

6 Governance

Material Issues

— Strengthening corporate governance



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Corporate Governance

Basic Approach

Honda strives to enhance corporate governance as one of the most important tasks for its management, based on the Company's basic principle, in order to strengthen the trust of its shareholders/investors, customers and society; encourage timely, decisive and risk-considered decision-making; seek sustainable growth and the enhancement of corporate value over the mid- to long-term; and become "a company that society wants to exist."

Honda has adopted a company with an Audit and Supervisory Committee system with the aim of reinforcing the supervisory function of the Board of Directors and ensuring prompt decision-making. Under the system, the Company operates "the Audit and Supervisory Committee", which consists of Directors, to delegate the authority to Directors from the Board of Directors and accelerate the separation of the supervisory function and business execution function.

Honda is making efforts to appropriately disclose corporate information

including the release and disclosure of quarterly financial results and management policies in a timely and accurate manner to bolster trust and appreciation from shareholders/investors and society. Going forward, Honda will continue to strive to ensure the transparency of its management.

Please refer to "Honda Corporate Governance Basic Policies" and Corporate Governance Report for Honda's basic policy, structure and composition of members related to corporate governance, policy on the appointment of Directors, an outline of self-assessment findings made by the Board of Directors and philosophy on remuneration for Executive Officers. (Please refer to the link below.)

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"Honda Corporate Governance Basic Policies"
"Corporate Governance Report"

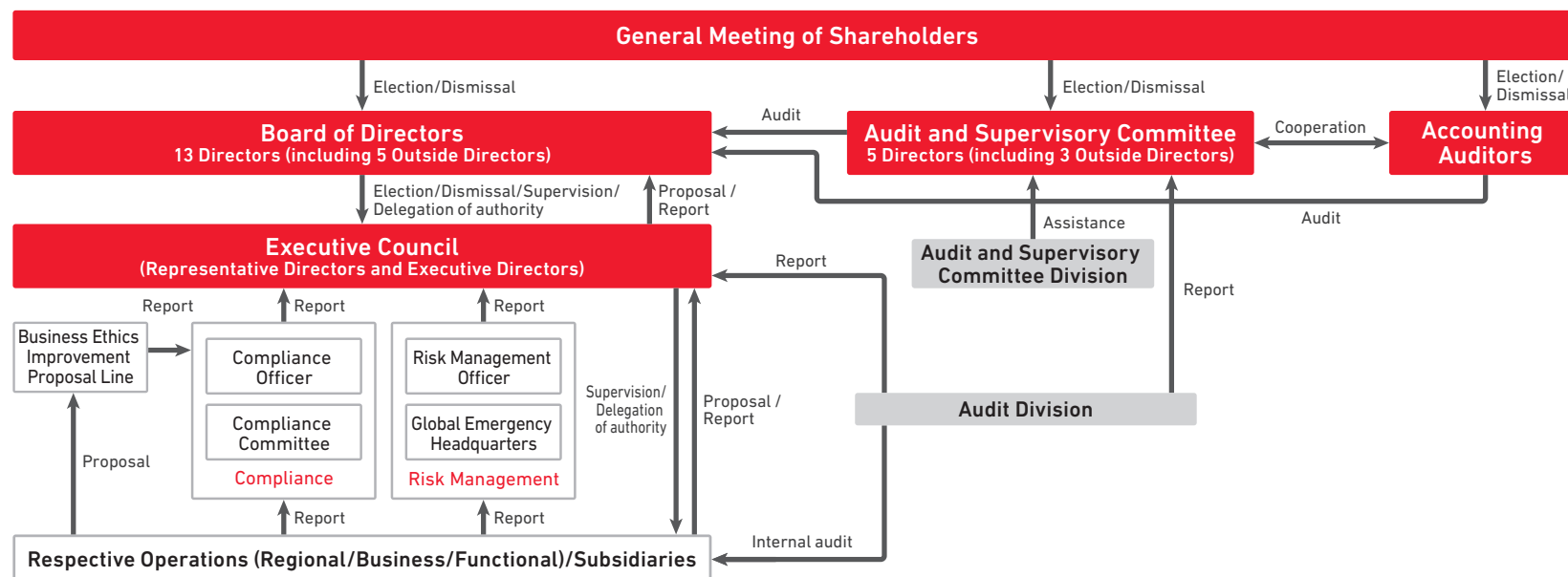
> <https://global.honda/investors/policy/governance.html>

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Overview of corporate governance

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Corporate governance structure (as of June 19, 2019)



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Executive Decision-Making Process

Honda has adopted a company with Audit and Supervisory Committee system in order to further delegate the decision-making authority of executing important business matters from the Board of Directors to the Directors in accordance with the provisions of the Company's Articles of Incorporation and resolutions approved by the Board. The system enables quick decision-making and prompt business execution while advancing to separate management supervision and business execution so that the Board's function is further concentrated to the overseeing of business execution.

The board has established criteria for deliberation and delegated some of its authority to the Executive Council, which in turn delegates some of its authority to the Regional Operating Boards.

The Executive Council conducts preliminary deliberation on items such as that will be decided by the Board of Directors, and, within the limits of authority delegated to it by the Board of Directors, deliberates on important management matters. Regional Operating Boards deliberate on important management matters within their respective regions, within the limits of authority delegated to them by the Executive Council.

Board of Directors

The Board of Directors is comprised of eight inside directors and five outside directors.

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

In order to fulfill the above roles, the Company focuses on considering the

balance in the diverse knowledge and experience of the Board of Directors as a whole. Accordingly, the Company appoints as its Directors persons of superior character and insight who have high expertise and abundant experience. Gender, nationality and other attributes are of no consequence.

Evaluation of Effectiveness of the Board of Directors

For each fiscal year, the Company's Board of Directors carries out an evaluation of the Board as a whole for the purpose of checking the current state of its operational capabilities, subsequently, to enhance effectiveness.

As same as the previous fiscal year, a self-evaluation was conducted by the Company for 2018. Based on the results of a questionnaire and interviews conducted with the Directors, the self-evaluation was deliberated and resolved at the Board of Directors.

The self-evaluation questionnaire was prepared under the supervision of outside attorneys. The interviews and the compilation of the results were carried out by outside attorneys as well.

The Board of Directors shared the view that "effectiveness of the Board is ensured appropriately," through considering measures which had been taken. Such matters include revision of the deliberation standard and enhancing provision of useful information to Outside Directors. Further, they also shared the understanding of the needs to have more through discussions over the entire management policy of the Company to further enhance monitoring capabilities of the Board of Directors.

The Company will further enhance monitoring capabilities of the Board of Directors to raise effectiveness, by taking measures such as engaging further discussions over the management policy and the business challenges as well as enhancing provision of sufficient information to Directors for the sake of such discussions.

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Status of the meetings of the Board of Directors

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Outside Directors

Honda appoints Outside Directors who have abundant experience and deep insight, and who are capable of overseeing the entire business management of the Company from an objective, highly sophisticated and broader viewpoint based on the standpoint independent from the Company. In selecting Outside Directors, the Company seeks to identify persons who have a high degree of independence. The five Outside Directors currently in office satisfy Criteria for Independence of Outside Directors and their interests are not in conflict with those of the Company nor the shareholders. The five Outside Directors are specified as Independent Directors as prescribed in a provision of the Tokyo Stock Exchange (TSE); the names of those persons have been submitted to the TSE.

Please refer to “Honda Corporate Governance Basic Policies” for Honda’s Independence Criteria for Outside Directors. (Please refer to the link below.)

WEB

“Honda Corporate Governance Basic Policies”

> <https://global.honda/investors/policy/governance.html>

Support Systems for Outside Directors

Honda provides necessary support to Outside Directors through the Secretarial Division or the Audit and Supervisory Committee’s Division in a timely manner.

Materials on the Board of Directors’ agenda are distributed and explained in advance for the Outside Directors, and the information helpful for them to supervise the Company’s business is continuously provided, including when they assume their respective positions.

Business Execution Management (Organizational Management)

In order to facilitate quick and appropriate management decisions at the regional and working levels, Honda appoints Operating Officers who have been delegated the business execution authority from the Representative Director or the Executive Director to play the roles in their respective fields of Regional, Business and Functional Operations, R&D subsidiaries and other major organizational units.

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Audit Organization

The Audit and Supervisory Committee comprises five members who are also Directors of the Company (including three Outside Directors). In order to respond to the entrustment of the shareholders, the Audit and Supervisory Committee shall conduct audits of the Directors and execute the duties of the committee prescribed by laws and regulations with the aim of ensuring sound and sustainable growth of the Company. Each Director serving as an Audit and Supervisory Committee Member audits the execution of duties by Directors in accordance with the auditing and supervisory criteria for the Audit and Supervisory Committee, auditing policies and division of duties, etc., as determined by the Audit and Supervisory Committee. The audit is carried out through attendance at important meetings, examination of status of management/company assets and other activities.

To provide timely and accurate reports to the Audit and Supervisory Committee, Standards for Audit and Supervisory Committee Reports are being established. Based on these standards, reports are made periodically to the Audit and Supervisory Committee on the status of the business operations of the Company and its subsidiaries, the status of implementation and operation of internal control systems, and other matters. Also, reporting is required whenever there is an item that has a major impact on the Company. Candidates of Directors for Audit and Supervisory Committee Members are selected by a resolution of the Board of Directors with the approval of the Audit and Supervisory Committee.

In addition to the above, the Audit Division, which was organized to directly report to the President and CEO, conducts internal audits of each department of the Company. It also provides supervision and guidance to internal audit departments in major subsidiaries, as well as directly auditing subsidiaries when necessary.

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Status of meetings of the Audit and Supervisory Committee

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Status of Activities to Strengthen the Functions of the Audit and Supervisory Committee

The Company has formed the Audit and Supervisory Committee’s Division as a staff organization directly under the Audit and Supervisory Committee to provide support to the Committee.

In order to ensure the effectiveness of the audit, the Audit and Supervisory Committee appoints two full-time members for the Committee.

Mr. Masafumi Suzuki, a director who is also a member of the Audit and Supervisory Committee, has had sufficient operating experience in the finance and accounting departments of the Company and its subsidiaries, and Mr. Hideo Takaura, also a director and a member of the Audit and Supervisory Committee, has abundant experience and considerable knowledge as a certified public accountant. Both of them qualify as “persons with considerable knowledge related to finance and accounting,” as specified under Article 121-9 of Regulation for Enforcement of the Companies Act of Japan. In addition, the Company’s Audit and Supervisory Committee has recognized Messrs. Masafumi Suzuki and Hideo Takaura as “specialists in finance in the Audit and Supervisory Committee” as specified in the regulations of the U.S. Securities and Exchange Commission, based on Article 407 of the U.S. Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act of 2002). All five members of the Audit and Supervisory Committee remain independent as specified by the regulations of the U.S. Securities and Exchange Commission.

Training for Officers

When a new officer takes a position, Honda provides him/her with a training program including outside training that focuses on corporate governance as the central theme, and including code of conduct, prevention of bribery and prevention of anti-competitive behavior. The training program stresses the importance of receiving an explanation in the reports on operations written by associates on the impact in terms of not just financial performance but also environmental and social aspects.

From now on, Honda is planning to implement a more systematic training program including training for outside executives.

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Tax Policy

The Honda Tax Policy prescribes the basic stance and thinking regarding taxes for Honda Motor Co., Ltd. and its consolidated subsidiaries. The policy aims to contribute to society as well as maintain and increase corporate value by complying with the tax laws and regulations of each country and region where Honda undertakes business activities and by making proper tax payments.

Tax systems of each country and region and international taxation rules are frequently changed. In this environment, to ensure the proper execution of its business in a stable manner Honda carries out accurate and high-quality tax affairs and responds to tax risks associated with its businesses in accordance with the Tax Policy.

For details, please refer to the Honda Tax Policy. (Please refer to the link below.)

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Honda Tax Policy

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Remuneration of Directors

Remuneration of Directors (excluding those serving as Audit and Supervisory Committee Members) is paid from a maximum allocation for this purpose approved by the General Meeting of Shareholders, based on the remuneration criteria approved by the Board of Directors. Bonuses of the Directors (excluding Outside Directors and the Directors who are Audit and Supervisory Committee Members) are paid within the maximum limit approved by the General Meeting of Shareholders and decided by the Board of Directors, based on the Company's performance during the applicable fiscal year, dividends paid to shareholders, criteria for associates' bonuses and other considerations.

Additionally, Honda introduced a stock-based remuneration system for Directors who are residents of Japan (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members). The purposes of this system are to further enhance the motivation of Directors for contributing to the sustainable growth of corporate value over the medium to long term and to promote the sharing of interests between the Directors and shareholders. Under the system, the level of remuneration paid and the delivery of shares shall be within the maximum limit decided at the Ordinary

General Meeting of Shareholders and determined based on the progress of financial indicators such as the consolidated operating margin during three consecutive fiscal years as well as the progress of non-financial indicators such as brand value and environmental, social and governance (ESG) factors.

Please refer to Article 13 of the "Honda Corporate Governance Basic Policies" concerning the policy for determining remuneration for Directors. (Please refer to the link below.)

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"Honda Corporate Governance Basic Policies"

> <https://global.honda/investors/policy/governance.html>

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Annual total remuneration and bonuses of highest-paid individuals (President and Representative Director, Chief Executive Officer) (Japan)
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Total amount of remuneration for Directors and Corporate Auditors

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Rate of increase in annual total remuneration and bonuses of highest-paid individuals (President and Representative Director, Chief Executive Officer) (Japan)
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Remuneration of Accounting Auditors

The Company has had its financial statements audited in accordance with the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, the Securities Exchange Act of 1934 (United States) and the Exchange Act of 1933 (United States) by KPMG AZSA LLC. Within KPMG AZSA LLC, a total of 76 staff members conducted external audits of the Company's financial statements. These accounting firm staff members are composed of 3 certified public accountants (Hiroshi Miura, Tomoo Nishigori and Hiroyuki Yamada), who are in overall charge of the Outside Audits, and 73 professional staff members (including 23 certified public accountants, 3 accountants with U.S. public accountant certification and 47 other staff members).

In deciding the amount of remuneration for services rendered by the Accounting Auditor, various factors are taken into consideration in discussions with the accounting firm, including the Company's size/characteristics, the time schedule for the audit and other matters. In addition, to preserve the independence of the Accounting Auditor, remuneration to be paid is required to obtain the prior approval of the Audit and Supervisory Committee.

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Corporate Governance

Directors



Chairman and Director
Toshiaki Mikoshiba

[Reason for Appointment]

He has broad experience primarily in the area of sales and marketing, as well as abundant international experience, and is familiar with the Honda Group's business including overseas operations. In FY2019, he has demonstrated strong leadership in efforts aimed at enhancing the joy of our customers as Officer in Charge of Sales and Marketing and Chief Officer for Regional Operations (North America), and has achieved satisfactory results in overseeing business execution in the area of sales and marketing from a global perspective.



Executive Vice President and Representative Director
Chief Operating Officer
Seiji Kuraishi

[Reason for Appointment]

He has broad experience primarily in the areas of supply chain management and sales and marketing, as well as abundant international experience, and is familiar with the Honda Group's business including overseas operations. In FY2019, he has demonstrated strong leadership in efforts aimed at enhancing the joy of our customers on a global basis and has achieved satisfactory results as Executive Vice President and Representative Director, Chief Operating Officer in charge of Strategy, Business Operations and Regional Operations.



Senior Managing Director
Chief Financial Officer
Kohei Takeuchi

[Reason for Appointment]

He has broad experience primarily in the area of accounting and finance, as well as abundant international experience, and is familiar with the Honda Group's business including overseas operations. In FY2019, he has demonstrated high expertise and strong leadership as Chief Officer for Business Management Operations, and has achieved satisfactory results in overseeing business execution in the area of management from a global perspective as Chief Financial Officer.



Director
Hiroko Koide

[Reason for Appointment]

She has over 30 years of experience working for foreign companies, including over 15 years which she served as an executive, and has a global perspective as well as abundant experience and deep insight regarding corporate management.



President and Representative Director
Chief Executive Officer
Takahiro Hachigo

[Reason for Appointment]

He has broad experience primarily in the areas of research and development, production and purchasing, as well as abundant international experience, and is familiar with the Honda Group's business including overseas operations. Since June 2015, as President and Representative Director, he has been responsible for the execution of all operations and has been in charge of the management of the entire the Honda Group by demonstrating strong leadership.



Senior Managing Director
Yoshi Yamane

[Reason for Appointment]

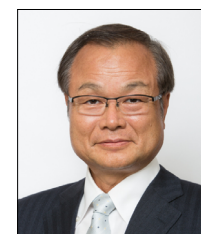
He has broad experience primarily in the area of production, and is familiar with the Honda Group's business including overseas operations. In FY2019, he has demonstrated high expertise and strong leadership mainly in the area of production as Officer in Charge of Production, and has achieved satisfactory results in overseeing business execution in broad areas, which include purchasing, quality, parts and services, from a global perspective.



Director
Motoki Ozaki

[Reason for Appointment]

He held positions of President and Chairman of Kao Corporation, and has abundant experience and deep insight regarding corporate management. He has properly fulfilled his duties as Outside Director since June 2016 by overseeing the entire business management of the Company from the standpoint independent from the Honda Group.



Director and Advisor
Takanobu Ito

[Reason for Appointment]

He served as President and Representative Director of the Company. He has abundant experience and deep insight as a corporate manager and is familiar with the Honda Group's business including overseas operations. He has properly fulfilled his duties as Director and Advisor since June 2015 by expressing opinions and providing suggestions regarding management, as well as undertaking the role of the Company's point of contact with economic organizations, etc.

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Corporate Governance**Directors (Audit and Supervisory Committee Members)****Director (Audit and Supervisory
Committee Member)(full-time)**
Masahiro Yoshida**【Reason for Appointment】**

He held positions of Managing Officer and Director and Chief Officer for Business Support Operations of the Company. He has high expertise and abundant experience in the area of administration such as human resources and corporate governance and is familiar with the Honda Group's business including overseas operations. He has properly fulfilled his duties as Director who is an Audit and Supervisory Committee Member since June 2017 by auditing and overseeing the execution of duties by Directors.

**Director (Audit and Supervisory
Committee Member)(full-time)**
Masafumi Suzuki**【Reason for Appointment】**

He held the position of General Manager of Accounting Division for Business Management Operations of the Company. He has high expertise and abundant experience in the area of accounting and finance and is familiar with the Honda Group's business including overseas operations. He has properly fulfilled his duties as Director who is an Audit and Supervisory Committee Member since June 2017 by auditing and overseeing the execution of duties by Directors.

**Director (Audit and Supervisory
Committee Member)**
Hideo Takaura**【Reason for Appointment】**

He has high expertise and abundant experience as a Japanese certified public accountant and has properly fulfilled his duties as Outside Director who is an Audit and Supervisory Committee Member by auditing and overseeing the execution of duties by Directors from the standpoint independent from the Honda Group.

**Director (Audit and Supervisory
Committee Member)**
Mayumi Tamura**【Reason for Appointment】**

She has abundant experience and deep insight regarding corporate management and has properly fulfilled her duties as Outside Director who is an Audit and Supervisory Committee Member by auditing and overseeing the execution of duties by Directors from the standpoint independent from the Honda Group.

**Director (Audit and Supervisory
Committee Member)**
Kunihiko Sakai**【Reason for Appointment】**

He has high expertise and abundant experience as a legal affairs specialist having served as Public Prosecutor for many years, including posts of Superintending Prosecutor at High Public Prosecutors' Offices from July 2014 to March 2017.

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Corporate Governance

Operating Officers

Managing Officers

Takashi Sekiguchi <ul style="list-style-type: none">Executive in Charge of Corporate Planning	Michimasa Fujino <ul style="list-style-type: none">President and Director, Honda Aircraft Company, LLC	Shinji Aoyama <ul style="list-style-type: none">Chief Officer, Regional Operations (North America)President, Chief Executive Officer and Director, Honda North America, Inc.President, Chief Executive Officer and Director, American Honda Motor Co., Inc.	Noriya Kaihara <ul style="list-style-type: none">Chief Officer, Purchasing Operations
Toshihiro Mibe <ul style="list-style-type: none">President and Representative Director, Honda R&D Co., Ltd.Executive in Charge of Intellectual Property and Standardization	Mitsugu Matsukawa <ul style="list-style-type: none">President and Director, Honda of America Mfg., Inc.	Noriaki Abe <ul style="list-style-type: none">Chief Officer, Motorcycle Operations	Yasuhide Mizuno <ul style="list-style-type: none">Chief Officer, Regional Operations (China)President, Honda Motor (China) Investment Co., Ltd.President, Honda Motor (China) Technology Co., Ltd.

Operating Officers

Issao Mizoguchi <ul style="list-style-type: none">Chief Officer, Regional Operations (South America)President and Director, Honda South America Ltda.President and Director, Honda Automoveis do Brasil Ltda.President and Director, Moto Honda da Amazonia Ltda.	Yusuke Hori <ul style="list-style-type: none">Chief Officer, Customer First OperationsChief Officer, IT Operations	Tomomi Kosaka <ul style="list-style-type: none">President and Representative Director, Honda Engineering Co., Ltd.	Toshiyuki Shimabara <ul style="list-style-type: none">Representative of Production, Regional Operation (China)Executive Vice President, Honda Motor (China) Investment Co., Ltd.Executive Vice President, Honda Motor (China) Technology Co., Ltd.
Kazuhiro Odaka <ul style="list-style-type: none">Executive in Charge of Government and Industry Relations	Masayuki Igarashi <ul style="list-style-type: none">Chief Officer, Regional Operations (Asia & Oceania)President and Director, Asian Honda Motor Co., Ltd.	Hiroyuki Kachi <ul style="list-style-type: none">Chief Officer, Production OperationsExecutive in Charge of Corporate Project	Soichi Yamamoto <ul style="list-style-type: none">General Manager, Saitama Factory, Production Operations
Katsushi Inoue <ul style="list-style-type: none">Chief Officer, Regional Operations (Europe)President and Director, Honda Motor Europe Ltd.	Kimiyoshi Teratani <ul style="list-style-type: none">Chief Officer, Regional Operations (Japan)	Asako Suzuki <ul style="list-style-type: none">Chief Officer, Human Resources and Corporate Governance Operations	Katsuhisa Okuda <ul style="list-style-type: none">Chief Officer, Life Creation Operations
Katsuhide Moriyama <ul style="list-style-type: none">Chief Officer, Brand and Communication Operations	Keiji Ohtsu <ul style="list-style-type: none">Chief Quality Officer	Yoshishige Nomura <ul style="list-style-type: none">General Manager, Monozukuri Center, Motorcycle OperationsSenior Managing Director, Honda R&D Co., Ltd.President and Representative Director, Honda Racing Corporation	Yoshikado Nakao <ul style="list-style-type: none">Executive in Charge of Purchasing, Purchasing Operations
Hiroshi Tokutake <ul style="list-style-type: none">General Manager, Kumamoto Factory, Motorcycle OperationsExecutive in Charge of Life Creation Production, Life Creation Operations	Taro Kobayashi <ul style="list-style-type: none">Executive in Charge of Automobile Sales, Automobile Operations	Jiro Morisawa <ul style="list-style-type: none">Chief Officer, Business Management Operations	

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Compliance

Honda Code of Conduct

In order to earn the trust of customers and society and grow sustainably, companies must not only comply with laws and regulations but go beyond those legal structures by practicing ethical corporate conduct.

Recognizing this, Honda formulated the Honda Code of Conduct, which summarizes the sincere behavior to be practiced by people working at Honda around the world. This is shared throughout the entire Honda Group, including subsidiaries in Japan and overseas.

The Company works to instill the Honda Code of Conduct in each and every associate through actions such as the distribution of leaflets, posting of information on its intranet and through training. Each of Honda's departments and subsidiaries regularly checks the status of activities to ensure awareness of the Code, and, reports to the Compliance Committee.

WEB

"Honda Code of Conduct"

> <https://global.honda/about/codeofconduct.html>

Compliance Committee

To improve compliance within the Honda Group, Honda has established a Compliance Committee, headed by a Compliance Officer designated by the Board of Directors, and composed of officers appointed by the Compliance Officer and the Executive Council. The Committee makes decisions regarding important internal control system measures, which include formulating and amending of compliance policies. In addition, the responsibilities of the Committee encompass from confirming the status of establishment and operation of internal control systems to performing oversight to ensure the appropriate management of the Business Ethics Improvement Proposal Line and deciding measures to prevent recurrences when serious compliance-related matters occur. For matters of compliance that are of particularly high importance, deliberation or reporting at a meeting of the Executive Council or the

Board of Directors is carried out depending on the details of the matter.

The Compliance Committee met five times in FY2019 to report on the establishment and operating status of internal control systems as well as the operating status of the Business Ethics Improvement Proposal Line, among other things. There were no major violations of laws or regulations in FY2019.



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Compliance

Business Ethics Improvement Proposal Line

Honda established the Business Ethics Improvement Proposal Line as a mechanism for improving corporate ethics issues. This hotline addresses issues involving corporate ethics in cases of actions that violate laws or internal rules. This allows the Company to accept suggestions and provide consultation, from a fair and neutral standpoint, for associates who face barriers in improving or resolving issues in the workplace for reasons such as difficulties in consulting with superiors.

Furthermore, in addition to cases of a clear violation of laws or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable actions have occurred, and also engages in fact checking related to such cases. Suggestions are accepted by email, letter, telephone or fax from all subsidiaries and suppliers in Japan and overseas, as well as from the parent company. Anonymous suggestions are also accepted for the protection of submitters.

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

In FY2019, 445 suggestions and consultations were handled by the Business Ethics Improvement Proposal Line (including points of contact outside the Company). Among these, 190 concerned the parent company, 240 concerned subsidiaries and 15 concerned other matters. Following investigations, disciplinary action was taken in two cases involving the parent company and 11 cases involving subsidiaries, and none of these cases resulted in punitive dismissal. None of the cases involved violations of the Honda Policy on the Prevention of Bribery.

In order to raise internal awareness of the points of contact, Honda provides notice on its our intranet, distributes information cards to all associates, including fixed-term employees and temporary workers, and displays information posters in each workplace. These tools also make it clear that the associates submitting suggestions will be protected at the same time. In addition, Honda observes how well these points of contact are recognized through associate surveys conducted once every three years for all associates. For departments found in these surveys to have low recognition of the points of contact, the Company makes additional efforts to increase their awareness.

Initiatives to Prevent Bribery

The Honda Code of Conduct requires that the Company complies with laws and regulations, and states that “as an independent corporate entity, Honda maintains appropriate relationships with political entities (political organizations and politicians) and administrative entities (governmental agencies and government officials)” and “will interact with political and administrative entities in an appropriate manner in compliance with laws, regulations and company policies and will not offer politicians or government officials entertainment or gifts (both monetary and non-monetary) that are prohibited by laws, regulations and company policies” and thereby prohibits bribery.

In addition, the Company also established the Honda Policy on the Prevention of Bribery, which stipulates basic policy, and the Honda Guideline for the Prevention of Bribery, which stipulates compliance items and prohibited items, with a focus on prevention of bribery.

In addition to raising awareness by integrating bribery prevention-related knowledge into Honda’s level-specific training programs, it is also incorporating e-learning-based training for its associates in management positions in departments that face a higher risk of bribery. With regard to its subsidiaries, Honda has launched training programs, matched to conditions in each company, aimed at raising awareness.

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Compliance

Initiatives for the Prevention of Anti-Competitive Behavior

As a company engaged in business globally, Honda takes great care in its daily business activities to comply with competition laws in the countries where it operates.

The Honda Code of Conduct states that “Honda will engage in free and open competition with competitors to maintain its stance as a company trusted by customers and society” and that each associate “will comply with competition laws (antitrust laws)” to ensure compliance with competition laws.

As a part of its measures to strengthen compliance, Honda incorporates programs on the topic of anti-competitive behavior in level-specific training at the time of personnel promotions, and in pre-assignment training for persons stationed overseas. Additionally, Honda publishes awareness-raising content concerning anti-competitive behavior on the Company’s intranet for its associates.

Rules on Conflict Minerals

The final rule for disclosure on conflict minerals adopted by the U.S. Securities and Exchange Commission (SEC) mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) requires corporations to confirm that the purchase and use of conflict minerals from the Democratic Republic of the Congo and adjoining countries are contributing neither to the funding of armed groups nor to the abuse of human rights in that region.

Honda’s policy is to aim to be free from conflict minerals which contribute to the funding of armed groups or human rights infringement. To achieve this goal and to help resolve the global problem of conflict minerals, the Company is actively engaged with domestic and international industry organizations and its suppliers.

With its suppliers, Honda shares the Honda Supplier Sustainability Guidelines that summarize what is expected of them with regard to CSR activities, including how to deal with conflict minerals, and is encouraging procurement in line with the guidelines.

Since 2013, Honda has surveyed its suppliers worldwide concerning the use of conflict minerals. In FY2019, Honda received responses from more than 7,000 suppliers. In addition to reporting survey results to the SEC, the Company also makes them publicly available on its website. (Please refer to the link below.)

In the event that the survey reveals any minerals of concern, regardless of source country, Honda works together with its suppliers to take appropriate measures. The Company is also working to improve the accuracy of its survey, requesting further investigation when survey responses are insufficient.

PDF

“Honda Supplier Sustainability Guidelines”

> https://global.honda/about/dam_img/sustainability/report/pdf/supply-chain/supplier-sustainability-guidelines.pdf

WEB

Under the IR Library website “Form SD/ Conflict Minerals Report”

> <https://global.honda/investors/library.html>

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Risk Management

Establishing an Effective Risk Management Structure

Honda formulated the Honda Global Risk Management Policy, with Group subsidiaries included in its scope of application.

The Honda Global Risk Management Policy aims at driving the Company's sustainable growth and stabilizing management based on the Honda Philosophy and targets all risks with the potential to impact operations on a global scale.

In implementing its risk management activities, Honda is creating a relevant framework and is taking follow-up measures to support implementation, with efforts centered around a company-wide Risk Management Officer elected by the Board of Directors.

Additionally, each organization is building its own independent risk management structure after setting up a Risk Management Secretariat. These organizations are responsible for promoting their own independent risk management activities in accordance with the basic policies of these regulations.

As main initiatives, Honda is implementing risk assessment activities throughout the Company for identifying, evaluating and responding to risks based on standard methods.

When a crisis occurs, the Company establishes a Global Emergency Headquarters for crisis response proportionate to the anticipated magnitude of impact.

Risk Assessment Activities

Since FY2014, Honda has been carrying out risk assessment activities for each of its Regional Operations, Business Operations and Functional Operations.

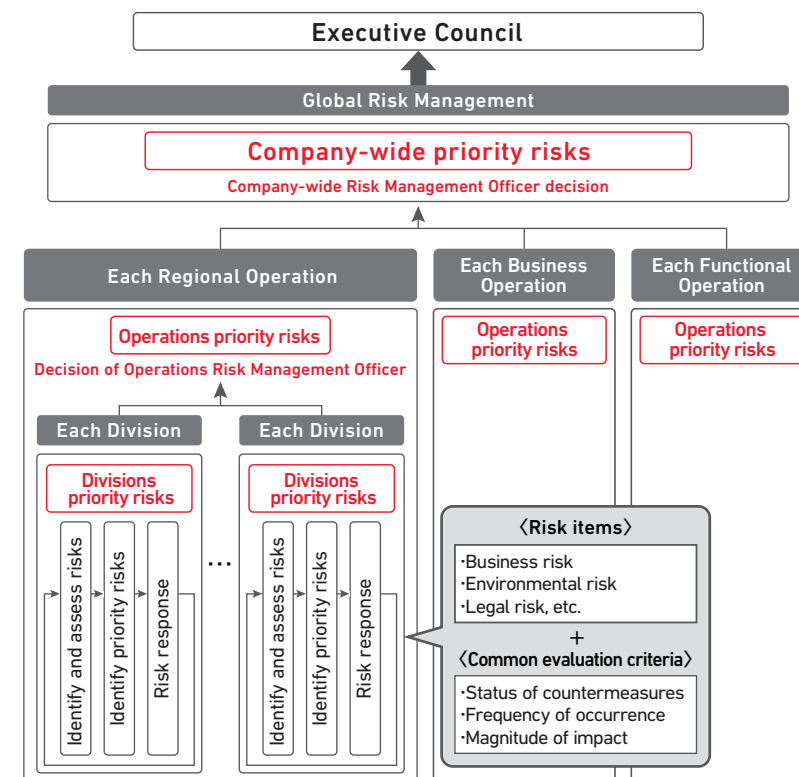
The purpose of these activities is to foresee potential risks surrounding Honda's businesses and respond beforehand to minimize these risks.

Each department performs annual risk evaluation using common evaluation criteria for the 91 risk items identified by the Honda Group and chooses the division priority risks.

Each of the Operations carries out repeated discussions in accordance with the results of the risk assessment of each department. They then choose and respond to the Operations priority risks based on the judgement of the Operations Risk Management Officer.

Moreover, Honda identifies company-wide priority risks based on the judgement of the company-wide Risk Management Officer, giving consideration to the risk status of each of the Operations. The Company then shares and discusses company-wide priority risks at the Executive Council.

Risk Assessment Activity Structure



In FY2019 as well, Honda identified company-wide priority risks and is monitoring its response status.

Through these activities, Honda will continue to strive to reduce risk across the Group while ensuring these activities raise the risk awareness of each and every associate.

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Risk Management

Crisis Response

Honda carries out risk sensing activities to monitor and report on signs of crisis and ensures that this leads to quick responses.

When a crisis occurs, the Company sets up a Global Emergency Headquarters for crisis response proportionate to the anticipated magnitude of impact. In this way, Honda lays out a structure to prevent the situation from spreading and to quickly bring the situation under control.

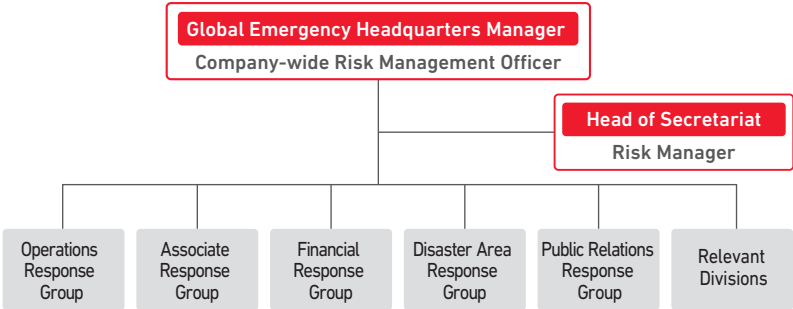
Since the Kumamoto earthquakes that occurred in April 2016, the activities of Honda’s Global Emergency Headquarters strive to strengthen functions.

As the first step, to share information and discuss activities on a daily basis, group leader meetings were newly established that convene the group leaders essential for crisis responses. By holding these meetings, Honda is striving to raise the level of its crisis response capabilities as well as create a culture that enables effective cooperation when a crisis occurs.

Next, Honda regularly holds Emergency Headquarters drills as a verification of its crisis response capabilities. In FY2018, Honda implemented drills aimed at verifying the effectiveness of the response manual used since the Kumamoto earthquakes. In FY2019, to further improve effectiveness, Honda held drills for making crisis responses spanning multiple business bases on the assumption that a large earthquake occurs directly under the Tokyo metropolitan area.

Also with regard to disaster drills, besides ensuring the safety of human life and procedures to account for its associates, from FY2017 Honda has continuously held training from a business continuity planning (BCP) viewpoint on procedures to share information for the purpose of identifying the impact on business at an earlier stage.

Global Emergency Headquarters Structure



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Risk Management

Information Management

To ensure the protection of the personal information of its customers, associates and others, the proper handling of company information, and in response to the increase in the handling of high-level, confidential information globally such as 3D blueprint data, Honda formulated the Global Confidentiality Policy (GCP) in FY2015. At the same time, the Company also established the Global Confidentiality Committee, with the Chief Officer of the Human Resources and Corporate Governance Operations as its chairperson. At the Global Confidentiality Committee held in FY2018, Honda confirmed that the establishment of an information management system has been completed in each region. At a meeting of the Global Confidentiality Committee, Honda determined the global confidentiality action policies and initiatives for the next three years starting from FY2019 and is implementing various activities.

In addition to the already implemented Global Privacy Policy (GPP) and the Electronic Conferencing Policy, the Global Document Management Policy was decided at a Global Confidentiality Committee meeting held in December 2016 and the formulation of all GCP-related regulations has been completed.

In Japan, in response to the determination of the policies of the Global Confidentiality Committee, Honda promotes initiatives to strengthen information management throughout the year, led by the Japan Confidentiality Committee.

The Global Confidentiality Committee is collaborating with the Japan Confidentiality Committee in responding to cyberattacks that have become increasingly sophisticated and complex in recent years and is implementing initiatives for strengthening information security.

Protection of Personal Information

In each department subject to Honda's personal information management policy, the Company appoints persons to handle information, supervise information and manage information and requires all of them to receive training on the protection of personal information.

Also, restrictions are placed on access to digital data containing personal information and an access log is kept. Personal information in print form is stored with rigorous security, including in cabinets with locks. The Company conducts a review of personal information at least once each year and any unnecessary personal information is deleted.

Honda has completed its responses to the Amended Act on the Protection of Personal Information (Japan), which took effect in May 2017, as well as to the General Data Protection Regulation (GDPR) in Europe, which went into effect in May 2018. In addition, at the FY2019 Global Confidentiality Committee, all regions formed a consensus regarding the approach toward personal information protection laws in each country that are expected to be continually strengthened in the future. Accordingly, Honda is coordinating responses company-wide.

In FY2019, no complaints were filed with Honda globally concerning any leak of personal information.

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Overview of corporate governance (as of June 19, 2019)

Form of organization Company with Audit and Supervisory Committee

- Number of Directors (excluding Audit and Supervisory Committee Members) 8
 - Number of Outside Directors 2
 - Number of Specified Independent Directors 2
 - Number of Female Directors 1
- Term of Directors (excluding Audit and Supervisory Committee Members) 1
- Number of Directors serving as Audit and Supervisory Committee Members 5
 - Number of Outside Directors 3
 - Number of Specified Independent Auditors 3
 - Number of Female Outside Directors 1
- Terms of Directors Serving as Audit and Supervisory Committee Members 2

Status of the meetings of the Board of Directors (FY2019)

- Number of meetings held (no. of times) 10
- Attendance rate of Directors (excluding Directors who are Audit and Supervisory Committee Members) (%) 100
 - Attendance rate of Outside Directors (%) 100
- Attendance rate of Directors who are Audit and Supervisory Committee Members (%) ... 100
 - Attendance rate of Outside Directors (%) 100

Status of meetings of the Audit and Supervisory Committee (FY2019)

- Number of meetings held (no. of times) 9
- Attendance rate of Directors who are Audit and Supervisory Committee Members (%) ... 100
 - Attendance rate of Outside Directors (%) 100

Total amount of remuneration for Directors and Corporate Auditors

Category of directors	Total amount of remuneration and bonuses (millions of yen)	Total amount by type of remunerations (millions of yen)			Number of eligible directors (Number of persons)
		Fixed remuneration	Performance-linked remuneration		
			Bonus	Stock compenation	
Directors (excluding Directors who are Audit and Supervisory Committee Members) (excluding Outside Directors)	687	390	172	125	7
Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)	33	33	-	-	2
Directors (Directors who are Audit and Supervisory Committee Members) (excluding Outside Directors)	141	141	-	-	2
Outside Directors (Directors who are Audit and Supervisory Committee Members)	50	50	-	-	3
Total	912	614	172	125	14

- Remuneration is limited to JPY 1,160 million per year for Directors (excluding Audit and Supervisory Committee Members) and JPY 270 million per year for Directors (Audit and Supervisory Committee Members).
- These amounts indicate remuneration paid to Directors for the fiscal year ended March 31, 2019 and include remuneration paid to three Directors who ended their tenure as of the closing of the Ordinary General Meeting of Shareholders held on June 19, 2019, comprising one Director who is neither Audit and Supervisory Committee Member nor Outside Director, one Outside Director who is not Audit and Supervisory Committee Member, and one Outside Director (Audit and Supervisory Committee Member).
- Bonuses to Directors (excluding Audit and Supervisory Committee Members) are included in the previously mentioned maximum amount for remuneration to Directors (excluding Audit and Supervisory Committee Members), and the amount shown was decided by the meeting of the Board of Directors held on May 8, 2019.
- The total amount of stock-based remuneration is the amount recorded as expenses related to the share delivery points granted during the fiscal year ended March 31, 2019 in connection with the directors' remuneration BIP (Board Incentive Plan) trust.

Annual total remuneration and bonuses of highest - paid individual (President and Representative Director, Chief Executive Officer) (Japan)

Annual total remuneration and bonuses of highest-paid individual (President and Representative Director, Chief Executive Officer) (millions of yen)	174
Ratio to median annual total remuneration for all associates (%)	1,854

Rate of increase in annual total remuneration and bonuses of highest-paid individual (President and Representative Director, Chief Executive Officer) (Japan)

Rate of increase in annual total remuneration and bonuses of highest-paid individual (President and Representative Director, Chief Executive Officer) (%)	113
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Honda Tax Policy

1. Purpose of Policy

The Honda Tax Policy prescribes the basic stance and thinking regarding taxes for Honda Motor Co., Ltd. (hereafter HM) and its consolidated subsidiaries (HM and its consolidated subsidiaries collectively referred to as Honda). The Policy aims to contribute to society as well as maintain and increase corporate value by complying with the tax laws and regulations of each country and region where Honda undertakes business activities and by making proper tax payments.

Tax systems of each country and region and international taxation rules are frequently changed. In this environment, to ensure proper the undertaking of its business in a stable manner Honda carries out accurate and high-quality tax affairs and responds to tax risks associated with its businesses in accordance with the Tax Policy described below.

2. Tax Policy

(1) Compliance

Honda complies with laws, regulations and rules in countries and regions where it undertakes business, tax convention, international standards such as OECD guidelines, internal regulations that include tax-related regulations encompassing this Tax Policy adopted by Honda as well as Honda Corporate Governance (HCG), and makes proper tax payments in line with the actual state of business.

(2) Prohibition of tax avoidance

Honda shall not engage in any transactions such as the use of tax havens aimed at tax avoidance but make proper tax payments in line with the actual state of business in keeping with the concept of “returning profits to the communities where profits are earned,” which has been Honda’s basic stance.

(3) Transfer pricing

Honda shall establish proper pricing (Arm’s Length Price (ALP)) by giving sufficient consideration to transfer pricing taxation systems for transactions carried out within Honda to ensure the proper payment of taxes corresponding to the value created by business activities.

(4) Ensuring transparency

Honda recognizes the importance of fulfilling accountability to tax authorities and other tax-related stakeholders through the timely and proper disclosure of tax-related information and properly responds by disclosing tax-related information based on laws and regulations.

(5) Relationships with governments and tax authorities

Honda shall make efforts to ensure transparency and continuously build relationships of trust through sincere responses to governments and tax authorities in the countries and regions where it does business by ensuring timely and proper provision of tax-related information based on laws and regulations and requests from governments and tax authorities.

(6) Corporate governance

Honda strives to enhance corporate governance as one of the most important tasks for its management, based on the Company’s basic principle, in order to strengthen the trust of our shareholders/investors, customers and society; encourage timely, decisive and risk-considered decision-making; seek sustainable growth and the enhancement of corporate value over the mid- to long-term; and become “a company that society wants to exist.” In the same manner, Honda shall establish governance on taxation based on this concept, framework and management policy.