

Overview of Honda

Matrix Management System

Organizational Operating System

Honda employs a matrix management system. In this matrix, the vertical axis represents the organizations for each region, while the horizontal axis denotes individual businesses.

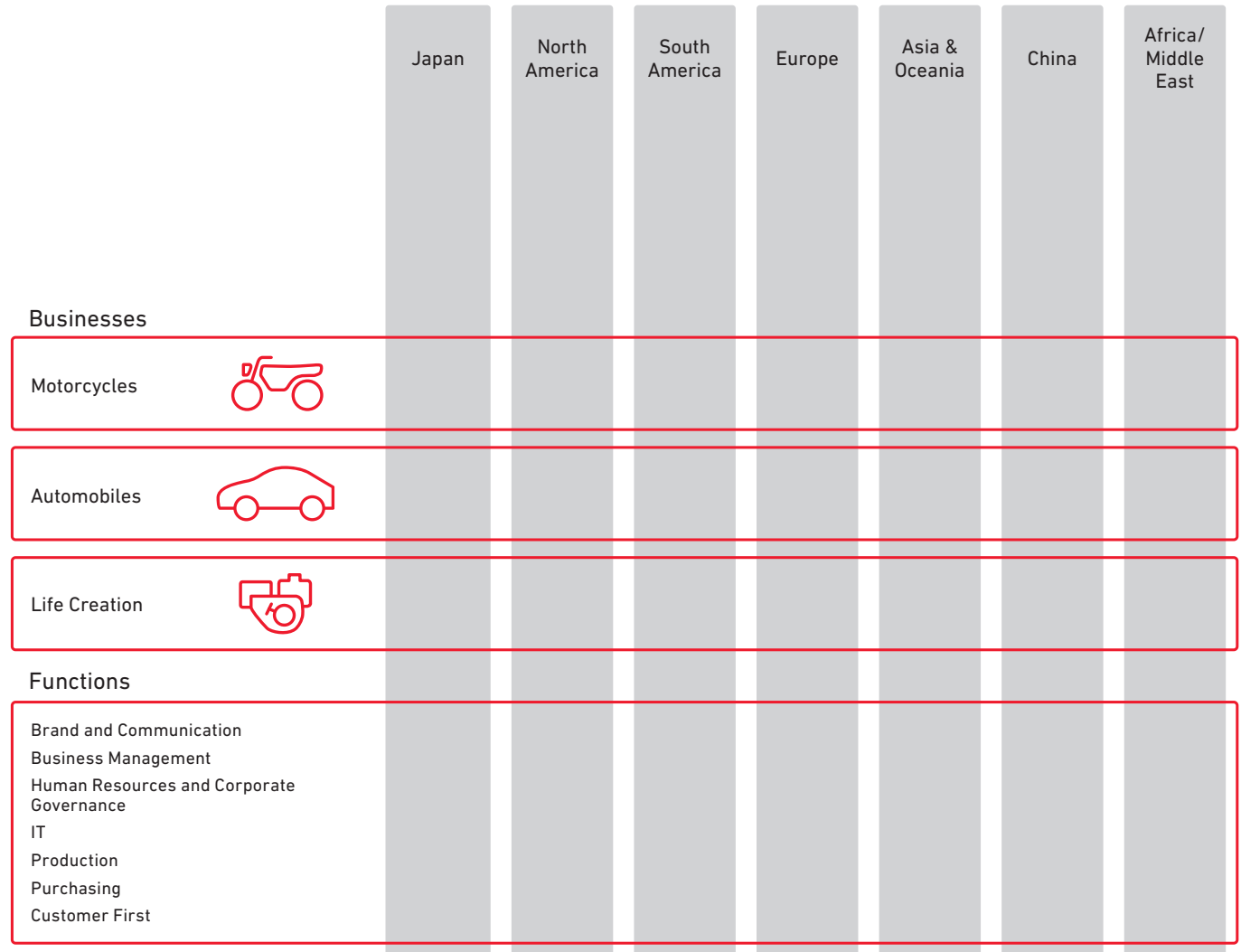
On the vertical axis are organizations in Japan and six overseas regions (North America, South America, Europe, Asia & Oceania, China and Africa/Middle East). Based on Honda's Fundamental Beliefs, these organizations engage in business grounded in each region from a long-term perspective.

On the horizontal axis are the business domains of the Automobile Business and Motorcycle Business, as well as the Life Creation Business, which includes power products. Each organization develops medium-to long-term plans for its respective products and works closely with regions to optimize and facilitate global business operations.

Also on the horizontal axis are the Company's Functional Operations — Brand and Communication, Business Management, Human Resources and Corporate Governance, IT, Production, Purchasing and Customer First. Each of these functional operations supports and coordinates efforts to increase the effectiveness and efficiency of the Honda Group as a whole.

In addition, R&D activities targeting products and technologies with new value, as well as products in the Life Creation Business, are conducted mainly by Honda R&D Co., Ltd., which is an independent subsidiary of the Company, and its subsidiaries. Honda aims to use cutting-edge technology to create new value that is distinctive and internationally competitive.

Regions



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Changes in Operating System in Business Domains and R&D Domains

Striving to fulfill its 2030 Vision, Honda has been taking steps to solidify its existing business while preparing for future growth. To accelerate these initiatives, Honda made changes to its organizational and operational structures in April 2020.

Changes Made to the Operational Structure for the Automobile Business

Honda has made changes to the structure of its automobile business operations in Japan in order to accelerate ongoing initiatives to bolster its automobile business and realize “strong products, strong *mono-zukuri* (the art of manufacturing) and strong businesses,” which are essential for the future growth of Honda.

Honda’s automobile business was operated with a collaborative structure in which each area of S-E-D-B (Sales, Engineering/production, Development and Buying/purchasing) maintained autonomy and worked in collaboration. Honda shifted from this collaborative structure to a unified structure that integrates the S-E-D-B areas. This change will enable Honda to develop business strategies based on a big-picture view of the entire automobile business, and realize product development based on more precise planning. Moreover, with this unified structure Honda will further advance its *mono-zukuri* with an efficient operation that integrates the entire process from development through mass production.

- The following organizations/functions have been integrated into Automobile Operations:
 - Honda Motor Co., Ltd. Production Operations, Purchasing Operations and automobile business functions assumed by Business Management Operations.
 - Honda R&D Co., Ltd. functions related to the development of automobile products, except for product design and a few other functions.
 - Honda Engineering Co., Ltd. functions related to the development of automobile manufacturing technologies and the production of automobile manufacturing equipment.
- All S-E-D-B areas, separated by their respective functions, have been integrated into Automobile Operations and reorganized into the following, based on the new process of operations:
 - Business Supervisory Unit: develops business strategies that flexibly addresses changes in the business environment.
 - Mono-zukuri Center: develops competitive products by advancing Honda’s art of automobile manufacturing.
 - Production Supervisory Unit: responsible for automobile production as well as the production quality control and high-level equalization of quality on a global basis.
 - Supply Chain Management Supervisory Unit: plans and implements the supply chain optimized for the business strategies.

- Sales Supervisory Unit: develops and executes sales and marketing strategies that are unified with Regional Operations.
- The position of Business Unit Officer has been created, with responsibility for supervising the overall process from planning through to the launch of mass production for each model series.
- With these organizational changes, Production Operations and Purchasing Operations have been strategically disbanded. After Honda Engineering Co., Ltd. transferred certain production technology research and development functions to Honda R&D Co., Ltd., it was absorbed and merged into Honda Motor Co., Ltd.

Changes Made to the Organizational Structure of Honda R&D Co., Ltd.

Honda R&D Co., Ltd. has refined its organizational structure to further strengthen its initiatives to “create new value by exploring unknown worlds,” the original purpose of the establishment of Honda R&D. (⇒ [p. 33](#))

Changes Made to the Operational Structure for Connected Car and MaaS Business

- To accelerate its ongoing initiatives to create new businesses based on next-generation services, Honda has integrated all functions related to connected car services and eMaaS strategy planning, development and business implementation, which were assumed by individual businesses, and has set up MaaS Operations within Honda Motor Co., Ltd. The new MaaS Operations will plan and develop new services that leverage Honda’s unique strengths in having a broad range of businesses and products, including motorcycles, automobiles and life creation products. At the same time, MaaS Operations will accelerate the commercialization of next-generation services by increasing the speed of its decision-making.
- Effective February 18, 2020, Honda Motor Co., Ltd. also established a new company, Honda Mobility Solutions Co., Ltd., which will pursue the mobility services (MaaS) business in Japan.