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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.

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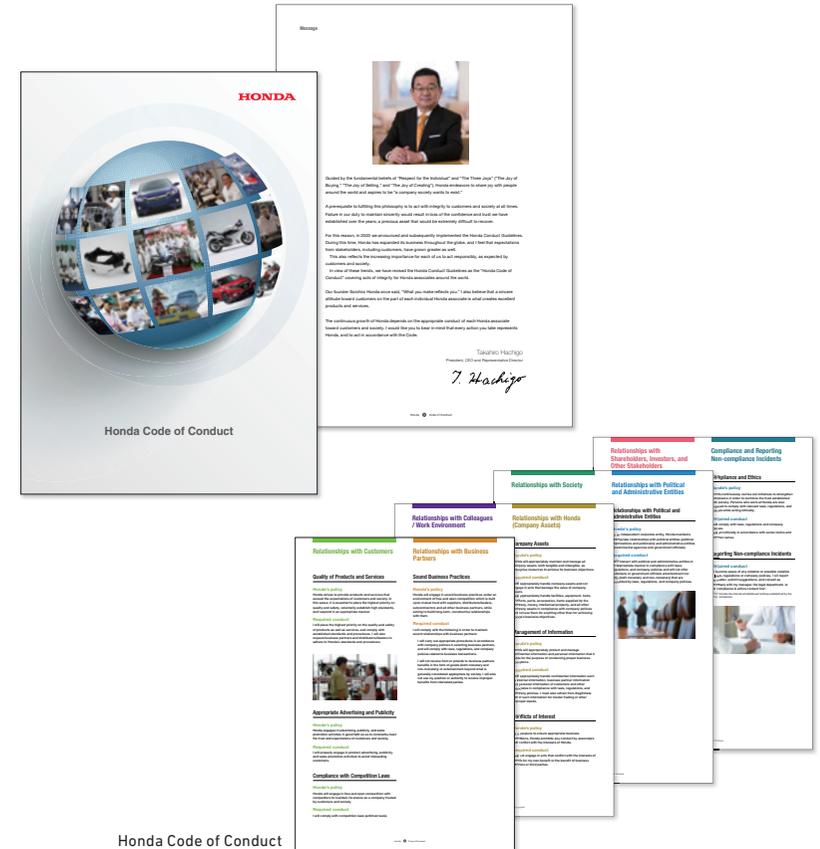
"Honda Code of Conduct"

> <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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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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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>