

5 Strategy

- Honda's Sustainability ..... 13
- Roadmap for Sustainable Growth ..... 14
- 2030 Vision ..... 15
- Initiatives for Zero Environmental Impact ..... 16
- Materiality Analysis ..... 19
- Honda's Initiatives and the SDGs ..... 20
- Sustainability Management Structure ..... 23
- Stakeholder Engagement .... 24
- Research and Development ... 28
- Innovation Management ..... 29

**Innovation Management**

**Efforts to Expand into New Domains through Open Innovation**

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 to develop and advance its research domains while establishing a global network of researchers in the areas of advanced sciences.

Honda R&D Innovations, Inc., a Honda subsidiary in Silicon Valley, has been engaging in co-creation and open innovation with transformative startups. The company has been promoting the Honda Xcelerator program 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. Besides conducting the research and development of basic technologies, including personal mobility, automated vehicles, artificial intelligence, smart materials, robotics, energy, human machine interface and production technology, the program focuses on developing businesses, collaborating and forming alliances toward the realization of a carbon neutral society and establishing a sustainable business environment encompassing resource circulation and recycling.

**IGNITION New Business Creation Program to Give Shape to Associates' Ideas and Dreams**

Honda IGNITION is a new business creation program that solicits business proposals from Honda associates. It was originally launched in 2017 by Honda R&D Co., Ltd., a research and development subsidiary of Honda, and was later transitioned into a company-wide initiative in April 2021, thereby giving all Honda associates in Japan a chance to create a new business.

The program is being conducted in cooperation with venture capital firms, and during the evaluation process, proposers undergo a stringent review and receive advice from the investor's perspective. An internal task force also provides support for making proposals more viable. After going through the process, Ashirase, Inc. and Striemo Inc. were established in June and August 2021, respectively as the first and second business ventures originated from IGNITION. The main purpose of this program is to nurture innovative ideas, create new value and swiftly link such innovation to resolving societal issues. Honda will proactively work to create value not only through efforts undertaken internally, but also by creating venture companies and engaging in open innovation initiatives with external companies. By expanding the fruits born from such efforts to society, Honda is committed to offering further value to a wider range of customers.

Since its founding, Honda has taken on the challenge of creating new value while respecting the ideas and dreams of individual associates. Honda will create things and services that do not yet exist by encouraging associates in all areas, not just engineers but also those in production, sales, administration and various other departments, to take the lead in realizing their ideas and dreams with support from their respective organizations and experts. At the same time, Honda will consciously foster an organizational culture that spurs innovation.