102-11,102-15,102-29,103-1,103-2,103-3

| | | Editorial | | Top | | Honda | | Overview | | | | | Assurance |
| Contents | 1 | Policy | 2 | Message | 3 | Philosophy | 4 | of Honda | 5 | Strategy | 6 | Governance | 7 | Performance Report | 8 | GRI Content Index Financial Data |

Risk Management

Establishing an Effective Risk Management Structure

Honda formulated the Honda Global Risk Management Policy, with Group subsidiaries included in its scope of application.

The Honda Global Risk Management Policy aims at driving the Company's sustainable growth and stabilizing management based on the Honda Philosophy and targets all risks with the potential to impact operations on a global scale.

In implementing its risk management activities, Honda is creating a relevant framework and is taking follow-up measures to support implementation, with efforts centered around a company-wide Risk Management Officer elected by the Board of Directors.

Additionally, each organization is building its own independent risk management structure after setting up a Risk Management Secretariat. These organizations are responsible for promoting their own independent risk management activities in accordance with the basic policies of these regulations.

As main initiatives, Honda has established the Risk Management Committee for discussing and monitoring Honda's risks from a company-wide perspective. In parallel with this monitoring initiative, each organization in the Company also undertakes risk assessment activities for identifying, evaluating and devising responses to risks using common methods.

In addition, when a crisis occurs, the Company establishes a Global Emergency Headquarters for crisis response proportionate to the anticipated magnitude of impact.
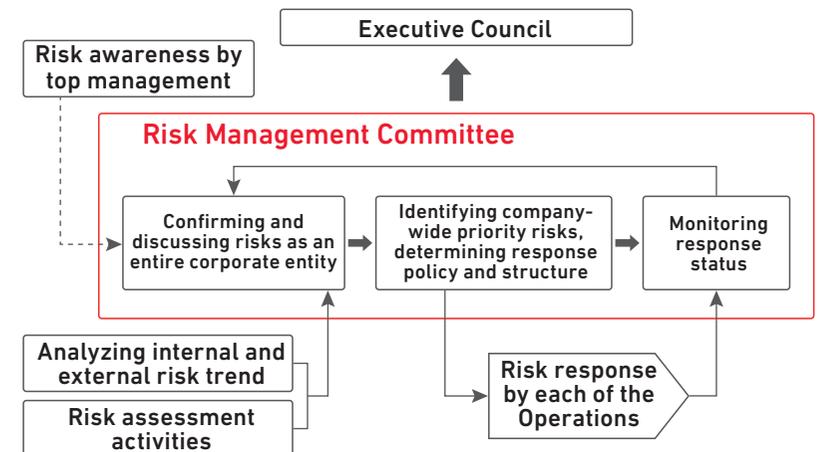
Risk Management Committee

The business environment surrounding companies is undergoing drastic changes in recent years regardless of business category. Accordingly, the complexity and uncertainty of risks are rising, which requires effective risk management activities. Honda set up the Risk Management Committee chaired by a company-wide Risk Management Officer (RMO) for identifying, discussing and monitoring important risks from a holistic perspective.

The Risk Management Committee not only identifies internal risks but also gathers information that flexibly keeps abreast of external risk trends. The committee uses such internal and external information to ascertain specific risk scenarios and conduct an impact analysis in contrast to Honda's business strategies. Management members hold discussions based on this objective risk analysis to determine a response policy and structure for company-wide risks that Honda should address and that are consistent with management strategies.

Among these risks, Honda regularly monitors the response status for company-wide priority risks deemed particularly important as an entire corporate entity.

The discussions and monitoring status at the Risk Management Committee are reported to the Executive Council in a timely and appropriate manner.

Risk Management Committee

102-11,102-15,102-29,103-1,103-2,103-3

| | Contents | 1 Editorial Policy | 2 Top Message | 3 Honda Philosophy | 4 Overview of Honda | 5 Strategy | 6 Governance | 7 Performance Report | 8 Assurance GRI Content Index Financial Data |

6 Governance

Risk Management

In FY2022 as well, Honda identified company-wide priority risks, which will be addressed mainly by the departments in charge. In the meantime, the status of progress is confirmed and discussed at the Risk Management Committee.

Company-wide priority risks

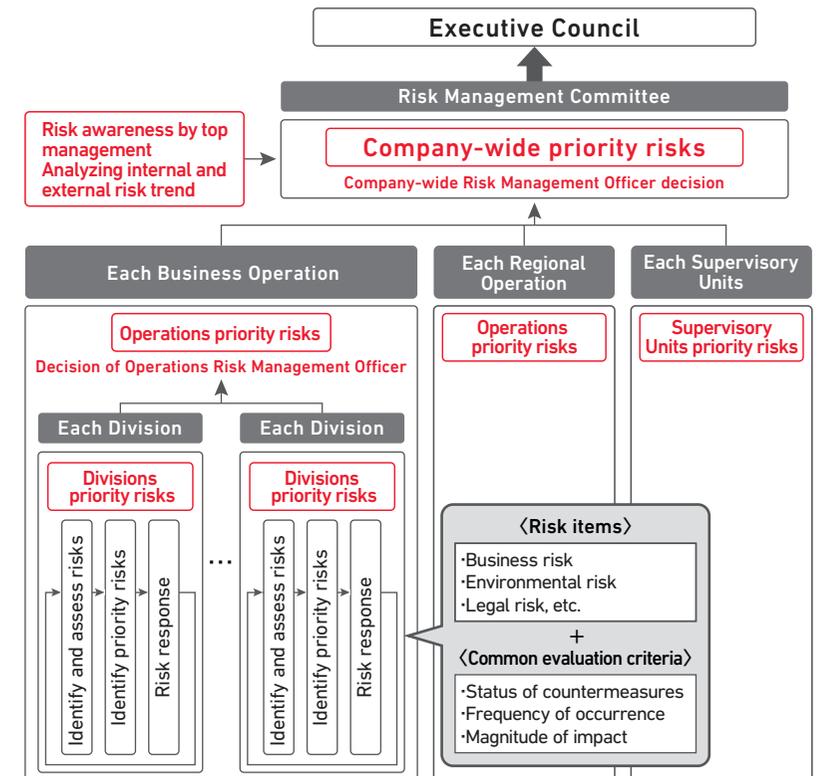| Company-wide priority risk items	Risk perspective
Infectious disease risk	Impact on business and employees' health/livelihoods due to the occurrence of an infectious disease pandemic
Regional risk	Impact on business due to changes in each country's local laws, regulations, systems and business practices (e.g., personal information protection regulations and economic security policies)
Purchasing and procurement risk	Stagnation or delay in production activities caused by suppliers being unable to supply parts and due to rising prices of raw materials and parts
Information security risk	Suspension of important operations/services and leakage of information assets due to cyberattacks and other incidents
Environmental risk	Impact such as an increase in costs in responding to regulations concerning climate change revised fuel efficiency or emissions regulations of each country
Intellectual property risk	Impact on business caused by an infringement of Honda's intellectual property rights or by the substantial payment of a compensation or license fee
Natural disasters risk	Impact on production, research, sales and other operations due to suspension of business resulting from natural disasters (e.g., earthquakes, flooding)
Financial and economic risk	Impact on business caused by market contraction due to an economic slowdown and by exchange rate fluctuations
Brand image risk	Impact on business caused by a damage to Honda's brand image

Risk Assessment Activities

Honda carries out risk assessment activities for each of its Business Operations, Regional Operations and Supervisory Units.

The purpose of these activities is to foresee potential risks surrounding Honda's businesses and respond beforehand to minimize these risks.

Each department performs annual risk evaluation using the Group's common risk items and evaluation criteria to identify the division priority risks.

Each of the Operations and the Supervisory Units carries out repeated

discussions based on the results of the risk assessment of each department. They then identify and respond to the Operations priority risks based on the judgment of the Operations Risk Management Officer.

Additionally, the status of Operations priority risks based on the risk awareness of the Operations and the Supervisory Units is reported to the Risk Management Committee. This effort leads to the identification and discussion of company-wide priority risks by comparing these with internal and external risk trends.

Through these efforts, Honda aims to firmly establish risk management activities within each Operations and Supervisory Unit, reduce the risk of the entire Group and raise risk awareness of each and every associate.

Risk Assessment Activity Structure

102-11,102-15,102-29,103-1,103-2,103-3

| Contents | 1 Editorial Policy | 2 Top Message | 3 Honda Philosophy | 4 Overview of Honda | 5 Strategy | 6 Governance | 7 Performance Report | 8 Assurance GRI Content Index Financial Data |

Risk Management

Crisis Response

Honda carries out risk sensing activities to monitor and report on signs of crisis. While collecting a wide range of crisis information that may have an impact on Honda, the Company is establishing an information coordination system in case a crisis becomes apparent.

When a crisis occurs, the Company sets up a Global Emergency Headquarters for crisis response proportionate to the anticipated magnitude of impact. In this way, Honda lays out a structure to prevent the situation from spreading and to quickly bring the situation under control.

Through its activities, Honda's Global Emergency Headquarters is working to strengthen functions based on its initiatives related to crisis and other events in the past.

As the first step, to share information and discuss activities on a daily basis, group leader meetings are held to convene the group leaders essential for crisis responses. By holding these meetings, Honda is striving to raise the level of its crisis response capabilities as well as create a culture that enables effective cooperation when a crisis occurs.

Next, Honda regularly holds Emergency Headquarters drills as a verification of its crisis response capabilities. Honda has held drills assuming the occurrences of an earthquake directly under the Tokyo metropolitan area and the Nankai Trough earthquake. The Company has also reaffirmed (confirmed cooperation among each group) how to respond to a crisis occurring at multiple bases as well as basic actions in its crisis response.

Also with regard to disaster drills, besides ensuring the safety of human life and procedures to account for its associates, Honda continuously holds training from a business continuity planning (BCP) viewpoint on procedures to share information for the purpose of identifying the impact on business at an earlier stage.

As a recent example of its crisis response, to counter COVID-19 Honda launched a Global Emergency Headquarters. It promotes company-wide cross-sectional responses and strengthens functions by reflecting back on these responses.

Although countries around the world are taking measures to find a balance between maintaining social and economic activities and controlling new infections, it still remains uncertain when the spread of COVID-19 will subside. Going forward, Honda will continue to monitor trends in new virus variants and the spread of COVID-19 infections in each country. By placing top priority on the safety of our customers and associates, Honda will work to prevent the spread of infections and undertake business activities.

In addition, Honda is promoting company-wide cross-sectional measures to minimize the impact of the semiconductor supply issue, which is having a significant impact worldwide.

Global Emergency Headquarters Structure

governance

102-11,102-15,102-29,103-1,103-2,103-3,418-1

| | Contents | 1 | Editorial Policy | 2 | Top Message | 3 | Honda Philosophy | 4 | Overview of Honda | 5 | Strategy | 6 | Governance | 7 | Performance Report | 8 | Assurance GRI Content Index Financial Data |

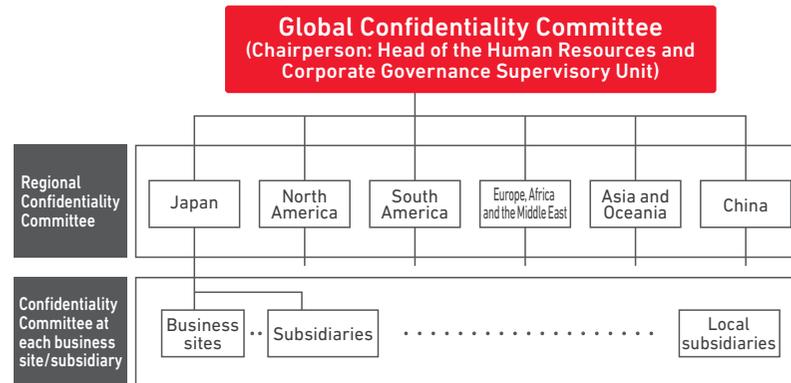**Risk Management**

Information Management

To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy (GCP) and the Global IT Security Policy (GITSP), with its scope of application extending to Group subsidiaries. These policies stipulate a systematic response structure, compliance items when handling confidential information and personal information, security standards for information systems and networks. They also specify the line of reporting in the event of any information leakage.

While effectively applying these policies, Honda set up the Global Confidentiality Committee, chaired by the Head of the Human Resources and Corporate Governance Supervisory Unit, to ensure timely responses to changes in information flows and other issues.

The Global Confidentiality Committee determines globally common medium-term policies and an annual activity plan. Based on this plan, each Regional Confidentiality Committee takes the lead in promoting activities to safely handle information obtained through Honda's business activities, including personal information and confidential information.

Besides continuously strengthening activities to ensure information security against cyberattacks that are becoming increasingly sophisticated and complex, the Company performs monitoring on a daily basis while establishing systems capable of immediately responding to events that must be addressed.

Global Information Management Structure

Global Confidentiality Committee
(Chairperson: Head of the Human Resources and Corporate Governance Supervisory Unit)

Regional Confidentiality Committee: Japan | North America | South America | Europe, Africa and the Middle East | Asia and Oceania | China

Confidentiality Committee at each business site/subsidiary: Business sites · · Subsidiaries · · · · · · · · · · · · · · · · · · Local subsidiaries

Protection of Personal Information

Honda recognizes the importance of protecting personal information and regards placing top priority on protecting customer information as its social responsibility. To ensure the proper handling of customer information, Honda has formulated the Global Privacy Policy (GPP) that covers Group subsidiaries. The policy prescribes matters that must be complied universally on a global basis as well as an implementation structure.

The Company has appointed information supervisors and information managers in departments handling personal information and provides training on the protection of personal information. Concurrently, Honda reports methods for managing personal information it holds and the information management status at outsourcing contractors to the Confidentiality Committee of each business site and company. To keep the details of the reports updated, the Company conducts a review at least once each year at all departments. In addition, Honda sets stricter security standards for information systems containing customer information while regularly confirming the status of implementation of security measures.

Honda has built a structure for collaboration between the Global Confidentiality Committee and each Regional Confidentiality Committees to respond to personal information protection regulations in each country that are being established at an accelerating pace in recent years. The Company is thoroughly and steadily making responses while closely monitoring trends.

Additionally, Honda utilizes data to contribute to solving social issues and provide its customers with even better products and services. Honda has formulated the Risk Management Guidelines for Data Utilization to handle data properly, reduce related risks and promote effective data utilization while establishing the Board for Judging Data Utilization Risks, with the Head of the Intellectual Property and Standardization Supervisory Unit serving as the decision-making authority. Honda deliberates on the risk response status from each specialized perspective of data collection, storage management and utilization and decides whether or not to implement relevant measures.

In the event of leakage or request for disclosure of personal information, Honda is putting into place structures that respond quickly in accordance with the laws and regulations of each country. In FY2022, there were no occurrences of any major loss or leakage of personal information or serious complaints about customer privacy.

governance

Risk Management

Product Cybersecurity

Honda participates in the Automotive Information Sharing & Analysis Center (Auto-ISAC), which has begun operations in Japan and the United States, for sharing and analyzing information related to automotive cybersecurity. The Auto-ISAC collects information on incidences detected within the industry.

Moreover, Honda obtains information on its own, including information on relevant laws and specifications as well as industry standards. By utilizing these initiatives in its own responses, Honda is proactively promoting activities to ensure the safety and security of its products.

Moreover, in September 2016 the Company launched the Cybersecurity Committee as its promotion structure and has undertaken activities under this committee. In April 2022, Honda reorganized this committee by expanding the participation of members of management. Its aim is to further accelerate the speed of decision-making and execution across all related departments.

governance