

5 Strategy

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Research and Development

Basic Approach

In 1960, with a view to creating new value through the cultivation of uncharted domains, Honda spun off the research and development division from Honda Motor Co., Ltd. and established Honda R&D Co., Ltd. as an independent research and development subsidiary. As expressed by the words of Honda's founder Soichiro Honda, "What I am researching is not technology, but rather what people like," Honda's research is not just technologies but also people's values. By doing so, the Company has taken on challenges on the creation of new value.

The operating environments are very different for each of Honda's motorcycle, automobile, life creation, aircraft and other businesses. Meanwhile, the digital revolution is bringing about major changes in social structure that are not limited to a business domain. Amid this modern trend, it is necessary to strengthen the creation of new value for the future and the timely development of highly competitive products in order to "serve people worldwide with the 'joy of expanding their life's potential'" as stated in Honda's 2030 Vision Statement.

Achieving Both Creation of New Value and Development of Timely and Highly Competitive Products

In April 2019, Honda definitively separated two business functions. One is the function to develop timely and highly competitive products with the mission to consistently generate 120% product quality. The other is the function to perform research into technology to create new value from 99% failure. Since then, Honda has been promoting two-tier corporate management to operate these two functions cohesively.

Specifically, the research and development function related to motorcycles was integrated into Honda Motor Co., Ltd. in April 2019. One year later in April 2020, the research and development function related to automobiles was also integrated into the Company. In this way, Honda revamped its structure and integrated the development, sales, manufacturing and purchasing functions to further reinforce its capability to develop products in a timely manner.

Following that, Honda R&D was reorganized into the Innovative Research Excellence center, Innovative Research Excellence – Power

Unit & Energy center, the Life Creation Center and the Design Center. The Innovative Research Excellence center was established in 2019 as a facility dedicated to innovative mobility technologies for the future and the creation of advanced technologies. The Innovative Research Excellence – Power Unit & Energy center brings together the experts of the power unit and environmental energy fields, which represent the strengths of Honda and serve as a source of its competitive edge beyond product boundaries. The Life Creation Center creates new value in people's daily lives, while the Design Center is tasked with delivering brand messages transcending product boundaries in the form of consistent designs, which are the origin of Honda's value creation. Under this structure, Honda R&D will engage not only in basic and applied research on and the development of innovative technologies that differentiate Honda's products but also in research and development of new value products in such fields as mobility and robotics. In this way, the center will serve as a driving force of Honda to lead the creation of new value for the future.

Since its establishment, Honda R&D has operated while continuing to transform based on the unchanging concept of creating technologies that help people. The aforementioned operational changes toward the realization of the 2030 Vision will serve to heighten the ability to create new value and technologies and develop new products. In response to the great waves of change in the times, Honda is collaborating with external technological and business partners. Concurrently, it is engaging in research and development to deliver joyful and fulfilling mobility and daily life as well as a clean and safe/secure society through value-added products and services for people.

Research and Development Structure

