First, we have enhanced the Brand Playbook, which has been in operation since 2024, into the Brand Portal for broader application. Going forward, we will work on the intelligence and automation of this function, with the aim of creating an environment in which all associates working at Honda can independently improve the quality of the brand.



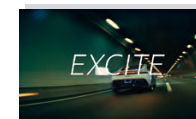
In 2025, Honda commenced company-wide implementation of the Honda Global Font as a new brand asset, serving as the foundation for all typographic communications.

In addition, a new series of corporate advertisements launched this year is one of our brand assets intended for global application.

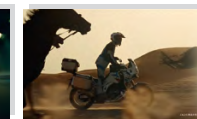
This series of advertisements spotlights Honda’s essential value proposition of diverse mobility presented through the redefinition of the GBS as “Transcend” and “Augment,” and the “embodiment of the dreams and endeavors” of each associate who realizes them through “Create.”

Starting with the already released installments: Automobiles, Motorcycles, and F1, we will further develop its successive installments to communicate both the “diversity and multifaceted nature” of Honda, a comprehensive mobility company, and the shared “values and thought” underlying it.

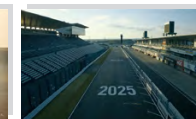
New Series of Corporate Advertisements



Automobiles



Motorcycles



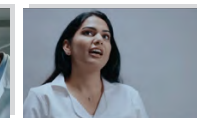
F1

Essential value proposition of Honda, a comprehensive mobility company,

Brand’s “diversity and multifaceted nature”

Embodiment of dreams and challenges of associates who realize value through “Create”

Shared “philosophies and values”



Starting with the installments: Automobiles, Motorcycles, and F1, we plan to further develop successive installments.

“Content Linked with Corporate Advertising”



DREAMS

Honda’s Partners Chase Their Dreams

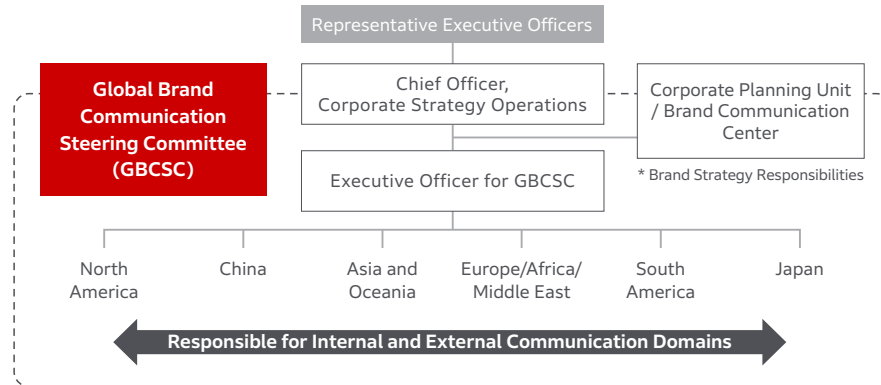
Brand Value Enhancement

Enhancing the Global Brand Strategy Coordination System

To consistently enhance the value of our brand globally, not only strategy but also the management of its execution and expansion is essential. Based on this approach, the Global Brand Communication Steering Committee, established in 2024, aims to ensure that the intended direction is shared with all global associates and each region can autonomously develop its initiatives. The committee is strengthening activities in collaboration with each region and business.

We recognize that brand initiatives that are grounded in globally shared understanding and at the same time reflecting regional needs are accelerating. By continuing to strengthen these initiatives, we will refine the personality of the Honda brand, which is diverse yet consistent.

The effectiveness of these efforts will be monitored using “brand value” as a management indicator, as published by Interbrand. This monitoring will help to assess the situation and contribute to the further enhancement of our activities.



Implementation of brand training and other initiatives that combine global consistency and regional optimization



At the experience center in Thailand, which opened in August, visitors can engage all five senses to experience Honda's diverse business areas, including challenges toward electrification.

Expansion of the Honda Brand Through Taking on Diverse Challenges

Since our founding, we have maintained a strong commitment to support individuals who “take on challenges” toward ambitious goals in realizing their dreams, just as we pursue our own dreams.

Our initiatives based on this value extend from racing activities to corporate sports, social contribution activities, and even the field of education, broadening the scope of the Honda brand's value.

Corporate Sports and Contribution to Sports



Through the operation of official clubs in Japan and sponsorship of competitions and athletes, we support athletes who pursue their dreams through challenges.



As an official partner, we supported the World Athletics Championships held in Tokyo for the first time in 34 years. By providing official vehicles, we helped amplify the excitement and inspiration born from the performances of the world's top athletes.

Social Contribution Activities, Etc.



Honda Beach Clean-up Activity: Cleaning up beaches using a proprietary beach cleaner



The Children's Idea Contest invites children to create artwork based on ideas for what they wish existed in the future.



Honda Sports Challenge

Motorsports



Japan's premier automobile touring car racing series, SUPER GT



World's premier motorcycle road racing series, MotoGP



World's premier motorcycle trial racing series, TrialGP

Brand Value Enhancement



The FIA Formula One World Championship (F1), which is a symbol of challenge, marks the 60th anniversary of our first victory this year. By continuously pursuing victory in F1, the world's premier racing series, Honda hones cutting-edge technologies and applies personnel's knowledge and experience developed through racing to the evolution of products and businesses. At the same time, F1 is not merely a competition for Honda but an invaluable stage to share dreams and excitement with our customers. In 2026, under new regulations with a significantly higher proportion of electrification, we will move to a stage of taking on further challenges. The passion and trust cultivated through our efforts toward F1 will continue to be a major force in enhancing the value of the Honda brand.

Mr. Lawrence Stroll, Chairman of the Aston Martin Aramco Formula One® Team, and Toshihiro Mibe, President and Representative Executive Officer, together pursuing the championship from 2026



Words from Honda Colleagues Who Chase Their Dreams

Honda's F1 Spirit, a Chain of Challenges

Racing Department
Honda Racing Corporation UK Ltd.
Shintaro Orihara



When I was a child, I felt somewhat embarrassed about the Honda automobile my father drove. Around me, Toyota and Nissan were the mainstream, and Honda was somewhat unusual. My feeling changed dramatically one late-night F1 broadcast. When McLaren Honda won and I saw the staff wearing the Honda logo celebrating on television, the automobile at home suddenly connected with the world, and a sense of pride surged within me. From that moment, I decided in my heart, "I will join Honda and work in F1."

However, even after I joined Honda, opportunities did not come easily. A quarter of my Honda career was spent continuously searching for ways to get involved in F1. I still cannot forget the joy I felt when our fourth era in F1 began and I was finally assigned to F1. In 2021, the moment we won the championship and I realized my dream remains the greatest event of my life.

The uniqueness of Honda, as I feel it, is its flexibility and sense of speed. The F1 team engineers tell me, "Honda's responsiveness is exceptional." If it is necessary to win, Honda overcomes any difficulties and tries to take on challenges at the fastest pace. That is Honda.

I also strongly feel that the successful experience of continuing to challenge and winning in the world of racing, where victory and defeat are clear, leads to the growth of engineers. Honda frequently rotates engineers between mass-produced vehicles and racing activities, and I think spreading the mindset of engineers focused on victory throughout Honda has a significant impact. I believe this is unique on a global scale and represents one of Honda's strengths.

Until now, I have lived for my own dream of "winning in F1." From now on, I wish to deliver dreams to young people who, like my former self, see Honda on television and dream. By never compromising and continuously achieving results, I wish to pass the baton to the next generation.