

7

Environment

Material Issues

- Responding to climate change and energy issues
- Ensuring clean air
- Advancing powertrain electrification
- Utilizing resources efficiently
- Conserving water resources
- Preserving biodiversity
- Managing chemical substances and preventing pollution



7

Performance Report

Environment 55

Basic Approach

Global Management

Material Issues in the Environmental Dimension

Responses to Climate Change and Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Basic Approach

Honda Environmental and Safety Vision/
Honda's Environment Statement

Ever since the 1960s, Honda has actively endeavored to solve environmental issues. In the 1970s, Honda developed the low-pollution CVCC* engine that successfully reduced carbon monoxide, hydrocarbon and nitrogen oxide (NOx) emissions, making Honda the world's first automaker to comply with the U.S. Clean Air Act – a regulation thought at the time to be the most stringent in the world.

In 1992, Honda's Environment Statement was released to serve as the Company's guideline for all environmental initiatives. The statement articulates the basic stance to reduce environmental impact at every stage in the life cycle of its products, from product procurement to design, development, production, transportation, sale, use and disposal stages.

In addition, for Honda to further promote the above-mentioned environmental initiatives and continue to be a company society wants to exist, the Honda Environmental and Safety Vision was established in 2011. Aimed at the realization of the joy and freedom of mobility and a sustainable society where people can enjoy life, as is declared in this vision, each of Honda's global business sites is engaging in the reduction of an array of environmental impacts from the aspects of both production-based and corporate activities. Such initiatives include reduction of greenhouse gas (GHG) emissions, which are considered to be a cause of climate change, as well as energy use; efficient use of resources, including water and minerals; and appropriate treatment and reduction of waste.

Honda will conduct these activities while sharing Honda's Environment Statement with everyone associated with Honda, including suppliers and distributors in addition to Honda Group companies, in order to realize this vision.

Honda Environmental and Safety Vision

Realizing the joy and freedom of mobility and a sustainable society where people can enjoy life

Honda's Environment Statement

As a responsible member of society whose task lies in the preservation of the global environment, the Company will make every effort to contribute to human health and the preservation of the global environment in each phase of its corporate activities. Only in this way will we be able to count on a successful future not only for our company, but for the world.

We should pursue our daily business under the following principles:

1. We will make efforts to recycle materials and conserve resources and energy at every stage of our products' life cycle—from research, design, production and sales, to services and disposal.

2. We will make every effort to minimize and find appropriate methods to dispose of waste and contaminants that are produced through the use of our products, and in every stage of the life cycle of these products.

3. As both a member of the company and of society, each associate will focus on the importance of making efforts to preserve human health and the global environment, and will do his or her part to ensure that the company as a whole acts responsibly.

4. We will consider the influence that our corporate activities have on the regional environment and society, and endeavor to improve the social standing of the company.

Established and announced in June 1992 Honda's Environment Statement

* CVCC: Compound Vortex Controlled Combustion

environment

Honda Sustainability Report 2022

56

7 Performance Report

— Environment 55

 Basic Approach

— Global Management

 Material Issues in the Environmental Dimension

 Responses to Climate Change and Energy Issues

 Efficient Utilization of Resources

 Preservation of Clean Air

 Other Important Issues

 Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Global Management

Environmental Management Promotion
Structure and Management Cycle

Honda recognizes that environmental issues such as climate change and energy/resource issues, which require global responses, are material issues that impact Honda’s business operations. Based on this recognition, the Environmental Committee was established in 1991, chaired by the Chief Executive Officer (CEO) and comprised of members of company management. In 1995, the Committee became the World Environmental Committee and assumed responsibility for discussing and formulating plans for environmental protection activities worldwide. Since then, it had continued to meet every year as the World Environment and Safety Strategy Committee.

Chaired by the CEO, this re-established Committee deliberates on the PDCA cycle of each region as well as risks and opportunities concerning climate change, energy and resources. It also explores Honda’s short-, medium- and long-term environmental strategies based on these risks and opportunities.

Medium- and long-term environmental policies and plans at the global level are formulated at the meeting of the World Environment and Safety Strategy Committee on the basis of company-wide direction and medium- and long-term business plans. All committee members are involved in the meeting’s decision-making.

Following the decisions made at the above meeting, the World’s Six Region Environmental Committee, made up of the environmental divisions of each regional headquarters, also meets every year. Once the information sharing process at these meetings concludes, these divisions formulate concrete action plans and then implement necessary measures.

In terms of the progress of Honda’s environmental initiatives and the themes applicable worldwide, the Corporate Planning Supervisory Unit collects information from Regional Operations and reports it at the meeting of the World Environment and Safety Strategy Committee. The Company is striving to continuously enhance environmental management through the reflection of the above information in the medium-term business plan and policy for the following term and the implementation of the PDCA cycle by each Regional Operation and environmental division.

Environmental regulations prompted by climate changes and risks related to natural disasters are managed, monitored, reflected in risk management activities and integrated into company-wide priority risks (⇒ [p. 48](#)).

Environmental Management System

Honda’s existing global vehicle assembly and product assembly plants have acquired ISO14001, an international certification for environmental management systems (as of March 2022). Therefore, coverage of environmental management systems is virtually 100%. Honda is in the process of obtaining certification for newly built plants.

Current Status of Compliance with
Environmental Regulations

In accordance with Honda’s Environment Statement, the Company has introduced environmental management systems at all business sites and in each division. Along with promoting continuous efforts to improve environmental performance, it strives to comply with its own voluntary environmental standards, which are more stringent from an environmental perspective than any national or local regulations.

In the last five years, Honda has not committed any serious noncompliance with environmental laws and regulations, paid substantial fines/sanctions in breach thereof or recorded any major chemical releases.

In addition, no environment-related complaints were received through the official complaint resolution program.



7 Performance Report

— Environment 55

Basic Approach

— Global Management

Material Issues in the
 Environmental Dimension

Responses to Climate Change and
 Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Global Management

Environmental Accounting

Environmental Accounting in Japan

To facilitate efficient environmental management, Honda tabulates the cost reduction and profit attributable to its environmental protection activities, thus working to keep abreast of their economic impact.

Going forward, Honda is committed to continuing improvement of the accuracy of this data, which it sees as an indicator of corporate value and as a tool for making environment-related management decisions.

DATA

Cost of environmental conservation activities and investments

> p. 77

DATA

Economic benefits (Effect on revenue and expenses)

> p. 77



7

Performance Report

—

Environment

55

Basic Approach

Global Management

—

Material Issues in the Environmental Dimension

Responses to Climate Change and Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety

79

Quality

96

Human Resources

112

Supply Chain

139

Social Contribution Activities

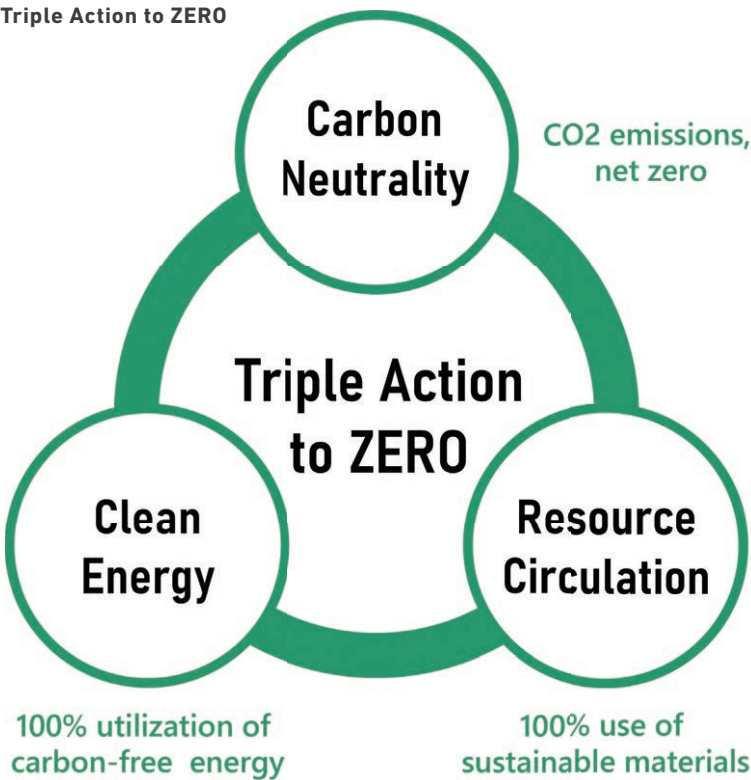
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Material Issues in the Environmental Dimension

Honda’s Material Issues

Through Honda’s proprietary technologies and business activities, the Company will work to deal with climate change issues, energy issues, effective utilization of resources and preservation of clean air, which are outlined as challenges in the materiality matrix, with an aim to realize a zero-environmental impact society in the future.

Triple Action to ZERO



Triple Action to ZERO

In order for people to live on the earth in a sustainable manner, Honda seeks to realize a recycling-based society with zero environmental impact. Accordingly, the Company has set even higher targets than our previous Triple ZERO initiative.

Efforts will be centered around the Triple Action to ZERO, which integrates three elements, namely carbon neutrality, clean energy and resource circulation, into one concept.

CO2 emissions, net zero by 2050

To address climate change issues, Honda will work toward a target of limiting the global temperature rise to 1.5°C above pre-industrial levels by reducing carbon emissions from corporate activities and throughout the product life cycle.

100% utilization of carbon-free energy by 2050

To address energy issues, Honda will go a step beyond its conventional initiative of reducing energy risk and aim to use clean energy both during product use and in corporate activities.

100% use of sustainable materials by 2050

To address the effective utilization of resources, Honda will conduct research into the recycling of materials, including reuse and recycling of batteries. Going beyond its previous initiative aimed at reducing risks related to resources and waste disposal, Honda will take on an additional challenge of developing products that use sustainable materials having zero environmental impact.



7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental Dimension— Responses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Responses to Climate Change and Energy Issues

Climate Change: Risk and Opportunity Analysis Based on
Multiple Scenarios

Honda performs scenario analysis, noted as an important tool in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and creates strategies based on multiple scenarios for today and for the future.

Each scenario contains uncertainty caused by varying factors, which

makes it important to conduct analysis and verification assuming different situations. Honda believes that identifying risks and opportunities in respective scenarios will enable more sustainable corporate management.

Accordingly, Honda has developed strategies based on multiple scenarios. The Company utilizes these strategies in undertaking business and promoting products and seeks to reduce risks and create opportunities, thereby ensuring that it offers services and products with greater resilience.

The table below provides a list of Honda's efforts in each risk and opportunity category. Honda is making a range of efforts to increase the resilience of its strategies against the identified risks and opportunities.

	Climate-related risks (From TCFD recommendations)	Risks for Honda Specific response / corresponding section	Climate-related opportunities (From TCFD recommendations)	Opportunities for Honda Specific opportunity / corresponding section
Transition risk ⇒ 2°C/1.5°C Major impact • Changes in the market to eliminate forms of mobility with greater CO ₂ emissions • Diversification of energy needed for product use and services	Policy and legal risks • More stringent regulations for GHG emissions • Greater obligation to report emissions	• Promotion of better fuel efficiency and electrification (⇒ p. 06, 07, 62, 63) • Disclosure of emissions from the entire product life cycle (⇒ p. 73)	Products and services • Development of new products and services • Expansion of low-carbon products and services • Diversification of business activities	• Reduction of TCO* through eMaaS (⇒ p. 61) • Sales expansion of electrified products and services (⇒ p. 06, 07, 16, 63) • Expansion of product sales under the multi-pathway strategy (⇒ p. 61)
	Technology risk • Replacement with low-carbon products	• Promotion of electrified products (⇒ p. 06, 07, 62, 63)	Markets • Access to new markets	• Market expansion through high value-added products and services (⇒ p. 06, 07)
	Market risk • Changes in consumer behavior • Uncertainty in market signals • Higher raw materials costs	• Product development under the multi-pathway strategy (⇒ p. 61) • Product designs based on 3Rs (reduce, reuse and recycle) (⇒ p. 65, 66)	Energy source • Use of energy with lower emissions • Shifting to distributed energy sources	• Reduction of production costs through the use of renewable energy and energy saving (⇒ p. 64) • Expansion of battery sharing through Honda Mobile Power Pack (⇒ p. 68)
	Reputation risk • Changes in consumer perceptions • Accusations against the industry • Growing concerns among stakeholders	• Promotion of low-emissions products and services (⇒ p. 61, 62, 63) • Transition to carbon neutral status (⇒ p. 61) • Communicating resilient strategies (⇒ p. 60)	Resource efficiency • Utilization of more efficient transportation means • Promotion of recycling	• Active promotion of 3Rs (⇒ p. 65, 66, 67)
Physical risk ⇒ 4°C Major impact • Disruption of infrastructure caused by extreme weather events • Increased necessity for products and services that respond to extreme weather events	Acute risk • Increased severity of floods and other extreme weather events • Increase in floods and other extreme weather events • Disruption of supply chain	• Formulation of a global BCP (⇒ p. 47, 48) • Establishment of a global value chain (⇒ p. 149) • Measures against procurement risk (⇒ p. 152)	Resilience • Improvement of reliability and operational capability of supply chain • Expanding products and services related to ensuring resilience	• Stable production structure based on a global value chain (⇒ p. 152) • Contribution to early recovery by providing products and services responding to disasters (⇒ p. 63) • Stable energy supply through eMaaS (⇒ p. 61)
	Chronic risk • Shifts in rain and other climate patterns • Higher average temperatures	• Efforts to reduce water intake and energy use (⇒ p. 64, 65, 69) • More efficient energy consumption (for air conditioning) (⇒ p. 64)		



* Total cost of ownership



7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental Dimension— Responses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Responses to Climate Change and Energy Issues

Honda's Approach

The mobility environment is currently undergoing dramatic changes. Amid such changes, Honda is moving forward with its response to climate change through initiatives that link Honda's business strategy with its environmental strategy. The Company is proactively striving to reduce environmental impact while foreseeing changes in the marketplace and among customers as well as placing its priority on contributing to the lives of customers.

In October 2020, Honda announced its intent to realize carbon neutrality. Going a step further, in April 2021 the Company announced its vision to "realize carbon neutrality for all products and corporate activities Honda is involved in by 2050" in order to achieve a circular society with zero environmental impact. The concept behind this vision is to reduce carbon emissions based on the targets laid out in the Paris Agreement to keep the temperature rise below 1.5°C.

In order to make steady progress toward carbon neutrality by 2050, Honda has defined corresponding targets and has been promoting efforts accordingly. In the area of products, in addition to the ratios of electrified products in global sales, Honda has selected another 2030 milestone concerning CO₂ emissions intensity from the use of products. In the area of corporate activities, Honda aims to reduce its total CO₂ emissions by 46% from FY2020.

Honda has already applied to the Science Based Targets (SBT) initiative to receive validation of these targets.

Honda determined the introduction of internal carbon pricing (ICP) to further accelerate reduction of CO₂ emissions in its business activities at the 2021 meeting of the World Environment and Safety Strategy Committee. Preparation for the introduction is currently underway.

There is more than one approach to the protection of the global environment, and efforts to maximize the use of renewable energy are also crucial. Recognizing there are diverse approaches to solutions toward the use of renewable energy and CO₂ reduction, Honda has formulated a "multi-pathway" concept to proactively offer environmentally friendly products matched to each region.

A symbolic technology in this area is "Honda e: Technology," a set of Honda's electrification technologies. As for maximizing the use of renewable energy, Honda is moving ahead with the development of technologies necessary to build a future society, which links energy management service with mobility service. In 2019, the Company announced the "Honda eMaaS" concept along with a plan to formulate proposals for commercialization and conduct market feasibility tests. The concept combines Energy as a Service (EaaS), a next-generation service to optimize power supply and energy use, and Mobility as a Service (MaaS), a next-generation mobility service. Honda will align its groups of products in different fields and offer diverse value to society and customers.

In its corporate activities as well, Honda is working to increase the use of renewable energy by introducing a type of renewable energy suited for each region.

In addition to CO₂ reduction, technologies to separate, capture and reuse CO₂ play another important role in realizing carbon neutrality. As such, Honda is also promoting research for net zero CO₂ emissions.



7 Performance Report

Environment 55

Basic Approach
Global Management
Material Issues in the
Environmental Dimension

Responses to Climate Change and
Energy Issues

Efficient Utilization of Resources
Preservation of Clean Air
Other Important Issues
Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155



Responses to Climate Change and Energy Issues

Product Initiatives

Three Initiatives to Reduce GHG Emissions

Emissions from “use of products” account for approximately 80% of CO₂ emissions from Honda’s entire product life cycle. In light of this, Honda works to reduce CO₂ emissions during usage in all of its products, and manufactures and sells items that can be supplied with confidence as environmentally friendly products.

To date, Honda has carried out the following three initiatives to reduce GHG emissions, most notably CO₂ emissions, while expanding production and sales globally.

- ① Reducing CO₂ emissions through efficiency improvements of internal combustion engines
- ② Reducing CO₂ emissions by applying environmentally innovative technologies and diversifying energy sources
- ③ Eliminating CO₂ emissions through the use of renewable energy and total energy management

By implementing these in phases, Honda is steadily and ultimately reducing CO₂ emissions to net zero.

Honda has been undertaking the three initiatives in accordance with the Honda Environmental Performance Standard (HEPS), which are unique and advanced-level product guidelines formulated in 2011.

In the future, Honda will formulate the HEPS 2.0, an upgraded version of the original HEPS, to achieve zero environmental impact in 2050.

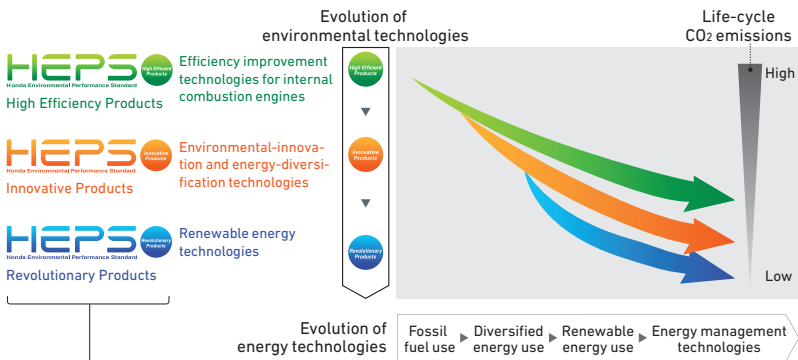
As a result of certification of products that were launched in FY2022, 18 motorcycle models, 6 automobile models and 3 power product models — a total of 27 models — were HEPS-certified. Cumulatively, this brings the number of HEPS-compliant products to 205 motorcycle models, 98 automobile models and 53 power product models, or 356 models in total.

In addition, there were no violations in product and service information or labeling in general.

DATA

Global Number of HEPS-compliant models

> p. 78



●High Efficiency Products

Products that emit less CO₂ emissions because of improved internal combustion engine efficiency. This category includes products that incorporate technologies for improving fuel combustion and transmission efficiency and reducing friction between engine parts. Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared with preceding models.

●Innovative Products

Products that emit less CO₂ because they use an environmentally innovative technology or an alternative energy source. This category includes motorcycles that incorporate Honda’s patented Idling Stop System, automobiles that incorporate hybrid technologies or direct injection engine technologies, and power products with electronic fuel injection (FI). Alternative energy technologies include motorcycles and automobiles that can run on ethanol and power products that can run on gaseous fuels. Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared with preceding models.

●Revolutionary Products

Products that reduce or eliminate CO₂ emissions by harnessing renewable energies or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies for using renewable energy.

7

Performance Report

—

Environment

.....

55

Basic Approach

Global Management

Material Issues in the
Environmental Dimension

—

Responses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety

.....

79

Quality

.....

96

Human Resources

.....

112

Supply Chain

.....

139

Social Contribution Activities

..

155

Responses to Climate Change and Energy Issues

Advancing Powertrain Electrification

Honda views changes in social needs and the social structure induced by climate change and energy diversification as key challenges and actively promotes product electrification.

Increasing the lineup and use of electrified products will contribute to reducing CO2 emissions when in use, which in turn will lead to lower climate changes risks, while addressing energy issues by making use of renewable energy.

In addition, the battery mounted on electrified vehicles can be used as a power source for leisure activities or during an emergency, thereby improving the quality of customers' lives.

Based on this belief, Honda has set a target to electrify 15% of motorcycles, 30% of automobiles and 36% of power products in their respective global sales in 2030. To achieve this goal, the Company is seizing all new business opportunities by enhancing and upgrading its product lineup (⇒ [p. 16](#)).

Targeted ratios of electrified products*



* Ratio of battery electric motorcycles and electric bicycles for motorcycle products; battery electric vehicles and fuel cell vehicles for automobile products; and electrified products for power products.

TOPICS

Selling Only Electrified Vehicles, Including Hybrid Vehicles and Electric Vehicles, in China in the Future

In October 2021, Honda announced that after 2030, it will not release any new gasoline-powered models in China and that all new models coming to the market will be electrified vehicles, such as hybrid vehicles and electric vehicles (EVs). Over the course of five years, Honda will release 10 e:N series models, which represent the first Honda-brand EVs to be released in China. The Company also envisions to export these models from China in the future.

In spring 2022, the e:NS1 and e:NP1 were rolled out by Dongfeng Honda Automobile Co., Ltd. and Guangqi Honda Automobile Co., Ltd., respectively. These two are the first set of the e:N series models developed under the concept of "Dynamic, Intelligence and Beauty." In addition, Honda is currently developing three concept models, e:N COUPE Concept, e:N SUV Concept and e:N GT Concept, with a goal to initiate their sales within the next five years.

In order to release an increasing number of the e:N series models in China in coming years, Honda will accelerate its electrification initiatives in an integrated manner, covering not just product development but also sales, production and a system of stable battery supply.



e:N series



7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental Dimension— Responses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Responses to Climate Change and Energy Issues

Corporate Activities Initiatives

With the aim of achieving net zero CO₂ emissions and wholly deriving power from carbon-free energy sources in corporate activities by 2050, Honda is focusing on a reduction in energy consumption and CO₂ emissions while giving consideration to the potential for expanding production and sales globally.

Toward the realization of these targets, Honda has been promoting reduction in carbon emissions by making efforts in the order of increasing production efficiency, encouraging energy-saving initiatives, shifting to low-carbon energy sources and utilizing renewable energy.

When building or renovating its plants, Honda actively introduces the latest energy-saving technologies and know-how at plants, including the Saitama Factory's Yorii assembly plant that achieved a 30% reduction in per unit energy use compared with other Honda plants*. To support the energy-saving initiatives of various business sites operating around the world, the Company has built a mechanism for promoting information sharing among business sites and regions while at the same time enhancing technical support from Japan.

In addition, Honda is actively introducing renewable energy around the world.

In doing so, Honda discriminately adopts a method that can directly contribute to the reduction of CO₂ in local communities. More specifically,

the Company focuses on installing new power generation facilities, first examining the installation within its premises and then gradually expanding the scope to outside the premises for greater use of the facilities.

In 2021, the Boiling Springs Wind Farm went into operation in the U.S. state of Oklahoma, from which Honda will receive 120 MW through a virtual power purchase agreement (VPPA). Honda will acquire and use renewable energy certificates corresponding to the amount supplied through the scheme to offset CO₂ emissions from its plants in Ohio, Indiana and Alabama.

In Japan, Honda has concluded agreements to purchase renewable energy-derived power generated by solar power systems installed within its factory premises and operated by a third party. A 3.8-MW system and a 2.0-MW system have commenced operation at the Kumamoto Factory and Saitama Factory's Yorii assembly plant, respectively.

Including these, Honda's business sites across the world used 804 GWh of power derived from renewable energy sources, such as solar and wind, in FY2022.

Going forward, Honda will continue to use renewable energy matched to local conditions.



Kumamoto Factory (3.8 MW)



Saitama Factory's Yorii assembly plant (2.0 MW)



Boiling Springs Wind Farm (120 MW)

* Comparison with Saitama Factory's
Sayama assembly plant

7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the Environmental Dimension

Responses to Climate Change and Energy Issues

— Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Efficient Utilization of Resources

Honda's Approach

Honda believes that the difficulty of obtaining or depletion of rare earth metals and other resources used in its products affects the procurement of components and raw materials necessary for manufacturing products and thus poses a significant risk to the Company's business continuity.

Therefore, Honda considers the efficient utilization of resources as one of the material issues and is actively promoting 3R (reduction/reuse/recycling) activities as well as ensuring proper processing when disposing of end-of-life products.

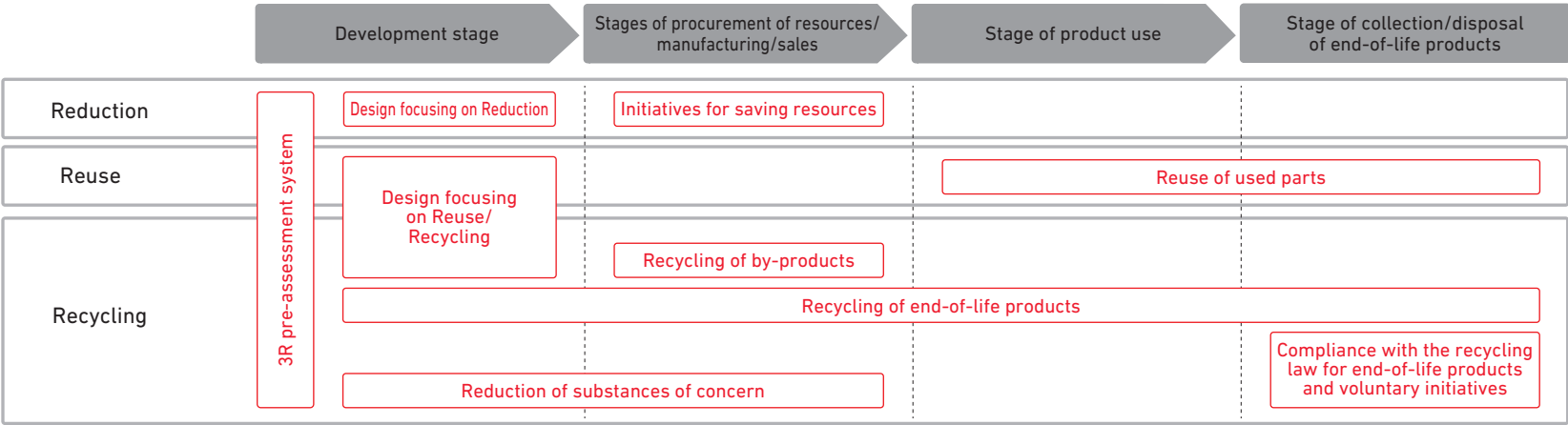
Giving consideration to the risks involved in resource depletion and waste disposal that could potentially lead to environmental pollution, Honda aims to reduce the overall amount of waste generation. Accordingly, the Company has set the goal of reducing the total waste generation by 14.5% as compared to BAU* in all corporate activities in FY2031 (equivalent to a 1.8% annual reduction of waste generation per unit of internal production from FY2019 levels).

For water resources as well, Honda is giving consideration to water supply risk that affects its businesses and depletion risk that impacts local communities. Honda has thus established the target of reducing total industrial water intake by 14.5% as compared to BAU in all corporate activities in FY2031 (equivalent to a 1.8% annual reduction of industrial water intake per unit of internal production from FY2019 levels). In both areas of waste generation and water intake, the Company will remain committed to minimizing environmental impacts.

In April 2021, Honda also declared to achieve 100% use of sustainable materials by 2050 in order to take up a challenge of developing products made of sustainable materials with zero environmental impact.

Aiming for zero environmental impact related to resources and disposal that occur in various stages ranging from resource procurement to disposal, Honda is tackling this issue through cooperation/partnership with internal/external stakeholders.

Initiative for zero environmental impact related to resources and disposal



* Business as usual: Production volume that varies depending on the production plan

7 Performance Report

Environment 55

- Basic Approach
- Global Management
- Material Issues in the Environmental Dimension
- Responses to Climate Change and Energy Issues

Efficient Utilization of Resources

- Preservation of Clean Air
- Other Important Issues
- Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Efficient Utilization of Resources

Initiatives in the Development Stage

3R Pre-Assessment System

Honda introduced the 3R pre-assessment system, which assesses the 3R elements of each model to be newly developed in the stage of product development, for motorcycles in 1992 and for automobiles in 2001. The Company is striving to improve the level of 3R elements.

Design Focusing on Reduction

Honda is making efforts in downsizing and weight reduction by considering alternative structures and materials for all components in each product, such as the body framework, engine and bolts. For example, the Company used thinner structural bumpers in the N-WGN as part of a reduction-oriented design geared toward creating a lighter product. The availability of materials with higher rigidity and fluidity along with advances in manufacturing technologies allowed Honda to reduce the weight of the previous design by approximately 20%, which had an average thickness of 3.0 mm, by using less resin in bumper production.

In Japan, Honda is progressively expanding the use of these enhanced structural bumpers in new models launched after the N-WGN. Overseas, it has begun rolling it out globally with the Civic. The Company expects to further reduce material use by applying the new design worldwide.

Design Focusing on Reuse/Recycling

Honda is engaging in structural design that takes into account easier recycling and maintenance, use of easily recyclable materials and recycled resins, and display of contents of materials for resin/rubber components, etc. For automobiles, the Company uses easily recyclable materials for a wide array of exterior/interior components, such as inner weather-stripping and the outer surface of instrument panels, and at the same time has enabled the use of recycled materials for air conditioner

ducts. In addition, Honda labels resin and rubber parts with their constituent materials wherever possible to facilitate recycling.

As a result of the activities mentioned above, with regard to the recyclable rate*1 for all new and redesigned vehicles sold in FY2022, Honda is maintaining more than 95% for both automobiles and motorcycles. Meanwhile, the recoverability rate for components/materials*2 used in power products was more than 95%.

Initiatives at the Product Use Stage

Recycling of End-of-Life Components

Honda collects and recycles end-of-life components generated from repair, replacement, etc., from dealers nationwide. In FY2022, the Company collected and recycled approximately 138,000 end-of-life bumpers. Collected bumpers are recycled and used for undercovers and other components of the Freed model.

Honda will continue the recycling of end-of-life components, including the collection/recycling of end-of-life hybrid vehicle drive batteries.

*1 Index based on "Definition of Recyclable Rate for New Vehicles and Guidelines on Calculation Method" issued by Japan Automobile Manufacturers Association, Inc. (JAMA)

*2 Recyclable rate that includes the thermal energy recovered; in accordance with calculation methods of recyclable rate for cars in ISO22628, etc.



7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the Environmental Dimension

Responses to Climate Change and Energy Issues

— Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Efficient Utilization of Resources

Initiatives in the Disposal Stage

Initiative for Automobiles

The Act on Recycling, etc., of End-of-Life Vehicles (automobile recycling law) requires automakers to collect and properly treat three items: fluorocarbons, airbags and shredder dust (Automobile Shredder Residue (ASR)).

In FY2022, the number of Honda automobiles collected was approximately 420,000 for fluorocarbons (-4.8% from the previous fiscal year), approximately 430,000 for airbags (-4.0%) and approximately 480,000 for ASR (-2.9%). Recycling rates for gas generators and ASR were 95.3% and 96.6%, respectively, which satisfy the recycling rates specified by ordinance of the relevant ministry (at least 85% for gas generators and at least 70% for ASR).

Initiative for Motorcycles

Honda joined hands with other motorcycle manufacturers in Japan and participating motorcycle importers and started to implement the voluntary recycling of motorcycles in October 2004. With the cooperation of related dealers, various companies in the motorcycle industry started this scheme for providing a safety net for the treatment of end-of-life motorcycles, the world's first of its kind. End-of-life motorcycles are collected at the dealers and the designated points of collection free of charge and are properly recycled at recycling facilities.

Regarding end-of-life motorcycles collected at designated points of collection, there were 1,359 Honda products in FY2022, which accounted for 66.2% of all units collected. The recycling rate of Honda products came to 97.5% on a weight basis, enabling us to achieve the target recycling rate of 95% since FY2014.

Corporate Activities Initiatives

Honda is making efforts to reduce the volume of waste generated through business activities.

The Company is stepping up 3R efforts that include resource reduction initiatives, such as the reduction of by-products through an increase in throughput yields. Honda properly manages imports and exports of waste deemed hazardous under the terms of Annexes I, II, III, or VII of the Basel Convention. In addition, the Company is striving to eliminate all use of ozone-depleting substances (ODS) at business sites in accordance with the Montreal Protocol and local laws and regulations in the countries in which it operates, and there are no major emissions from any of its operations.



7 Performance Report
Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental DimensionResponses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Preservation of Clean Air

Honda's Approach

Honda recognizes that air pollution has been a critical issue since the 1960s and believes that air pollution in cities has a negative effect on people's health. The Company, therefore, has sought to resolve this issue through the development of technologies that clean the gas emitted from its products.

To date, Honda has achieved cleaner exhaust emissions from motorcycles by switching the engines of all its motorcycles on the market to four strokes, with the Honda Programmed Fuel Injection (PGM-FI) system being applied to more than 80% of models sold worldwide for better combustion efficiency.

With regard to automobiles, the Accord Plug-in Hybrid has become the first in the world to certify to SULEV*¹ 20 of California's LEV III*² emissions regulations, deemed to be the toughest in the world. Amid application and strengthening of exhaust emissions regulations in emerging countries, Honda is also promoting pre-emptive response in various countries in Asia and the Middle East.

As for power products, Honda has cleared compliance of United States Environmental Protection Agency Phase 3 regulations, the most stringent in the world, through engine enhancement technology without using a catalyst.

Honda will continue to reduce harmful substances contained in exhaust emissions from internal combustion engines and expand its lineup of electrified vehicles that do not emit exhaust gas while in use.

In the production of automobiles, solvents found in paint and thinner used mainly in paint processes can generate Volatile Organic Compounds (VOC), the cause of photochemical oxidants. Honda has sought to reduce VOC emissions such as through the improvement of painting efficiency, installation of equipment to remove VOC and introduction of Honda Smart Ecological Paint*³, a highly functional painting technology that shortens the automobile painting process, at the Yorii assembly plant. Honda will continue to undertake these and other reduction efforts in the future.

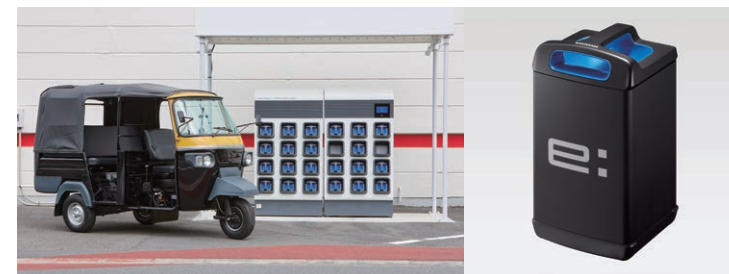
Honda believes that providing products with high environmental performance at reasonable prices and leading the industry in terms of cleaner exhaust emissions and air pollution response will serve to preserve clean air and bring about a greater opportunity for business expansion.

TOPICS

Launching a Battery Sharing Service in India for Electric Rickshaws

India as a whole is committed to increasing the use of renewable energy, placing a specific emphasis on the electrification in the transportation sector, which accounts for about 20% of the country's GHG emissions. More than 8 million rickshaws (three-wheeled taxis) are owned and used by people in the country as their daily means of transportation. In addition, rickshaws operated in urban areas, in particular, mainly run on compressed natural gas and pose a significant challenge in promoting electrification.

As a response, Honda plans to initiate a battery sharing service for rickshaws, using its removable Honda Mobile Power Pack e: batteries in the first half of FY2023. Currently, electric means of mobility has the three issues of short cruising distance, long charging time and high battery cost. The battery sharing service for rickshaws has solved these issues by making the batteries replaceable. The service allows users to replace used units with fully charged ones at the nearest battery replacement station, eliminating their worry about running out of power and greatly reducing the risk of losing customers while recharging.



E-auto rickshaw and Honda Mobile Power Pack Exchanger e: (for which mass production is planned)



*1 Super Ultra Low Emission Vehicle

*2 Low Emission Vehicle

*3 A technology that eliminates a middle coating process from a commonly used 4-coat/3-bake auto body painting process to realize a 3-coat/2-bake water-based painting process



7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental DimensionResponses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

— Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Other Important Issues

Conserving Water Resources

Cognizant of the potential for business activities to impact upstream and downstream water resources, Honda is also focusing on the conservation of water resources.

Since Honda seeks out communities where harmonious coexistence with nearby water sources is viable as potential plant locations, and builds plants in compliance with host countries' environmental assessment laws and regulations, no water sources are significantly impacted by the Company's water use. In addition, no water sources are affected by wastewater from Honda facilities since it treats wastewater and discharges treated water in accordance with applicable laws and regulations. Under these circumstances, Honda appropriately manages the amount of water used and works to manage and provide information on wastewater, which includes thorough quality control and disclosure of water quality test findings.

In addition, to minimize water intake, various business sites are implementing initiatives based on regional circumstances, such as the utilization of recycled water and water conservation.

Honda verifies water risk for all production sites by using such assessment tools as Aqueduct and Water Risk Filter. Accordingly, Honda has prioritized the introduction of a water recycling system to the Celaya Auto Plant of Honda de Mexico S.A. de C.V. in Mexico, the Tapukara Plant of Honda Cars India Ltd. in India and the No. 2 Plant of Guangqi Honda Automobile Co., Ltd. in China, where water risk is particularly high.

Total consumption of recycled water at production sites amounts to 3.6 million m³ a year, which accounts for about 15% of Honda's total annual water use.

Honda will continue to examine the installation of a water recycling system around the world as necessary.

Honda strives to reduce environmental impact during product usage. The Company's lineup of engines for outboard motors consists solely of 4-stroke engines with the aim of reducing water contamination in the outboard motors being used around the world.

Honda has undertaken conservation activities for forest watersheds continuously since 1999 as part of its social contribution program. Production sites protect and manage the forest watersheds that they

benefit from and strive to keep them optimized for each region. Aware of the fact that water is an indispensable resource supporting its business, Honda will continue implementing this activity. (Please refer to the link below.)

WEB

"Forest watersheds"
(Japanese only)

> <https://www.honda.co.jp/philanthropy/forest/report/chichibu/>



7 Performance Report

Other Important Issues

Biodiversity Conservation

Recognizing that its business activities can have an impact on biodiversity, Honda has long been putting a great deal of effort into activities that have led to the conservation of biodiversity. The Company carried out tree-planting and water-recycling initiatives at its plants in the 1960s and launched the Community Forest program in 1976.

In 2011, the Company established the Honda Biodiversity Guidelines. As the basic statement, it stipulates as follows: "We recognize, under Honda's Environment Statement, that biodiversity conservation initiatives are an essential part of our commitment to the preservation of the global environment. We will continue to work toward harmony between this commitment and our activities."

Honda believes that minimizing the environmental impact resulting from its products and business activities represents the greatest contribution the Company can make to biodiversity conservation. The guidelines specify the priorities, including the development of environmental technology, initiatives based on corporate activities and initiatives for living in harmony with local communities, and Honda is actively promoting them.

Honda recognizes the emissions of GHGs and various other pollutants as two of the greatest impacts of business activities that threaten biodiversity. Honda also believes that waste, land use and water use affect biodiversity.

The Company has set priorities under the Guidelines and is working systematically to minimize these impacts on biodiversity. Each of Honda's key business sites in Japan also conducts a survey on the actual conditions of biodiversity and is promoting various activities that are appropriate for the applicable species, such as thinning, pruning and eradication of non-native species. Moreover, Honda continues to carry out fixed-point observation and reporting on ecosystems in collaboration with "Monitoring Sites 1000" (a project for promoting the monitoring of survey sites of important ecosystems) implemented by the Japanese government as a member of the International Union for Conservation of Nature and Natural Resources (IUCN), which creates an annual Red List.

Honda is considering assessing the factors that have an impact on biodiversity by expanding the scope of assessment to the entire product life cycle, from mining of raw materials to product disposal.

PDF

Honda Biodiversity Guidelines

> <https://www.honda.co.jp/environment/report/pdf/report/report-biodiversity-en.pdf>

Management and Reduction of Chemical Substances

Honda works to ensure the appropriate management and reduction of chemical substances contained in automotive components from the product design and development stages in order to reduce those materials that impact the environment.

Laws and regulations have been introduced in each country to ensure the appropriate management of chemical substances and the reduction of harmful substances contained in automotive components. These legislations are based on a goal set by the United Nations in 2002 of minimizing the impact of chemical substances on people and the environment by 2020.

The International Material Data System (IMDS), a mechanism for collecting information throughout the supply chain on materials and chemical substances contained in components making up the vehicle, was developed in response to this trend largely by the German Association of the Automotive Industry. Honda is also tabulating and managing chemical substances via our independently developed global management system called the Management System of Chemical Substances (MoCS), which collects information based on IMDS.

Honda is moving ahead with the reduction of four types of heavy metals (lead, mercury, hexavalent chromium and cadmium) that are considered to have negative impacts on the environment while promoting the management of chemical substances via MoCS. As an example, for all new and redesigned vehicles sold in Japan in FY2022, components that do not use mercury were chosen for combination meters. The Company not only complies with laws and regulations in each country but also strives to eliminate the use of mercury on a voluntary basis.



7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the Environmental Dimension

Responses to Climate Change and Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

— Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Other Important Issues

Promoting Life-Cycle Assessment (LCA)

Honda has been quantitatively calculating and assessing CO₂ emissions from all business activities by using its original life-cycle assessment (LCA) system. Accordingly, production, purchasing, sales and service, administration and transportation departments have been carrying out activities geared toward lower carbon emissions.

Honda recognizes that the promotion of LCA is an important initiative not just in reducing CO₂ emissions across product life cycles, from raw material procurement to product disposal, but also in implementing efforts for Triple Action to ZERO.

In the future, Honda will utilize LCA more broadly while making more proactive efforts in devising low-carbon solutions at the development stage and also reducing environmental impact through resource circulation.



7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental DimensionResponses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

— Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Environmental Data

Scope of Consolidation

Environmental data are provided on [pages 73 to 78](#) for the year ended March 31, 2022 from Honda Motor Co., Ltd. and 407 consolidated subsidiaries and affiliated companies in Japan and outside Japan (as of December 31, 2021).

Honda GHG Emissions in FY2022

As a responsible company operating in the mobility industry, Honda believes in the importance of calculating and disclosing GHG emissions in order to drive progress in initiatives to reduce global emissions.

As the first milestone in this endeavor, in August 2012 Honda disclosed estimates of all FY2012 GHG emissions from its entire value chain in conformity with the GHG Protocol^{*1}, currently the world's most widely used GHG emissions accounting standard. The Company became the world's first mobility company to release estimates of emissions not only from its own business activities (Scopes 1 and 2) but also from all upstream and downstream activities (Scope 3), extending from the procurement of raw materials to the transportation and customer use of Honda products and ending with the treatment of end-of-life products.

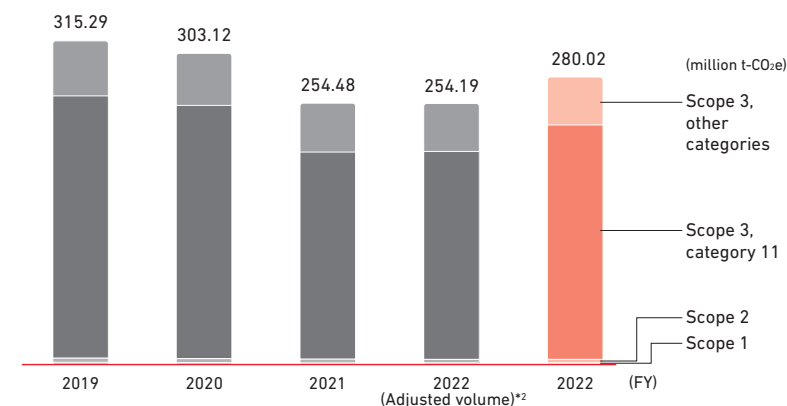
Honda continues to calculate and report its GHG emissions from its entire value chain and is making improvements to get a more accurate reading of emissions. The Company is doing this in Scope 3 (other indirect emissions), for example, by widening the boundaries of data collection for categories that account for the largest proportion of estimated emissions, and by improving the accuracy of calculation methods.

In due consideration of the actual results of FY2022, the scope of calculation for Scope 3, category 11 has been extended from about 90% of global sales volume to approximately all in total.

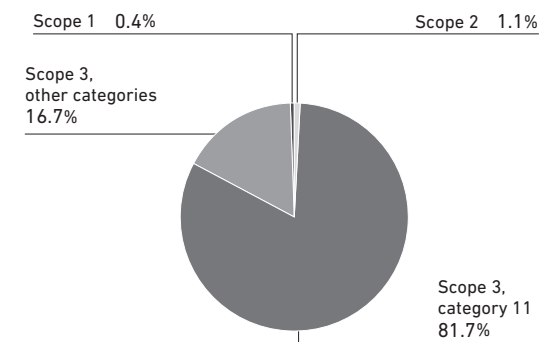
The conditions used in calculating figures such as annual mileage and lifetime years of use have been changed and are now based on the newer IEA Mobility Model (MoMo) instead of the conventional IEA SMP Model (⇒ [p. 73](#)).

The calculations for FY2022 show that GHG emissions from Honda business activities were 4.30 million t- CO₂e, and total emissions from the value chain, including other indirect emissions, were 280.02 million t- CO₂e. Honda will continue to monitor and manage data and utilize this information in the actual implementation of emissions reduction measures.

Total GHG emissions



Breakdown of total FY2022 GHG emissions



^{*1} The Greenhouse Gas Protocol: Development of the GHG Protocol was led by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

^{*2} FY2022 figure (Adjusted volume) is calculated by Honda using the conditions applied until FY2021.



7 Performance Report

Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental DimensionResponses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Environmental Data

Honda's total GHG emissions

			FY2019	FY2020	FY2021	FY2022	(million t-CO ₂ e)
GHG emissions from the entire Honda value chain			(Scopes 1, 2 and 3)	315.29	303.12	254.48	280.02
Breakdown	Direct emissions from business activities	(Scope 1)	1.38	1.24	1.12	1.16	✓
	Indirect emissions from energy use	(Scope 2)	4.09	3.79	3.38	3.14	✓
	Emissions from Honda business activities	(Total of Scopes 1 and 2)	5.47	5.03	4.50	4.30	
	Emissions from customer use of sold products	(Scope 3, category 11)	256.10	247.25	202.21	228.87	✓
	Other emissions	(Scope 3, other categories)	53.72	50.84	47.77	46.85	
Other indirect emissions			(Total of Scope 3)	309.82	298.09	249.98	275.72

● Scope 1: Direct GHG emissions from business activities, as defined by the GHG Protocol (e.g., Combustion of fuel oil at a manufacturing plant, emissions from work vehicles and company cars). The Scope 1 figures presented in this report include all GHGs emitted directly by Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies worldwide (excluding relatively small-scale companies). In Japan, Honda uses the emission factor based on the Act on Promotion of Climate Change Countermeasures and in each region except Japan, emission factors from the 2006 IPCC Guidelines for National GHG Inventories. Figures for climate change potential coefficient are derived from the IPCC's Fourth Assessment Report (2007).

● Scope 2: Indirect GHG emissions from a company's use of energy, as defined by the GHG Protocol (e.g., electrical energy used by a manufacturing plant or office). The Scope 2 figures presented in this report include all GHGs emitted indirectly by Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies worldwide (excluding relatively small-scale companies). Honda adopts the GHG Protocol's standard market-based method. In Japan, Honda uses electricity utilities emission factors based on the Act on Promotion of Global Warming Countermeasures. In each region except Japan, Honda uses electricity utilities emission factors and latest regional emission factors, and if unavailable, national emission factors from the IEA's Emissions from Fuel Combustion.

● Scope 3: Other indirect GHG emissions not included in Scope 1 and Scope 2, as defined by the GHG Protocol. Scope 3 is systematically broken down into 15 categories (e.g., category 11 includes emissions arising from the use of sold products; category 12 includes emissions arising from the end-of-life treatment of sold products).

● The "Scope 3, category 11" figures presented in this report represent the cumulative amount of GHGs that will have been emitted by products sold by Honda in the applicable fiscal year (automobiles, motorcycles, power products and aircraft) as a result of their use by customers from the time they received those products until they dispose of them in the future. Calculations cover the emission of all motorcycles, automobiles, power products and aircraft sold worldwide under the Honda brand name*. These emissions are calculated using the following formula for each model and adding the results: CO₂ emissions intensity x Annual distance traveled or Annual usage in hours x Product lifetime in years x Annual unit sales.

● CO₂ emissions intensity: Average annual mileage of each model set at same value per region or Annual consumption of each model and Average annual used time distinguish general business from business use

● Annual mileage / Lifetime years of use: Referring to IEA estimation model, "MoMo," etc.

● CO₂ emission factor: Referring to the GHG calculation guidelines that public authorities in each region issued. If there are no appropriate guidelines, reference from the ones of Japanese.

● The "Scope 3, other categories" figures presented in this report are the sum of emissions from categories 1, 2, 3, 4, 5, 6, 7, 9, 10, 12 and 15. As per the GHG Protocol, Honda excludes categories 8, 13 and 14 from its calculations, as these categories are either not part of Honda business activities or emissions from these categories are accounted for in other categories.

Data indicated with ✓ received the independent practitioner's assurance.

* Excluding all-terrain vehicles (ATVs)



7 Performance Report

Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental DimensionResponses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

Quality 96

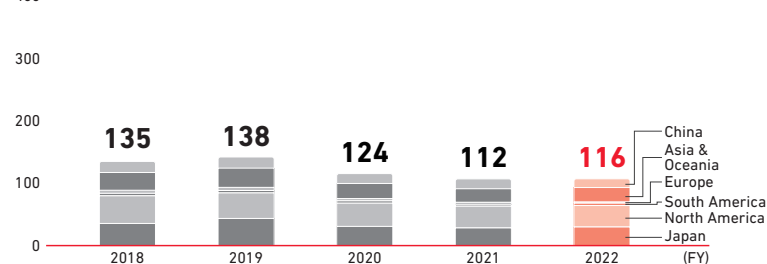
Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Environmental Data

GHG emissions

Direct emissions (Scope 1) ☒(10,000 t-CO₂e)

Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)

Calculation method: Emissions amount = Σ [Volume of fuel usage x CO₂ emission factor] + CO₂ emissions from non-energy sources + Σ [Volume of non-CO₂ GHG emissions x Global warming factors]

Emission factors

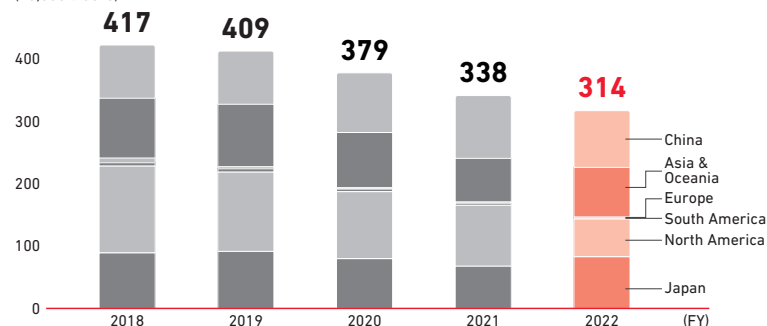
Japan: Emission factors based on the Act on Promotion of Global Warming Countermeasures

Regions outside of Japan: Emission factors from 2006 IPCC Guidelines for National GHG Inventories Figures for global warming potential coefficient: The IPCC's Fourth Assessment Report (2007)

* Figures of GHG emissions from non-energy source include some estimated values.

* Calculations are mainly based on emissions from stationary combustion sources.

* Expressed in three significant digits

Indirect emissions (Scope 2) ☒(10,000 t-CO₂e)

Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group

Calculation method: Emissions amount = Σ (Purchased electricity consumption, etc.*1 x emission factor)

Honda adopts to the GHG Protocol's standard market-based method.

Emission factor:

Japan: Electricity utilities emission factors based on the Act on Promotion of Global Warming Countermeasures

Regions outside of Japan: Electricity utilities emission factors and latest regional emission factors, if unavailable, national emission factors from the IEA's Emissions from Fuel Combustion.

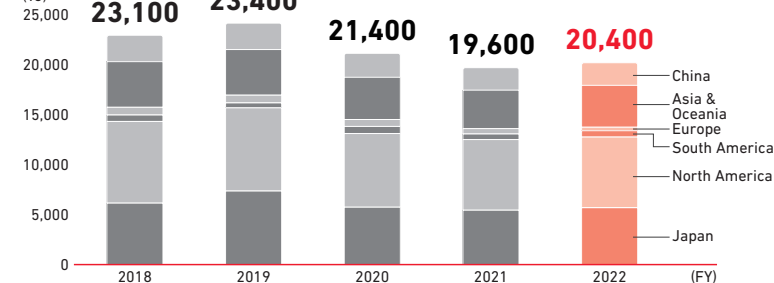
*1 Other includes steam and hot water, the emission factors are based on the Act on Promotion of Global Warming Countermeasures.

* Expressed in three significant digits

Energy consumption

Direct energy consumption ☒

(TJ)



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)

Calculation method: Consumption amount = Σ (Fuel consumption x unit calorific value)

Unit calorific value:

Japan: Unit calorific value from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures

Regions outside of Japan: Derived from 2006 IPCC Guidelines for National GHG Inventories

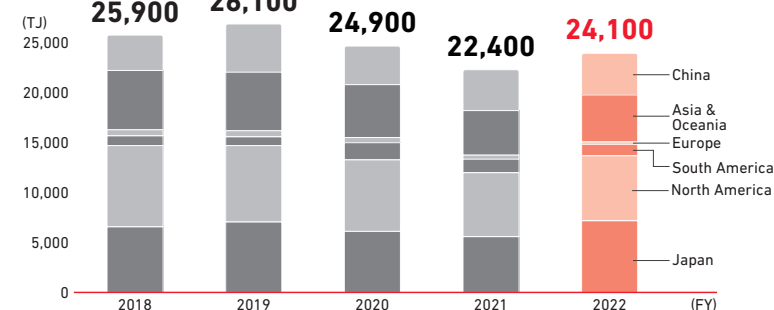
* Calculations are mainly based on energy consumed by stationary exhaust sources.

* A terajoule (TJ) is a unit of energy, "tera" meaning 10¹².

* Expressed in three significant digits

Indirect energy consumption ☒

(TJ)



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)

Calculation method: Consumption amount = Σ (Purchased electricity consumption, etc.*1 x unit calorific value)

Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.

*1 Other

Unit calorific value:

Japan: Unit calorific value from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures

Regions outside of Japan: 2006 IPCC Guidelines for National GHG Inventories

* Expressed in three significant digits





7 Performance Report

Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental DimensionResponses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

Environmental Data

Safety 79

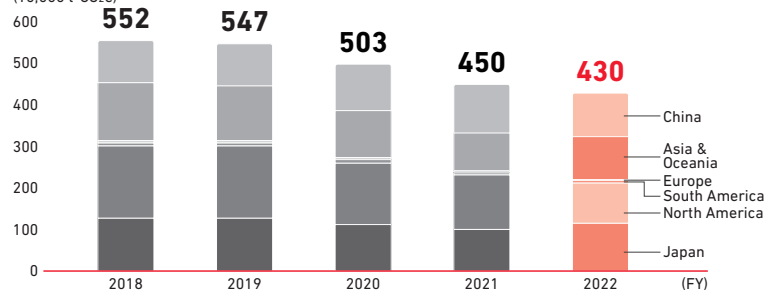
Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

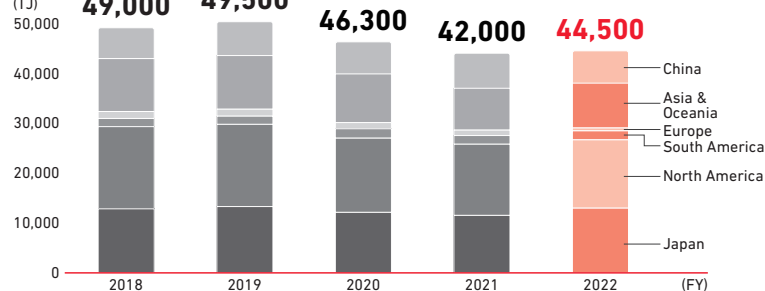
Environmental Data

Total GHG emissions (Scope 1 and 2) ☒(10,000 t-CO₂e)

Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Total GHG emissions (Scope 1 and 2) = Direct GHG emissions + Indirect GHG emissions
 • Expressed in three significant digits

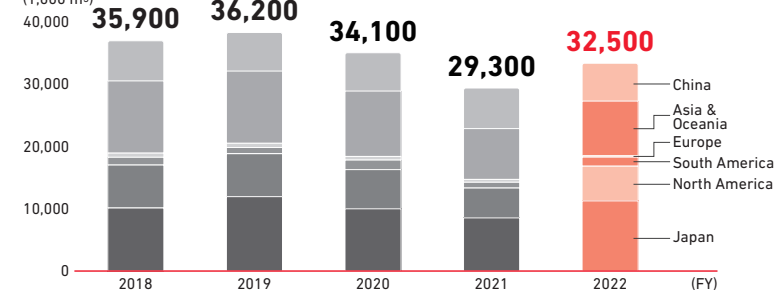
Total energy consumption ☒

(TJ)

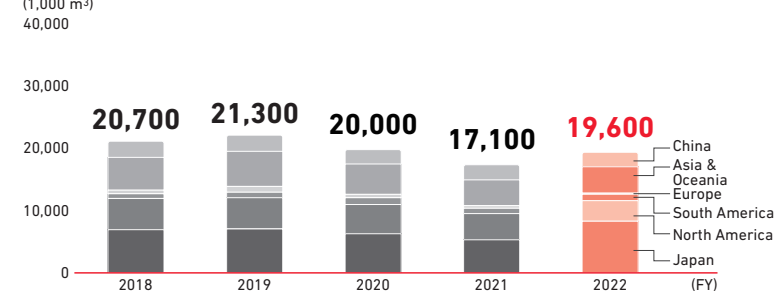


Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Total energy consumption = Direct energy consumption + Indirect energy consumption
 • Expressed in three significant digits

Water intake/Wastewater volume

Amount of water intake ☒(1,000 m³)

Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Amount of water intake = Σ (Purchased from the water facilities + Groundwater intake + Rainwater utilization amount + Surface such as rivers water intake)
 • Expressed in three significant digits

Wastewater volume ☒(1,000 m³)

Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Volume amount = Σ (Wastewater processed by other companies + Discharge directly into public waters)
 • Figures include some estimated values.
 • Expressed in three significant digits





7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental DimensionResponses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

— Environmental Data

Safety 79

Quality 96

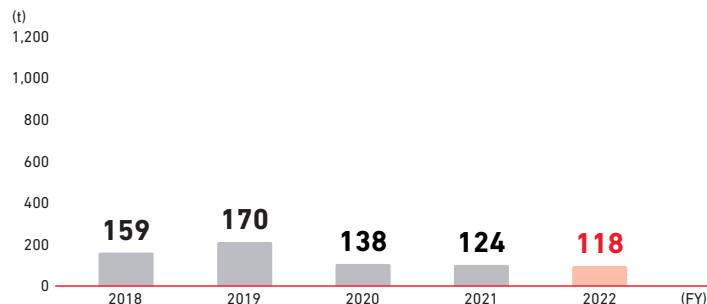
Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Environmental Data

Atmospheric pollutants

SOx emissions ☒

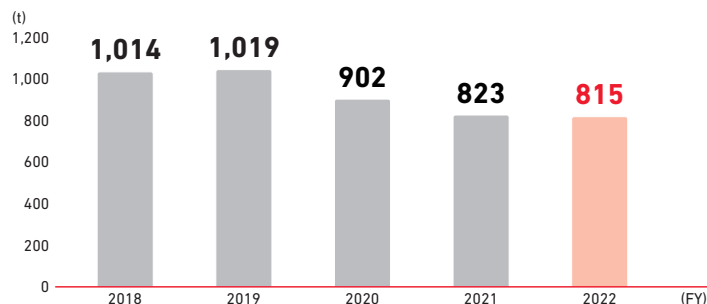
Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)

Calculation method: Emissions amount = Σ (Fuel consumption x Density x Sulfur content x 64/32)

• Calculations are based on fuel consumption.

Density: Derived from the translation coefficient list in Statistics Information by Petroleum Association of Japan

Sulfur content: Derived from Act on the Quality Control of Gasoline and Other Fuels or the standard of LP gas (JIS K 2240)

NOx emissions ☒

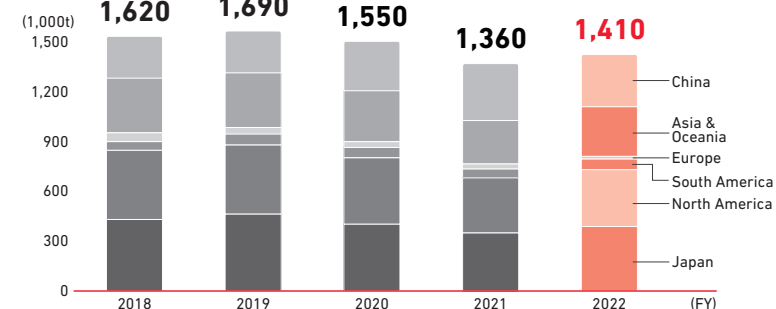
Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)

Calculation method: Emissions amount = Σ (Fuel consumption x Emission factor for each fuel)

• Calculations are based on fuel consumption.

Emission factor for each fuel: Derived from NOx emissions calculation table (combustion facilities that do not measure the amount of exhaust gas, etc.) on Environmental Activity Evaluation Program (Ministry of the Environment).

Waste generated

Waste generated ☒

Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)

Calculation method: Emissions amount = Σ (Industrial waste + general administrative waste + valuable resources emission)

• However, regions outside of Japan are beyond the scope of data for industrial waste (excluding harmful waste defined in accordance with regulations in respective countries) and general administrative waste.

• Expressed in three significant digits





7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental DimensionResponses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

— Environmental Data

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Environmental Data

Cost of environmental conservation activities and investments in FY2022

Category	Major activities and investments	FY2022	
		Investments (millions of yen)	Expenditures (millions of yen)
Business area costs	Pollution prevention costs ● Air, water, and soil pollution prevention	70	200
	Global environmental conservation costs ● Global warming mitigation, ozone depletion prevention and other conservation activities	866	356
	Recycling costs ● Waste processing, treatment, reduction, elimination and recycling	26	591
Upstream/downstream costs	● Collection, recycling, resale and proper disposal of products manufactured and sold ● Industry organization and other membership fees	0	768
Management costs	● Installation, operation and acquisition of certification for environmental management systems ● Environmental impact monitoring and measurement ● Management and training of associates and organizations responsible for environmental conservation (expenses for environment-related communications activities)	60	2,237
Research and development costs	● Research, development, planning and design for impact reductions across product life cycles (R&D costs for advanced eco-cars, including EVs and PHVs)	7,575	295,836
Local conservation costs	● Environmental improvement measures, including ecosystem protection, cleanups, green space development and natural landscape conservation ● Local conservation and communication activities (beach cleanups and watershed conservation activities)	0	126
Environmental damage costs	● Remediation of polluted soil	0	1
Total		8,597	300,115

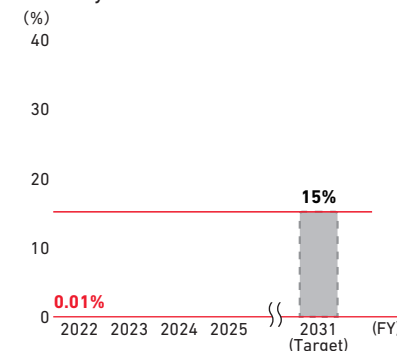
- Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd. and Honda Access Corporation
- Accounting period: April 1, 2021 to March 31, 2022
- Some figures are estimated values.
- Guidelines, guidebooks and other environmental accounting publications by Japan's Ministry of the Environment were used as references.
- Figures were calculated on a cash-flow basis with depreciation and amortization expenses excluded.

Economic benefits (Effect on revenue and expenses)

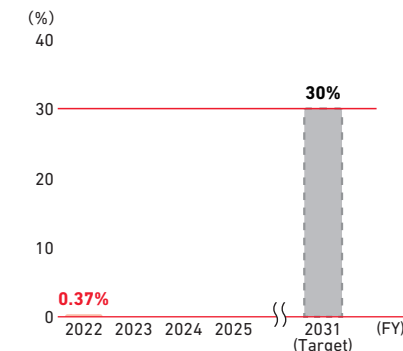
		FY2022 (millions of yen)
Income from sale of valuable waste materials		7,125
Cost reductions from saved energy	Installed technologies	33
	Behavioral changes, etc.	36
Total		7,194

Sales ratio of electrified products

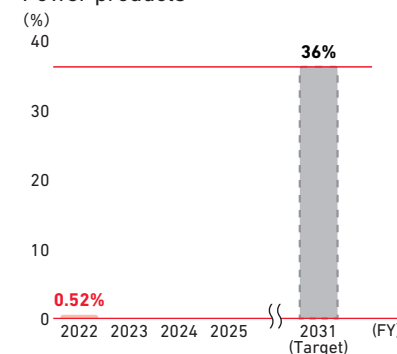
Motorcycles



Automobiles



Power products





7 Performance Report

— Environment 55

Basic Approach

Global Management

Material Issues in the
Environmental DimensionResponses to Climate Change and
Energy Issues

Efficient Utilization of Resources

Preservation of Clean Air

Other Important Issues

— Environmental Data

Safety 79

Quality 96

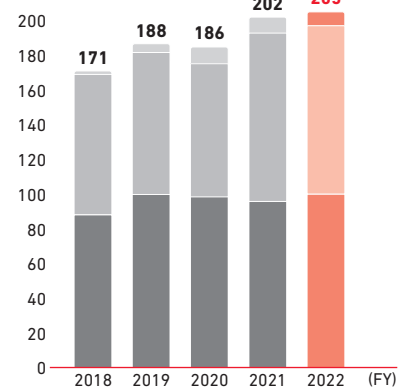
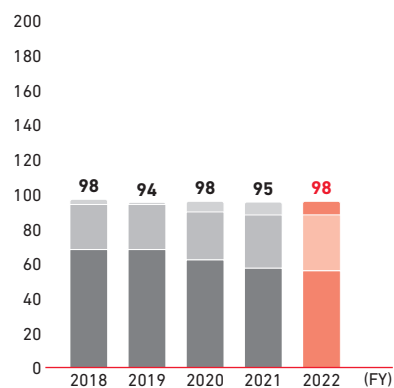
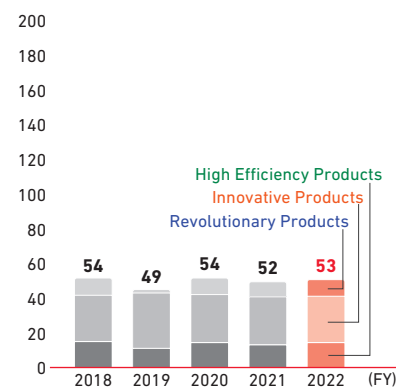
Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Environmental Data

Global Number of HEPS-compliant models

Motorcycles
(Models)Automobiles
(Models)Power Products
(Models)

7

Safety



Material Issues

- Reducing traffic fatalities
- Applying automation and information technologies to everyday life

7

Performance Report

Environment

55

Safety

79

Basic Approach

Safety Initiatives

Quality

96

Human Resources

112

Supply Chain

139

Social Contribution Activities

155

Basic Approach

Toward a Collision-Free Mobile Society

As exemplified by the words of the Company’s founder Soichiro Honda that “as long as we are handling a mode of transportation, we are entrusted with human lives,” Honda is, on the basis of the concept of “Safety for Everyone,” aiming at a collision-free mobile society, where not only drivers and riders, but indeed everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

Honda has a long history of safety dating back to the 1960s when it started traffic safety promotion initiatives, the first of their kind for motorcycle/ automobile manufacturers. Honda has since been proactively undertaking safety awareness activities in many countries and regions while extending the scope from drivers and riders to all people involved in the traffic society, from children to senior citizens. Honda has also developed and released a number of new technologies before anyone else in the world, setting higher targets exceeding regulatory requirements and in a spirit that “if it does not exist, we will make it.”

Now, the advancement of the Internet and other technologies has enabled people to gather information from across the world, meet many people and obtain things without having to move around. However, Honda believes that feeling a new world with one’s five senses based on curiosity is one of people’s invaluable joys. As such, the Company will continue to value “real” experiences and expand the freedom of mobility and its potential across the world.

A collision-free mobile society envisioned by Honda is a society where all people can follow their curiosity and go anywhere freely with a total sense of security. In April 2021, Honda announced that it “will strive for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050.” Not only to fulfill one of its social responsibilities but also to fabricate a joyous future, Honda will work toward a collision-free mobile society and continue to proactively evolve its traffic safety initiatives based on the actual accident situations unique to each region.

Global Safety Slogan

Safety for Everyone

Honda dreams of a collision-free mobile society where our customers, and everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

As Honda respects individuality, it regards society as “a group of individuals,” not as “a bundle of people.” Not only does Honda’s slogan “Safety for Everyone” embrace its approach of pursuing safety matching to each individual but also follows its belief that ensuring the safety of each member of society will consequently make the entire society safer and mark a step forward to a collision-free mobile society.

7 Performance Report

Environment 55

— Safety 79

— Basic Approach

Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Basic Approach

Direction of Activities

Honda is working on traffic safety with a focus on the three elements: human ability (awareness-building activities), performance of mobility (technological development) and traffic ecosystem (collaboration, and development of systems/services).

Human Ability

Honda believes that efforts are needed to support the enhancement of human ability, ranging from driving skills to psychological and mental aspects, such as cognition, judgment and compassion toward others, for all people involved in the traffic society. Honda will translate these efforts into awareness-building activities matched to individual awareness, experience levels and physical capabilities.

Performance of Mobility

Honda believes that a mix of capabilities is needed to appropriately complement or augment human ability. These include a capability to protect the human body, a capability to avoid collisions to the extent possible and a capability to capture the intention of a person and convey it to the vehicle and other people. Honda intends to gain an even deeper understanding of the human body and consciousness and evolve its efforts to develop more people-oriented technologies.

Traffic Ecosystem

The traffic environment changes constantly due to traffic congestion, bad weather and various other factors. Honda believes that preventing accidents or mitigating their damage in such a traffic environment require dynamically understanding its holistic picture ("traffic ecosystem"). It encompasses the interrelation among diverse elements*1

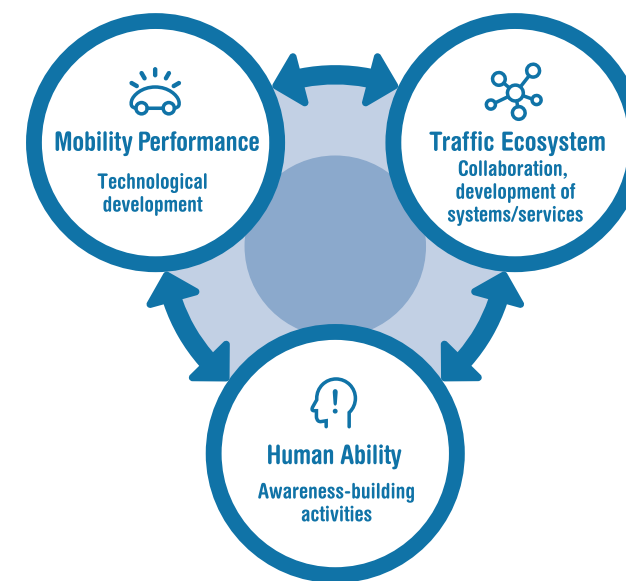
constituting the environment and letting these elements connect organically*2. Honda will proactively work toward this goal through an open approach, including cooperation with various countries and regions and collaboration with other companies, and contribute to the healthy functioning of the traffic society.

As many traffic accidents are caused by very complex factors, Honda will both promote the individual evolution of technologies and activities of the three elements and ensure strong collaboration and coordination among them.

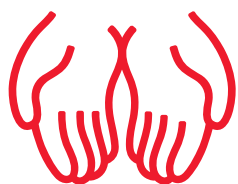
Three elements of safety

Development of technology to capture human intention and complement/enhance sensory abilities and/or skills

Contribution to creating environment and systems to bring people and mobility into harmony



Support for the enhancement of knowledge, awareness and experience of everyone involved in traffic society



*1 Including roads, telecommunication infrastructure, automobiles, motorcycles and pedestrians

*2 Can be achieved by an approach that involves the development of technologies for systems and services related to roads and the traffic society, maintenance and improvement of roads themselves and formulation of relevant traffic rules.

7 Performance Report

Environment 55

Safety 79

Basic Approach

Safety Initiatives

Quality 96

Human Resources112

Supply Chain 139

Social Contribution Activities .. 155

Basic Approach

Toward the Realization of Zero Traffic Collision Fatalities by 2050

In April 2021, Honda announced that it “will strive for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050.*” In achieving this goal, Honda has also set a milestone of reducing global traffic collision fatalities involving Honda motorcycles and automobiles by half globally by 2030. This applies not just to new models but also to Honda motorcycles and automobiles already on the market. A major challenge in achieving this goal is fatal collisions caused by motorcycles in emerging countries. Honda has a social responsibility as the manufacturer that sells the majority of motorcycles.

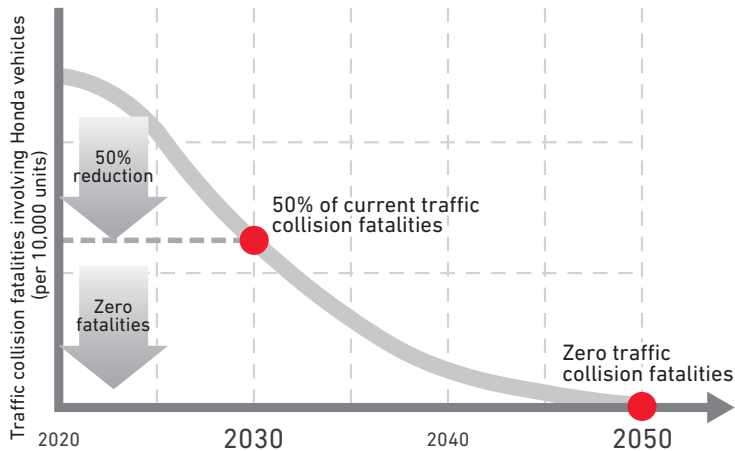
Since automobiles are also involved in many fatal collisions of motorcycles, from the perspective of enhancing its safety technologies, Honda will evolve the currently available Honda SENSING and expand the introduction of Honda SENSING 360 to all models to go on sale in all major markets by 2030. Honda SENSING 360 is an advanced omni-directional safety and driver-assistance system for automobiles that utilizes Honda’s expertise and know-how cultivated in the research and development of the Level 3 automated driving system. Furthermore, in order to realize a society with zero traffic collision fatalities, it is also necessary to consider accidents caused by apparent erroneous

driving on the part of the driver. Accordingly, Honda has been working to develop two crucial technologies. One is the Intelligent Driver-Assistive Technology, which aims for zero human error when driving and provides each individual driver total peace of mind. The other is the Safe and Sound Network Technology that averts various risks by connecting people, mobility and infrastructure through telecommunications and enables coexistence among all road users.

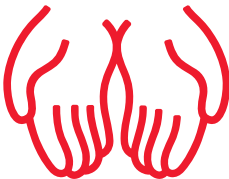
As a company involved in both motorcycle and automobile businesses, Honda will continue to strengthen its research on safety technologies that enable motorcycles and automobiles to safely coexist. However, technological research alone will not achieve zero traffic collision fatalities.

Particularly in emerging countries, there are many collisions that can be prevented through traffic safety education activities and by approaching the issue from the perspective of infrastructure and government policies. These are also the areas Honda will focus on. Honda will leverage its strengths to continue leading the way in realizing a collision-free society from the standpoints of both hardware and software.

Honda's safety targets



* Traffic collision fatalities involving Honda motorcycles and automobiles: Traffic collisions while riding/driving Honda motorcycles/automobiles and those involving pedestrians and cyclists (road users excluding those intentionally and seriously violating the related rules or those not responsibly able to do so)



7 Performance Report

Environment 55

— Safety 79

Basic Approach

— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Safety Initiatives

Human Ability

Honda's Approach

In 1970, Honda established the Traffic Safety Promotion Operations in Japan and subsequently a department dedicated to promoting activities overseas within the operations in 1972. Since then, Honda has been reinforcing its efforts overseas by establishing Traffic Education Centers* in various countries and cooperating with local dealers. As of 2021, Honda is carrying out traffic safety promotion activities in 43 countries and regions throughout the world including Japan.

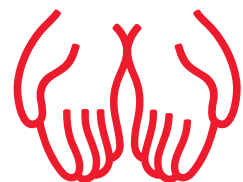
Honda's activities are based on the ideas "To pass on safety education from person to person" by conveying the importance of traffic safety directly to customers at dealers and "To provide a participatory hands-

on education program" under the guidance of expert instructors.

In Japan, Honda has provided education and actual training for traffic safety to more than 6.66 million customers to date in cooperation with Honda Traffic Education Centers, motorcycle and automobile dealers, local corporations and schools.

Overseas, particularly in emerging countries, there are areas where regulations, traffic rules and road infrastructure are not yet ideal despite the fact that motorization is rapidly progressing. As such, an increase in the number of fatal traffic accidents has become a social issue. Therefore, Honda is undertaking activities matched to the traffic situation of each country while collaborating with local governments and relevant organizations.

Countries and regions engaged in traffic safety activities



* Honda facilities where internal and external instructors on traffic safety are trained and driving safety education is provided to corporations, schools and individual customers

7 Performance Report

Environment 55

— Safety 79

Basic Approach

— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Safety Initiatives

FY2022 Activities

Working to Expand KYT Education in Asian Countries

There is a strong need for the further evolution of Honda's traffic safety promotion activities in Asian countries, where the rapid progress in motorization has resulted in an increase in traffic fatalities. In response, Honda cooperated with the Regional Operations (Asia and Oceania) and started providing support for more comprehensively promoting hazard prediction training (*kiken yosoku* training – KYT) programs within the region.

Specifically, Honda created a video compiling its know-how on and points to be noted when developing KYT materials appropriate to the local conditions and traffic environment in each country and region, such as the need to select example cases among actual accident and potentially serious near-accident cases. Honda also provided advice on how to utilize the resulting materials in implementing the training.

As a result, 11 Honda subsidiaries are now in the process of creating their own KYT materials matched to the respective local traffic environment. Among these subsidiaries, P.T. Astra Honda Motor in Indonesia, which is engaged in the sales of motorcycles, has combined KYT lectures and practical training using motorcycles in its curriculum and is making preparations for launching it as a new program.



KYT program of P.T. Astra Honda Motor, a Honda subsidiary selling motorcycles in Indonesia

Collaboration with Traffic Education Centers

In Japan, Honda provides participatory hands-on education matched to the needs of companies, organizations and individuals.

At Honda's seven traffic safety education centers nationwide, expert

instructors train traffic safety leaders. In order to increase safety awareness and improve riding/driving skills, they also provide classroom lectures and safety training using actual vehicles for employees of companies, organizations, schools and individuals at dedicated facilities. In 2021, Honda provided education to some 50,000 persons.

In Asian countries, traffic education was provided to approximately 1.24 million persons to raise safety awareness. Honda will continue to offer support matched to local needs, including its traffic safety know-how amassed in Japan and human resources development.

TOPICS

Local Subsidiaries in Thailand and Taiwan Receiving an Award from the Respective Governments

In 2021, Thai Honda Manufacturing Co., Ltd.,* a Honda subsidiary in Thailand selling motorcycles, and Honda Taiwan Co., Ltd., another Honda subsidiary in Taiwan, received an award from the respective governments for their efforts to improve the local traffic environment.

Thai Honda Manufacturing received the National Treasure Award from the Office of the Permanent Secretary under the Office of the Prime Minister for its Honda Safety Thailand Project, an activity to instill safe riding practices, as it has contributed to the social development and a better quality of life.

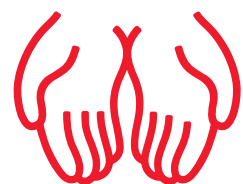
Honda Taiwan also received the Top Honor Award under the Golden Safety Award program from the Ministry of Transportation and Communications of the Taiwanese government for its efforts for improvement of the traffic environment. The award was granted as a result of the voting by experts and scholars.



Thai Honda Manufacturing at the award ceremony



Honda Taiwan at the award ceremony



* The company name was changed to Thai Honda Co., Ltd. on June 1, 2022.



7 Performance Report

Environment 55

— Safety 79

Basic Approach

— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Safety Initiatives

Collaboration with Local Communities

In Japan, Honda offers educational programs and teaches instruction techniques to traffic safety instructors and employees of partner companies responsible for conveying traffic safety in each local community.

At this time, Honda validated if the use of its educational programs has led to changes in participants' behavior.

Specifically, a check was performed in Shizuoka Prefecture in cooperation with first to sixth graders, who have participated in either the "Learn about Traffic Safety with 'Dekiru-nyan' Cat" ("Walking along Roads" version for children in lower grades) or the "For the Children Who Will Star in the Societies of the Future" (targeting children in middle to upper grades and junior high school students).

Specifically, Honda observed how the children walked to a crossing on their way home and if they took safety action when crossing the street before, on the day of, one week and one month after the corresponding traffic safety class.

The results of the observation of first and second graders showed that the program was effective to a certain degree as everyone stopped rushing into a street and more children raised a hand when crossing the street immediately after the class. However, their behavior diminished after one week and one month, returning to the level observed before the

class. Thus, the results revealed the necessity to educate children on a continuous basis.

Among the upper grade children, there was no discernible change in their behavior before and after the class. This was likely because the content covered broader, additional topics, such as riding bicycles safely as well as rules and etiquette they should observe as a member of the traffic society, and because they felt embarrassed to raise their hand while crossing the street.

An expert commented on the effort made by Honda, saying: "Gauging the effectiveness of the programs, creating them and implementing them at school is also very meaningful." Based on the validation results, Honda will work to create programs that are easier to provide on a regular basis.

PDF

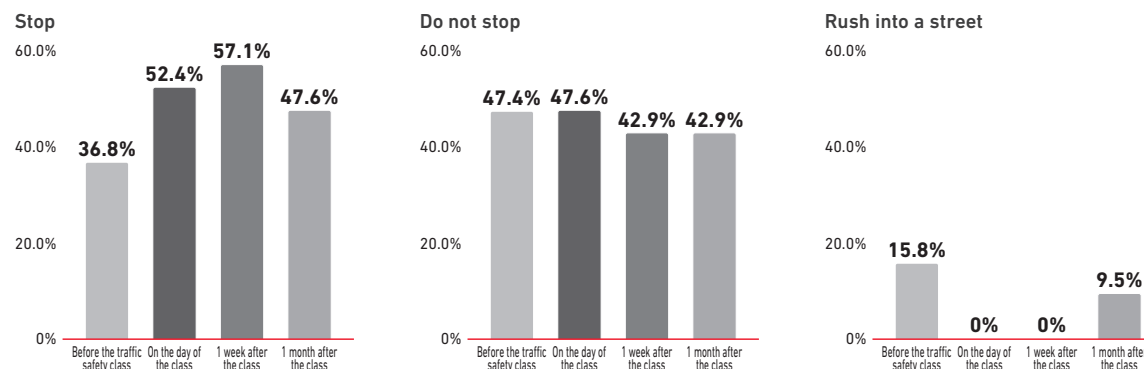
Survey results of the effectiveness of traffic safety education programs, spring 2022 issue (No. 508) of SJ, Honda's traffic safety information magazine (in Japanese)

> https://www.honda.co.jp/safetyinfo/sj/contents/pdf/2022SJspring_1to2.pdf



Verifying changes in children's behavior

Changes in behavior of first graders when crossing the street





7 Performance Report

Environment 55

— Safety 79

Basic Approach

— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Safety Initiatives

Collaboration with Relevant Organizations

Honda proactively fosters collaboration with local governments and relevant organizations to achieve zero traffic collision fatalities.

As an example, Honda's Safety Map was created based on three sources of information. These are information on areas prone to emergency braking, collected through "Internavi," Honda's original car navigation system; accident black spot information possessed by the police; and road hazard information posted by local residents. Anyone can freely access the map to obtain the necessary information. Companies, the police and other road management organizations are also using the map to improve road environments.

Recently, the Chiba Prefectural Police Headquarters carried out road maintenance such as the addition of deceleration marks and road markings based on information on areas prone to emergency braking.

Honda has also cooperated in running the 51st National Police Motorcycle Safe Riding Competition of Japan's National Police Agency. Also, through participation in activities of the Japan Automobile Manufacturers Association and other industrial organizations, Honda has been providing a broad range of cooperation. Examples of such activities include proposing traffic safety measures to the governments, holding riding/driving safety seminars for high school students, adults and senior citizens, hosting awareness-building events and developing instructors.

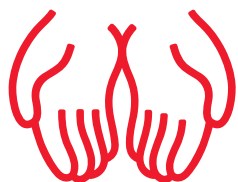
Example of improvements made based on areas prone to emergency braking provided on Honda's Safety Map



Before improvement: The "STOP" marking was fading.



After improvement: The "STOP" line and letters were repainted and colored pavement within the intersection were added.



safety

7 Performance Report

Environment 55

— Safety 79

Basic Approach

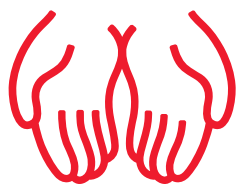
— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155



Safety Initiatives

Development of Educational Equipment

Honda leverages its know-how on riding/driving safety and hazard prediction training (*kiken yosoku* training – KYT) accumulated over the years and develops and promotes the widespread use of educational equipment, including simulators, which assumes actual traffic conditions and enables people to experience hazards in a safe equipment.

In April 2021, Honda significantly upgraded its Driving Simulator. It now has a seat and steering wheel used in an actual vehicle as well as an enhanced software program. Realizing greater user-friendliness and low cost, the simulator is used by driving schools nationwide.

Besides the simulator, Honda offers a lineup of equipment matched to diverse participants, such as a Riding Simulator for motorcycle KYT difficult to conduct on the road; Bicycle Simulator to learn safe bicycle riding; Movie KYT that enables a large group of persons to experience hazard prediction; and Riding Trainer*¹ that offers hazard perception training for motorcycle riders by operating the equipment themselves and that can be easily relocated to overseas facilities.



Training using Driving Simulator Type DB Model-S

Activities in the Welfare Field

In addition to the development of welfare vehicles, Honda provides support in terms of “software” by providing Training Support Program for Driving Rehabilitation*² for persons with disabilities who want to drive again; a simulator and evaluation software to evaluate driving ability at hospitals and other facilities; and Safety Training Program for Operating Nursing Vehicles*³ for drivers providing pickup and drop-off services for senior citizens and persons with disabilities.

*1 Available in eight languages, approximately 6,000 units of the Riding Trainer are used worldwide, with some 3,000 units in Asia and Oceania alone.

*2 A program offered at Honda Traffic Education Centers as a means to evaluate the driving competence of people with higher cerebral dysfunction wishing to resume driving. It is used to check their current ability to drive an actual vehicle and train them to overcome the identified issues.

*3 A program offered at Honda Traffic Education Centers for welfare facility drivers providing pickup and drop-off services. It provides advice on preventing accidents during these services as well as training to facilitate an understanding of the importance of giving due consideration to their passengers.

TOPICS

Sale of Honda Franz System

The Franz System is a driving assist system developed by Eberhard Franz, a German engineer with disabilities in both arms, to drive a car with his feet. Honda received technical guidance directly from Mr. Franz, and after augmenting the system with its original technology, released the Honda Franz System in 1982. At present, Honda is the sole provider of the system in Japan.

In 2021, Honda Access Corp. initiated sales of the updated Honda Franz System with greater convenience and comfort for the Fit e:HEV. The company has also started leasing training vehicles equipped with the system to support customers wishing to obtain a driver's license.

In addition, Honda has also developed the Honda Techmatic System series of various driving assist devices and has been selling them through Honda Cars dealers nationwide. By doing so, Honda supports the social engagement of persons with physical disabilities.



An example of a vehicle equipped with Honda Franz System (steering pedal)



An example of a vehicle equipped with Honda Techmatic System Type D (manual driving assist device)

WEB

Honda's welfare vehicles
(Japanese only)

> <https://www.honda.co.jp/welfare/>

WEB

Stories to Pass on: Development of a
Vehicle Equipped with Honda Franz
System (Japanese only)

> <https://www.honda.co.jp/50years-history/challenge/1982franzsystemcar/>

7 Performance Report

Environment 55

— Safety 79

Basic Approach

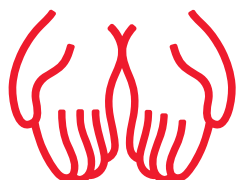
— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155



*1 Anthropomorphic models used to reproduce the human body's kinematics during vehicle-to-pedestrian collision with the aim of identifying parts of the vehicle body most often resulting in injuries and reducing pedestrian head injuries during the collision with a vehicle. The current third-generation dummies have a more "realistic" neck, back and thighs in addition to the head, thus offering more accurate pedestrian kinematics after a collision and allow realistic collision analysis.

*2 A safety body structure that efficiently distributes and absorbs frontal crash energy through the engine room. It offers significantly greater occupant protection and reduces damage to the other impacted vehicles.

Safety Initiatives

Performance of Mobility

Honda's Approach

Honda believes that the damage of accidents can be effectively reduced by fully understanding the real accident situations in a real-world traffic environment comprising multiple types of road users, including motorcycles and automobiles, and by conducting detailed analysis on accident mechanisms. The Company has engaged in technological development accordingly.

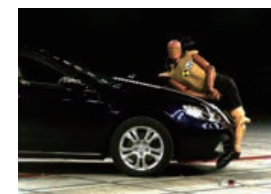
To date, Honda has developed the world's first pedestrian dummy*¹, an anthropomorphic model used to reproduce the human body's kinematics during vehicle-to-pedestrian collision. Its aim was to identify the portions of the vehicle body most often resulting in injuries and to reduce pedestrian head injuries during the collision with a vehicle. The Company has also established the world's first indoor omni-directional crash test facility to conduct research into more realistic crash configurations. As for pedestrian dummies, in order to enhance safety for the traffic society as a whole, their use is not only limited to the development of Honda's products. They are also leased to other companies and research institutions across the world, widely contributing to studies on pedestrian protection.

In addition to the above, Honda has become the first company in the world to provide a number of new technologies. These include the driver-side SRS airbag, Advanced Compatibility Engineering (ACE) body structure*², Collision Mitigation Braking System (CMBS) and "Honda SENSING/AcuraWatch" advanced safety and driver-assistance system.

Going forward, Honda will apply the Honda SENSING 360 omni-directional safety and driver-assistance system and technologies for pedestrian protection, enhanced collision mitigation and advanced, automatic reporting system of collisions (including those involving pedestrians), which fully cover fatal collision situations, to all automobile models to be released in major markets by 2030. In emerging countries, Honda will equip more motorcycles with its advanced braking system and headlights that provide better visibility to riders and make them more visible by other road users.

Moreover, Honda installed Honda SENSING capable of detecting motorcycles to the Vezel released in 2021 and will progressively expand its use in subsequent models. This is one of the Safety for Everyone technologies that

make the most effective use of Honda's characteristics of manufacturing both motorcycles and automobiles.



Pedestrian dummy



Indoor omni-directional crash test facility



SRS airbag



Advanced Compatibility Engineering (ACE) body structure



Collision Mitigation Braking System (CMBS)



7 Performance Report

Environment 55

— Safety 79

Basic Approach

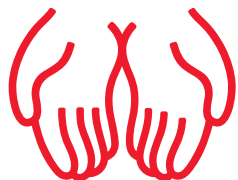
— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155



Safety Initiatives

FY2022 Activities

The “Honda SENSING/AcuraWatch” advanced safety and driver-assistance system continues to be used in an increasing number of models. In Japan, Honda has installed this system in more models in the mini-vehicle and compact vehicle categories, such as the N-BOX and Fit.

In Japan, Honda installed the Traffic Jam Assist for the first time in the Civic in September 2021. The Civic also became the first Honda vehicle to be equipped with an adaptive driving beam system. While driving using the high beams, this function automatically controls the area being illuminated depending on the circumstances when detecting a car ahead or an oncoming car. It also ensures the visibility for the driver without blinding pedestrians.

In October 2021, Honda unveiled its Honda SENSING 360, which has been developed by leveraging the expertise and know-how accumulated through the research and development of Level 3 automated driving technologies. The Company intends to install the system in all models to be released in major markets by 2030.

In many countries and regions, including India, which is the world’s largest market for motorcycles, Honda will increase the number of models equipped with an advanced braking system, such as the Combined Brake System (CBS) that ensures coordinated, more efficient operation of the independent front and rear brakes. Honda is also equipping more models with LED headlights. Boasting a long life and high resistance to impact, these lights are less prone to burning out and can serve to reduce riding motorcycles without headlights. In addition to the increased visibility for riders themselves, encouraging the use of headlights during daytime will make them more visible from surrounding automobiles and pedestrians. Honda believes that this improved mutual visibility will help prevent collisions.



Adaptive driving beam system



Advanced braking system



LED headlights

7 Performance Report

Environment 55

— Safety 79

Basic Approach

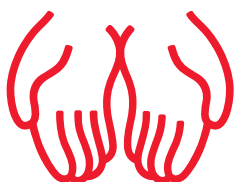
— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155



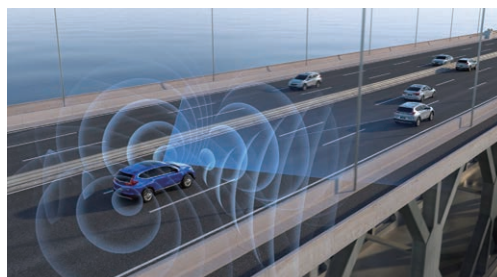
Safety Initiatives

Unveiling Honda SENSING 360 Omni-Directional Safety and Driver-Assistance System

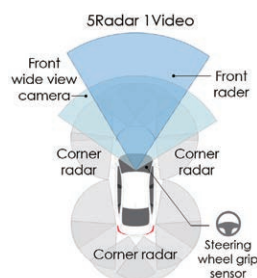
In October 2021, Honda unveiled the new Honda SENSING 360*¹ omni-directional safety and driver-assistance system, which eliminates blind spots around the vehicle and contributes to collision avoidance and the reduction of driver burden while driving. Further evolved from the previous system, Honda SENSING 360 features an expanded sensing range not only in the front and rear, but omni-directionally around the vehicle. Application of Honda SENSING 360 will begin in 2022 with automobiles to be introduced in the Chinese market. Honda will strive to expand the application to all models to go on sale in all major markets by 2030.

Since its introduction in 2014, the Honda SENSING*¹ advanced safety and driver-assistance system has been further advancing its functions, expanding its application to mass-production models globally and supporting Honda customers in a variety of driving situations.

Honda SENSING 360 realized 360-degree sensing*² by adding a total of five units of millimeter-wave radar in front and at each corner of the vehicle, in addition to the monocular camera*³ that is used by the current Honda SENSING. This expanded sensing range covers blind spots around the vehicle, which are difficult for the driver to visually check, and contributes to the avoidance of collisions with other vehicles and pedestrians as well as a reduction of the driver burden. For the development of Honda SENSING 360, Honda leveraged its expertise and know-how amassed through the research and development of Level 3 automated driving technologies.



Notional image of Honda SENSING 360



5 radar units and 1 video recorder

TOPICS

Key features of Honda SENSING 360

Collision Mitigation Braking System (CMBS)

Enhanced functionality
Intersection: Entering the intersection at the same time from different directions
Pedestrian: Detecting vehicles coming from sides or oncoming

Detecting automobiles and motorcycles crossing in front of the intersection

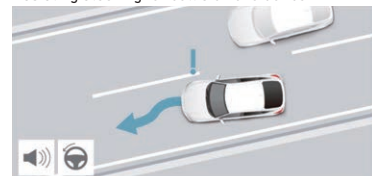


Detecting pedestrians crossing the intersection when turning right or left



Lane change collision mitigation

Assisting steering for collision avoidance



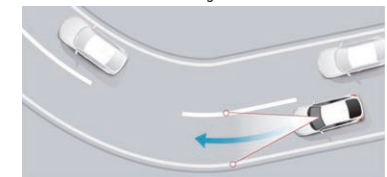
Front cross traffic warning

Notifying information about approaching vehicles to cross the intersection when driving at a low speed or starting when stopped



Cornering speed assist

Adjusting vehicle speed by detecting the curvature of the lane before reaching the curve



Active lane change assist

Steering assisted by the system when changing the lane



*1 There is a limit to the capabilities (e.g., recognition capability and control capability) of individual functions of Honda SENSING and Honda SENSING 360. It is necessary to not overestimate their capabilities and drive safely while maintaining a good driving posture, paying constant attention to one's surroundings.

*2 There is a limit to the detection performance of Honda SENSING 360. The 360-degree sensing does not eliminate the need for visual confirmation by the driver.

*3 Depending on the sales period and models, some Honda SENSING systems feature a camera which is not monocular.

7 Performance Report

Environment 55

— Safety 79

Basic Approach

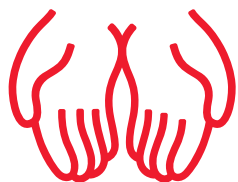
— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155



Safety Initiatives

TOPICS

Intelligent Driver-Assistive Technology Eliminating Human Errors When Driving

In November 2021, Honda held a world premiere of its advanced future safety technologies currently under development. These technologies aim to realize a society where everyone sharing the road will be free from the risk of traffic collisions and enjoy the freedom of mobility with total peace of mind. The Intelligent Driver-Assistive Technology, which is one such technology, is the world's first*1 artificial intelligence (AI)-powered next-generation technology providing assistance that is suited to the ability and situation of each individual to reduce driving errors and risks, helping the driver achieve safe and sound driving.

With the goal to unravel the underlying causes of driving errors that make the driver feel anxious, Honda has been conducting research and development of "technologies to understand people" with an original method that utilizes fMRI*2. In addition to technologies to understand human behavior and conditions, which Honda has amassed to date, the Intelligent Driver-Assistive Technology uses ADAS sensors and cameras to recognize potential risks in the vehicle's surroundings, which enables AI to detect driving risks. At the same time, AI will determine optimal driving behavior on a real-time basis and offer assistance suited to the cognitive state and traffic situations of each individual driver.

<Three values Honda will offer with its next-generation driver assist technology>

1. No driving operation errors (Operational assist): Vehicle offers AI-based assist to reduce drifting and prevent a delay in operations.
2. No oversight/No prediction errors (Cognitive assist): Vehicle communicates risks with visual, tactile and auditory sensations.
3. No errors due to daydreaming and careless driving (Attentiveness assist): Vehicle helps reduce driver fatigue/drowsiness.

Going forward, Honda will further advance the Intelligent Driver-Assistive Technology and continue making progress in development with the goal to establish underlying technologies during the first half of the 2020s. Honda will thereafter launch practical applications during the second half of the 2020s.

With this technology, Honda will advance the conventional driver assist that helps the driver avoid risk while it is occurring to the AI-powered driver assist. This in turn will keep the driver away from the risks and aim to eliminate human errors, which are the cause of over 90% of traffic collisions*3.



Briefing to present Honda's safety vision and technologies



Cognitive assist (image)



Vehicle equipped with the Intelligent Driver-Assistive Technology

*1 Survey by Honda

*2 Functional magnetic resonance imaging (one of the methods to obtain images of brain's functioning areas based on changes in blood flow)

*3 Source: "Number of Fatalities in Traffic Accidents By Type of Violations of Laws," White Paper on Traffic Safety in Japan 2017

7 Performance Report

Environment 55

— Safety 79

Basic Approach

— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Safety Initiatives

Traffic Ecosystem

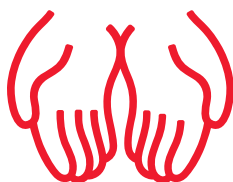
Honda's Approach

In 1998, Honda started to offer “Internavi,” a car navigation system equipped with communication functions, in Japan. Through the system, Honda has been providing drivers with information on traffic congestion, weather and disasters by using driving data gathered from Honda vehicles. In this way, Honda has helped them drive more safely and comfortably.

In 2003, Honda became the first automaker in the world to commercialize a Congestion Prediction function that can predict congestion while foreseeing changes in traffic patterns. Following the 2011 Great East Japan Earthquake, Honda made available information on passable roads for use by people traveling in disaster-affected areas on the map provided on a special disaster information website of Google Crisis Response^{*1}. In doing so, Honda centrally aggregated its collected driving track data into actual traffic records to extract information on passable roads. Honda provided similar information after the 2016 Kumamoto earthquakes on Google Maps and Yahoo! Maps.

In 2013, Honda launched a Safety Map service that integrates and analyzes various information, such as emergency braking information collected through the Internavi system, information on traffic accidents provided by the police and local governments and traffic information provided by local residents. A map of accident-prone areas is shown on Honda's website for drivers to check in advance. Since 2013, a cumulative total of more than 150 road improvements, such as adding road markings, have been made by the local governments and other organizations based on this Safety Map.

In addition, Honda is participating in D-Call Net^{®*2} in Japan, a system commonly referred to as an Advanced Automatic Collision Notification (AACN), which uses connected car technology. The system automatically analyzes the vehicle data upon a collision using an algorithm based on the database of some 2.8 million accident cases in Japan and estimates the probability of death or serious injury. It then reports the accident automatically from the vehicle to fire departments and cooperating hospitals. The plan for the future is to develop a system that also covers collisions involving pedestrians and those with motorcycles to save even more lives.



^{*1} Google Crisis Response is a registered trademark of Google LLC.

^{*2} D-Call Net[®] is a registered trademark of the NPO Helicopter Emergency Medical Service Network (HEM-Net).

Going ahead, in order to realize zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050, Honda will strive for a collision-free traffic society for anyone sharing the road by leveraging its Safe and Sound Network Technology that connects all road users through telecommunications.

FY2022 Activities

The utilization of communication technologies is one initiative to contribute to the sound development of a traffic ecosystem.

In Japan, since installing a Honda CONNECT on-board communication module in the Fit released in February 2020, Honda also fitted the module in the Vezel and Civic released in April and September, respectively, in FY2022.

The on-board communication module will be gradually equipped in new automobiles, connecting the vehicle directly to a support center in case of an emergency such as a traffic accident. This will in turn make it possible for the support center operator to send vehicle and location information simultaneously to the police, fire station and insurance company, enabling prompt and proper responses.

In the area of motorcycles, the Connected Motorcycle Consortium (CMC) Next, which is jointly promoted by Yamaha Motor Co., Ltd., BMW Motorrad, KTM AG and other companies, analyzed collision situations based on accident data and identified particular scenarios in which collisions have happened because motorcycles were not recognized by other vehicles. The consortium also created use cases on how vehicle-to-x (V2X) solutions should be used to prevent such accidents. In FY2023 onward, the CMC Next will leverage these outcomes to explore more concrete specifications of solutions targeting motorcycles.

7 Performance Report

Environment 55

— Safety 79

Basic Approach

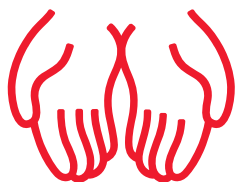
— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155



- *1 Standalone 5G is a cutting-edge technology that combines new 5G dedicated core equipment and 5G base stations, unlike the conventional standalone system that uses 4G core equipment and combines it with 5G base stations
- *2 A communication standard established by 3GPP (a standardization organization that formulates standards for mobile communication systems), which is a technology that uses mobile networks for vehicle-to-vehicle, vehicle-to-infrastructure, vehicle-to-network and vehicle-to-pedestrian communications
- *3 A technology that optimizes and accelerates communications compared to cloud servers by deploying data processing functions in locations close to terminals, such as base stations

Safety Initiatives

TOPICS

SoftBank and Honda Conducting Use Case Based Verification on Technologies to Reduce Collisions between Pedestrians and Vehicles Utilizing 5G SA and Cellular V2X

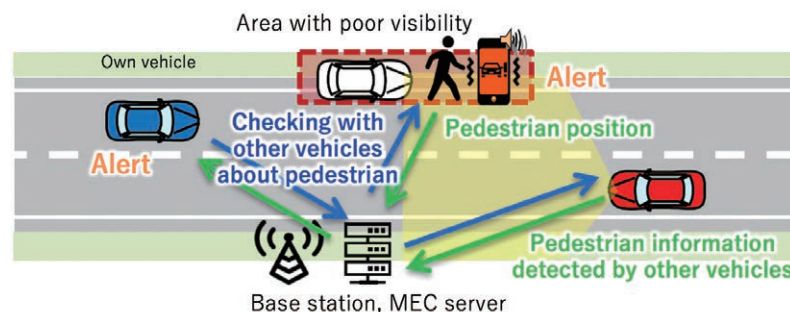
Honda R&D worked with SoftBank Corp. to conduct a use case based verification of technologies to reduce collisions between pedestrians and vehicles using a 5G standalone mobile communication system (5G SA)*¹ and a cellular V2X communication system*² in an effort to realize a society where both pedestrians and vehicles can enjoy mobility safely and with total peace of mind.

The verification was conducted by using SoftBank's 5G SA experimental base station installed at Honda R&D's Takasu Proving Ground (located in Takasu Town, Hokkaido Prefecture) and Honda R&D's recognition technology for the following use cases.

1. Reduce collisions involving pedestrians who are visible to vehicles
In an environment where a pedestrian can be seen from the moving vehicle, and when the vehicle's on-board camera recognizes the risk of a collision such as the

pedestrian entering the roadway, the vehicle sends an alert to the pedestrian's mobile device directly or via a multi-access edge computing (MEC) server*³. This will enable the pedestrian to take evasive action to prevent a possible collision with the vehicle.

2. Reduce collisions involving pedestrians who are not visible to vehicles
This case involves an environment where a pedestrian cannot be seen from the moving vehicle due to obstacles such as parked cars along roadsides. If there is a pedestrian present in the area with poor visibility, the system notifies the pedestrian of the approaching vehicle and also notifies the vehicle of the pedestrian from the pedestrian's mobile device. When there is a second vehicle in a position to see the pedestrian, a collision will be prevented by high-speed data communications between the moving vehicle, pedestrian and other vehicle.



Sharing information on an area not visible from one's own vehicle (image)



Identifying a pedestrian showing hazardous behavior using an on-board camera (image)



Human-machine interface (HMI) on pedestrian's device

7 Performance Report

Environment 55

— Safety 79

Basic Approach

— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Safety Initiatives

TOPICS

Unveiling Safe and Sound Network Technology Connecting All Road Users through Telecommunications

Toward realizing zero traffic collision fatalities by 2050, Honda unveiled for the first time in the world its Safe and Sound Network Technology at a briefing to present Honda's safety vision and technologies held in November 2021. This technology connects all road users, both people and mobility products, through telecommunications, making it possible to predict potential risks and help people avoid such risks before collisions actually occur.

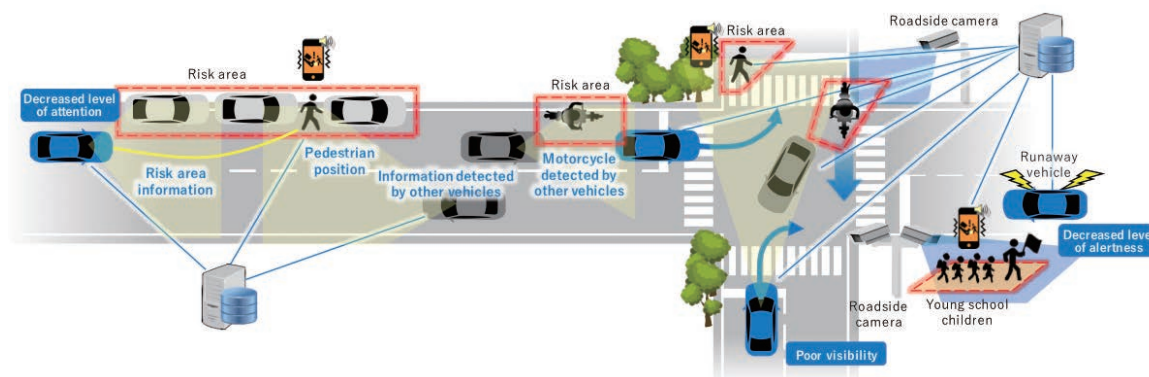
As an effort to realize a collision-free traffic society for all road users, Honda is striving to create a “cooperative safety society” where utilization of telecommunication technologies will enable everyone sharing the road to be connected and coexist.

With the Safe and Sound Network Technology, potential risks in the traffic environment will be detected based on information obtained from roadside cameras, on-board cameras and smartphones. Such potential risks include senior citizens falling ill, inexperienced young or novice drivers, fatigue, drowsiness, driving idly, a sense of urgency or impatience resulting in a decreased level

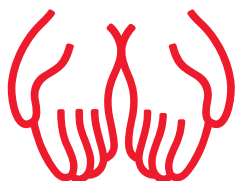
of attention or alertness as well as the risk of small children on their way to kindergarten or school rushing into the street. The information will be aggregated in the server to reproduce that traffic environment in the virtual space.

In that virtual space, in consideration of the conditions and characteristics of each individual road user, the system predicts and simulates the behaviors of road users at high risk of a collision. Then, the system derives the most appropriate support information to help the road users avoid risks. Such support information will be communicated intuitively to automobile drivers, motorcycle riders and pedestrians through “cooperative risk human-machine interface (HMI),” which will make it possible for the system to encourage road users to take action to avoid a collision before it happens.

Aiming for real-world implementation of this technology after 2030, Honda will build the system and complete verification of its effectiveness in the first half of the 2020s, then accelerate industrywide and public-private collaboration with an aim to standardize the technology in the second half of the 2020s.



Safe and Sound Network Technology (image)



7 Performance Report

Environment 55

— Safety 79

Basic Approach

— Safety Initiatives

Quality 96

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

*1 This refers to New Car Assessment Program. This is a program that tests and evaluates the safety performance of cars, which is performed by public organizations in various regions. Testing and evaluation methods are different for each region. Ratings range from 0★ to 5★ (5★+ is the highest rating in some regions).

*2 This refers to China Insurance Automotive Safety Index. It tests and assesses the safety performance of vehicles, in which the four grades of G (excellent), A (good), M (general) and P (poor) are used. The purpose of the assessment is to improve the safety of vehicles and reduce the insurance premium.

*3 The organization conducts the car assessment that tests and evaluates the safety performance of various cars. IIHS only awards TSP and TSP+ to vehicles that achieved excellent test results. TSP refers to Top Safety Pick.

*4 Six awards won by Honda: Best Forward Facing Child Occupant Protection 2017–2020; Safety Technology Award; Excellent Award – Consistent 5-Star (Honda City); Excellent Award – Consistent 5-Star (Honda Civic); The Most 5-Star Car 2012–2016 (Adult Occupant Protection); and Best Road Safety Partner

Safety Initiatives

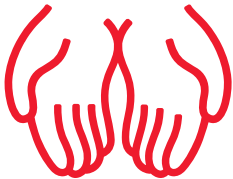
Third-Party Evaluations

Honda's Approach

Many of Honda's models have achieved high safety assessments from NCAP*1 in various regions.

Results of key third-party evaluations (tests conducted in FY2022)

Country / Region	Third-party evaluation		Model
Japan	JNCAP	5 ★	Vezel
Europe	Euro NCAP	5 ★	Performance not evaluated in FY2022
China	C-NCAP	5 ★	Fit
	C-IASI*2	GGG	Performance not evaluated in FY2022
U.S.A.	NCAP	5 ★	Acura MDX / Acura TLX
	IIHS*3	TSP+	Acura RDX / Acura TLX / Accord / Insight / Odyssey / Acura MDX / Civic sedan / Civic hatchback
		TSP	CR-V
Australia	ANCAP	5 ★	Performance not evaluated in FY2022
Southeast Asia	ASEAN NCAP	5 ★	Civic sedan
Latin America	Latin NCAP	5 ★	Performance not evaluated in FY2022



TOPICS

Civic Receiving a Five Star Rating from ASEAN NCAP

In October 2021, the Civic (released in Thailand in August 2021) received a Five Star rating from ASEAN NCAP, a third-party safety evaluation program in the ASEAN region. Under the newly launched 2021–2025 Protocols, vehicles need to receive an excellent rating in the category of motorcyclist protection in addition to the categories of adult occupant protection, child occupant protection and safety assist. The Civic became the first vehicle to receive the rating among vehicles equipped with an Autonomous Emergency Braking System (AEBS) capable of detecting motorcycles.



Honda Receiving Six Awards at the 10th Anniversary Ceremony of ASEAN NCAP

In December 2021, a ceremony to celebrate the 10th anniversary of ASEAN NCAP was held in Malaysia. During the ceremony, awards were granted to automakers that have endeavored to ensure the safety performance of vehicles over the decade. Honda received six awards*4, the highest number among other automakers, including the Safety Technology Award (for the Civic equipped with an AEBS capable of detecting motorcycles) and Best Road Safety Partner.



Receiving six awards at the ceremony held by ASEAN NCAP

7 Quality



Material Issues

— Assuring outstanding product quality

7 Performance Report

Environment 55

Safety 79

— Quality 96

— Basic Approach

Global Management

Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Basic Approach

Aiming to Bring Reassurance and Satisfaction to Customers

“We have to aim for 120% product quality. If 99% of the products we make are perfect, that would seem like a pretty good record. However, the customers who become the owners of the remaining 1% will surely consider their products 100% defective. It is unacceptable that even one customer in a thousand — even one customer in ten thousand — should receive a defective product. That’s why we have to aim for 120%.” These words of founder Soichiro Honda define the company’s fundamental approach to quality, or more specifically, what it means to strive to be a company society wants to exist. Determined to meet or exceed the expectations of customers, Honda is taking new initiatives to reach high product quality standards.

Honda offers products founded on safety and a new level of outstanding quality to strengthen customer trust. To this end, Honda has created the Honda Quality Cycle (⇒ [p. 100](#)) that continuously enhances quality at every stage encompassing planning, development, production, sales and after-sales service.

In order to realize the basic principles of “Respect for the Individual” and “The Three Joys” (the joy of buying, the joy of selling, the joy of creating), Honda has stated that being the number one in customer satisfaction in all points of contact is a primary objective of activities. Honda works in collaboration with dealers to satisfy customers at every stage from sales to after-market service so that customers can continue using and enjoying Honda products and services.

Offering a New Level of Outstanding Quality

Over the years, Honda has implemented different activities aimed at realizing products that offer a new level of outstanding quality.

Meanwhile, the industry is heading toward an unprecedented turning point concerning response to the environment, safety and intelligence.

Honda will accelerate powertrain electrification as well as the introduction of driver-assistance technologies for the realization of a collision-free mobile society. Honda is now working to create new value through open innovation by teaming up with other companies, including those from different industries, to take up a challenge of creating new forms of mobility that incorporate the Internet of Things (IoT).

Moving ahead, Honda aims to reduce problems at all points of customer contact in step with evolution in mobility and living in addition to ensuring the utmost quality in products and services provided to customers. Through such a pursuit of quality in each domain, Honda has been evolving its activities to realize a new level of outstanding quality.



quality

7 Performance Report

Environment 55

Safety 79

— Quality 96

Basic Approach

— Global Management

Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155



* An international quality control and quality assurance standard set by the International Organization for Standardization (ISO)

Global Management

Quality Management System and Quality Enhancement Promotion System

Global Honda Quality Standard (G-HQS) Aimed at Increasing Quality of Honda Brand Products and Services

As Honda's production and parts and materials sourcing expand globally, a shared global quality management system is essential to ensure that all Honda facilities continue to generate 120% product quality consistently. G-HQS established in April 2005 serves as the foundation of this system.

G-HQS is a set of fundamental standards supporting quality assurance and improvement activities in all sections based on the Honda Quality Cycle. The aim is to improve the quality of Honda brand products manufactured and sold around the world as well as services offered globally. G-HQS is also utilized in part as a means to reliably implement and certify process-based quality assurance focusing on rules, which has recently grown in importance following changes in laws, regulations and the business environment.

In accordance with the Honda Quality Cycle, Honda clearly defines roles and responsibilities between global and regional functions in such areas as planning/development, production, sales/service and quality to enhance and improve quality. With G-HQS, goals and requirements concerning quality assurance activities for each function are stipulated by global function. The means for realizing these goals and requirements are specified by each operation base in line with local characteristics. This enhances awareness of quality improvement and leads to the personal growth of local associates. The operational status of G-HQS in each operation base is confirmed on a regular basis to enhance the quality improvement activities as a concerted effort along with facilities.

Based on ISO9001* criteria to which Honda production facilities in Japan and around the world have been certified, G-HQS represents the accumulation of knowledge Honda has gathered independently in improving quality and preventing issues from recurring. As such, conforming to G-HQS is compatible with conforming to ISO certification standards.

As of February 28, 2022, 56 of the 60 Honda production facilities had acquired ISO9001 certification.

Global Meeting Structure

In order to ensure the strengthening of quality under this quality management system, Honda sets challenges based on quality targets established in company-wide policy, which are then modified to reflect the challenges found in different regions with countermeasures formulated for them. The management of this initiative and information-sharing are conducted regularly at the Global Quality-related Meetings.

In the area of customer service, Honda has devised an action policy focused on each customer so that it can create value through service and provide a feeling of joy in continuing to use Honda products. Persons responsible for departments involved in quality from the headquarters and regions hold joint Aftersales Business Meetings to share this policy and measures globally. Productive measures and initiatives shared at the meetings are set as global benchmark levels to enable the provision of higher quality services on-site.

Global meeting structure

Meeting structure	Business	Meeting name	Times/year
Quality related	Motorcycle	Global Chief Inspecting Engineer Meeting	1
	Automobile		
	Life Creation		
Aftersales business	Automobile	Global Automobile Quality Meeting	3
	Motorcycle	Aftersales Business Meeting	1
	Automobile	Aftersales Business Meeting	2
	Life Creation		



Global Automobile Quality Meeting

7 Performance Report

Environment 55

Safety 79

Quality 96

Basic Approach

Global Management

Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Global Management

Quality Management Education

Honda offers quality management training based on in-house qualifications and the level of quality control responsibilities with the aim of improving associates' quality assurance skills.

In Japan, Honda offers a training curriculum with four courses divided into basic training and specialized training. As part of this, the Honda QC Basic Course (HBC) is open not only to Honda associates but also to suppliers and focuses on training experts in all aspects of Honda quality management.

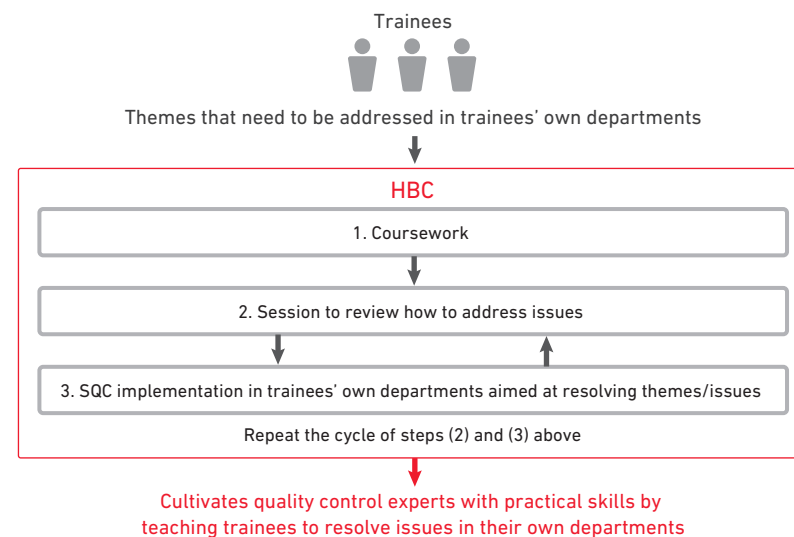
Outside Japan, the QC Junior (QC J) Course and the QC Foreman (QC F) Course are offered as basic training.

Training curricula content

Category	Course name	Course content	Period
Basic training	QC Junior (QC J) Course	Targets associates six months to one year after joining Honda to learn the basics of quality control techniques.	1 day
	QC Foreman (QC F) Course	Targets associates engaged in production and quality duties to learn the quality control techniques and approaches required for quality assurance activities.	Total of 2 days
Specialized training	Statistical Quality Control (SQC) Course	Targets associates whose principal responsibility is quality control and quality improvement activities to learn professional quality control techniques and approaches.	Total of 2 days
	Honda QC Basic Course (HBC)	Targets associates who are responsible for the core of quality control activities to learn skills that allow them to resolve difficult problems/issues with the aim of becoming quality control experts.	Total of 16 days

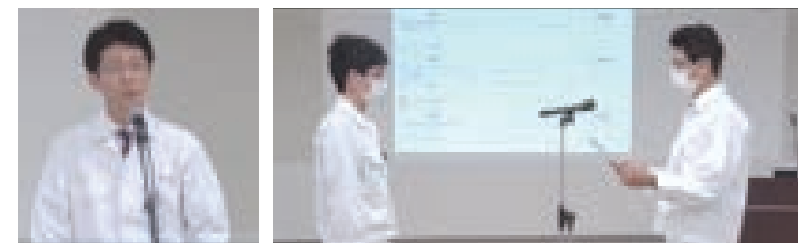
* SQC Course and HBC are held in Japan.

HBC flow



Best Quality Award

The head of the Quality Innovation Supervisory Unit presented awards for themes that generate outstanding results through quality-related measures based on policy management with the aim of elevating quality awareness. Divisions in line for recognition include development, production, production technology, purchasing, certification, quality, parts/service and IT. Awards for divisions overseas were introduced in 2012, with the head of the Quality Innovation Supervisory Unit presenting awards on-site. In 2020 and 2021, visits to overseas bases were canceled due to the COVID-19 pandemic, but Honda maintained the award program both in Japan and overseas.



Award ceremony in Japan



7 Performance Report

Environment 55

Safety 79

Quality 96

Basic Approach

Global Management

Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

Honda's Quality Cycle

Honda has created the Honda Quality Cycle that continuously enhances quality at every stage, encompassing planning, development, production, sales and after-sales service in order to realize products offering a new level of outstanding quality.

This initiative aims to apply and reflect design and development expertise at the production preparation and production (mass-production) stages. The goal is to achieve the highest quality by creating drawings designed to facilitate manufacturing and by developing manufacturing control techniques that limit process variability.

Honda Quality Cycle



quality

7 Performance Report

Environment 55

Safety 79

— Quality 96

Basic Approach

Global Management

— Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155



Quality Initiatives

Planning/Development and Production (Mass Production)

To ensure high quality, Honda conducts comprehensive quality assurance activities from the dual perspectives of planning/development and manufacturing. For example, drawings for objects that will be machine processed include finished dimensions. However, when the same worker uses the same materials, equipment and procedures to produce an item to the dimensions specified on the relevant drawings as part of a given production process, there are inevitably small variations in the item's finished dimensions.

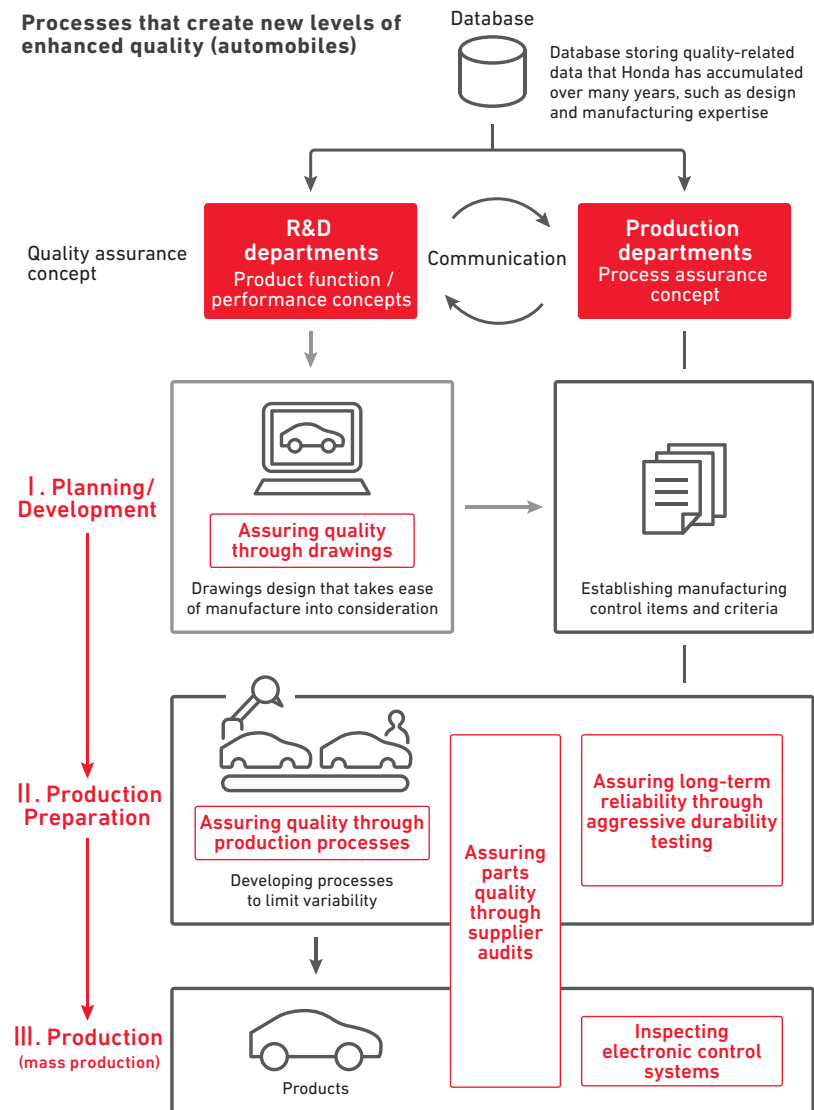
To address this fact, R&D departments consider not only function and performance but also the ease of manufacture and minimization of variations when designing drawings. For their part, production departments implement manufacturing controls to keep variability within applicable standards based on drawings and develop production processes so that all workers can continue to achieve a consistent level of quality.

Strengthening Activities to Improve Planning and Development

Honda is strengthening activities to reduce quality-related issues at each stage of planning, development, production preparation and production (mass production). This involves investigating any cause in the event of a major quality issue and introducing measures to prevent recurrence.

To prevent specification-related issues, Honda identifies the impact of previous changed and changing points. It then implements improvements through a review committee that examines changing points and works through pending issues.

Honda has also been evolving planning and development procedures. Honda is strengthening its design review to enhance the accuracy of planning in the initial stages of new technology development. The Company has also formulated evaluation conditions and standards to minimize deviation from expected values demanded by customers and society and sets aside a sufficient timeframe for verification.



7 Performance Report

Environment 55

Safety 79

— Quality 96

Basic Approach

Global Management

— Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

I. Planning/Development

Assuring Quality through Drawings

Honda's R&D departments create drawings that take ease of manufacture into consideration in order to limit process variability and prevent human error during the manufacturing process. These drawings serve as the basis of our quality assurance efforts.

Specifically, engineers utilize a database of measures and techniques previously used to prevent market quality issues and other information. They communicate closely with manufacturing departments during the initial development stage and put product function, performance and quality assurance initiatives in writing. These are shared to ensure efforts are coordinated with production departments' process assurance activities and to coordinate quality assurance initiatives.

Establishment of Development Procedures with Suppliers

For many years, Honda has been committed to development that consists of "purchasing components with guaranteed performance." This involves presenting requirements to a supplier, who then designs and tests the component before Honda procures it. Honda's R&D departments, purchasing departments and other related departments have initiated a project to reduce critical quality issues in such components, producing a manual for development based on "purchasing components with guaranteed performance." The manual is revised annually.

In the planning phase of advance development, technical challenges to component development are first organized. Accordingly, roles and responsibilities are determined depending on the development experience and technical know-how of Honda and its suppliers. A decision is then made on which areas of the development plan should focus on, such as increasing the accuracy of Honda's requirements or taking a concrete approach toward verification.

In addition, quality assurance roles and responsibilities are clarified among Honda's departments/business sites and suppliers based on logistics, distribution channel and contractual agreements at the time

of mass production. Areas requiring quality control in development, production preparation and mass production are then conveyed to the relevant departments.

Should a quality-related issue arise by monitoring quality product defects applying the aforementioned procedures, an investigation into the cause is conducted to ensure continuous improvement in development procedures.

II. Production Preparation

Assuring Quality through Production Processes

Honda's production departments establish manufacturing control items and criteria for each part, process and operation to prevent product quality issues. Engineers use these manufacturing control items and criteria to verify manufacturing variability.

Honda's activities to purchase parts encompass their materials.

Furthermore, Honda develops processes that limit variability by incorporating suggestions for enhancement from the sites where work is actually performed and determining manufacturing control methods for each process.

Assuring Parts Quality through Supplier Audits

Assuring the quality of procured parts is an important element in delivering high-quality products.

Honda visits its suppliers' manufacturing facilities to conduct quality audits based on the "Three Reality Principle," which emphasizes "going to the actual place," "knowing the actual situation" and "being realistic."

These audit activities are conducted for both the production preparation and mass production stages of supplier operations. Experts in the development and production of individual parts visit manufacturing facilities and conduct audits of suppliers' quality control systems and their implementation.

Honda then works to improve part quality through activities that emphasize communication with suppliers, for example, by sharing audit results and cooperating to identify opportunities for quality improvement.



quality

7 Performance Report

Environment 55

Safety 79

Quality 96

Basic Approach

Global Management

Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

Assuring Long-Term Reliability through Rigorous Durability Testing

Honda subjects new and redesigned models to rigorous long-distance durability testing before beginning mass production to verify that there are no quality issues.

Honda also disassembles vehicles used in the test drives into every single part and verifies that there are no quality issues through a process consisting of several thousand checks. By accumulating data on the issues discovered through these test drives and detailed inspections as well as associated countermeasures, the Company is able to ensure a high level of quality and reliability.



Verification of parts following durability testing

III. Production (Mass Production)

Using Line End Tester (LET) System to Inspect Electronic Control Systems

Equipping electronic control systems in vehicles has grown dramatically in recent years as part of an effort to achieve more environmentally friendly designs and improve driver and passenger convenience and comfort. This has created a need for efficient inspection methods to assure the quality of these components.

To this end, Honda has installed Line End Tester (LET), an inspection and diagnostic system developed in-house, at production plants in Japan and overseas.

The LET was initially deployed to perform diagnostics of emission cleaning systems and parts in order to comply with U.S. emissions regulations. Honda subsequently extended the capabilities of the device to accommodate the recent evolution of electronic control systems, allowing its use in shipping quality inspection of all electronic control systems, from switches and instruments to air conditioner, audio, engine and transmission operations. Thanks to these innovations, inspections that have traditionally depended on the human senses of smell, sight and hearing can now be performed quantitatively through communications with electronic control components, dramatically increasing the precision and efficiency with which inspections can be conducted.

Honda is continuing to quantify shipping quality assurance for electronic control systems by working to implement further enhancements in the precision and efficiency of sensory inspections.



Inspection using LET system

7 Performance Report

Environment 55

Safety 79

— Quality 96

Basic Approach

Global Management

— Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

IV. Sales and Service

Honda has established Customer First Operations to realize optimal service operations in markets worldwide. The division has set the key objective of being “No.1 in customer satisfaction in all points of contact” based on a “customer-first” policy.

“No.1 in customer satisfaction in all points of contact” refers to the creation of an environment in which customers feel satisfied with Honda in each and every situation they come into contact with the Company. In addition to fulfilling customer expectations built up through past experience and information, the division aims to be No.1 in customer satisfaction by providing exciting experiences that exceed expectations.

Customer Satisfaction Survey

Honda conducts a survey around the world on customer satisfaction related to service operations for customers who have received after-sales service from a dealer. In FY2022, the survey was conducted in 20 countries, including Japan and countries in North America, South America, Europe, Africa and the Middle East, Asia and Oceania, China. The survey method enabled minute measurements of satisfaction for each part of the service process at a dealer, with the survey findings used to provide guidelines for each dealer. While comparing these guidelines with quality-related initiatives at dealers, activities are being undertaken toward better service quality at all points of customer contact by implementing a plan-do-check-act (PDCA) cycle.

In addition, once a year Honda conducts a survey comparing with other manufacturers and brands that are the benchmarks in each country, and the results are used as a reference to maintain and improve customer satisfaction at an industry-leading level. In FY2022, Honda attained top-level customer satisfaction in 17 countries*.



* Internal survey by Honda; as of March 2022

7 Performance Report

Environment 55

Safety 79

— Quality 96

Basic Approach

Global Management

— Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

Customer Relations Center

The Customer Relations Center in Japan has a very straightforward slogan: “For the customer.” Its mission is to handle inquiries from Honda customers politely, clearly and quickly, delivering the same high quality in Honda communications as is found in Honda products. The center also responds to survey requests from the Japanese government and inquiries from consumer advocacy organizations.

The center receives feedback in the form of customer questions, suggestions, requests and complaints 365 days a year, and during FY2022 it processed 143,800 inquiries. To ensure that this valuable information is put to good use in Honda’s operations, the facility shares it in a timely manner with the Company’s R&D, manufacturing, service and sales departments in compliance with laws and regulations as well as Honda’s own policies concerning the handling of personal information.



Sharing customer feedback at a meeting of relevant parties

Honda Total Care

Honda is providing Honda Total Care in Japan as a membership service comprehensively supporting automobile lifestyles for car users and providing a sense of security.

Members can access information that is useful for car maintenance and management and make appointments for inspections via a dedicated Honda Total Care membership website and app. In addition, the Honda Total Care Emergency Support Center is accessible with the touch of a button in case of an emergency as a part of the system that enhances customer convenience.

The Honda Total Care Emergency Support Center is a one-stop contact point for the members facing problems such as a road collision or vehicle breakdown. This service thereby relieves members from the burden and confusion of making various contacts to insurance companies, car dealers and others. The Center is in service 24 hours a day, seven days a week, and it makes smooth arrangements for roadside assistance for members in need and provides support for car operating instructions, among other services.

Honda has also entered into a business alliance with the Japan Automobile Federation (JAF), a first in the automotive industry, to provide the industry’s most expansive* roadside service as an optional service. In addition, Honda rolled out the Honda Total Care Premium connected service, starting with the all-new Fit model released in February 2020. The service includes a function to make an automatic call to an operator when an airbag is deployed as well as an on-board emergency call button and trouble support button. By eliminating problems facing the driver through these features, Honda provides safer and more secure automobile lifestyles.

Honda aims to ensure the industry’s highest level of quality in customer response by strengthening the relationships with customers through these services.

* Survey by Honda; as of June 2021



7 Performance Report

Environment 55

Safety 79

— Quality 96

Basic Approach

Global Management

— Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

V. Quality Information Collection/ Analysis and Quality Improvement

Honda has established the Quality Center to bring together the various components of its organization concerned with product market quality information to enhance the functions of “preventing quality issues” and “quickly detecting and resolving quality issues when they occur” on a global scale. The facility gathers quality-related information from dealers in Japan and overseas through service departments and the Customer Relations Center. Measures and policies for preventing quality issues are then developed based on the issues identified from this data and provided as feedback to design, production and the development/ production sections for suppliers, among others.

Moreover, the Quality Center operates a structure to increase collaboration between after-sales services and quality assurance activities and strengthen this feedback flow.

When a quality issue does occur, Honda moves quickly to resolve it, for example, by working closely with development and production

departments to investigate and address the cause, assisting affected customers and taking action to prevent a recurrence.

In addition to conventional quality issues related to automobiles, issues concerning connected services to on-board devices are also handled as quality issues under this market quality enhancement system.

Prediction System

Honda has recognized the necessity of a system to provide peace of mind to customers in preparation for new environmental vehicles such as fuel cell and electric vehicles.

With the system, vehicle information is sent to Honda’s data center using telematics technology and analyzed. Potential warning signs are identified from the result prior to any trouble occurring as a precautionary measure for customers.

Honda is utilizing the system to provide further peace of mind to customers.

Market quality enhancement system (automobiles)

Overseas

Japan

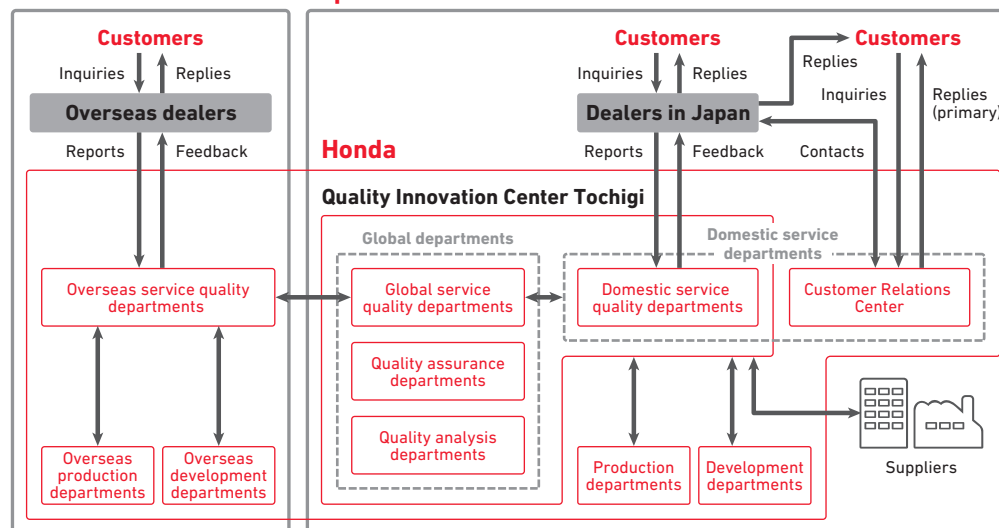
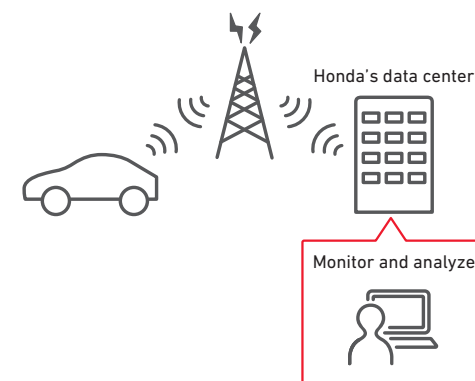


Image of the prediction system



quality

7 Performance Report

Environment 55

Safety 79

Quality 96

Basic Approach

Global Management

Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

Quality Innovation Center Tochigi

The Center brings together into a single facility all the organizational components, which span from collating product quality data and analyzing issues to considering countermeasures and providing quick and precise feedback to development and production departments.

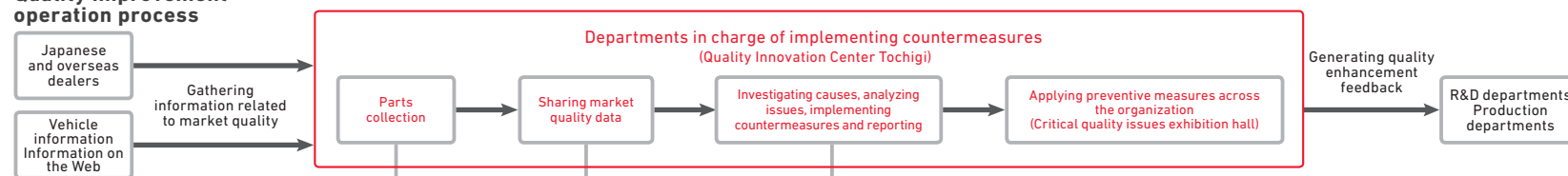
In particular, locating quality and service departments in a single facility allows for effective analysis and development of countermeasures thanks to the ability to share information quickly.

Quality Improvement Operation Process

Quality enhancement operations at Quality Innovation Center Tochigi, Japan, consist of pulling together market quality data and sharing information about collected parts and market quality issues. Personnel analyze collected parts, investigate causes and develop countermeasures and improvements in a timely manner.

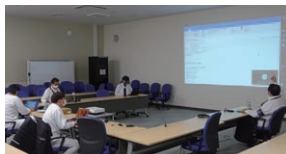
Specialized teams with extensive product knowledge are able to obtain detailed data using a range of analytical equipment. The operational process is configured to facilitate objective and appropriate decision-making based on gathered data.

Quality improvement operation process



Parts collection

Parts collected from the market are classified by category and managed to facilitate quick analysis.



Sharing market quality information

Service, R&D and analysis departments gather and share information from the market.



Analyzing materials

Issues caused by materials are analyzed using the latest scientific equipment, including composition analysis and X-ray diffraction analysis systems.



Measuring part precision

Parts' dimensional precision is verified using 3D measurement and the latest roundness measurement equipment.



Testing engine functionality and performance

The functionality and performance of assembled engines are verified on a bench.



Bench environment test

Analyses are conducted in road environments found around the world, from low temperatures to under the scorching sun, to humid conditions, traffic jams and high speeds.



Exhaust gas and mode driving verification

The compliance of exhaust gas components with emissions regulations and proper system operation during mode driving are verified.



Bench vibration test

Actual vehicle vibrations are reproduced on a testing bench together with analyzing issues.



7 Performance Report

Environment 55

Safety 79

— **Quality** 96

Basic Approach

Global Management

— **Quality Initiatives**

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

Critical Quality Issues Exhibition Hall Presents Examples of Key Quality Issues

A critical quality issues exhibition hall was established at the Quality Innovation Center Tochigi in 2009 so that the past experience with market quality issues is not forgotten and to make sure the lessons are passed on by displaying actual items and teaching about the issues.

The hall provides key examples of past market quality issues. Many people visit the hall annually for training or as part of a tour. In FY2022, training was mainly provided online to about 2,000 participants. The targets include not only Honda associates but also suppliers, overseas distributors and service division personnel.

In particular, training for engineers designing and developing products is being expanded from new recruits and newly promoted managers to also include young associates in their fifth year with the Company and associates from Honda's overseas businesses in order to strengthen activities preventing people from forgetting past issues with market quality.



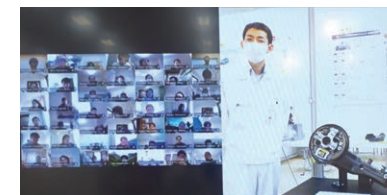
Rust on the body of a Honda Civic made in 1981



Cracked exhaust manifold of Honda Life mini-vehicle made in 1999



In-person training



Online training



7 Performance Report

Environment 55

Safety 79

— **Quality** 96

Basic Approach

Global Management

— **Quality Initiatives**

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

Analysis in Partnership with Overseas Entities

Overseas production plants play a central role in conducting the same type of quality enhancement activities as Quality Innovation Center Tochigi.

When plants encounter a particularly difficult market quality issue and request assistance, the Center investigates and analyzes the issue and reports the results back to the overseas facility.



Quality Innovation Center Tochigi, Japan

Working with automotive production plants



quality



7 Performance Report

Environment 55

Safety 79

— Quality 96

Basic Approach

Global Management

— Quality Initiatives

Third-Party Evaluation

Human Resources 112

Supply Chain 139

Social Contribution Activities .. 155

Quality Initiatives

Handling of Major Quality Issues When They Occur

When Honda determines that an issue occurs with a product that requires a recall, it quickly notifies government authorities in accordance with individual countries' regulations and contacts owners by means of direct mail or telephone from dealers to provide information about how they can receive repairs free of charge. In addition to Honda's website, recall information is provided through the news media as necessary.

A Global Quality Committee is quickly convened in accordance with G-HQS and decisions concerning recalls are made by its chairperson in consultation with overseas members, including experts from departments involved with quality issues who are capable of making objective decisions.

Annual recalls (FY2022)

Segment	Times	Total units
Automobiles	15	1,025,000
Motorcycles	14	900,170
Life Creation	1	89

* These figures are sourced from internal data, and therefore may differ from those publicly announced by authorities.

<Airbag recalls>

The repeated recalls for the airbags have caused Honda customers great inconvenience and concern.

Honda has always placed top priority on customer safety and peace of mind and responded with this in mind.

In accordance with the agreed upon revisions to the consent order between the National Highway Traffic Safety Administration (NHTSA) and Takata in May 2016, Honda has been gradually replacing all Takata ammonium-nitrate based driver and passenger front airbag inflators that do not contain desiccant.

Honda will continue to make its utmost efforts to ensure the sufficient supply of replacement inflators to customers and take other necessary measures as quickly as possible.



7

Human Resources



Material Issues

- Respecting human rights
- Expanding diversity and development of human resources
- Ensuring occupational health and safety

7

Performance Report

Environment

55

Safety

79

Quality

96

Human Resources

112

Basic Approach

Global Management

Human Resources Initiatives

Human Resources Data

Supply Chain

139

Social Contribution Activities

155

Basic Approach

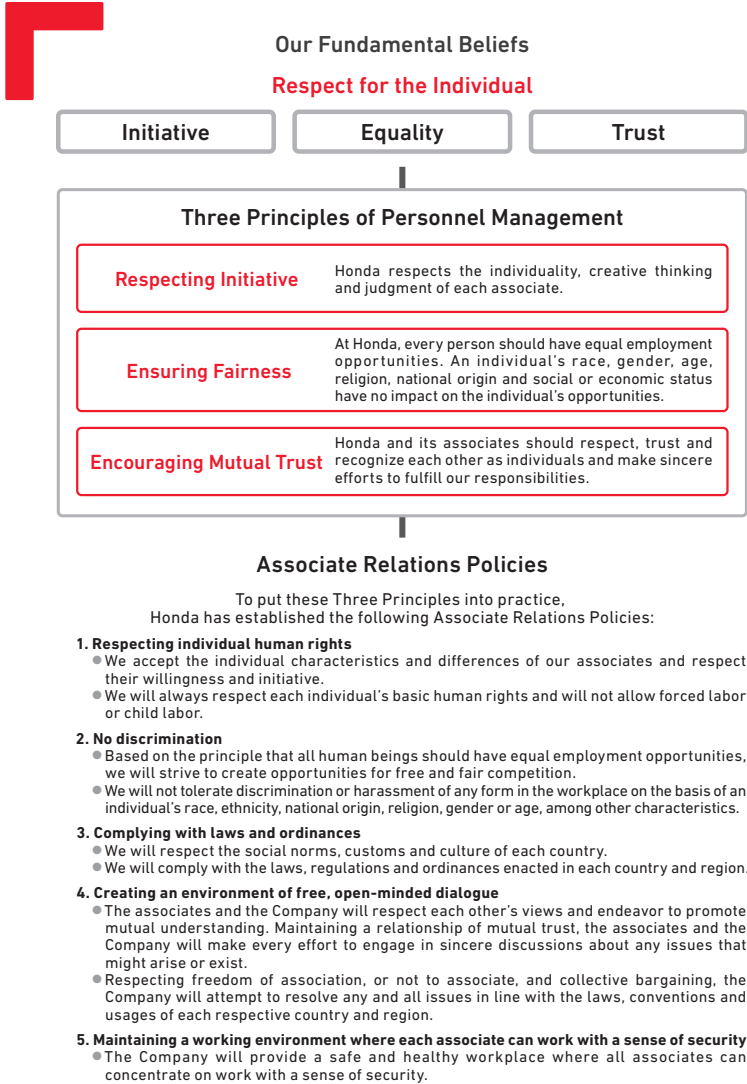
Basic Policy for Personnel Management

Honda believes that human beings are born as free and unique individuals with the capacity to think, reason and create – and the ability to dream. The Company’s wish is to nurture and promote these characteristics in Honda by respecting individual differences, trusting each other as equal partners, exercising abilities to the fullest and sharing joy.

From this standpoint, Honda adopts Respect for the Individual, consisting of the three elements of initiative, equality and trust, as one of the Company’s Fundamental Beliefs. Honda believes this spirit should permeate all its relationships, not only with those in the Honda Group but with everyone in all companies with which Honda does business.

The Company follows the Three Principles of Personnel Management, specifically Respecting Initiative, Ensuring Fairness and Encouraging Mutual Trust, when managing its human resources in areas such as recruitment, training, assignment and utilization, evaluation and treatment. Honda seeks to create an environment in which each associate’s ambitions and abilities can be developed, as well as a workplace where an individual’s potential can be actively exercised.

As Honda’s business activities expand into various parts of the world, it established Associate Relations Policies in March 2012 that are applied to Honda’s daily corporate actions, putting the Three Principles of Personnel Management into practice while taking into account “the Universal Declaration of Human Rights” as well as “the ILO Declaration on Fundamental Principles and Rights at Work.”



7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

— Global Management

Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Global Management

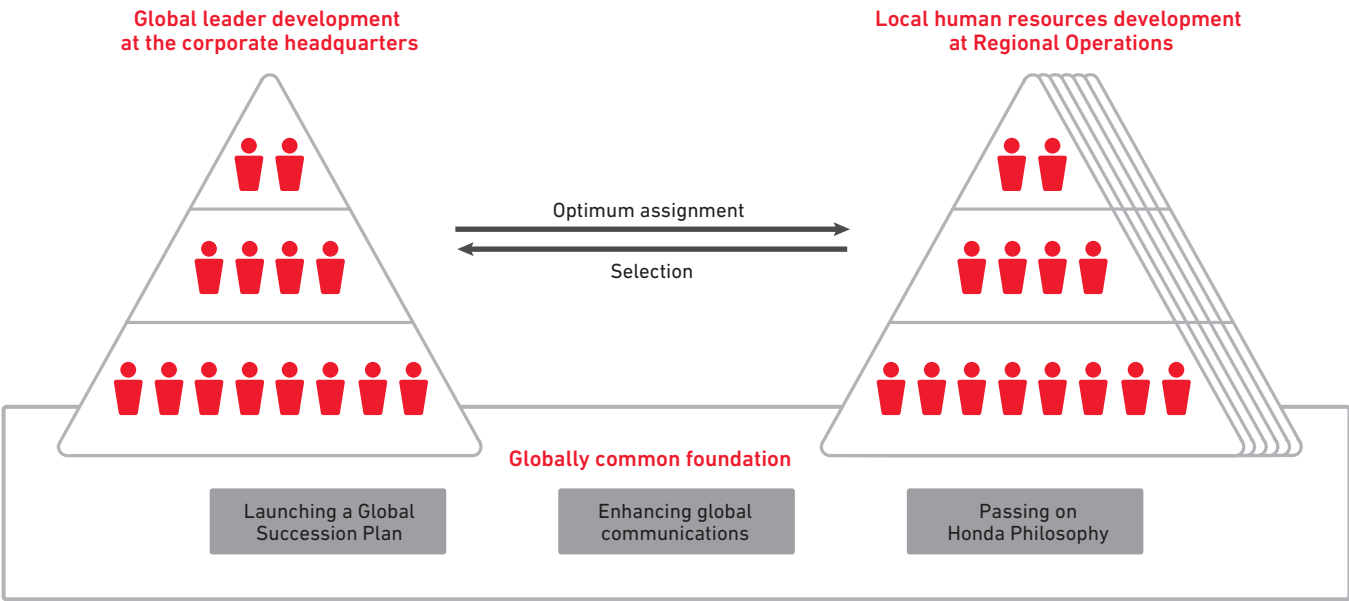
Human Resources Vision and Strategies

In accordance with its Company Principle, “maintaining a global viewpoint, Honda is dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction,” Honda has been proactively developing business with a view to entering the global markets since its foundation. In regard to its expansion overseas, Honda’s business model has evolved from exporting to local production and then to local development. In recent years, the Company’s production and development functions are being strengthened not only in developed countries but also in emerging countries, where demand for motorization is growing. Honda is striving for the autonomy of its Regional Operations in six regions around the world.

In order to achieve this goal, Honda is pushing ahead with Global Human Resources Management Approaches. This initiative facilitates developing and assigning global personnel who plan, design and develop products that reflect market demand and who deliver quality products in a stable manner.

To be more precise, Regional Operation bases used to be managed mainly by Japanese expatriates; however, this style of management is being replaced by an approach where management is run by local associates, who are most familiar with the region. By assigning associates with experience in working for local and global operations to global functions, Honda tries to diversify and localize its workforce with multinational people in order to address market changes promptly and flexibly. Honda aims for the establishment of an organization in which it can demonstrate Honda’s total strength by coordinating its operations globally.

Global human resources management approaches



7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

— Global Management

Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities •• 155

Global Management

Honda's Approaches

Honda takes the following approaches to developing and assigning human resources to enhance Honda's total strength on a global scale.

One of the approaches is to develop and reinforce local human resources. On the basis of the Honda Philosophy, Honda core values and competency, Honda aims to share values with Honda Group associates and vitalize communication. At the same time, Honda provides training programs tailored for each region based on its needs and conditions, while offering at the global level shared training programs to develop global leaders.

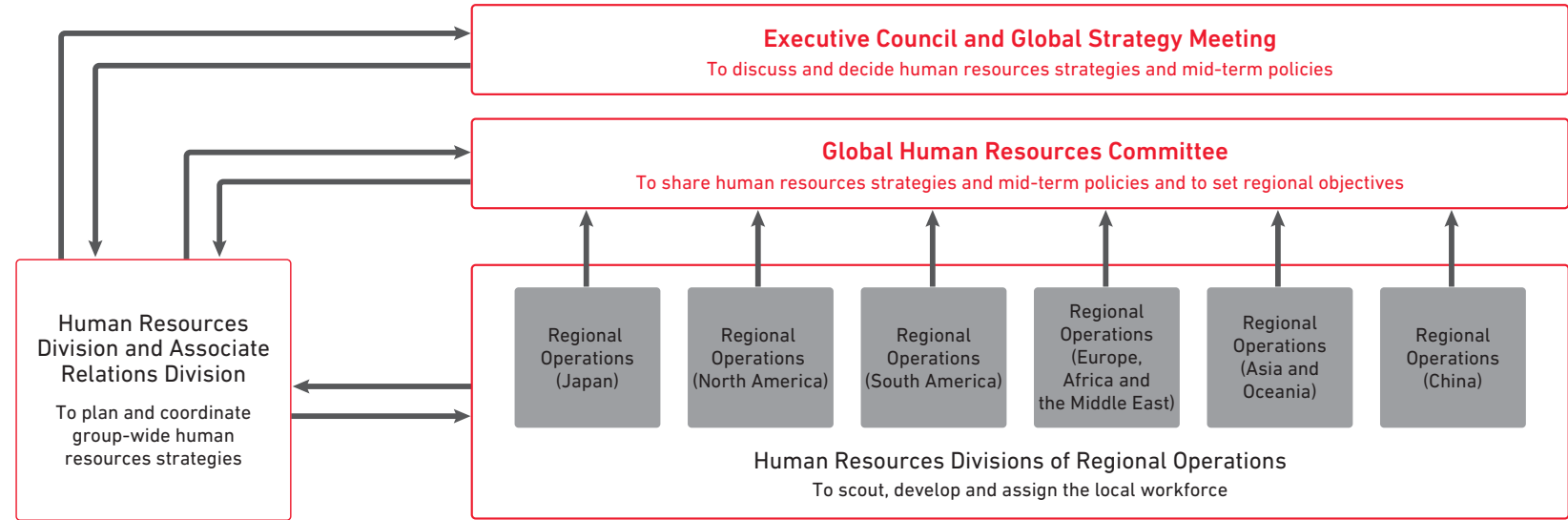
Human Resources Management Structure

At Honda, the human resources divisions of each business operation and region draw up global human resources strategies from a mid- to long-term perspective. Strategies proposed by the divisions are discussed by the management members in the Management Vision Meeting.

The directions for personnel strategies deliberated in this meeting are broken down by theme for further discussion in the Global Human Resources Committee, in which associates responsible for human resources from six regions meet. Once company-wide and regional plans and targets become concrete, activities are launched throughout the Company.



Global human resources management





7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities •• 155

Human Resources Initiatives

Human Rights

Basic Approach

Honda upholds the idea of “Respect for the Individual” in the Honda Philosophy and includes “Respect of Human Rights” in the Honda Code of Conduct to show its policy to “maintain its stance as a company committed to practicing fairness and sincerity and respecting human rights.”

Also in the Code, Honda specifically requires its associates to “respect fellow associates, interact with them in a sincere and appropriate manner, and never engage in any form of harassment or unjust, discriminatory behavior in the workplace.”

Accordingly, based on “Respect for the Individual” in the Honda Philosophy, Honda has formulated the Honda Human Rights Policy to uphold its responsibility to respect the human rights of stakeholders affected by its business activities.

We are committed to respecting human rights that are set out in the International Bill of Human Rights and the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. In addition, we support the United Nations Guiding Principles on Business and Human Rights and endeavor to practice these principles in business activities.

DATA

Honda Human Rights Policy

> p. 137

Specific Initiatives

Initiatives for Human Rights Due Diligence

In its company-wide risk assessment activities, Honda has set up a category on human rights. Once a year, each department conducts a risk assessment in accordance with the Honda Group’s common criteria.

The department priority risks are then identified based on the assessment results and appropriate responses are implemented accordingly.

With regard to all local subsidiaries, including joint ventures, Honda works to identify any risk concerns by conducting an annual assessment of Group companies to check if their operations comply with the Associate Relations Policies (⇒ p. 113). In FY2022, this assessment was conducted for 111 bases. Honda also performs monthly checks on the status of labor management of all local subsidiaries, including joint ventures, and shares the results in the Global Monthly Report. Moreover, to make an appropriate response when there is a risk concern, Honda has in place a system to share and discuss the issue through meetings with regional human resources officers. In FY2022, no incidents were identified.

Remedial and Corrective Actions

Honda is striving to create an open organizational culture that allows associates to report any violation related to human rights to their respective superiors or resolve the issue among themselves. At the same time, Honda has set up the Business Ethics Kaizen Proposal Line in Japan and other regions overseas to receive consultation in a fair and neutral manner.



7

Performance Report

Environment

55

Safety

79

Quality

96

Human Resources

112

Basic Approach

Global Management

Human Resources Initiatives

Human Resources Data

Supply Chain

139

Social Contribution Activities

155

Human Resources Initiatives

Education and Awareness-Raising Activities

Honda provides training on the Honda Philosophy all around the world. The Company also works to promote awareness and thorough implementation of the Code of Conduct by distributing leaflets, posting the relevant information on the corporate intranet and providing training. Additionally, level-specific pre-assignment training is provided to persons stationed overseas to cultivate awareness for the importance of local labor management based on the Associate Relations Policies.

In 2012, Honda formulated the Associate Relations Policies (⇒ p. 113), which show its approach toward “Respect of Human Rights.” The policies are explained in training programs before overseas assignment and are applied to Honda’s daily corporate actions.

Initiatives for Suppliers

As for suppliers, Honda published the Honda Supplier Sustainability Guidelines in 2018, which state Honda’s basic approach to human rights and labor matters, such as forced labor and child labor. Honda has asked its suppliers to put these guidelines into practice.

7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities •• 155

Human Resources Initiatives

Diversification Aimed at Leveraging Total Workforce Strength

Individual differences that are demonstrated by its workforce represent a strength of a company in flexibly responding to the ever-changing business environment. Honda pursues workforce diversification in accordance with the conditions and issues in each region (North America, South America, Asia/Oceania, Europe/Africa/Middle East, China and Japan), believing that these individualities integrate and evolve into innovation.

For Honda, diversification of the workforce means to enhance its total strength by providing equal opportunities to people regardless of their personal attributes, such as race, nationality, cultural background, age, gender, gender identity, sexual orientation, past career, educational background and having disabilities or not. Honda also encourages them to respect each other's individual differences and talents while exerting their own abilities to the fullest, based on Honda's philosophy of Respect for the Individual.

Specifically, each of Honda's six core regions is hiring and developing personnel by setting a target for increasing the proportion of women and minority groups (in terms of race and nationality, etc.) in management and job assignments in accordance with the conditions of each region. In addition, Honda has been implementing a variety of initiatives for all associates such as facilitating the understanding of the importance of diversity and continually carrying out enlightenment activities.

Reinforcement of Career-Centered Capability Development to Encourage Self-Improvement

Honda's approach to personnel education is built around on-the-job training (OJT), specifically, building specialized skills and professional capabilities through direct experience while placing considerable emphasis on the independence of each associate and his or her eagerness to take on a challenge.

Since 2021, Honda has been implementing the following specific

measures in steps to create an environment that enables associates to build their careers even more independently.

1. Revise OJT/off-the-job training (Off-JT) programs
2. Launch age-based career training
3. Introduce selectable learning programs (online and e-learning)
4. Introduce learning management system
5. Strengthen the development of skilled engineers through a system of mentorship by production experts

Through the implementation of the above measures, Honda will further strengthen efforts encouraging associates to continue taking up a challenge while fully understanding their individual responsibilities and the significance of their work, as well as urging the management to maintain their active engagement with and provide support to associates.

DATA

Annual training hours and cost
per associate

> p. 133

Developing a Global Succession Plan

Honda has been developing a Global Succession Plan to systematically develop and appoint competent and motivated personnel regardless of an individual's attributes (such as nationality and gender). More specifically, Honda has developed a Global Competency Model (GCM), which represents behavioral traits required of a global leader. The Company has introduced a GCM-based talent assessment system in the global training programs renewed in 2021 as part of its efforts to promote the development of successor candidates on a global basis. At the same time, by defining the preconditions and capabilities required of major global positions, Honda has started building a foundation for matching and more strategically nurturing successor candidates.

Going forward, in collaboration with each business operation overseas and region, Honda will further stimulate discussions at the Talent Board, which was established in 2021, for promoting the development and appointment of human resources on a global basis.



7

Performance Report

Environment

55

Safety

79

Quality

96

Human Resources

112

Basic Approach

Global Management

Human Resources Initiatives

Human Resources Data

Supply Chain

139

Social Contribution Activities

155

Human Resources Initiatives

Development of Leaders on a Global Basis and in Each Region

Along with the launch of the Global Succession Plan, Honda has updated its leader training programs in accordance with the GCM.
Since 2021, Honda has been providing the following programs globally.

- Global Leadership Program (GLP) – Transformation
- GLP – Exploration
- GLP – Discovery

From 2022, Honda will double the scale of GLP – Discovery for young associates in order to form a group of future leader candidates. At the same time, to develop human resources in each region, the Company will continue to further implement measures centered on GCM in collaboration with the human resources divisions of each business operation and region.

Passing on the Honda Philosophy

It is important for progress of management localization to share business judgment and codes of practice to globally share a set of values. At Honda, it means sharing the Honda Philosophy, Honda core values and competency with local associates.

With this awareness in mind, Honda provides a training program to pass on the Honda Philosophy as a part of training that takes place worldwide for new associates and newly appointed associates. To make the programs as practical as possible, company executives and regional management pick business examples and introduce ones that demonstrate decision-making or managerial judgment that puts into practice the concept of “what to think and do based on the Honda Philosophy.”



7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Initiatives

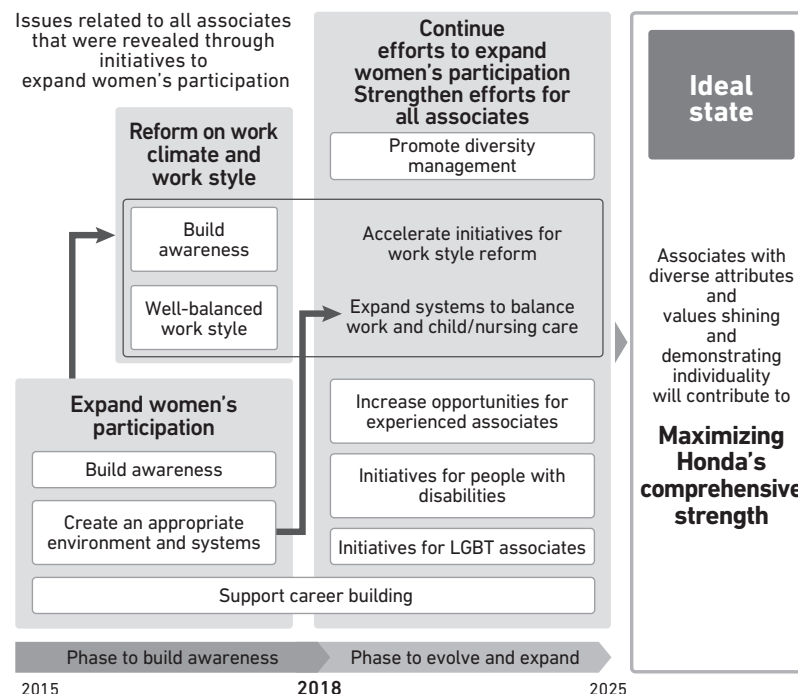
Initiatives Related to Diversity

Advancement in Workforce Diversification

Since 2015, Honda has been positioning and promoting workforce diversification as a company-wide priority task toward demonstrating the total strength of its workforce. “People” play a main role in achieving the 2030 Vision. In addition to the experience and technology that have supported Honda’s growth to date, it is now essential to spur innovation through the fusion of diverse values.

In January 2015, the Company established the Diversity Promotion Office, an organization specialized in diversifying Honda’s workforce. In Japan, Honda first embarked on the expansion of women’s participation.

Roadmap for workforce diversification at Honda



During the period from 2015 to 2017, which the Company regards as a phase to build awareness, Honda has established a foundation to realize a world where people can equally develop their careers regardless of gender.

In FY2019, the scope of efforts has extended from female associates to all associates, and Honda is moving on to the next phase of evolution and expansion. It has been promoting for all associates, including superiors responsible for managing diverse human resources, experienced associates making up the majority of its workforce, people with disabilities and the LGBT community.

WEB

Honda Diversity & Inclusion
(Japanese only)

> <https://www.honda.co.jp/diversity/index.html>

Promoting Diversity Management

Honda defines diversity management as the establishment of a framework that makes effective use of diverse members. In addition to recruiting diverse human resources, it is crucial to accept their diversity and respect individuality. Honda is proceeding with organizational management that draws out the independence of members, allows them to share objectives they can relate to and guides them to fully perform their duties. More specifically, Honda's diversity management initiatives are led by its management in a conscious effort to promote the development of human resources and creation of an organization with a focus on the respect for individuality.

Major initiatives for promoting diversity management

Initiative	Lecture on diversity management	Training for cultivating superiors' diversity skills
Aim	Foster an appropriate work climate to accept, nurture and leverage diversity	Identify their own challenges to clarify the way they want to be and learn how to achieve that goal
Target	Associates holding division manager or equivalent positions and those in management positions	Associates holding division manager or equivalent positions
Number of participants	Total of about 1,500 over the three years since 2018	Total of about 240 over the three years since 2018
Duration	2 hours	8 hours/session x 4 days



7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Initiatives

Meaning of Expanding Women's Participation

In Japan, Honda's efforts to expand women's roles since 2007 have resulted in an increase in the proportion of female associates in the workforce from 5.0% in the 2005 base year to 8.7% in 2021.

In the meantime, while Honda carries out business operations globally, the participation of women, and consequently, the proportion of women holding management positions, lags in Japan compared with other regions. In 2015, with a renewed determination to increase women in management positions, Honda has been working to achieve its target of increasing the number threefold from the 2014 level in 2020 and ninefold in 2025. As a result of its conscious efforts since then, the number of women in management positions increased 2.6 times in FY2021 compared with 2014.

Using FY2021 as the new base year, Honda has updated its target for 2025 and also set a long-term target for 2030 to triple and quadruple the number by 2025 and 2030, respectively, compared with FY2021. Toward the new target, the Company will work to reinforce human resources development at a younger age.

In addition, Honda will encourage male associates to become more involved in child care as part of its efforts to ensure better employment practices. Specifically, the target for the percentage of men taking child care leave has been updated to 100% by 2025. In this way, Honda is working to realize a world where people can develop their careers regardless of gender.

Honda also supports the initiative advocated by the Japan Federation of Economic Organizations (Keidanren) to raise the ratio of women occupying executive positions to 30% by 2030.



Honda's Action Plan

1. Period of plan

Five years from April 1, 2021 to March 31, 2026

2. Issues at Honda

- ① Low percentage of women in management
- ② Although the rate of competition for employment is equal among men and women, there are fewer female associates.
- ③ Not many male associates take part in child care.

3. Targets

- ① Triple and quadruple the number of women holding management positions by 2025 and 2030, respectively, compared with FY2021
- ② Increase the ratio of new recruits who are women to at least 20% by 2025
- ③ Achieve the percentage of men taking child care leave to 100% by 2025

4. Details of initiatives and period of implementation

- <Initiative 1> Continue to foster awareness of the need to embrace diversity
 - Continuously disseminate information from top management (January 2015~)
- <Initiative 2> Nurture female associates and accelerate their utilization
 - Enhance career development support by supervisors based on a career development plan (April 2015~)
 - Continue to conduct interviews regarding career path through career advisors (October 2015~)
 - Continue to provide seminars on work-life balance during child-rearing years (August 2017~)
 - Increase company nurseries; establish an environment to support associates undergoing fertility treatment, including special leave systems (April 2017~)
- <Initiative 3> Continue to strengthen the employment of women
 - Continue to conduct focused publicity for female science and engineering students (March 2015~)
 - Continue to participate in events promoting selection in science and engineering for high school students (March 2015~)
 - Secure and increase points of contact with and webinars for female associates (March 2016~)
- <Initiative 4> Promote engagement of male associates in child care
 - Revise Honda's systems related to child care (April 2022~)
 - Initiatives to communicate and instill the idea of men taking part in child care and increase the use of relevant systems (October 2021~)

7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Initiatives

Initiatives for Expanding Women's Participation

In order to accelerate the expansion of women's participation, Honda has been promoting initiatives under three pillars: "Build awareness and foster an appropriate work climate," "Support career building" and "Create an appropriate environment and systems." As an example of an external evaluation, Honda received the second level (★★) "L-boshi" certification*1 from the Ministry of Health, Labour and Welfare as a female-friendly company in August 2018.

In March 2019, Honda was selected for the Ministry of Economy, Trade and Industry's New Diversity Management Selection 100. The designation is designed to increase the number of companies engaging in diversity management and to award those achieving value creation by leveraging the abilities of diverse human resources.

Through efforts undertaken since 2015, Honda has successfully established a foundation for expanding women's participation.

From 2019 to 2020, Honda focused on enhancing systems to help associates balance work and child/nursing care. This effort was geared to promote the realization of diverse workstyles that enable individual associates to yield their maximum performance regardless of their circumstances.

In FY2022, Honda initiated an effort to foster a work climate that encourages male associates to become more involved in child care. In this and other ways, the Company is increasingly working toward the creation of a corporate culture where diverse human resources can feel greater motivation at work.

DATA

Ratio of women in management positions
in the Honda workplace in Japan

> p. 134

DATA

Base salary and ratio of total compensation
for males and females in Japan

> p. 134

DATA

Percentage of women in the
Honda workplace: FY2022

> p. 134

DATA

Major Initiatives for Expanding
Women's Participation
(from 2015)

> p. 135

Initiatives for LGBT Associates

With the aim of eliminating discrimination in terms of gender identity and sexual orientation and realizing workforce diversification, Honda has been working to create a corporate culture and environment that naturally accepts LGBT since 2019. In order to cultivate a culture to understand and accept diversity, Honda held a seminar for members of company management in 2019 and provided an e-learning program to associates in management positions in 2020. In 2021, Honda extended the target of the program to general associates as well as held an "ally"*2 seminar, which was solicited from the public, for associates to gain basic knowledge required as a supporter and show voluntary and proactive action.

In the area of personnel and welfare systems, Honda is treating associates' same-sex partners as spouses and has established an LGBT counseling hotline. By doing so, the Company has created appropriate systems and work environment, which eliminate discrimination and provide comfort and motivation. Additionally, Honda is promoting corporate activities to facilitate society's understanding of LGBT and is supporting LGBT-related and other events.

As a result of these efforts, Honda has received the highest Gold rating in the PRIDE Index, which was created by the voluntary organization "work with Pride" to evaluate companies' efforts to create an LGBT-friendly workplace in Japan, for two consecutive years since 2020.



*1 A certification program under the Act on Promotion of Women's Participation and Advancement in the Workplace. Among companies which have created and submitted an action plan, the Minister of Health, Labour and Welfare certifies those showing excellent progress in implementing initiatives for increasing women's participation.

*2 Associates who have basic knowledge of LGBT issues, personally regard LGBT issues and think and act as supporters on their own accord

7 Performance Report

Environment	55
Safety	79
Quality	96

— Human Resources 112

Basic Approach
Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain	139
--------------------	-----

Social Contribution Activities ..	155
-----------------------------------	-----

Human Resources Initiatives

Increasing Opportunities for Experienced Associates to Expand Their Roles

In promoting age-based diversity, Honda seeks to expand opportunities of active participation for every associate regardless of age. In order for Honda to maximize its comprehensive corporate strength toward the realization of the 2030 Vision, each associate needs to adapt to a likely change in his or her work resulting from the anticipated changes in company operations. As experienced associates aged 50 or over, who have supported its growth to date, are growing in numbers, Honda has been conducting career story training since 2018. Focusing on individuals, rather than treating them as a group, the program offers an opportunity for individual associates to think about their career development by themselves.

In terms of the creation of necessary systems, Honda introduced a flexible retirement system in April 2017 to allow associates to choose when to retire (up to the age of 65) according to their plan in order to provide a more suitable working environment for people aged 60 and over.

With the aim of responding to changes in the working environment and more diverse senses of value, Honda implemented a career change support system and a system of shorter workweek and shorter working hours in April 2021 for associates aged between 55 and 58. In step with the times, the Company thereby supports associates' new challenges for demonstrating their strengths in new fields and for following their own lifestyles.

Overview of career story training

Initiative	Career story training
Aim	Provide an opportunity to clarify individuals' ideas of work and life and integrate these ideas into their future lives
Target	General associates aged 55 to 59
Number of participants	Total of about 890 over the four years since 2018
Duration	7 hours/session x 2 days

Employment of People with Disabilities

Honda actively provides jobs to people with disabilities at its business sites in compliance with laws in each country where it does business.

In Japan, based on the idea of normalization, Honda has led society in promoting the employment of people with disabilities.

Honda seeks to enable working people to exert their unique abilities and take an active role in society through their work regardless of the presence or absence of disabilities. Accordingly, the Company has been striving to create an environment that allows associates with and without disabilities to work alongside one another in addition to making adaptations to ensure that workplaces and opportunities are fully accessible.

Honda also established three affiliates in Japan to empower and provide employment opportunities to people with disabilities: Honda Sun Co., Ltd. in 1981, Kibounosato Honda Co., Ltd. in 1982 and Honda R&D Sun Co., Ltd. in 1992 (merged with Honda Sun Co., Ltd. on April 1, 2021).

Employment of individuals with disabilities at Honda Group companies in Japan in FY2022 stands at 2.45%, or 1,147 individuals, which is above the legally mandated level of 2.3%.

DATA

Number of associates with disabilities and percentage of employment of individuals with disabilities in Japan

> p. 134



7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Initiatives

Advancement of Diversification in Employment

Honda will strive to raise the total strength of its global workforce by proactively hiring human resources with diverse backgrounds and enabling these diverse human resources to fully demonstrate their abilities.

The main initiatives undertaken in Japan are as follows.

■ Employment of women

With the goal of increasing the ratio of new recruits who are women to at least 20% by 2025, Honda is strengthening initiatives such as participating in and holding industry and company information sessions especially targeting female students majoring in math and science.

■ Mid-career employment

Amid major changes in the business environment, Honda is strengthening and expanding the employment of work-ready, mid-career workers. In FY2022, mid-career associates accounted for approximately 30% of the total number of new hires.

Moreover, mid-career associates constituted roughly 30% of new managers appointed in FY2022 and play active roles as core human resources after joining the Company.

■ Employment of people with disabilities

Honda proactively hires people with disabilities not only at affiliates but also at each business site and promotes the creation of a comfortable working environment.

■ Global hires

Honda has been recruiting foreign exchange students studying at universities and graduate schools in Japan and started a Global Employment Program to hire human resources directly from overseas labor markets.

DATA

Number of global hires

> p. 134

Helping Associates Balance the Demands of Work, Parenting, Nursing Care and Medical Treatment

In Japan's increasingly aging society with a declining birthrate, establishing an environment where people can balance work, parenting, nursing care and medical treatment is a social issue. Under such circumstances, Honda works actively to provide programs that help associates balance the demands of work, parenting, nursing care and disease or fertility treatment, and to gain an understanding of these programs by sending information by means of guidebooks and the corporate intranet.

In April 2014, Honda introduced a Selection-based Welfare Program (Cafeteria Plan) giving associates the options of support for nursing care, as well as life events such as childbirth and child care, including babysitter agent services and child-care items rental.

As a result of these initiatives, Honda has been certified as a company that supports child-rearing by the Japanese Minister of Health, Labour and Welfare. Honda has been implementing other initiatives as well to meet diverse needs of individual associates. Specifically, the Company introduced a system of transfer and a system of leave in April 2018 for associates to accompany their spouses being transferred. In April 2019, the Company also extended the scope of its existing system of short working hours, system of working at home and half-day paid leave system. Beginning from April 2020, Honda introduced a system of short-term leave for disease and fertility treatment and a system of long-term leave for fertility treatment.

Honda will continue to establish systems and an environment to accelerate initiatives related to diversity (⇒ p. 120) and enable both varied lifestyles and careers desired by individual associates.

DATA

Number of associates who utilize
child/nursing care support in Japan

> p. 134

DATA

Reinstatement rate (%) in Japan
after taking child care leave

> p. 134



7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Initiatives

External Evaluations of Honda's Initiatives
for Promoting Diversity

“L-boshi” Certification

In August 2018, Honda received the “L-boshi” certification from the Japanese Minister of Health, Labour and Welfare as a company promoting the participation of women.



“Kurumin” Certification

In July 2012, Honda received the “Kurumin” certification from the Japanese Minister of Health, Labour and Welfare as a company supporting child-rearing.



PRIDE Index 2021

In November 2021, Honda received the highest Gold rating in the PRIDE Index, an index to evaluate companies' efforts to create a workplace that is friendly to sexual minority groups, including LGBTQ.

Selected for the New Diversity Management
Selection 100

In March 2019, Honda was commended by the Minister of Economy, Trade and Industry for its diversity management which leads to value creation by leveraging the abilities of diverse human resources.



Direction of Future Initiatives

In addition to recruiting diverse human resources, Honda views the acceptance of diversity as an integral element of its philosophy on diversity. Honda believes that respect of the individual will help foster individuality and draw out each person's unique abilities, thus increasing motivation at work.

Honda will maintain its ongoing initiatives to expand the participation of women. At the same time, it will extend their scope to all associates to further advance and expand diversity in the true sense of the word. As the world enters an era of great uncertainty and an era of the 100-year life, Honda is reaching the second foundation phase and it is becoming more important that each and every associate will autonomously explore his or her own career, exercise independence and achieve personal growth. By going ahead with the establishment of a system to support associates' voluntary career development, Honda will strive to provide greater motivation at work for associates and strengthen both individual and organizational competitiveness.



human resources

7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities •• 155

Human Resources Initiatives

Building Motivating Work Environments

Realizing Work Styles That Pursue the Quality of Output and More Effective Use of Time

As expressed in the saying “Work hard and play hard,” Honda has been striving to increase the density of working hours through new ideas and ingenuity and generate more time to enjoy life. Toward this goal, proactive efforts have been made to build work environments that enhance associates’ motivation at work. These efforts date back more than 50 years to the 1970s and include the introduction of shorter work hours and implementation of an initiative jointly promoted by labor and management to encourage associates to use their allotted vacation time in full*.

From the viewpoint of work style reform, Honda is further evolving its initiatives to create a culture and environment that enables diverse human resources to demonstrate their abilities to the fullest in order to pursue the quality of output and make the most effective use of limited time. While implementing appropriate time management, Honda has been making efforts to encourage flexible work styles for increasing output within a limited amount of time and to raise awareness of both management and associates for streamlining work and promoting the delegation of authority. Honda has also been engaging in additional year-round activities geared toward improving productivity.

As a result, total annual working hours averaged 1,964 per associate in FY2022, and associates averaged 18.3 paid vacation days.

DATA

Total working hours per associate and average paid vacation days taken in Japan

> p. 136

*An initiative to prevent vacation days from being lost when the number of annual paid vacation days that can be carried over to the next year is exceeded

Counseling Hotlines for Associates

Honda supports associates by operating a variety of counseling hotlines as a way to build a healthier work environment.

Examples of counseling hotlines in Japan

Hotlines	Description
Counseling hotlines dedicated to balancing work, parenting, family life responsibilities and medical treatment	Honda operates a counseling hotline at each worksite's human resources and general affairs department to accommodate counseling requests from associates striving to balance work and family responsibilities, and to promote awareness and utilization of the Company's support programs. Each hotline is staffed by a pair of male and female counselors, who field counseling requests from associates themselves and from their supervisors.
Harassment counseling hotline	Honda operates a harassment counseling hotline for all associates in order to prevent any harassment in the workplace and to facilitate the rapid and appropriate resolution of incidents.
LGBT counseling hotline	Honda operates a hotline for LGBT associates to accommodate requests for advice on their worries and problems and inquiries about support programs. The hotline also provides advice to other parties concerned, who are unsure of how to respond to LGBT associates, and works to prevent negative consequences of unintended outing.
Life planning seminar hotline	Honda offers life planning seminars to give associates an opportunity to start thinking about their life purpose, health and economic planning so that they will be able to lead a rich and fulfilling life. Seminars are also open to associates' spouses. In-house seminar instructors and a secretariat offer one-on-one counseling for associates who have participated in the seminar.



7

Performance Report

Environment

55

Safety

79

Quality

96

Human Resources

112

Basic Approach

Global Management

Human Resources Initiatives

Human Resources Data

Supply Chain

139

Social Contribution Activities

155

Human Resources Initiatives

Evaluation and Treatment

Personnel Evaluation System

In accordance with Respecting Initiative, Ensuring Fairness and Encouraging Mutual Trust based on the Three Principles of Personnel Management, Honda has introduced to Regional Operations in the six regions human resources evaluation programs adapted to the needs and conditions of each region.

For example, in Japan, Honda places emphasis on two-way communication with supervisors in associate development and evaluation, and all associates have at least five interviews with their supervisors each year. During the first interview in April, which is the beginning of the fiscal year, associates come out with a clear vision for the future and how to realize that aspiration through their supervisor's advice. They then work out their individual role and action targets based on the organization's business goals for the fiscal year in question. At biannual interviews, associates themselves look back on their performance during the preceding six months and report to supervisors. Feedback interviews are then conducted, in which supervisors evaluate associate performance and initiatives and feed back each associate's strengths and weaknesses. Additionally, by facilitating a discussion of subjects such as future objectives and career directions, the interviews pave the way for associates' skill development and raising motivation.

DATA

Percentage of associates going through the evaluation programs

> p. 136

Compensation and Incentives

Based on the Three Principles of Personnel Management, Honda gives its associates equal opportunities to make the most of their individual potential and carefully evaluate their abilities and accomplishments at business sites regardless of personal factors. Honda's compensation and evaluation system is built in line with the above approach in consideration of the needs and conditions of each region.

Honda in Japan has adopted a compensation and evaluation system in which performance of general associates is evaluated in two stages: development of abilities and demonstration of abilities. In the former stage, Honda places emphasis more on how associates' abilities evolve, whereas associates' demonstration of abilities and achievement are focused on in the latter stage. An annual salary system is applied to compensation for associates in management positions or higher. The higher their positions are, the more their accomplishments and company performance are taken into consideration.

DATA

Percentage of performance-based remuneration in Japan

> p. 136

DATA

Starting salary in Japan

> p. 136

7 Performance Report

Environment	55
Safety	79
Quality	96

— Human Resources 112

Basic Approach
Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain	139
--------------------	-----

Social Contribution Activities ..	155
-----------------------------------	-----

Human Resources Initiatives

Establishing a Good Relationship with Associates

Creating an Environment of Free and Open Dialogue

In accordance with Encouraging Mutual Trust based on the Three Principles of Personnel Management, Honda declares in the Associate Relations Policies that associates and the Company will respect each other's views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, associates and the Company will make every effort to engage in sincere discussions about any issues that might arise or exist. In line with the policies, Honda strives to maintain a good relationship and resolve issues that arise through dialogues with its associates.

In addition, an appropriate notification period is set in advance in case of the implementation of important corporate measures that have a marked impact on associates.

Measurement of Associate Engagement

Honda measures associate engagement in all regions to obtain associate feedback for building a healthier and more comfortable work environment. The measurement is conducted based on the common criteria within each region, with the target of achieving a "very good" engagement level of associates working at Honda in each region. The measurement results are used as basic data in activities to create a work environment in which each associate shines and demonstrates individuality.

In Japan, Honda has been monitoring changes in associates' engagement level every year since 2018. The comparison results with other companies are fed back to each workplace. The purpose is to encourage each workplace to undertake initiatives to invigorate people and organizations. By doing so, Honda aims to create an environment that provides greater motivation at work for diverse human resources.

DATA

Associate engagement in
Japan

> p. 136



Occupational Safety and Health

Honda's efforts to build a safe and secure work environment have their origin in the Company Principle formulated in 1956. They are also based on the Fundamental Beliefs of "Respect for the Individual" and "The Three Joys."

Under the fundamental safety principle of "no safety, no production," which has been passed on since its founding, Honda seeks to realize a work environment that brings the joy that all people can work with a true sense of security.

Based on this principle, Group companies in all parts of the world have established basic policies for occupational health and safety based on respective regional needs and conditions. To eliminate serious industrial accidents in Japan and overseas, Group companies also promote activities aimed at preventing industrial accidents and their recurrence, as well as ensuring the health of associates.

Honda and its associates act in accordance with the Honda Code of Conduct (⇒ p. 44), which outlines the behavior to be practiced by associates around the world. In the field of safety and health, Honda strives to create a health and safety workplace, while each associate works to maintain such a workplace and to prevent and minimize accidents.

Excerpt from the Relations with Colleagues / Working Environment
(Safety and Health section), Honda Code of Conduct

Honda's policy

Honda will provide a health and safety workplace to maintain a pleasant and safe work environment.

Required conduct

As a member of Honda, I will comply with laws, regulations and company policies related to safety and health, and strive to maintain a health and safety workplace, as well as to prevent and minimize accidents.

7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Initiatives

Collaboration with Overseas Group Companies

With Honda's global mid-term occupational health and safety policy, which advocates for realizing a healthy and safe work environment, head offices in each region are taking the lead in realizing such a comfortable workplace by improving the work environment and implementing controls for safety.

For production activities, in particular, Honda aims to increase the effectiveness of safety management in each country and region. To this end, the Regional Operations take the lead in carrying out proactive activities by focusing on the implementation of an occupational health and safety management system, diffusion and execution of risk assessment and the establishment of explosion and fire prevention measures.

Honda also conducts occupational health and safety audits and reviews based on a plan to share recognition of health and safety management. At the same time, the Company strives to improve the management system as well as to develop human resources for safety control in each country and region.

DATA

Lost time injury frequency rate
(LTIFR)

> p. 136



* A standard for occupational health and safety formulated by an international consortium

Health and Safety Governance Structure

As a workplace health and safety governance structure, Honda has established a Health and Safety Committee, led by the Health and Safety Management Division, to enforce safety and health governance. Issues are shared and discussed jointly among labor and management for establishing a system to realize a safe and comfortable work environment.

Additionally, Honda conducts occupational health and safety audits to check on the operation of an Occupational Safety and Health Management System (OSHMS) and progress in implementing compliance-related matters. These audits follow an OSHMS approach and are conducted by the Company-wide Health and Safety Audit Committee chaired by the head of the supervisory unit (production activities).

Occupational Safety and Health Management System (OSHMS)

Honda has implemented an OSHMS in order to ensure continuous and voluntary health and safety management and constantly improve the level of health and safety at its workplaces.

Activities based on an OSHMS approach

In FY1998, Honda set up a Health and Safety Audit Committee that performs health and safety audits throughout the Company based on the Occupational Health and Safety Assessment Series (OHSAS)*. Starting from FY2014, these audits have been conducted by using an OSHMS approach. Following the introduction of ISO45001 standard in 2018, Honda also included matters related to health promotion in these audits.

Safety and health audits check on how an OSHMS is operated in workplaces; safety and accident recurrence prevention measures incorporated into routine safety and health activities; and a system and its operation to ensure continuous horizontal deployment of these measures among workplaces. These audits also check the implementation and management status of various requirements following revisions to relevant laws.

By performing health and safety audits to verify its health and safety activities, Honda works to improve and maintain a high level of safety and health throughout the entire Group.



7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities •• 155

Human Resources Initiatives

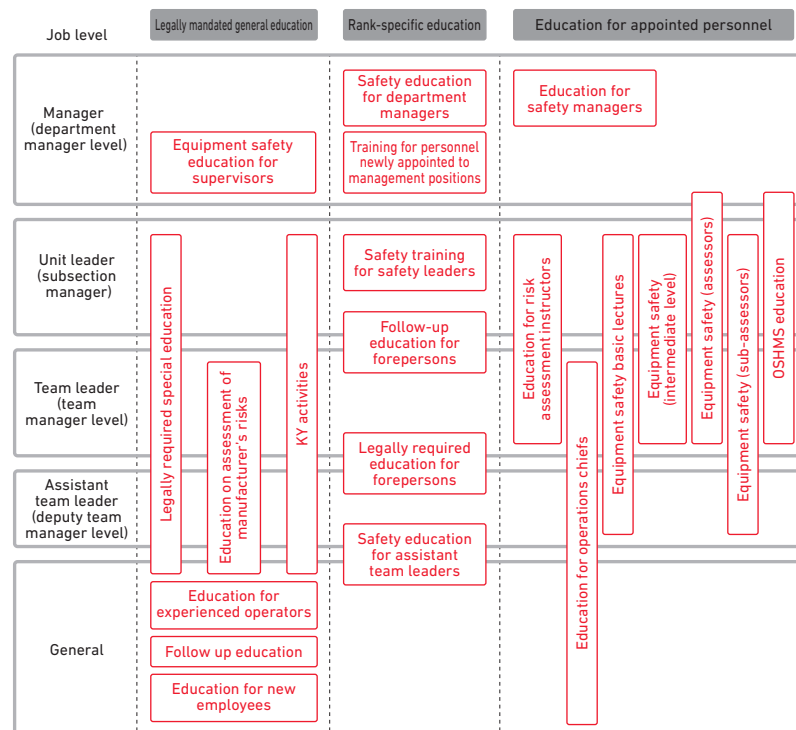
Creating working environment criteria

Honda stipulates workshop environmental criteria in its Comfortable Workplace Guidelines and Hazardous Operations Management Regulations. In accordance with the three basic items of work and health management*, the Company performs periodic inspections and improvements to appropriately maintain and manage its working environments.

Health and safety education and training

The department, responsible for supervising company-wide health and safety, plays a key role in providing training to develop health and safety experts both in Honda and in its Group companies. This includes training to

Diagram of Honda's health and safety training scheme (production activities)



*Refers to working environment management, work management and health management and constitutes the fundamental approach to work and health management.

nurture company-wide health and safety auditors and health officers.

Each business site also provides various training programs for its associates.

Initiatives for Health and Productivity Management

Honda hopes that all of its associates remain healthy in the same way we strive for safety.

Honda aims to become a company in which each associate works safely and energetically while remaining healthy both physically and mentally as they make their own efforts to maintain and promote their health for their own future in a comfortable work environment.

Toward achieving this goal, Honda has formulated a Health Statement and set three pillars and five matters, which represent its health and productivity management policies. Under the top message "Keep taking up a challenge in maintaining and improving health, as strengths of individuals lie in being healthy," Honda is promoting health and productivity management in which everyone voluntarily strives to maintain and improve health.

Three Pillars

- Promote more educational activities on how each individual can work toward becoming healthier and staying healthy; Provide more feedback on results of the periodic health checkups and physical fitness tests**
Help associates gain a more accurate understanding of their own physical and mental conditions and support them as they carry out their own duties for remaining healthy.
- Conduct activities involving the whole workplace for promoting more health awareness**
Utilize data visualization to further reinforce the duty of care of managers and supervisors.
- Promote activities for continuously improving the workplace environment**
Expand and improve the healthy dishes on the menus; provide an environment to ban all smoking on the premises by 2030 and encourage physical exercise habits.

Five Matters for Better Health Management

- Enough good quality sleep
- Nutritionally well-balanced meals
- Habit of regular physical exercise
- No smoking
- Only moderate drinking

7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

— Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Initiatives

External Evaluations

Recognized under the 2022 Certified Health & Productivity Management Organizations Recognition Program

Following the previous year, Honda was again recognized in the large enterprise category of the 2022 Certified Health & Productivity Management Organization Recognition Program. Jointly promoted by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, the program recognizes companies that consider health management of employees from a corporate management viewpoint and strategically promote related efforts.



Recognized under the Sports Yell Company 2022

Honda was recognized under the Sports Yell Company 2022 sponsored by the Japan Sports Agency as a company proactively encouraging its employees to enjoy sports for health promotion.



Major Activities under the Three Pillars

(1) Promote more educational activities on how each individual can work toward becoming healthier and staying healthy; Provide more feedback on results of the periodic health checkups and physical fitness tests
For realizing lifelong health, Honda strives to create an appropriate environment for carrying out enlightenment activities and making health promotion efforts. Such efforts include providing monthly newsletters on topics concerning the Five Matters for Better Health Management and operating a specialized website on health-related information.

As another example, Honda has distributed cards bearing information on good quality sleep and alcohol consumption in order to instill good lifestyle habits for quality sleep and moderate drinking, among others.

(2) Conduct activities involving the whole workplace for promoting more health awareness

Honda encourages more proactive health promotion efforts at the workplace by aggregating and sharing information on the status of initiatives related to the Five Matters for Better Health Management by workplace or department.

(3) Promote activities for continuously improving the workplace environment

To encourage its associates to take well-balanced meals, Honda offers daily healthy menus that give appropriate consideration to the caloric intake, salt content and vegetable intake at its company cafeterias. On the monthly "Healthy Food Day," Honda provides health-themed dishes by making full use of the characteristics of the ingredients in all menus.

To make physical exercise a habit, the Honda Health Insurance Association allots points based on daily pedometer records. Honda also encourages exercise by providing financial support to associates using fitness and sports facilities, participating in sporting events and purchasing sporting goods as part of its welfare program.

As for implementing a ban on all smoking on the premises in April 2023, Honda is creating the necessary environment and holds a seminar as specific support for smokers to help them quit smoking.





7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

Human Resources Initiatives

— Human Resources Data

Supply Chain 139

Social Contribution Activities •• 155

Human Resources Data

Consolidated number of associates

	FY2020	FY2021	FY2022
Japan	67,144	67,496	65,673
North America	52,598	49,358	50,645
South America	15,870	14,877	13,996
Europe/Africa/ Middle East	8,658	8,378	3,851
Asia & Oceania	57,320	53,913	52,698
China	17,084	17,352	17,172
Total	218,674	211,374	204,035

Number of associates by gender

	FY2020	FY2021	FY2022
Japan	48,369	47,114	44,525
Male	44,257	42,931	40,290
Female	4,112	4,183	4,235

• With the exception of the item "Consolidated number of associates," HR data for Japan is tabulated from numbers for the following companies: Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Racing Corporation, Honda Technical College and Honda Access Corporation.



Number of new permanent associates

	FY2020	FY2021	FY2022
Japan	1,485	1,302	1,155
Male	1,234	1,065	949
Female	251	237	206
North America	2,549	3,901	8,468
Male	1,731	2,688	5,696
Female	818	1,213	2,772
South America	1,428	325	737
Male	1,191	263	605
Female	237	62	132
Europe/ Africa/ Middle East	158	158	149
Male	101	127	112
Female	57	31	37
Asia & Oceania	4,160	918	1,839
Male	3,512	629	1,437
Female	648	289	402
China	2,141	2,228	1,292
Male	1,837	1,894	1,037
Female	304	334	255

Number of associates by employment contract and type

	FY2020	FY2021	FY2022
By contract			
Permanent	43,173	43,472	41,892
Non-permanent	5,151	3,599	2,574
By type			
Full-time	48,142	47,028	44,407
Part-time	182	43	59

Attrition rate (%) (including compulsory retirees)

	FY2020	FY2021	FY2022
Japan	1.7	2.3	6.5
Male	1.6	2.3	6.8
Female	2.4	2.3	4
North America	11.2	15.9	15.5
South America	4.7	5.0	13.3
Europe/Africa/ Middle East	6.6	6.9	105.9
Asia & Oceania	5.7	4.8	4.5
China	5.8	5.4	4.5

Percentage of associates from local communities taking upper management positions

Percentage of associates from local communities among members of the Regional Operating Boards

North America	66
South America	16
Europe	0
Asia & Oceania	0
China	0

Annual training hours and cost per associate

	Annual training time (hours)	Annual training cost (yen)
Japan	14.22	26,967
North America	6.9	10,127
South America	9.9	16,410
Europe/Africa/ Middle East	15.29	22,898
Asia & Oceania	13.69	25,890
China	38.33	16,559

• Amounts are approximate estimates.

7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

Human Resources Initiatives

— Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Data

Ratio of women in management positions in the Honda workplace in Japan

	FY2015 (base year)	FY2020	FY2021	FY2022
Compared with FY2015 (times)	1.00	2.10	2.60	2.97

Percentage of women in the Honda workplace: FY2022

	Ratio of women in the entire workforce	Ratio of women in management positions
Japan	8.7	1.8
North America	26.3	15.3
South America	14.2	9.7
Europe/Africa/Middle East	26.3	13.4
Asia & Oceania	13.1	17.6
China	12.1	19.3
Total	15.1	9.6

Base salary and ratio of total compensation for males and females in Japan

	Base salary (Female : Male)	Total compensation (Female : Male)
Management positions	1 : 1.03	1 : 1.06
General associates	1 : 1.19	1 : 1.27

*The same pay scale is applied to male and female associates. Gaps are due to differences in factors such as age distribution and the ratio of males and females in pay grades.

Number of persons over 60 employed by Honda in Japan

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of persons*	1,097	1,155	1,111	1,379	829

*Includes persons who turned 60 and continued employment in each fiscal year

Number of associates with disabilities and percentage of employment of individuals with disabilities in Japan

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of associates*	1,041	1,055	1,096	1,142	1,147
Percentage of employment*	2.31	2.32	2.30	2.38	2.45

*Laws governing the employment of people with disabilities stipulate that employment of one individual with a serious disability is equivalent to employing two less severely disabled individuals for purposes of calculating the number of associates with disabilities and percentage of employment. Data depicted in the table are current as of June 1 of each year.

Number of global hires

	FY2021	FY2022	FY2023
Number of people hired	4	13	21

Number of associates who utilize child/nursing care support in Japan

		FY2018	FY2019	FY2020	FY2021	FY2022
Short working hours to facilitate child care	Male	269	319	311	299	301
	Female	14	22	19	19	16
Administrative leave to facilitate child care	Male	255	297	292	280	285
	Female	454	459	506	531	674
Nursing care leave for children	Male	50	80	124	170	297
	Female	404	379	382	361	377
Work at home during child raising	Male	1,797	1,662	1,812	1,347	1,447
	Female	1,245	1,212	1,336	945	998
Childcare cost subsidy	Male	552	450	476	402	449
	Female	249	445	869	918	749
Short working hours to facilitate nursing care	Male	76	192	518	545	377
	Female	173	253	351	373	372
Administrative leave to facilitate nursing care	Male	150	180	210	157	106
	Female	5	6	15	7	11
Nursing care leave	Male	145	174	195	150	95
	Female	5	6	8	6	5
Work at home during nursing care	Male	3	2	4	1	3
	Female	2	4	4	5	2
Administrative leave to facilitate nursing care	Male	22	25	26	23	16
	Female	13	19	18	18	11
Nursing care leave	Male	9	6	8	5	5
	Female	37	40	376	512	582
Work at home during nursing care	Male	31	30	316	424	479
	Female	6	10	60	88	103
Administrative leave to facilitate nursing care	Male	29	47	115	146	123
	Female	17	27	81	106	93
Nursing care leave	Male	12	20	34	40	30
	Female					

Reinstatement rate (%) in Japan after taking child care leave

		FY2018	FY2019	FY2020	FY2021	FY2022
Reinstatement rate	Male	96.5	98.4	99.2	99.3	99.8
	Female	100.0	100.0	100.0	100.0	100.0
Reinstatement rate	Male	95.7	97.8	98.7	98.9	99.7
	Female					





7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

Human Resources Initiatives

— Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Data

Major Initiatives for Expanding Women's Participation (from 2015)

Pillars of initiatives	Objective	Target	Description			
Build awareness and foster an appropriate work climate	Cultivate awareness	Management-level associates	Members of company management	Lecture for increasing women's participation (about 30 participants)		
			General, office and plant managers	Lecture for increasing women's participation (total of 8 times; about 230 participants)		
		Female associates	Associates in management positions	Lectures and seminars (total of 39 times from 2015 to 2018; 3,600 participants)		
			All associates	Shine at Work – Seminar to Raise Awareness for Self-Reliant Human Resources (total of 31 times from 2015 to 2017; 2,300 participants)		
	Form a network	Female associates	Associates in management positions	Diversity Forum 2016 (total participation of about 30 associates)		
			Chief supervisors	Diversity Forum 2017 (total participation of about 500 associates)		
	Foster an appropriate work climate and build work style awareness	Management-level associates	Members of company management	Work climate and work style lecture (total of 19 times; about 800 participants)		
		General, office and plant managers	Management support workshop (total of 7 times; about 100 participants)			
Support career building	Nurture associates with a focus on the individual	Female associates	Applicants	Introduction of career development plans. Individual interviews with career advisors with a total of about 4,170 female associates over the seven years since 2015		
			Middle- and higher-level associates	Career theme training		
			Young associates	Career base training		
		Support associates in child-rearing years	Associates taking maternity leave and/or child care leave	• Program to support career development during child care leave (used by about 240 associates) • Seminar on work-life balance during child-rearing years (for associates and their spouses) (total of 43 times over the five years since 2017; about 1,170 participants)		
	Create an appropriate environment and systems	Create an environment to facilitate participation of diverse human resources	Associates engaging in child care or nursing care	• Enhancement of the child care leave system (since April 2006) • *Available until the end of April immediately following the child's third birthday (Legal requirement: Until the child turns one year old) • Establishment of the remote work system for associates engaged in child care/nursing care (since October 2016) (paid maternity & paternity leave) • Enhancement of the system of short working hours (since October 2016) • *Available until the fourth grade and for a family member in need of nursing care (Legal requirement: Until the child turns three years old) • Introduction of a system to provide financial support for child care (since October 2016) • Company nurseries (opened in the Tochigi district in April 2017 and in the Wako district in April 2018) • Enhancement of the system of temporary nursery services for associates working on public holidays (since April 2017) • Enhancement of children's nursing care leave (since September 2017) • *A system of paid leave available until the fourth grade (Legal requirement: Until the child starts elementary school; no specification as to whether it should be a paid or unpaid leave) • Enhancement of a system of nursing care leave (since April 2019) • Establishment of fixed-shift system for shift work associates at manufacturing workplaces (since April 2019) • Enhancement of the remote work system (since April 2020)		
Associates undergoing disease or fertility treatment				• Introduction of a system of working at home for disease or fertility treatment (since April 2020) • Introduction of a system of short-term leave for disease or fertility treatment (since April 2020) • Introduction of a system of long-term leave for fertility treatment (since April 2020)		
Associates leaving their job following a transfer of their spouses				• Operation of a system of transfer for associates to accompany their spouses being transferred (since April 2018) • Introduction of a system of leave for associates to accompany their spouses being transferred (since April 2018) • Revision of the career reinstatement registration program (since April 2018)		
Strengthen the employment of women			Increase the percentage of women	New graduates	Increasing recruitment of women majoring in science and engineering	



7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

Human Resources Initiatives

— Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Data

Total working hours per associate and average paid vacation days taken in Japan

	FY2018	FY2019	FY2020	FY2021	FY2022
Total working hours per associate	1,932	1,909	1,997	1,953	1,955
Average paid vacation days taken	18.7	19.3	18.8	17.2	19.5

Percentage of associates going through the evaluation programs

Region	Percentage of associates to be targeted for the evaluation programs
North America	99.8
South America	96.3
Europe/Africa/Middle East	100.0
Asia & Oceania	96.3
China	98.6

Percentage of performance-based remuneration in Japan

Level	Proportion of performance-based remuneration in entire compensation
Director, Operating Officer positions	50*
Management positions	37

*A certain level of stock options is included in remuneration for Director and Operating Officer positions.

Starting salary in Japan

	Monthly salary (yen)	Compared to minimum wage (%)
High school	182,900	111
Technical college and junior college	204,300	124
Undergraduate	228,000	139
Graduate school (Master's degree)	254,900	155

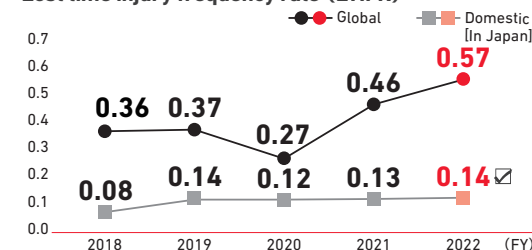
• Minimum wage is calculated using 20.3 eight hour days as one month based on the minimum wage for the Tokyo metropolitan area (1,013 yen/hour). This is a graded salary system and there is no difference in salary for males and females with the same qualification level.

Associate engagement in Japan (Total of 24 questions in six categories; average on a scale of 1 to 5)
Target: 3.50 points or more (Status of “very good” engagement levels* working at Honda)

	FY2021	FY2022
All associates	3.55	3.48
Percentage of respondents for all associates	97.0%	94.5%

*Honda assesses the status of “very good” engagement levels in six categories: an open-minded workplace; rewarding tasks; an environment that makes hard work worthwhile; being proud to work at Honda; trustworthy management; and a pleasant work environment.

Lost time injury frequency rate (LTIFR)



• Global (Lost time injury frequency rate (LTIFR)): The number of lost time injuries per one million work hours at Honda's 5 production bases in Japan and 64 overseas production bases

• In Japan (Lost time injury frequency rate (LTIFR)): The number of lost time injuries per one million work hours at companies to which Honda's labor agreement applies

*Scope of target for lost time injury frequency rate in Japan:

Honda's labor agreement applies

- Honda Motor Co., Ltd.
- Honda R&D Co., Ltd.
- Honda Racing Corporation
- Honda Technical College
- Honda Access Corporation

Data indicated with received the independent practitioner's assurance.



7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

Basic Approach

Global Management

Human Resources Initiatives

Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155



Human Resources Data

Honda Human Rights Policy

Since our founding in 1948, Honda has continuously worked to provide value to help people and create a better society through our technologies, ideas and designs. The starting point of such efforts is our desire to “help people and society” and “expand the potential of people’s lives.” The underlying basis of these efforts is the concept of “Respect for the Individual,” which constitutes Honda’s Fundamental Beliefs.

Honda believes that human beings are born as free and unique individuals with the capacity to think, reason and create — and the ability to dream. Our wish is to nurture and promote these characteristics in Honda by respecting individual differences, trusting each other as equal partners, exercising abilities to the fullest and sharing joy. From this standpoint, we adopt Respect for the Individual, consisting of the three elements of initiative, equality and trust, as one of our Fundamental Beliefs. We believe this spirit should permeate all our relationships with everyone.

Based on the concept of Respect for the Individual, Honda has formulated the Honda Human Rights Policy (“the Policy”) to fulfill our responsibility to respect the human rights of stakeholders who may be affected by our business activities.

By putting the Policy into practice, we will cooperate with our stakeholders to undertake business activities in a sustainable manner in order to continue to be a company society wants to exist.

1. Commitment to the “respect for human rights”

Honda recognizes that our business activities may impact the human rights of internal and external stakeholders.

We are committed to respecting human rights that are set out in the International Bill of Human Rights and the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. In addition, we support the United Nations Guiding Principles on Business and Human Rights and endeavor to practice these principles in business activities.

We also comply with applicable laws and regulations of each of the countries and regions in which our business activities are conducted. If requirements of the local laws and regulations are in conflict with internationally recognized human rights, we will seek ways to honor the internationally recognized human rights to the greatest extent possible.

2. Scope of responsibility

The Policy applies to all executives and associates of the Honda Group (Honda Motor Co., Ltd. and its subsidiaries). In addition, we expect all of our business

partners to understand the Policy.

3. Governance

Honda positions respect for human rights as one of our key management issues, and we will also establish an adequate internal structure to reflect the Policy in necessary business policies and procedures while clearly specifying the Director responsible for the formulation and execution of the Policy.

4. Human rights due diligence

Honda will establish and continuously implement a system of human rights due diligence, which will identify adverse impacts on human rights and prevent or mitigate such impacts.

5. Remedy

When it becomes clear that Honda has caused or contributed to an adverse impact on human rights, we will work to remediate such an impact. In addition, we will work to establish a practical grievance mechanism to enable appropriate remedies.

6. Engagement with stakeholders

In enhancing and improving its efforts to respect human rights, Honda will leverage external knowledge and engage with relevant stakeholders.

7. Education

Honda will undertake appropriate education and awareness-raising activities to facilitate an understanding of the Policy and put it into practice.

8. Information disclosure

Honda will make disclosure of its efforts to respect human rights through our corporate website and other means on a regular basis.

* The Policy has been approved by the Executive Council and Board of Directors of Honda Motor Co., Ltd.

June 1, 2022

Honda Motor Co., Ltd.

Director, President and Representative Executive Officer, Chief Executive Officer

7 Performance Report

Environment 55

Safety 79

Quality 96

— Human Resources 112

Basic Approach

Global Management

Human Resources Initiatives

— Human Resources Data

Supply Chain 139

Social Contribution Activities .. 155

Human Resources Data

[Human Rights Policy Appendix: Human Rights Issues Addressed by Honda]

Honda proactively addresses human rights issues, including those listed below, in order to respect the human rights of all people with whom we engage through our business activities.

The human rights issues included in this appendix will be reviewed periodically based on changes in societal demand, including legal requirements, and in our businesses.

(1) Prohibiting forced labor and child labor

We respect each individual's fundamental human rights and do not allow forced labor or child labor of any form, including human trafficking.

(2) No discrimination and harassment, respect for diversity & inclusion

Based on the principle that all human beings are equal, we respect diversity & inclusion and prohibit any discrimination and do not tolerate harassment of any form on the basis of an individual's race, ethnicity, national origin, religion, gender, gender identity, sexual orientation, age or disabilities, among other characteristics.

(3) Creating an environment of free, open-minded dialogue

- The associates and the company respect each other's views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, the associates and the company make every effort to engage in sincere discussions about any issues that might arise or exist.
- Respecting freedom of association, or not to associate, and collective bargaining, the company attempts to resolve issues in line with the laws, conventions and customs of each respective country and region.

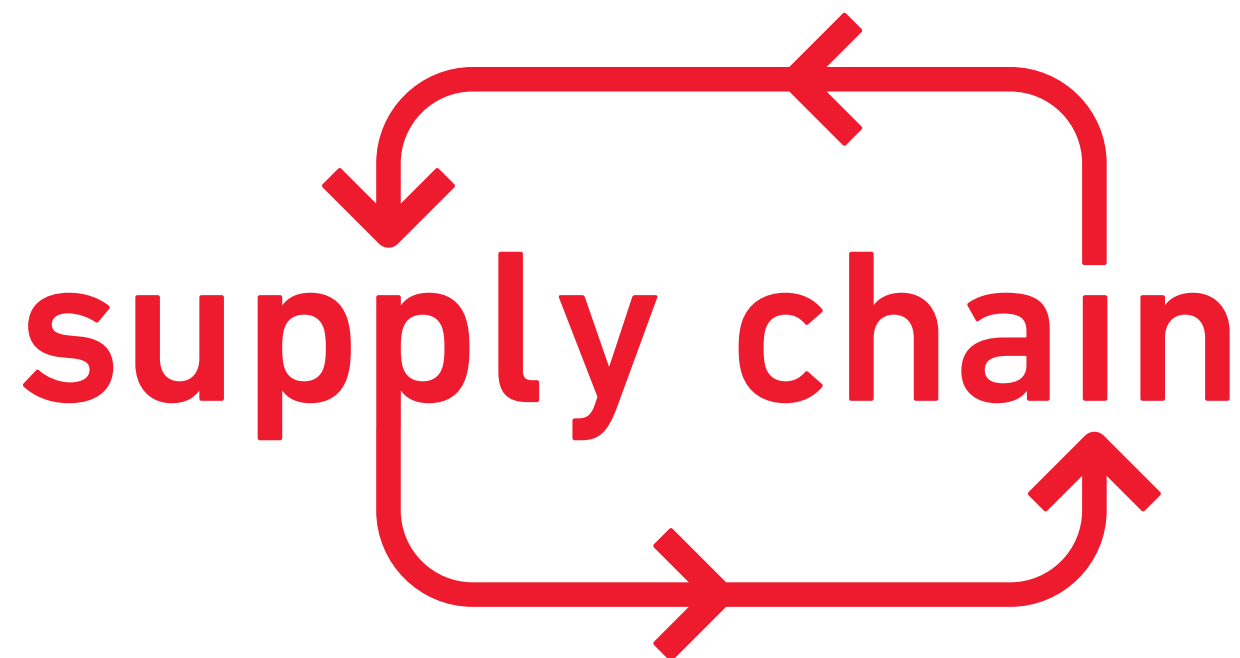
(4) Maintaining a working environment where each associate can work with a sense of security

The company provides a safe and healthy workplace where all associates can concentrate on work with a sense of security.



7

Supply Chain



Material Issues

- Responding to climate change and energy issues
- Deploying total supply chain sustainability initiatives

7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

Purchasing Initiatives

Social Contribution Activities .. 155

Basic Approach

Strengthening Supply Chain Sustainability

In order to provide customers with a timely, stable supply of better products and services, it is necessary to put significant effort into developing and optimizing supply chains with suppliers around the world while also taking into account environmental and human rights issues.

Companies within the automobile industry, which is a broad-based industry supported by many suppliers, must pursue the reduction of not only their own environmental impacts but also those of suppliers throughout their entire supply chain.

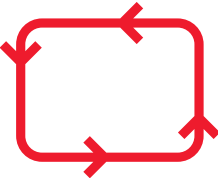
In addition, as awareness of compliance and human rights issues grows worldwide, companies are being asked to verify working conditions and legal compliance not only for themselves but also for their suppliers, as well as to make efforts to take corrective action if required.

From FY2018, Honda is taking part in CDP's supply chain program (an international initiative by institutional investors requesting companies for disclosure of information on climate change policies) and requesting disclosure of risks and opportunities related to greenhouse gas (GHG) emissions and the environment from suppliers in addition to information on matters relating to Honda's operational domains.

In this way, Honda will actively promote sustainable initiatives at its development and manufacturing facilities in cooperation with all its suppliers around the world. By doing so, Honda is seeking to realize a supply chain where Honda co-exists and co-prospers with local communities as a company society wants to exist.

Honda is striving to strengthen supply chain sustainability mainly in the areas of purchasing and logistics.

Overview of supply chain



7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

— Supply Chain 139

Basic Approach

Basic Approach to Logistics

— Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

Purchasing Initiatives

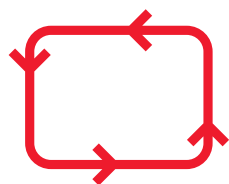
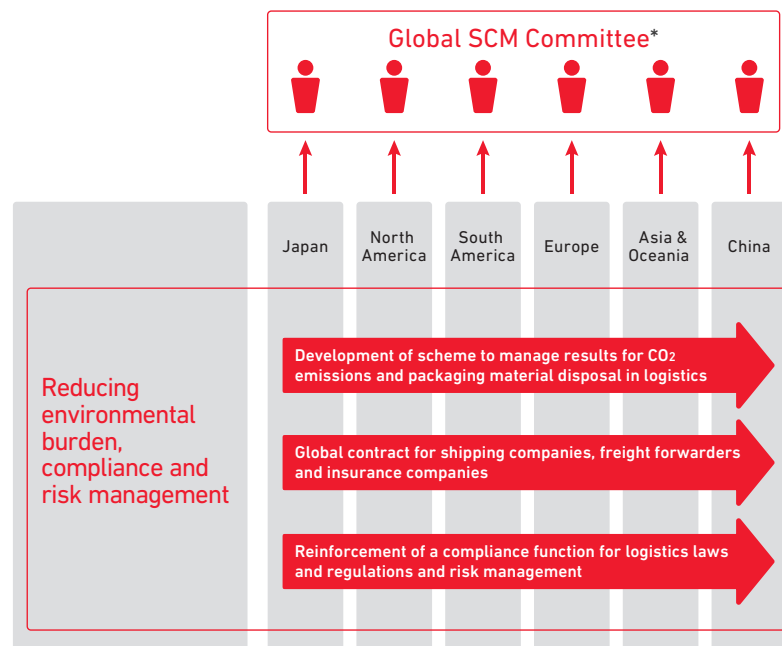
Social Contribution Activities .. 155

Global Management of Logistics

Integrated Management Framework Transcending Divisions and Regions

Honda is promoting the reduction of environmental burden derived from logistics as well as compliance and risk management through a global organization. This body has teamed up with logistics-related divisions and the six regional headquarters worldwide to formulate policies and carry out strategies for tackling the various logistics-related pending issues and challenges. The aim is to manage the challenges, including environmental response for CO₂ reduction, management of transportation companies, response to laws and regulations, insurance policy and risk management, in an integrated fashion.

Logistics global management framework



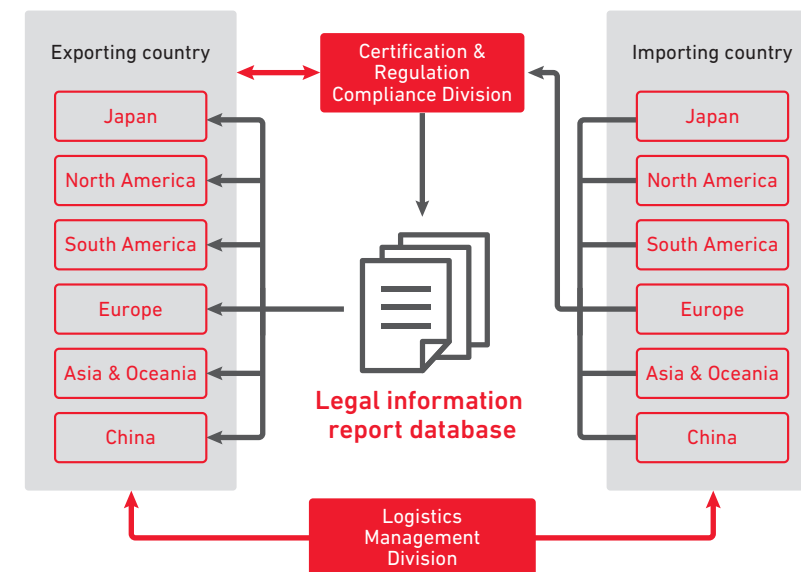
* A committee to debate Supply Chain Management (SCM) issues at the global headquarters and in respective regions in order to achieve medium-term goals

Integrated Management of Legal Information Concerning Logistics

In order to supply products and parts across countries and regions, it is necessary to identify and analyze a variety of factors that include differing transport infrastructure, laws and risk of natural disasters. Laws and regulations, in particular, have the potential to significantly impact safety and speed in transportation.

Honda aims to consistently secure precise information and enable efficient, accurate and early global response. To do so, the Company strives to strengthen compliance with laws and regulations by creating a function for the integrated management of international treaties and legal information concerning logistics operations and by ensuring swift response.

Integrated management framework for legal information



7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

Purchasing Initiatives

Social Contribution Activities .. 155

Logistics Initiatives

Low Carbon Transportation (Clean Logistics)

Focusing on long-haul transport, Honda is working to expand the modal shift to switch the mode of transportation from trucks to rail and ships.

In India, automobiles are transported by inland vessels to avoid congested roads.

In Vietnam as well, Honda is switching from trucks to ship and rail transport for carrying products and parts to long-distance areas.

PDF

Honda Sustainability Report 2018
p. 100

> https://global.honda/sustainability/cq_img/report/pdf/2018/Honda-SR-2018-en-all-02.pdf#page=101

PDF

Honda Sustainability Report 2019 p. 123

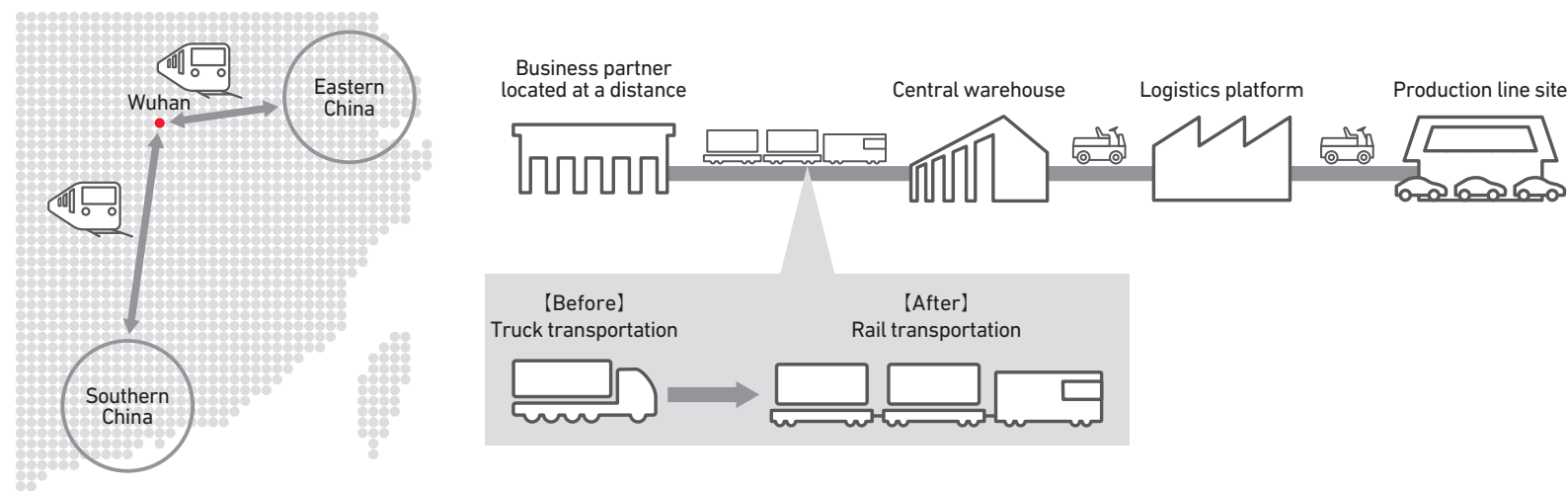
> https://global.honda/sustainability/cq_img/report/pdf/2019/Honda-SR-2019-en-all.pdf#page=124

TOPICS

Shifting from Trucks to Rail Transport at Dongfeng Honda Automobile

From 2016 to 2021, Honda promoted logistics improvements by shifting from trucks to rail transportation.

By 2021, Dongfeng Honda Automobile Co., Ltd. in China transports 97% of manufactured parts by rail in southern and eastern China. As a result, CO₂ emissions per product have been reduced 85% from 50.68 kg to 7.60 kg.



**7 Performance Report**

Environment 55

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

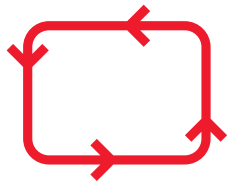
Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

Purchasing Initiatives

Social Contribution Activities .. 155

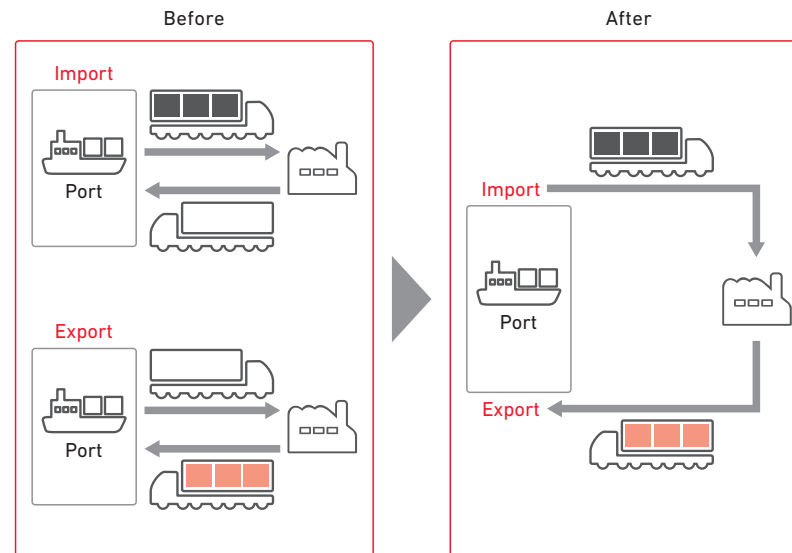
**Logistics Initiatives****Highly Efficient Transportation (Smart Logistics)**

Honda is promoting highly efficient transportation to improve quality, cost and delivery (QCD) related to logistics, which also leads to CO₂ reduction.

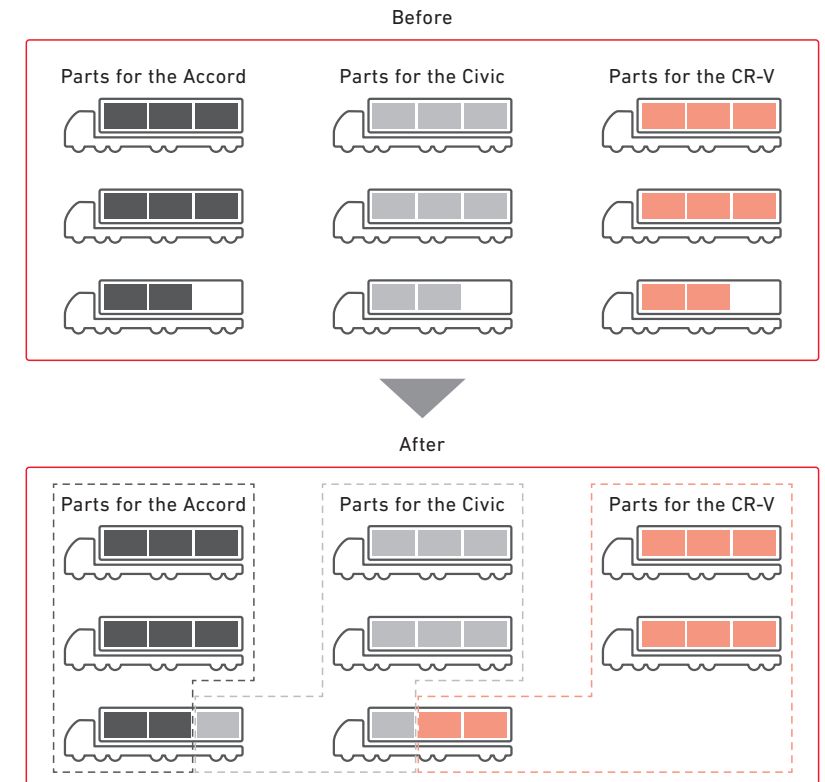
Container Round Use

Since containers are rented from shipping companies, it is a common business practice to return them promptly after cargo transportation.

However, since Honda has both export and import cargo, it negotiated with respective shipping companies about reducing transportation of empty containers upon return. As a result, the Company was able to reduce cost by 40% to 60%, as well as CO₂ emissions in Japan.

**Mix Vanning**

Honda is also working to reduce the number of containers used for exports of parts shipments in Thailand and Indonesia. This is achieved by seeking the optimal combination of parts regardless automobile models, as opposed to separately transporting parts for each model, to improve the loading efficiency of containers to the extent possible.



7

Performance Report

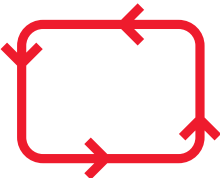
Environment	55
Safety	79
Quality	96
Human Resources	112
— Supply Chain	139
Basic Approach	
Basic Approach to Logistics	
Global Management of Logistics	
Logistics Initiatives	
— Basic Approach to Purchasing	
Global Management of Purchasing	
Purchasing Initiatives	
Social Contribution Activities ..	155

Basic Approach to Purchasing

Purchasing Belief, Three Purchasing Principles and Guiding the Code of Conduct for Purchasing Associates

Honda's goal is to achieve a sustainable society across the supply chain. The Company implements initiatives with consideration for the environment, safety, human rights, compliance and social responsibility, among others, in partnership with its suppliers worldwide. Based on the Honda Philosophy, the Company established the Purchasing Belief and Three Purchasing Principles and engages in business that is fair and equitable with transparency.

Honda has also defined points that should be followed by each and every associate engaging in purchasing activities as the Guiding the Code of Conduct for Purchasing Associates. By following these Rules, the Company ensures trust both internally and externally and builds sound relationships with suppliers.

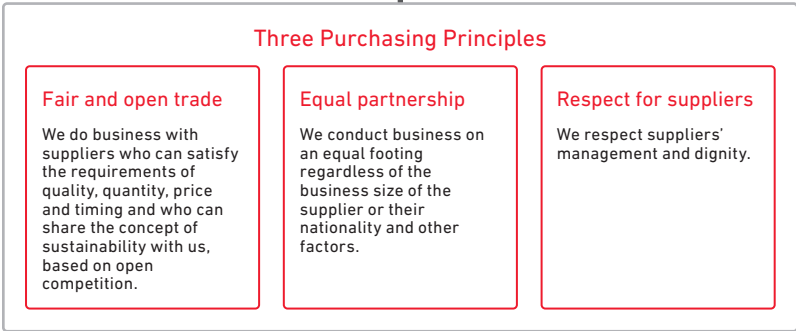


Purchasing Belief and Three Purchasing Principles

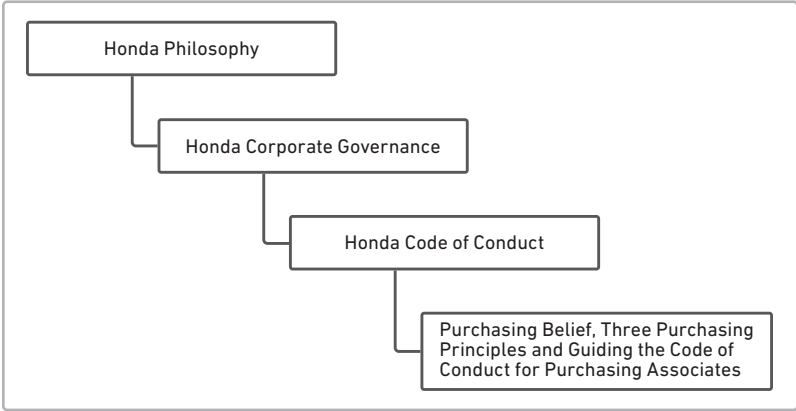
We do fair and equitable business with transparency based on the "Purchasing Belief" and the "Three Purchasing Principles."

Purchasing Belief

We sustain the procurement of good products at reasonable prices and in a timely manner.



Positioning of Purchasing Belief, Three Purchasing Principles and Guiding the Code of Conduct for Purchasing Associates



7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

— Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

— Basic Approach to Purchasing

Global Management of Purchasing

Purchasing Initiatives

Social Contribution Activities .. 155

Basic Approach to Purchasing

Establishment of Guidelines

The Company published the Honda Supplier Sustainability Guidelines and Honda Green Purchasing Guidelines to share its approach to sustainability with suppliers worldwide and to promote Honda initiatives. (Please refer to the links on the right.)

Through the Guidelines, Honda seeks to prevent compliance violations and other issues in advance along with reducing its environmental impact.

If a supplier fails to follow the Guidelines, Honda immediately receives a report from the supplier and works to prevent a recurrence by requesting them to analyze the cause and draw up the corrective action plan.

If the corrective action plan received from the supplier is determined to be inappropriate, Honda considers its future business relations with them, taking into account the social impact of the problem.

In addition, the Company is working to instill and promote the Guidelines throughout the entire supply chain by performing checks on the status of suppliers' related initiatives and utilizing sustainability-

related check sheets for sub-tier suppliers.

When selecting suppliers for components and raw materials based on these sustainability policies, Honda confirms their initiatives on Quality, Cost, Delivery, Development and Environment (QCDD), human rights, labor, safety, compliance, risk, protection of information and other aspects to determine the best and most sustainable supplier.

Establishing a Hotline to Receive Suggestions and Consultation Requests from Suppliers

Honda has established the Business Ethics Kaizen Proposal Line (⇒ p. 45) to accept suggestions and requests for consultation from all suppliers from a fair and neutral standpoint.

PDF

Honda Supplier Sustainability Guidelines

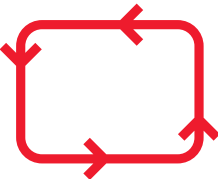
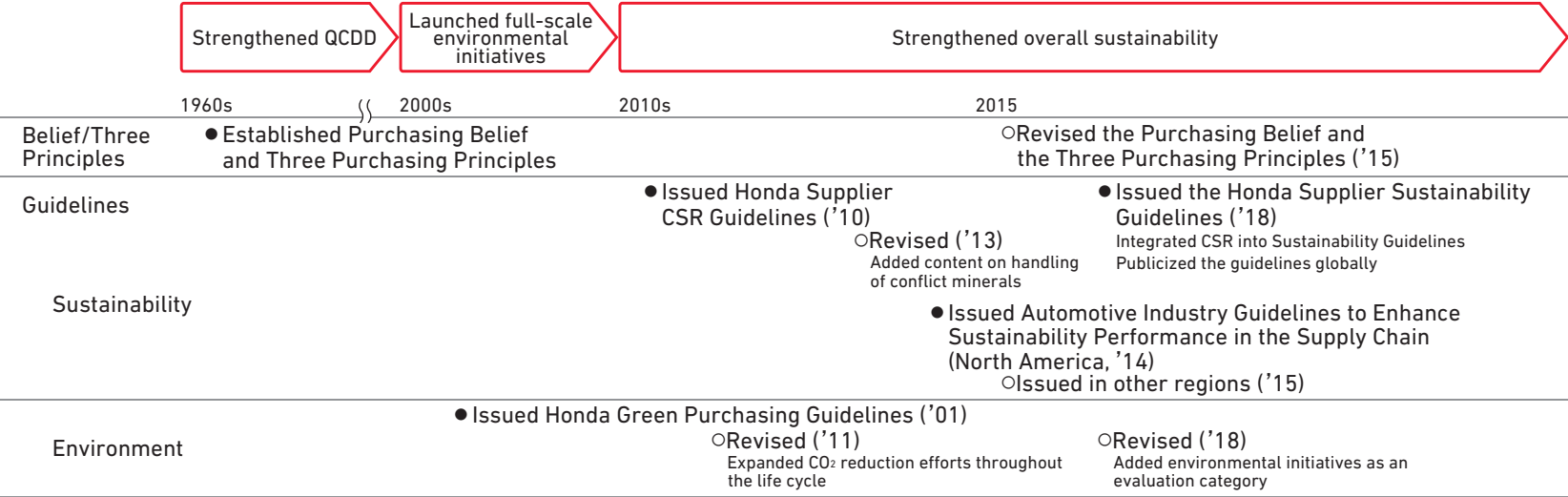
> https://global.honda/sustainability/cq_img/report/pdf/supply-chain/supplier-sustainability-guidelines.pdf

PDF

"Honda Green Purchasing Guidelines"

> https://global.honda/sustainability/cq_img/report/pdf/supply-chain/green-purchasing-guidelines-2018-en.pdf

Changes in purchasing practices



7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

Purchasing Initiatives

Social Contribution Activities .. 155

Global Management of Purchasing

Promotion Structure

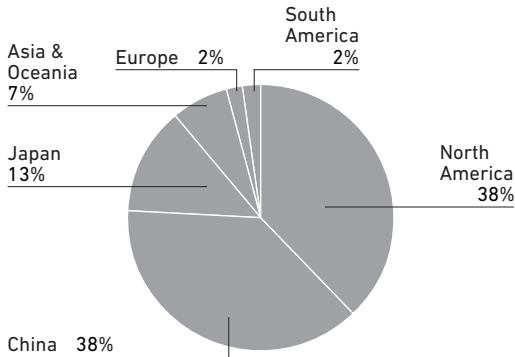
Honda conducts business in six regions worldwide and has respectively established purchasing functions. In line with Honda’s corporate philosophy of “building products close to the customer,” each region is encouraged to source locally. The rate of local procurement in the United States, Honda’s primary production base, reaches 80% for major global models.

A department in Japan supervises the overall, global purchasing function and provides coordination across regions and businesses and formulates sustainability policies and goals. In 2016, the Company established a department dedicated to reinforcing and accelerating sustainability initiatives.

In addition, to discuss and examine the direction Honda should take globally over the medium to long term, Honda holds periodic meetings with the management team of respective companies operating in each region and facilitates collaboration with them.

The Environmental Purchasing Meeting had been held since 2011 in order to strengthen initiatives aimed at a low-carbon society across the entire global supply chain. This meeting was composed of working level staff from each region. It discussed and coordinated policies and methods of reducing CO2 together with suppliers in each region worldwide. In FY2017, Honda added human rights and compliance initiatives and transformed the meeting into the Sustainability Purchasing Meeting.

Regional distribution of purchasing volume (FY2022)





7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

— Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

— Purchasing Initiatives

Social Contribution Activities .. 155

Purchasing Initiatives

Reducing Environmental Impact Together with Suppliers

In the Honda Global Environmental Purchasing Vision, the Company has adopted the concept of coexisting in shared prosperity with local communities by reducing environmental impact together with Honda's suppliers worldwide in its component procurement operations.

Based on this vision, the Company formulated the Honda Green Purchasing Guidelines, which forms the policy, and the Environmental Purchasing Grand Design, which shows the steps toward the Company's priority of attaining a low-carbon society.

When launching new transactions, Honda shares the guidelines and the grand design with all suppliers in each region, and with their consent, jointly works to realize a low-carbon supply chain.

Initiatives to Achieve Carbon Neutrality

Honda strives to realize carbon neutrality (net zero CO₂ emissions) for all products and corporate activities Honda is involved in by 2050.

In October 2021, we requested our suppliers in Japan to consider measures to reduce total CO₂ emissions. Through close communication with each supplier, Honda aims to work together to realize carbon neutral status.

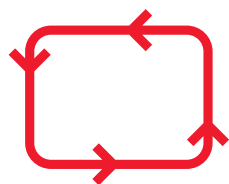
Management of CO₂ Data

In order to increase the effectiveness of reductions in environmental impacts in the supply chain, Honda established a system for the integrated management of data on reduction in CO₂ emissions at suppliers in FY2012 and commenced full-scale operation in FY2015. Since FY2018, Honda has been taking part in CDP's supply chain program (an international initiative by institutional investors requesting companies for disclosure of information on climate change policies).

Honda is using these tools to share reduction targets (reduce CO₂ emissions intensity by 1% per year) and progress status and to implement the PDCA cycle with suppliers worldwide.

As of 2021, approximately 1,700 companies, equating to more than 80% of purchasing value on a global level, are using these tools.

Going forward, the Company will comprehensively analyze data to assist in activities to reduce CO₂ at suppliers, including their efforts to achieve total emissions control targets.



supply chain

7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

Purchasing Initiatives

Social Contribution Activities .. 155

Purchasing Initiatives

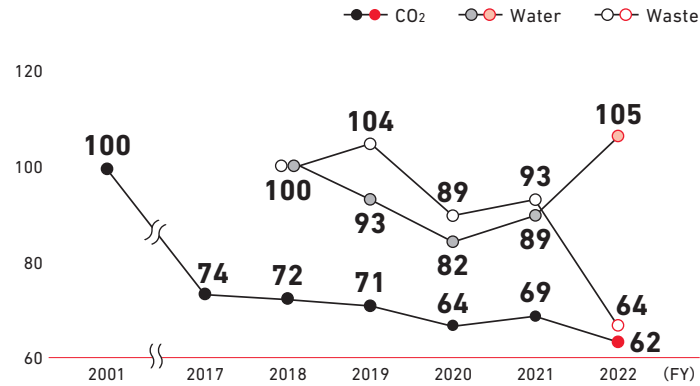
Initiatives to Reduce Environmental Impact in the Supply Chain

Honda promotes initiatives together with suppliers to reduce environmental impact, that is, reduction of CO2 emissions and efficient use of resources in each region.

In Japan, Honda sets specific numerical CO2, water and waste targets for its Honda Group suppliers and promotes reduction initiatives in partnership with each.

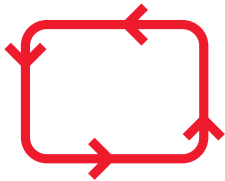
With regard to water and waste, having started undertaking measures for target management in FY2019, Honda set specific targets for FY2022 (below FY2020 results per unit of production) to collect accurate data. As part of this initiative, Honda has provided tools to these suppliers to analyze their respective progress and past performance and has been checking their activities to reduce environmental impact as well as their stance in this area. By communicating and sharing information with Honda Group suppliers via the Internet, Honda actively collaborates with them to promote efforts to achieve the set targets.

Performance of reducing environmental impact index of CO2 emissions/water use/waste generation per millions of yen



• CO2: FY2001, Water/Waste: FY2018
• Scope of data: all consolidated tier 1 suppliers in Japan

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
CO2 (t/millions of yen)	1.11	1.08	1.07	0.95	1.03	0.93
Water (m³/millions of yen)	9.48	9.99	9.29	8.19	8.91	10.51
Waste (t/millions of yen)	0.54	0.59	0.62	0.53	0.55	0.38



7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

— Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

— Purchasing Initiatives

Social Contribution Activities .. 155

Purchasing Initiatives

Chemical Substance Management

The Company issued the Honda Chemical Substance Management Standard, which aims to ensure that all the components that make up Honda products comply with laws and regulations and to reduce their impact on the global environment and ecosystem. Honda requests suppliers around the world to establish a structure for managing chemical substances that meets the standard and to guarantee that the components they supply satisfy the standard. The Company also uses an industry standard management system for specific data on chemicals contained in components, which are evaluated prior to commencing mass production.

Measures to Counter Procurement Risk

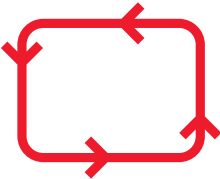
Honda views all phenomena that can impact production, including disasters, fires, financial issues and labor issues within the supply chain, as risks. Accordingly, the Company works to reduce these risks and prevent the spread of any impact if they materialize throughout the supply chain, beginning with the procurement of components and materials. For example, Honda defines all components and materials that are dependent on production at one facility as Mission-Critical Parts, and inspections and countermeasures are implemented continually around the world.

Honda began operating a procurement risk management system with suppliers in Japan in December 2014. Through the operation of this system, the Company established structures to assess damage and identify the impact on production at suppliers in a short time after the occurrence of a major disaster.

Honda also performs once-yearly evaluations based on supplier surveys in order to minimize financial risk. In addition, the Company checks risk every month by referring to information from third-party organizations.

Requiring Legal Compliance from Suppliers

Honda seeks to strengthen sustainability, including compliance, throughout the supply chain. In conducting business, the Company concludes basic agreements on component procurement that specify areas of attention such as safety, disaster prevention, environmental preservation and protection of resources. The agreements also contain terms regarding compliance with each country's laws and regulations, including competition laws and laws and regulations related to the prevention of bribery.





7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

— Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

— Purchasing Initiatives

Social Contribution Activities .. 155

Purchasing Initiatives

ESG Inspection for Suppliers

Honda has distributed a checklist to suppliers requesting independent inspection in order to confirm the status of initiatives relative to guidelines.

Honda introduced an environmental, social and governance (ESG) inspection in Japan in 2016 for suppliers with large business volume and significant influences on the Company in line with rising expectations worldwide to fulfill corporate social responsibility that also includes the supply chain. The inspection is now carried out globally. Following the flow diagram indicated on the right, in Japan Honda performs this inspection periodically on suppliers who account for more than 80% of purchasing value. Based on the inspection results, the Company identifies high-risk suppliers who are prone to problems and may have a significant impact on Honda when a problem does occur. In a written survey, Honda carries out the following three activities accordingly.

- Distribute a check sheet based on international standards
- Confirm the compliance status of the guidelines
- Promote improvement

The check sheet encompasses all aspects of human rights and labor matters, including eliminating race, ethnicity, nationality, religion, gender and other discrimination, as well as banning child labor, forced labor and human trafficking and guaranteeing minimum wages. The check sheet verifies supplier activities in a broad range of fields as it also covers such evaluation categories as the environment, compliance and information disclosure.

Next, Honda conducts and verifies the following items in an interview survey with high-risk suppliers.

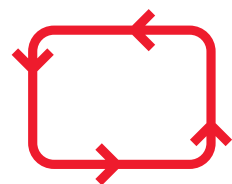
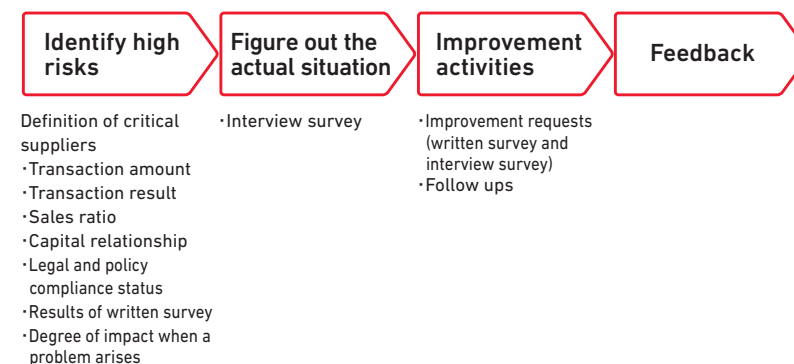
- Check relevant records, actual production processes and related facilities
- Verify the progress through a report on improvement plan and result
- Conduct a follow-up investigation (including an on-site check as necessary)

Recent examples of improvement include formulation of an internal rule to prohibit suppliers from keeping ID documents of non-Japanese workers in their custody.

Going forward, Honda will work with overseas purchasing sites to promote the ESG inspection globally while enhancing education for associates responsible for the investigation to cultivate required skills.

There were no instances of issues bearing significant risk in FY2022.

Flow diagram of ESG inspection



supply chain

7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

— Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

— Purchasing Initiatives

Social Contribution Activities .. 155

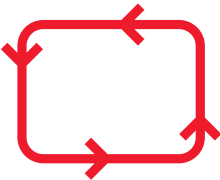
Purchasing Initiatives

Instruction and Training for Associates

To ensure that every associate involved in Honda’s purchasing operations promotes honest and fair initiatives, Honda has prepared manuals and personnel development programs in each region.

For example, in North America Honda takes up various topics through seminars, e-learning and on-the-job training (OJT). In its Basic Training Course, the Company shares its approach in such areas as the selection of suppliers and initiatives to strengthen QCDDE. Honda’s Building Business Relations training emphasizes the importance of the Company’s code of conduct, legal compliance and confidentiality in developing positive long-term relationships with suppliers.

In this way, Honda has developed programs worldwide that incorporate the cultural and social background of each region in addition to basic knowledge about purchasing operations to provide instruction for all purchasing associates.



7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

— Supply Chain 139

Basic Approach

Basic Approach to Logistics

Global Management of Logistics

Logistics Initiatives

Basic Approach to Purchasing

Global Management of Purchasing

— Purchasing Initiatives

Social Contribution Activities .. 155

Purchasing Initiatives

Joint Efforts with Industry Groups and Suppliers

Honda is striving to strengthen sustainability across the entire supply chain through this kind of collaborative capacity building between the automotive industry and its suppliers.

Collaboration with Industry Groups and Suppliers

Honda North America Inc., Honda's U.S. subsidiary, participates in working groups established by the Automotive Industry Action Group (AIAG) to strengthen sustainability in the supply chain. They participate in the Responsible Materials working group, the Human Rights and Trade working group, the GHG working group and the Chemical Management working group. AIAG offers supplier training and encourages participation in training sessions on corporate ethics, environmental regulations, the working environment, human rights and other topics for tier 1 and sub-tier suppliers in North America since 2012.

In addition, Honda participates in AIAG's Corporate Responsibility Steering Committee and Drive Sustainability* to proactively identify issues, needs and trends in and outside the automobile industry.

In North America, e-learning programs using computer-based training (CBT) are also provided for suppliers in order to facilitate their understanding of sustainability. Under the theme of sustainability, these programs deal with the environment, export control, social responsibility, safety and health, diversity, governance, compliance and ethics.

Dialogue with Suppliers

In June 2020, Honda convened a Sustainability Information Sharing Meeting, where it shared current social trends and provided feedback on the results of inspections at suppliers in accordance with the Honda Supplier Sustainability Guidelines.

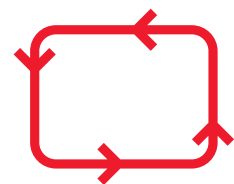
Honda also regularly holds conferences around the world to share with suppliers the direction of its business and the substance of its initiatives. In FY2022, meetings were held in 23 locations around the world. At these regional conferences, Honda presented Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDD.

In Japan, Honda has held annual Suppliers Conferences since 1974. Senior management from about 450 suppliers attended the conference held online in March 2022. At the conference, Honda explained both company-wide policies and policies of the motorcycle, automobile and life creation businesses. The conference is also a venue to present the Supplier Award for Sustainability to suppliers, which extends from the environment to include social and governance aspects.

In North America, Honda presents the Sustainability Award to suppliers who made the greatest contributions in social areas such as compliance, safety and health, community contribution activities, the environment, diversity and human rights.



Presentation of Sustainability Department Award to AGC Inc. in Japan



* A partnership for promoting sustainability, formed by 10 automakers around the world

7

Social Contribution Activities



7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

— Social Contribution Activities .. 155

— Basic Approach

Global Management

Social Contribution
Activities Initiatives

Social Contribution Activities Data



Basic Approach

Honda Social Contribution Activities

Since the Company was founded, Honda has sought to contribute to society and customers by creating quality products and technologies while coexisting harmoniously with the communities that host its operations. In the 1960s, while the Company was still in a period of early growth, Honda began to launch philanthropic initiatives designed to strengthen ties with local communities.

Currently, Honda undertakes various social contribution activities in the seven regions of the Company's worldwide operations, aiming to share joy with people all around the world and to be a company society wants to exist. Honda also strives to support initiatives that reflect local circumstances in its corporate activities overseas. In order to be able to share joy, Honda will continue to pursue various social contribution activities while communicating with customers and local residents.

Basic Approach

In 1998, Honda devised Philosophical Basis and Principles of Honda philanthropy for its social contribution activities. Thereafter, in 2006 the Company formulated its Global Policy for Social Contribution Activities to make a unified effort with the aim of creating future societies in which everyone can pursue their dreams.

After revising the policy in 2018 in response to a changing environment, Honda has been engaging in activities to realize its 2030 Vision to "serve people worldwide with the joy of expanding their life's potential."

Based on its fundamental principles of "Respect for the Individual" and "the Three Joys," Honda seeks to improve the quality of people's daily lives around the world. In order to share this joy, the Company hopes that its associates will strive to accelerate their initiatives worldwide.

Global Policy for Social Contribution Activities

Corporate Philosophy

Honda will proactively exercise its initiatives for social contribution, founded on the fundamental principles of "Respect for the Individual" and "the Three Joys," to support Honda's universal passion: to improve the quality of people's daily lives.

Objective

Honda will aspire to become "a company that society wants to exist," and will contribute to the realization of a sustainable society, by serving people worldwide with the joy of expanding their life's potential through its social contribution activities.

Activity Policy

- Honda will earn social acceptance by creating empathy and trust through active community engagement and by being a good corporate citizen.
- Honda will use its resources and workforce to contribute to society from a global point of view, while maintaining the importance of each region.
- Honda will promote and facilitate maximum associate participation in, and passion for, social contribution activities.

Field of Activities

- Supporting our youth for the future
- Protecting the global environment
- Promoting traffic safety
- Addressing local community needs



7 Performance Report

Environment 55

Safety 79

Quality 96

Human Resources 112

Supply Chain 139

— Social Contribution Activities ··· 155

Basic Approach

— Global Management

Social Contribution Activities Initiatives

Social Contribution Activities Data

Global Management

Honda’s Global System for Social Contribution Activities

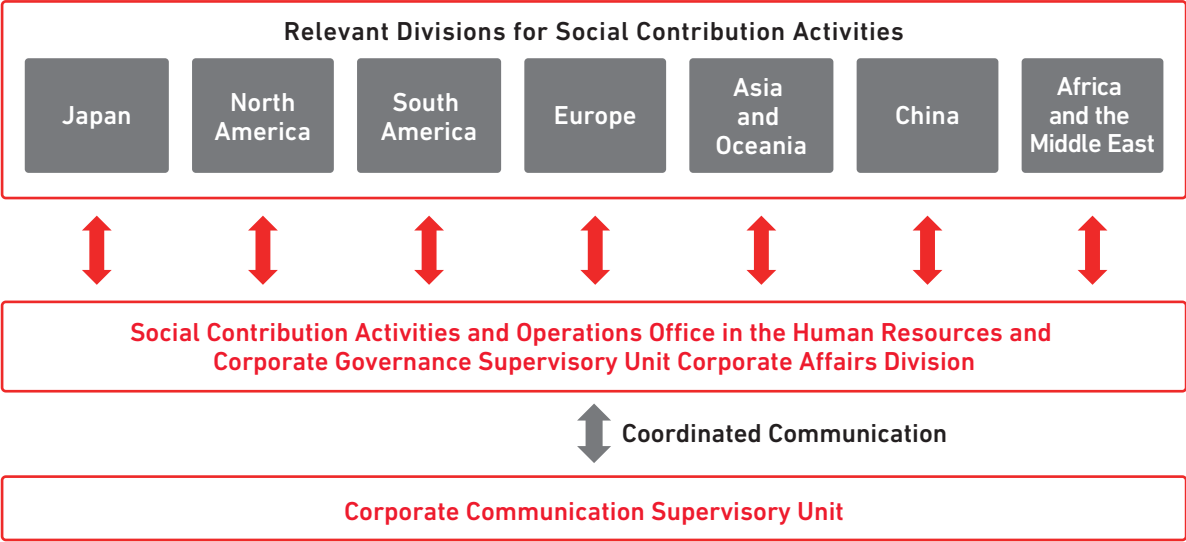
Honda’s social contribution activities are centered on four core policies: supporting our youth for the future; protecting the global environment; promoting traffic safety; and addressing local community needs. Based on these policies, the entire Honda Group engages in activities that recognize the value of its bonds with local communities.

Honda pursues a variety of activities in seven regions, taking maximum advantage of its resources in line with its Global Policy for Social Contribution Activities.

To strengthen Honda’s global networks, the Social Contribution Activities and Operations Office in the Human Resources and Corporate Governance Supervisory Unit Corporate Affairs Division gathers activity data from across the seven regions, shares activity policies and works together with the Corporate Communication Supervisory Unit for coordinated communication of information.

Going forward, the Honda Group intends to fulfill its responsibilities as a corporate citizen; to this end, the Group will continue its efforts to create future societies “That are Full of Dreams” and, hand in hand with local residents under globally coordinated initiatives, it will continue to promote a wide range of activities.

Honda’s Global System for Social Contribution Activities



7 Performance Report

Environment	55
Safety	79
Quality	96
Human Resources	112
Supply Chain	139

— Social Contribution Activities — 155

Basic Approach

Global Management

— Social Contribution Activities Initiatives

Social Contribution Activities Data

Social Contribution Activities Initiatives

Summary of Activities in FY2022

In FY2022, Honda's social contribution activities were tailored to local circumstances in accordance with its Global Policy for Social Contribution Activities, with the aim of creating future societies in which everyone can pursue their dreams.

Toward the dual realization of "a circular/resource-recycling society with zero environmental impact" and "a collision-free mobile society," Honda has been working globally to nurture mindsets that respect the environment and to prevent accidents through safety awareness activities focused on people.

Under the ongoing pandemic, Honda has also been continuously providing support corresponding to local situations and needs through Honda's products, technologies and manpower.

This report provides representative examples of Honda's activities undertaken in each region, including those mentioned above.

Further details can be found at the following link.

WEB

[Honda's Social Contribution Activities](https://global.honda/about/sustainability/community.html)

> <https://global.honda/about/sustainability/community.html>



Japan

[Protecting the global environment]

Honda Beach Cleanup Project Implemented by the Honda Group across Japan Marking the 15th Anniversary

In 2006, Honda launched the Honda Beach Cleanup Project based on the desire to ensure that the next generation will be able to experience the joy of walking barefoot on sandy beaches.

The project uses the Beach Cleaner, which Honda has developed based on a desire to use its technologies to find a solution to clean trash washed ashore. In 2021, the activity marked its 15th anniversary. Although it was more difficult than any other year to carry out the activity due to the COVID-19 pandemic, the project still cleaned up the beach in five prefectures.

Originally initiated by Honda's current and former associates, the project has now grown to a nationwide circle of cooperation encompassing members of the Honda Group and local residents, with annual participation surpassing 7,000 persons.

To date, Honda has conducted the beach cleanup about 400 times at more than 200 locations across Japan, and the cumulative total of beach trash collected by the project is roughly 490 tons.



Beach cleanup carried out in Tottori Prefecture

7 Performance Report

Environment	55
Safety	79
Quality	96
Human Resources	112
Supply Chain	139

— Social Contribution Activities — 155

Basic Approach

Global Management

— Social Contribution Activities Initiatives

Social Contribution Activities Data



Social Contribution Activities Initiatives

North America

[Supporting our youth for the future]

Providing Educational Opportunities: Eagle Rock School and Professional Development Center

In 1993, American Honda Motor Co., Inc. opened Eagle Rock School and Professional Development Center.

Eagle Rock School provides educational opportunities for students who have not found success in traditional school settings and supports them through a unique educational environment that encourages community, integrity and citizenship. The school has an enrollment capacity of 72 students, and in 2021 the school topped 310 graduates.

The Professional Development Center provides consulting services for high school teachers and other educators around the country who wish to study how to re-engage, retain and graduate students and advises them on new approaches in teaching.



Educators who took educational training at Eagle Rock School

South America

[Promoting traffic safety]

Traffic Safety Initiatives by Moto Honda da Amazônia and Honda Motor de Chile

In Brazil, Centro Educacional de Trânsito Honda, a traffic education center of Moto Honda da Amazônia Ltda., carried out "Clubinho Honda," which aims to provide traffic safety education to elementary school children. The online class included animated videos and games and was attended by about 30,000 students.

In Santiago, Chile, Honda Motor de Chile S.A. offered a free safe riding course to promote the safety of people in traffic. The course was provided by professional instructors, with all necessary equipment such as motorcycles and safety equipment. In 2021, 42 Honda volunteers taught 1,160 participants.



Traffic safety education in Brazil



Safe riding course in Chile

7 Performance Report

Environment	55
Safety	79
Quality	96
Human Resources	112
Supply Chain	139

— Social Contribution Activities — 155

Basic Approach

Global Management

— Social Contribution Activities Initiatives

Social Contribution Activities Data

Social Contribution Activities Initiatives

Europe

[Promoting traffic safety]

Initiative of the Motorcycle Traffic Education Center
Receiving the European Motorcycle Training Quality Label

Honda Motor Europe Iberia Branch in Spain started motorcycle safety activities in 1992 and has been operating the Honda Safety Institute, a motorcycle traffic education center, in Barcelona since 2009.

The center's activities are based on defensive training and risk prevention. One of its 11 courses has been certified as a highest-quality post-license motorcycling training program by the European Motorcycle Training Quality Label advocated by the European Commission for Mobility and Transport.

The Honda Safety Institute occupies approximately 20,000 m² of land. Training is offered every day throughout the year for professionals and companies on weekdays and for individual motorcycle users, including children, on weekends.

The center lends necessary riding equipment for free, including motorcycles, scooters, helmets and other protective gears, making it easy for people to participate in its training courses.



Safe riding training on a wet surface

Asia and Oceania

[Supporting our youth for the future]

Holding an Online Honda Super Idea Contest to Nurture the
Dreams of Children in Thailand

As part of an effort to support our youth for the future, Honda Automobile (Thailand) Co., Ltd. has been holding the "Honda Super Idea Contest" since 2005. The contest is aimed at enabling children to experience the importance of the joy of creating and providing opportunities to give shape to their ideas through the act of drawing their dreams. The winner will receive the Royal Award plaque from the princess of Thailand.

In 2021, the contest was held online for the first time due to the spread of COVID-19 infections. The 14 children who passed the preliminary round completed their own works through an online arts and science workshop and attended the 2021 final round. There were more than 5,700 applications despite the pandemic, and the company was able to continue to nurture "The Power of Dreams."

Over the past 17 years, the number of ideas which children in Thailand have envisioned has totaled about 430,000.



Online final round event of Honda Super Idea Contest 2021 (14 finalists and Honda executives and committee members)



7 Performance Report

Environment	55
Safety	79
Quality	96
Human Resources	112
Supply Chain	139

— Social Contribution Activities •• 155

Basic Approach

Global Management

— Social Contribution Activities Initiatives

Social Contribution Activities Data



Social Contribution Activities Initiatives

China

[Protecting the global environment]

Long-Term Afforestation in Inner Mongolia, Where Desertification Is a Major Problem

The Honda Group in China has been conducting tree planting activities in the Inner Mongolia Autonomous Region for 14 years since 2008. To date, more than 2,000 associates from Honda have participated in the project, planting around 1.88 million trees over 13.4 million m² of land.

By carrying out a thorough study on climate and soil characteristics and accumulating knowledge on tree planting in the arid region over the years, the Group has accomplished a survival rate of afforestation well above the national standard.

The project has been carried out for three terms. During the third term from 2018 to 2022, the Group intends to achieve its goal of creating 4.67 million m² of afforested area.

The afforestation project is expected to prevent natural disasters, such as sandstorm and haze resulting from soil erosion and insufficient green coverage.



Land now covered with greenery as a result of the tree planting activities

Africa and Middle East

[Promoting traffic safety]

Initiative to Provide Motorcycle Safety Seminar for Bike Taxi Riders in Nigeria

Honda Manufacturing (Nigeria) Ltd. has been continuously providing a seminar for bike taxi riders to learn appropriate riding and maintenance.

The seminar teaches the importance of performing pre-ride checks; appropriate riding posture (when applying a brake or clutch); the benefits of using Honda's genuine parts and engine oil; and regular maintenance.

Dealers in Nigeria hold this seminar every month, with the participation of a total of 6,300 riders in FY2019, 2,283 in FY2020 and 4,113 in FY2021.

Even though the number of participants has declined due to the COVID-19 pandemic, Honda Manufacturing (Nigeria) has been undertaking the activity on a continuous basis to make a contribution, however small, to traffic safety in the country.



Motorcycle safety seminar in Nigeria

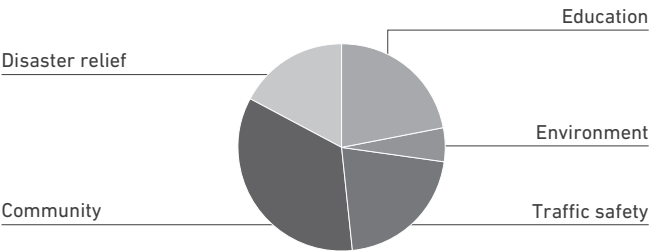
7 Performance Report

Environment	55
Safety	79
Quality	96
Human Resources	112
Supply Chain	139
Social Contribution Activities	155
Basic Approach	
Global Management	
Social Contribution Activities Initiatives	
Social Contribution Activities Data	

Social Contribution Activities Data

Expenditure related to social contribution activities (FY2022)

Expenditure (million yen)	
Education	1,594
Environment	384
Traffic safety	1,529
Community	2,488
Disaster relief	1,230
(Total)	7,224



How the contribution breaks down (FY2022)

Expenditure (million yen)	
Cash	5,095
Time	85
In-kind	1,007
Management costs	1,037
(Total)	7,224

