

5 **Strategy**

- Honda's Sustainability 18
- Roadmap for Sustainable Growth 19
- 2030 Vision 20
- Materiality Analysis 21
- Honda's Initiatives and the SDGs 22
- Sustainability Management Structure 25
- Stakeholder Engagement 26
- Research and Development ... 30
- Innovation Management 31**

Innovation Management

Honda R&D Co., Ltd., a research and development subsidiary of Honda, established Honda Research Institute (HRI) in 2003. The purpose of the institute is to evolve cutting-edge intelligence research, which explores the fields of brain research and visual/aural recognition in addition to traditional mechanical engineering. With bases in Frankfurt in Germany, Silicon Valley and Columbus in the United States and Wako City in Saitama Prefecture, Japan, HRI has been working on various research projects while establishing a global network of researchers in the areas of advanced sciences.

Honda R&D Innovations, Inc., a subsidiary of Honda R&D in Silicon Valley, has been promoting Honda Xcelerator, a program to create transformative products and services through open innovation, since 2015 primarily in Silicon Valley but also in Israel, Europe, China, Japan and other areas. Honda Xcelerator helps startups with innovative ideas through funding, access to a collaborative workspace, test vehicles and support from Honda mentors. Focus areas of development for the program include personal mobility, automated vehicles, artificial intelligence, smart materials, robotics, energy, human machine interface and production technology. Honda aims to revolutionize mobility and energy management through co-creation.

Through Honda Xcelerator, Honda R&D had built strategic win-win relationships with startups around the world and engaged in the research and development of products and services for the future using new technologies and business models. In April 2020, Honda R&D's function related to the program was integrated into Honda's Business Development Division in the Corporate Planning Supervisory Unit in order to accelerate efforts to ready products and services developed under the program for commercialization.

In addition, Honda established Honda R&D Innovation Lab Tokyo in February 2017 in Akasaka, Tokyo. This facility is meant to serve as a venue for co-creation in collaboration with external experts and other research institutes in order to accelerate the research and development of intelligence technologies in Japan.

The R&D Center X established in April 2017 has also been undertaking research on robotics, cooperative intelligence (CI) and energy management. In April 2019, the center and the Power Products R&D Center, which has abundant experience in product development, were combined and have since then engaged in operations as the Life Creation Center to apply intelligence technologies to existing power products and realize the creation of new value. In April 2020, the Life Creation Center transferred its function related to the development of power units to the newly established Innovative Research Excellence – Power Unit & Energy center. In addition, two new

units were established in the Life Creation Center: the Assembled Products Development Unit for creating a future for people's daily lives and the Marine Development Unit engaging in the development of marine products, which will constitute a new pillar of Honda's business.