

European Environmental Report 2022

HONDA



BLUE SKIES FOR
OUR CHILDREN

Contents

Cover page pictograms

The design of the pictogram symbolizes Honda's concept of sustainability.
Three Ellipses = "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation"
Six Precise Circles = Motorcycles, Automobiles, Power Products and New Businesses for the future
Supporting Hands = The desire of stakeholders who empathize with Honda's initiatives.



Global Report

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Cover Page Pictogram

The Cover Page Pictogram stems from the Environmental Logo representing Regional Activities towards Environmental Leadership and Conservation, in striving to "become a company society wants to exist".



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Report Scope

Eleventh report issued, published October 2022.
Data collection period: fiscal year base 1 April 2021 – 31 March 2022 (referred to as FY2022). The years indicated in the graphs represent the evolution over the period of the last 5 fiscal years (1 April 2018 – 31 March 2022).
The year reference in the name of this report (2022) is the year of issue of the report – within six months of the end of the reporting period.

Areas covered by this report

This report covers all entities which are controlled by the Regional Operation Board of the European region. This includes all sites in Europe, Turkey and the former Russian area, in which Honda, globally or locally, has a significant participation. The products covered are cars, motorcycles and power equipment. Parts distribution is also covered in this report.
The report summarises data from Honda factories, national sales offices, logistics centres and regional R&D offices as well as Honda-owned dealers in Switzerland and in Germany. The detailed locations are summarised in tables (see page 147). Information on the deployment of sustainability initiatives within Honda's global Supply Chain and the efforts made in response to climate change and energy issues can be found in the global section of this report. (see page 75) This report primarily contains information relating to the environmental impact of Honda activities in the European region. It also contains some global visions and facts to allow the reader to frame the regional information provided.

Disclaimer

This report contains past and current factual data of Honda Motor Co., Ltd. and Honda Motor Europe Ltd., as well as plans and outlook and future projections based on its management policies and management strategies as of the date of publication. These future projections are assumptions or decisions derived from the information available at the time this report was produced. Please note that the results of future business activities and events may vary depending on changes in conditions and circumstances. This report may also contain corrections, restatement or significant changes to information provided in previous reports.

Colophon

Please direct any queries about this report to:
Honda Motor Europe Ltd
Product Compliance and Sustainability Department
hme.sustainability@honda-eu.com

Responsible Publisher:
Honda Motor Europe Ltd
Product Compliance and Sustainability Department
Victoria Friend, Christian Heyse

Text editing: PFPR Communications
Creation: Studio BigFish

HONDA



**Honda
Sustainability
Report
2022**

Message from the President and CEO

Having our origin in a desire to “help people and society” and “expand the potential of people’s lives,” Honda will proactively contribute to the realization of a sustainable society.

Toshihiro Mibe

Director, President and Representative Executive Officer
Chief Executive Officer

To Readers of the Honda Sustainability Report

On behalf of Honda, I would like to express our gratitude for your cooperation and tremendous support for our activities.

Honda is undertaking corporate activities with a goal to “Serve people worldwide with the ‘joy of expanding their life’s potential’” as stated in its 2030 Vision.

Honda has upheld a desire to “help people and society” and “expand the potential of people’s lives” since its founding. Accordingly, we have endeavored to bring joy to more stakeholders by providing products that help people’s lives and constantly paying attention to the environment and safety in its activities as “a company that society wants to exist.” At the center of its efforts has always been people, as Honda believes in the potential of people.

Honda thinks that intrinsic value it provides serves to enrich people’s lives by generating more time and space for them and to become a force that supports people who are determined to take a step forward. Moreover, in providing such value, we should never be the ones to cause a negative impact on the environment, or our automobiles and motorcycles should never be involved in fatal accidents.

Honda has thus defined two focused themes: “elimination of environmental impact” and “realization of safety protecting precious human lives.” Under these themes, we will continue to take on related challenges while setting high targets. Seeking to contribute to the realization of a sustainable society, we will steadily strive to achieve carbon neutrality in the environmental field through our automobile electrification strategy while aiming to reduce traffic collision fatalities in the safety field by adopting safety technologies.

Honda will make proactive efforts in this regard under a belief that its efforts will lead to the resolution of social issues and realization of a better society.

I appreciate your further support for the challenges Honda will take on in the future.





Honda Philosophy

Honda Philosophy

The Honda Philosophy, imbued in the Company by its founders Soichiro Honda and Takeo Fujisawa, comprises Fundamental Beliefs (Respect for the Individual and The Three Joys), the Company Principle and Management Policies. The Philosophy forms the values shared by all Honda Group companies and all of their associates. It is the basis for Honda's corporate activities and associates' behavior and decision-making.

The Philosophy is more than mere words. Every person in the Company is responsible for continually putting it into practice. That is why Honda incorporates the Philosophy into training programs for its associates and gives it life by turning it into action, from everyday business activities to management decision-making.

Additionally, Honda adheres to a corporate culture of "Free and Open, Challenge, Co-evolution." This means, in other words, "taking up challenges without fear of failure, unshackled by conventional thinking, and with a foundation of teamwork built on trust." Our corporate activities leverage this corporate culture.

Society's expectations of Honda continue to evolve with the times. As a responsible global company, Honda will continue to tackle and resolve various issues while listening to the voices of its diverse stakeholders, so as to meet their expectations and earn their trust.



Fundamental Beliefs

Respect for the Individual

Initiative

Initiative means not to be bound by preconceived ideas, but think creatively and act on your own initiative and judgment, while understanding that you must take responsibility for the results of those actions.

Equality

Equality means to recognize and respect individual differences in one another and treat each other fairly. Our company is committed to this principle and to creating equal opportunities for each individual. An individual's race, sex, age, religion, national origin, educational background, and social or economic status have no bearing on the individual's opportunities.

Trust

The relationship among associates at Honda should be based on mutual trust. Trust is created by recognizing each other as individuals, helping out where others are deficient, accepting help where we are deficient, sharing our knowledge, and making a sincere effort to fulfill our responsibilities.

The Three Joys

The joy of buying

The joy of buying is achieved through providing products and services that exceed the needs and expectations of each customer.

The joy of selling

The joy of selling occurs when those who are engaged in selling and servicing Honda products develop relationships with a customer based on mutual trust. Through this relationship, Honda associates, dealers and distributors experience pride and joy in satisfying the customer and in representing Honda to the customer.

The joy of creating

The joy of creating occurs when Honda associates and suppliers involved in the design, development, engineering and manufacturing of Honda products recognize a sense of joy in our customers and dealers. The joy of creating occurs when quality products exceed expectations and we experience pride in a job well done.

Company Principle

Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction.

Management Policies

- Proceed always with ambition and youthfulness.
- Respect sound theory, develop fresh ideas and make the most effective use of time.
- Enjoy your work and encourage open communications.
- Strive constantly for a harmonious flow of work.
- Be ever mindful of the value of research and endeavor.





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Overview of Honda

Business Domains

Principal Businesses Segments

Motorcycles

Motorcycles represent the origin of both Honda's "*mono-zukuri* (the art of manufacturing)" and business. Under the philosophy of "building products close to the customer," Honda has practiced *mono-zukuri* rooted in each country and region and has delivered a cumulative total of more than 400 million motorcycles to customers. In 2021, annual sales amounted to approximately 17 million units across the world in spite of the impact of COVID-19.

In fall 2021, Honda initiated sales of the new NT1100 sport tourer in Europe, which realizes both ease of handling for everyday use and outstanding comfort for long-distance touring. The model has subsequently been sold in Japan, China and Asia. As a way to respond to the growing global concerns about environmental issues, Honda has also expanded its lineup of Honda e: business-use motorcycles. In addition to the existing Benly e: series and Gyro e: series of electric motorized scooters, Honda now sells the Gyro Canopy e: series of electric motorized three-wheel scooters with a canopy. In this way, Honda remains committed to meeting the expectations of customers worldwide and opening up new frontiers for the motorcycle market, thus becoming a driving force in the global motorcycle industry.



NT1100<DTC>



Gyro Canopy e:, Gyro e: and Benly e:

Automobiles

"Let's change the landscape of the automobile industry." Honda's automobile business began under this slogan in 1963 and has grown to annual sales of about 4.07 million vehicles globally in FY2022. To enrich the lives of its customers, Honda seeks to provide automobiles and services that are secure, stress-free and uniquely Honda and that support the freedom of mobility for all.

With the aim of realizing carbon neutrality by 2050, Honda has been expanding sales of hybrid vehicles and electric vehicles (EVs). As part of this effort, Honda recently announced a plan to release 10 e:N series models in China over the next five years. The e:N is the first Honda brand EV.

Additionally, in striving for zero traffic collision fatalities by 2030, Honda will add its Honda SENSING 360 omnidirectional safety and driver-assistance system to automobiles to be released in China in 2022. Honda is working to equip the system in all automobile models sold in developed countries by 2030.



e:N series

Overview of Honda

Business Domains

Power Products

Honda has been providing products equipped with general-purpose engines, which are used for various types of work.

Today, Honda sells more than 6 million units each year on a global basis and has delivered a cumulative total of over 150 million units to customers in a total of more than 150 countries to date.

Recently, Honda launched mass production of the eGX electrified power unit offering a high level of installation compatibility with the GX series of general-purpose engines, which are regarded highly as a power source for various types of commercial-grade work equipment. The eGX delivers quiet operation and high environmental performance, both unique to electrified power units.

Honda has also started providing electrified products with both excellent environmental performance and superior quietness of operation, including the HRX476 cordless lawnmower and the Grass Miimo robotic lawnmower.

In seeking to realize carbon neutrality by 2050, Honda has been rapidly expanding its lineup of products that are easier to use, have more excellent environmental performance and satisfy customers.



eGX electrified power unit



Grass Miimo robotic lawnmower

Aircraft and Aircraft Engines

The development of aircraft and aircraft engines has been an important R&D theme since the establishment of the Wako Center in 1986, which engages in research on basic technologies, and a dream since the founding of Honda itself. In 2003, a proof-of-concept version of the HondaJet, fitted with the HF118, a high-efficiency turbfan engine originally and wholly designed by Honda, successfully made its first flight. Subsequently, in 2004 Honda established GE Honda Aero Engines LLC to jointly develop and commercialize engines with General Electric (GE) as well as Honda Aero, Inc. to manufacture engines.

The Company also established Honda Aircraft Company in 2006 to develop, manufacture and sell the HondaJet.

The HondaJet is noteworthy for its main wing airfoil and fuselage nose shape, which features Honda's original Natural Laminar Flow (NLF) to reduce aerodynamic drag, as well as its revolutionary Over-The-Wing Engine Mount (OTWEM) design. The HondaJet fitted with a production version of the HF120 engine reached the market in 2015, followed by the release of the HondaJet Elite with a longer cruising distance and upgraded avionics performance and interior design in 2018. In 2021, Honda unveiled the HondaJet Elite S, an upgraded model with improved operational performance thanks to an increased maximum takeoff weight by some 200 pounds (approximately 91 kg). Honda has been constantly evolving in order to deliver performance that always exceeds customers' expectations.

The HondaJet is a fusion of its beautiful and unique fuselage design, innovative aerodynamic and structural technologies and highly efficient engine. The fusion has led to excellent fuel efficiency, high flight performance, a more spacious cabin (about 30% larger than that of other companies' equivalent models) and less noise. These and other features earned high marks, and as a result, the HondaJet became the most delivered aircraft* in the very light business jet category for the fifth consecutive year since 2017. In December 2021, Honda realized delivery of the 200th HondaJet.

*Survey by the General Aviation Manufacturers Association (GAMA)



HondaJet Elite S

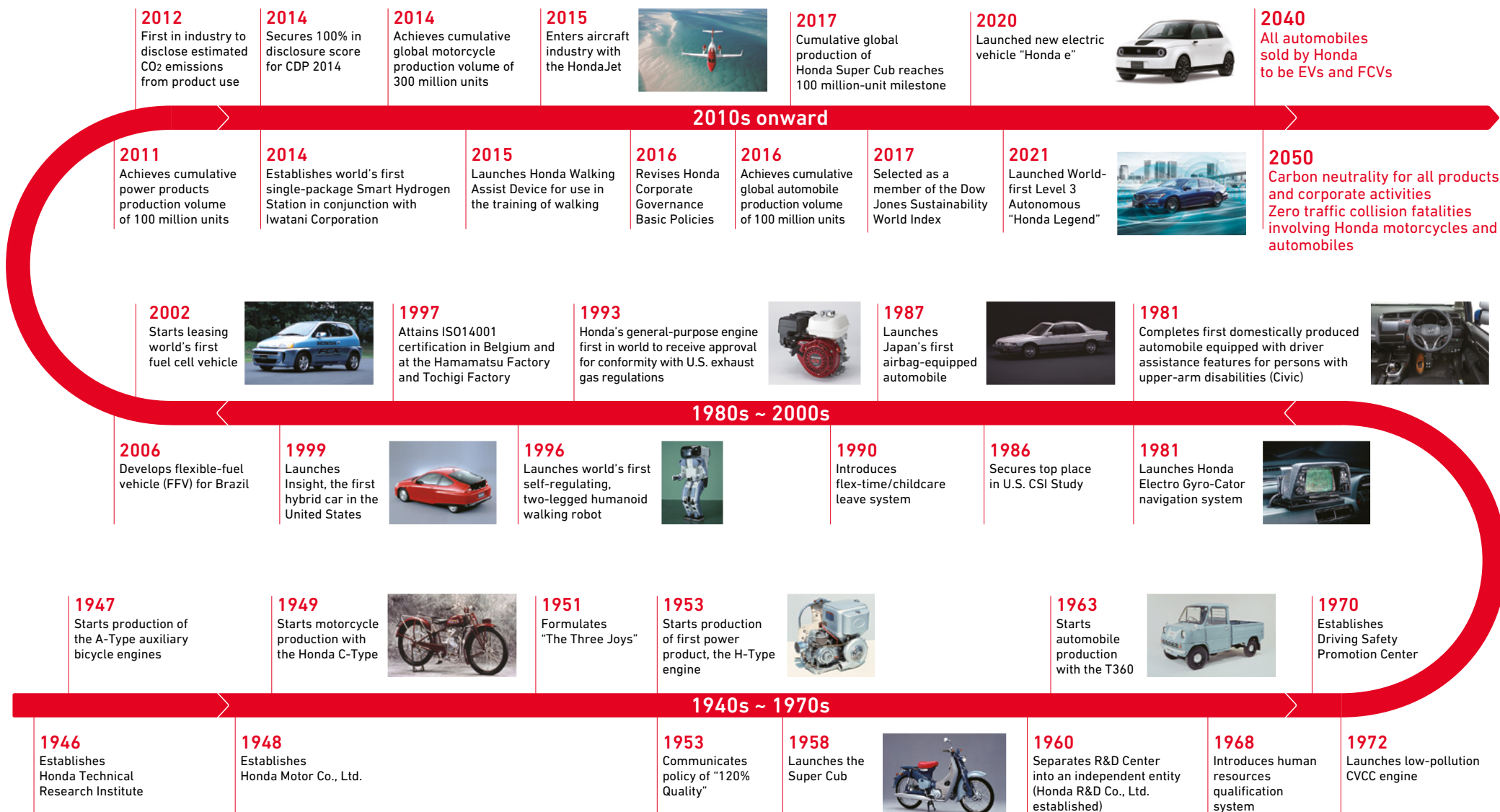


HF120 turbfan engine



Overview of Honda

Value Creation History

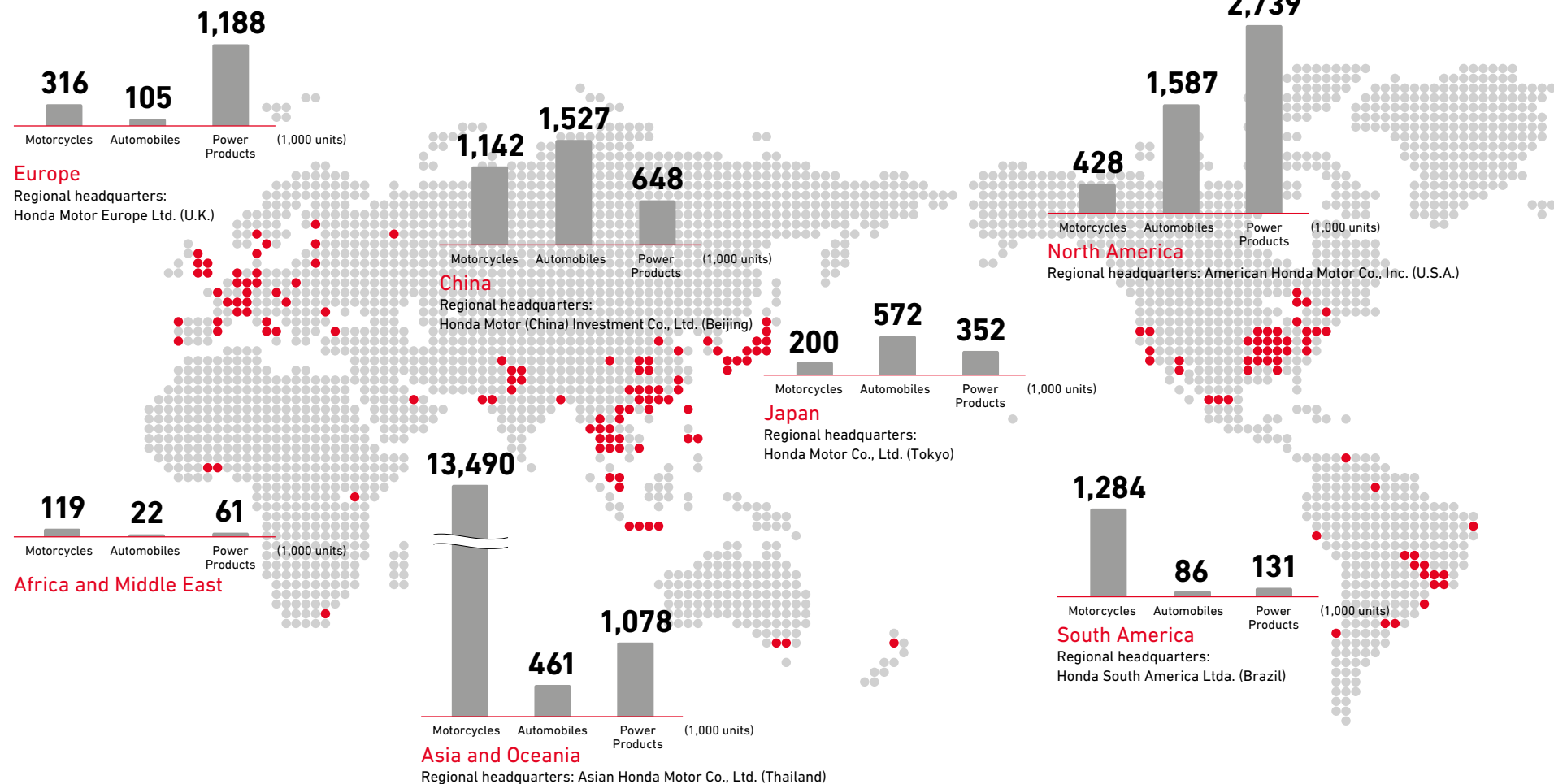




Overview of Honda

Unit Sales and Principal Operation Bases

Joy of mobility to **27.3 million** people transcending national borders



Company name: Honda Motor Co., Ltd.

Established: September 1948

Director, President and Representative Executive Officer: Toshihiro Mibe

Capital: 86,067 million yen (as of March 31, 2022)

• The graphs show unit sales (retail) of motorcycles, automobiles and power products (in units of 1,000) for FY2022. (April 2021 to March 2022).
The symbol ● represents the approximate locations of Honda Group companies.

overview

Overview of Honda

Matrix Management System

Organizational Operating System

Honda has established an operational system aimed at dual goals. One is to accelerate new growth and new value creation by shifting resources to fields with new value. The other is to respectively reinforce the motorcycle, automobile and power products businesses. In order to strengthen new value creation by combining hardware with software and services, Honda has established the Business Development Operations that consolidate functions to develop businesses and areas of software and core electrification technologies. The Company has also established the Automobile Operations and Motorcycle and Power Products Operations, each with its own functions of sales, production, development and purchasing, etc.. Each Business Operations also develops medium-to-long-term plans for respective products, controls resource on a global basis and takes the lead in spurring further growth, creating new value and making business operations efficiency in the six Regional Operations.

Honda has also established individual functional supervisory units, etc., namely, the Corporate Planning Supervisory Unit, Corporate Communications Supervisory Unit, Accounting and Finance Supervisory Unit, Human Resources and Corporate Governance Supervisory Unit, Digital Supervisory Unit, Quality Innovation Supervisory Unit, Customer First Supervisory Unit, and Intellectual Property and Standardization Supervisory Unit. Each of these supervisory units, etc., supports and coordinates efforts to increase the effectiveness and efficiency of the Honda Group as a whole in terms of their respective functional roles.

In addition, R&D activities targeting the pure and applied research of new technologies, the new technology development, and the research and development of new value products, are conducted mainly by Honda R&D Co., Ltd., which is an independent subsidiary of the Company, and its subsidiaries. Honda aims to create new value that is distinctive and internationally competitive by developing world-leading technologies.

*On April 1, 2022, Honda changed the name of the Life Creation Business to the Power Products Business.

Business Development Operations

- Electrification business
- New business
- Combined solution business
- Software
- Core electrification technologies

Business Operations

Automobile Operations

Motorcycle and
Power Products
Operations

Functional Supervisory Unit

Corporate Planning
Corporate Communications
Accounting and Finance
Human Resources and Corporate Governance
Digital
Quality Innovation
Customer First
Intellectual Property and Standardization

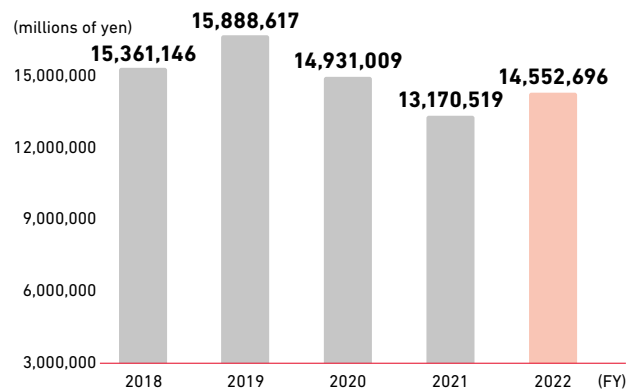
Regional Operations

China					
Asia and Oceania					
Europe, Africa and the Middle East					
South America					
North America					
Japan					

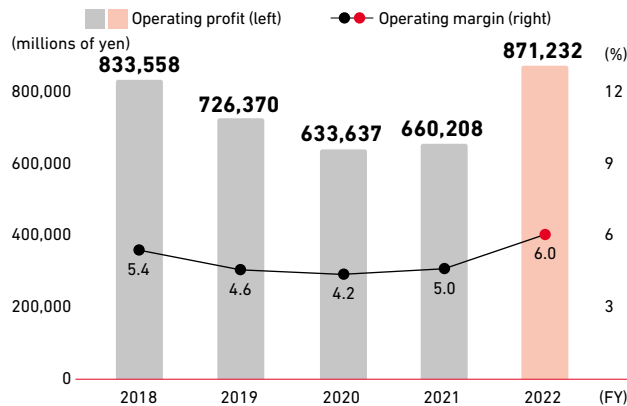
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Financial Highlights

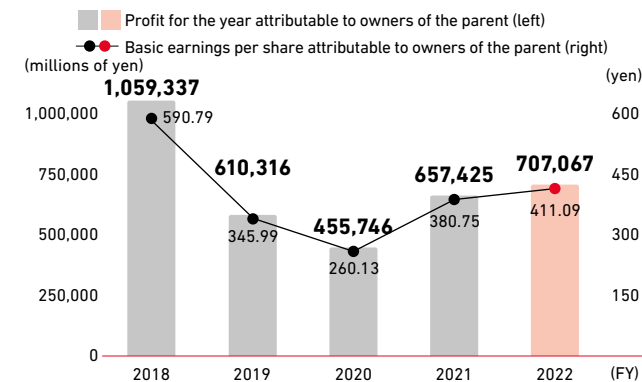
Sales revenue



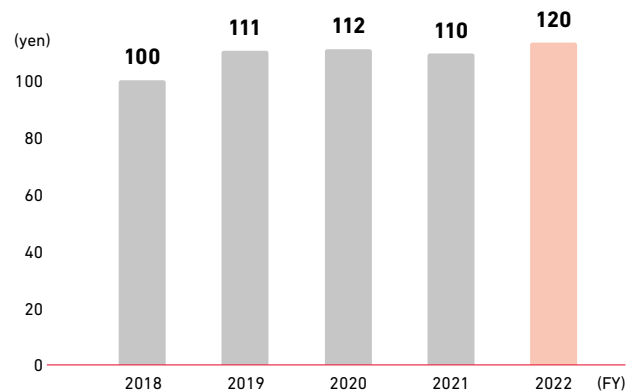
Operating profit/Operating margin



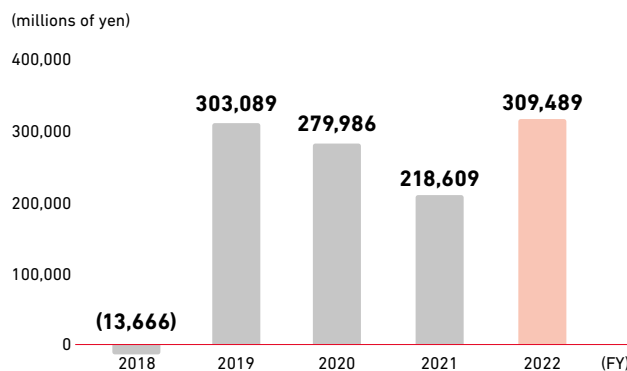
Profit for the year attributable to owners of the parent/ Basic earnings per share attributable to owners of the parent



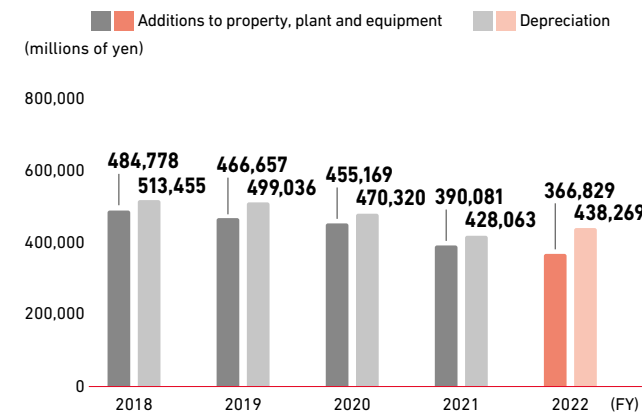
Dividend per share



Income tax expense



Additions to property, plant and equipment/Depreciation





4 Strategy

Material Issues

- Advancing powertrain electrification
- Eliminating the mobility divide
- Improving the quality of the mobility experience
- Applying automation and information technologies to everyday life
- Strengthening brand management
- Utilizing management resources efficiently
- Contributing to the economic development of developing countries



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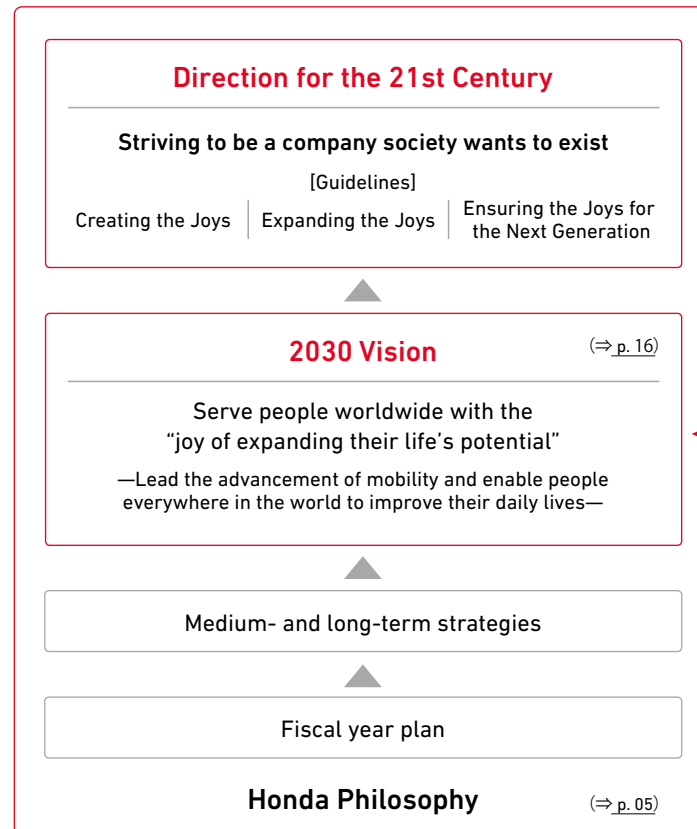
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Honda's Sustainability

The Honda Philosophy forms the values shared by all Honda Group companies and all of their associates. It is the basis for Honda's corporate activities and the associates' behavior and decision-making.

To achieve both the creation of growth opportunities for the Company and a sustainable society, Honda has set Striving to be a company society wants to exist as its direction for the 21st century.

It is also advancing initiatives known as "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation."

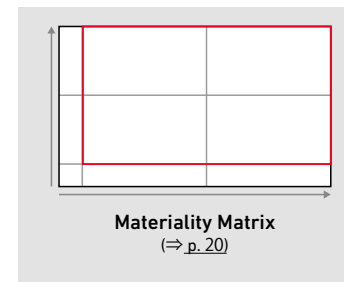


The "2030 Vision" is one milestone indicating in concrete terms the direction Honda ought to take toward realizing these objectives.

For Honda to achieve sustainability, it is important to meet stakeholders' expectations and needs by providing value through its products and services. Equally important is to fulfill its corporate social responsibility, for instance, by considering its impact on the environment and society and to contribute to the resolution of social issues through its business activities.

To this end, Honda devises medium- and long-term strategies that are based on the perspectives of both stakeholders and Honda itself. In determining these perspectives, Honda uses the materiality matrix as its guide and considers the roles it should play and contributions it should make, geared to the characteristics of each region around the world.

Reflecting in Management



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Roadmap for Sustainable Growth

There are numerous social issues that have been much discussed, including poverty and refugee problems, human rights issues, climate change, energy issues, improvement of occupational health and safety, and the aging of society. Within this context, for Honda, which undertakes a diverse range of businesses globally, understanding its opportunities and responsibilities in the value chain will also be essential for identifying priority issues in management. In addition, to swiftly respond to and accommodate rapid changes in the business environment, it is important to set forth Honda's future direction in the form of a vision.

The "2030 Vision" embodies an ideal image of what Honda wants to be in the year 2030 in order to continue being a company society wants to exist in 2050, when the Company will have marked more than 100 years since its founding.

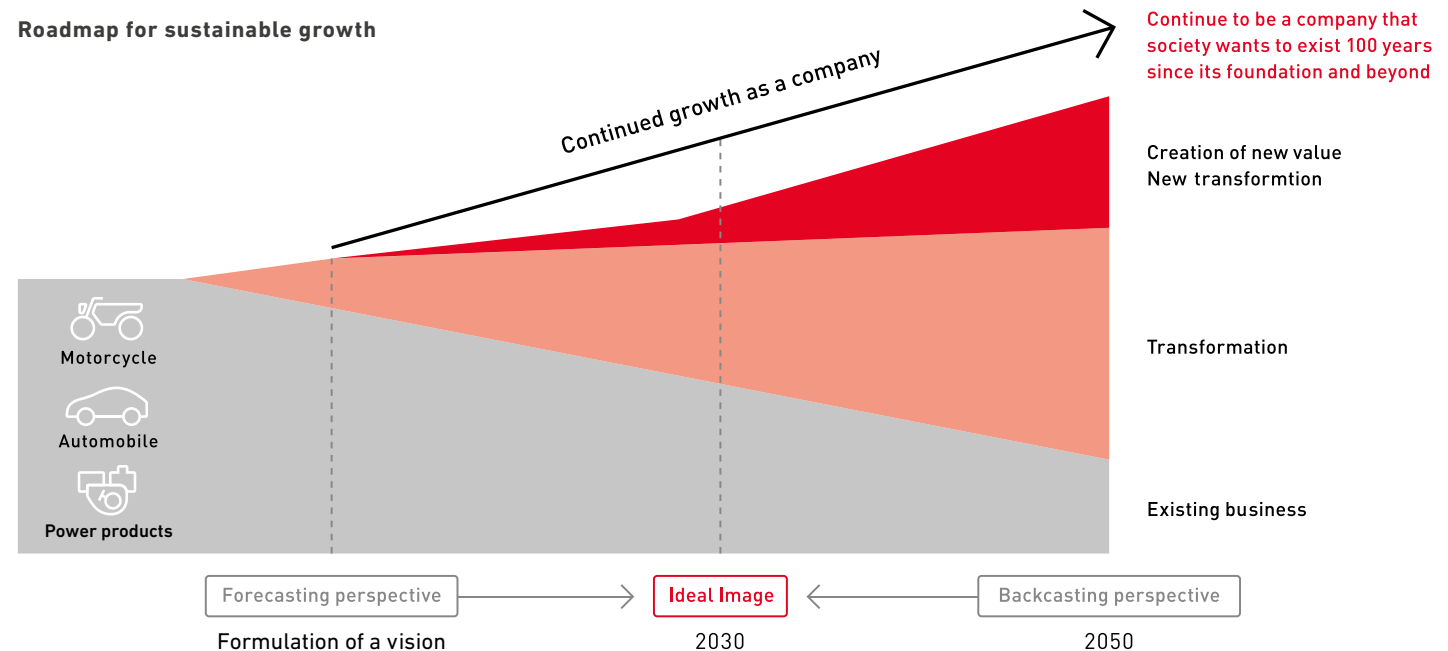
In producing the Vision, Honda examined long-term changes in the operating environment from two perspectives: forecasting, or looking ahead to the future from the present point in time, and backcasting, or looking back from 2050 to the present. As the Company continues operating existing businesses, how is it going to transform and evolve the value of existing businesses in step with the rapidly changing

expectations of society and the needs of Honda customers? Moreover, how is Honda going to create unprecedented new value in the motorcycle, automobile and power products businesses, as well as in new areas beyond the framework of its existing operations? To produce a vision that will enable sustainable growth over the long term, Honda has examined the direction of the transformation of its businesses toward 2030 from the three perspectives of "Current, Transformation and New."

Honda has been completely dedicated to addressing two challenges, namely "elimination of our environmental impact" and the "realization of safety protecting precious human lives." Aiming to realize a sustainable society, the Company will work tirelessly to achieve carbon neutrality through the electrification of automobiles and to reduce traffic collision fatalities by incorporating safety technologies into automobiles.

Honda will strive to achieve sustained growth by expanding its business into new domains that combine hardware with software to create all-embracing social value.

Roadmap for sustainable growth





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2030 Vision

The 2030 Vision formulated by Honda is expressed in the statement, "Serve people worldwide with the 'joy of expanding their life's potential'—Lead the advancement of mobility and enable people everywhere in the world to improve their daily lives—." To embody this Vision, the Company set the direction of its specific initiatives from three perspectives as action guidelines for the 21st century: "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation."

From the first perspective of "Creating the Joys," Honda will work on "creating value for 'mobility' and 'daily lives'." The Company will focus on three areas, namely mobility, robotics and energy, as it seeks to provide people with the "joy and freedom of mobility" and "joy of making their lives better."

From the second perspective of "Expanding the Joys," Honda will strive to "accommodate the different characteristics of people and society." In this area, the Company will seek to further expand joy by offering products and services that are optimized for all people reflecting different cultures and values and diverse societies, irrespective of whether they are in developed or developing nations.

From the third perspective of "Ensuring the Joys for the Next Generation," the Company will make progress "toward a clean and safe/secure society." Striving to become No.1 in the areas of the environment and safety, Honda will invest more resources in these areas and will strive to become a company that leads efforts to realize a carbon-free and collision-free mobile society.

In this Vision, Honda has returned to its universal passion and made a major shift in its direction from quantity to quality. This is how the Company has set its corporate attitude to realize "growth through the pursuit of quality." The Company will aim to expand the circle of joy and let the Honda brand shine even brighter through the steadfast pursuit of the "quality of value Honda provides" and "quality of its initiatives."

To realize this Vision, the Company will make effective use of limited corporate resources to transform and evolve existing businesses and create new value.

2030 Vision

Serve people worldwide with the "joy of expanding their life's potential"

—Lead the advancement of mobility and enable people everywhere in the world to improve their daily lives—

Growth through the pursuit of quality

«Creating the Joys»
Creating value for
"mobility" and "daily lives"

- Provide people the joy and freedom of mobility
- Provide people the joy of making their lives better

«Expanding the Joys»
Accommodate the different
characteristics of people and society

- Provide the ideal products and services that fulfill societies' expectations and meet individual needs

«Ensuring the Joys for the Next Generation»
Toward a clean and safe/
secure society

- Lead efforts to realize a carbon-free society
- Lead efforts to realize a collision-free mobile society

Business viewpoint to focus on: Effective utilization of corporate resources



4 Strategy

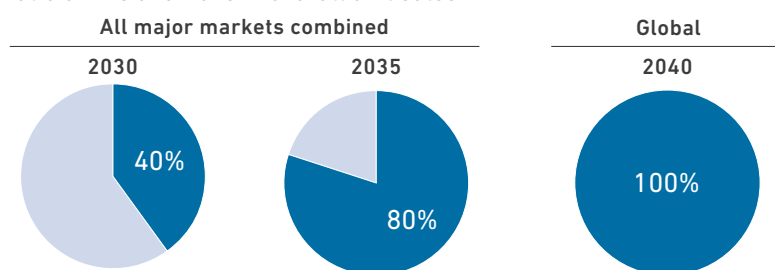
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Initiatives for Zero Environmental Impact

Strategy for Automobile Electrification

Setting “elimination of our environmental impact” as an overarching theme, Honda has been striving for the environmental target of achieving carbon neutrality by 2050. Accordingly, the Company has been working to increase the ratio of electric vehicles (EVs) and fuel cell vehicles (FCVs) in overall unit sales in all major markets combined to 40% by 2030, 80% by 2035 and then 100% globally by 2040. The following highlights Honda's initiatives concerning automobile electrification, which is one important means of achieving the environmental target.

Ratio of EVs and FCVs in overall unit sales



Battery Procurement Strategy

The key challenge in the EV era is the global procurement of batteries. Honda's basic approach to this challenge is to procure batteries from external partners at the moment and to accelerate independent research and development in the future.

Procurement of Liquid Lithium-Ion Batteries

For the procurement of liquid lithium-ion batteries needed now and for the time being, Honda has set respective procurement policies for each of the major markets, based on its commitment to “build EV batteries close to the vehicle production site” in order to maintain its competitiveness from the

perspective of the product life cycle as well. Honda aims to secure a stable procurement volume by strengthening external partnerships.

Initiatives for All-Solid-State Batteries

Honda will accelerate its independent research and development of all-solid-state batteries, aiming for their realization in the second half of the 2020s.

Currently, Honda is conducting technology and production verification at its lab to determine the batteries' target performance. Additionally, to ensure performance at the mass production level and verify superiority in terms of cost and safety, the Company has decided to build a demonstration line in Sakura City, Tochigi Prefecture, which will enable product design encompassing production processes. The plan is to invest approximately ¥43 billion and make it operational in spring 2024.

Honda is accelerating research and development with a goal to adopt these batteries to models to be introduced to the market in the second half of the 2020s. Nonetheless, mass production of these batteries is a challenge even for Honda. The Company will make proactive efforts to strengthen the required structure in the future, including securing more human resources with specialized knowledge.

Liquid lithium-ion battery procurement policy by region

Region	Procurement policy
North America	- Plan to procure Ultium batteries from General Motors Company (GM) - Explore the possibility of creating a joint venture company for battery production
China	Further strengthen collaboration with Contemporary Amperex Technology Co., Ltd. (CATL)
Japan	Agreed to procure batteries for mini-EVs from Envision AESC Japan Ltd.

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Initiatives for Zero Environmental Impact

Roadmap for EV Product Releases

During the early stage of proliferating EVs (at present to the latter half of the 2020s), Honda will release products matched to the respective characteristics of major markets such as North America, China and Japan.

In realizing the more widespread use of EVs (from the latter half of the 2020s onwards), the Company will evolve its strategy from introducing the “best EVs matched to each region” to releasing the “best EVs from a global perspective.”

EV release roadmap by region

Region	EVs to be released
North America	• Introduce mid- to large-size EV models currently being developed with GM • Introduce a large-size EV SUV model for the Acura along with all-new Honda brand Prologue EV in 2024
China	• Leverage the characteristics of the country's advanced EV market and make a swift response via independent, local development • Introduce a total of 10 new Honda-brand EV models by 2027
Japan	• Introduce a commercial-use mini-EV model at the 1 million yen price range in early 2024 • Make the timely introduction of personal-use mini-EVs and EV SUVs

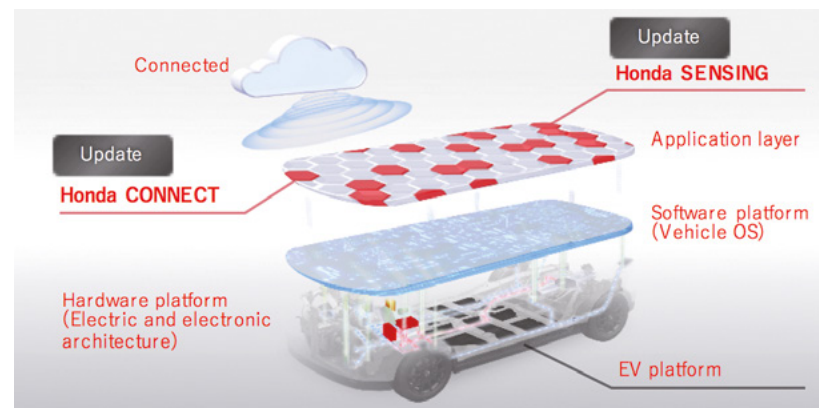
“Honda e: Architecture” Platform for EVs

In 2026, Honda will begin adopting the Honda e: Architecture, a new EV platform that combines hardware and software platforms of EVs. More specifically, it combines an EV's hardware platform, including batteries, with a next-generation electronic platform serving as a foundation for over-the-air (OTA) technology necessary for updating vehicles' functions later. By blending hardware and software, Honda will be able to stay connected with its customers after product sales and provide various services and values. The Company intends to offer added value only Honda can provide to its customers by applying the platform beyond automobiles to other types of mobility products in the future.

Alliance with GM

Through an alliance with GM, Honda is planning to introduce affordable EVs in 2027, with a cost and driving range that will be as competitive as gasoline-powered vehicles. Under the joint development, Honda will continue to work to expand the foundation for the widespread use of EVs globally, including extending its efforts to joint procurement.

Honda e: Architecture



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Initiatives for Zero Environmental Impact

Production Structure

By 2030, Honda is planning to launch 30 EV models globally, with a full lineup from commercial-use mini-EVs to flagship-class models, and achieve annual production volume of more than 2 million units. As a production structure to sustain the volume, Honda is planning to build a dedicated EV production plant in Wuhan and Guangzhou, China, and a dedicated EV production line in North America.

Honda is committed to "sourcing and manufacturing products close to the market" from the perspective of the product life cycle. As this strategy will in turn generate competitiveness, the Company will examine the required production capacity for each of the major markets in a timely manner.



EV production plant in Wuhan, China (image)

Building a Cross-Domain Connected Platform

In promoting electrification, Honda aims to offer greater value not only with each of its products, but also by linking various products to realize connectivity beyond product domains. To do so, it will be necessary to connect energy and information stored in electrified and other products with the users and society. Honda will work on the establishment of a cross-domain connected platform, which will be the key to achieving its goal. Going ahead, in the areas of electrification technologies, including batteries, as well as software and connected technologies, Honda will make efforts to enhance its development capabilities, which will include strengthening recruitment from outside Honda. Also, in these areas, Honda will proactively pursue partnerships that generate synergy between Honda and the other parties, such as inter-industry collaboration and alliances as well as investments in venture companies.

Connected platform





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Materiality Analysis

Evaluation of Issues from the Stakeholders' Perspective

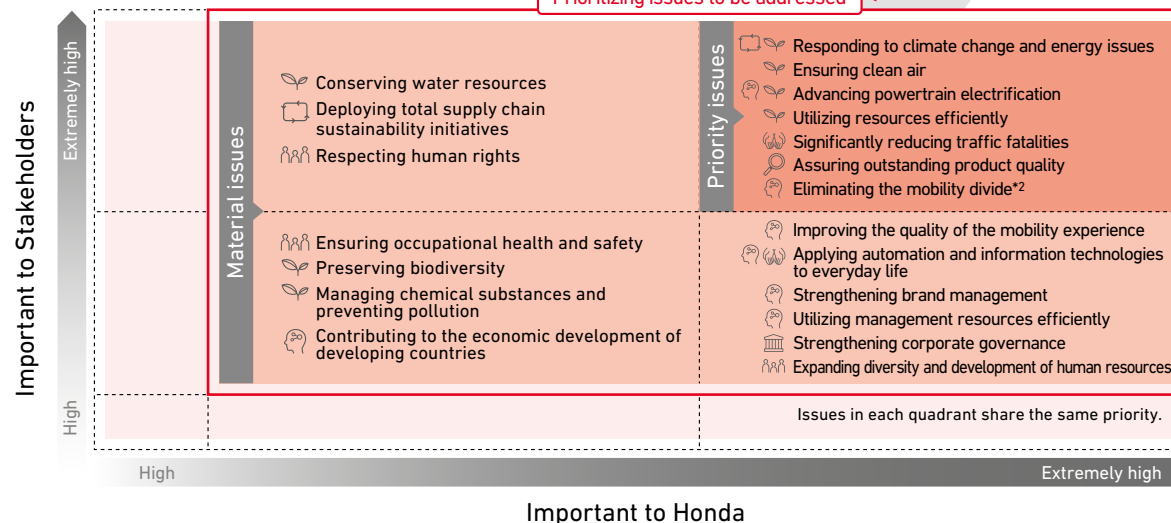
Toward achieving our long-term vision which is based on the Honda Philosophy, key issues to be addressed are identified and prioritized from our perspective and from the viewpoint of our stakeholders. The materiality matrix provides the essential framework for organizing these issues. By creating and employing this matrix, we confirmed the coverage of overall issues and clarified where each of them is positioned.

The materiality matrix was prepared in two stages: identifying issues and then categorizing them according to their materiality. Issues were identified through dialogue among members of respective operating divisions within the Company. The process also took into account various viewpoints including global and value chain perspectives, the status of technological innovation, the Sustainable Development Goals (SDGs)*¹ and social issues pursuant to the Paris Agreement. We evaluated the materiality of these issues in light

of the views of stakeholders through dialogue with leading environmental, social and corporate governance (ESG) rating agencies and NGOs in Europe and the United States that focus on sustainability issues. The contents were also evaluated and assessed by management at the Company's Sustainability Strategy Committee meetings and other occasions.

This resulted in the successful visualization of material issues on a priority basis as a mobility company, including the realization of a carbon-free and collision-free mobile society. We believe our efforts should contribute to the achievement of certain SDGs, notably Goal 13 "Take urgent action to combat climate change and its impacts"; Goal 7 "Ensure access to affordable, reliable, sustainable and modern energy for all"; and Goal 3 "Ensure healthy lives and promote well-being for all at all ages." Critical issues specified based on the views of stakeholders are being reflected in company-wide strategy and incorporated into respective business activities to achieve the Company's vision.

Materiality matrix



Strategy (⇒p. 13)
Governance (⇒p. 31)
Environment (⇒p. 50)
Safety
Quality
Human Resources
Supply Chain (⇒p. 75)

Initiatives toward each critical issue are explained in each part.

*1 The SDGs are international objectives related to such areas as poverty, hunger, energy, climate change and a peaceful society adopted at the United Nations Sustainable Development Summit in 2015.
*2 Disparity in quality of life between those who do and do not have access to mobility



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Honda's Initiatives and the SDGs

Contributing to the Achievement of the SDGs

In order to share joys with stakeholders, Honda seeks to contribute to the advancement of a mobile society with its original and useful technologies that anticipate the needs of the times.

This approach aligns with the United Nations' SDGs, specifically, Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation," Goal 12 "Ensure sustainable consumption and production patterns" and Goal 17 "Strengthen the means of implementation and revitalize the global partnership for

sustainable development," and aligns with Honda's overall corporate activities.

Honda also believes that creating value for society while pursuing economic value will lead to sustainable corporate management and ultimately contribute to the sustainability of society.

In accordance with the material issues for the realization of the 2030 Vision (→ p. 16), Honda will contribute to the achievement of the SDGs through its corporate activities.

SUSTAINABLE DEVELOPMENT GOALS





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Honda's Initiatives and the SDGs

Honda's Initiatives

Common Efforts of Honda's Corporate Activities

By leveraging its proprietary technologies that anticipate the needs of the times, Honda will promote the spread of products that will provide increased value to mobility and people's daily lives. Through these products, relevant industries and technologies that can help resolve social issues will become prevalent in society. Also, Honda intends to play a leading role in resolving environmental, safety and other social issues in cooperation with its stakeholders.

Initiatives by priority issue

Priority issues	Honda's initiatives	SDGs supported by Honda
Responding to climate change and energy issues	Initiatives for zero environmental impact (⇒ p.17) Responses to climate change and energy issues (⇒ p.55) Logistics initiatives (⇒ p.79) Reducing environmental impact together with suppliers (⇒ p.85)	With a view to leading the way in realizing a carbon-free society, Honda undertakes corporate activities while giving consideration to everything from the purchase of raw materials to end use of its products. Honda believes its measures against climate change, including vehicle electrification and the use of portable batteries and hydrogen energy, will lead to stabilizing food production, ensuring energy supply and facilitating the creation of more comfortable communities.
Advancing powertrain electrification	Strategy for automobile electrification (⇒ p.17) Advancing powertrain electrification (⇒ p.58)	
Preservation of Clean Air	Preservation of clean air (⇒ p.63)	Honda is pushing ahead with the preservation of clean air and water resources by developing technologies to clean exhaust emissions from product usage and reducing the amount of harmful substances in exhaust air and wastewater from production processes.
Utilizing resources efficiently	Efficient utilization of resources (⇒ p.60)	Honda is cooperating and collaborating with both internal and external stakeholders to realize zero risk in relation to resources and waste generated during the stages spanning from resource procurement to product disposal. From the standpoint of resource circulation, Honda strives to offer products that fully contribute to the environment and reduce waste.
Significantly reducing traffic fatalities	Toward a collision-free mobile society	Under its global safety slogan, "Safety for Everyone," Honda aims to realize a collision-free society in terms of hardware and software through the development and spread of safety technologies for automobiles, such as the Honda SENSING advanced safety and driver-assistance system, while engaging in worldwide initiatives to provide education on traffic safety including motorcycles.
Eliminating the mobility divide	Business domains (⇒ p.07, 08) Value creation history (⇒ p.09) Honda's sustainability (⇒ p.14)	Honda seeks to provide more options of mobility to reduce the gap in social participation. As such, the Company is supporting the expansion of opportunities and venues for persons with disabilities to be active by providing welfare vehicles. Looking ahead, Honda will provide a sustainable means of mobility through its technologies and services and help resolve social issues through business activities while leveraging its unique strengths in having a broad range of businesses and products, including motorcycles, automobiles and power products.



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Honda's Initiatives and the SDGs

Initiatives by material issue

Material issues	Honda's initiatives		SDGs supported by Honda
Conserving water resources	Conserving water resources (⇒ p.64)	Honda contributes to the conservation of precious freshwater by thoroughly managing the amount of water intake and quality of wastewater at its plants and by installing equipment capable of 100% water recycling and reuse. Honda also manages a water conservation fund in North America, which supports the improvement and preservation of coastal areas for future generations.	
Deploying total supply chain sustainability initiatives	Strengthening supply chain sustainability (⇒ p.76) Reducing environmental impact together with suppliers (⇒ p.85)	Together with suppliers around the world, Honda is making efforts throughout the supply chain to realize a sustainable society while taking into account the environment, safety, human rights, compliance and social responsibilities. In doing so, Honda has formulated the Honda Green Purchasing Guidelines and Honda Supplier Sustainability Guidelines and has been confirming adherence based on these guidelines. Honda has initiated an ESG survey on suppliers having significant influences on the Company and will expand application of the survey in collaboration with overseas purchasing sites.	
Respecting human rights	Human rights Honda human rights policy Initiatives related to diversity	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." In its company-wide risk management activities, Honda also regards human rights as an important risk and manages it accordingly.	
Utilizing management resources efficiently	Roadmap for sustainable growth (⇒ p.15)	Understanding opportunities and responsibilities in the value chain is essential in identifying, among a number of social issues, Honda's priority issues in management. Honda aims to create new value by considering how to transform and evolve the value of existing businesses in step with the rapidly changing social expectations and customer needs from the two perspectives of forecasting and backcasting.	
Strengthening governance	Corporate governance (⇒ p.32)	Honda seeks sustainable growth and the enhancement of corporate value over the medium to long term and strives to be a company society wants to exist. Honda strives to enhance corporate governance as one of the most important tasks for its management. At the same time, it will continue to work for ensuring the transparency of its management through appropriate disclosure of corporate information to further bolster trust and appreciation from society.	
Expanding diversity and the development of human resources	Diversification aimed at leveraging total workforce strength An approach based on on-the-job training Initiatives related to diversity	Honda respects individual differences and encourages the integration of these individualities. While positioning workforce diversification as a company-wide priority task, Honda is working to expand women's participation, promote an understanding and acceptance of LGBT persons, increase opportunities for experienced associates and expand employment of people with disabilities. Also, Honda carries out personnel education based on on-the-job training (OJT) and ensures to assign associates to the most suitable positions by setting up the Global Job Grade System.	
Ensuring occupational health and safety	Occupational safety and health	Honda has been seeking to realize a work environment which brings the joy that all people can work with a true sense of security under this principle. At Honda, the Health and Safety Audit Committee performs health and safety audits throughout the Company by using an Occupational Safety and Health Management System (OSHMS).	
Biodiversity conservation	Biodiversity conservation (⇒ p.65)	Honda believes that minimizing the environmental impact resulting from its products and corporate activities represents its greatest contribution to biodiversity conservation. Accordingly, Honda has specified the priorities in the Honda Biodiversity Guidelines, including the development of environmental technology, initiatives based on corporate activities and initiatives for living in harmony with local communities. The Company has been proactively promoting them.	
Managing chemical substances and preventing pollution	Management and reduction of chemical substances (⇒ p.65)	Honda manages and works to reduce chemical substances contained in automotive components from the product design and development stages. Relevant information is tabulated and managed throughout the supply chain via a system to collect information on materials and chemical substances contained in components. Honda is also making efforts to reduce heavy metals that are considered to have negative impacts on the environment, including water quality.	
Contributing to the economic development of developing countries	2030 Vision (⇒ p.16)	Under its 2030 Vision, Honda aims to enrich people's lives by providing more efficient means of mobility and greater opportunities for business or learning. In expanding business overseas, Honda has evolved its business model from exporting finished products to local production and then to local development, thereby strengthening production and development functions in emerging countries. Honda aims to contribute to each region through employment and OJT-based education.	



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Sustainability Management Structure

Structure for Deliberating Sustainability Initiatives

Honda established the Corporate Integration Strategy Meeting chaired by the Chief Executive Officer (CEO) with the aim of building consensus on the company-wide direction based on recognition of the environment both internally and externally, as well as material issues that Honda as a whole should tackle. Policies and initiatives for sustainability issues are discussed and examined in the meeting.

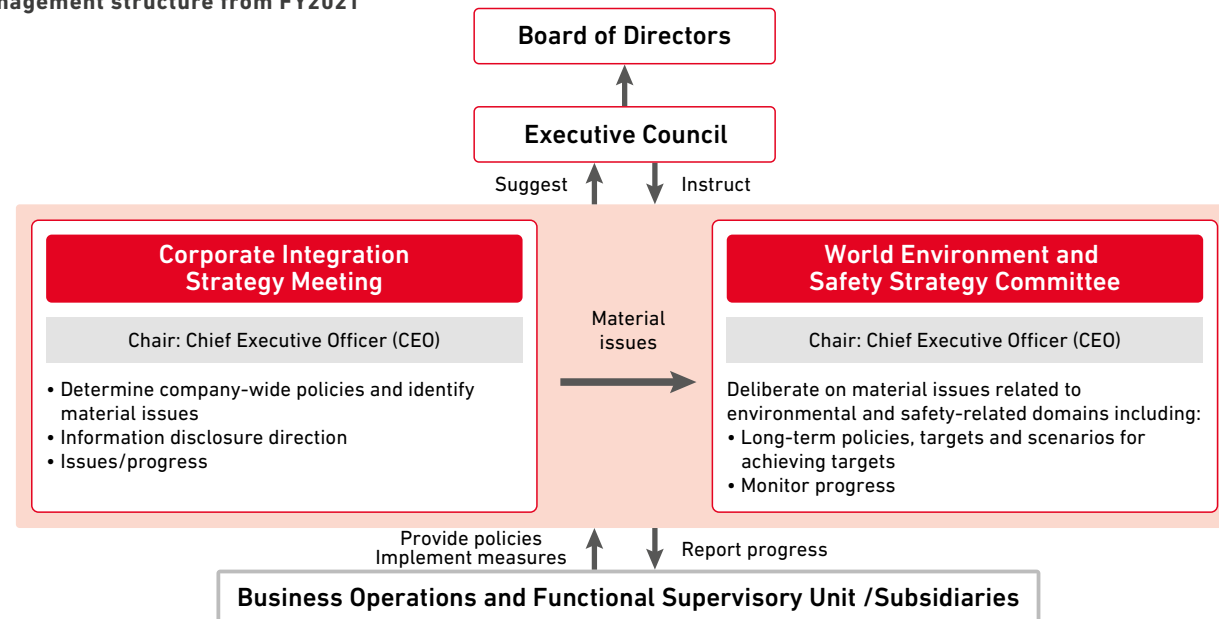
While continuing activities to "increase Honda's value of existence and receive due recognition from society by showing to the public its entire corporate activities rooted in the Honda Philosophy," the Corporate Integration Strategy Meeting will plan company-wide strategies that reflect a sustainability perspective.

To promote and reinforce efforts in the environmental and safety-related domains, which represent the most important material issue as a mobility company, Honda has established the World Environment and Safety Strategy Committee chaired by the Chief Executive Officer (CEO).

Since strategies in the environmental domain also include Honda's response to climate change, the CO₂ emissions reduction targets set by the Committee are examined and decided by the Board of Directors.

Taking into consideration the material issues examined at these committees, Honda determines corporate strategies through the Executive Council and Board of Directors. The Company then breaks them down into policies and measures for business operations, functional Supervisory Unit and subsidiaries for actual execution.

Sustainability management structure from FY2021



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Stakeholder Engagement

Basic Approach

To be a “company that society wants to exist,” Honda must put into practice a communication cycle. This means to: 1) appropriately and accurately convey to society the value that it seeks to provide; 2) engage in dialogue with diverse stakeholders to grasp and understand the demands and expectations placed on the Company; 3) translate these into concrete measures and implement them; and 4) listen to stakeholders’ evaluations of its activities.

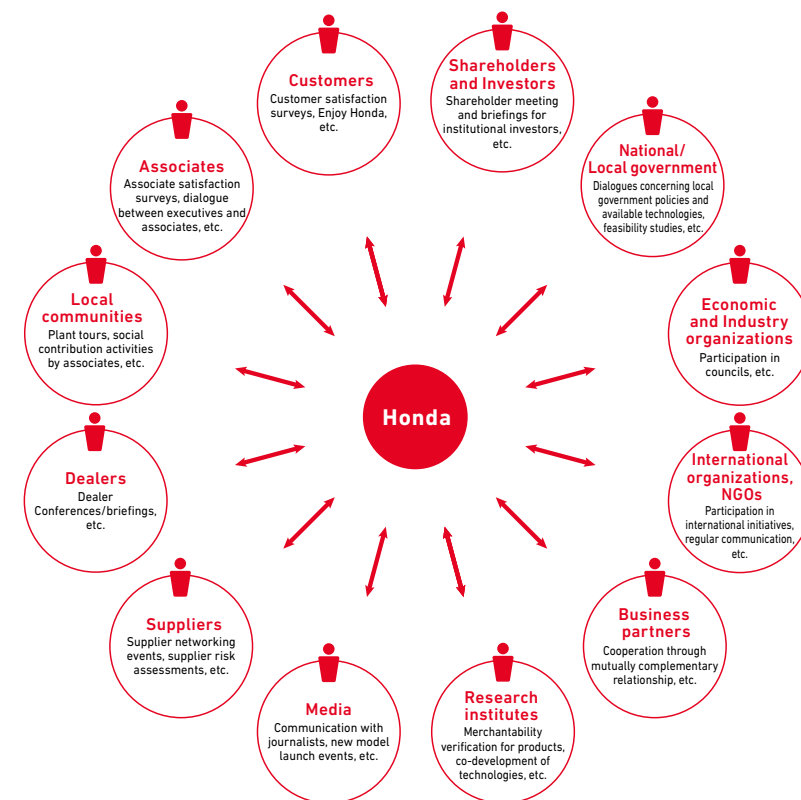
Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that stakeholder dialogue is a beneficial tool that leads to a proper understanding of stakeholders regarding the Company’s initiatives while also giving the Company an understanding of changes and risks in the social environment.

Based on this understanding, Honda engages in dialogues globally through various opportunities. These dialogues are conducted between key stakeholders (that are either impacted by Honda’s business activities or whose activities impact Honda’s business activities) as shown in the diagram indicated at the right and respective divisions within Honda.

As an example, engagement with shareholders and investors consists of dialogue aimed at ensuring that Honda is understood accurately through shareholder relations and investor relations activities.

In addition, opinions gained from dialogues with leading ESG rating agencies and NGOs are reflected in the Materiality Analysis (→ p. 20), which is utilized in identifying issues Honda ought to be addressing.

Stakeholder engagement





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Stakeholder Engagement

Examples of Initiatives in FY2022

Stakeholder	Key means of dialogue	Overview	Frequency	Corresponding items in the materiality matrix	Point of contact	Reference
Customers	Customer satisfaction survey	To ensure customer satisfaction worldwide, we conduct a customer satisfaction survey for customers who have received after-sales service at a dealer around the world and engage in improvement activities to provide high-quality service operations.	Annually	Strengthening brand management	Customer-related divisions	
Shareholders and investors	Financial results press conference	We hold press conferences and teleconferences to review our financial results and various initiatives. We use the feedback and requests thus obtained in maximizing our corporate value.	4 times/year		Financial divisions	https://global.honda/investors/
	Individual sessions and conferences	We hold sessions and opinion exchange meetings to explain our financial conditions as well as production, R&D and business strategies. We use the feedback and requests thus obtained in maximizing our corporate value.	Year round			
Suppliers	Suppliers Conferences	We hold periodic conferences to share with suppliers the direction of our business and the substance of our initiatives and to communicate Honda's company-wide policies and purchasing policies. We also present Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDD*. At the end of a conference, we conduct a questionnaire survey for participants to identify their level of satisfaction and what can be improved for the next event as an effort to further enhance this activity.	Annually	Assuring outstanding product quality Deploying total supply chain sustainability initiatives	Purchasing divisions	⇒ p. 90
	Business plan networking events and meetings to share business status	We share our medium- to long-term management policies, business plans and information on sustainability-related matters (ESG issues, compliance, corporate governance and risk assessment).	Annually			
	ESG inspection for suppliers	We conduct an ESG inspection for key suppliers to prevent compliance violations and reduce environmental impact in accordance with the Honda Supplier Sustainability Guidelines. (⇒ p. 83).	Annually	Deploying total supply chain sustainability initiatives; Strengthening corporate governance		⇒ p. 88
Economic and industry organizations	Participation in activities of industry organizations	We participate in various councils to identify the expectations and demands of society through activities of industrial organizations, create a sustainable business environment and contribute to society.	Year round		Division in charge of government and industry relations, others	
International organizations and NGOs	Participation in international initiatives	We participate in various councils to identify the expectations and demands of society and contribute to society toward the realization of a sustainable society.	Year round		Divisions in charge of sustainability planning, others	
Local communities	Driving safety promotion activities	For preventing collisions, we are proactively engaging in traffic safety awareness activities based on the ideas "To pass on safety education from person to person" and "To provide a participatory hands-on education program." Targeting not just drivers and riders but also all people involved in the traffic society, from children to senior citizens, the activities are currently carried out in 43 countries and regions around the world.	Year round	Significantly reducing traffic fatalities	Divisions in charge of promoting driving safety	
	Helping persons with disabilities wishing to resume driving	In addition to providing driving assist devices, we support occupational therapists and other professionals to promote the creation of a local support environment with the aim of helping people wishing to resume driving.	Year round	Eliminating mobility divide		
	Beach cleanup project	We undertake joint activities among members of the Honda Group and local residents to clean up the beaches using our originally developed equipment. Since the launch of the project in 2006, we have conducted the activities about 400 times at more than 200 locations across Japan, and the cumulative total of beach trash collected by the project amounts to 490 tons.		Expanding diversity and the development of human resources	Divisions in charge of promoting social contribution activities	
	Activities to conserve satoyama landscapes	We have concluded an agreement with Hachioji City, Tokyo, in which Honda's associates and their families carry out satoyama landscape conservation activities within the Kamikawa no Sato special green conservation area.	About 11 times per year			
National and local governments	Support activities to prevent the spread of COVID-19	We undertook support activities while examining what Honda can do to prevent the spread of COVID-19 and help resolve issues and problems encountered in various parts of the world in the face of the pandemic.			Divisions in charge of promoting social contribution activities, others	https://global.honda/sustainability/community/activities/COVID19.html
Associates	Associate survey	We conduct an associate survey and measure associate engagement for building a healthier work environment.	Associate survey: once every 3 years Measurement of associate engagement: every year	Expanding diversity and the development of human resources	Human resources divisions	

* Quality, cost, delivery, development and environment



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Stakeholder Engagement

Cooperation with External Organizations

To carry out our responsibility as a global mobility company, Honda engages in dialogues with government, economic and industry organizations and also cooperates with external bodies. In Japan, Honda executives serve as vice chairman and committee head within the Japan Automobile Manufacturers Association (JAMA); committee head in the Japan Business Federation (Keidanren); and vice chairman and committee head in the Tokyo Chamber of Commerce and Industry.

In addition, Honda executives serve as committee and working group chairs and other representatives in the international motorcycle and automobile industry bodies such as The International Motorcycle Manufacturers Association (IMMA) and Organisation Internationale des Constructeurs d'Automobiles (OICA). Furthermore, Honda cooperates with initiatives related to sustainability through membership in the World Economic Forum (WEF) and the World Business Council for Sustainable Development (WBCSD).

At Honda, we delegate authority to Regional Operations within a certain scope when executing business in respective regions in order to enhance local autonomy and enable speedy decision-making. Political contributions* can be made following required internal procedures based on the laws and regulations of respective countries.

* Political contributions were made to the People's Political Association in the amounts of ¥25 million in FY2019, ¥25 million in FY2020 and ¥25 million in FY2021. Honda has confirmed that these expenditures do not infringe on "the Honda Guideline for the Prevention of Bribery and Corruption."



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Stakeholder Engagement

External Evaluations

Honda Selected to the Dow Jones Sustainability World Index

In December 2021, Honda was selected for the fifth consecutive year as a component of the Dow Jones Sustainability World Index after being ranked within the top five in the global Automobiles sector in the annual review of the Dow Jones Sustainability Indices (DJSI), one of the key benchmarks for socially responsible investing. At the same time, the Company was selected for the seventh consecutive year as a component of the Dow Jones Sustainability Asia/Pacific Index.

The DJSI are investment indices run by U.S.-based S&P Dow Jones Indices LLC. The sustainability of the world's leading companies is evaluated from three perspectives in terms of economic, environmental and social criteria and select companies that demonstrate overall excellence for inclusion in the indices.

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Selected for a Silver Class Rating in Sustainability Assessment by S&P Global Inc.

Honda won a Silver Class rating in the Automobiles sector of the Sustainability Award 2022 issued by S&P Global Inc. S&P Global evaluates the sustainability of approximately 7,500 companies worldwide in terms of economic, environmental and social criteria. Companies deemed to be particularly outstanding in each sector are rated in categories of Gold Class, Silver Class and Bronze Class each year.

Sustainability Award
Silver Class 2022

S&P Global

Securing a B Rating in the CDP Japan 500 Climate Change Report 2021

In December 2021, CDP released the results of a survey on climate change initiatives and reduction of GHG emissions for major companies worldwide.

Honda received a B rating in the CDP Japan 500 Climate Change Report 2021, one of those categories.

CDP is an international NPO that provides a global system for measuring, disclosing, managing and sharing important environmental information from companies and cities. The level of company initiatives in environmental challenges is evaluated in the four stages of information disclosure, awareness, management and leadership.

Please refer to the Environment section of the Performance Report (→ p. 50) for the items required by the FSB Task Force on Climate-related Financial Disclosures (TCFD), one of the CDP evaluation indices.



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Research and Development

Basic Approach

In 1960, with a view to creating new value through the cultivation of uncharted domains, Honda spun off the research and development division from Honda Motor Co., Ltd. and established Honda R&D Co., Ltd. as an independent research and development subsidiary.

Since then, Honda R&D has demonstrated a spirit embodied in Honda's Fundamental Beliefs, which encourages diverse individuals to demonstrate their respective capabilities to the fullest. At the same time, the company has thoroughly pursued core values and accordingly undertaken research with a particular focus on people's values. By doing so, Honda R&D has taken on challenges of creating new value. This stance will remain the same even when facing significant changes in society, such as the rapid global movement toward a carbon neutral society and digitalization. Honda believes that maintaining a global perspective and pursuing the joy for each customer through its technologies, products and services represent the true essence of Honda's corporate activities and research and development operations.

Aiming to Transform into a Mobility Company Focused on Services and Solutions

Honda consolidated functions related to research and development of motorcycles as well as automobiles into Honda Motor Co., Ltd. in April 2019 and April 2020, respectively. This reorganization enables a unified structure that integrates development, sales, production and purchasing operations to provide competitive products in a timely manner.

In April 2022, Honda Motor Co., Ltd. established the Business Development Operations as a new organization tasked with combining hardware with software and services. The goal is to transform Honda into a mobility company that can achieve new growth and new value creation. Honda is further accelerating its development efforts in the fields of software and each of the core electrification components in order to facilitate the development and early launch of the electrification business, new businesses and combined solutions business.

In addition, Honda R&D has been reorganized into the Innovative Research Excellence center, Innovative Research Excellence – Power Unit

& Energy center, the Solution System Development Center and the Design Center. The Innovative Research Excellence center is a facility dedicated to innovative mobility technologies for the future and the creation of advanced technologies. The Innovative Research Excellence – Power Unit & Energy center brings together the experts of the power unit and environmental energy fields, which represent the strengths of Honda and serve as a source of its competitive edge beyond product boundaries. The Solution System Development Center creates new value in people's daily lives, while the Design Center is tasked with delivering brand messages transcending product boundaries in the form of consistent designs, which are the origin of Honda's value creation.

Toward the creation of new value, Honda will pursue research and development not only internally but also in collaboration with other companies and business partners with a vision to "serve people worldwide with the 'joy of expanding their life's potential'."

Research and Development Structure



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Innovation Management

Efforts to Expand into New Domains through Open Innovation

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

Honda R&D Innovations, Inc., a Honda subsidiary in Silicon Valley, has been engaging in co-creation and open innovation with transformative startups. The company has been promoting the Honda Xcelerator program since 2015 primarily in Silicon Valley but also in Israel, Europe, China, Japan and other areas.

Honda Xcelerator helps startups with innovative ideas through funding, access to a collaborative workspace, test vehicles and support from Honda mentors. Besides conducting the research and development of basic technologies, including personal mobility, automated vehicles, artificial intelligence, smart materials, robotics, energy, human machine interface and production technology, the program focuses on developing businesses, collaborating and forming alliances toward the realization of a carbon neutral society and establishing a sustainable business environment encompassing resource circulation and recycling.

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

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

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

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



5 Governance



Material Issues

— Strengthening corporate governance



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Corporate Governance

Basic Approach

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

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

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

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

WEB

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

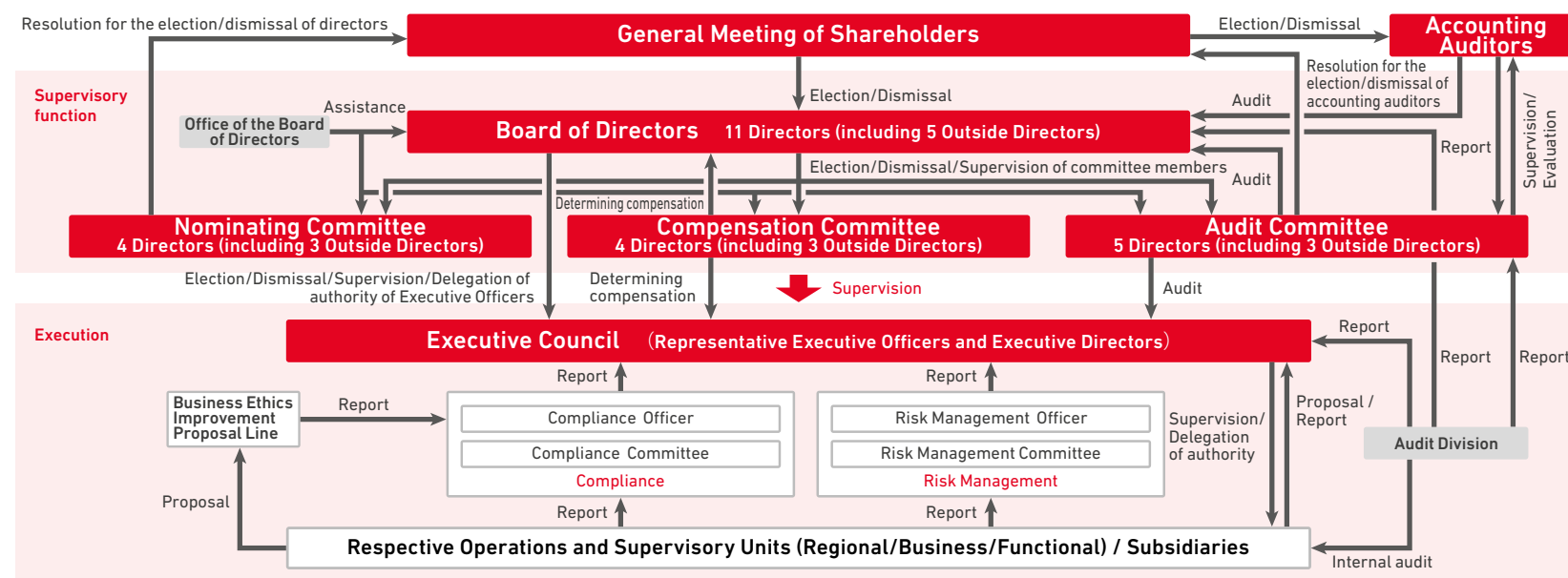
> <https://global.honda/investors/policy/governance.html>

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Corporate governance structure (as of June 22, 2022)





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Corporate Governance

Decision-Making and Supervision of Business Execution

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

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

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

Board of Directors

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

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

Principal Matters Discussed by the Board of Directors in FY2022

- Medium-term management plan and its progress
- Quarterly consolidated financial statements and business outlook
- Quarterly operational execution status
- Duty execution statuses of committees
- Maintenance and operation of the internal control system

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

Nominating Committee, Audit Committee and Compensation Committee

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

1. Nominating Committee

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

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Nominating Committee Members (as of June 22, 2022)

Fumiya Kokubu (Chairperson) (Outside Director)

Toshihiro Mibe

Kunihiko Sakai (Outside Director)

Kazuhiro Higashi (Outside Director)

Principal Matters Discussed by the Nominating Committee in FY2022

- Basic policy/annual activity plan
- President succession plan
- Skill matrix
- Prospective Director candidates

2. Audit Committee

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

Audit Committee Members (as of June 22, 2022)

Yoichiro Ogawa (Chairperson) (Outside Director)

Asako Suzuki (Full-time Audit Committee Member)

Masafumi Suzuki (Full-time Audit Committee Member)

Kunihiko Sakai (Outside Director)

Ryoko Nagata (Outside Director)

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

Principal Matters Discussed by the Audit Committee in FY2022

- Basic policy/annual activity plan
- Quarterly audit implementation status
- Quarterly review of consolidated financial statements by the Accounting Auditor
- Implementation status of internal audits

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Each member of the Audit Committee audits the execution of duties by Directors and Executive Officers in accordance with the auditing criteria for the Audit Committee, auditing policies and division of duties, etc., as determined by the Audit Committee. The audit is carried out through the following main activities by using such online means as web conferencing systems.

Main activities of the Audit Committee

Initiative	Details
Dialogue with Executive Officers	Hold opinion exchanges with Executive Officers regarding the management environment and business environment (held 84 times during FY2022, of which Outside Directors participated 25 times)
Attendance at important meetings	Monitor and verify the status of execution of duties by Directors and Executive Officers by attending the Executive Council and expressing opinions as necessary (full-time members).
Implementation of on-site audits	Implement on-site audits based on the annual audit plan. For certain subsidiaries in Japan and overseas Group companies, business site inspection visits are conducted by utilizing remote audits via web conferencing systems and videos. (FY2022) • Honda headquarters/business sites 26 places (4 places with the participation of Outside Directors) • Group companies in Japan 16 companies (4 companies with the participation of Outside Directors) • Group companies outside Japan 24 bases (9 bases with the participation of Outside Directors)
Collaboration with the Accounting Auditor and the Audit Division	Hold opinion exchanges regarding the accounting audit plan and results (held meeting with the Accounting Auditor 9 times in FY2022). Also implement audits in collaboration with the internal Audit Division.
Strengthening Group governance structure	Maintain and strengthen the Group governance structure by sharing information and exchanging opinions with the auditors of Group companies in Japan and by holding lectures by Outside Directors.

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

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

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

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

Aside from regularly reporting to the Audit Committee on audit policies, plans and results, the Audit Division also makes additional reports on results at the request of the Audit Committee. In addition, the Audit Committee and the Audit Division implement audits independently or in collaboration.



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3. Compensation Committee

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

Compensation Committee Members (as of June 22, 2022)

Kazuhiro Higashi (Chairperson) (Outside Director)

Kohei Takeuchi

Fumiya Kokubu (Outside Director)

Yoichiro Ogawa (Outside Director)

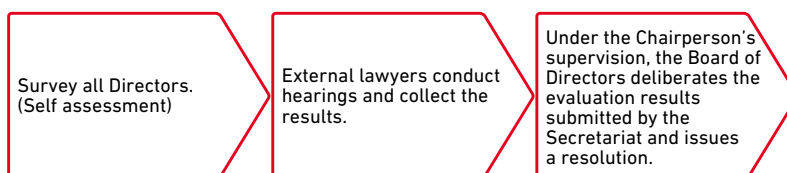
Principal Matters Discussed by the Compensation Committee in FY2022

- Basic policy/annual activity plan
- Remuneration criteria for Directors and Executive Officers
- Stock-based remuneration system and stock delivery regulations

Evaluation of Effectiveness of the Board of Directors

Each fiscal year, the Company conducts an evaluation of the overall effectiveness of the Board of Directors in order to confirm the current status of the Board's functions, with the aim of further improving its effectiveness and promoting understanding among shareholders and stakeholders.

Evaluation process



	Tasks for FY2021	Main initiatives for FY2022	Evaluation for FY2022	Tasks and initiatives for the future
Composition	Enhance discussions on expertise and diversity of the Board of Directors.	The Nominating Committee discussed and resolved the Board Skills Matrix.	The scale is appropriate and the structure is well-balanced in terms of skills, expertise, diversity, etc.	Continue to consider the composition of the Board of Directors for further functional enhancement.
Shared Information		• Provided an update on operational progress alongside deliberation of quarterly financial statements. • Set up the preliminary briefings from the General Managers or equivalents. • Simplified the explanation and focused on deliberation during meetings. • Held discussions on management-related interests. • Provided venues for communication between Outside Directors. • Held briefings on strategies and corporate governance.	Information provision is appropriate in terms of both quality and quantity.	More timely information sharing and enhancement of opportunities for business site visits for Outside Directors.
Agenda items for deliberation, etc.	• Enhance preliminary briefings for Outside Directors and streamline the explanation process during meetings to improve the quality of deliberation by the Board of Directors. • Brief the Outside Directors on management-related interests and enhance dialogue and discussion with Executive Officers.		The items to be deliberated have been carefully selected, and each agenda item has been thoroughly discussed.	Further enhance opportunities to share information and exchange opinions about the progress status of the medium-term management plan and the direction of the next term plan.
Deliberation at meetings			• The quality of deliberation by the Board of Directors has improved due to the enhancement of preliminary briefings. • The points of the explanation on the day are properly narrowed down. • Improved objectivity and transparency in the process of nomination and remuneration decision. • Each committee is performing its function well.	Further revitalize discussions at the Board of Directors.
Committee				Maintain and strengthen collaboration between each committee and the Board of Directors.

Summary of evaluation results

The evaluation confirmed that the effectiveness of the Board of Directors has been adequately ensured. This has been achieved by a number of changes made after the management approach was updated in response to the transition to a company with three committees. The evaluation confirmed improvements to the discussion of management policies from a medium- to long-term perspective and the provision of information relevant to these, and an improvement in the quality of deliberations and appropriate operation of the three committees.

The evaluation cited a need to provide more timely information to Outside Directors, to enhance opportunities for business site visits, and to enable more active discussions at Board of Directors meetings.

The Company will address these issues to further enhance effectiveness as a monitoring-type Board of Directors.

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Corporate Governance

Outside Directors

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

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

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

WEB

"Honda Corporate Governance Basic Policies"

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

Support Systems for Outside Directors

Honda's Board of Directors Office plays a central role in providing the following support to Outside Directors to ensure they can maximize the functions of Outside Directors.

1. Orientation at the time of assuming position
Honda provides training in industry trends, the Company's history, business, finances, organizations, internal control system and other matters to Outside Director candidates to be newly appointed.
2. Holding preliminary briefing sessions and information sharing meetings
Preliminary briefing sessions are held for Outside Directors in advance of

the convening of each Board of Directors meeting for two purposes. One is to enable Outside Directors to fully understand the details and background of each agenda item submitted to the Board of Directors and the necessary presupposed information such as positioning within the medium- to long-term management plan. The other is to ensure that essential deliberation is undertaken at the Board of Directors. In addition, Honda provides opportunities to share information and discuss important matters among Directors in relation to the status of the medium- to long-term management plan.

3. Opinion exchange meetings on matters of management concern
Honda holds opinion exchange meetings regarding matters of concern among Directors. Its aims are to share with Outside Directors an awareness of the Honda Group's long-term challenges and directions to be pursued and to deepen their understanding of management initiatives. Such meetings are also intended to utilize the knowledge of Outside Directors in discussing future management policies.

4. Dialogue with Executive Officers/Dialogue among Outside Directors
To facilitate forthright communication among Directors, Honda enables dialogue between Outside Directors and Executive Officers or Internal Directors as well as dialogue among Outside Directors as needed.

5. Inspection visits to business sites
Honda arranges inspection visits as necessary to plants and other business sites to promote an understanding of its business.



Inspection visit to Saitama Factory's Yorii assembly plant



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Business Execution Management (Organizational Management)

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

Director and Operating Officer Training

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

Tax Policy

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

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

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

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[Honda Tax Policy](#)

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Corporate Governance

Remuneration of Directors

The Company views remuneration for Directors and Executive Officers, the key to its corporate governance, as an important driving force in realizing our fundamental beliefs, management policies, and aspirations. The Compensation Committee has established the following decision-making policy in order to encourage appropriate risk-taking and accurately reflect management responsibility in an effort to promote speedy reforms to achieve our vision amidst a drastically changing environment.

The Company's remuneration structure for Directors and Executive Officers is designed to motivate officers to contribute to the improvement of the Company's business performance not only over the short-term, but also over the mid- to long-term, so that the Company can continuously enhance its corporate value, and it consists of monthly remuneration, a fixed amount paid each month as remuneration for the execution of duties, STI (Short Term Incentive) based on business performance for the relevant fiscal year, and LTI (Long Term Incentive) based on the mid- to long-term business performance.

Monthly remuneration shall be paid as a fixed amount each month based on remuneration standards resolved by the Compensation Committee.

STI shall be determined and paid by resolution of the Compensation Committee, taking into consideration the business performance of each fiscal year.

Based on standards and procedures approved by the Compensation Committee, LTI is based on the mid- to long-term performance and paid in the form of the Company's shares and cash, in order to function as a sound incentive for sustainable growth.

Remuneration paid to Directors who concurrently serve as Executive Officers and Executive Officers shall consist of monthly remuneration, STI and LTI, and the composition rate shall be determined based on the remuneration standards resolved by the Compensation Committee. The composition ratio of variable compensation is increased according to the weight of management responsibility.

Remuneration paid to Outside Directors and other Directors who do not concurrently serve as Executive Officers shall consist only of monthly remuneration.

In order to advance the Company's sustainable growth and enhance its corporate value over the mid-to long-term by sharing common interests with the shareholders through having a shareholding in the Company, even Directors and Executive Officers who are not eligible for LTI shall acquire the Company's stock by contributing a certain portion of their remuneration to the Officers Shareholding Association.

Directors and Executive Officers shall continuously hold, throughout their term of office and for one year after their retirement, any stock of the Company acquired as LTI or acquired through the Officers Shareholding Association.

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

WEB

"Honda Corporate Governance Basic Policies"

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

Remuneration of Accounting Auditors

The Company has had its financial statements audited in accordance with the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, the Securities Exchange Act of 1934 (United States) and the Exchange Act of 1933 (United States) by KPMG AZSA LLC. Within KPMG AZSA LLC, a total of 75 staff members conducted external audits of the Company's financial statements. These accounting firm staff members are composed of 3 certified public accountants (Masahiko Chino, Isao Kamizuka and Takeshi Kamada), who are in overall charge of the Outside Audits, and 72 professional staff members (including 26 certified public accountants and 46 other staff members).

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



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Compliance

Honda Code of Conduct

In order to earn the trust of customers and society and grow sustainably, companies must not only comply with laws and regulations but go beyond those legal structures by practicing sincere and ethical conduct.

Recognizing this, Honda formulated the Honda Code of Conduct, which summarizes the sincere behavior to be practiced by people working at Honda around the world. This is shared throughout the entire Honda Group, including subsidiaries in Japan and overseas.

The Company works to instill the Honda Code of Conduct in each and every associate through actions such as the distribution of leaflets, the publication of in-house newsletters and the posting of explanations of actual case examples on its intranet and through training. Each of Honda's departments and subsidiaries regularly checks the status of such activities to ensure awareness of the Code and reports to the Compliance Committee.

WEB

"Honda Code of Conduct"

> <https://global.honda/about/codeofconduct.html>



Honda Code of Conduct



In-house newsletters

Compliance Committee

To improve compliance within the Honda Group, Honda has established a Compliance Committee, headed by a Compliance Officer designated by the Board of Directors. This Committee is composed of the Compliance Officer as well as Executive Officers and other Executives who are appointed by the Executive Council. The Committee makes decisions regarding important internal control system measures, which include formulating and amending of compliance policies. In addition, the responsibilities of the Committee encompass from confirming the status of establishment and operation of internal control systems to performing oversight to ensure the appropriate management of the Business Ethics Kaizen Proposal Line and deciding measures to prevent recurrences when serious compliance-related matters occur. For matters of compliance that are of particularly high importance, deliberation or reporting at a meeting of the Executive Council or the Board of Directors is carried out depending on the details of the matter.

The Compliance Committee met four times (four regular meetings) in FY2022 to report on the establishment and operating status of internal control systems as well as the operating status of the Business Ethics Kaizen Proposal Line, among other things. There were no major violations of laws or regulations in FY2022.



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Compliance

Business Ethics Kaizen Proposal Line

Honda established the Business Ethics Kaizen Proposal Line as a structure for improving corporate ethics issues. This hotline addresses issues involving corporate ethics in cases of actions that violate laws or internal rules. This allows the Company to accept proposals and provide consultation, from a fair and neutral standpoint, for associates who face barriers in improving or resolving issues in the workplace for reasons such as difficulties in consulting with superiors.

Furthermore, in addition to cases of a clear violation of laws or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable actions have occurred, and also engages in fact checking related to such cases. Proposals are accepted by email, letter, telephone or fax from all subsidiaries and suppliers in Japan and overseas, as well as from the parent company. We ensure protection of the Kaizen proposers and anonymous proposals are also accepted.

Moreover, the Company established a point of contact within an external law office to facilitate associates to submit proposals. As for overseas, local points of contact have been established in all Regional Operations, while some subsidiaries set up their own points of contact.

In FY2022, 358 proposals and consultations were handled by the Business Ethics Kaizen Proposal Line (including points of contact outside the Company). Among these, 158 concerned the parent company, 181 concerned subsidiaries and 19 concerned other matters.

Following investigations of the proposals and consultations submitted, disciplinary action was taken in four cases in the parent company and 13 cases in subsidiaries. There was no case involving the Company that resulted in punitive dismissal. None of the cases involved violations of the Honda Policy on the Prevention of Bribery.

In order to raise internal awareness of the points of contact, Honda provides notice on its intranet, distributes information cards to all associates, including fixed-term employees and temporary workers, and displays information posters in each workplace. These tools clearly state that the Kaizen proposers are protected. In addition, Honda observes how well these points of contact are recognized through an annual associate vitality survey for all associates. For departments found in these surveys to have low recognition of the points of contact, the Company makes additional efforts to increase their awareness.

Initiatives to Prevent Bribery and Corruption

Honda prohibits bribery and corruption.

The Honda Code of Conduct requires that the Company complies with laws and regulations, and states that “as an independent corporate entity, Honda maintains appropriate relationships with political entities (political organizations and politicians) and administrative entities (governmental agencies and government officials)” and “will interact with political and administrative entities in an appropriate manner in compliance with laws, regulations and company policies and will not offer politicians or government officials entertainment or gifts (both monetary and non-monetary) that are prohibited by laws, regulations and company policies.” Moreover, the Code stipulates that the associates “will not receive from or provide to business partners benefits in the form of goods (both monetary and non-monetary) or entertainment beyond what is generally considered appropriate by society.”

In addition to the above, the Company also established the Honda Policy on the Prevention of Bribery and Corruption, which stipulates basic policy about bribery and corruption, and the Honda Guideline for the Prevention of Bribery and Corruption, which stipulates specific compliance items and prohibited items. These are posted on the intranet for Honda associates along with related educational content.

While raising awareness by integrating bribery and corruption prevention-related knowledge, including the said policy and guidelines, into Honda’s pre-assignment training for personnel stationed overseas and training for newly appointed managers, Honda is also providing all associates of Honda Motor Co., Ltd. with video training with content tailored to job positions. With regard to its subsidiaries, Honda has launched training programs, matched to conditions in each company, aimed at raising awareness.



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Compliance

Initiatives for the Prevention of Anti-Competitive Behavior

As a company engaged in business globally, Honda takes great care in its daily business activities to comply with competition laws in the countries where it operates.

The Honda Code of Conduct states that “Honda will engage in free and open competition with competitors to maintain its stance as a company trusted by customers and society” and that each associate “will comply with competition laws (antitrust laws)” to ensure compliance with competition laws.

As a part of its measures to strengthen compliance, Honda implements individual training for related departments on anti-competitive behavior. It also incorporates programs on the topic of anti-competitive behavior in training for personnel stationed overseas and for newly appointed managers. Additionally, Honda publishes awareness-raising content concerning anti-competitive behavior on the Company’s intranet for its associates.

Rules on Conflict Minerals

The final rule for disclosure on conflict minerals adopted by the U.S. Securities and Exchange Commission (SEC) mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires corporations to confirm that the purchase and use of conflict minerals from the Democratic Republic of the Congo and adjoining countries are contributing neither to the funding of armed groups nor to the abuse of human rights in that region.

Honda’s policy is to aim to be free from conflict minerals which contribute to the funding of armed groups or human rights infringement. Accordingly, Honda conducts surveys based on the standards prescribed in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. To achieve this goal and help resolve the global problem of conflict minerals, the Company is actively engaged with domestic and international industry organizations and its suppliers.

For conducting the surveys, Japan Automobile Manufacturers Association, Inc. has created for suppliers a manual for filling out survey forms as well as tools for tabulating survey results. Also, in collaboration with such entities as the Japan Auto Parts Industries Association and the Japan Electronics and Information Technology Industries Association, Honda is examining efficient survey methods and is working to understand and analyze survey results while implementing various working activities on a regular basis.

In North America, Honda is working with the Responsible Minerals Initiative (RMI), an international initiative promoting responsible mineral procurement, to encourage smelters and refiners to participate in the Responsible Minerals Assurance Process (RMAP).

With its suppliers, Honda shares the Honda Supplier Sustainability Guidelines that summarize what is expected of them with regard to CSR activities, including how to deal with conflict minerals, and is encouraging procurement in line with the guidelines. Honda is encouraging tier 1 suppliers to implement the same initiatives at sub-tier suppliers.

Since 2013, Honda has surveyed its suppliers worldwide concerning the use of conflict minerals. In FY2022, Honda received responses from more than 7,000 suppliers. In addition to reporting survey results to the SEC, the Company also makes them publicly available on its website. (Please refer to the link below.)

In the event that the survey reveals any minerals of concern, regardless of source country, Honda works together with its suppliers to take appropriate measures. The Company is also working to improve the accuracy of its survey, requesting further investigation when survey responses are insufficient.

In addition, demand for cobalt is rising in step with growing electrification. Honda recognizes it could lead to human rights issues such as the use of child labor. In Japan, the Company uses templates provided by RMI and works to identify refiners with the cooperation of its suppliers. Going forward, Honda will also consider global initiatives.

PDF

“Honda Supplier Sustainability Guidelines”

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

WEB

Under the IR Library website “Form SD/ Conflict Minerals Report”

> <https://global.honda/investors/library.html>



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Risk Management

Establishing an Effective Risk Management Structure

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

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

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

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

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

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

Risk Management Committee

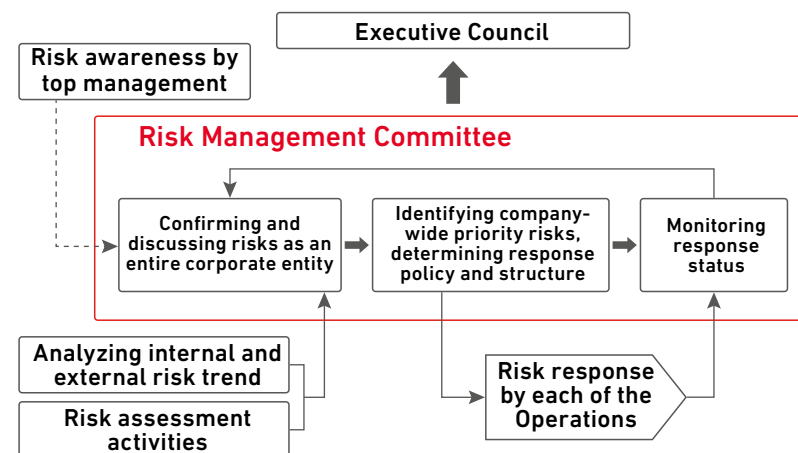
The business environment surrounding companies is undergoing drastic changes in recent years regardless of business category. Accordingly, the complexity and uncertainty of risks are rising, which requires effective risk management activities. Honda set up the Risk Management Committee chaired by a company-wide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

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

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

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

Risk Management Committee





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Risk Management

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

Company-wide priority risks

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

Risk Assessment Activities

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

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

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

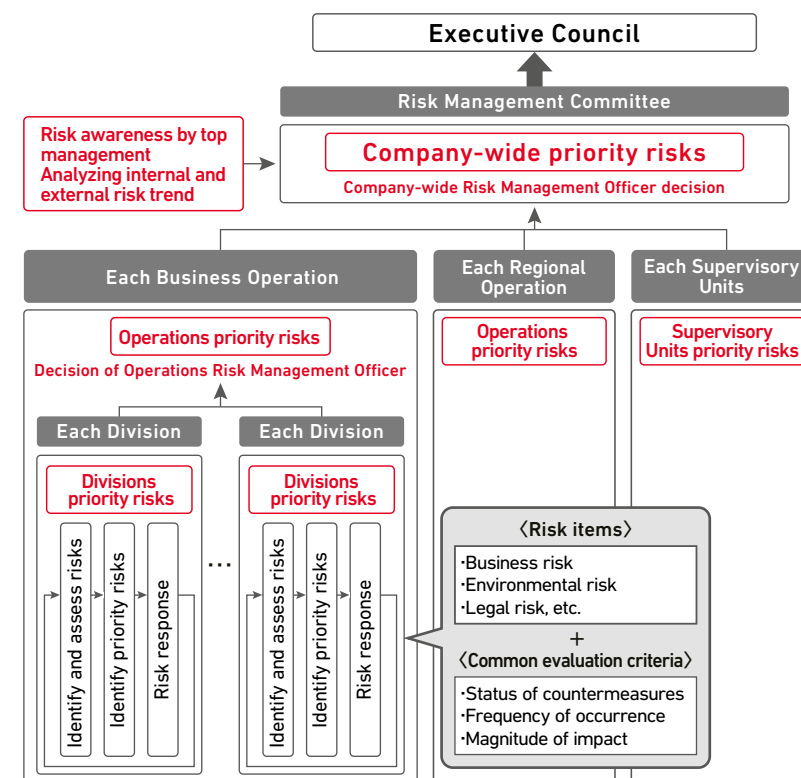
Each of the Operations and the Supervisory Units carries out repeated discussions based on the results of the risk assessment of each department.

They then identify and respond to the Operations priority risks based on the judgment of the Operations Risk Management Officer.

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

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

Risk Assessment Activity Structure





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Risk Management

Crisis Response

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

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

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

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

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

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

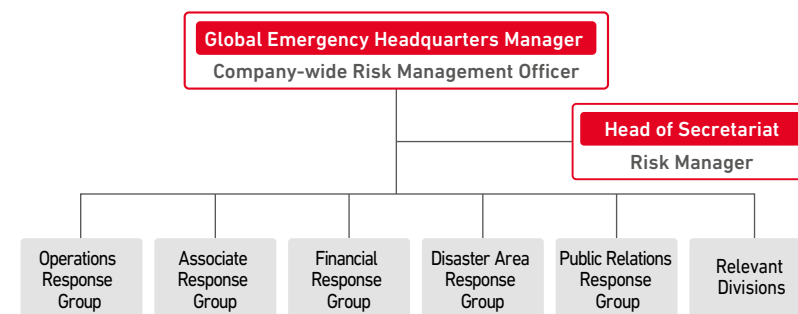
As a recent example of its crisis response, to counter COVID-19 Honda launched a Global Emergency Headquarters. It promotes company-wide cross-sectional responses and strengthens functions by reflecting back on these responses.

Although countries around the world are taking measures to find a balance between maintaining social and economic activities and controlling new infections, it still remains uncertain when the spread of COVID-19 will

subside. Going forward, Honda will continue to monitor trends in new virus variants and the spread of COVID-19 infections in each country. By placing top priority on the safety of our customers and associates, Honda will work to prevent the spread of infections and undertake business activities.

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

Global Emergency Headquarters Structure





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Risk Management

Information Management

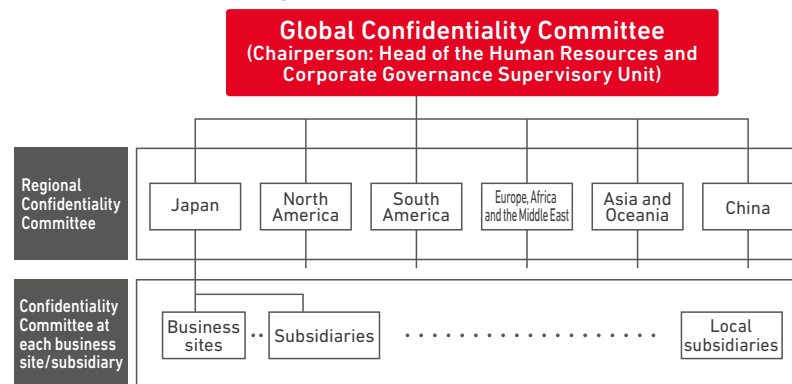
To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy (GCP) and the Global IT Security Policy (GITSP), with its scope of application extending to Group subsidiaries. These policies stipulate a systematic response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

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

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

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

Global Information Management Structure



Protection of Personal Information

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

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

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

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

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



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Risk Management

Product Cybersecurity

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

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

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



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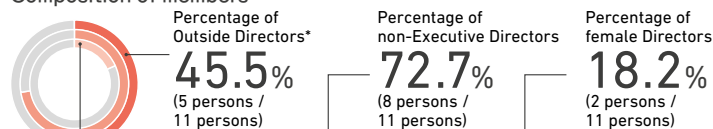
Overview of corporate governance (as of June 22, 2022)

Form of organization

Company with Three Committees

Board of Directors

Composition of members



* All five Outside Directors currently in office are Independent Directors who satisfy the Company's Criteria for Independence of Outside Directors.

Term of office



Attendance rate (FY2022)

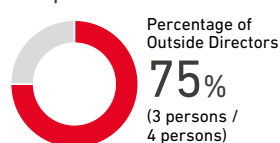


Nominating Committee

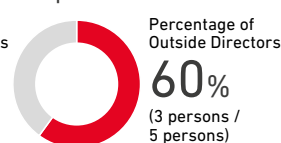
Audit Committee

Compensation Committee

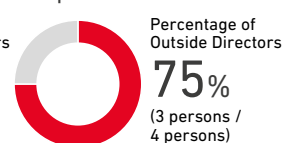
Composition of members



Composition of members



Composition of members



Attendance rate (FY2022)



Attendance rate (FY2022)



Attendance rate (FY2022)



(Audit and Supervisory Committee held for a total of 4 times from April to June 2021 with an attendance of 100%)



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Honda Tax Policy

1. Purpose of Policy

The Honda Tax Policy prescribes the basic stance and thinking regarding taxes for Honda Motor Co., Ltd. (hereafter HM) and its consolidated subsidiaries (HM and its consolidated subsidiaries collectively referred to as Honda). The Policy aims to contribute to society as well as maintain and increase corporate value by complying with the tax laws and regulations, and their intent, for each country and region where Honda conducts business activities and by making proper tax payments.

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

2. Tax Policy

(1) Compliance

Honda complies with letter and intent of laws, regulations and rules of countries and regions in which it conducts business, as well as tax conventions and international standards such as OECD guidelines. Honda also adopts and complies with internal rules, including tax-related policies and guidelines such as this policy and Honda Corporate Governance (HCG). Based on the foregoing, Honda makes proper tax payments consistent with the actual state of business.

(2) Prohibition of tax avoidance

Honda shall not engage in any transactions such as the use of tax havens aimed at tax avoidance but make proper tax payments consistent with the actual state of business in keeping with the concept of “returning profits to the communities where profits are earned,” which has been Honda’s basic stance.

(3) Transfer pricing

Honda shall establish proper pricing (Arm’s Length Price (ALP)) by giving sufficient consideration to transfer pricing taxation systems for transactions carried out within Honda to ensure the proper payment of taxes corresponding to the value created by business activities.

(4) Ensuring transparency

Honda recognizes the importance of fulfilling accountability to tax authorities and other tax-related stakeholders through the timely and proper disclosure of tax-related information and properly responds by disclosing tax-related information based on laws and regulations.

(5) Relationships with governments and tax authorities

Honda shall make efforts to ensure transparency and continuously build relationships of trust through sincere responses to governments and tax authorities in the countries and regions where it conducts business by ensuring timely and proper provision of tax-related information based on laws and regulations and requests from governments and tax authorities.

(6) Corporate governance

Honda strives to enhance corporate governance as one of the most important tasks for its management, based on the Company’s basic principle, in order to strengthen the trust of our shareholders/investors, customers and society; encourage timely, decisive and risk-considered decision-making; seek sustainable growth and the enhancement of corporate value over the mid- to long-term; and become a company society wants to exist. In the same manner, Honda shall establish governance on taxation based on this concept, framework and management policy.



6

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





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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



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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. 44).

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.





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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

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DATA

Economic benefits (Effect on revenue and expenses)

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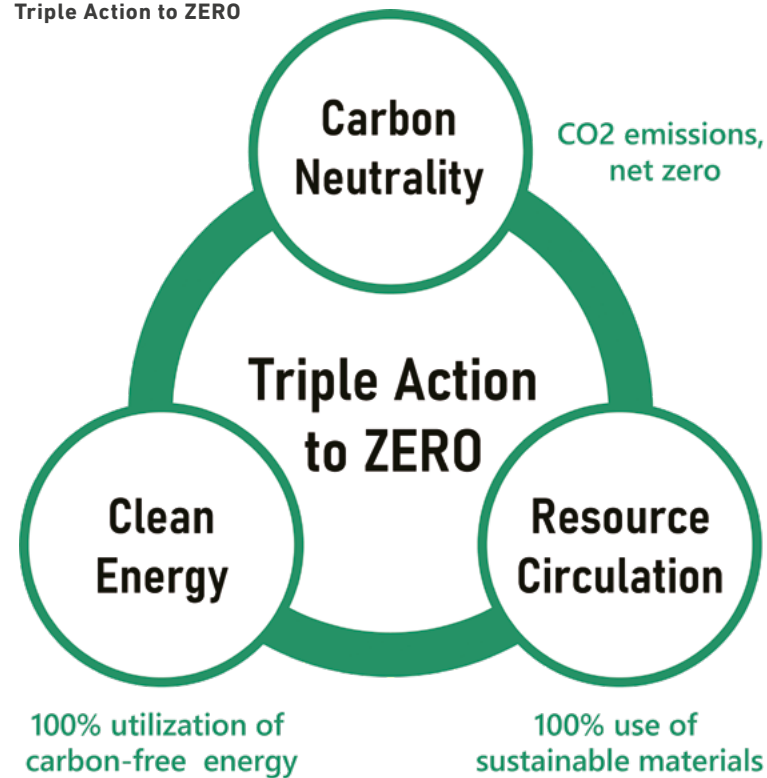
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Material Issues in the Environmental Dimension

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.





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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.

	Risks for Honda		Opportunities for Honda	
	Climate-related risks (From TCFD recommendations)	Specific response / corresponding section	Climate-related opportunities (From TCFD recommendations)	Specific opportunity / corresponding section
Transition risk → 2°C/1.5°C Major impact - Changes in the market to eliminate forms of mobility with greater CO₂ 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, 57, 58) - Disclosure of emissions from the entire product life cycle (→ p. 68)	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. 56) - Sales expansion of electrified products and services (→ p. 06, 07, 17, 58) - Expansion of product sales under the multi-pathway strategy (→ p. 56)
	Technology risk Replacement with low-carbon products	Promotion of electrified products (→ p. 06, 07, 57, 58)	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. 56) - Product designs based on 3Rs (reduce, reuse and recycle) (→ p. 60, 61)	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. 59) - Expansion of battery sharing through Honda Mobile Power Pack (→ p. 63)
	Reputation risk - Changes in consumer perceptions - Accusations against the industry - Growing concerns among stakeholders	- Promotion of low-emissions products and services (→ p. 56, 57, 58) - Transition to carbon neutral status (→ p. 56) - Communicating resilient strategies (→ p. 55)	Resource efficiency - Utilization of more efficient transportation means - Promotion of recycling	Active promotion of 3Rs (→ p. 60, 61, 62)
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. 43, 44) - Establishment of a global value chain (→ p. 85) - Measures against procurement risk (→ p. 88)	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. 88) - Contribution to early recovery by providing products and services responding to disasters (→ p. 58) - Stable energy supply through eMaaS (→ p. 56)
	Chronic risk - Shifts in rain and other climate patterns - Higher average temperatures	- Efforts to reduce water intake and energy use (→ p. 59, 60, 64) - More efficient energy consumption (for air conditioning) (→ p. 59)		

* Total cost of ownership



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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.





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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.

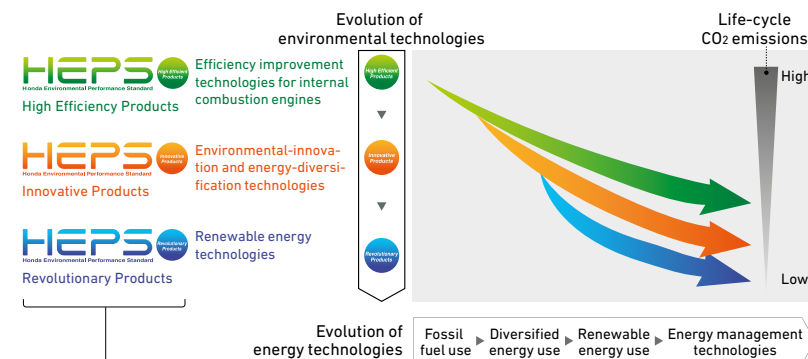
As a result of certification of products that were launched in FY2022, 18 motorcycle models, 6 automobile models and 3 power product models — a total of 27 models — were HEPS-certified. Cumulatively, this brings the number of HEPS-compliant products to 205 motorcycle models, 98 automobile models and 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. 73



● 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.



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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. 7).

Targeted ratios of electrified products*



Motorcycles
15%



Automobiles
30%



Power products
36%

* 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





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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



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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.

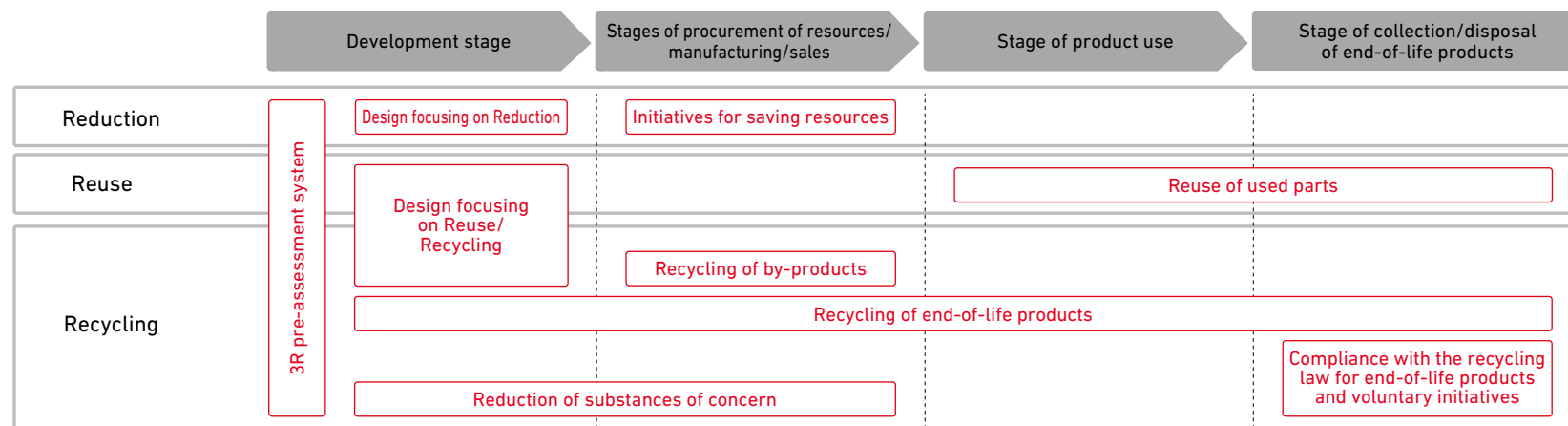
Giving consideration to the risks involved in resource depletion and waste disposal that could potentially lead to environmental pollution, Honda aims to reduce the overall amount of waste generation. Accordingly, the Company has set the goal of reducing the total waste generation by 14.5% as compared 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



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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.





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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.





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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.

*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

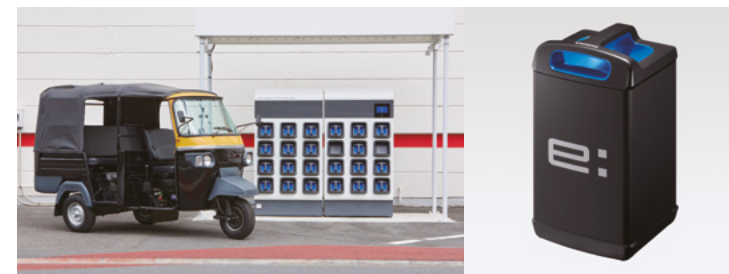
Honda believes that providing products with high environmental performance at reasonable prices and leading the industry in terms of cleaner exhaust emissions and air pollution response will serve to preserve clean air and bring about a greater opportunity for business expansion.

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)



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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/>





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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.



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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.





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Scope of Consolidation

Environmental data are provided on pages 67 to 74 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.

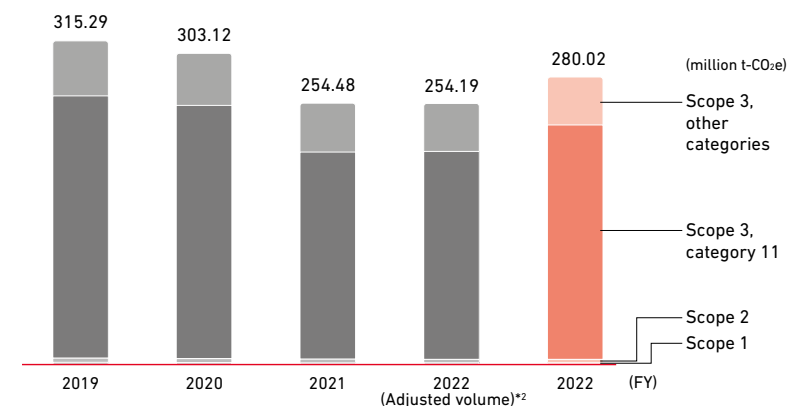
Honda continues to calculate and report its GHG emissions from its entire value chain and is making improvements to get a more accurate reading of emissions. The Company is doing this in Scope 3 (other indirect emissions), for example, by widening the boundaries of data collection for categories that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

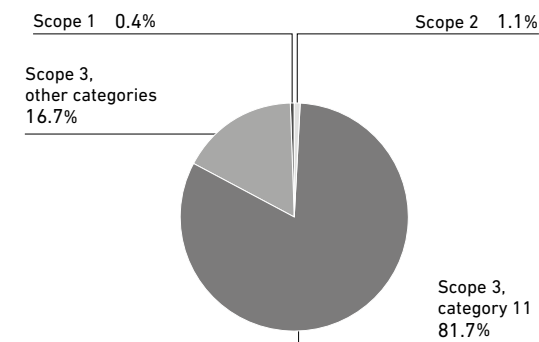
The conditions used in calculating figures such as annual mileage and lifetime years of use have been changed and are now based on the newer IEA Mobility Model (MoMo) instead of the conventional IEA SMP Model (→ p. 68).

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.

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Honda's total GHG emissions

Honda's total GHG emissions				(million t-CO ₂ e)		
			FY2019	FY2020	FY2021	FY2022
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 to 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)



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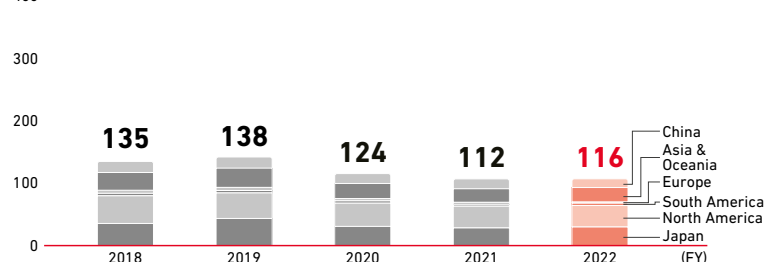
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GHG emissions

Direct emissions (Scope 1) ☒

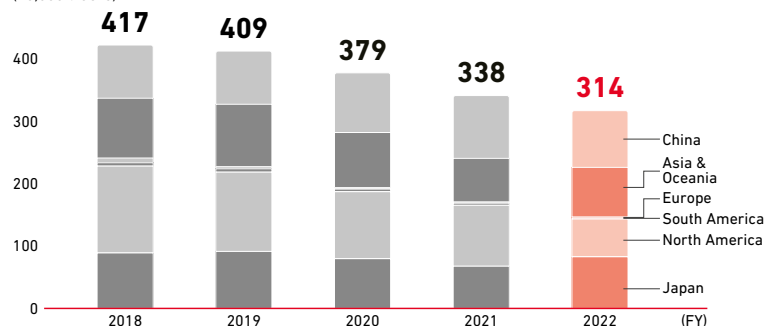
(10,000 t-CO₂e)



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Emissions amount = $\sum$ [Volume of fuel usage x CO₂ emission factor] + CO₂ emissions from non-energy sources + $\sum$ [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)

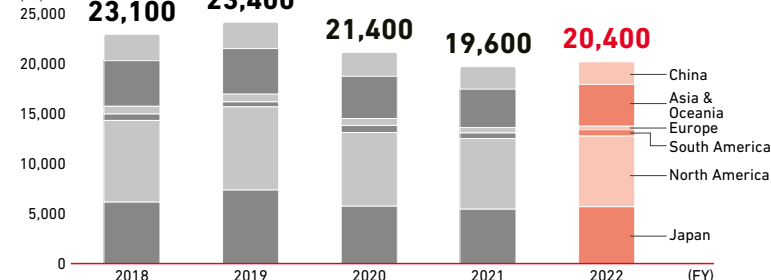


Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group
 Calculation method: Emissions amount = $\sum$ (Purchased electricity consumption, etc.*1 x emission factor)
 Honda adopts to the GHG Protocol's standard market-based method.
 Emission factor:
 Japan: Electricity 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 ☒

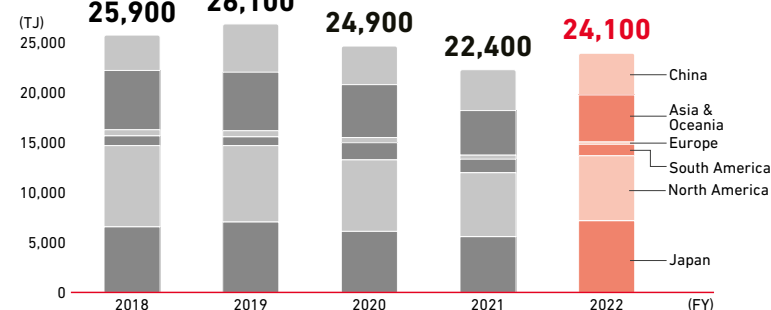
(TJ)



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Consumption amount = $\sum$ (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 = $\sum$ (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





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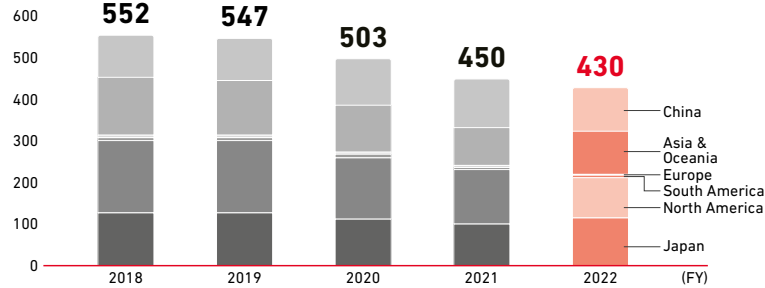
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Total GHG emissions (Scope 1 and 2) ☒

(10,000 t-CO₂e)

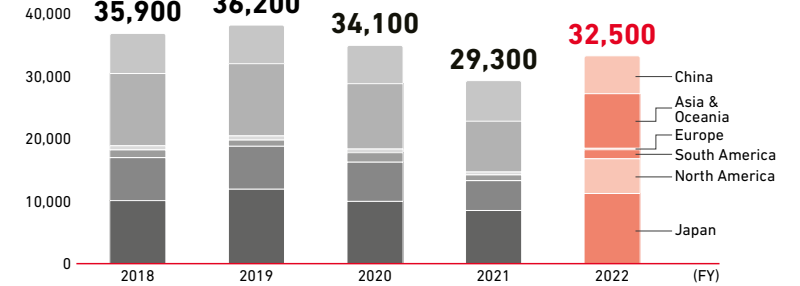


Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
Calculation method: Total GHG emissions (Scope 1 and 2) = Direct GHG emissions + Indirect GHG emissions
• Expressed in three significant digits

Water intake/Wastewater volume

Amount of water intake ☒

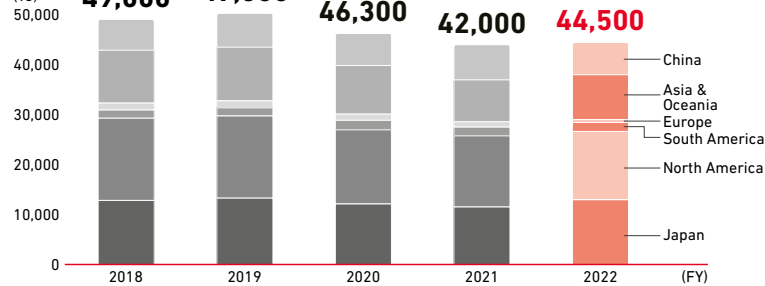
(1,000 m³)



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

Total energy consumption ☒

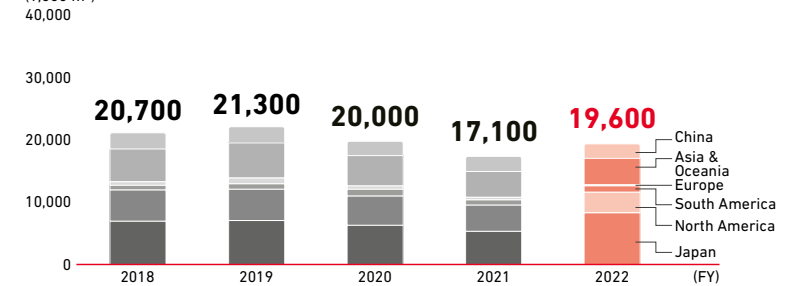
(TJ)



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

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





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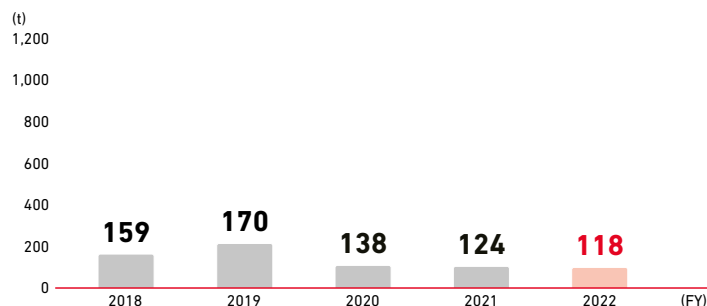
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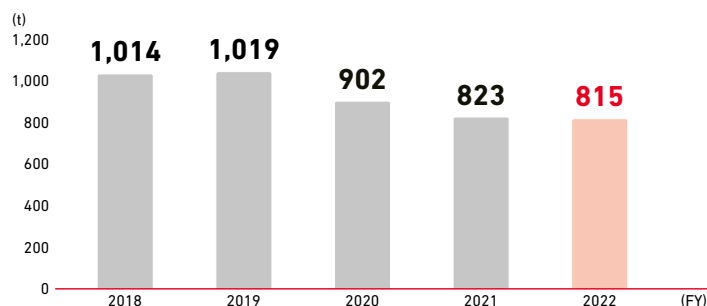
Atmospheric pollutants

SOx emissions ☒



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Emissions amount = $\sum$ (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)

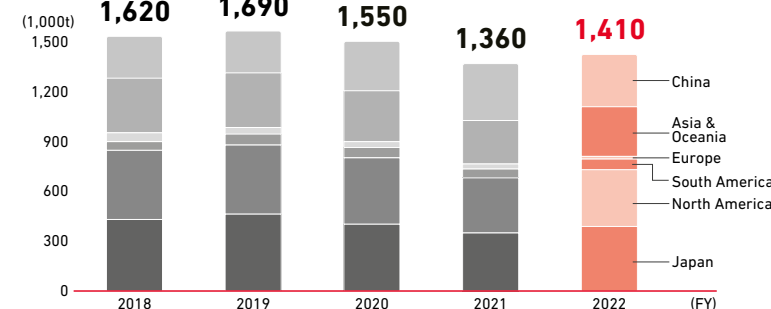
NOx emissions ☒



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Emissions amount = $\sum$ (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 = $\sum$ (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





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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	70	200
	Global environmental conservation costs	866	356
	Recycling costs	26	591
Upstream/downstream costs	Collection, recycling, resale and proper disposal of products manufactured and sold Industry organization and other membership fees		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

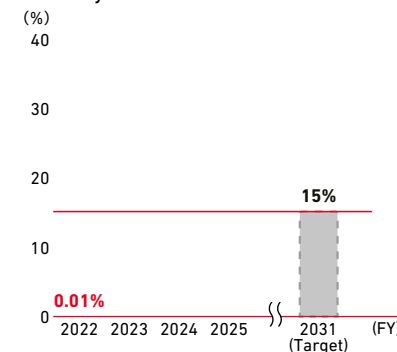
- Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd. and Honda Access Corporation
- Accounting period: April 1, 2021 to March 31, 2022
- Some figures are estimated values.
- Guidelines, guidebooks and other environmental accounting publications by Japan's Ministry of the Environment were used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

Economic benefits (Effect on revenue and expenses)

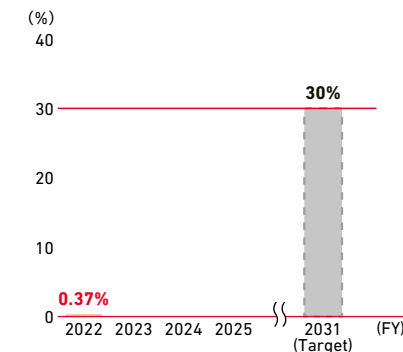
FY2022 (millions of yen)	
Income from sale of valuable waste materials	7,125
Cost reductions from saved energy	Installed technologies
	Behavioral changes, etc.
Total	7,194

Sales ratio of electrified products

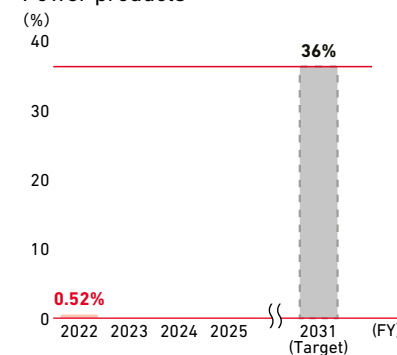
Motorcycles



Automobiles



Power products





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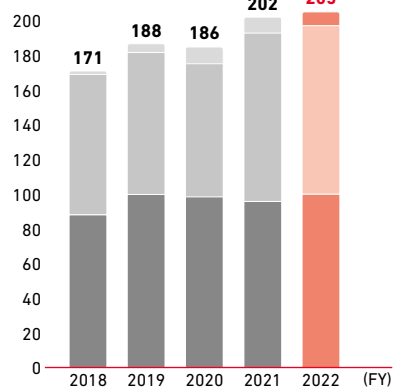
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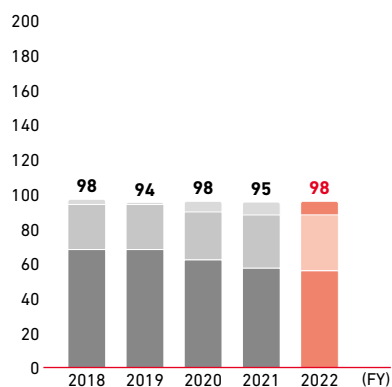
Motorcycles

(Models)



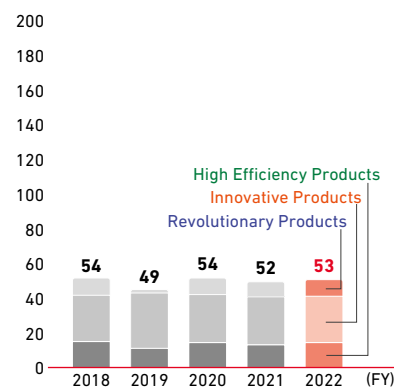
Automobiles

(Models)



Power Products

(Models)





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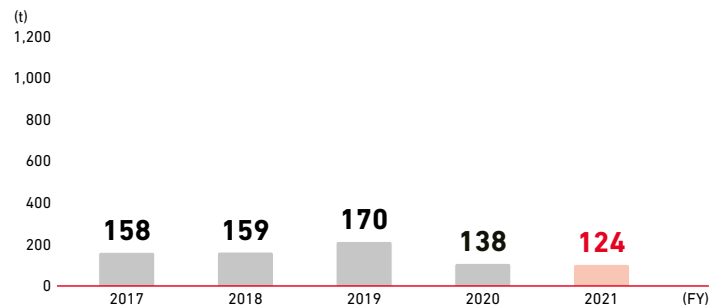
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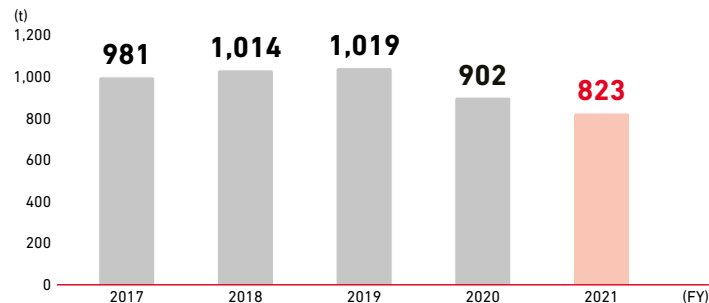
Atmospheric pollutants

SOx emissions ☒



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Emissions amount = $\sum$ (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)

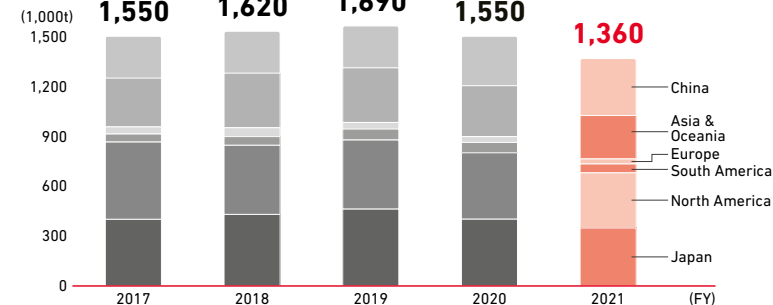
NOx emissions ☒



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 Calculation method: Emissions amount = $\sum$ (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 ☒



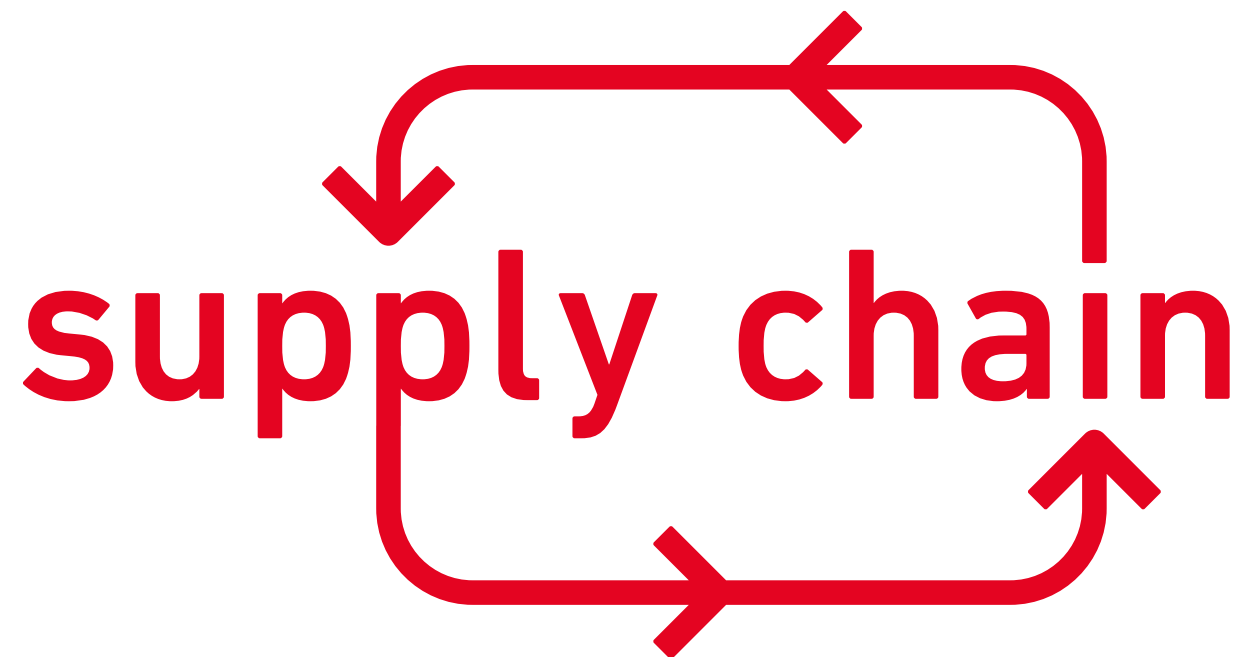
Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies)
 Calculation method: Emissions amount = $\sum$ (Industrial waste + general administrative waste + valuable resources emission)
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 • Expressed in three significant digits





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Supply Chain



Material Issues

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

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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.

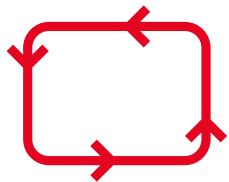
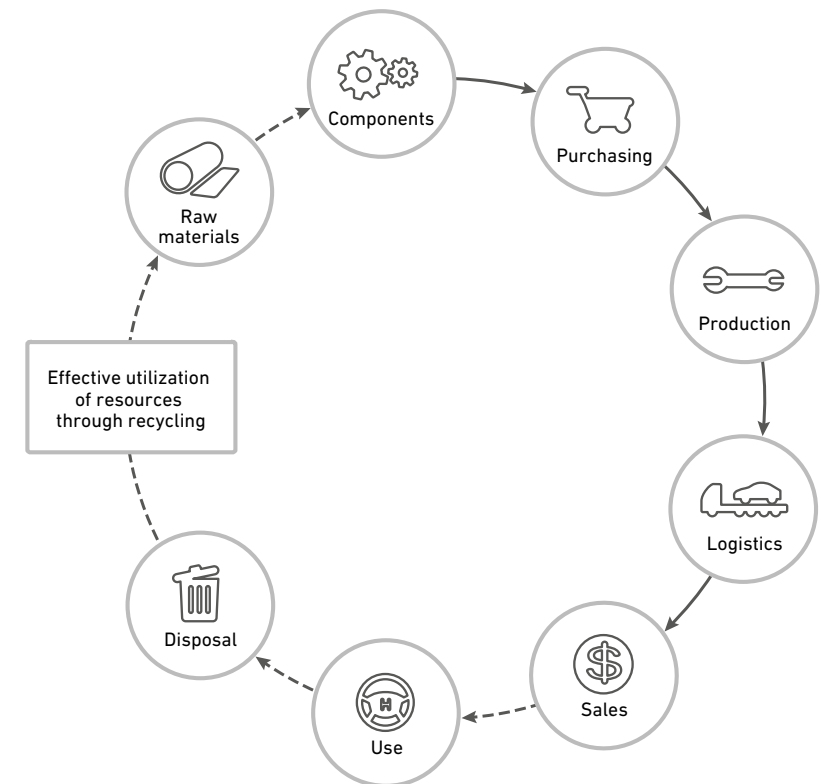
In addition, as awareness of compliance and human rights issues grows worldwide, companies are being asked to verify working conditions and legal compliance not only for themselves but also for their suppliers, as well as to make efforts to take corrective action if required.

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



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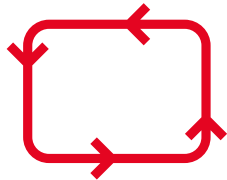
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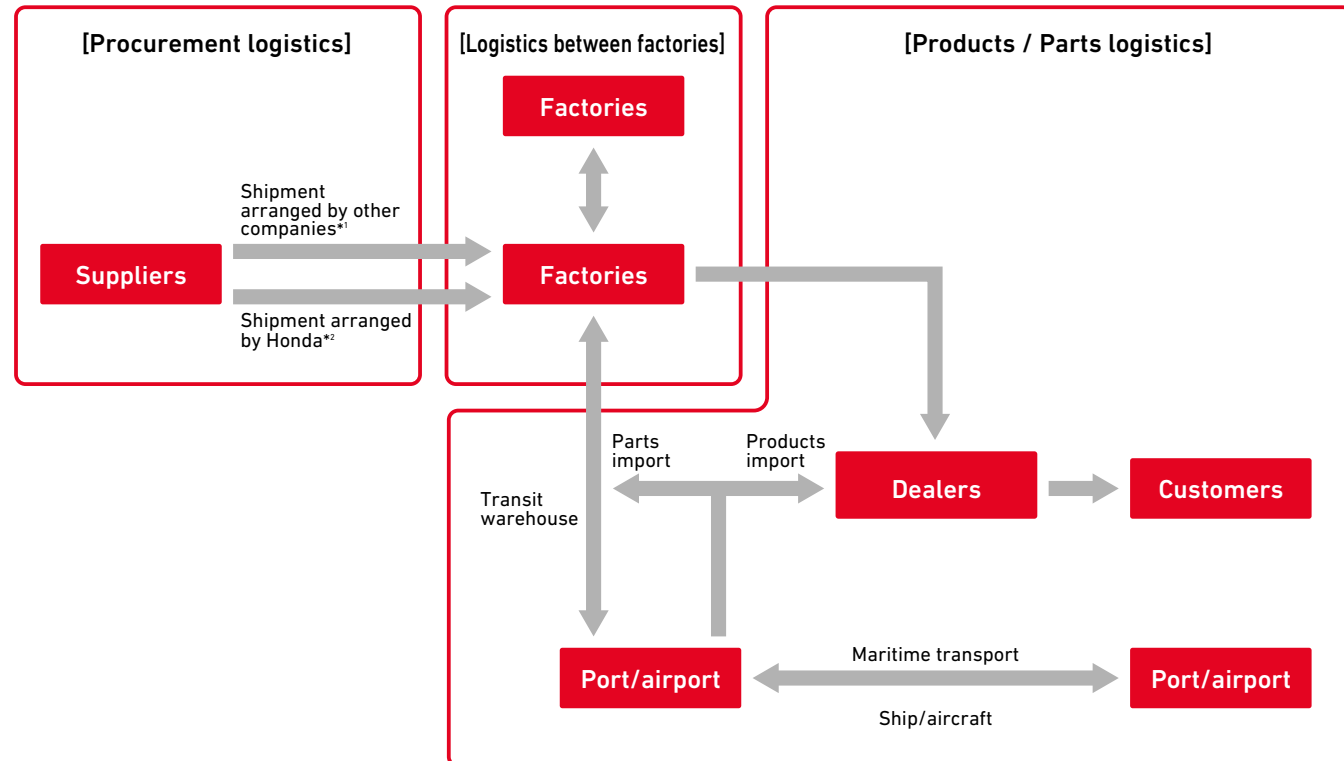


Basic Approach to Logistics

At Honda, many parts that are used in its products are transported from suppliers to its factories. Likewise, the completed models as well as parts for services and repairs are sent directly from the factories to dealers. Due to the extremely large volume of transportation that takes place throughout the manufacturing process at Honda, increasing

efficiency, along with reducing environmental burden, compliance and risk management in logistics, are becoming critical issues. For instance, to reduce environmental burden Honda is seeking more efficient container transport.

Overview of Honda logistics



*1 A transportation operator retained by the supplier delivers sourced parts to the entrance of Honda's plants.

*2 A transportation operator retained by Honda makes the rounds of parts suppliers and picks up the sourced parts.

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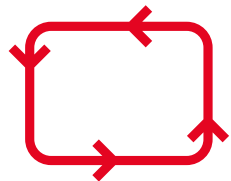
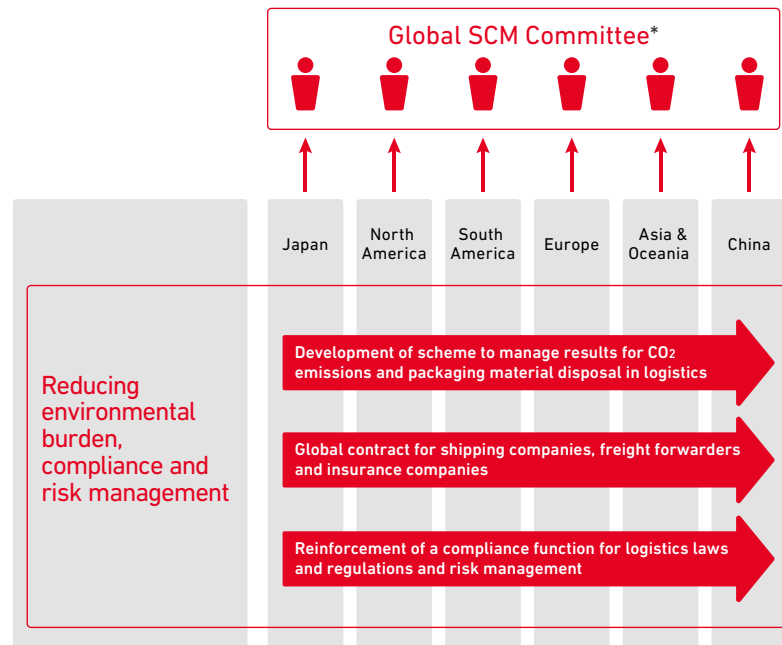
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Global Management of Logistics

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



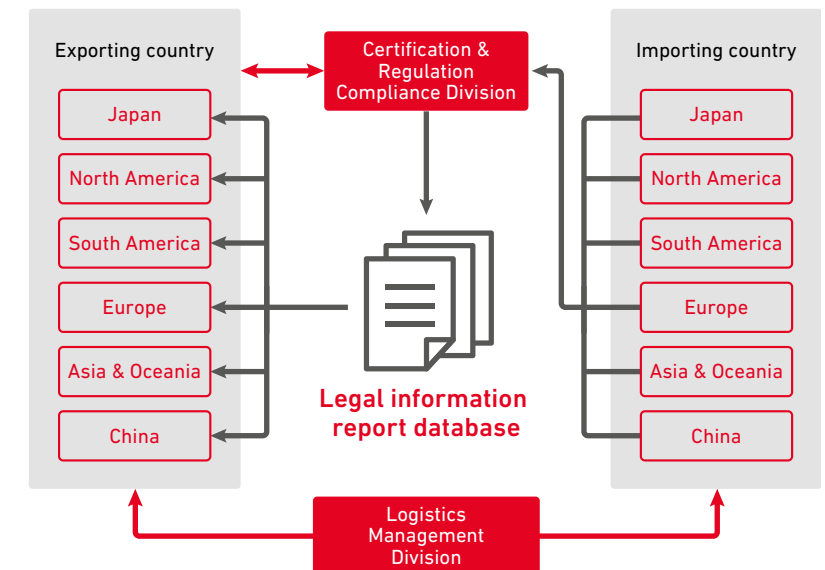
* A committee to debate Supply Chain Management (SCM) issues at the global headquarters and in respective regions in order to achieve medium-term goals

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



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Technological Advancement of Packaging Materials

Honda exports (supplies) parts between factories across different countries and regions, and conducts assembly of vehicles and equipment in the importing countries.

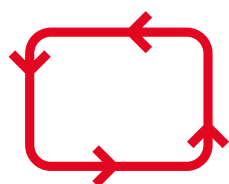
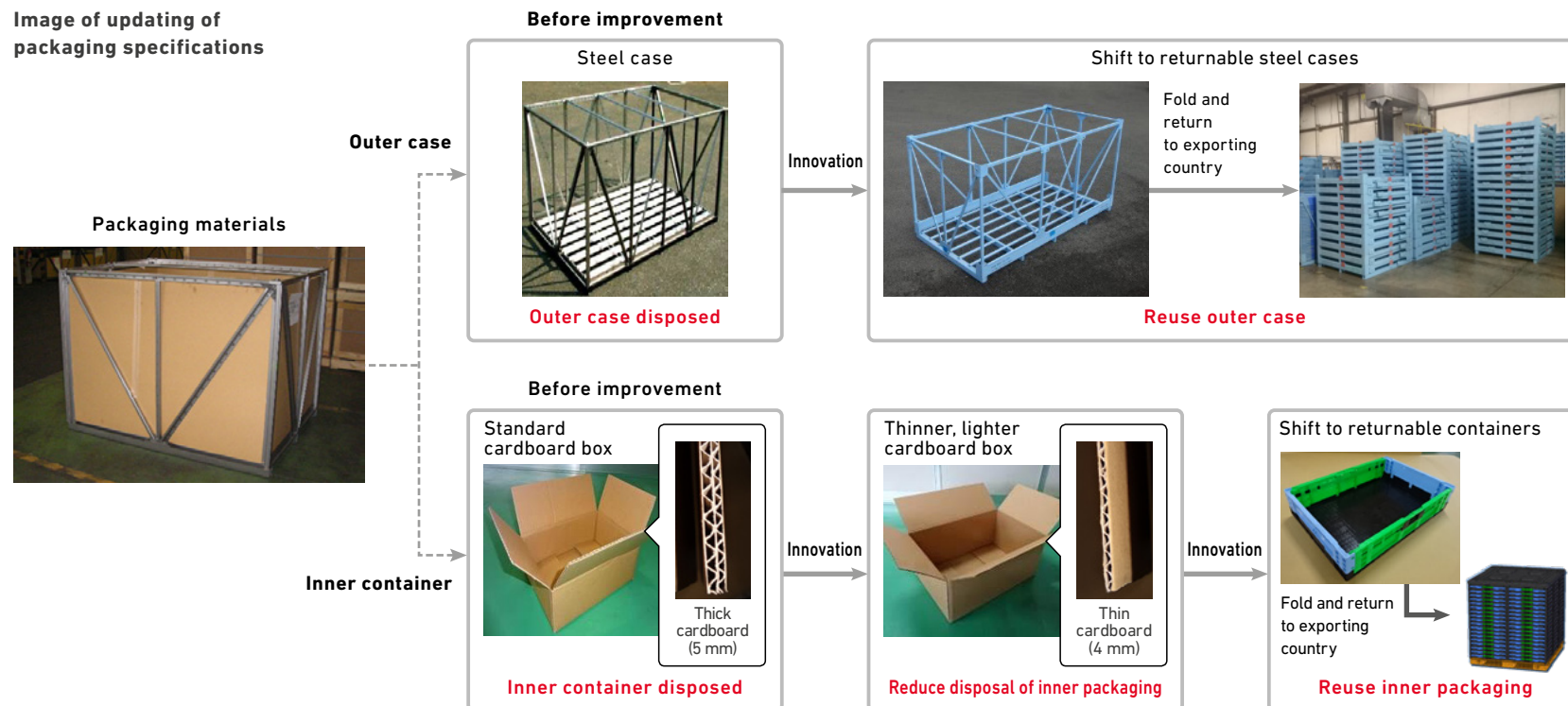
Such export of parts involves usage of packaging materials, which are classified into outer case and inner container.

In the past, these packaging materials were disposed of in the importing country. To counter this, Honda has innovated packaging technology to reuse containers and reduce the weight of packaging materials, thereby reducing both waste and CO₂ output.

Classification and evolution of packaging materials

Packaging materials	Use	Evolution of packaging techniques
Outer case	Case to be loaded onto containers	Returnable steel cases
Inner container	Container to pack parts, which is then enclosed in an outer case	Use of thin, light cardboard boxes; shift to returnable containers

Image of updating of packaging specifications



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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.

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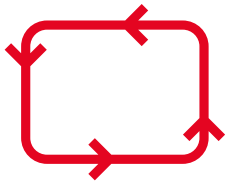
Honda Sustainability Report 2018
p. 100

> 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

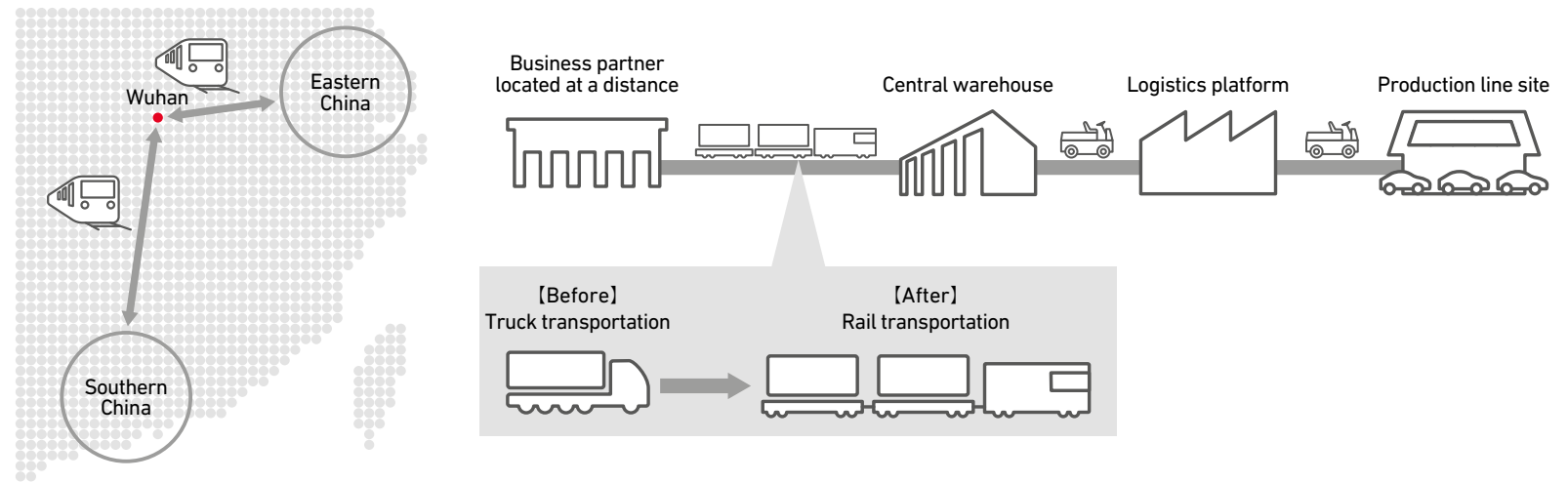


TOPICS

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.



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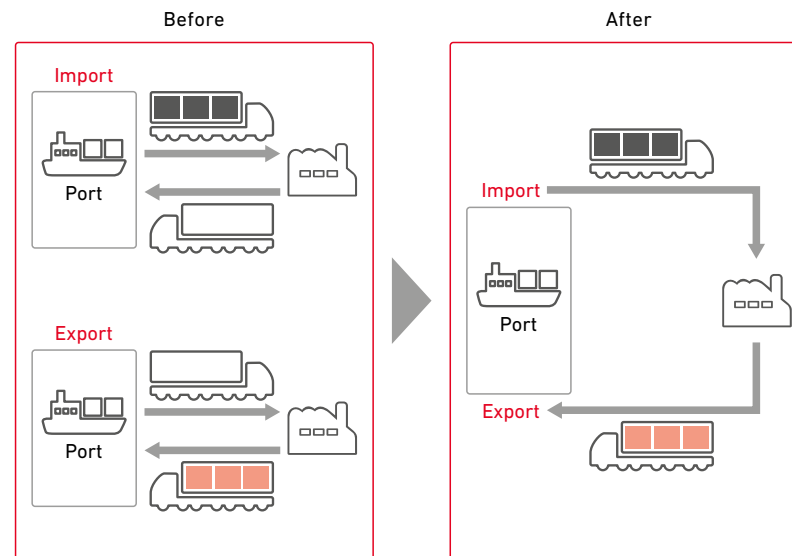
Highly Efficient Transportation (Smart Logistics)

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

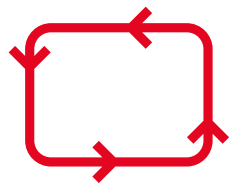
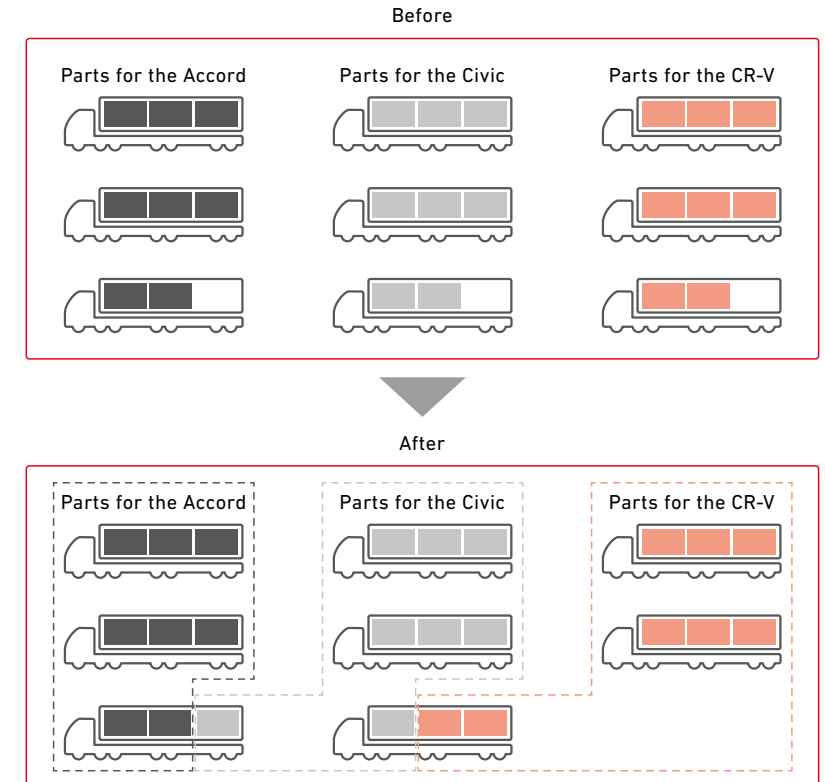
Since containers are rented from shipping companies, it is a common business practice to return them promptly after cargo transportation.

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.





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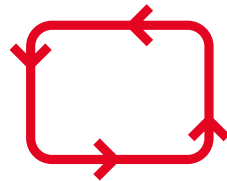
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Basic Approach to Purchasing

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.

Three Purchasing Principles

Fair and open trade

We do business with suppliers who can satisfy the requirements of quality, quantity, price and timing and who can share the concept of sustainability with us, based on open competition.

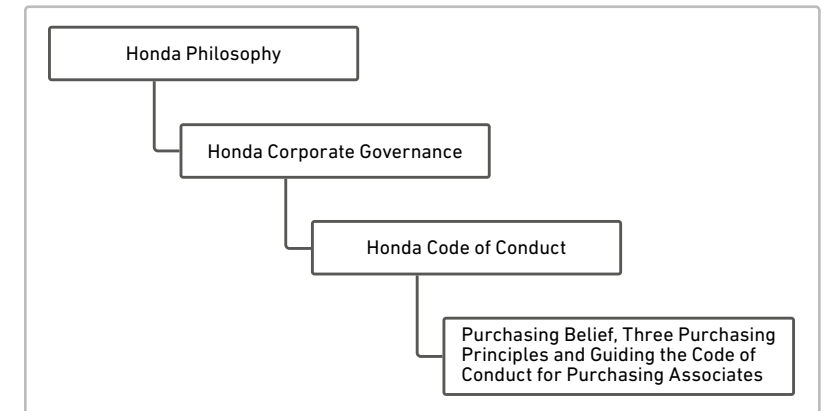
Equal partnership

We conduct business on an equal footing regardless of the business size of the supplier or their nationality and other factors.

Respect for suppliers

We respect suppliers' management and dignity.

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



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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. 41) 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

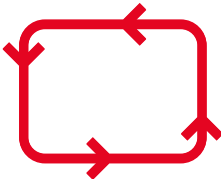
"Honda Green Purchasing Guidelines"

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

Changes in purchasing practices



	1960s	2000s	2010s	2015
Belief/Three Principles		● Established Purchasing Belief and Three Purchasing Principles		○ Revised the Purchasing Belief and the Three Purchasing Principles ('15)
Guidelines			● Issued Honda Supplier CSR Guidelines ('10) ○ Revised ('13) Added content on handling of conflict minerals	● Issued the Honda Supplier Sustainability Guidelines ('18) Integrated CSR into Sustainability Guidelines Publicized the guidelines globally
Sustainability				● Issued Automotive Industry Guidelines to Enhance Sustainability Performance in the Supply Chain (North America, '14) ○ Issued in other regions ('15)
Environment		● Issued Honda Green Purchasing Guidelines ('01) ○ Revised ('11) Expanded CO ₂ reduction efforts throughout the life cycle		○ Revised ('18) Added environmental initiatives as an evaluation category





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Promotion Structure

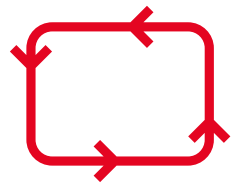
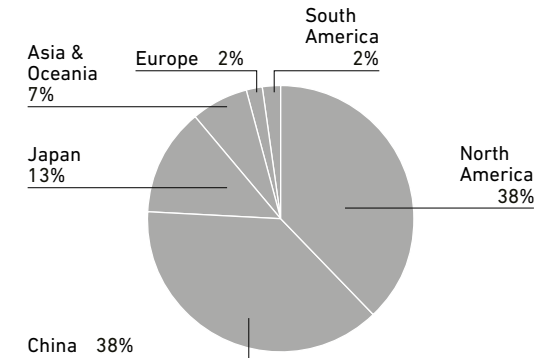
Honda conducts business in six regions worldwide and has respectively established purchasing functions. In line with Honda's corporate philosophy of "building products close to the customer," each region is encouraged to source locally. The rate of local procurement in the United States, Honda's primary 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)





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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.

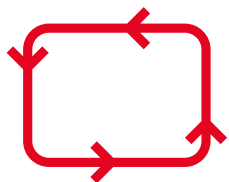
Management of CO₂ Data

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.



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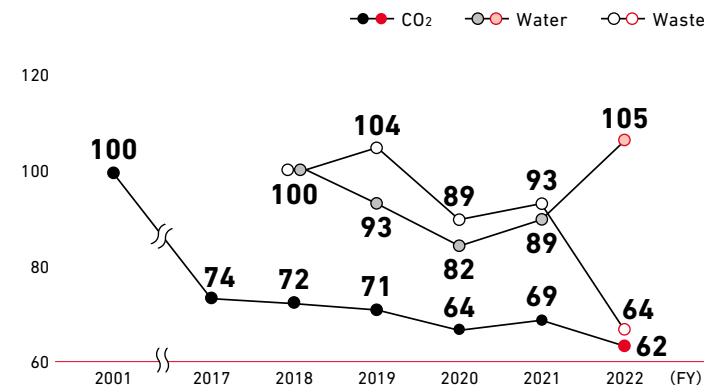
Initiatives to Reduce Environmental Impact in the Supply Chain

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.

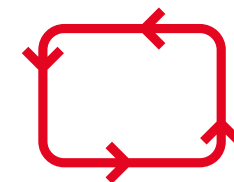
With regard to water and waste, having started undertaking measures for target management in FY2019, Honda set specific targets for FY2022 (below FY2020 results per unit of production) to collect accurate data. As part of this initiative, Honda has provided tools to these suppliers to analyze their respective 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
CO ₂ (t/millions of yen)	1.11	1.08	1.07	0.95	1.03	0.93
Water (m ³ /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





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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

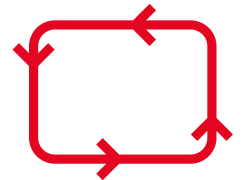
Honda views all phenomena that can impact production, including disasters, fires, financial issues and labor issues within the supply chain, as risks. Accordingly, the Company works to reduce these risks and prevent the spread of any impact if they materialize throughout the supply chain, beginning with 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.





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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.

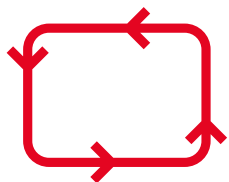
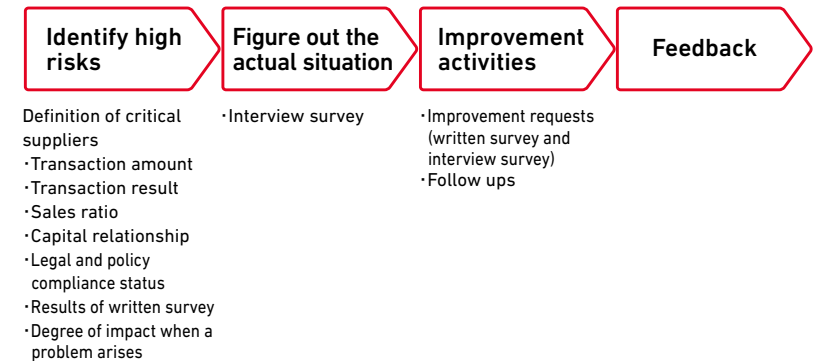
- Check relevant records, actual production processes and related facilities
- Verify the progress through a report on improvement plan and result
- Conduct a follow-up investigation (including an on-site check as necessary)

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



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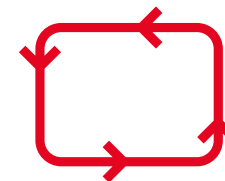
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Instruction and Training for Associates

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.





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Joint Efforts with Industry Groups and Suppliers

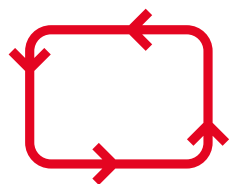
Honda is striving to strengthen sustainability across the entire supply chain through this kind of collaborative capacity building between the automotive industry and its suppliers.

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.



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

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 QCDDE.

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



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Social Contribution Activities

social contribution activities



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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





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Honda's Global System for Social Contribution Activities

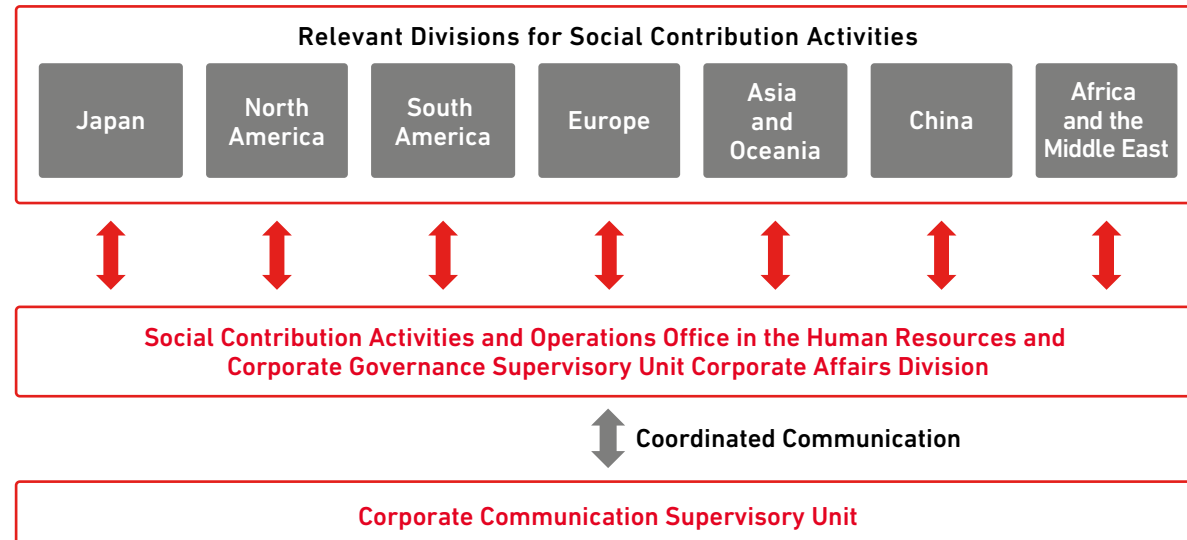
Honda's social contribution activities are centered on four core policies: supporting our youth for the future; protecting the global environment; promoting traffic safety; and addressing local community needs. Based on these policies, the entire Honda Group engages in activities that recognize the value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





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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>



social contribution activities

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.

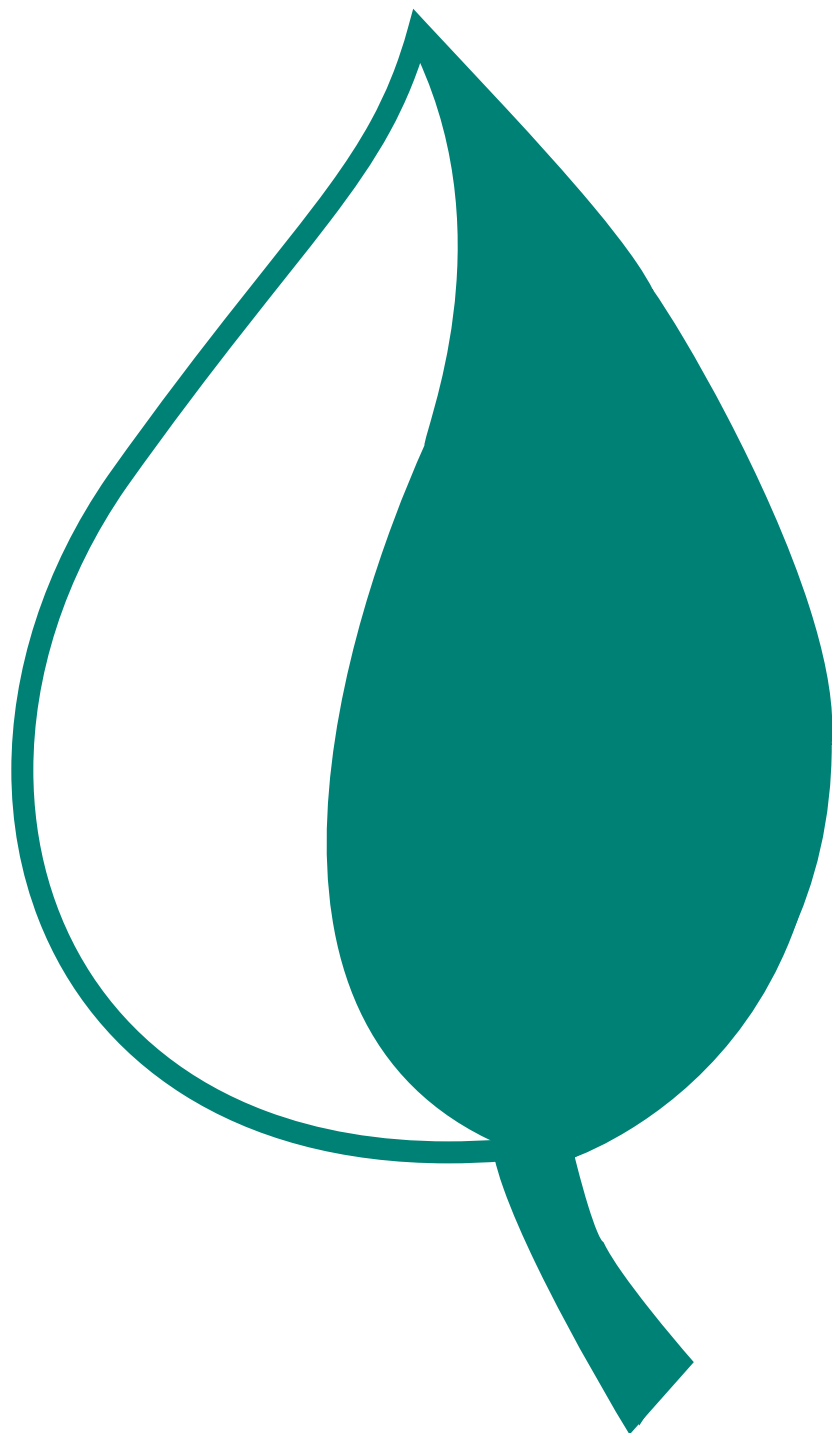
The Honda Safety Institute occupies approximately 20,000 m² of land. Training is offered every day throughout the year for professionals and companies on weekdays and for individual motorcycle users, including children, on weekends.

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

HONDA



European Environmental Report 2022

Environmental Message of Katsuhisa Okuda



In April 2021, during his inaugural Press Conference as Honda Motor CEO and President, Mr Toshio Mibe set out Honda's ambitions to realise carbon neutrality for all its products and corporate activities by 2050.

12 months later, in April 2022, in a wide-ranging announcement, Mr Mibe provided further information on the strategies that will deliver against the Company's carbon neutral objectives.

Including the utilization of swappable batteries and hydrogen, as well as electrification of automobiles, Honda will offer a variety of solutions for all of its mobility products according to how customers use Honda products, in their respective countries and regions.

Over the next 10 years, Honda will invest approximately 8 trillion yen for its research and development activities, including 5 trillion yen in the area of electrification and software.

As the popularisation of EVs continues to grow, the Company will plan to introduce 30 EV models globally by 2030, with a full line-up from commercial-use mini-EVs to flagship-class models, and Honda is planning for production volume of more than 2 million units annually.

On 4 March 2022, Honda signed a Memorandum of Understanding for Strategic Alliance in Mobility Field with Sony and on 16 June 2022 signed a Joint Venture agreement to establish a new company to engage in the sale of high-value-added electric vehicles (EVs) and provide services for mobility.

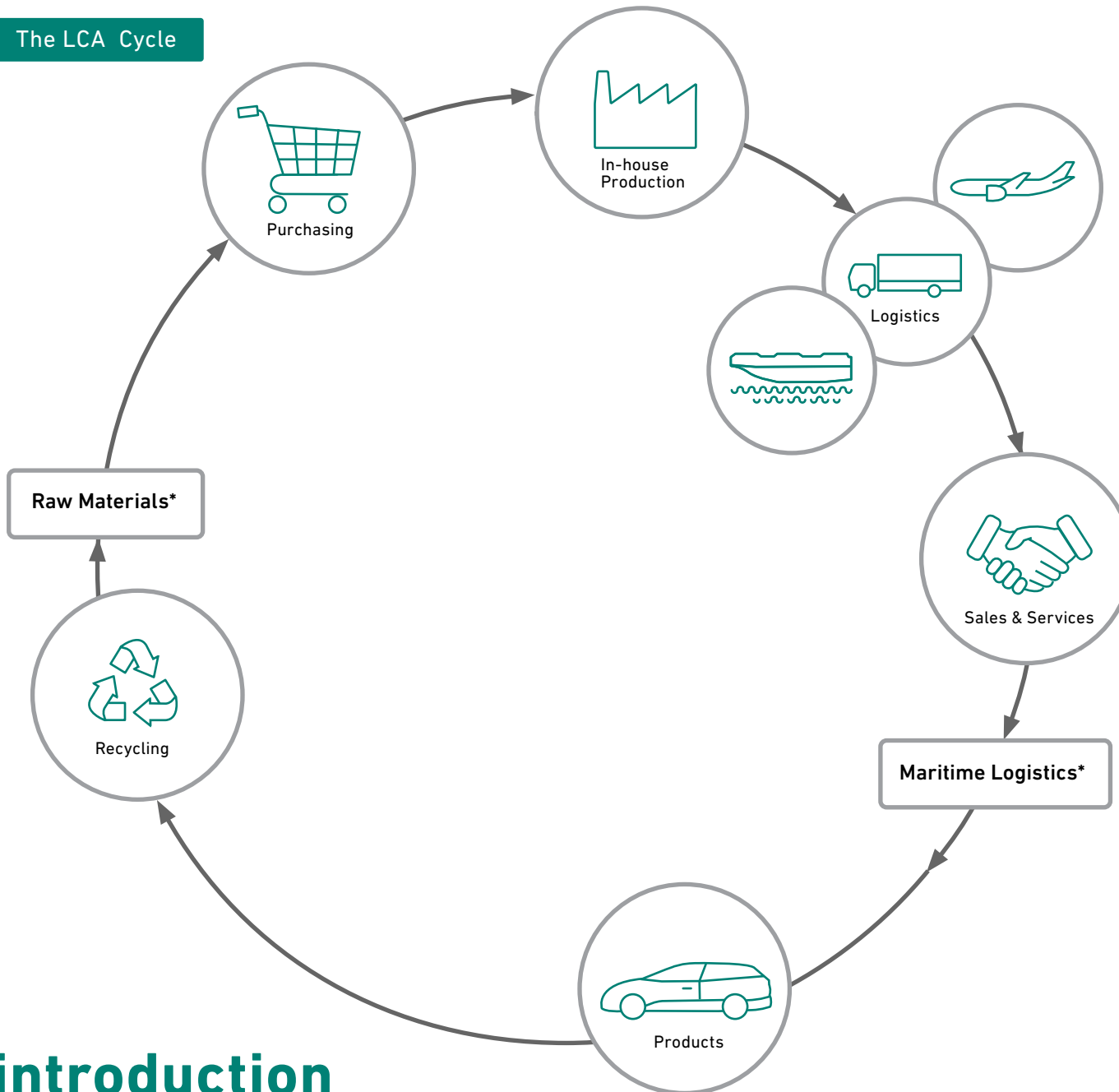
L-Category vehicles, such as mopeds, scooters, and motorcycles, play a positive role in supporting affordable low emissions mobility, and addressing congestion in urban environments. As the industry leader, Honda has committed to ambitious actions to decarbonise powered two wheelers. Honda will seek to lead the motorcycle industry's environmental initiatives with an approach which will include not only electrification but also the improvement of the fuel efficiency of gasoline engines, utilization of biofuels and other strategies. In the field of electrification, the battery is the key component and Honda has taken steps to join Swappable Batteries Motorcycle Consortia in both Japan and Europe, to address the concerns around L-category electromobility such as range, charging time and infrastructure, and cost.

Honda continues to place its European business firmly at the forefront of the Company's global electrification ambitions and during 2022 met the commitment that 100% of mainstream European automobile sales will feature electrified technology. Furthermore, the launch of Honda's eGX range of electric power units and the increasing uptake of DC power products highlights the encouraging progress being made in Europe.

Looking forward, we will continue to work towards our core business objectives while simultaneously serving our ambitious goals for sustainability in Europe.

Managing Operating Officer of Honda Motor
and President of Honda Motor Europe

The LCA Cycle



As Honda implements initiatives designed to realise its environmental vision, the company recognises the importance of addressing the environmental impact of products throughout their life cycle, including CO₂ emissions generated through usage.

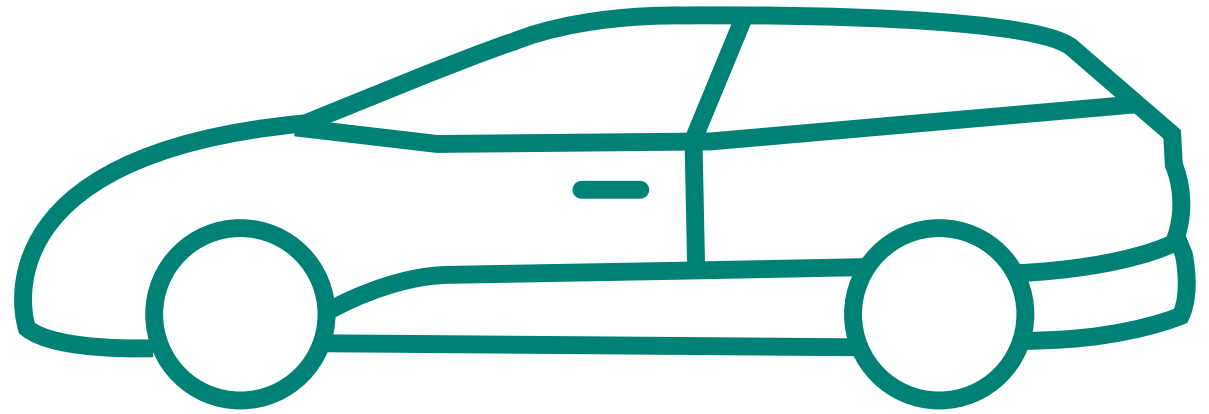
The life cycle assessment (LCA) approach is very important to Honda, hence the use of this image throughout the regional data within the report. The aspects of the life cycle marked with * are not in the scope of this report.

If sites referenced in the report are responsible for multiple LCA aspects or sub-LCA aspects, the values which are not directly attributable are split, based on the used facility surface share (see the company overview at the end of the report).

For example, if the premises are shared by sales entities, warehousing activities and/or R&D facilities, and there is no separate measurement of the respective environmental data, the split is made based on surface used in the buildings by each of the activities.

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Products



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HEPS

HEPS

Responses to Climate Change and Energy Issues

Three Initiatives to Achieve Environmental Performance Targets

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 introducing 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 for the European Market in FY2022, 12 motorcycle models, 3 automobile models and 5 power product models — a total of 20 new models — were HEPS-certified. Cumulatively, this brings the number of HEPS-

compliant products to 29 motorcycle models, 11 automobile models and 38 power product models, or 78 models in total. In addition, there were no violations in product and service information or labeling in general.

• **High Efficiency Products** Products that lower CO₂ emissions by improving 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 much a product reduces CO₂ emissions during use compared to preceding models.

• **Innovative Products** Products that lower CO₂ emissions because they use an environmentally innovative technology or a diversified energy source. Environmentally innovative technologies include motorcycles that incorporate Honda’s proprietary Idling Stop System, automobiles that incorporate hybrid or direct-injection engine technologies, and power products equipped with a fuel injection system (FI) feature. Diversified energy sources include motorcycles and automobiles that can run on ethanol, and power products that can run on gaseous fuels. Compliance is determined based on how much a product reduces CO₂ emissions during use as compared to preceding models.

• **Revolutionary Products** Products that aim to achieve zero CO₂ emissions by harnessing renewable energies or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies which utilise renewable energy.

Honda’s ultimate goal is to make all of its products HEPS compliant.



Evolution of environmental technologies

HEPS
Honda Environmental Performance Standard
High Efficiency Products

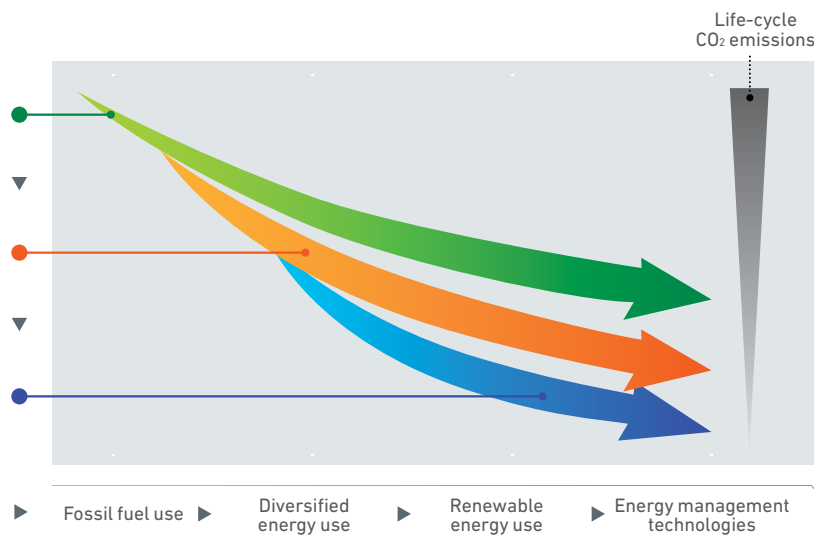
Efficiency improvement technologies for internal combustion engines

HEPS
Honda Environmental Performance Standard
Innovative Products

Environmental-innovation and energy-diversification technologies

HEPS
Honda Environmental Performance Standard
Revolutionary Products

Renewable energy technologies



Evolution of energy technologies

products

HEPS

HEPS-Compliant Products in European Market

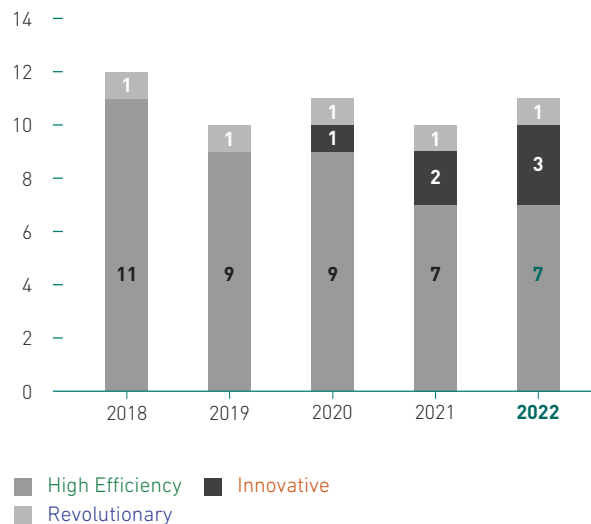
Based on the HEPS definition outlined on previous page, 78 Honda products now come under at least one of these categories in Europe, compared to 77 in the last report*. This increase is due to several developments in this reporting year including the start of HR-V e:HEV sales in Europe and the introduction of eGX models to the power product range.

* Some models are discontinued in FY2022

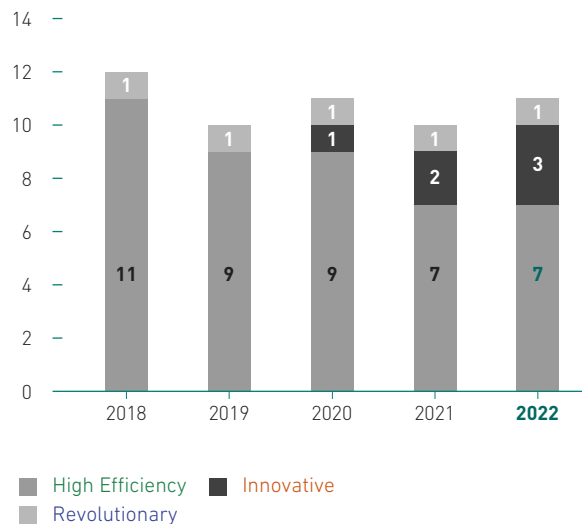
Additionally we improved our high range >1000cc Motorcycles by new more efficient engines and added an innovative new commuting scooter model with the introduction of the ADV350. Examples of Honda's HEPS-compliant products currently in the European market can be found on the next page.*

* Not all of these models are commercially available in Europe

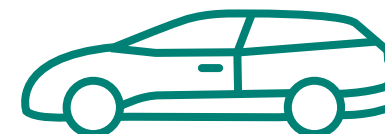
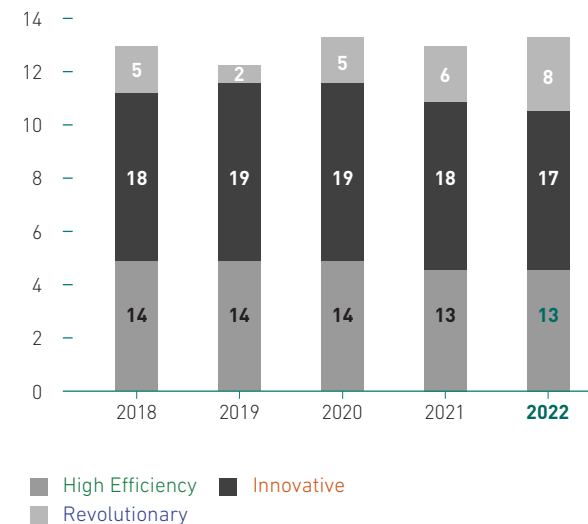
Car Models per HEPS Category



Motorcycle Models per HEPS Category

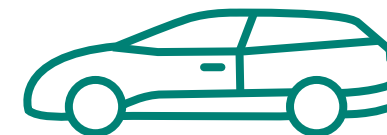


Power Products Models per HEPS Category



HEPS

EU HEPS MODELS 2021



Products with a more efficient internal combustion engine that emits less CO₂



NSX



Jazz



CBR 500R



NT 1100



GX800



GX690



Innovative environmental technologies or unconventional energy source that emit less CO₂



ADV 350



CRF110F



HR-V e:HEV



BF250



EU70iS



Products designed to reduce or eliminate CO₂ emissions by harnessing renewable energies or facilitating energy management



Honda e



HHH36



eGX



HRE370



HRX476

products

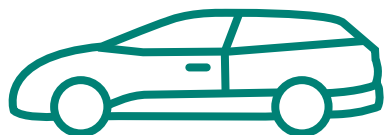
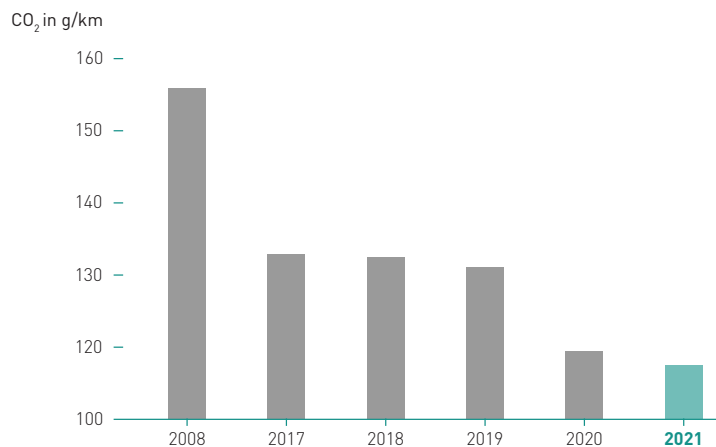
Cars

Impact of roll out of e:HEV on European CO₂ emissions

Cars

Average CO₂ Emissions

Average CO₂ emissions across cars fell by 30% compared to the base year of 2008, as Honda achieved its goal to electrify 100% of its mainstream models in Europe by the end of 2022. Honda continues to meet increasing customer demand for fuel-efficient vehicles and innovative automotive solutions across the region, most notably through the expansion of its e:HEV (hybrid electric vehicle) model line-up.



products

HR-V goes full-hybrid

The all-new HR-V e:HEV was one of the final steps in Honda's 2022 electrification commitment. When reimagining the model, Honda set out to create a car with a desirable blend of stand-out design, exceptional efficiency and ultimate usability. Conceived to meet the exacting needs of modern consumers, the new model achieves a rare balance of premium SUV styling and exceptional spaciousness, with compact dimensions and easy entry and egress for passengers.

Applying Honda's 'Man-Maximum, Machine-Minimum' (M/M) principle, the HR-V platform has been engineered with hybrid drivetrain components cleverly packaged into the chassis and within the engine bay. This, combined with Honda's innovative centre fuel tank layout and the integration of the battery beneath the trunk space rather than the floor of the car, enables the HR-V to provide maximum comfort for four adults, despite the additional e:HEV components.



Cars

Impact of roll out of e:HEV on European CO₂ emissions

50 years of Civic

Since its launch in 1972, the Civic has sold more than 27.5 million units across 170 countries. Building on 50 years of heritage, the all-new Civic e:HEV blends strong performance and efficiency with improved levels of interior comfort, visual appeal and overall usability.

It introduces the fourth generation of Honda's industry-leading hybrid technology, which has been developed continuously over the past 20 years as the brand has learned more about how European drivers are utilising it. For this next-generation Civic, Honda has combined the efficiency benefits of driving an EV with torque levels equivalent of a diesel car, making it the 'driver's hybrid' in the segment.



Completion of Electric Vision and plans for 2023

With the launch of the latest generation Civic, Honda completed its ambition to electrify its mainstream model line-up by the end of 2022. Honda then confirmed a trio of new electrified models for Europe in 2023 to increase its offering in the fast-growing small and medium SUV segments and create its most extensive European line up for many years.

New additions include the all-electric small SUV e:Ny1 Prototype, the full hybrid compact SUV ZR-V, and the all-new CR-V, which will be available with both full hybrid e:HEV and plug-in hybrid e:PHEV powertrain options for the first time in Europe.

Honda's long-term electrification strategy will see all major markets, including the European region, increase the proportion of EV and fuel cell vehicle (FCV) unit sales ratio to 40% by 2030, and to 80% by 2035. The company will also end the sale of internal combustion engine automobiles globally by 2040.



Cars

Impact of roll out of e:HEV on European CO₂ emissions



The all-electric, award-winning Honda e

The Honda e extended its winning streak with success in the 2021 World Car Awards. The Honda e added the World Urban Car of the Year title to its growing list of recent prestigious accolades, as well as being shortlisted in the top three of the overall World Car of the Year award. The panel of judges recognised the Honda e for its responsive and fun driving experience, exceptional in-car technology and connectivity, and stand-out contemporary design.

Winning accolades around the world, the Honda e continues to set global benchmarks for contemporary car design and advanced e-mobility. Other successes for the popular compact EV include two 'Red Dot' awards for outstanding design, including 'Best of the Best 2020', and induction into the world-renowned Red Dot museum in Germany.

The Honda e, which became the brand's first fully electric vehicle for Europe when it launched in 2020, is inspired by Honda's ambition to build two million electric vehicles globally by 2030, and its desire to improve the environment, particularly in busy urban areas. Engineered from the ground up to deliver a package perfect for the modern urban environment, the all-new Honda e is the ultimate creation based on the brand's philosophy of human-centred engineering.

Honda e features a simplicity of design that reimagines the character and aesthetic of a small Honda, while subtly reflecting the DNA of its forebearers. Designed without compromise, with a focus on functionality and ease of use, the result is a simple, clean exterior with a unique style.

The Honda e is the flagbearer for Honda's ambition to create a sustainable society with zero environmental impact by connecting electrified mobility products and energy services. The car has been chosen to demonstrate Honda's vehicle to grid (V2G) bi-directional charging capabilities through pilot programmes in the UK and Switzerland. The technology offers a comprehensive solution for EV customers and service operators through smart charging systems and renewable energy tariffs.

Energy

V2X pilot in Switzerland

Honda partners with V2X Suisse Consortium to fulfil its V2G dream

January 2022 marked a significant milestone in the development of Honda's energy management business, with the announcement of a partnership with the V2X Suisse consortium. The pioneering project, which started in late 2021 and will run until the end of 2023, is designed to demonstrate the vital role of EVs and bi-directional charging technology in the future of energy management. Other consortium members include Mobility, EVTEC, sun2wheel, tiko, Novatlantis and ETH Zurich, and it is supported by the Swiss Federal Office of Energy.

Honda is supplying 50 Honda e vehicles for a car-sharing fleet in a trial that is using the car's bi-directional charging function to feed energy back to the grid when the vehicles are not in use. To enable the bi-directional charging, Honda is also providing 35 Honda Power Manager units, which provide vehicle-to-grid (V2G) energy recovery capability at various urban and suburban sites across Switzerland.

The V2X Suisse trial includes the world's first mass-deployment of the COMBO-CCS (Combined Charging System) configuration with bi-directional functionality: currently Honda e is the only electric vehicle in the European market to allow both charging and discharging, as standard, for the European charging system CCS, making the Honda e the perfect vehicle to support the project.

A single Honda e can feed up to 20 kilowatts of power back into the grid when plugged into a bi-directional charging station. This not only regulates power to stabilise the grid during periods of high demand and minimise bottlenecks in the distribution of energy, but also reduces the need for expensive grid expansions as demand for EV charging increases.

The V2X Suisse trial is a major milestone in Honda's aim to create a sustainable society with zero environmental impact. The project is connecting electrified mobility products and energy services, while also contributing to Honda's 'freedom of mobility' and 'expanding the use of renewable energy' objectives. In addition to V2G-enabled cars, innovations such as the bi-directional Honda Power Manager charging system will become increasingly important in a future carbon-neutral society where both EVs and the use of renewable energy will become commonplace.



Honda Power Manager

The Honda Power Manager bi-directional power system connects EVs to an energy grid, enabling the collection and distribution of electricity between the two. This allows for intelligent balancing of the supply and demand of energy, including the better use of renewable sources and supports the stabilisation of the grid.

Using a cloud-to-cloud IT platform developed by fellow consortium member sun2wheel, the Honda Power Manager units can manage the available power for each EV in 15-minute cycles to assess and regulate the flow of electricity. The V2X Suisse trial will enable Honda to verify the relationship between vehicle usage frequency and V2G operation, actual V2G operation time and frequency, and how this impacts customer convenience.

Energy

Honda eGX

In June 2021, Honda debuted the next generation of its eGX battery-powered unit, designed to meet the needs of the construction machinery market. The eGX offers the same level of performance as the standard petrol GX motor, but with low noise and vibration levels, making it perfect for environments where limiting the impact of construction noise is an important factor, such as indoors or near residential areas.

The high-performance motor developed exclusively for the eGX was designed to closely meet the performance output of a conventional GX100 and GX120, making it an ideal battery-powered option for existing or new engine applications within the heavy duty 100 cc to 120 cc range. The quick-charging lithium battery enables an 80% charge in one hour to maximise performance time and reliability.

For users, having no fuel dependency saves time and money, resulting in more efficient operations and improved long-term return on investment. There is also less requirement for routine maintenance, reducing servicing costs and any downtime for repairs.

The eGX battery-powered motor is designed for a range of OEM power equipment products, packaged in the same cubic style and shaft position. By taking on the engineering, testing and manufacturing of the unit, Honda is streamlining development of battery-powered equipment for OEMs, providing a component they can easily install without having to design and engineer their own system.

Early construction industry applications for the Honda eGX include rammers, power trowels and vibratory plate compactors compatible with the internal combustion models GXE2.0S or GXE2.0H. Future applications could include hydraulic power units and compressors, and further commercial applications are being tested in various market segments.



Swappable battery

In September 2021, The Swappable Battery Consortium (SBMC) for Electric Motorcycles signed an agreement to standardise swappable batteries and replacement systems, paving the way for increased adoption of electric motorcycles.

Honda believes that the widespread adoption of electric motorcycles can play an important part in realising a more sustainable society. By standardising and streamlining the process of recharging lightweight electric motorcycles – by removing the expired battery and replacing it with a fully charged one – it is hoped that the uptake of electric motorcycles will accelerate.

The underlying aim of the Consortium is to find solutions to the concerns customers may have regarding the future of electromobility, such as driving / riding range, charging times, infrastructure, and costs. Together with its partners, Honda will work to deliver a swappable battery system for low-voltage vehicles (48V) up to 11kW capacity, based on international technical standards.

The batteries and charging system Honda is developing is powered by renewable energy, and, like its other recent developments designed to balance supply and demand, is capable of returning energy back to the grid if needed.





3

In-House Production

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in-house production

Introduction



Nobuya Takeishi
HII President

by Nobuya Takeishi

2022 has been marked by a series of significant difficulties facing automotive production in Europe, such as semiconductor shortages, the lasting effects of the COVID-19 pandemic, the conflict in Ukraine and global supply chain constraints, not to mention the logistics and transportation issues that are compounded by this unprecedented set of circumstances. These factors continue to impact production in all European factories and require strong collaborative efforts across the automotive industry to resolve.

However, 2022 is also a year of key personnel changes, including myself. I am proud to have been appointed as HII President, starting on 1 April 2022, with the purpose of continuing the excellent job done in recent years by my predecessor, Nishida san. My commitment is to continue advancing efforts towards environmental excellence across all Honda manufacturing operations, in spite of the headwinds we currently face in Europe. Honda's aim is to continue reducing emissions from its plants, to achieve a 'net zero' impact on the environment, together with accelerating plans for water resource management improvements, most notably at our motorcycle production facility in Atesa, Italy.

We continue to invest in renewable energy, with the installation of a second solar farm in the company parking area. At full capacity, it will produce 1.2 MW of electricity for Honda Industriale Italia Spa. (HII), 21% of the site's total energy needs.

In the area of waste management, we continue to pursue the goal of recycling 100% of our waste. We are very close to achieving this level now, with less than 2% going to treatment with energy recovery, and zero waste sent to landfill – for the twelfth consecutive year across all Honda factories in Europe.

To establish a common mindset and approach across our business and with our suppliers, we activated our wide-reaching Sustainable Supply project with all relevant internal and external stakeholders. The goal is to develop the level of knowledge and awareness of sustainable initiatives and promote the sharing of best practices between Honda and its suppliers.

All this activity expands into the regional production sites, with information collected, managed and promoted by the European Sustainability Working Group. This body is providing a strong contribution to help drive our collective environmental awareness and consideration, with our planning and communication efforts guided by the European Environmental Board, which also helps us to shape our future strategies and targets.

We remain fully committed in our efforts to achieve environmental excellence across our manufacturing operations, and ensure we continue to progress towards Honda's vision of being a company that society wants to exist.



In-House Production

Explanatory Note

As of FY2021 the data expressed in the graphs is limited to the last five fiscal years.

The data included within this report has been collected based on the following collection and calculation rules:

Energy

Energy data relates to direct energy consumption (as being primary energy sources as purchased and used by the reporting organisation, including natural gas, fuels from distilled crude oil, or from other renewable resources) and indirect energy consumption (through purchasing of electricity, heat and steam from fossil, nuclear or renewable sources and as used within the respective sites).

Energy used is derived from meter readings and invoices from energy suppliers.

Where conversion is required, the conversion rate is applied as based on:

- the information provided by the energy supplier, or, if not available;
- national standard conversion values, or, if not available;
- international conversion factors;
- calculations based on chemical conversions.

For the conversion to CO₂ equivalents the following priority of conversion factors is used:

- the information provided by the energy supplier, or, if not available;
- national sector standard conversion values, or, if not available;
- national standard conversion values, or, if not available (GHG Protocol country data);
- international conversion factors (GHG Protocol data);
- calculations based on chemical conversions (only applicable for primary energy resources).

These rules apply per site. Site data is consolidated after conversion. To make the performances comparable we normalise the values:

- For cars, motorcycle and power products production sites and transport: per unit output
- For purchase from suppliers, parts production and parts transport: per turnover (referring to base year data = 100%)
- For logistics sites, dealers and for offices: per area (m²) building

Water

The preservation and efficient consumption of water is an important objective across Honda's environmental vision. Water consumption is therefore monitored closely in production and logistics sites primarily through meter readings.

The following values have been used in order to make data comparable:

- For production sites: per unit output
- For logistics sites: per working hour

Waste

Waste control is a very important element in the environmental control of Honda's production sites globally. Honda's production and logistics sites in Europe are engaged to increase the amount of waste sent for re-use or recycling. As such Honda reports the split of waste by treatment process – re-use, recycle, recover, incinerate, landfill. Information on waste quantities and related waste treatment methods is mainly derived from waste collectors data.



Car Production

Cars

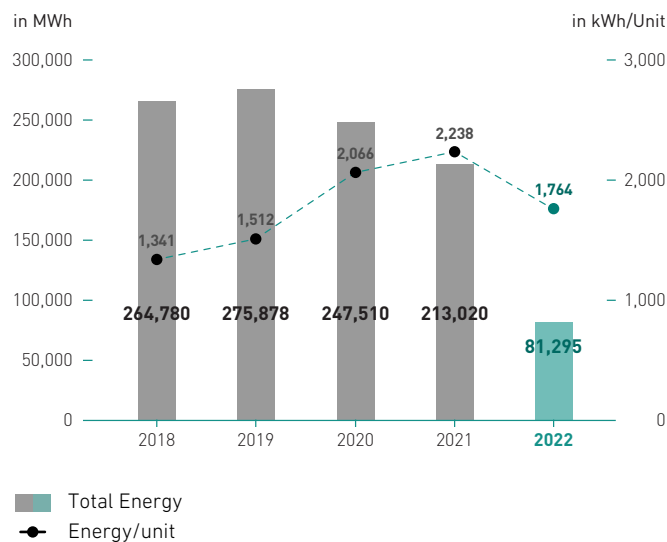
Scope

Two Honda factories in Europe ceased producing cars in the middle of FY2022, Honda of the UK Manufacturing Ltd (HUM) and Honda Türkiye A.S. (HTR), in July and September 2021 respectively.

Energy

Total energy consumption in car production fell in line with a reduction in production volume, due to the change in circumstances at the factories in the UK and Turkey during this fiscal year. Per unit energy consumption reduced due to the operational changes at the two sites that occurred prior to winter, resulting in a decrease of total gas use. Per unit energy consumption is now returning to lower levels, following the increase resulting from operational changes in the previous fiscal year.

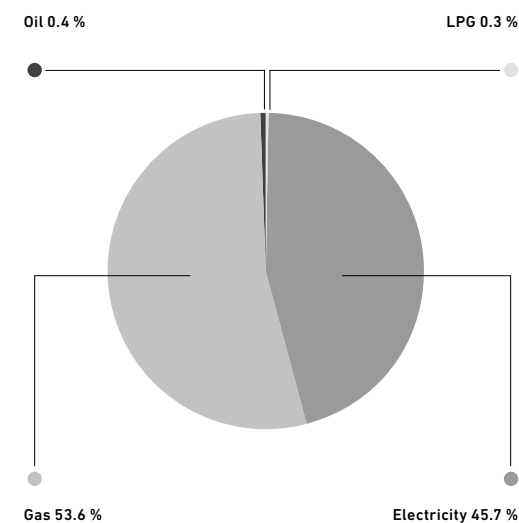
Energy Consumption for Car Production



Energy by Source

The split of electricity and natural gas in car production has remained stable in recent years with a very limited use of other fossil fuel resources, such as oil and LPG.

Energy by Source for Car Production

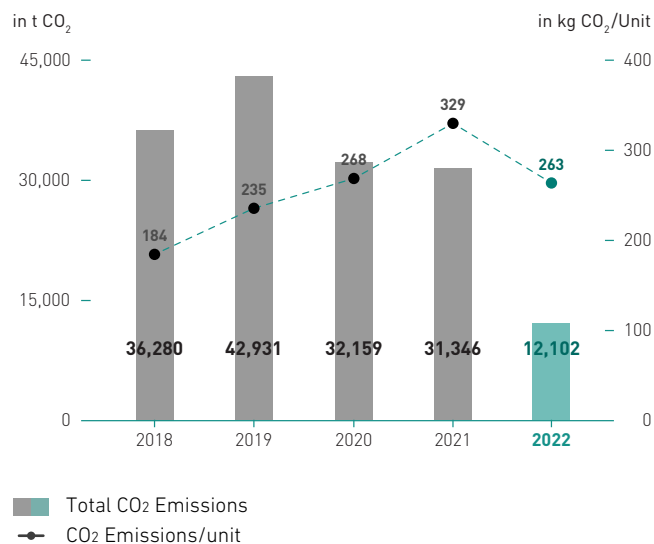


Car Production

CO₂ Emissions

Total CO₂ emissions in car production fell in line with a reduction in production volume and the resulting fall in energy consumption. Per unit CO₂ emissions has decreased from FY2021 levels due to operational changes that resulted in a substantial reduction in the use of natural gas.

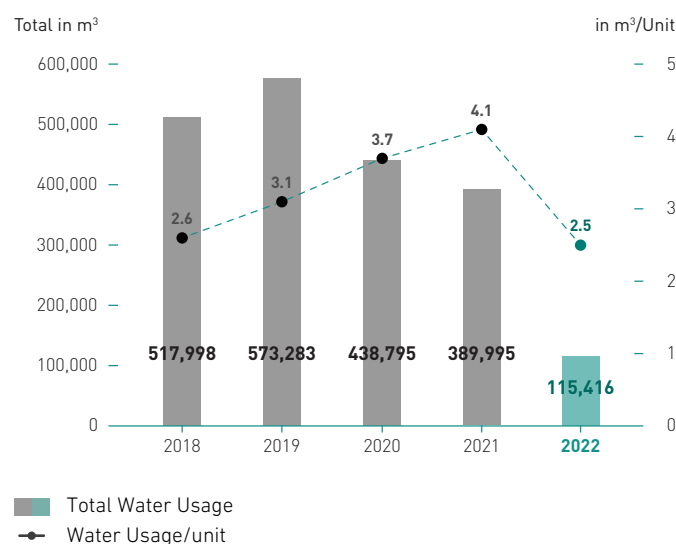
CO₂ Emissions for Car Production



Water

Total water consumption in car production fell as production volumes reduced resulting in less water usage for painting operations. Per unit water consumption decreased to its lowest level in five years due to the elimination of baseload consumption at plants where production ceased.

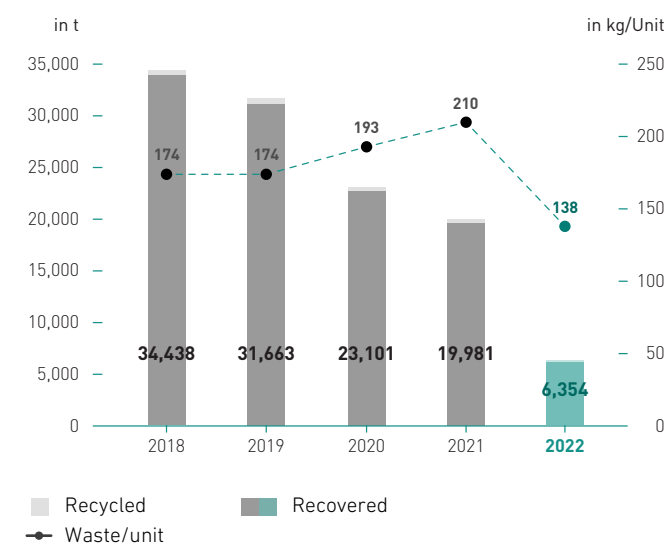
Water Usage for Car Production



Waste

Total waste in car production fell as production volume reduced. This marks the fifth consecutive year of significant reductions in waste, an improvement of 42% over that period. Per unit waste decreased due to operations finishing at two plants during this fiscal year. Of the total waste, 98% was recycled, with less than 2% going to treatment with energy recovery, and zero waste sent to landfill. This year marks the twelfth consecutive year of zero waste to landfill across all Honda factories in Europe.

Waste for Car Production



*FY2021 data accuracy has improved by accounting more accurately for the waste sent for energy recovery by Honda UK Manufacturing (HUM)

Motorcycle Production

Motorcycles

Scope

Honda has two factories producing motorcycles in Europe: Montesa Honda S.A. (MHSA) in Spain and Honda Italia Industriale S.P.A. (HII) in Italy.

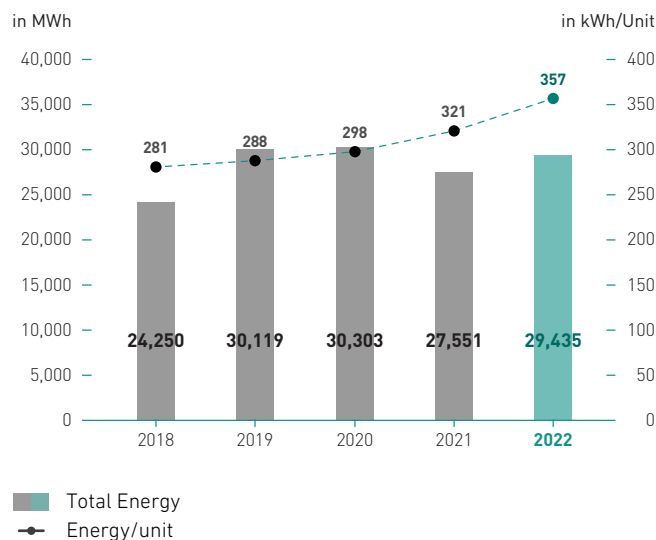
Energy

Both total and per unit energy consumption in motorcycle production has increased due to ongoing changes in the model mix, which required an increase in the use of natural gas in painting operations.

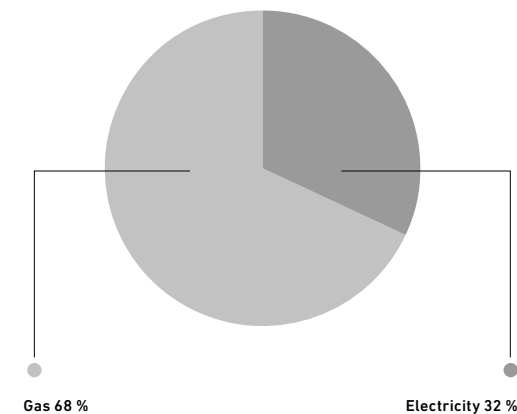
Energy by Source

The split in energy by source in motorcycle production has remained stable for several years. This year saw a slight increase in the use of gas due to changes in the model mix resulting in more gas usage in painting operations.

Energy Consumption for Motorcycle Production



Energy by Source for Motorcycle Production

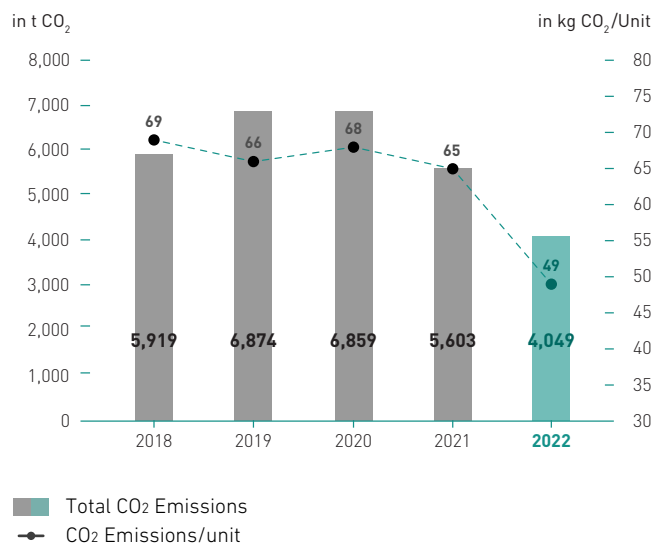


Motorcycle Production

CO₂ Emissions

Total CO₂ emissions in motorcycle production fell substantially, even though there was a slight increase in energy consumption. This is thanks to the full adoption of renewable electricity with Guarantee of Origin (REGO) in both Honda Italia Industriale S.P.A. (HII) and Montesa Honda S.A. (MHSA) plants.

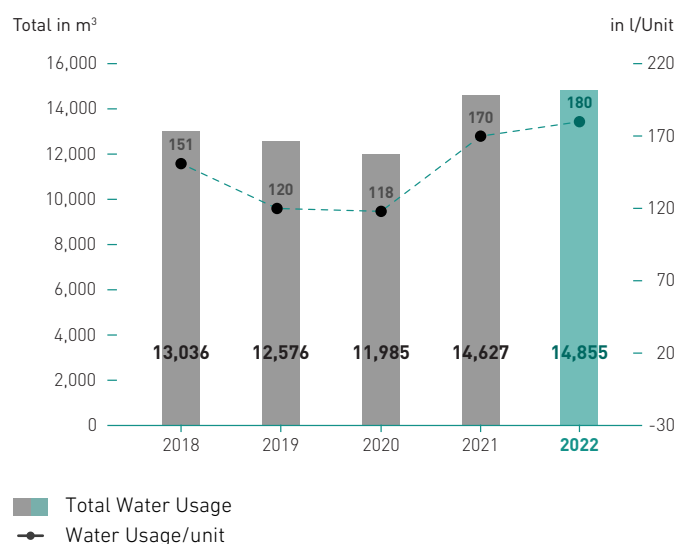
CO₂ Emissions for Motorcycle Production



Water

Total and per unit water consumption in motorcycle production increased slightly this year, largely due to the pausing of manufacturing operations due to COVID-19, and the resulting need for additional cleaning, particularly in painting operations, when production restarted.

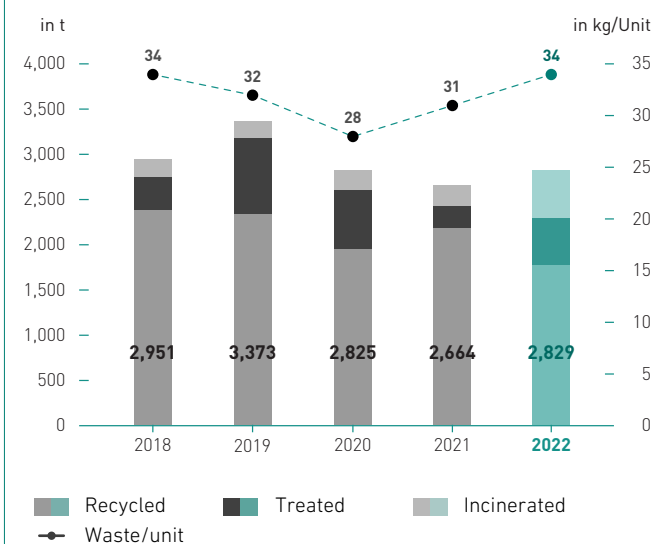
Water Usage for Motorcycle Production



Waste

In 2022, we saw an unavoidable increase in waste as production ramped up in the aftermath of the COVID-19 pandemic. The amount of recovered waste increased as a result of several production stops and related cleaning operations, with painting operations particularly affected.

Waste for Motorcycle Production



*FY2021 data accuracy has improved by accounting more accurately for the waste sent for energy recovery by Honda Italia Industriale S.P.A. (HII)

Case study

HII: Power of the Sun

Honda Italia Industriale, S.P.A. (HII) is soon to reap further benefits from an on-site solar array after extending the bank of photovoltaic panels to meet more of its electricity needs.

The Atessa factory has had solar panels since 2019, generating 0.8MW per annum and accounting for 9% of its electricity needs. After completing research last year, site leaders began work to enlarge the solar array for renewable energy production. Once work is completed in July, the plant will generate 1.2MW of renewable energy, capable of powering 21% of on-site activity.

“It was really important that we take this step,” says Domenico Savino, HSE Manager – HII. “We’re committed to the United Nation’s Sustainable Development Goals (SDGs) and we’re satisfying two of them by enlarging the solar plant – ‘Affordable and clean energy’ and ‘Climate action.’”

The installation also had an important social sustainability aspect too. “We designed the extension so that it would function as a roof over the car parking area. Associates have really appreciated this over the summer months.

“This is just part of the sustainability activities we are looking at here, from water treatment to waste recovery. These are issues for all of our factories – big and small – and it can be challenging given the complicated legislative framework across Europe and in each country. It’s important, then, that we work more closely to develop ways of making the plans for each site more consistent, easier to implement and circular in terms of use of materials.”



HII: Heat exchanger PA Process

Honda has also invested in the thermal recovery of post-combustion fumes, through an energy efficiency intervention. This process consists of utilising the heat exchanger to recover thermal waste from exhaust fumes during the painting process. Water is heated and transferred to other stages of the pre-treatment process.



Power Products Production

Power Products

Scope

Honda has one factory producing Power Products in Europe - Honda France Manufacturing S.A.S (HFM).

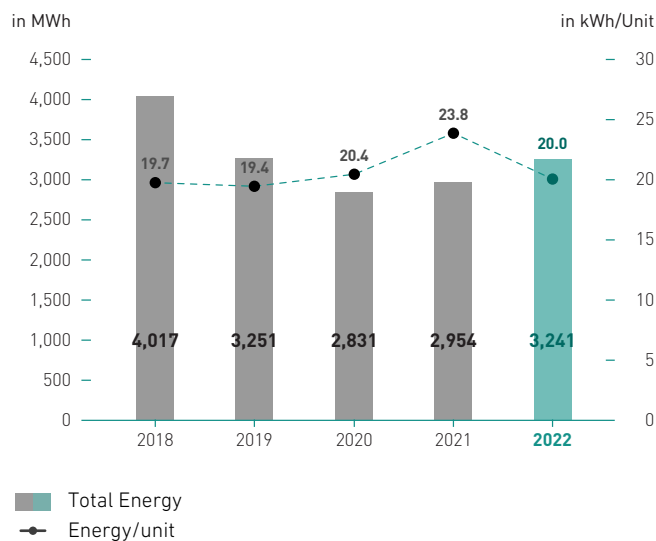
Energy

Total energy consumption in power products production increased with the growth in production volume. Despite an increase of 30% in manufacturing output, the overall increase of energy was limited to just 10%, which resulted in a per unit energy consumption reduction of 16%. This is mainly related to changes in painting operations - drying paint is the primary use of energy in power product production.

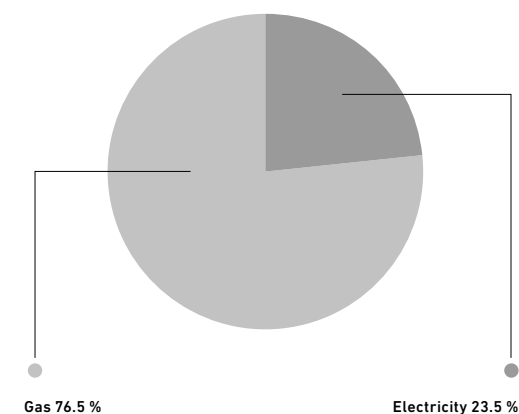
Energy by Source

The split by energy source in power products production has remained stable over the past two years, reflecting an established model line-up. Gas continues to account for the majority of the energy mix due to the reliance upon gas in painting operations.

Energy Consumption for Power Products Production



Energy by Source for Power Products Production



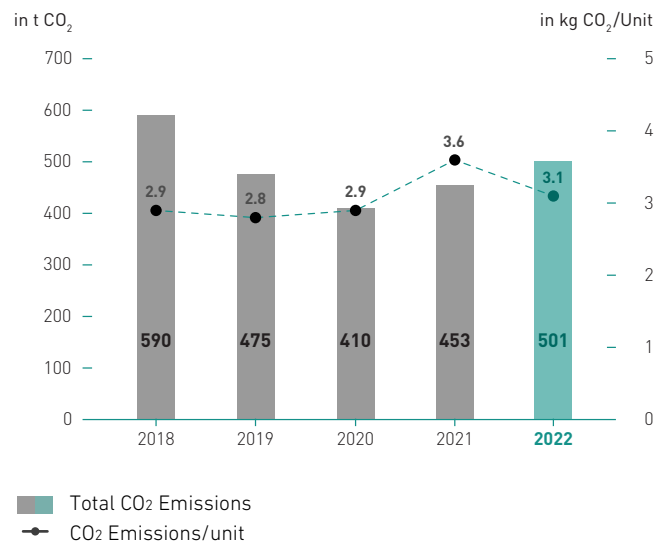
in-house production

Power Products Production

CO₂ Emissions

Total CO₂ emissions in power products production increased as production volumes increased to meet demand for power products following lost production time due to COVID-19. Per unit CO₂ emissions dropped without the effects of the pauses in production experienced the previous year.

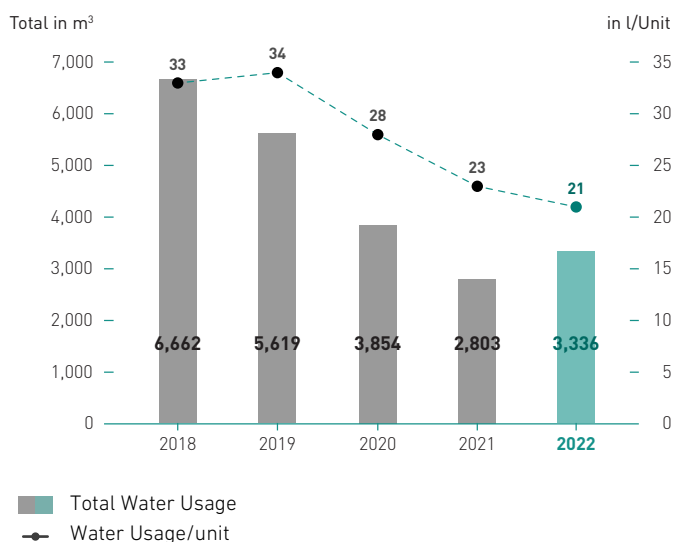
CO₂ Emissions for Power Products Production



Water

Total water consumption in power products production fell for the fourth consecutive year, largely due to a reduction in water usage for non-production activities, in particular the regular watering of lawns for R&D testing of robotic lawn mowers. Per unit water consumption has also fallen consistently over the last three years, due to continued efforts to conserve water in painting operations, which are heavily reliant on water.

Water Usage for Power Products Production

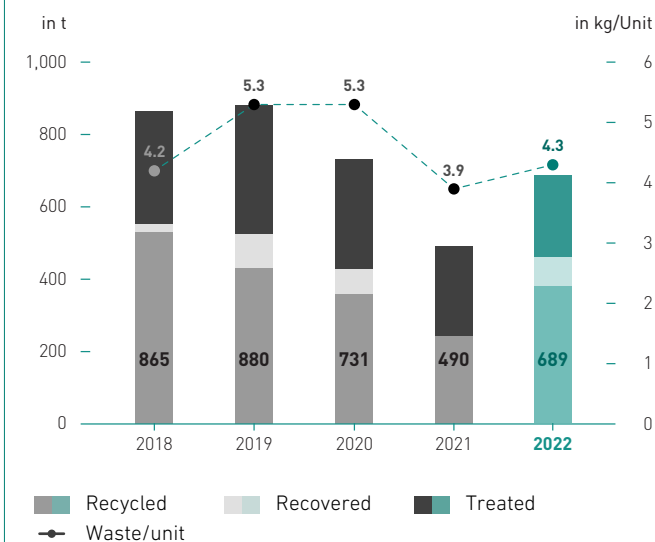


Waste

Total waste in power products production has increased in line with the growth in production output, but still remains below pre-pandemic levels.

Packaging waste saw a substantial increase due to a change in assembly parts. A change of supplier led to a reduction in the amount of returnable packaging material used, which was the key reason for the reduction in 2021.

Waste for Power Products Production



Parts Production

Parts

Scope

Honda has two factories producing parts in Europe: Montesa Honda S.A. (MHSA) in Spain and C.I.A.P.S.P.A. (CIAP) in Italy.

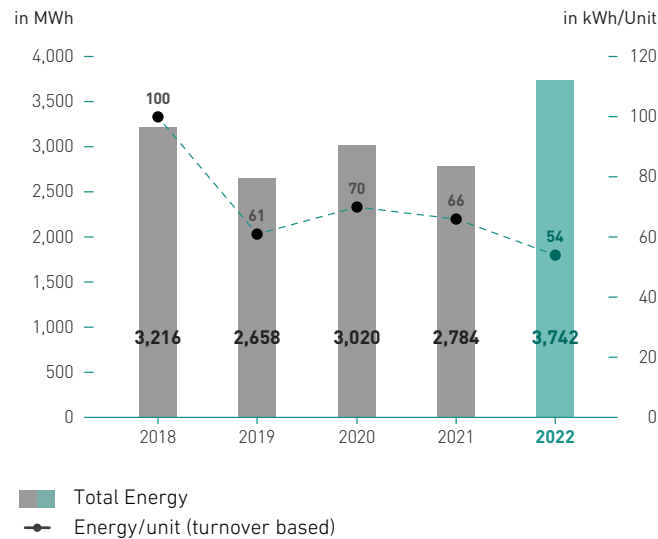
Energy

Total energy consumption in parts production increased in line with the growth in parts turnover, which is up 77% in 2021. At the same time, increasing production resulted in greater economies of scale, so per unit energy consumption has been greatly reduced.

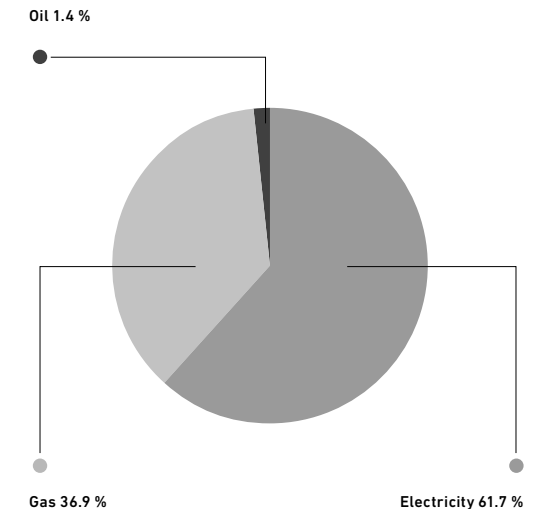
Energy by Source

Gas took a larger share of the energy mix in parts production due to the increase in production at both parts plants. The use of other fossil fuels like oil are kept to a strict minimum.

Energy Consumption for Parts Production



Energy by Source for Parts Production



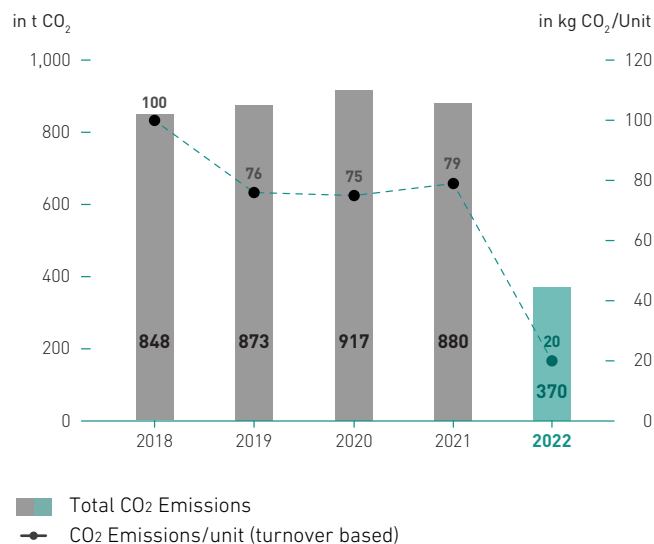
in-house production

Parts Production

CO₂ Emissions

Both total and per unit CO₂ emissions in parts production have reduced significantly. This is attributed to the use of 100% renewable electricity at both parts plants with Guarantee of Origin (REGO).

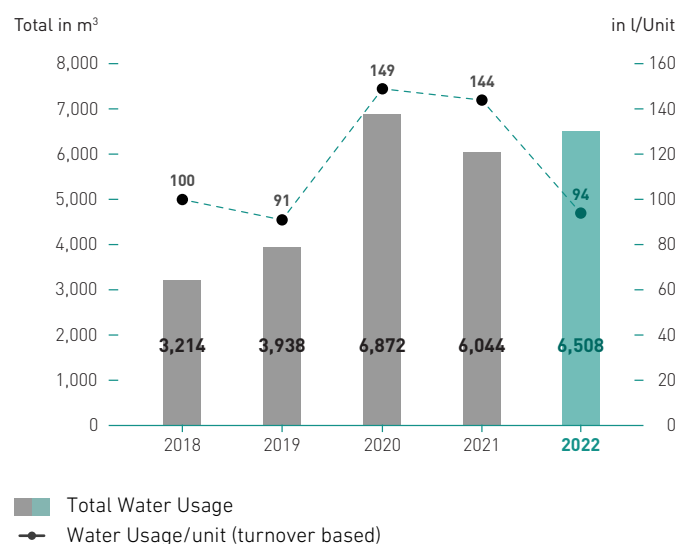
CO₂ Emissions for Parts Production



Water

Total water consumption in parts production has remained consistent in the last three years, after a period of increased usage. This was largely due to an increase in painting operations for accessory parts at the MHSA facility. Per unit water consumption continues to decrease because per unit data is based on turnover levels, which increased.

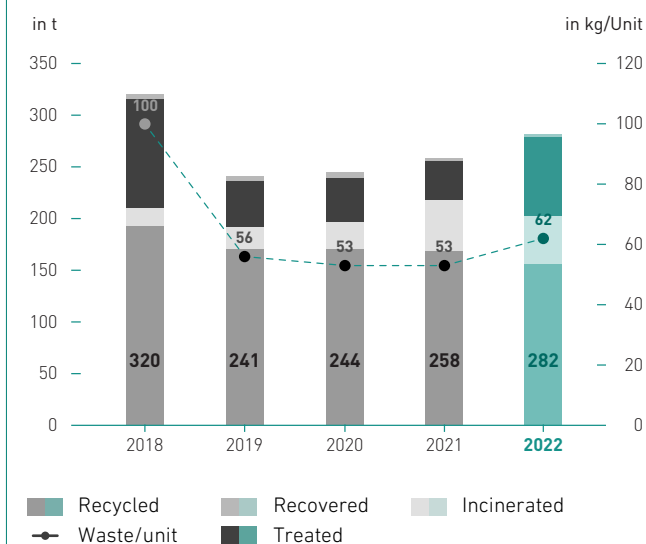
Water Usage for Parts Production



Waste

Total waste in parts production has gradually increased over the last three years with the increase in activity following the shutdowns caused by COVID-19. There was an increase in the amount of waste which required further treatment to guarantee proper disposal.

Waste for Parts Production



4

Logistics



logistics

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Introduction



Yoshiaki Nisa
President, Honda Motor Europe Logistics N.V.

by Yoshiaki Nisa

Honda's Sustainability Policy requires that the growth of the business aligns with our environmental goals. To mark the next step of our business activities, we announced an ambitious long-term objective to achieve carbon neutrality by 2050. Thanks to several new initiatives and investments, Honda Motor Europe Logistics (HME-L) are making steady progress towards this goal.

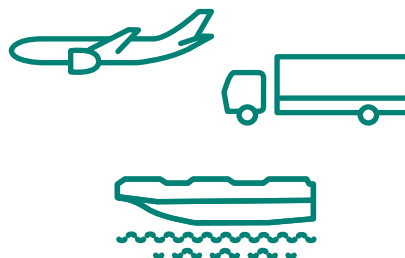
Achieving carbon neutrality within a long-established and intricate supply chain structure will not be easy, and HME-L will require significant ongoing commitment and support from its partner transport providers and suppliers.

We have addressed some of these challenges through multimodal transport, which reduces road transport and pollution through the more energy-efficient movement of goods. One of our most recent initiatives involves the transportation of barge shipments from the Port of Antwerp in Belgium to Italy, allowing us to reduce our usage of road transportation.

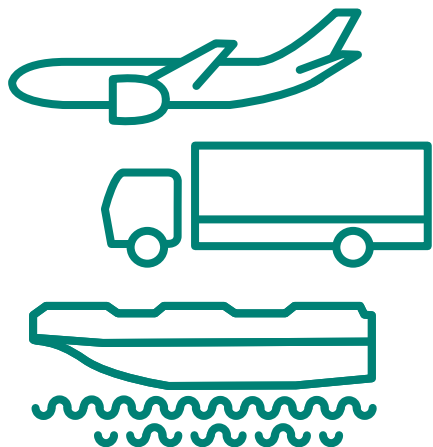
In addition, we must also make our facilities future-proof, identifying new energy-efficient processes to incorporate into our business. In 2014 we began a 'relighting' project, replacing old lighting with energy-efficient LED systems. More recently, we significantly improved the insulation in our facilities to make more efficient use of our heating systems during autumn and winter.

In June 2022, a new wind turbine project in HME-L Gent represented the next step in our plan to make our sites energy efficient and future proof. The construction of the wind turbine started in the summer of FY2022 and it now meets approximately 70% of the electricity needs of the facility.

These are just a few examples that contributed to our nomination as an International Sustainable Development Goals (SDG) Pioneer, a title awarded to businesses by the United Nations that are doing an exceptional job to advance human rights, labour, environment and anti-corruption. Our journey towards carbon neutrality is far from finished; we have already started a study on de-carbonisation and are analysing how we can replace gas heating on site.



Transport



Car Transport

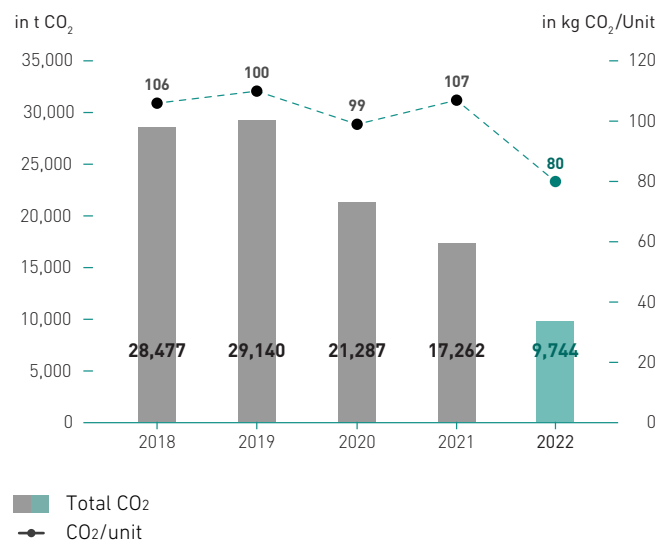
Scope

For car transport the figures within this report cover all transport organised by Honda entities.

CO₂ Emissions

Total CO₂ emissions in car transport fell for a fourth consecutive year. Compared to 2021 there is a substantial decrease in both total and per unit emissions, resulting from changes in transport operations and logistics. After the closure of our UK-based factory there was no longer the requirement to export Honda Civic models from Europe to other regions such as Japan, North America and Australia.

CO₂ Emissions for Car Transport



Motorcycle Transport

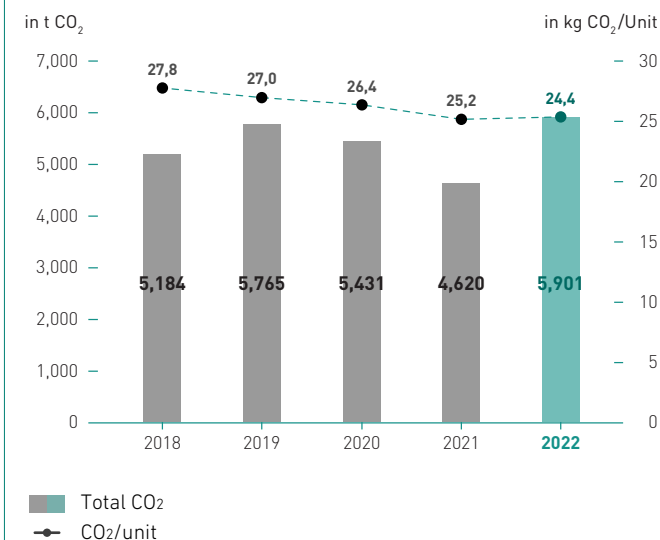
Scope

For motorcycle transport the figures within this report cover all transport organised by Honda entities.

CO₂ Emissions

Total CO₂ emissions in motorcycle transport increased this year mainly due to a higher number of deliveries to retailers in our main markets, Germany, Italy, UK and Spain. Per unit CO₂ emissions have fallen by 13% over the last five years thanks to continued efforts to improve truck load efficiency and the further implementation of 'naked transport', where motorcycles are shipped without individual packaging.

CO₂ Emissions for Motorcycle Transport



Transport

Power Products Transport

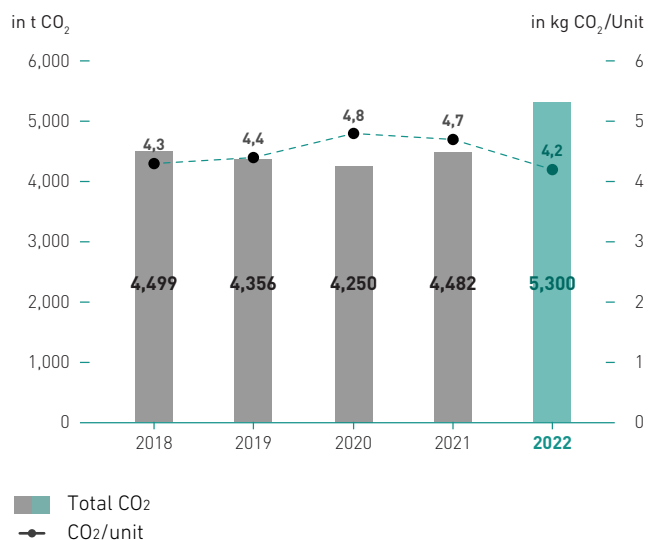
Scope

Only Honda-controlled transport is included within this report. Contrary to the situation with cars and motorcycles logistics, it often happens that full truckloads, particularly of engines, are delivered directly to the buyer. This process delivers improvements in both efficiency and service.

CO₂ Emissions

Total CO₂ emissions in power products transport increased in line with the higher volume of deliveries of Multi Purpose Engines and Marine Products to our retailers. Per unit CO₂ emissions fell for the second consecutive year due to better managed truck loads.

CO₂ Emissions for Power Products Transport



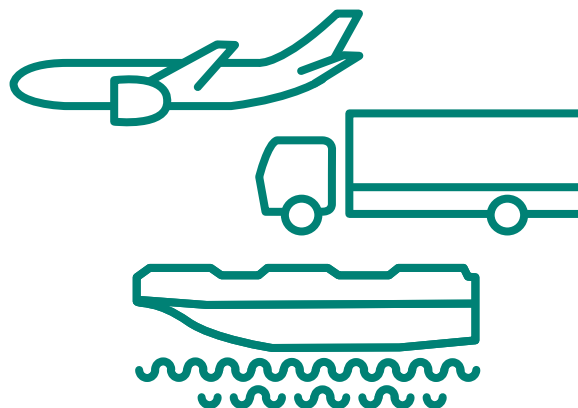
Parts Transport

Scope

For parts transport the following data is included:

- Logistics inbound: transport from manufacturing sites in Europe (or the arrival port for deliveries outside the region) to Honda storage facilities
- Logistics outbound: transport from Honda storage facilities to dealers
- Transport between Honda storage facilities

The reference value in the parts business is financial turnover rather than per unit. However, as turnover is not a tangible data set, for the purposes of reporting a baseline of 100% was set in 2016, against which Honda has compared data.

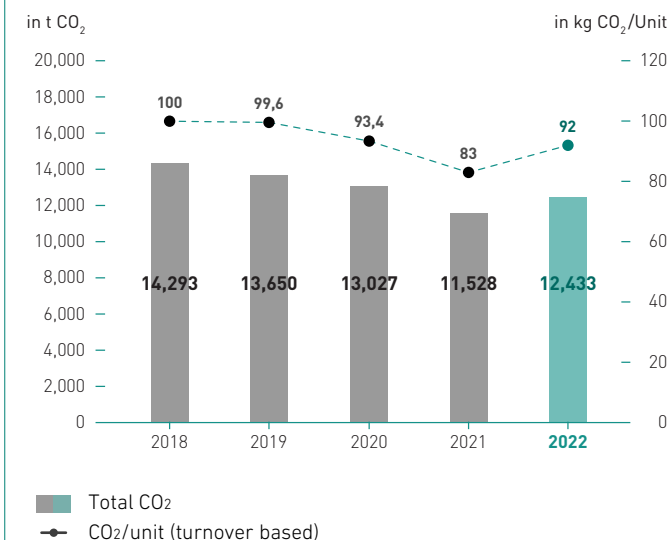


CO₂ Emissions

Total CO₂ emissions in parts transportation increased marginally over the past year, following a period of consistent improvement. This is due to an increase in inbound deliveries from overseas, as we caught up on activities following the COVID-19 pandemic.

As expected, per unit CO₂ emissions grew in line with the higher productivity and financial turnover. However, this increase was proportionately less than the 70% increase in sea transport as the business recovered after the pandemic.

CO₂ Emissions for Parts Transport



Warehousing

Warehousing

Scope

Honda has an extensive network of dealers in Europe. In order to provide continuous, fast and efficient delivery of products and parts it runs several warehouses across the region. The data provided in this report includes the in-house energy consumption of these warehouses; largely from heating, lighting and cooling. The information provided on waste is derived from the amount and the manner of treatment of product packaging material. Water consumption is mainly related to sanitary use by associates.

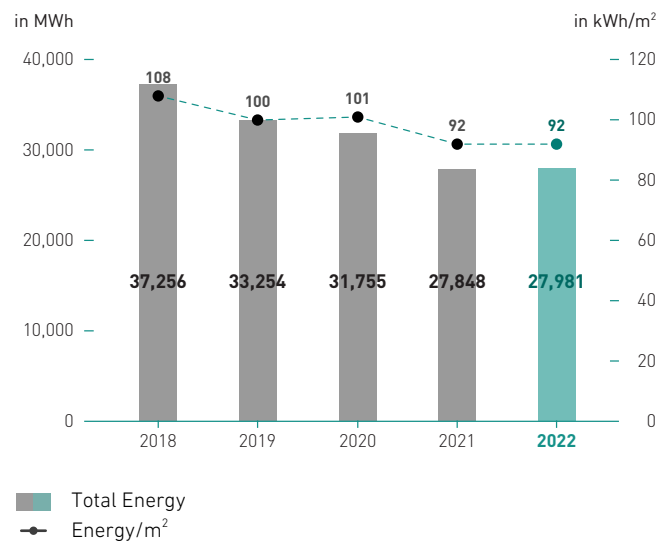
Energy

Total energy consumption in warehousing remained stable compared with the preceding year, despite the increase in operational activity after COVID-19. As a result, energy consumption per unit remains at the same level. Overall, total energy use has fallen by 15% over five years.

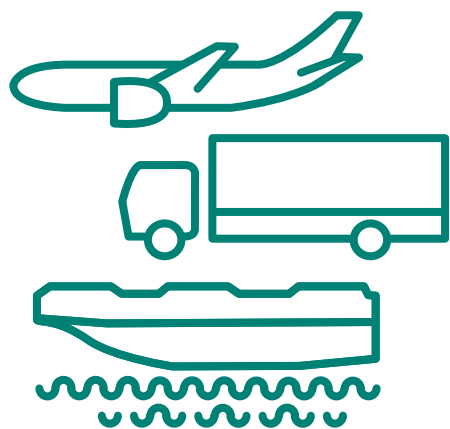
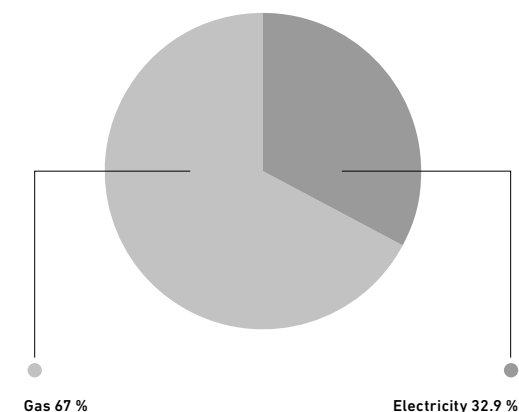
Energy by Source

The energy mix in warehousing remained stable, with a fall in the use of gas which can be attributed to the elimination of gas consumption for heating over the last five years.

Total Energy for Warehousing



Energy by Source for Warehousing

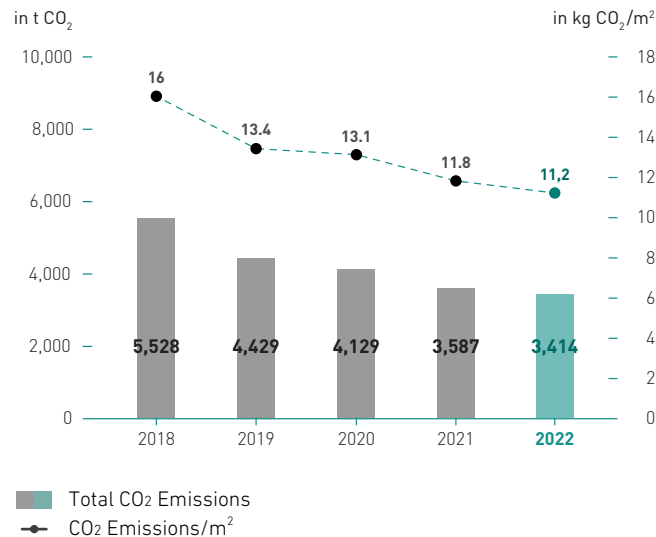


Warehousing

CO₂ Emissions

We have reduced CO₂ emissions in warehousing for the fifth consecutive year, with a total reduction of 39% since 2018, largely due to lower gas consumption. Per unit CO₂ emissions also fell again over the last year. All of this is the result of continued improvements over recent years, across all sites.

CO₂ Emissions for Warehousing

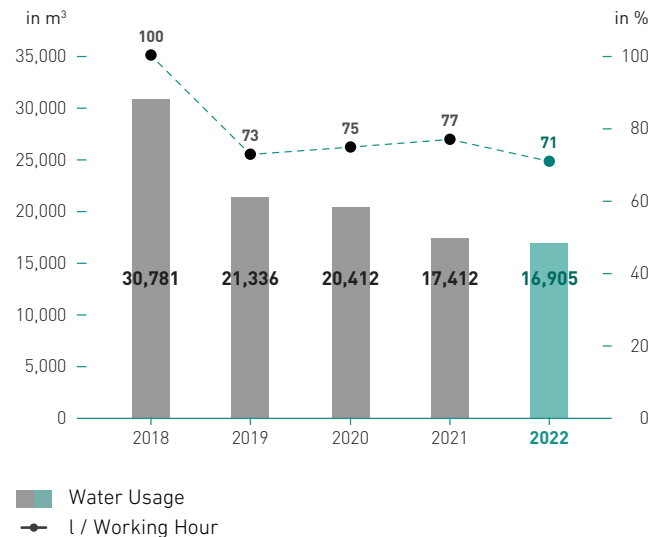


Water

Total water consumption in warehousing has fallen over the past five years, mainly due to changes in the scope of the Honda organisation in Europe. The slight decrease in 2022 compared with the previous year is related to the continuation of home working after COVID-19.

Per unit water consumption is at its lowest level for five years thanks to a reduction in working time spent at warehouses. Water usage in warehousing is primarily for sanitary purposes.

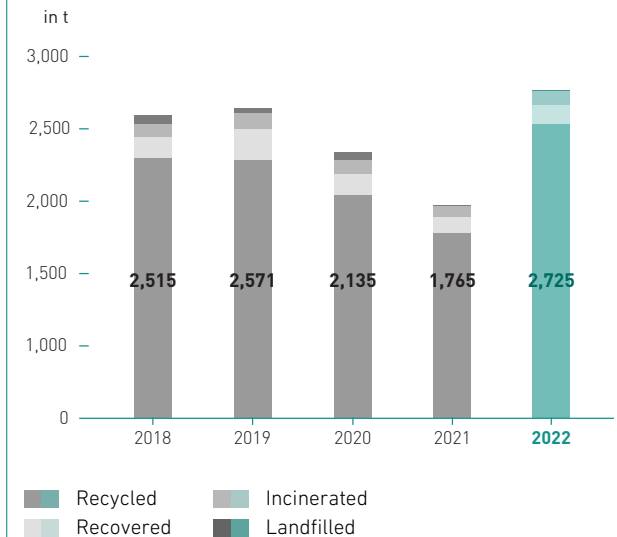
Water Usage for Warehousing



Waste

Total waste in warehousing has increased after two years of reduction, largely due to a return to normal operations following COVID-19. Despite this inevitable increase in waste, improvements have been achieved through the ongoing reduction in the use of packaging materials, with 90% of waste material generated now being recycled. This brings the amount of waste going to landfill even closer to our zero target.

Total Waste for Warehousing by Treatment Method



Case study

The wind of change - HME-L Gent

When it comes to big steps, HME-L in Gent, Belgium has taken perhaps the biggest in its move to green energy. In cooperation with Storm, which builds and operates onshore wind farms, the site has just constructed a wind turbine measuring 200m from base to turbine blade tip.

“For a long time we have sourced green energy from the grid,” says Business Area Manager HSE Steven Bral. “Even before Honda’s new sustainability commitments, we’ve been following the United Nations Sustainable Development Goals that Honda has been signed up to. But rather than transporting that energy in, we wanted to generate it on site. That brought us to the concept of a wind turbine.”

The project has been three years in the making, from gaining a building permit to finally installing the tower and turbine blades in May.

“We’re planning to have the turbine up and running by August 2022,” adds Business Area Manager Facilities Kurt Van Himbeeck. “It will generate, at minimum, 70% of HME-L’s power needs and will also be connected to the grid. “The turbine annually produces 10,500 MW of electricity (this is equivalent to an annual electricity consumption of 3,000 homes). But it’s only part of the story as we still need to source 30% of our electricity needs.

“From the beginning, we knew we had to futureproof the site so that it would not only meet our immediate goals, but could adapt to future sustainability targets,” continues Kurt. “So, we’ve invested in roofing insulation to reduce our energy use and are keeping our eyes open to new technologies in areas such as photovoltaic (PV) panels, hydrogen stations and heat pumps.

“Our heating system currently runs on gas, so we’re looking at decarbonising that as far as possible too.”



Gent renovated 17,700m² of roof that covered their parts warehouse.

The project ran from April to August 2021 and replaced the existing roof with a more efficient and durable option. The installation offers increased insulation which means less gas is required to heat the facility, significantly reducing CO₂. This contributes to Honda’s global Triple Action to Zero initiative by working towards the target of 100% utilization of carbon-free energy by 2050. The installation also features a white, sun-reflective material that provides a cooler working environment for associates during the summer.

The initiative in Gent contributes towards Sustainable Development Goal 3 Good health and Well-being as associates have a better working environment during the summer and SDG 13 Climate Action by reducing CO₂.

“The roof insulation is a significant investment into Honda’s energy plan, at the same time associates are benefitting from a working environment that’s cooler in the summer, and warmer in the winter,” says Steven Bral, HSE manager Honda Motor Europe Logistics NV.



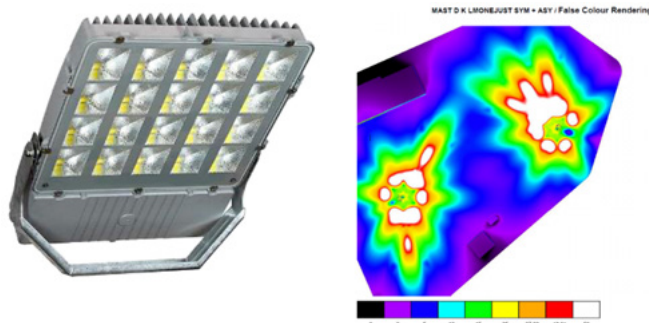
Case study

Lighting Installation - HME-L Gent

In April 2021, Honda Motor Europe Logistics in Gent, Belgium, updated the lighting systems at the car logistics compound. The existing system comprised 30 lights that were 1000W each. By upgrading the system with more efficient lighting, and better positioning of the lamp posts for maximum coverage, HME-L were able to reduce the number of lights required from 30, to just 17.

The new system comprises 12 x 720W lights, and 5 x 750W lights, which delivered a better working environment with instant lighting, an energy reduction of 3800kWh per year, and a longer system lifetime.

“More light, less energy” - This upgrade contributes towards our energy reduction plan, as well as providing a safer working environment for associates, while reducing costs over the system lifetime.” Says Steven Bral, HSE manager Honda Motor Europe Logistics NV.



International Safety Week - HME-L Gent

In April 2021, Honda Motor Europe Logistics sites undertook a week-long programme of safety training, to mark International Safety Day, 28th April.

In pursuit of the ambitious target of 'Zero Accidents', "Safety Week" ran from 26th – 30th April at HME-L locations across the continent.

To engage associates, and visitors to the sites, safety messages from the President & Directors were video-recorded and displayed on screens at the entrance.

A "Safety Pipe" was created, requiring associates to enter the building through a tunnel decorated with information advising best practice on topics ranging from ergonomics to PPE.

Throughout the week, associates undertook safety-related workshops, were exposed to a detailed communication plan, and encouraged to take part in a competition to develop a new safety slogan for Honda; "Think HONDA, Think SAFETY" (pictured below) which was well received by all.





5

Sales & Services



sales & services

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Introduction



Tom Gardner
Senior Vice President, Honda Motor Europe Ltd.

by Tom Gardner

The European region continues to move rapidly towards a zero-emission society, as consumer tastes and government regulation converge to further increase the demand for electrified mobility. The EU is in the process of confirming the final configuration of the 'Fit for 55' legislation which will determine the CO₂ emission targets for the automobile industry, while the direction of the UK's zero emissions vehicle (ZEV) mandate has also become clear. These regulations will ensure that conventional-powered vehicles will no longer be sold from 2035.

Electric vehicles

For Honda, 2022 was the year that Honda achieved its "Electric Vision": to electrify 100% of its mainstream European automobile range. This aim was completed with the launch of the all-new Civic e:HEV, which also saw the Civic nameplate celebrate 50 years of production. From the revolutionary emission-reducing engine in 1972, through to the launch of Civic Hybrid in the 2000s, and the latest 11th generation with its outstanding two-motor e:HEV hybrid technology, Civic has remained a leader in fuel efficiency and low emissions.

In March 2022, Honda also announced the launch of three new electrified products that will further broaden its European automobile offering. Building on the success of the award-winning Honda e, the e:Ny1 will be the second electric vehicle launched in Europe, and will sit in the popular sports utility vehicle sector. The ZR-V will provide a compelling option for those seeking a sporty and dynamic compact SUV fitted with the same e:HEV hybrid technology found in the all-new Civic. Finally, the next-generation CR-V will be the first model in Europe to be offered with both e:HEV full hybrid and e:PHEV plug-in options.

Swappable Batteries

On 6th September 2021, Honda, along with KTM, Piaggio Group and Yamaha Motor Co. Ltd, announced the signing of an agreement for the creation of a Swappable Batteries Motorcycle Consortium in Europe. The aim of the Consortium is to address the concerns around two-wheeled electromobility such as range, charging time and infrastructure, and cost. We look forward to further advances in this pioneering area, as Honda takes proactive steps towards the decarbonisation of motorcycles.

Electric power units

Honda's 2030 Vision outlines a commitment to reduce emissions across its whole range of products. We realised a major step towards this ambition with the launch of Honda's eGX range of electric power units. Designed to be used for specific applications in the construction sector, eGX is perfect for use in environments where zero emission and low noise factors are important. eGX is also completely interchangeable with existing gasoline powered GX engines, allowing customers to gain the benefits of zero emissions operation without investing to replace existing tools that are still serviceable.

The roll out of electrified technology across the automobile range, the innovation of swappable batteries and the proliferation of electrified products such as eGX are a number of examples of how Europe is playing a leading role in Honda's shift to a zero-emission society. In the coming years, this roll out will intensify, as we seek to embrace the many opportunities of this new era with our trademark challenging spirit, innovative engineering and relentless focus on the customer.

Sales Subsidiaries

Sales Subsidiaries

Scope

This report marks the first time water and waste usage across Sales & Services has been reported, and will continue to be so moving forward, as we work towards Honda's 2030 Vision. The intention is to present a more extensive set of data for a more comprehensive view of environmental impact across sales offices, dealers and R&D.

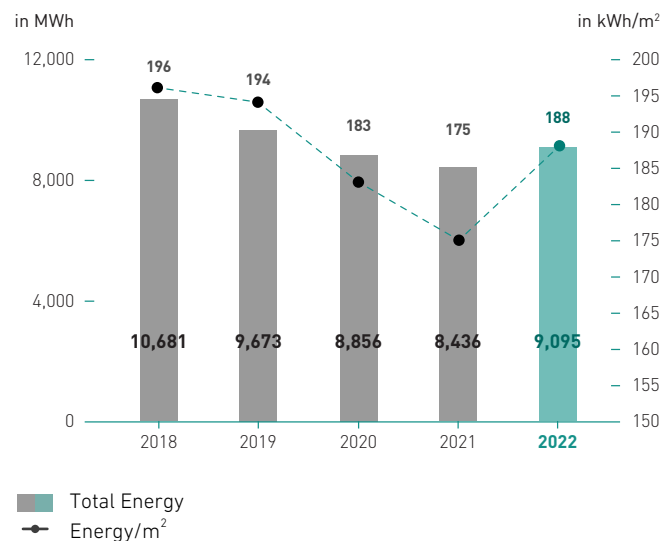
Energy

Total energy consumption across sales subsidiaries increased as staff returned to working in the office following COVID-19. Over the past five years, there has been a 15% improvement in total energy consumption. This is the result of continued efforts in effective energy management, in particular the further adoption of more efficient heating systems.

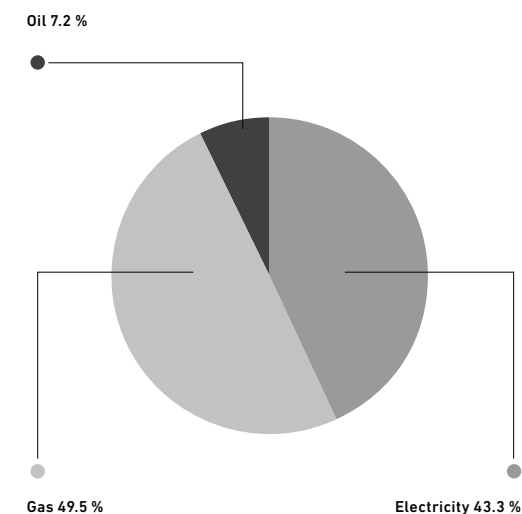
Energy Mix

The energy mix for sales offices remained broadly stable, with a long-term reduction in the use of fossil fuels, in favour of electricity from renewable sources.

Total Energy for National Sales Offices



Energy by Source for National Sales Offices

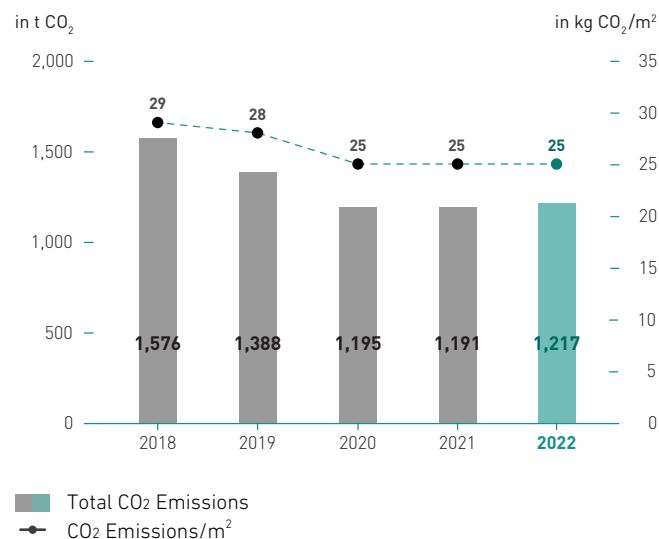


Sales Subsidiaries

CO₂ Emissions

The return to more normal operations has seen an increase in total energy usage, however the level of CO₂ emissions has been kept stable thanks to the continued use of electricity provided from renewable sources.

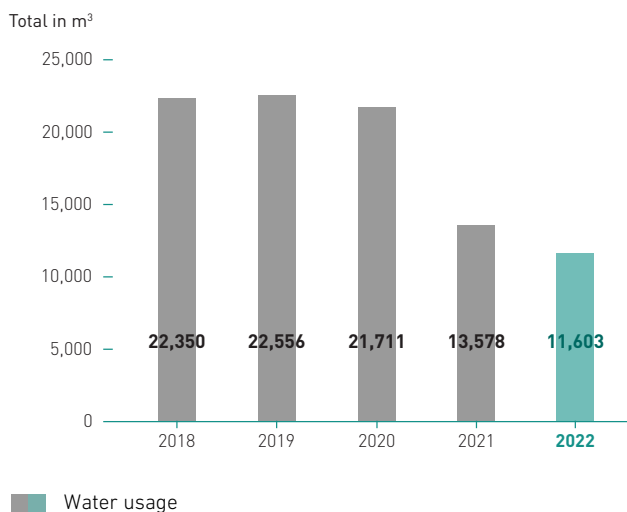
CO₂ Emissions for National Sales Offices



Water

Following the introduction of Honda's 2030 Vision, which provides direction for all activities in mobility, robotics and energy, efforts in the preservation of water will be carefully managed and closely monitored from this point forward. Water usage in sales offices is primarily for sanitary purposes, so there has been a substantial reduction over the last two years with the increase in home working due to the pandemic. The rate remains low as many staff are now permitted to work remotely more frequently.

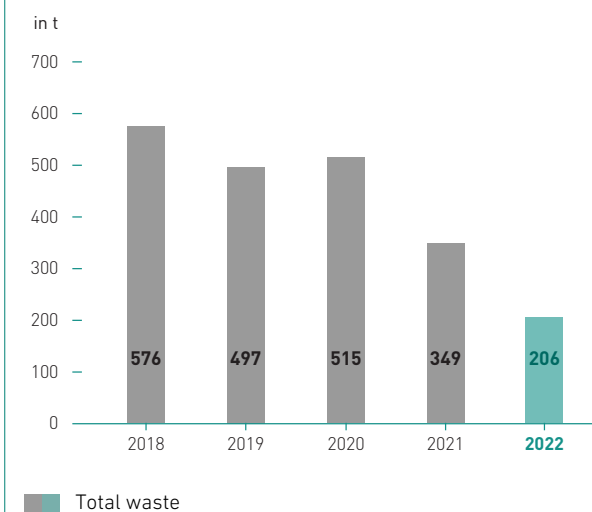
Water usage for National Sales Offices



Waste

As with water preservation monitoring, our efforts in waste prevention and reduction will be monitored and managed more closely going forward. The results of further initiatives to reduce waste will become visible in the coming years.

Total waste for National Sales Offices



Dealers

Dealers

Scope

In total there are nine Honda-owned dealers in the scope of this report - six in Switzerland and three in Germany.

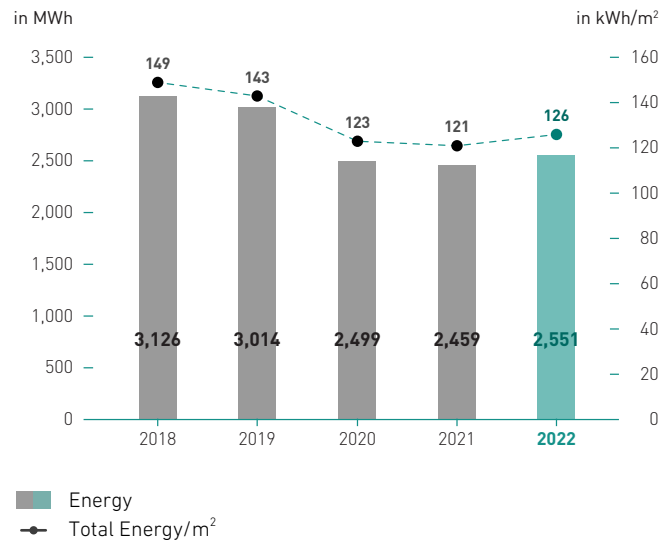
Energy

Total energy consumption across dealer sites slightly increased last year after the restart of activities following COVID-19. Over the past five years, total energy consumption is down 18%, thanks to energy saving initiatives across the business, including the adoption of LED lighting.

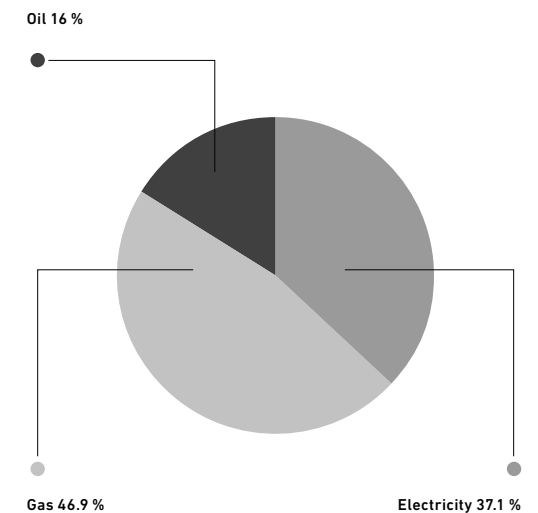
Energy Mix

The share of oil in the energy mix fell by 40% over the last five years, as a result of Honda's Swiss subsidiaries no longer using oil for heating.

Energy Consumption for Dealers



Energy by Source for Sales Dealers

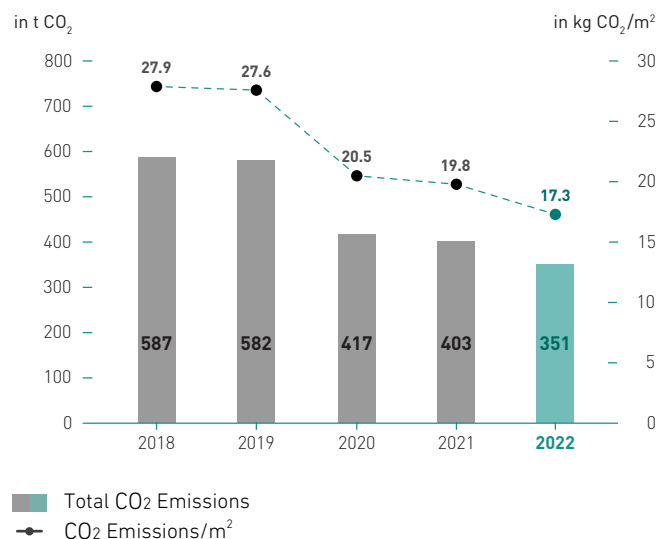


Dealers

CO₂ Emissions

Total CO₂ emissions fell by 40% over the last five years with an efficiency improvement of 38%, mainly through the use of Renewable Electricity with Guarantee of Origin (REGO) across all dealer sites.

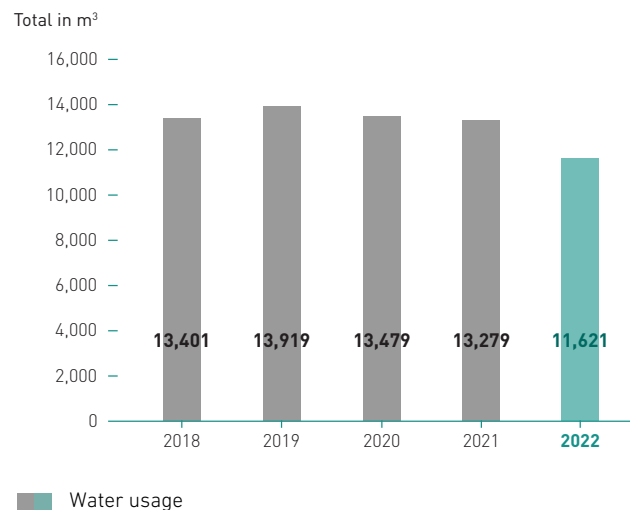
CO₂ Emissions for Dealers



Water

As with sales operations, water consumption by Honda-owned dealers is relative to the level of activity at their sites. Despite the increase of work hours at retail sites following the pandemic, initiatives to reduce water usage have been promoted over the last five years and have resulted in a 13% reduction in consumption.

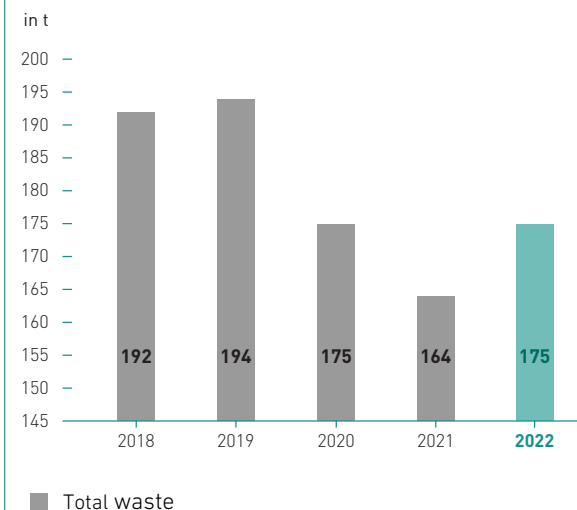
Water usage for Dealers



Waste

The increase in waste witnessed over the last year is relative to the increase of activities following COVID-19. As with sales operations, the main share of dealer waste is recycled. Honda is focused on implementing further programs for the reuse of parts and materials in the coming years.

Total waste for Dealers



Research & Development

Research & Development (R&D)

Scope

This report consolidates the data from the five Honda Research and Development entities in the region.

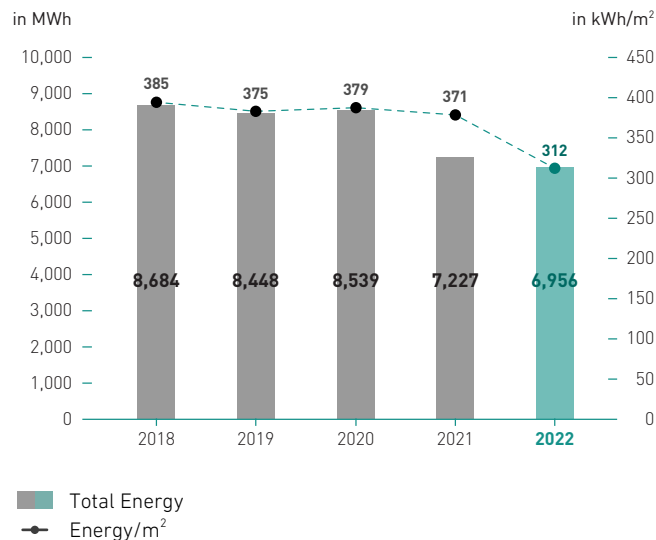
Energy

Total energy consumption across R&D sites continues to fall, despite the increase in working hours following COVID-19. The further reduction in total energy usage this reporting year is related to the relocation of Honda's R&D facility in the UK. The substantial fall in Energy/m² is thanks to collective efforts in effective energy management.

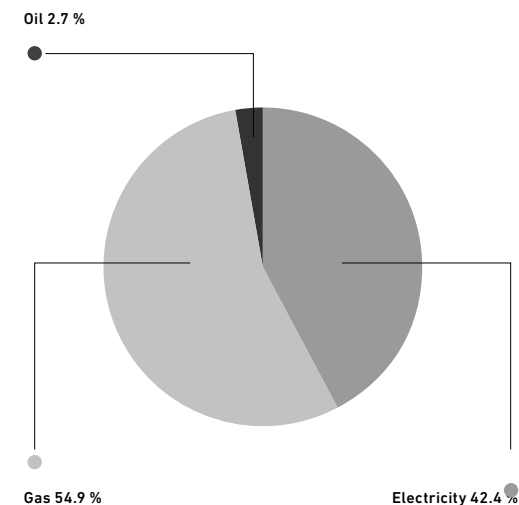
Energy Mix

The energy mix remained stable but with a continuous effort to decrease the share of fossil fuels for testing purposes.

Total Energy R&D



Energy by Source for R&D



Research & Development

CO₂ Emissions

Total CO₂ emissions have fallen by 40% over five years, as R&D sites increasingly use renewable energy. All Honda R&D sites in Europe began using electricity from zero emission sources in 2019.

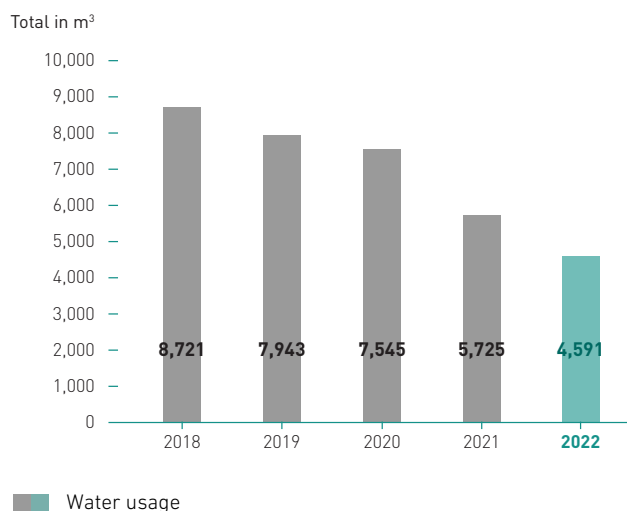
CO₂ Emissions for R&D



Water

As with other parts of the business, the level of water consumption is related to the level of activity at sites. Overall, initiatives to minimise the use of water have resulted in a 48% reduction in usage over the last five years.

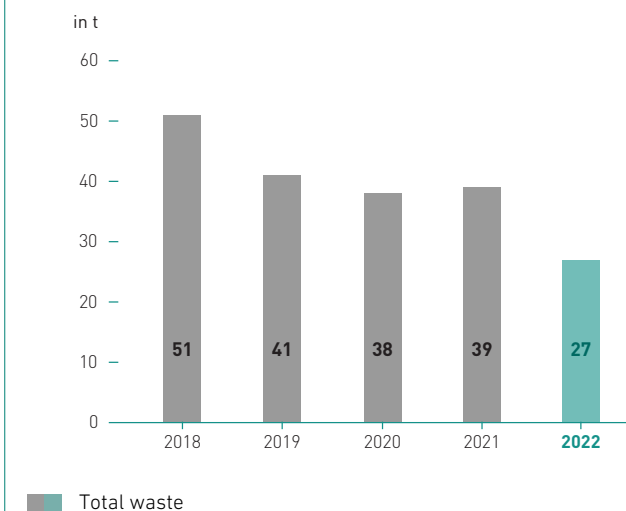
Water usage for R&D



Waste

The total amount of waste generated over the last year has decreased, following changes at Honda's Formula One operation in Milton Keynes, UK.

Waste for R&D



Case study

HRE-G - Becoming a Smart Company

What began with a fast-charging EV station at HRE-G's Offenbach facility in 2016 has evolved into a site-wide energy ecosystem called 'Smart Company'. Developed in collaboration with Honda Research Institute Europe, the concept not only provides access to cheap, green energy for the site, but also the potential to offer customers renewable energy management products and services in the future.

"What we're trying to create is a holistic energy management system using locally-produced energy," says Martin Stadie, Section Manager - Energy & Digital Services of the Digital Solutions & Electrification Research team.

Today, the site combines self-generated solar energy from multiple photovoltaic (PV) arrays, a fleet of electric and hydrogen vehicles, and a '2nd life' battery storage unit, all of which are connected to a digital energy management system. With access to uni- and bi-directional charging units, vehicle owners can recharge their vehicles using green PV energy when the sun is shining, while the site can also discharge electricity from Associate's vehicles – using them like batteries – if local energy requirements demand it.

"While we're saving energy for this site and for Honda, our primary objective is to use this framework to develop a range of energy management products and services," adds Patrik Ponec, Vice President, Advanced Planning Division. "The concept is about both responsible and smart use of energy, so that we reduce the impact on the environment, while also gifting people the joy and freedom that comes with mobility."

The site generates a surplus of electricity through its PV assets and has the ability to store it and access it as needed using the 2nd life device and plugged-in electric vehicles.

"That means when we do have to call on peak energy, we can do so without having to resort to the grid which would incur peak payments to the energy provider," says Martin.



6

Resource Circulation



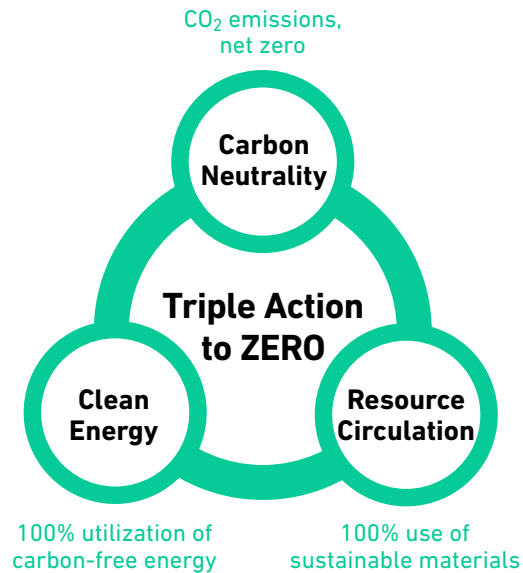
resource circulation

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Introduction



Victoria Friend
Department Manager, Product
Compliance and Sustainability



by Victoria Friend

Resource Consumption – The Waste Hierarchy

At Honda, we recognise that addressing our consumption of resources is fundamental to our journey to carbon neutrality by 2050. However, it is also one of the most arduous challenges. From our products to our business operations we are resolutely focused on the waste hierarchy – from prevention of waste; preparing waste for re-use; recycling and recovery; and disposal. The first step is to minimise material usage at the start of our operations, and ensure responsible processing thereafter, to maximise our contribution to the circular economy.

Triple Action to ZERO

Triple Action to ZERO is a key initiative in Honda's ongoing efforts towards both its ambition to have zero environmental impact – complete carbon neutrality – of not only its products, but of the whole product lifecycle, by the end of 2050.

This new initiative sets a direction for Honda to continue working towards being a truly sustainable organisation powering customer mobility, and is made up of three core pillars:

- Carbon Neutrality – net zero CO₂ emissions
- Clean Energy – 100% utilisation of carbon-free energy
- Resource Circulation – 100% use of sustainable materials

Resource Circulation

In addressing the third pillar – Resource Circulation – and very much in line with the notion of the circular economy, Honda's approach to product development can be broken down into three strategies:

- Applying high quality standards in production to maximise the life of our products
- Using replacement and easily-repaired parts in production to maximise the life of our products
- Making optimum use of waste from our products at the end of their life

To this end, Honda has taken up the challenge of using 100% sustainable materials in all of our products by the end of 2050. This will be realised through the re-use of materials from end-of-life products, recycled materials, and materials from regenerative or renewable sources, while maintaining the highest standards of product quality and performance.

Case study

Prevention

Evolution of Owners' Manuals for Automobiles

To ensure the users of our products has access to important information, and to comply with legislative requirements, every Honda product is sold with an owner's manual.

Historically, all Honda automobiles were presented to our customers including a wallet (1) in the glovebox, which contained not only the owner's manual (2), but a navigation system manual (3), service book (4), plus any additional materials defined by each market. Often, these wallets contained over 1,000 printed pages. This presented us with a great opportunity to re-evaluate how we deliver this important information and identify new solutions to minimise its environmental impact.

In 2019, our Publications team set out to address the high volume of printed material and investigated a number of options to reduce the materials required.

Firstly, the owner's manual and navigation book were condensed into one slimmed down owner's guide (5) containing only regulatory and safety critical information, with full digital versions made available on Honda websites.

To deliver this, new digital services were developed, including an in-car digital owner's manual, digital service records, and the My Honda+ app (6).

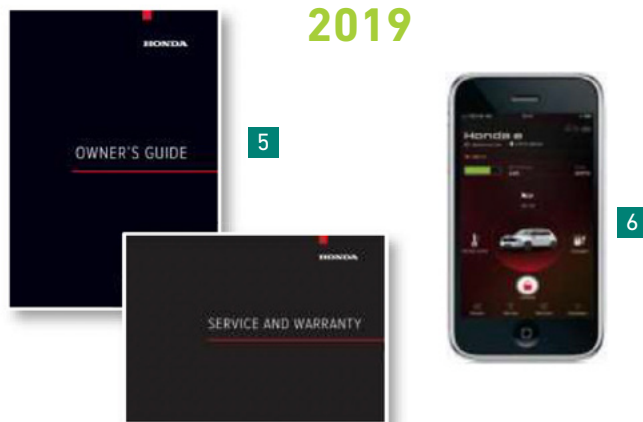
As a result, from mid-2019 to the beginning of 2022, the volume of printed documentation was reduced by approximately 60%, equating to more than **3,000** trees spared.



x 3,000



BLUE SKIES FOR OUR CHILDREN



2019



The success of the initiative and the significant reduction in paper wastage led us to assess the requirement for a physical wallet at all. After analysing alternative options, with sustainability and customer experience at the forefront of our considerations, it was decided that the wallet would be removed entirely, leading to a year-on-year saving of **16 tonnes** of PVC plastic.



From 2023



resource circulation



Case study

Recycling

Cars at the end of their life

One of the most important considerations for end-of-life cars is the safe and responsible collection and treatment of batteries. This issue has become more important with the increasing number of hybrid and electric vehicles in our product line-up. To this end, Honda has a long-standing partnership with Société Nouvelle d’Affinage des Métaux (SNAM) Groupe to collect and recycle batteries from its end-of-life vehicles.

Honda has worked with SNAM since 2013 to ensure the traceability of end-of-life batteries and dispose of them in accordance with European Union standards. The agreement covers the collection of Lithium-ion and Nickel Metal Hydride batteries from across Honda’s dealer network and Authorised Treatment Facilities (ATFs) in 22 countries. Beyond the recovery of materials, SNAM also analyses the batteries’ suitability for recycling, and processes them accordingly. If certain criteria are met, batteries are given a ‘second life’ storing renewable energy in industrial applications, through SNAM’s subsidiary, Phenix Batteries.

When battery cells are damaged and unsuitable for further use, materials such as cobalt and lithium can be extracted using hydrometallurgy techniques involving the use of aqueous chemistry. These materials can then be reused in the production of new batteries, colour pigments or as useful additives for mortar. Other commonly used metals and plastics are recycled and offered to the market for use in the production of a variety of applications.



resource circulation



IDIS



To promote the most efficient practices for recycling of automobiles, Honda is an active member in the International Dismantling Information System (IDIS). Information relating to the safe dismantling, or depolluting, of Honda cars is uploaded to the IDIS database, enabling ATFs across the continent to optimally prepare cars for compacting and shredding by removing pollutants such as batteries and fluids.

By sharing accurate information, Honda is enabling EU Member States to achieve the End-of-Life Vehicle Directive targets of 85% recycling and 95% recovery rate.

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CSR



CSR

Introduction



Ian Howells
Executive Vice President, Honda Motor Europe



by Ian Howells

Honda's business approach is based on its global '2030 Vision' – to 'lead the advancement of mobility and enable people everywhere in the world to improve their daily lives'. We will continue to provide consumers with quality products, meeting diverse individual needs, social expectations and working towards achieving a carbon- and accident-free environment for future generations.

The four pillars of social contribution

At a European level, Honda's social contribution approach brings together all sustainability activities being carried out across branches and manufacturing sites. Our programme is based on four pillars, which are linked to areas of activity identified at a global level by Honda Motor, are relevant in the European region, and can be measured against the UN Sustainable Development Goals (SDGs).

Education and community

Honda Motor Europe's focus in this area is around supporting the learning of science, technology, engineering, and mathematics (STEM) subjects, in line with the UN SDG of providing a quality education. Examples of activity include engaging migrant communities for traineeship opportunities and adopting local charities of the year at each site, chosen by associates.

Diversity and inclusion

Honda is committed to ensuring it is a fair and discrimination-free employer that embraces and promotes diversity and inclusion amongst the workforce, in line with the UN SDGs supporting gender diversity and learning for all. Examples of such activity include promoting women in the workplace by establishing a women's network and setting targets for female senior management numbers.

Safety

Living up to our vision of 'safety for everyone', Honda Motor Europe continues to engage in the promotion of traffic safety through education and training. Examples of such activity include the work completed by our network of safety institutes across the region, providing a range of safety awareness and skills courses for motorcycle riders.

Environment

We are working to protect our environment for this and future generations by reducing pollution and waste, in line with the UN SDGs of climate action, life on land and life below water. Examples of such activity include mentoring other companies on the importance of reducing CO₂ emissions, and the development of an on-site solar array at Honda Industriale Italia Spa., capable of meeting 21% of the site's energy needs.

CSR

Traffic safety

Motorcycle safety training

In 1992, Honda began its two-wheel safety activities, aimed at improving traffic safety in Spain. In 2009, it opened a dedicated year-round motorcycle traffic education centre in Santa Perpetua de Mogoda, located 20 minutes from Barcelona. The Honda Safety Institute (HSI) now occupies a 20,000m² site, incorporating a building, an asphalted pad, an off-road track and a skid line for brake testing. The facility offers courses aimed at all skill levels; on weekdays, the centre offers safety courses for professionals and corporations, while the weekend is dedicated to motorcycle users, including lessons for children.

Our facility offers modern and exclusive facilities unlike any other found in Europe, including classrooms for theoretical sessions and conferences, riding simulators, a workshop and changing rooms with lockers and showers.

Honda offers participants all the necessary riding equipment, including a fleet of 50 motorcycles from 50cc to 500cc. Our portfolio includes 11 courses, which take approximately six-to-eight hours. The range of courses run from basic road safety and risk prevention for beginners to defensive riding courses for more experienced riders.

The HSI is the first motorcycle safety training centre in Spain to be awarded with the European Training Quality Label, which helps motorcyclists identify the best post-licence training programmes in their countries. It is granted to programmes delivered by training schools that have undergone a rigorous and objective evaluation, ensuring that consumers receive the best training available.

Honda has not neglected its other risk prevention activities, such as the travelling courses taught by HEC in secondary schools. We will continue to focus our efforts on making essential technological and logistic elements available for rider training. We do not treat these courses as another line of business, as we consider safety to be a social responsibility. Due to this, costs for HIS courses are not calculated to turn a profit and offer affordable prices to riders who will benefit from training.



CSR

Nurturing the next generation

HME-UK Young Enterprise Company Programme

As a UK national charity, the Young Enterprise Company Programme motivates young people to succeed in the changing world of work by equipping them with the necessary skills, knowledge and confidence they need to succeed.

Today the UK faces a serious skills gap; a high percentage of young people are not in education or employment, and many leave schools without the skills they need to prosper in the real world. To combat this, our programme encourages student teams from schools around the country to start their own companies, giving them the opportunity to learn about running their own business as well as selling to the general public.



Ahr Valley Disaster Recovery Support - HREG

The Ahr Valley Disaster, which occurred in Germany in August 2021, led to heavy flooding of several villages in North and West Germany resulting in the loss of many lives, houses, and fundamental infrastructure. A team from Honda Research & Development Germany (HRE-G) provided instant support to the rescue teams by donating 4 high performance power generators EC5000. Before the donation the HRE-G team fully serviced and tested the equipment partly outside the working time to ensure the equipment was ready in time. The generators are now a permanent power supply since August 2021 supporting people's daily lives in the Ahr Valley Region. This initiative contributes to supporting Sustainable Development Goals 3 Good Health and Well-being for the people in the Ahr Valley Region and SDG 13 Climate Action taking urgent action to combat climate change and its impacts.

"What happened to the people from the region in and around the Ahr valley was a terrible catastrophe. We see it as our duty to help the people in any way we can. If we were able to use the generators to help the people who have experienced such great suffering to ease their difficult everyday lives, we are very happy."

Eric Wrase, Department Manager SSD
Honda R&D Europe (Deutschland) GmbH



CSR

Coexistence with community

Supporting the local voluntary Fire Brigade

In 2010 HME Poland established a partnership with the voluntary fire brigade, to increase support for the local community and its citizens.

In addition to offering safety training for volunteers, Honda recently donated an electrified Honda Power Generator EU22i, that can be used in emergency situations to supply power for lighting and intervention equipment.



Trussell Trust Food Drive

In December 2021, HME-UK organised a food drive to support families and individuals in need of food and basic essentials, at the most challenging time of year.

Partnering with the Trussell Trust, who support more than 1,200 food banks for the 14 million people living in poverty in the UK, associates from Honda UK, HME and HFE were able to deliver a huge amount of donations which were gratefully received by the staff and volunteers.



HFM-FR Honda donation

Following shortages of protective eyewear in hospital wards, HFM collected 9,000 pairs of protective eyewear and donated them to the ORLEANS hospital in France.

In addition to our donations, the HFM team also offered support in other areas of the hospital. Our logistics department managed palletising items and loading for distribution, while our warehouse department supported the reception and managed storage. Our product engineering department supported with the transportation of the donated eyewear.



Certificates & Registrations

Environment Related Certificates and Registration

Safety and the Environment are now an integral part of any company's business operations. This is true of Honda for all its global and local operations – including all factories and logistics operations in the region. A healthy, safe and environmentally responsible workplace and workforce is vital to us, and to achieve it we operate all aspects of our business in compliance with our stated policies and procedures. We also comply with all relevant legislation as an absolute minimum, aiming to exceed these standards wherever we can. Our Safety and Environment policies are the starting point of this activity, supported by company action guidelines that provide direction to our improvement activities and clearly establish our responsibilities. Honda's environmental and safety activities are reinforced by the achievement of the Environmental Management standard ISO 14001:2015 and the Safety Management standard OHSAS 18001:2007. This has strengthened the process of continuous improvement and assured compliance with legislation.



certificates & registrations

EMAS Report

Considering duplicated activities under ISO 14001 and EMAS systems, the EMAS Certification has not been renewed for Honda of the UK Manufacturing Ltd., Honda Türkiye A.S., C.I.A.P. S.P.A. and Montesa Honda S.A. The registrations have been discontinued as reporting requirements are covered by this report.

Safety Policy

Honda will ensure a safe and healthy working environment by building safety into our processes and equipment and by achieving the highest level of safety awareness in our associates. There can be no production without safety. In a global capacity, Honda's quest for safety in its products is not limited to the needs of car drivers and motorcycle riders. Honda's total commitment to 'Safety for Everyone' extends to passengers, pedestrians, occupants of other vehicles and everyone on the road. Honda will continue to develop and refine its innovative technologies to realise a safer society.

Environment Policy

Honda will make every effort to protect the environment from the effects of its manufacturing operations and will achieve, by means of continual improvement, the expectations of society and our local community. From its early days Honda has implemented proactive measures to help solve environmental challenges. As we continue in our ongoing efforts, we have set for ourselves clear targets to help preserve our environment and strive to be 'a company society wants to exist' through leadership in environmental and energy technologies.

Certificates & Registrations

Factories

Validity Date	ISO 14001	OHSAS 18001 (ISO 45001)	ISO 50001	EMAS
Honda of the UK Manufacturing Ltd.	April 2022	April 2022	February 2022	-
Honda Türkiye A.S.	January 2023	September 2021	-	-
Honda Italia Industriale S.p.A	July 2025	July 2026	-	June 2025
C.I.A.P. S.p.A	November 2024	November 2024	-	-
Montesa Honda S.A.	November 2024	November 2024	November 2024	-
Honda France Manufacturing S.A.S.	October 2024	October 2024	-	-

Logistics Centres

Validity Date	ISO 14001	OHSAS 18001	EMAS
Honda Motor Europe Logistics - Aalst	May 2023	May 2023	Replaced by Environmental Report
Honda Motor Europe Logistics NV			
Honda Motor Europe Logistics - Austria			
Honda Motor Europe Logistics - Central Europe Sp.z.O.Z.			
Honda Motor Europe Logistics - Spain AS			
Honda Motor Europe Logistics - Italy SPA			
Honda Motor Europe Logistics - Sweden AB			
Honda Motor Europe Logistics - UK Ltd.			

*Honda Motor Europe Logistics NV centralises the environmental and health management system for itself and the Honda Logistics Centres in Europe. All sites are covered by the same system.

Honda Sites



Honda Motor Europe Ltd., Bracknell, UK

Production

	Name	Location	Country
HUM	Honda of the U.K. Manufacturing Ltd.	Swindon	UK
HTR	Honda Türkiye A.S.	Gebze	Turkey
HII	Honda Italia Industriale. S.p.A	Attesa	Italy
CIAP	C.I.A.P. S.p.A	Bologna	Italy
MHSAU	Montesa Honda S.A.U.	San Perpetua de Mogoda (Barcelona)	Spain
HFM	Honda France Manufacturing S.A.	Ormes (Orléans)	France

Logistics - Distribution

	Name	Location	Country
HMEL	Honda Motor Europe Logistics NV	Gent & Aalst	Belgium
HMEL AT	Honda Motor Europe Logistics Austria Branch	Guntramsdorf	Austria
HMEL CE	Honda Motor Europe Logistics Central Europe Branch	Priewy	Poland
HMEL ES	Honda Motor Europe Logistics Spain Branch	Barcelona	Spain
HMEL IT	Honda Motor Europe Logistics Italy Branch	Collogna Al Colli	Italy
HMEL SE	Honda Motor Europe Logistics Sweden Branch	Arlöv	Sweden
HMEL UK	Honda Motor Europe Logistics UK Branch	South Marston (Swindon)	UK
HACE	Honda Access Europe N.V.	Aalst	Belgium
HMR	Honda Motor Russia LLC	Moscow	Russia

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Honda sites

Honda Sites



Honda Motor Europe Ltd., Rome, Italy



Honda Motor Europe Ltd., Zellik (Brussels), Belgium

Sales Subsidiaries (Administration)

	Name	Location	Country
HME	Honda Motor Europe Ltd.	Bracknell	UK
HME-DE	Honda Deutschland Niederlassung der Honda Motor Europe Ltd.	Frankfurt	Germany
HME-CH	Honda Motor Europe Ltd, Succursale de Satigny/Geneve	Satigny Geneve	Switzerland
HME-AT	Honda Austria Branch or Honda Motor Europe Ltd.	Wiener Neudorf	Austria
HME-NL	Honda Motor Europe Ltd. (Netherlands)	Zellik (Brussels)	Belgium
HME-BEB	Honda Motor Europe Ltd. Belgian Branch	Zellik (Brussels)	Belgium
HME-FR	Honda Motor Europe Ltd. (France)	Marne la Vallée	France
HME-IT	Honda Motor Europe Ltd. (Italia)	Rome	Italy
HME-ES	Honda Motor Europe Ltd. Sucursal en Espana	San Perpetua de Mogoda (Barcelona)	Spain
HME-BEA	Honda Motor Europe Ltd. Belgian Branch - Aalst Office	Aalst	Belgium
HME-PT	Honda Motor Europe Ltd. Sucursal en Portugal	Sintra	Portugal
HME-CZ	Ceska Republica	Praha 5	Czech Republic
HME-SK	Organizacna Zlozka	Bratislava	Slovakia
HME-HU	Honda Motor Europe Ltd. Magyarorszagi Fioktelepe	Budaörs	Hungary
HME-PL	Honda Motor Europe Ltd. (Spolka Z Orgraniczona Odpowiedzialoscia) Odzial W Polsce	Warszawa	Poland
HME-NR	Honda Motor Europe Ltd. Filal Sverige	Malmö	Sweden
HME-NO	Honda Motor Europe Ltd. Norge norsk avdeling av utenlansk foretak	Drammen	Norway
HME-DK	Honda Motor Europe – Denmark filial af Honda Motor Europe Ltd. UK	Kolding	Denmark
HMR	Honda Motor Rus LLC	Moscow	Russia

Honda Sites



Honda Racing Development, Milton Keynes, United Kingdom

Finance Subsidiaries (Administration)

	Name	Location	Country
HFE	Honda Finance Europe PLC	Bracknell	UK
HBG	Honda Bank GmbH	Frankfurt	Germany
HVG	Honda Versicherungsdienst GmbH	Frankfurt	Germany

Research & Development

	Name	Location	Country
HRE-UK	Honda R&D Europe (U.K.) Ltd.	Reading	UK
HRE-G	Honda R&D Europe (Germany) Ltd.	Offenbach	Germany
HRI-EU	Honda Research Institute Europe G.m.b.H.	Offenbach	Germany
HRE-I	Honda R&D Europe (ITALIA) S.R.L.	Roma	Italy
HRD-MK	Honda Racing Development - Milton Keynes	Milton Keynes	UK

Honda Sites



Honda Center, Leipzig, Germany

Dealers

	Name	Location	Country
GG	Garage Du Golf	Aigle	Switzerland
GCS	Garage City Servette S.A.	Geneve	Switzerland
GB	Honda Retail Group S.A.	Lausanne	Switzerland
GJ	Garage des Jordils S.A.	Neuchatel	Switzerland
GVC	Garage de Villars Chandolan S.A.	Fribourg	Switzerland
LG	Letzigraben Garage AG	Zurich	Switzerland
HC -G	Honda Center - Germany GmbH	Frankfurt	Germany
	Honda Center - Germany GmbH	Düsseldorf	Germany
	Honda Center - Germany GmbH	Leipzig	Germany

Organisation changes since 31/3/2021

Honda of the UK Manufacturing Ltd. (HUM)	Factory ceased production in July 2021
Honda Türkiye AS (HTR)	Factory ceased production in September 2021
Honda Racing Development UK Limited (HRD-MK)	Ceased trading in February 2022

GRI Reference List

Based on the following GRI reporting recommendations:

GRI 102: General Disclosures
GRI 103: Management approach
GRI 300: Environmental Standard

Please find here the information where the GRI topic can be found in the report.

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Honda Motor Europe Ltd.
Product Compliance and Sustainability Department

Honda Motor Europe Ltd. - Head office
Cain Road, Bracknell, Berkshire, RG12 1HL, UK
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