Message from the President and CEO

Honda will make extensive efforts to attain its environmental and safety goals by pursuing its true essence and leveraging Honda's unique characteristic of originality.

Toshihiro Mibe
Director, President and Representative Executive Officer
Chief Executive Officer

To Readers of the Honda Sustainability Report

On behalf of Honda, I would like to express our gratitude for your cooperation and tremendous support for our activities.

Since its founding in 1948, Honda has continuously worked to provide value to help people and create a better society through our technologies, ideas and designs. The starting point of such efforts is our desire to "help people and society" and "expand the potential of people's lives." The underlying basis of these efforts is the concept of "Respect for the Individual," which constitutes Honda's Fundamental Beliefs. Honda always puts people at the center of its thinking and our belief in the potential of people.

COVID-19 has dramatically changed our daily lives and society. Honda realizes that many people around the world desire to make the most of their limited time and make their lives safer, more free and more enjoyable.

At the same time, we have reaffirmed the importance of cooperation and harmony as members of society and have become more conscious of making a contribution to society based on our own initiative. In particular, this concerns global environmental issues, and I believe that a transition toward a society where people are more conscious about coexisting with the Earth will occur at an accelerated speed. How people behave, solving global environmental issues and a return to people-focused values are important and of interest.

I assumed the position of Global CEO in April 2021 under a new management structure and direction as follows.

Message from the President and CEO

Powered by Honda: Honda's Initiatives for a Sustainable Society

In light of changes happening to our society, we believe that working in pursuit of the "elimination of our environmental impact" and "realization of safety protecting precious human lives" are the two sets of value Honda should provide in the future. Based on this belief, we will work comprehensively to address these challenges in the areas of the environment and safety.

To be more specific, concerning the environment, we will strive to realize carbon neutrality for all products and corporate activities Honda is involved in by 2050. In the area of safety, we will aim for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050.

Honda will aim to achieve these environmental and safety goals while at the same time making all-out efforts to lead advancements in the areas of mobility, power units, energy and robotics.

By offering such value to our customers and society and by becoming the "power" that supports people taking their own initiative, including those who are trying to make changes to the society they live in and others who seek to enhance the quality of people's daily lives, we will help people reach out to achieve their potential. We describe this initiative by the phrase "Powered by Honda."

To have a firm footing in working toward our environmental and safety goals with such strong determination, we must ensure that our goal to solidify our existing businesses is achieved. To this end, we will continue to work on the optimization of production capacity and the improvement of efficiency of our *Monozukuri* (manufacturing) mainly in automobile business, in order to reap the positive results of our ongoing effort to strengthen our business structure.

What Honda wants to achieve/direction of our initiatives

Powered by Honda

Aim to become the "power" to support people who are trying to do things based on their own initiative

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The core of Honda's value proposition

Strive to eliminate environmental impact | **Realize safety protecting precious human lives**

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New environmental and safety targets / Leading advancements in the areas of mobility, power units, energy and robotics

Carbon neutrality for all products and corporate activities

Zero traffic collision fatalities involving Honda motorcycles and automobiles

Message from the President and CEO

Environmental Initiatives: Striving for Zero Environmental Impact

Honda will strive for zero environmental impact of not only our products but the entire product lifecycle including our corporate activities, focusing on the three-pillars of "carbon neutrality," "clean energy" and "resource circulation."

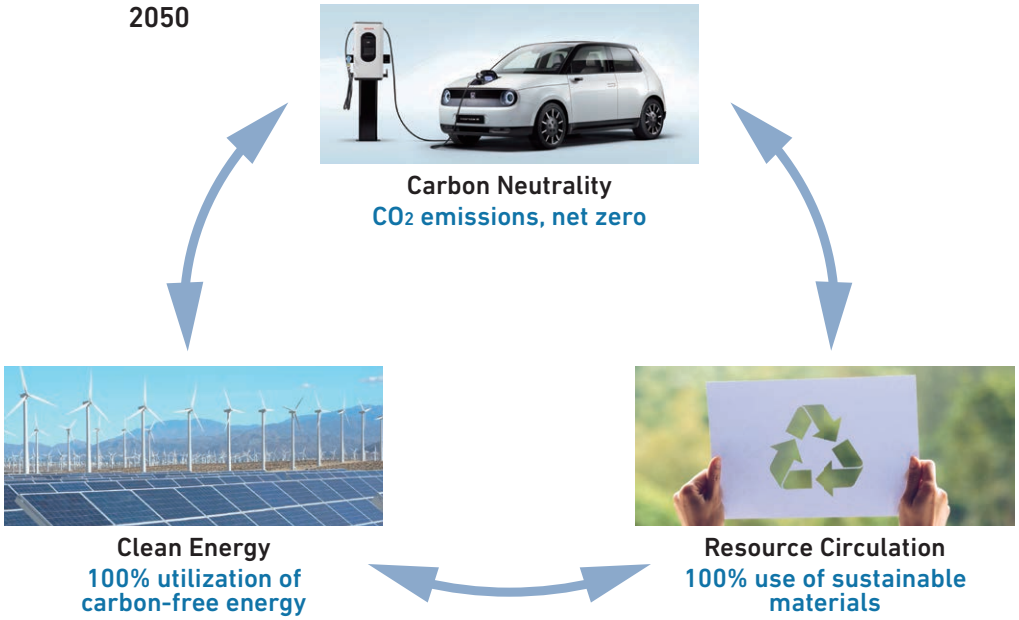
In addition to the electrification of our motorcycles and automobiles, we will enhance the range of easier-to-use electrified products with our Honda Mobile Power Pack swappable batteries and expand utilization of renewable energy by enabling infrastructure-linked smart power operations for recharging. For the further expansion of the use of renewable energy, we will be proactive in promoting the utilization of hydrogen.

Honda will pursue research on material recycling, including more effective ways to reuse and recycle batteries, and take on the challenge of developing products made from 100% sustainable materials.

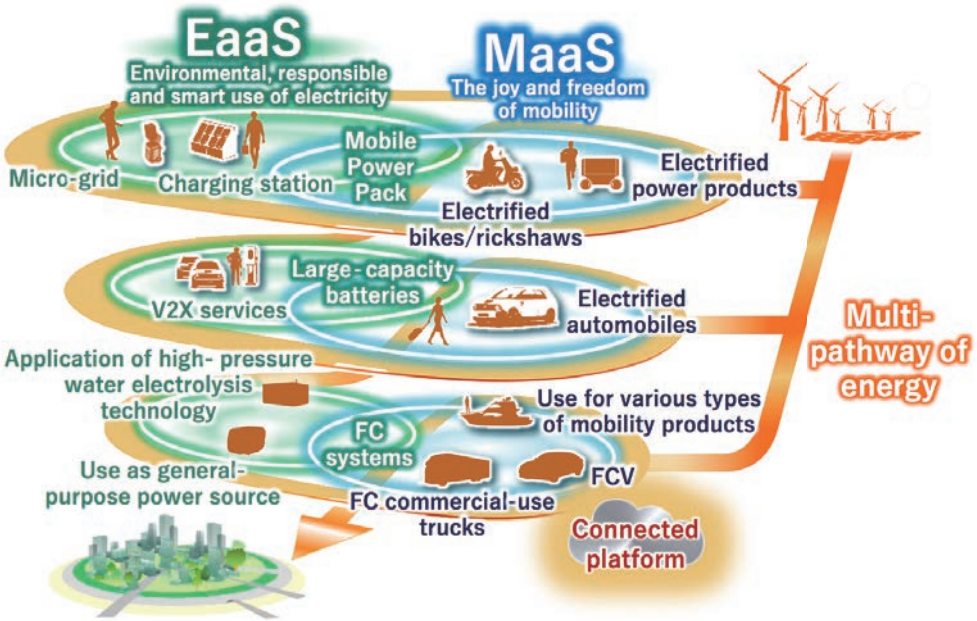
We will also continue to work on the concept of Honda eMaaS through which Honda will contribute to the freedom of mobility and expanded use of renewable energy by connecting electrified mobility products and energy services. Honda eMaaS will be steadily pursued with a focus on the three core areas of "expansion of the utilization of Mobile Power Packs," "utilization of large-capacity batteries for electrified vehicles" and "application and implementation of fuel cell systems."

In the long run, we will aim to realize a multi-pathway of energy, including carbon-neutral fuels, for aircraft and other products for which electrification is difficult.

Circular/resource-recycling society that aims for "zero environmental impact" Honda is striving for



Honda eMaaS concept



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Message from the President and CEO

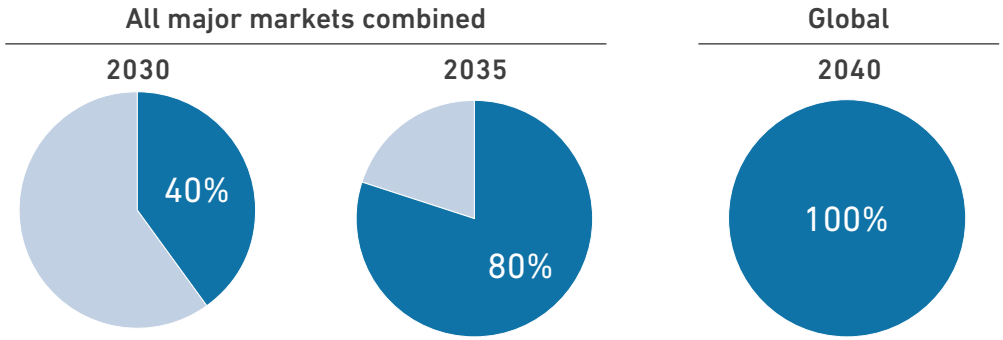
Electrification of Automobiles

It is difficult to have clear, future prospects for the popularization of electrified vehicles because different regions have different characteristics such as the level of customer acceptance, readiness of infrastructure and availability of renewable energy, and such characteristics are changing rapidly. Nevertheless, it is our responsibility as an automaker to achieve our carbon-free goal on a "tank-to-wheel" basis. As such, Honda will work to increase the ratio of electric vehicles (EVs) and fuel cell vehicles (FCVs) within overall unit sales in all major markets of electrification combined to 40% by 2030, to 80% by 2035 and then to 100% globally by 2040.

These are challenging targets, and to attain them, we must put forth a collective effort of our entire value chain. However, since its founding Honda has always been a company that continues to take on challenges with high initiative and targets. That's why we decided to clearly set high goals for the long term so that all of us share the vision of what we are trying to accomplish and take on challenges toward the realization of our goals.

In order to secure the high competitiveness of our EVs of the future, Honda is conducting independent research on all-solid-state batteries as the next generation batteries which will realize high capacity and low cost. We will undertake the verification of production technology using a demonstration line, starting this fiscal year. We will begin accelerating this research with an aim to make all-solid-state batteries available for our new models to be introduced in the second half of the 2020s.

EV/FCV unit sales ratio



Electrification of Motorcycles

The key to successful electrification of motorcycles is to consider the battery, which is still expensive, separately from the motorcycle. In developed countries, where electrification is in strong demand by society, we will pursue electrification utilizing the Mobile Power Pack, targeting business and national/local government customers.

For personal-use customers, we must not only enhance our product lineup but also make a large number of battery-swapping stations available and ensure convenience to users by making them compatible with EVs of other makers. To this end, Honda has established a consortium with other motorcycle manufacturers in Japan and Europe to develop technology standards for swappable batteries.

Honda has a vision to expand Mobile Power Pack applications beyond motorcycles to power products and micro-mobility products. With this vision, we have begun feasibility tests in India using three-wheel rickshaw taxis.

To accommodate diverse customer needs, in addition to the Gyro e: business-use electric motorized scooter we will release Gyro Canopy e: series in 2021. In the area of personal use, we are going to introduce three new EV models in classes with engine sizes of below 50 cc and below 125 cc by 2024. We will also introduce new electric motorcycles in the "FUN (medium- to large-size sports motorcycles)" area as well.

Hydrogen Fuel Cell

Hydrogen is expected to be widespread as a renewable energy source, and Honda has a long history of researching, developing and commercializing FC technologies.

While continuing our collaboration with General Motors, Honda intends to reduce costs and realize a hydrogen society by expanding our lineup of fuel cell vehicles and using FC systems for a wide range of applications, including commercial trucks as well as both stationary and mobile power sources.

Message from the President and CEO

Safety Initiatives: Aiming for Zero Traffic Collision Fatalities

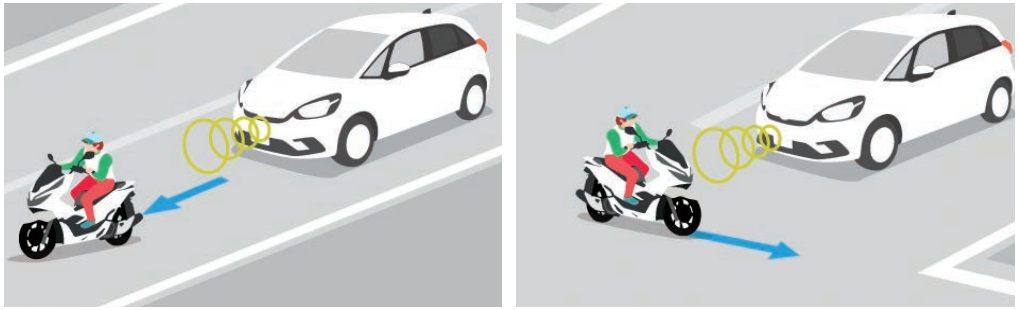
Honda will aim for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050.

The major challenge we will face as we work toward this goal is how to eliminate motorcycle collision fatalities in emerging countries. In the current situation, where we struggle even to collect accurate accident data, we must say that the hurdle we have to clear is extremely high. However, we have a social responsibility as the biggest manufacturer and seller of motorcycles in the world. By taking on this challenge, Honda wants to increase the overall safety of society and create a safe world in which everyone who shares the road can co-exist with peace of mind. In terms of expanding the range of our safety technologies, since many motorcycle collision fatalities involve automobiles, we will strive to apply our omnidirectional advanced driver-assistance system (ADAS) to all new automobile models we introduce in developed countries by 2030.

By leveraging the knowledge and know-how we have amassed through research and development of our Level 3 automated driving technologies, we will further enhance the intelligence of ADAS to increase the percentage of collision patterns covered by our ADAS. In addition, as a company involved in both motorcycle and automobile businesses, we will continue to strengthen our research on safety technologies that enable motorcycles and automobiles to safely coexist.

Technological research will not be the only thing we need to achieve zero traffic collision fatalities. Particularly in emerging countries, there are many collisions that can be prevented through traffic safety education activities and by approaching the issue from the perspective of infrastructure and government policies. These are also the areas Honda will focus on. By leveraging the strengths of Honda, we will continue to lead the way in realizing a collision-free society from the standpoints of both hardware and software.

Initiative for a collision-free society from the standpoints of both hardware and software



Strengthen our research on safety technologies which enable safe coexistence of motorcycles and automobiles

Educational and awareness-building activities and approaching safety from legislative aspects

Message from the President and CEO

Research & Development Initiatives and Preparation for the Future

In order for Honda to keep making progress in its environmental and safety initiatives, it is essential to invest aggressively in the area of research and development. Therefore, Honda will invest a total of approximately 5 trillion yen as R&D expenses over the next six years. In the field of R&D, since the development structure of digital technologies still needs to be strengthened, we will give consideration to necessary measures, including alliances. As building a strong value chain from the perspective of electrification requires proactive measures, we will make investments while carefully examining the future potential. In order to make such investments possible, we will continue to carry out selection and concentration in our existing businesses.

Currently, Honda R&D Co., Ltd. is focusing on the research of advanced technologies aimed at realizing a zero environmental impact society and a collision-free society. Also, we are making progress with research on technologies which will expand mobility into the 3rd and 4th dimensions, into the skies, the ocean, outer space and the area of robotics.

I believe that the unique characteristics of Honda are represented by the value we derive by thinking through the very essence of things and our originality. We value people's dreams and continue taking on challenges toward ambitious targets. In doing so, we want to be a company that will always pursue the very essence of things and originality.

To continue to be "a company that society wants to exist" by facing squarely with the environmental and safety challenges, we will establish a business structure which has resilience against changes in our business environment and speedily implement large-scale action plans. We will continue to work aggressively, while always asking ourselves what it means to maintain the unique characteristics of Honda, which is to pursue the very essence of things and to be original.

My hope is to hear people saying, "We are glad Honda exists" or "Honda will definitely do it." To continue to be "a company that society wants to exist," Honda will keep on taking on challenges.

Toshihiro Mibe

Director, President and Representative Executive Officer
Chief Executive Officer