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Basic Approach

Honda strives to enhance corporate governance as one of the most important tasks for its management, based on the Company's basic principle, in order to strengthen the trust of its shareholders/investors, customers and society; encourage timely, decisive and risk-considered decision-making; seek sustainable growth and the enhancement of corporate value over the mid- to long-term; and become "a company that society wants to exist."

In order to clearly segregate the supervisory function and execution function of management and to strengthen the supervisory function and to enable prompt and flexible decisions, Honda has "Nominating Committee", "Audit Committee", and "Compensation Committee", which each are composed of more than one half of Outside Directors, and has adopted a company with three committees structure which allows broad delegation of the business execution authority from Board of Directors to the Executive Officers.

Honda is making efforts to appropriately disclose corporate information including the release and disclosure of quarterly financial results and management policies in a timely and accurate manner to bolster trust and appreciation from shareholders/investors and society. Going forward, Honda will continue to strive to ensure the transparency of its management.

Please refer to "Honda Corporate Governance Basic Policies" and Corporate Governance Report for Honda's basic policy related to corporate governance. (Please refer to the link below.)

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"Honda Corporate Governance Basic Policies"
"Corporate Governance Report"

> https://global.honda/investors/policy/governance.html

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Overview of corporate governance

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Corporate governance structure (as of June 23, 2021)

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Executive Decision-Making Process

Honda has adopted a company with three committees system in order to delegate the decision-making authority of executing important business matters from the Board of Directors to the Executive Officers in accordance with the provisions of the Company's Articles of Incorporation and resolutions approved by the Board. The system enables quick decision-making and prompt business execution while clearly separating management supervision and business execution so that the Board's function is concentrated to the overseeing of business execution.

The Board of Directors has established criteria for deliberation and delegated some of its authority to the Executive Council, which in turn delegates some of its authority to the Regional Operating Boards.

The Executive Council conducts preliminary deliberation on items such as that will be decided by the Board of Directors, and, within the limits of authority delegated to it by the Board of Directors, deliberates on important management matters. Regional Operating Boards deliberate on important management matters within their respective regions, within the limits of authority delegated to them by the Executive Council.

Board of Directors

The Board of Directors is comprised of six Inside Directors and five Outside Directors.

In order to respond to the mandate of the shareholders to achieve sustainable growth and enhance the corporate value of the Company over the medium to long term, the duties of the Board of Directors include making decisions concerning key Company matters such as its basic management policies and monitoring of operations by Directors and Executive Officers. In addition, the Board of Directors discusses and makes decisions concerning matters specified in the regulations of the Board of Directors, as well as matters set forth in the Articles of Incorporation and applicable laws. All other matters are delegated to the Representative Executive Officers or the Executive Officers.

In order to fulfill the above roles, the candidates for Directors shall be persons of superior character and insight who have high expertise in company management, law, politics, accounting, education, or the Company's business. The Nominating Committee shall consider the balance of gender, nationality, knowledge and experience in each field for nomination.

Nominating Committee, Audit Committee, and Compensation Committee

Aiming to reinforce the supervisory function, the Company sets up "Nominating Committee", "Audit Committee", and "Compensation Committee" which majority of the members are Outside Directors.

①Nominating Committee

The Nominating Committee makes determinations regarding proposals for appointment or removal of Directors to be submitted to the shareholders' meeting and other duties prescribed by laws and regulations and the articles of incorporation. The Nominating Committee is composed of four Directors which include be at least three Outside Directors. The Chairperson of the Nominating Committee shall be an Independent Director.

Nominating Committee Members (as of June 23, 2021)
Fumiya Kokubu (Chairperson) (Outside Director)
Toshihiro Mibe
Kunihiko Sakai (Outside Director)
Kazuhiro Higashi (Outside Director)

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②Audit Committee

In order to respond to the entrustment of the shareholders, the Audit Committee shall conduct audits of the execution of duties by the Directors and Executive Officers and perform other duties of the committee prescribed by the laws and regulations and the articles of incorporation with the aim of ensuring sound and sustainable growth of the Company Group. The Audit Committee is composed of two Inside Directors and three Outside Directors. The Chairperson of the Audit Committee shall be an Independent Director. In order to ensure the effectiveness of the audit, full-time Member(s) of the Audit Committee are elected by the resolution of the Board of Directors.

Audit Committee Members (as of June 23, 2021)
Yoichiro Ogawa (Chairperson) (Outside Director)
Asako Suzuki (Full-time Audit Committee Member)
Masafumi Suzuki (Full-time Audit Committee Member)
Kunihiko Sakai (Outside Director)
Ryoko Nagata (Outside Director)

Each member of Audit Committee audits the execution of duties by Directors and Executive Officers in accordance with the auditing criteria for the Audit Committee, auditing policies and division of duties, etc., as determined by the Audit Committee. The audit is carried out through attendance at important meetings, examination of status of management/company assets and other activities.

To provide timely and accurate reports to the Audit Committee, standards for Audit Committee reports are being established. Based on these standards, reports are made periodically to the Audit Committee on the status of the business operations of the Company and its subsidiaries, the status of implementation and operation of internal control systems, and other matters. Also, reporting is required whenever there is an item that has a major impact on the Company.

In addition to the above, the Audit Division, which was organized to directly report to the President and CEO, conducts internal audits of each department of the Company. It also provides supervision and guidance to internal audit departments in major subsidiaries, as well as directly auditing subsidiaries when necessary.

The Company has formed the Board of Directors Office as an organization to support the Board of Directors, Nominating Committee, Audit Committee, and Compensation Committee, serving full-time.

Employees of the Board of Directors Office execute their duties under the supervision of the Board of Directors and three committees. Performance evaluation, personnel changes, etc. of these employees require the consent of the Audit Committee, in order to ensure independence from Executive Officers and effectiveness of instructions of the Audit Committee.

Mr. Yoichiro Ogawa, a Director, has abundant experience and considerable knowledge as a certified public accountant, and Mr. Masafumi Suzuki, also a Director, has had sufficient operating experience in the finance and accounting departments of the Company and its subsidiaries. Both of them qualify as "persons with considerable knowledge related to finance and accounting," as specified under Article 121-9 of Regulation for Enforcement of the Companies Act of Japan. In addition, the Company's Audit Committee has recognized Messrs. Yoichiro Ogawa and Masafumi Suzuki as "specialists in finance in the Audit Committee" as specified in the regulations of the U.S. Securities and Exchange Commission, based on Article 407 of the U.S. Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act of 2002). All five members of the Audit Committee remain independent as specified by the regulations of the U.S. Securities and Exchange Commission.

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Status of the meetings of the Audit and Supervisory Committee

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③Compensation Committee

The Compensation Committee makes determinations regarding the details of compensation for each Director and Executive Officer and other duties of the committee prescribed by laws or regulations or the articles of incorporation. The Compensation Committee is composed of one Inside Director and three Outside Directors. The Chairperson shall be an Independent Director.

Compensation Committee Members (as of June 23, 2021)
Kazuhiro Higashi (Chairperson) (Outside Director)
Seiji Kuraishi
Fumiya Kokubu (Outside Director)
Yoichiro Ogawa (Outside Director)

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Evaluation of Effectiveness of the Board of Directors

For each fiscal year, the Company's Board of Directors carries out an evaluation of the Board as a whole for the purpose of checking the current state of its operational capabilities, subsequently, to enhance effectiveness.

As same as the previous fiscal year, a self-evaluation was conducted by the Company for 2020. Based on the results of a questionnaire and interviews conducted with the Directors, the self-evaluation was deliberated and resolved at the Board of Directors. The self-evaluation questionnaire was prepared under the supervision of outside attorneys. The interviews and the compilation of the results were carried out by outside attorneys as well.

The Board of Directors shared the view that effectiveness of the Board is further ensured by appropriate constitution of the Board of Directors and enhancing the discussions about mid- to long-term strategic themes. Further, they also shared the understanding of the needs to provide useful information about issues and management strategies in considerably changing business environment and to have more thorough discussions over the management policies from mid- to long-term perspective to further enhance monitoring capabilities of the Board of Directors.

The Company will further enhance effectiveness as monitoring-type Board of Directors by provision of sufficient information about issues in considerably changing business environment and adaptive business strategy, and having thorough discussion over the management policies from mid- to long-term perspective.

<Directions of major efforts>

1. Sufficient discussion over expertise and diversity of the members of the Board of Directors
2. Provision of sufficient information in advance and effective explanation on the day of the meeting for Outside Directors, to enhance quality of deliberation in the Board meeting
3. Provision of information about the matters of interest in business for Outside Directors, and to facilitate conversation and discussion among Outside directors and between them and the executives.

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Status of the meetings of the Board of Directors

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Outside Directors

Honda appoints Outside Directors who have abundant experience and deep insight, and who are capable of overseeing the entire business management of the Company from an objective, highly sophisticated and broader viewpoint based on the standpoint independent from the Company. The Company shall have at least two Outside Directors, and at least one third of the members of the Board of Directors shall be Independent Directors who fulfill the Company's Criteria for Independence of Outside Directors. All five Outside Directors currently in office satisfy the Criteria for Independence of Outside Directors and their interests are not in conflict with those of the Company nor the shareholders. The five Outside Directors are specified as Independent Directors as prescribed in a provision of the Tokyo Stock Exchange (TSE); the names of those persons have been submitted to the TSE.

Please refer to "Honda Corporate Governance Basic Policies" for Honda's Independence Criteria for Outside Directors. (Please refer to the link below.)

If any Outside Director also serves as an officer at another listed company, such Director shall only serve at four companies other than the Company so that they can secure sufficient time to perform their duties for the Company.

WEB

"Honda Corporate Governance Basic Policies"

> https://global.honda/investors/policy/governance.html

Support Systems for Outside Directors

Honda provides necessary support to Outside Directors through the Board of Directors Office in a timely manner.

Materials on the Board of Directors' agenda are distributed and explained in advance for the Outside Directors, and the information helpful for them to supervise the Company's business is continuously provided, including when they assume their respective positions.

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Business Execution Management (Organizational Management)

In order to facilitate quick and appropriate management decisions at the regional and working levels, Honda appoints Executive Officers and Other Executives who have been delegated the business execution authority from the Representative Executive Officers as the responsible persons in their respective fields of Regional, Business and Functional Operations and other major organizational units.

Director and Operating Officer Training

Honda provides training in the Companies Act, corporate governance, etc., to operating officers who are considered as prospective director candidates, and after they assume their respective position as directors, the Company also provides training to continually update their knowledge as necessary. Honda provides training in industry trends, the Company's history, business, finances, organizations, internal control system and other matters to outside director candidates to be newly appointed, and after they assume their respective position as directors, the Company also provides them with opportunities including visits to subsidiaries located in regions in order to deepen their understanding of the Company Group's business.

Tax Policy

The Honda Tax Policy prescribes the basic stance and thinking regarding taxes for Honda Motor Co., Ltd. and its consolidated subsidiaries. The policy aims to contribute to society as well as maintain and increase corporate value by complying with the tax laws and regulations of each country and region where Honda undertakes business activities and by making proper tax payments.

Tax systems of each country and region and international taxation rules are frequently changed. In this environment, to ensure the proper execution of its business in a stable manner Honda carries out accurate and high-quality tax affairs and responds to tax risks associated with its businesses in accordance with the Tax Policy.

For details, please refer to the Honda Tax Policy. (Please refer to the link below.)

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Honda Tax Policy

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Remuneration of Directors

Honda's system of remuneration for Directors is designed to enhance their motivation for contributing to an improvement of business performance both over the short term and medium to long term in order to realize the continued enhancement of corporate value. Remuneration for Directors consists of a monthly salary, which is a fixed amount paid in compensation for the execution of duties; bonuses linked to Honda's performance for the corresponding fiscal year; and stock-based remuneration linked to its medium- to long-term performance.

To attract diverse and talented human resources, an appropriate monthly salary is paid to Directors, which is determined by the resolution of the Compensation Committee while taking into consideration the remuneration levels of other companies.

Bonuses of Directors are determined and paid upon a resolution of the Compensation Committee based on the Company's performance during each fiscal year, dividends paid to shareholders, associates' bonuses and other considerations.

As for stock-based remuneration, Honda stock and monetary compensations linked to the medium- to long-term business performance in accordance with the criteria and procedures approved by the Compensation Committee are provided. The aim is to make stock-based remuneration serve as a sound incentive toward sustainable growth.

Remuneration of Executive Officers also consists of a monthly salary, bonuses and stock-based remuneration.

Remuneration of Outside Directors and other Directors who do not hold a concurrent position as an Executive Officer solely consists of a monthly salary.

Please refer to Article 13 of the "Honda Corporate Governance Basic Policies" concerning the policy for determining remuneration for Directors. (Please refer to the link below.)

WEB

"Honda Corporate Governance Basic Policies"

> https://global.honda/investors/policy/governance.html

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Annual total remuneration and bonuses of highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan)

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Total amount of remuneration for Directors

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Rate of increase in annual total remuneration and bonuses of highest-paid individuals (President and Representative Executive Officer, Chief Executive Officer) (Japan)

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Remuneration of Accounting Auditors

The Company has had its financial statements audited in accordance with the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, the Securities Exchange Act of 1934 (United States) and the Exchange Act of 1933 (United States) by KPMG AZSA LLC. Within KPMG AZSA LLC, a total of 83 staff members conducted external audits of the Company's financial statements. These accounting firm staff members are composed of 3 certified public accountants (Masahiko Chino, Isao Kamizuka and Takeshi Kamada), who are in overall charge of the Outside Audits, and 80 professional staff members (including 24 certified public accountants, 2 accountants with U.S. public accountant certification and 54 other staff members).

In deciding the amount of remuneration for services rendered by the Accounting Auditor, various factors are taken into consideration in discussions with the accounting firm, including the Company's size/characteristics, the time schedule for the audit and other matters. In addition, to preserve the independence of the Accounting Auditor, remuneration to be paid is required to obtain the prior approval of the Audit and Supervisory Committee.

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Directors and Executive Officers (as of June 23, 2021)

Chairman and Director
Toshiaki Mikoshiba

【Reasons for Appointment】
Mr. Toshiaki Mikoshiba has broad experience primarily in the area of sales and marketing, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he has properly fulfilled his duties as Chairman and Director and Director in charge of Government and Industry Relations by enhancing the functions of the Company's external relations, as well as overseeing business execution from a global perspective through managing the Board of Directors as its Chairman.

Director
Executive Vice President and Representative Executive Officer
Seiji Kuraishi

【Reasons for Appointment】
Mr. Seiji Kuraishi has broad experience primarily in the areas of supply chain management and sales and marketing, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he has properly fulfilled his duties as Executive Vice President and Representative Director, Chief Operating Officer, and Director in charge of Strategy, Business Operations and Regional Operations by demonstrating strong leadership and being responsible for business execution of the entire Company Group, as well as overseeing business execution.

Director
Asako Suzuki

【Reasons for Appointment】
Ms. Asako Suzuki has broad experience primarily in the area of sales and marketing, accounting and finance, human resources and corporate governance, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, she demonstrated high degree of expertise and strong leadership, and achieved satisfactory results as Chief Officer for Human Resources and Corporate Governance Operations.

Director
Kunihiko Sakai

【Reasons for Appointment】
Mr. Kunihiko Sakai has high expertise and abundant experience as a legal affairs specialist having served as Public Prosecutor and a lawyer, including posts of Superintending Prosecutor at High Public Prosecutors' Offices from July 2014 to March 2017. He has properly fulfilled his duties as Outside Director who is an Audit and Supervisory Committee Member since June 2019 by auditing and overseeing the execution of duties by Directors from an independent standpoint.

Director
President and Representative Executive Officer
Toshihiro Mibe

【Reasons for Appointment】
Mr. Toshihiro Mibe has broad experience primarily in the areas of R&D and production, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he was in charge of Mono-zukuri, and served as President and Representative Director of Honda R&D Co., Ltd. Since April 2021, he has properly fulfilled his duties as President and Representative Executive Officer and Chief Executive Officer of the Company by demonstrating strong leadership and being responsible for the management of the entire Company Group, as well as overseeing business execution.

Director
Senior Managing Executive Officer
Kohei Takeuchi

【Reasons for Appointment】
Mr. Kohei Takeuchi has broad experience primarily in the area of accounting and finance, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he has properly fulfilled his duties as Chief Financial Officer and Director in charge of Finance and Administration by demonstrating high degree of expertise and strong leadership, and being responsible for business execution of the entire Company Group, as well as overseeing business execution.

Director
Masafumi Suzuki

【Reasons for Appointment】
Mr. Masafumi Suzuki held the position of General Manager of Accounting Division for Business Management Operations of the Company. He has high expertise and abundant experience in the areas of accounting and finance, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2021, he has properly fulfilled his duties as Director who is an Audit and Supervisory Committee Member by auditing and overseeing the execution of duties by Directors.

Director
Fumiya Kokubu

【Reasons for Appointment】
Mr. Fumiya Kokubu held positions of President and CEO, and Chairman of the Board of Marubeni Corporation from 2013, and has abundant experience and deep insight regarding corporate management. He has properly fulfilled his duties as Outside Director since June 2020 by overseeing the entire business management of the Company from an independent standpoint.

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Directors and Executive Officers (as of June 23, 2021)

Director
Yoichiro Ogawa

【Reasons for Appointment】
Mr. Yoichiro Ogawa has high expertise and abundant experience as an accounting specialist having served as a Certified Public Accountant for many years, including posts of CEO of Deloitte Tohmatsu Group from July 2015 to May 2018.

Director
Ryoko Nagata

【Reasons for Appointment】
Ms. Ryoko Nagata held positions of Executive Officer and Audit & Supervisory Board Member of Japan Tobacco Inc. from 2008, and has abundant experience and deep insight regarding corporate management and audit.

Managing Executive Officer
Noriaki Abe

- Chief Officer, Regional Operations (Japan)
- Chief Officer, Driving Safety Promotion Center

Managing Executive Officer
Keiji Ohtsu

- President and Representative Director, Honda R&D Co., Ltd.

Director
Kazuhiro Higashi

【Reasons for Appointment】
Mr. Kazuhiro Higashi held positions of President and Chairman of Resona Holdings, Inc. from April 2013, and has abundant experience and deep insight regarding corporate management.

Managing Executive Officer
Noriya Kaihara

- Chief Officer, Customer First Operations
- Risk Management Officer

Managing Executive Officer
Yasuhide Mizuno

- Chief Officer, Automobile Operations

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Managing Officers (as of April 1, 2021)

Michimasa Fujino

- President and Director, Honda Aircraft Company, LLC

Mitsugu Matsukawa

- President and Director, Honda Development & Manufacturing of America, LLC

Hisao Takahashi

- General Manager, Mono-zukuri Center, Automobile Operations
- Director, Honda R&D Co., Ltd.

Shinji Aoyama

- Chief Officer, Regional Operations (North America)
- President, Chief Executive Officer and Director, American Honda Motor Co., Inc.
- Officer in charge of electrification (as of July 2021)

Katsushi Inoue

- Chief Officer, Regional Operations (China)
- President, Honda Motor (China) Investment Co., Ltd.
- President, Honda Motor (China) Technology Co., Ltd.

Yoshishige Nomura

- Chief Officer, Motorcycle Operations