

# Honda European Environmental Report 2023



BLUE SKIES FOR  
OUR CHILDREN



**HONDA**



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## ESG Data Book

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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

Twelfth report issued, published October 2023.

Data collection period: fiscal year base 1 April 2022– 31 March 2023 (referred to as FY2023). The years indicated in the graphs represent the evolution over the period of the last 5 fiscal years (1 April 2019 – 31 March 2023).

The year reference in the name of this report (2023) is the year of issue of the report – within six months of the end of the reporting period.

This report focuses primarily on the activities undertaken during FY2023 and includes past background information and activities conducted up to the time of publication, as well as other matters including future outlook and plans.

## Areas covered by this report

This report covers all entities which are controlled by the Regional Operating Committee of the European region. This includes all sites in Europe 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 141).

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 19)

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

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# Honda ESG Data Book 2023

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# Honda's Sustainability

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# Basic Approach

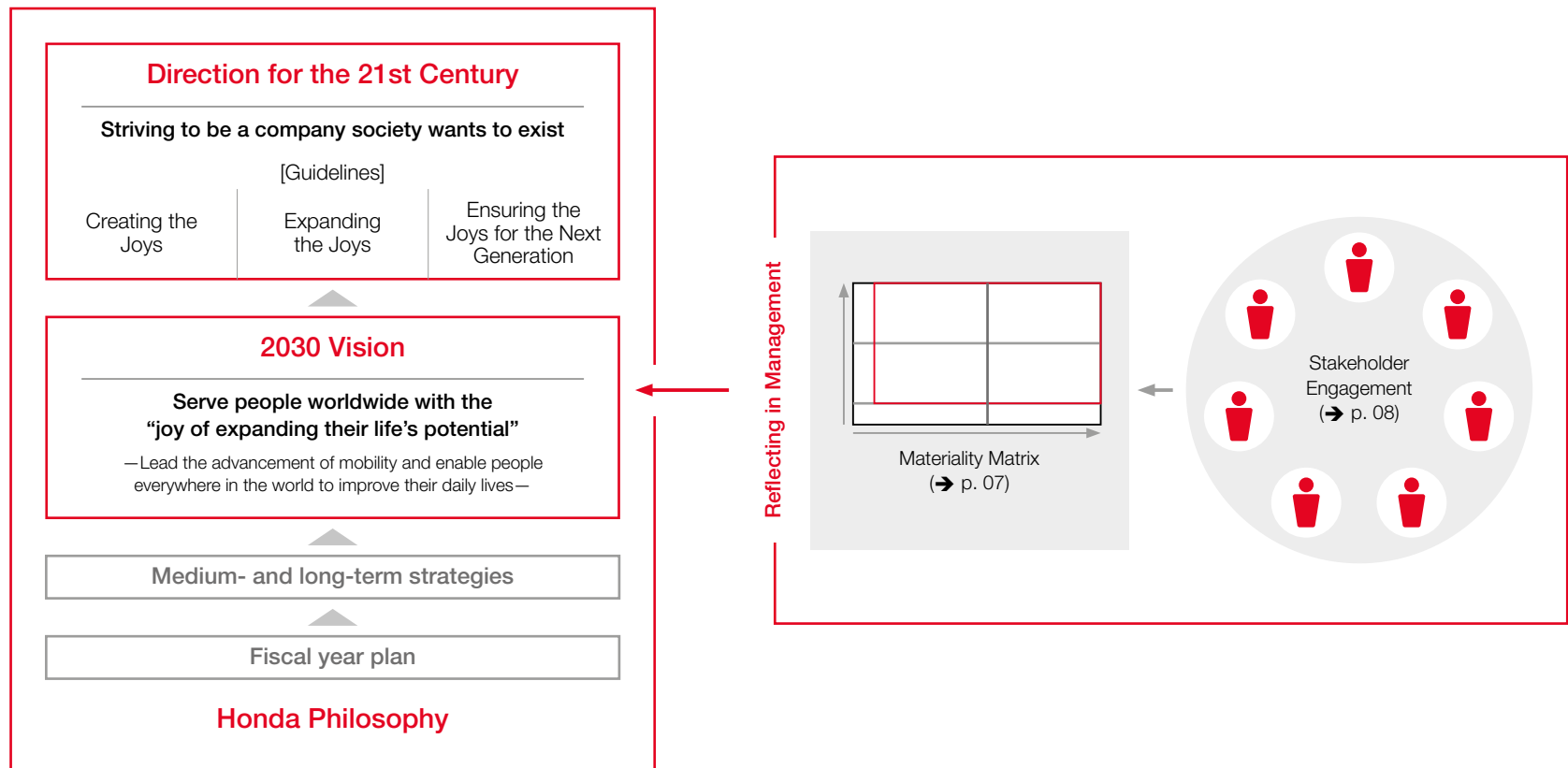
The Honda Philosophy forms the values shared by all Honda Group companies and all of their associates. It is the basis for Honda's corporate activities and the associates' behavior and decision-making.

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.



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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.

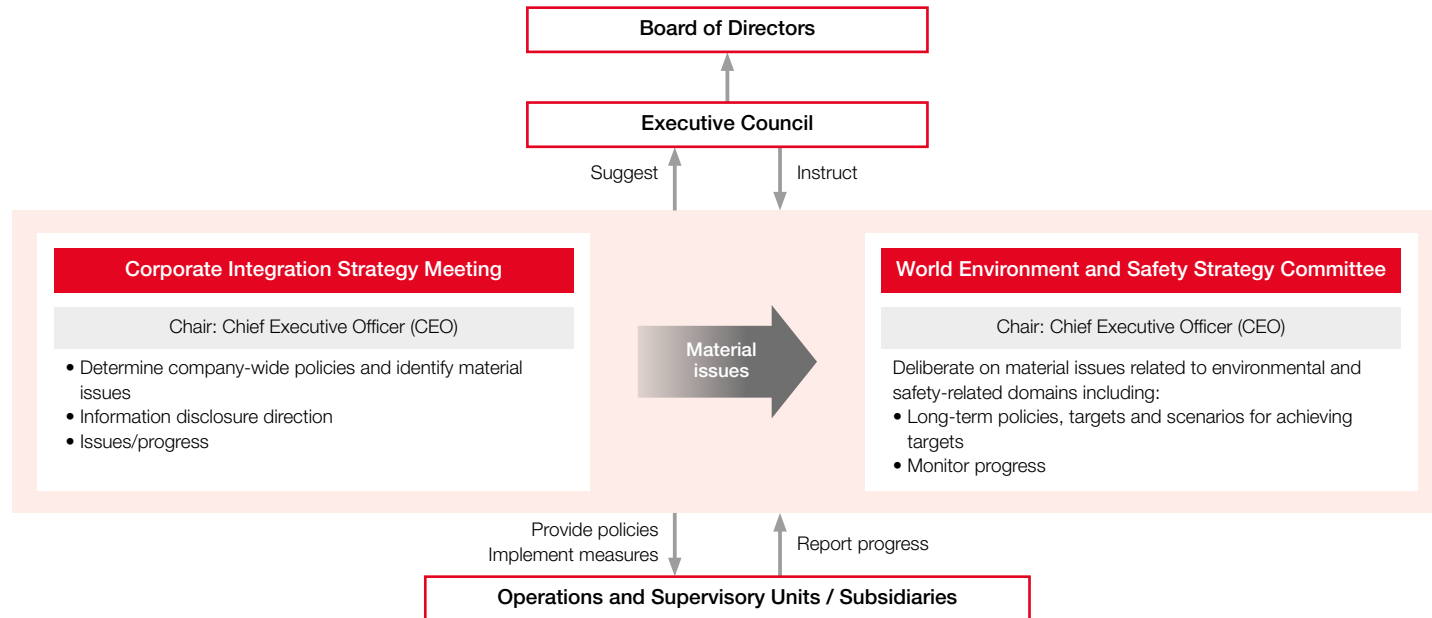
To promote and reinforce efforts in the environmental and safety-related

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 CO<sub>2</sub> 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 the Board of Directors. The Company then breaks them down into policies and measures for Operations and Supervisory Units and subsidiaries for actual execution.

Sustainability management structure from FY2021



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# Materiality Analysis

## Evaluation of Issues from the Stakeholders' Perspective

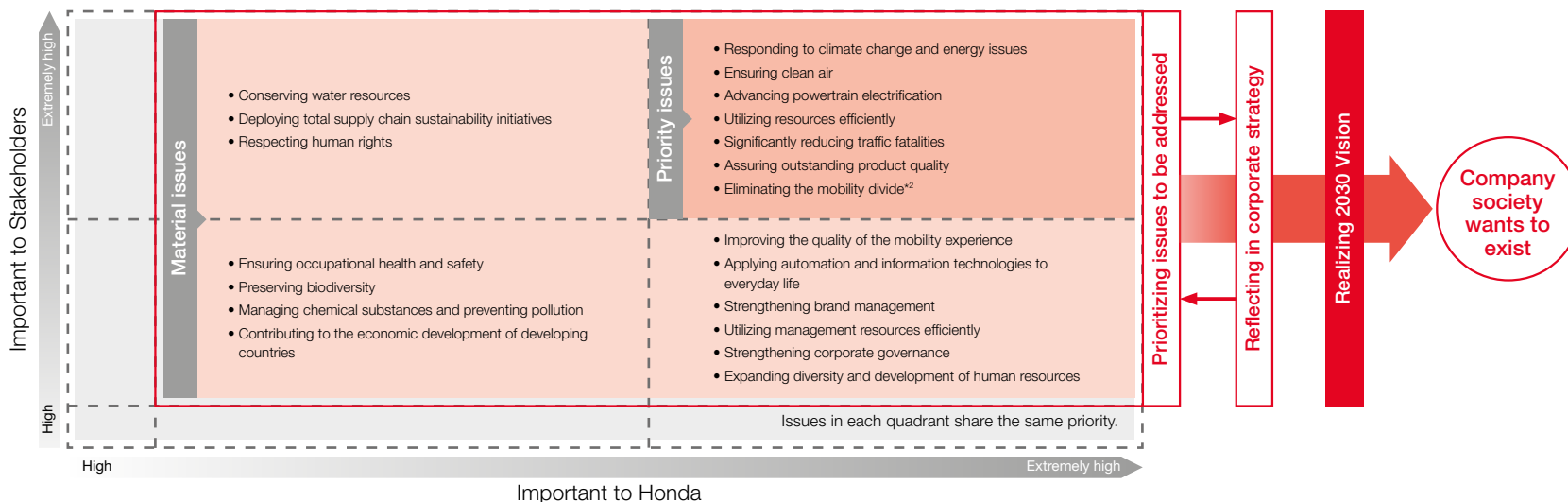
Toward achieving our long-term vision which is based on the Honda Philosophy, key issues to be addressed are identified and prioritized from our perspective and from the viewpoint of our stakeholders. The materiality matrix provides the essential framework for organizing these issues. By creating and 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 business operations 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 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 Corporate Integration Strategy Meeting.

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



\*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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# Stakeholder Engagement

## Basic Approach

To be a “company 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.

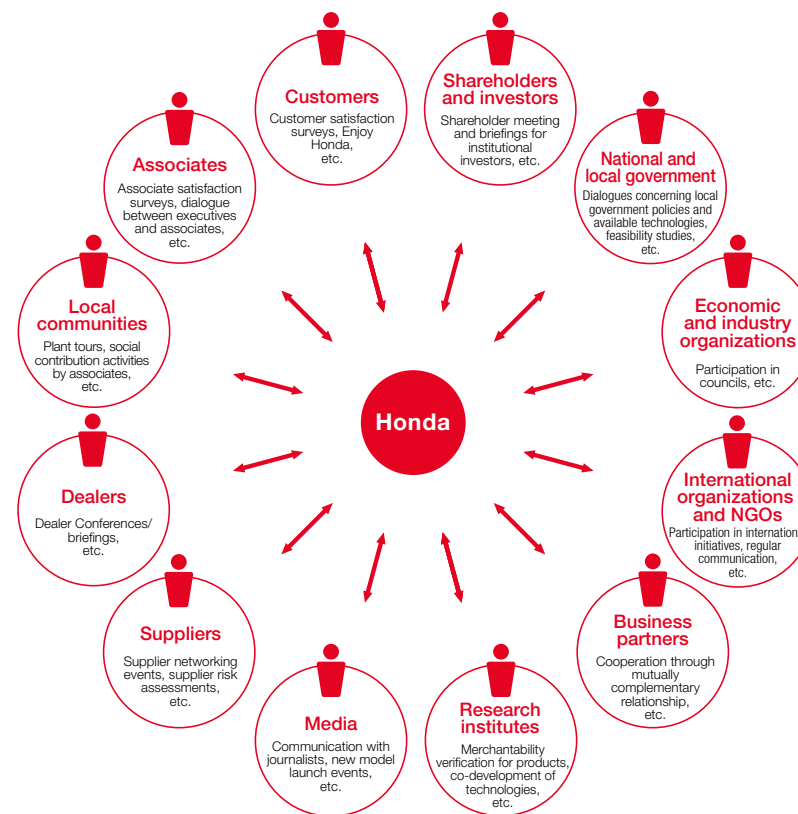
Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that stakeholder dialogue is a beneficial tool that leads 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. 07), which is utilized in identifying issues Honda ought to be addressing.

Stakeholder engagement







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# Stakeholder Engagement

## Examples of initiatives in FY2023

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 web conferences to review our financial results and various initiatives. We use the feedback and requests thus obtained in maximizing our corporate value.	4 times/year		Finance divisions	<a href="https://global.honda/investors/">https://global.honda/investors/</a>
	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 QCDDDE*. 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		→ p. 49
	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	Assuring outstanding product quality Deploying total supply chain sustainability initiatives	Purchasing divisions	
	ESG inspection of suppliers	We conduct an ESG inspection for key suppliers to prevent compliance violations and reduce our environmental impact in accordance with the Honda Supplier Sustainability Guidelines.	Annually	Deploying total supply chain sustainability initiatives Strengthening corporate governance		→ p. 42
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	Honda adheres to the global safety slogan "Safety for Everyone" and takes an active role in promoting traffic safety for all members of society who participate in transportation, from children to the elderly. This is achieved through the principles of "safety handed down from person to person" and "participatory experiential education," as well as the use of safe driving support technology to prevent accidents. Honda is currently engaged in traffic safety promotion activities in 43 countries and regions worldwide.	Year round	Significantly reducing traffic fatalities	Divisions in charge of promoting driving safety	
	Helping people with disabilities who want to resume driving	We aim to reduce the gap in social participation by expanding transportation options, and we support the establishment of a support system in the local community for people who wish to resume driving by providing welfare vehicles (driving support devices) and supporting occupational therapists and others.	Year round	Eliminating mobility divide		
	Beach clean-up 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 406 times on various beaches across Japan, and the cumulative total of beach trash collected by the project amounts to 520 tons.				→ p. 53
National and local governments	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.	Year round			
	Support for disaster-affected areas	We provide product supports and donations to disaster-affected areas in the event of disasters.			Divisions in charge of promoting social contribution activities, others	<a href="https://www.honda.co.jp/philanthropy/saigai/">https://www.honda.co.jp/philanthropy/saigai/</a>
Associates	Activity measurement	We are taking initiatives to measure and improve employee engagement for creating a more comfortable and conducive work environment.	Activity measurement: Annually	Expanding diversity and the development of human resources	Human resources divisions	

\* Quality, cost, delivery, development, and environment

\*\* For European Region the customer satisfactory survey is done continuously



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# Stakeholder Engagement

## Cooperation with External Organizations

To carry out its 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.

In the European Region Honda Motor Europe is represented in the European Automobile Manufacturers Association (ACEA) and in the European Association for Motorcycle Manufacturers (ACEM).

\* Political contributions were made to the People's Political Association in the amounts of ¥25 million in FY2020, ¥25 million in FY2021 and ¥25 million in FY2022. Honda has confirmed that these expenditures do not infringe on the Honda Guidelines for the Prevention of Bribery and Corruption.

## Appropriate Advertising and Publicity

Honda engages in advertising, publicity, and sales promotion activities in good faith so as to constantly meet the trust and expectations of customers and society.

We properly engage in product advertising, publicity, and sales promotion activities to avoid misleading customers.

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# Honda's Initiatives and the SDGs

## Contribution to 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. 05), Honda will contribute to the achievement of the SDGs through its corporate activities.

### Initiatives by priority issue

Priority issues	Honda's initiatives	SDGs supported by Honda
Responding to climate change and energy issues	<p>Initiatives for zero environmental impact (→ p. 18)</p> <p>Responses to climate change and energy issues (→ p. 19)</p> <p>Logistics initiatives (→ p. 46)</p> <p>Reducing environmental impact together with suppliers (→ p. 39)</p>	<p>2 END POVERTY</p> <p>3 GOOD HEALTH AND WELL-BEING</p> <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>13 CLIMATE ACTION</p> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>
Advancing powertrain electrification	<p>Advancing powertrain electrification (→ p. 21)</p>	<p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>13 CLIMATE ACTION</p>
Preservation of clean air	<p>Preservation of clean air (→ p. 26)</p>	<p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>13 CLIMATE ACTION</p>
Utilizing resources efficiently	<p>Efficient utilization of resources (→ p. 23)</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
Significantly reducing traffic fatalities	<p>Toward a collision-free mobile society</p>	<p>3 GOOD HEALTH AND WELL-BEING</p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>
Eliminating the mobility divide	<p>Honda's Sustainability (→ p. 5)</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>17 PARTNERSHIPS FOR THE GOALS</p>

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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. 27)	6 CLEAN WATER AND SANITATION
Deploying total supply chain sustainability initiatives	Strengthening supply chain sustainability (→ p. 35) Reducing our environmental impact together with suppliers (→ p. 39)	8 DECENT WORK AND ECONOMIC GROWTH, 13 CLIMATE ACTION, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Respecting human rights	Human rights Honda human rights policy Initiatives related to diversity	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Utilizing management resources efficiently	Honda's Sustainability (→ p. 5)	8 DECENT WORK AND ECONOMIC GROWTH
Strengthening governance	Corporate governance (→ p. 57)	16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Expanding diversity and the development of human resources	Diversification aimed at leveraging total workforce strength Initiatives related to diversity	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
Ensuring occupational health and safety	Occupational health and safety	8 DECENT WORK AND ECONOMIC GROWTH
Biodiversity conservation	Biodiversity conservation (→ p. 28)	14 LIFE BELOW WATER, 15 LIFE ON LAND
Managing chemical substances and preventing pollution	Management and reduction of chemical substances (→ p. 28)	3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION
Contributing to the economic development of developing countries	2030 Vision (→ p. 5)	1 NO POVERTY, 4 QUALITY EDUCATION

Honda's Initiatives and SDGs [https://global.honda/sustainability/sdgs.html?from=navi\\_header](https://global.honda/sustainability/sdgs.html?from=navi_header)



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## External Evaluations

### Honda Selected as a Component of the Dow Jones Sustainability World Index

In December 2022, Honda was selected for the sixth consecutive year as a component of the Dow Jones Sustainability World Index after being ranked within the top five in the global automobile sector in the annual review of the Dow Jones Sustainability Indices (DJSI), a key benchmark for socially responsible investing. At the same time, the Company was selected for the eighth 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 according to economic, environmental, and social criteria, and companies that demonstrate overall excellence are selected for inclusion in the indices.



### Honda has been selected as a "Top 10%" company in S&P Global's Sustainability Yearbook - 2023 Rankings.

Honda has been recognized as a "Top 10%" company in the 2023 Sustainability Yearbook by S&P Global. The company was evaluated on its economic, environmental, and social performance, and chosen as an outstanding leader in sustainability.

In 2023, S&P Global evaluated over 7,800 companies across 61 sectors worldwide and selected 708 companies for inclusion in the Sustainability Yearbook.

In the automobile sector, Honda was one of just three companies chosen as a "Top 10%" enterprise, with just one company selected as "Top 1%" and none selected as "Top 5%."

It is worth noting that the evaluation criteria have been updated from previous years, with the previous "Gold Class," "Silver Class," and "Bronze Class" classifications now replaced with "Top 1%," "Top 5%," and "Top 10%."



### Securing a B Rating in the CDP Climate Change Report 2022, Japan Edition

In March 2023, CDP released the results of a survey on climate change initiatives and the reduction of GHG emissions by major companies worldwide.

Honda received a B rating in the CDP Climate Change Report 2022, Japan edition. CDP is an international NPO that provides a global system for measuring, disclosing, managing, and sharing important environmental information from companies and cities. Company initiatives to face environmental challenges are evaluated in relation to four elements: information disclosure, awareness, management, and leadership.

Please refer to pages 55 to 58 of the Company's integrated report, Honda Report 2022 for the items required by the FSB Task Force on Climate-related Financial Disclosures (TCFD), one of the CDP evaluation indices.

Pages 55 to 58 of Honda Report 2022  
■ [https://global.honda/sustainability/integratedreport/pdf/Honda\\_Report\\_2022-en-all-m.pdf#page=29](https://global.honda/sustainability/integratedreport/pdf/Honda_Report_2022-en-all-m.pdf#page=29)

# 2

## 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, which 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 considered to be the most stringent in the world at the time.

In 1992, Honda established the Honda Environment Statement, serving as the Company's guideline for all environmental initiatives. The statement articulates the basic stance towards reducing the environmental impact at every stage in the life cycle of its products, from product procurement to the 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. Such initiatives include the reduction of greenhouse gas (GHG) emissions, which are considered to be a cause of climate change, as well as energy use; the efficient use of resources, including water and minerals; and the appropriate treatment and reduction of waste, with the aim of conserving the global environment and biodiversity.

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

#### Honda Environmental and Safety Vision

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

Established in 2011

#### 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 also 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 service and disposal.
2. We will make every effort to minimize and properly dispose of the waste and contaminants generated at every stage of a product's life cycle.
3. As a member of both the company and 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 local people's health, environment and society, and endeavor to improve the social standing of the company.

Established and announced in June 1992

\* CVCC: Compound Vortex Controlled Combustion

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## Global Management

### Environmental Management Promotion Structure and Management Cycle

Honda recognizes that environmental issues such as climate change and energy/resource issues, which require global responses, are material issues that impact Honda's business operations. Based on this recognition, Honda established the Environmental Committee in 1991, chaired by the president and attended by the management, which became the World Environmental Committee in 1995, to discuss and formulate plans for environmental conservation activities at the global level. Since then, it has continued to be held every year as the World Environment and Safety Strategy Committee. This re-established Committee, chaired by the Chief Executive Officer (CEO), deliberates on the risks and opportunities concerning climate change, energy and resources, as well as short-, medium-, and long-term environmental strategies based on them. The Committee formulates global medium- to long-term environmental policies and plans based on company-wide policies and medium- to long-term management plans. All executives are involved in the decisions made by the Committee.

At respective Business Operations, an environmental manager and an environmental secretariat have been in place, and a PDCA cycle has been implemented for the promotion of environmental measures, based on the establishment of a system that covers all functions within the Business Operations. In each Region, the Six Region Environmental Secretariat Committee has been held, bringing together the environment-related divisions of each Regional Operation. After sharing information at this Committee, these divisions formulate their own specific action plans and implement necessary measures.

The progress of environmental initiatives and globally relevant themes discussed and coordinated between Business Operations and Regional Operations are consolidated in the Corporate Planning Supervisory Unit, which serves as the secretariat, and reported at the World Environment and Safety Strategy Committee. These are reflected in the next medium-term management plan and policies, and PDCA cycles are implemented at Business Operations, Regional Operations, and environment-related divisions, thereby continuously strengthening environmental management.

Risks related to environmental regulations and natural disasters caused by climate change are also identified as management and monitoring items, reflected in risk management activities, and integrated into company-wide priority risks. (→ p. 68)

### Environmental Management System

Honda's existing global vehicle assembly and product assembly plants have acquired ISO 14001, an international certification for environmental management systems (as of March 2023).

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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# Global Management

## Environmental Accounting

### Environmental Accounting in Japan

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

Going forward, Honda will continue to improve the accuracy of this data, considering it as an indicator of corporate value and as a tool for making environment-related management decisions.

**Cost of environmental conservation activities and investments** → p. 82

**Economic benefits (effect on revenue and expenses)** → p. 82

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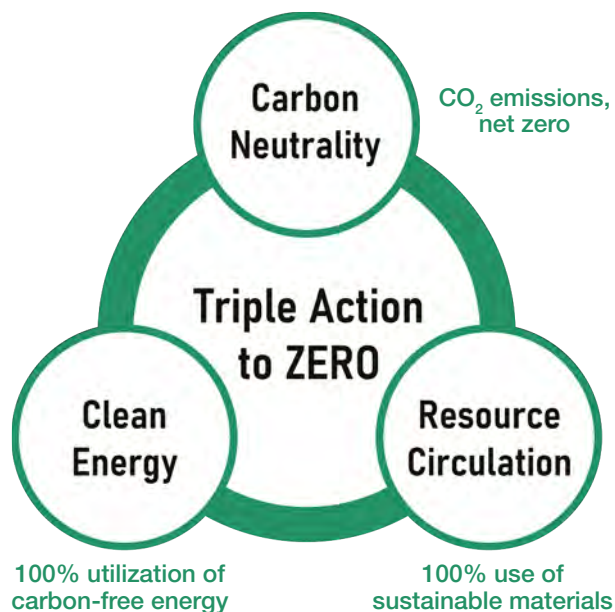
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# Material Issues in the Environmental Dimension

## Honda's Material Issues

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



### Triple Action to ZERO

In order for people to live on Earth in a sustainable manner, Honda seeks to realize a society with zero environmental impact. Accordingly, the Company established the Triple ZERO initiative, a concept for environmental initiatives, and in 2021, it set Triple Action to ZERO, which defines specific target years and actions.

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. Under this concept, Honda is considering and implementing measures while taking into account a linkage of the three elements. The Company recognizes that this will lead to the acceleration of initiatives in international frameworks and to Nature-based Solutions (NbS)\* that are attracting increasing interest from stakeholders.

### CO<sub>2</sub> emissions, net zero by 2050

To address climate change issues, Honda will work toward a target of limiting the global average 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 risks 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 go beyond its previous initiative aimed at reducing the risks related to resources and waste disposal by taking on the additional challenge of developing products and creating systems that use sustainable materials and have zero environmental impact.

In the area of corporate activities, Honda aims to achieve “zero” industrial water intake and industrial waste at Honda plants by 2050.

\* Nature-based Solutions (NbS): Initiatives that address social issues while preserving and restoring natural ecosystems

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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 changes in various 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 Honda Report 2022 discloses Honda's initiatives to address risks and opportunities. In response to the risks and opportunities identified, Honda is enhancing the resilience of its strategies and implementing a variety of initiatives.

Integrated Report "Honda Report 2022" p. 55, p.56

■ [https://global.honda/sustainability/integratedreport/pdf/Honda\\_Report\\_2022-en-all-m.pdf#page=29](https://global.honda/sustainability/integratedreport/pdf/Honda_Report_2022-en-all-m.pdf#page=29)

### Honda's Approach

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

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 respective ratios of electrified products for motorcycles, automobiles, and power products in global sales, Honda has selected another 2030 milestone concerning the reduction rate of CO<sub>2</sub> emissions intensity from the use of its products.

In the area of corporate activities, Honda aims to reduce its total CO<sub>2</sub> emissions by 46% from FY2020.

Honda plans to realize its first carbon-neutral plant in FY2026 at the Saitama Factory's assembly plant to achieve the 2050 carbon neutrality target.

Honda has started operating an internal carbon pricing (ICP) system from 2023 to further accelerate the reduction of CO<sub>2</sub> emissions at its Japanese business sites. The carbon price is set at 15,000 yen per metric ton of CO<sub>2</sub>, and the amount of carbon reduction is converted into a monetary value that can be used as one of the factors when making capital investment decisions. The Company will continue to revise the system and apply it to its global sites in light of social conditions and internal performance.

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 that there are diverse approaches to reducing CO<sub>2</sub> emissions, Honda has formulated a "multi-pathway" concept to proactively offer environmentally friendly products matched to each region.

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# Responses to Climate Change and Energy Issues

## Product Initiatives

### Three Initiatives to Reduce GHG Emissions

Emissions from the “use of products” account for approximately 80% of CO<sub>2</sub> emissions in Honda’s entire product life cycle. In light of this, Honda works to reduce CO<sub>2</sub> emissions during the usage of 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 CO<sub>2</sub> emissions, while expanding production and sales globally.

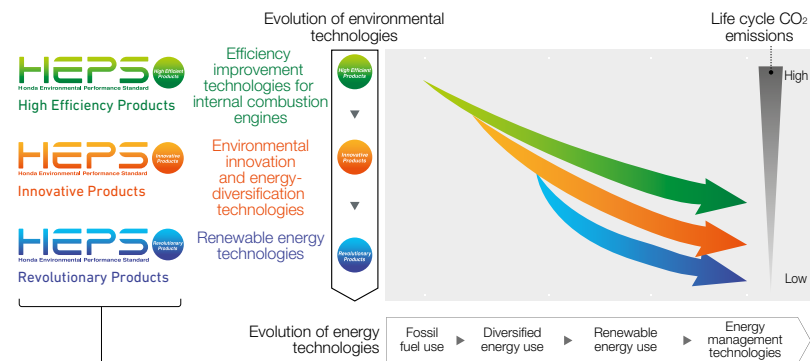
- (1) Reducing CO<sub>2</sub> emissions by improving the efficiency of internal combustion engines
- (2) Reducing CO<sub>2</sub> emissions by applying environmentally innovative technologies and diversifying energy sources
- (3) Eliminating CO<sub>2</sub> emissions through the use of renewable energy and total energy management

By implementing these initiatives in phases, Honda will steadily and ultimately reduce CO<sub>2</sub> emissions to net zero.

Honda has been undertaking the three initiatives in accordance with the Honda Environmental Performance Standard (HEPS), which is a set of unique and advanced-level product guidelines formulated in 2011. As a result of the certification of products that were launched in FY2023, 21 motorcycle models, 26 automobile models and 2 power product models — a total of 49 models — were HEPS-certified. This brings the number of HEPS-compliant products to 218 motorcycle models, 94 automobile models and 64 power product models, or 376 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. 81



#### ● High-Efficiency Products

Products that emit less CO<sub>2</sub> emissions thanks to 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 CO<sub>2</sub> emissions during use compared to preceding models.

#### ● Innovative Products

Products that emit less CO<sub>2</sub> by using 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 CO<sub>2</sub> emissions during use compared to preceding models.

#### ● Revolutionary Products

Products that reduce or eliminate CO<sub>2</sub> emissions by harnessing renewable energy or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies for using renewable energy.

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# Responses to Climate Change and Energy Issues




## Advancing Powertrain Electrification

Honda views changes in social needs and the social structure induced by climate change and energy diversification as key challenges and actively promotes product electrification. Increasing the lineup and use of electrified products will contribute to reducing CO<sub>2</sub> emissions when in use, which in turn will lead to lower climate change 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 the target of electrifying 15% of motorcycles, 30% of automobiles and 36% of power products, respectively, as a ratio of global sales in 2030, and to reduce the rate of CO<sub>2</sub> intensity\*<sup>2</sup> by 34.0% for motorcycles, 27.2% for automobiles and 28.2% for power products (compared to FY2020).

To achieve this goal, the Company is seizing all new business opportunities by enhancing and upgrading its product lineup.

	Motorcycles	Automobiles	Power products
			
Targeted sales ratio of electrified products* <sup>1</sup>	15%	30%	36%
Targeted reduction rate of the CO <sub>2</sub> emissions intensity of product use	34.0%	27.2%	28.2%

\*1 Sales ratio of battery-powered electric motorcycles and electric bicycles for motorcycle products; battery-powered electric vehicles and fuel cell vehicles for automobile products; and electrified products for power products.

\*2 Global average by product

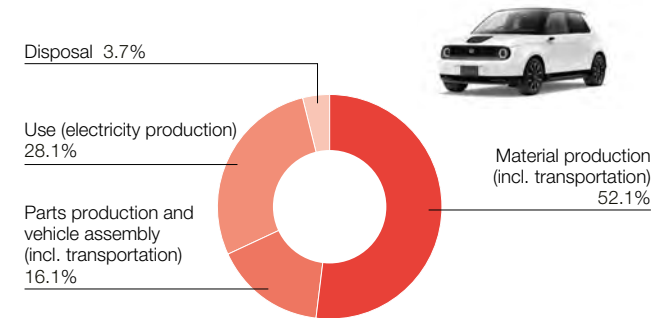
## Promoting Life Cycle Assessment (LCA)

Honda recognizes that the promotion of LCA is an important initiative not just in reducing CO<sub>2</sub> emissions across product life cycles, from raw material procurement to product disposal, but also in implementing efforts for Triple Action to ZERO.

Honda has been quantitatively calculating and assessing CO<sub>2</sub> emissions from all business activities by using its original Life Cycle Assessment (LCA) system. Accordingly, the production, purchasing, sales and service, administration and transportation departments have been carrying out activities geared toward lower carbon emissions.

Honda has established procedures for calculating the environmental impact of its products during their life cycle and obtained third-party certification by TÜV Rheinland in Germany in 2023. This certification is based on the ISO 14040 and ISO 14044 standards. 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 the environmental impact through resource circulation.

Total CO<sub>2</sub> emissions calculated by Honda's LCA system



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# Responses to Climate Change and Energy Issues

## Corporate Activities Initiatives

With the aim of achieving net zero CO<sub>2</sub> 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 CO<sub>2</sub> emissions while giving consideration to the potential for expanding production and sales globally.

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

Honda plans to realize its first carbon-neutral plant in FY2026 at the Saitama Factory's assembly plant to achieve the 2050 carbon neutrality target.

In deploying the technology built at the plant globally, 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. Honda preferentially adopts a method that can directly contribute to the reduction of CO<sub>2</sub> 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.

Honda's business sites across the world used 1,498GWh of power derived from renewable energy sources, such as solar and wind, in FY2023.

This is an increase of 694 GWh or 86% over the previous fiscal year.

Going forward, Honda will continue to use renewable energy matched to local conditions, including plans to expand solar power generation system capacity to 20 MW at the Kumamoto Factory by 2030.



Kumamoto Factory (5.35 MW)



Saitama Factory's assembly plant (2.0 MW)



Boiling Springs Wind Farm (120 MW)

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## Efficient Utilization of Resources

### Honda's Approach

Honda believes that the increasing difficulty in obtaining rare metals and other resources, as well as their depletion, could pose a significant risk to the continuation of its business, as they would affect the procurement of materials and parts necessary for the production of its products. Therefore, the Company considers the efficient utilization of resources as one of the material issues.

To ensure harmonious coexistence on Earth, Honda will reduce its consumption of limited resources, including mining and disposal, and strive to shift to a recycling-based value chain. In addition to preparing for the risks of resource procurement and price hikes, the Company aims to enhance customer value, contribute to stakeholders, and create economic value. Aiming for zero environmental impacts related to resources and disposal across the various stages ranging from resource procurement to disposal, Honda is tackling this issue through cooperation/partnership with internal/external stakeholders.

### Product-based Approach

Honda has been actively promoting 3R (reduction/reuse/recycling) activities as well as ensuring proper processing when disposing of end-of-life products.

#### Initiative for zero environmental impact related to resources and disposal

	Development	Resource Procurement and Production	Sales and Use	Collection, Recycling and Disposal
Reduction	Reduction of the number of parts, etc.	Initiatives for saving resources		
Reuse/repurpose*1/refurbish*2	Easy replacement of parts, prolonging lifespan, etc.	Reuse (repurpose) (refurbish) of products		
Recycling	Easy to dismantle, separate, and recycle	Recycling of by-products	Recycling of end-of-life products	
	Development, application, and procurement of recycled materials		Compliance with the recycling law for end-of-life products	
	Reduction of substances of concern			
Biomass	Development, application and procurement of biomass materials			

\*1 Re-purpose: The act of utilizing one's own products (e.g., primary use) for various secondary purposes.

\*2 Refurbish: Adding new value to used vehicles by improving performance and service through the latest updates.

In addition, Honda has established internal milestones and has begun working to achieve its goal of the 100% use of sustainable materials by 2050, while promoting the creation of systems and technological research on reused, recycled and biomass materials of all parts and materials that make up its products.

### Corporate Activities' Approach

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.

For water resources as well, Honda is giving consideration to the water supply risk that affects its businesses and the depletion risk that impacts local communities. Honda has thus established the target of reducing the total industrial water intake by 14.5% as compared to BAU in all corporate activities in FY2031. In both areas of waste generation and water intake, the Company will remain committed to minimizing the environmental impacts.



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# Efficient Utilization of Resources

## Initiatives in the Development Stage

### 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, 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 them 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, the use of easily recyclable materials and recycled resins, and the display of the material contents of 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.

Honda has also conducted a preliminary recyclability assessment for each newly developed model since 1992 for motorcycles and since 2001 for automobiles. 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%.

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

\*2 Recyclable rate including the thermal energy recovered; in accordance with calculation methods for the recyclable rate for cars in ISO 22628, etc.

## Initiatives in the Resource Procurement and Manufacturing Stage

Through strong partnerships with resource recycling companies such as Ascend Elements, Server Solutions, and POSCO Holdings, we actively utilize recycled resources to stabilize material procurement and strive for zero environmental impact.

### Application of recycled aluminum

For motorcycles, Honda started applying recycled materials to aluminum casting for vehicle bodies at Kumamoto Factory in June 2023.

As for automobiles, materials using recycled aluminum sheets for vehicle bodies have been applied to several models, including Civic, at the production sites in the North America since April 2022.

## Initiatives at the Product Use Stage

In January 2023, refurbishment initiative in the used car business started at some dealers in Japan.

Recovering and improving product value through refurbishing, adding new product value, and providing utilization services will lead customers to use up the products to the end, and increase opportunities to collect end-of-life vehicles, thereby making more efficient use of resources.



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## Efficient Utilization of Resources

### Recycling of End-of-Life Components

Honda collects and recycles end-of-life components generated from repair, replacement, etc., from dealers nationwide. In FY2023, the Company collected and recycled approximately 134,000 end-of-life bumpers. Collected bumpers are recycled and used for undercovers and other components of the Freed model. Honda will continue to recycle end-of-life components, including the collection/recycling of end-of-life hybrid vehicle drive batteries.

We have initiated horizontal recycling demonstration experiments for acrylic resin since August 2021 and have established the technology to manufacture tail light lenses from recovered tail light lenses from end-of-life vehicles.

### Initiatives at the Disposal Stage

#### Initiatives 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 FY2023, the number of Honda automobiles collected was approximately 360,000 for fluorocarbons (-15.1% from the previous fiscal year), approximately 360,000 for airbags (-15.1%) and approximately 390,000 for ASR, the final phase in the end-of-life vehicle processing (-16.9%). The recycling rates for gas generators and ASR were 95.4% and 96.7%, respectively, both of which satisfy the recycling rates specified by the ordinance of the relevant ministry (at least 85% for gas generators and at least 70% for ASR).

### Initiatives 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 to provide 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 dealers and designated points of collection free of charge and are properly recycled at recycling facilities.

Regarding end-of-life motorcycles collected at designated collection points, there were 1,128 Honda products in FY2023, accounting for 69.3% of all units collected. The recycling rate of Honda products came to 97.8% on a weight basis, enabling it 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 its business activities.

The Company is stepping up its 3R efforts, which include resource reduction initiatives, such as the reduction of by-products through an increase in throughput yields. Honda properly manages the import and export 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.

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# Preservation of Clean Air

## Honda's Approach

Honda recognizes that air pollution has been a critical issue since the 1960s when the pollution problem became serious 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 gases 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 88% 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.

In addition, Honda has introduced technologies to reduce emissions in advance of other advanced emission regulations, such as Euro 6 in Europe and Stage 6 in China, as well as particulate matter (PM) emissions, which are becoming increasingly stringent worldwide.

Honda is also contributing to the global effort toward cleaner exhaust emissions by progressively expanding the same technologies to emerging countries as those in developed countries.

As for power products, Honda has cleared compliance with 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 the harmful substances contained in the exhaust emissions from internal combustion engines and set milestones for the sales ratio of electrified products that do not emit exhaust gas while in use, to preserve clean air.

In the production of automobiles, the 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, the installation of equipment to remove VOC, and the introduction of Honda Smart Ecological Paint\*3, a highly functional painting technology that shortens the automobile painting process, at the Saitama Factory's assembly plant.

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

\*1 Super Ultra Low Emission Vehicle

\*2 Low Emission Vehicle

\*3 A technology that eliminates a middle coating process from the commonly used 4-coat/3-bake auto body painting process, thereby realizing a 3-coat/2-bake water-based painting process.

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## Other Important Issues

### Conserving Water Resources

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

Since Honda seeks out communities where harmonious coexistence with nearby water sources is viable as potential plant locations, and builds plants in compliance with host countries' environmental assessment laws and regulations, no water sources are significantly impacted by the Company's water use. In addition, no water sources are affected by wastewater from Honda facilities since it treats wastewater and discharges treated water in accordance with applicable laws and regulations. Under these circumstances, Honda appropriately manages the amount of water used and works to manage and provide information on wastewater, which includes thorough quality control and the 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 the water risk for all production sites using assessment tools such as Aqueduct and Water Risk Filter. Accordingly, Honda has prioritized the introduction of a water recycling system at 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 the water risk is particularly high.

Total consumption of recycled water at production sites amounts to about 3.86million m<sup>3</sup> a year, accounting for about 16% of Honda's total annual water use.

Honda will continue to introduce its water recycling system around the world. Honda strives to reduce the environmental impact during product usage. The Company's lineup of engines for outboard motors consists solely of four-stroke engines, with the aim of reducing water contamination by outboard motors around the world.

Honda has continuously undertaken conservation activities for forest watersheds 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.)

**"Forest Conservation Activities" (Japanese only)**  
<https://www.honda.co.jp/philanthropy/forest/>



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## Other Important Issues

### Management and Reduction of Chemical Substances

Honda works to ensure the appropriate management and reduction of the 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 the 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 the materials and chemical substances contained in components making up a 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 its independently developed global management system, called the Management System of Chemical Substances (MoCS), which collects information based on IMDS.

Honda promotes the management of chemical substances via MoCS to comply with the Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and other regulations on the use of substances of concern in each country. In addition, Honda is moving ahead with the reduction of four types of heavy metals (lead, mercury, hexavalent chromium and cadmium), in accordance with the European Directive on End-of-Life Vehicles (ELV Directive).

### Biodiversity Conservation

Biodiversity is fundamental to the well-being of humanity, a healthy planet, and the economic prosperity of all people. Not only do we depend on biodiversity, but also biodiversity underpins all systems of life on Earth. The IPBES\* Global Assessment Report on Biodiversity and Ecosystem Services, published in 2020, suggests that many of the approximately one million species face extinction within the next few decades. In June 2021, the G7 Cornwall Summit adopted the G7 2030 Nature Compact and declared the need for a nature-positive approach to reverse nature loss by 2030.

In operating its business, Honda benefits from natural resources. In addition to the procurement of raw materials, Honda depends on and affects a great deal of natural capital throughout its value chain, from research and development to manufacturing, use, and disposal.

Honda's basic approach is defined 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 also recognizes the need for biodiversity-conscious actions in its relationship with nature. Based on this recognition, 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. In line with the Guidelines, Honda is working to avoid or minimize impacts on nature, including air, water, and biodiversity, as well as to conserve and restore them. In addition, the Company conducts biodiversity impact assessments.

**Honda Biodiversity Guidelines**

<https://www.honda.co.jp/environment/report/pdf/report/report-2022-biodiversity-en.pdf>

\* Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

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## Other Important Issues

### Priority Analysis for Biodiversity Conservation

#### Biodiversity Assessment around the Company's Production Sites

Honda assesses the potential for its business activities to impact biodiversity using the Integrated Biodiversity Assessment Tool (IBAT), a biodiversity assessment tool.

The Company surveys its own 86 production sites around the world within a 50 km radius of each site to determine their proximity to areas inhabited by endangered species on the IUCN Red List.

In order to conduct specific biodiversity efforts, Honda uses indicators in IBAT such as the KBA\*1, WDPA\*2, IUCN\*3 Red List of Threatened Species, and STAR\*4 to conduct integrated assessments of the biodiversity risk of the production sites.

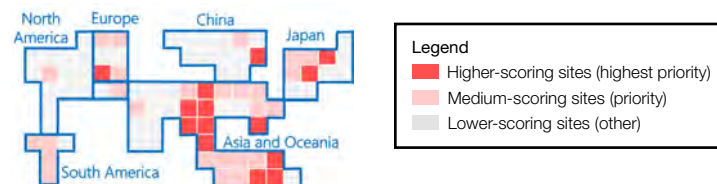
Honda will continue to identify priority sites and consider specific efforts to conserve biodiversity.

Honda assesses and identifies endangered species and priority sites in cooperation with BirdLife International Tokyo, a general incorporated association specializing in biodiversity assessment.

#### Endangered species assessment around the Company's production sites

Region	Endangered species category		
	CR (Critically Endangered)	EN (Endangered)	VU (Vulnerable)
Japan	60	292	607
North America	75	187	294
Europe	62	136	305
Asia-Pacific excluding Japan and China	647	1,547	4,538
China	189	404	755
South America	29	97	212
Africa & Latin America	36	64	90
Total	1,098	2,727	6,801

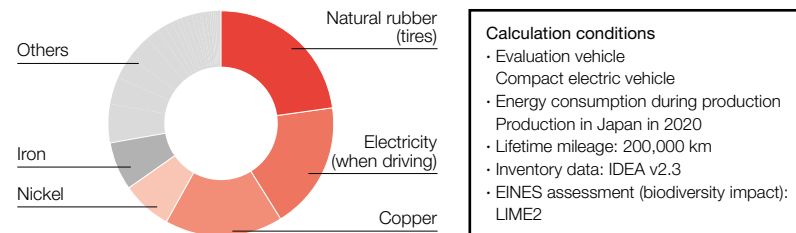
#### Assessment of biodiversity priorities at the Company's production sites



### Biodiversity Assessment of Products

Products are made from a variety of materials, some of which may have an impact on biodiversity. Honda is therefore engaged in the primary assessment of the impact of materials used in its products on biodiversity. Based on the assessment results, the Company will conduct a more detailed analysis of materials that have a large potential impact, and consider ways to reduce the impact of its products on biodiversity.

#### Results of the primary assessment of biodiversity impacts



\*1 Key Biodiversity Areas  
 \*2 World Database on Protected Areas  
 \*3 International Union for Conservation of Nature  
 \*4 Species Threat Abatement and Restoration Metric

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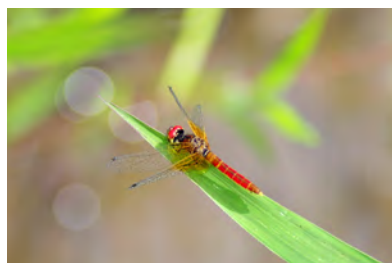
## Other Important Issues

### Specific Initiatives for Biodiversity Conservation

#### Activities to Protect and Restore Biodiversity

Mobility Resort Motegi in Tochigi Prefecture, Japan, which is 100% owned by Honda, covers an area of approximately 640 hectares, and is engaged in nature conservation activities in approximately 70% of its forests. There are approximately 5,800 confirmed species, including many rare species, among the inhabitants.

The area was unmanaged wooded areas and rice paddies, but Honda has improved the environment by cutting trees to let light into the forest, restoring terraced rice paddies and other riparian areas, and protecting and relocating endangered Haccho dragonfly (*Nannophya pygmaea*). Based on the idea that “improving the environment is not only about managing it, but also about creating it\*,” Honda is also working to create a diverse environment for living creatures at Mobility Resort Motegi. To create a sustainable forest, Honda conducts forest surveys (tree surveys, etc.) and monitoring surveys (registered as one of the Monitoring Sites 1000 by the Ministry of the Environment), and holds forest development workshops to nurture the people involved in forest development.



Haccho dragonfly confirmed at Mobility Resort Motegi

\* Improving the forest environment is not only about reducing the density of the forest by logging to let in light and wind, but also about creating habitats for living creatures.

### Collaboration with External Initiatives

In April 2022, Honda joined the 30by30 Roadmap, led by the Ministry of the Environment in Japan, and is promoting its efforts to obtain certification as an Other Effective area-based Conservation Measures (OECM) site, which is an area where biodiversity is being conserved.

In addition, Honda has been participating in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum since December 2022. The Company is committed to the proactive disclosure of information and will continue to further accelerate its efforts related to environmental conservation.



### Japan: Biotope at an Automobile Assembly Plant

A biotope located at the Saitama Factory's assembly plant, which started operation in 2013. The biotope is home to endangered species such as *Hynobius tokyoensis* and *Lefua echigonia*, and along with monitoring and conservation activities, Honda is exterminating non-native species such as the red swamp crayfish and American bullfrog.



Biotope at the Saitama Factory

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## Other Important Issues

### U.S.A.: Habitat Conservation for Wild Honeybees

Honda Development & Manufacturing of the Americas' Ohio automotive production plant and research and development facility have unused land that is home to wild honeybees. Bees play an important role in supporting a healthy ecosystem and help pollinate approximately 80% of flowering plants. To protect the bees, the Company maintains approximately 5 hectares as the habitat and has built an apiary to support bee research.



Beekeeping activity

### Belgium: Conserving Biodiversity at a Logistics Base

At Honda Motor Europe Logistics NV's logistics base in Aalst, the Company has expanded its greenbelt by planting black poplars, which are threatened due to habitat degradation and a lack of genetic diversity. The Company is also contributing to the maintenance of biodiversity by creating habitats such as ponds, insect hotels, and feeding stations for living creatures.



Insect hotel

\* Sanjivani van: a Hindi term referring to a mythical forest associated with the herb "Sanjivani", which has healing properties and significant meaning in Hindu mythology.

### Brazil: Nature Conservation at a Test Course

Moto Honda da Amazonia Ltda's motorcycle test course in Rio Preto da Eva is in the Amazon rainforest. In harmony with the environment, approximately 80% (802 hectares) of the site is maintained as a legally protected area. Agricultural projects here include the planting of fruits and vegetables as well as the restoration of endangered species such as mahogany, rosewood, and Brazil nuts.



Test course

### India: Plant Greening in Consideration of Biodiversity

The Company created a 0.4 hectare mini-forest on the premises of Honda Motorcycle & Scooter India Pvt. Ltd.'s motorcycle plant in the state of Gujarat with the aim of creating a rich natural environment to protect the ecosystem. This forest, named "Sanjivani van\*", is planted with more than 16,000 trees in 24 different categories. In addition, food residues are converted into compost and used for gardening in the forest.



Mini-forest



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# Other Important Issues

## List of Targets

Target Items	Targets for 2030	Targets for 2050
Reduction rate of total CO <sub>2</sub> emissions from corporate activities (compared to FY2020)	46%	
Sales ratio of electrified products	Motorcycles	15%
	Automobiles	30%
	Power products	36%
Reduction rate of CO <sub>2</sub> emissions intensity of product use (compared to FY2020)	Motorcycles	34.0%
	Automobiles	27.2%
	Power products	28.2%
Reduction rate of total water intake in corporate activities (compared to BAU)	14.5%	CO <sub>2</sub> emissions, net zero
Reduction rate of total waste generation in corporate activities (compared to BAU)	14.5%	Zero industrial water intake and industrial waste
Product resource circulation	(Set internal milestones)	100% use of sustainable materials



Social

Social

## Supply Chain

### Material issues

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

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# Basic Approach

## Strengthening Supply Chain Sustainability

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

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

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

Honda has issued the "Honda Supplier Sustainability Guidelines" to share its approach to sustainability with suppliers worldwide and to promote it in conjunction with them.

Based on this guideline, Honda will actively promote sustainable initiatives at its development and manufacturing facilities in cooperation with its suppliers. 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.

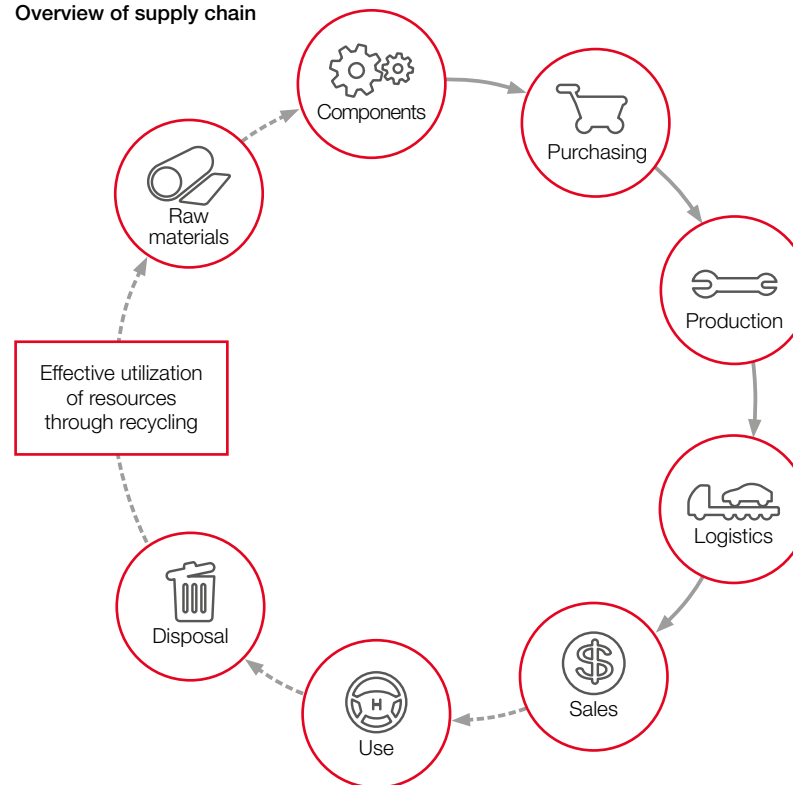
Honda is striving to strengthen supply chain sustainability, mainly in the areas of purchasing and logistics.

Additionally, as part of this fiscal year's organizational restructuring, we integrated the procurement and logistics areas and newly established the 'Global Conference' as a global meeting structure for the entire supply chain, which had been focused on logistics as the 'Global SCM Committee' until last fiscal year.

This meeting body holds conferences in all regions with the following three main objectives.

- Discuss common themes in the 6 regions at appropriate timing and members allocated to each theme
- Directly discuss and resolve global issues originating from each region among top executives in the supply chain purchasing area
- Share issues that may become challenges in the future and discuss the direction of responses

Overview of supply chain



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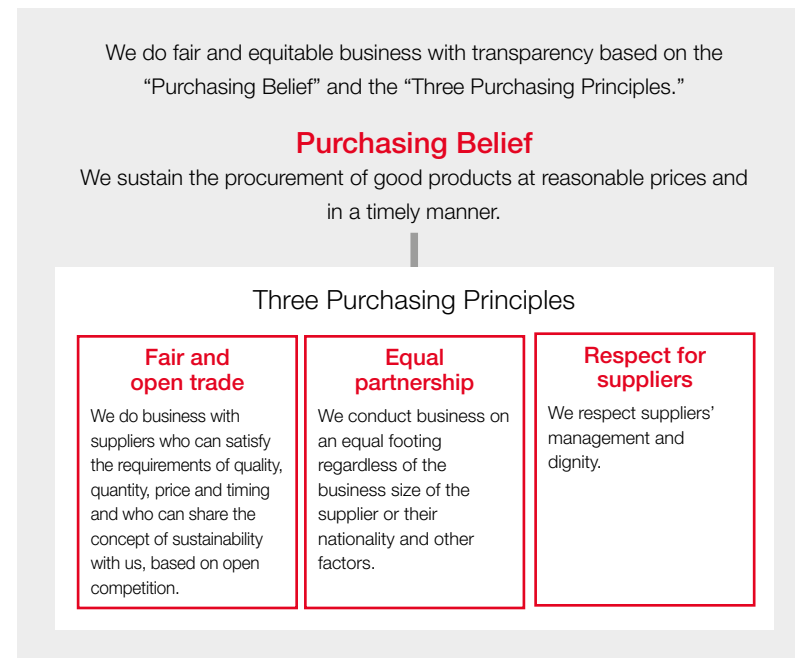
# Basic Approach to Purchasing

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

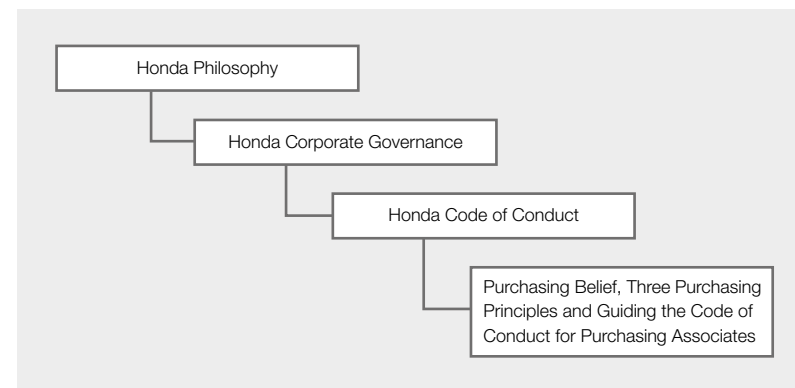
Honda's goal is to achieve a sustainable society across the supply chain. The Company implements initiatives with consideration for the environment, safety, human rights, compliance and social responsibility, among others, in partnership with its suppliers worldwide. Based on the Honda Philosophy, the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

Honda has also compiled 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



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



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# Basic Approach to Purchasing

## Engagement with Suppliers

In its global parts procurement activities, Honda has set forth its Sustainability Vision, which aims to promote sustainability initiatives together with its suppliers around the world and to realize a supply chain that can coexist and co-prosper with local communities.

Furthermore, based on the vision, the Company has issued the Honda Supplier Sustainability Guidelines as a policy to share its approach to sustainability with its suppliers around the world and to promote it together. (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 asking them to analyze the cause and draw up a 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.

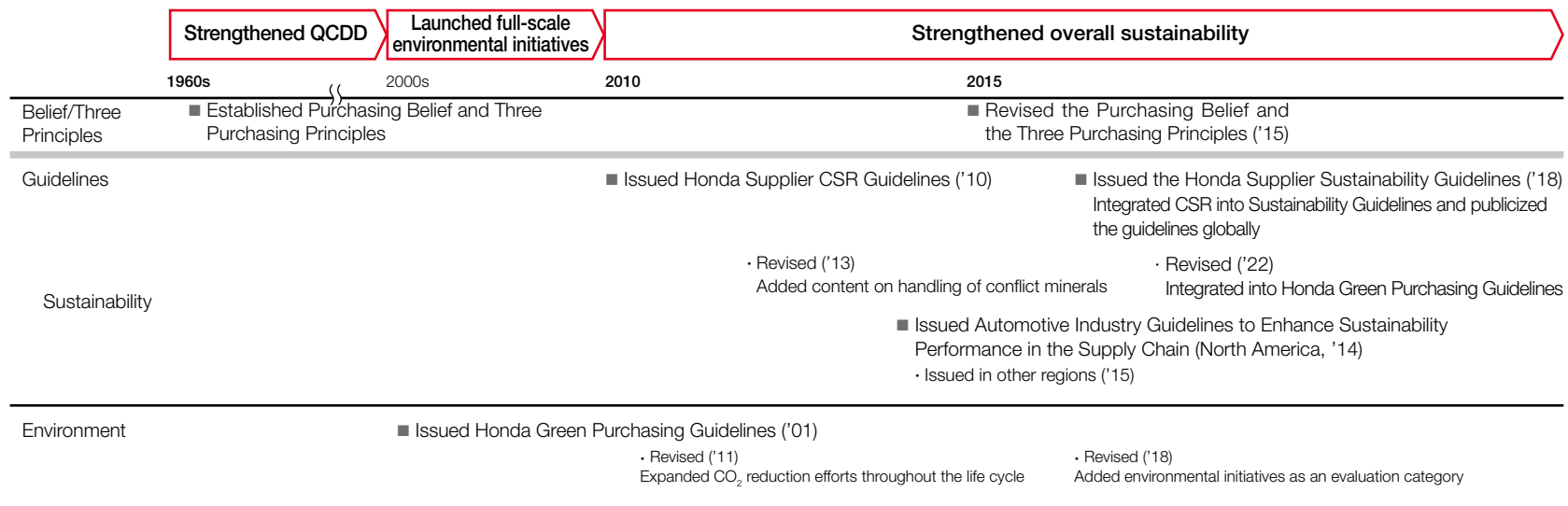
When selecting suppliers for components and raw materials based on these sustainability policies, Honda confirms their initiatives on Quality, Cost, Delivery, Development and Environment (QCDD), human rights, labor, safety, compliance, risk, protection of information and other aspects to determine the 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. 65) to accept suggestions and requests for consultation from all suppliers from a fair and neutral standpoint.

**Honda Supplier Sustainability Guidelines**  
 ■ [https://global.honda/sustainability/cq\\_img/report/pdf/supply-chain/supplier-sustainability-guidelines.pdf](https://global.honda/sustainability/cq_img/report/pdf/supply-chain/supplier-sustainability-guidelines.pdf)

#### Changes in purchasing operations



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# Global Management of Purchasing

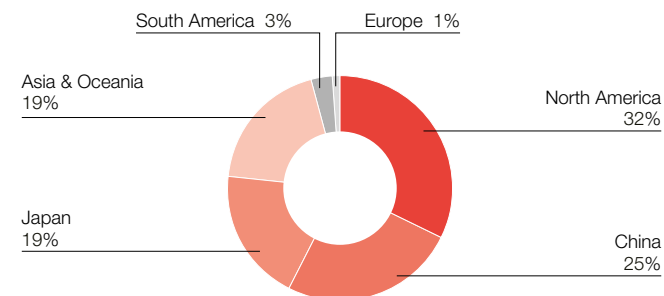
## Promotion Structure

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

A department in Japan supervises the overall, global purchasing function, 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 teams of respective companies operating in each region and facilitates collaboration with them.

The Environmental Purchasing Meeting was held from 2011 onwards and sought to strengthen initiatives aiming for 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 CO<sub>2</sub> 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 (FY2023)**



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## Purchasing Initiatives

### Reducing the Environmental Impact Together with Suppliers

Honda shares the Honda Supplier Sustainability Guidelines with its suppliers and promotes activities to reduce environmental impact.

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 CO<sub>2</sub> emissions) for all products and corporate activities Honda is involved in by 2050.

In Japan, in October 2021, Honda asked its suppliers to consider initiatives to reduce total CO<sub>2</sub> emissions, and in December 2022, shared its perspectives on measures to consider specific measures toward achieving carbon neutrality by 2050. Through close communication with each supplier, Honda aims to work together to realize carbon-neutral status.

### Management of CO<sub>2</sub> Data

To increase the effectiveness of its efforts to reduce the environmental impacts in its supply chain, Honda established a system for the integrated management of data on CO<sub>2</sub> emissions reduction by suppliers in FY2012, which 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 asking companies for their disclosure of information on climate change policies).

Honda is using these tools to share goals and progress status towards total reduction and to implement the PDCA cycle with suppliers worldwide.

As of 2022, 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 CO<sub>2</sub> emissions at suppliers, including their efforts to achieve total emissions control targets.

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## Purchasing Initiatives

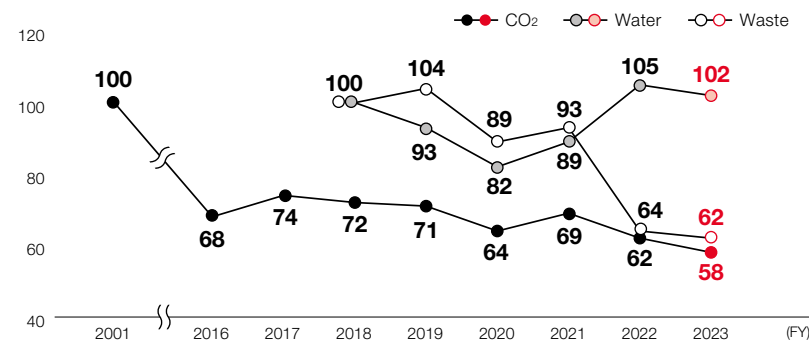
### Initiatives to Reduce the Environmental Impact in the Supply Chain

Honda promotes initiatives together with suppliers to reduce the environmental impact, that is, reduce CO<sub>2</sub> emissions and ensure the efficient use of resources in each region.

In Japan, Honda sets specific numerical CO<sub>2</sub>, water and waste targets for its Honda Group suppliers and promotes reduction initiatives in partnership with each of them.

With regard to water and waste, having started undertaking measures for target management in FY2019, Honda set specific targets for FY2023 (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 the environmental impact as well as evaluate 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 targets.

Performance in reducing the environmental impact  
Index of CO<sub>2</sub> emissions/water use/waste generation per millions of yen



\* Scope of data: all consolidated tier 1 suppliers in Japan

Category	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
CO <sub>2</sub> (t/millions of yen)	1.08	1.07	0.95	1.03	0.93	<b>0.86</b>
Water (m <sup>3</sup> /millions of yen)	9.99	9.29	8.19	8.91	10.51	<b>10.16</b>
Waste (t/millions of yen)	0.59	0.62	0.53	0.55	0.38	<b>0.37</b>



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## Purchasing Initiatives

### Chemical Substance Management

The Company has 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 as well as to reduce their impact on the global environment and ecosystem. Honda asks 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 as risks, including disasters, fires, financial issues and labor issues within suppliers. 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 whose procurement is dependent on a single 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 period of 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 the 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.

### Responsible Mineral Sourcing

Honda recognizes the potential link between the increased demand for rare minerals, including cobalt, due to electrification and human rights issues such as child labor, and is engaged in activities aiming to avoid the use of minerals that may contribute to human rights violations and environmental pollution. In Japan, the Company uses templates provided by the Responsible Minerals Initiative (RMI) and works to identify cobalt refiners with the cooperation of its suppliers. Going forward, Honda will also consider global initiatives.

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# Purchasing Initiatives

## Sustainability Initiatives Inspection for Suppliers

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

Honda introduced a sustainability initiatives inspection in Japan in 2016 for suppliers with large business volumes and significant influence 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 that are prone to problems and may have a significant impact on Honda if 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.

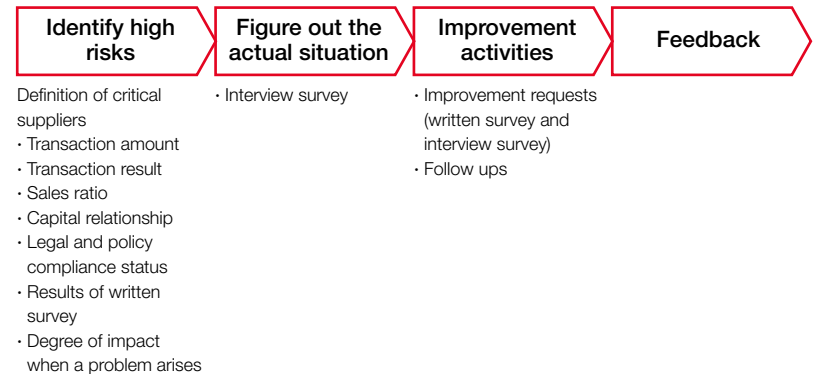
- Check relevant records, actual production processes and related facilities
- Verify the progress through a report on the improvement plan and result
- Conduct a follow-up investigation (including an on-site check as necessary)

Recent examples of improvement include the management of working hours and the formulation of an internal rule to prohibit suppliers from retaining the ID documents of non-Japanese workers.

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

There were no instances of issues bearing significant risk in FY2023.

### Flow of sustainability initiatives inspection





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# Purchasing Initiatives

## Instruction and Training for Associates

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

For example, in North America, Honda provides extensive training 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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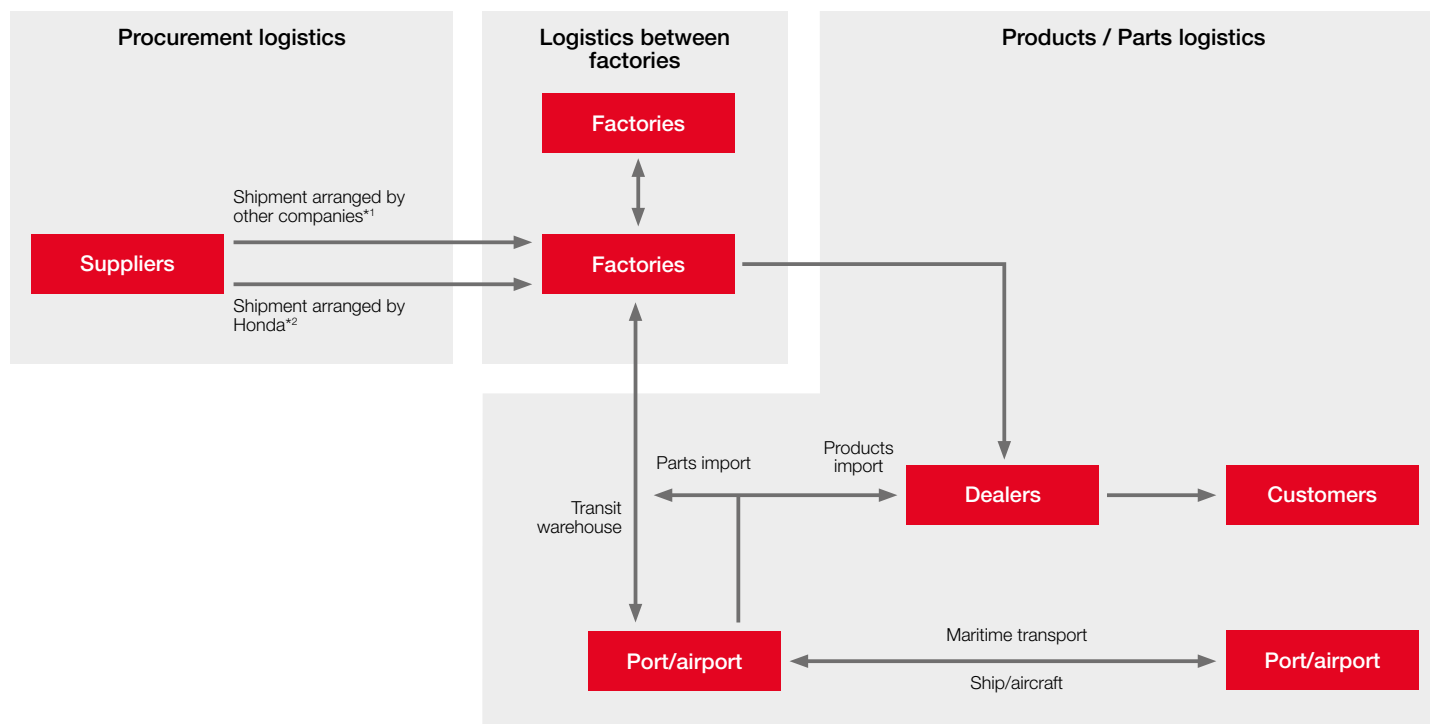
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## Basic Approach to Logistics

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. Honda, which transports large volumes of goods from upstream to downstream in the manufacturing process,

considers the reduction of environmental burden and compliance risk management as important issues, as well as improving efficiency in logistics. For instance, as an initiative to reduce the environmental burden, Honda is promoting 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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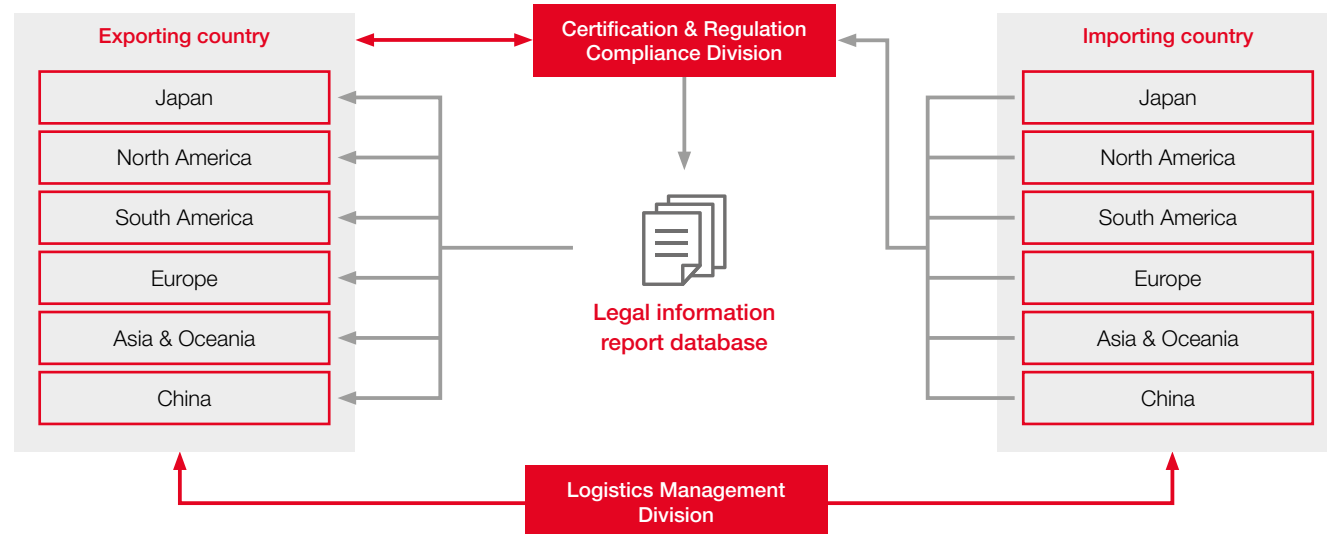
# Global Management of Logistics

## 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, including the different transportation infrastructures, laws and natural disaster risks in each country. Laws and regulations, in particular, have the potential to significantly impact safety and speed in transportation.

Honda aims to constantly obtain accurate information and ensure an efficient, accurate and early response on a global basis. To do so, the Company has established a function for the integrated management of international treaties and legal information concerning logistics operations. In addition to this, Honda is working to strengthen compliance with laws and regulations by ensuring a swift response.

Integrated management framework for legal information



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# Logistics Initiatives

In the area of logistics, Honda is taking the following three major initiatives to achieve carbon neutrality by 2050:

- 1) Highly efficient transportation (smart logistics)
- 2) Low carbon transportation (clean logistics)
- 3) Technological advancement of packaging materials

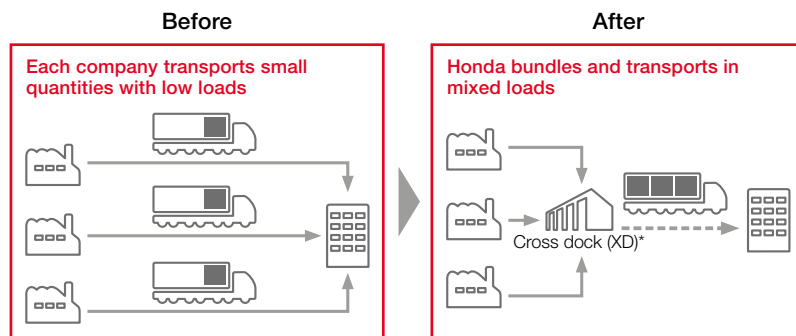
## 1) Highly efficient transportation (smart logistics)

Honda is promoting highly efficient transportation to improve QCD related to logistics.

### Improving Transportation Efficiency via Co-Creation with Suppliers

To minimize the logistics losses incurred by our suppliers, we ask them to deliver products to the nearest cross-dock (XD) of their shipping bases. From the XD, Honda then combines the products within a multi-company consolidation to transport them efficiently.

The effects of these measures have contributed to a reduction in the loads handled by distant suppliers and also a reduction in CO<sub>2</sub> emissions.

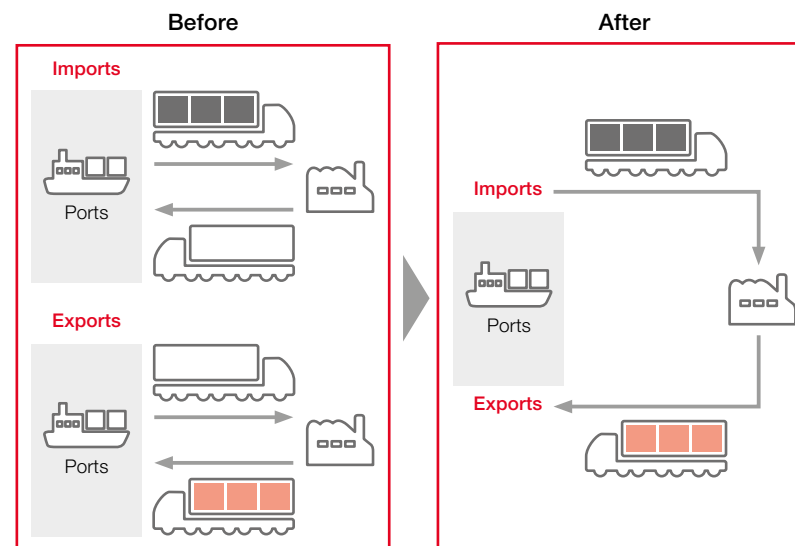


\* Cross dock (XD): Warehouse with functions centered on the transshipment of parts

## 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 the respective shipping companies to reduce the transportation of empty containers upon return. As a result, the Company was able to reduce costs by 40% to 60%, as well as CO<sub>2</sub> emissions in Japan.



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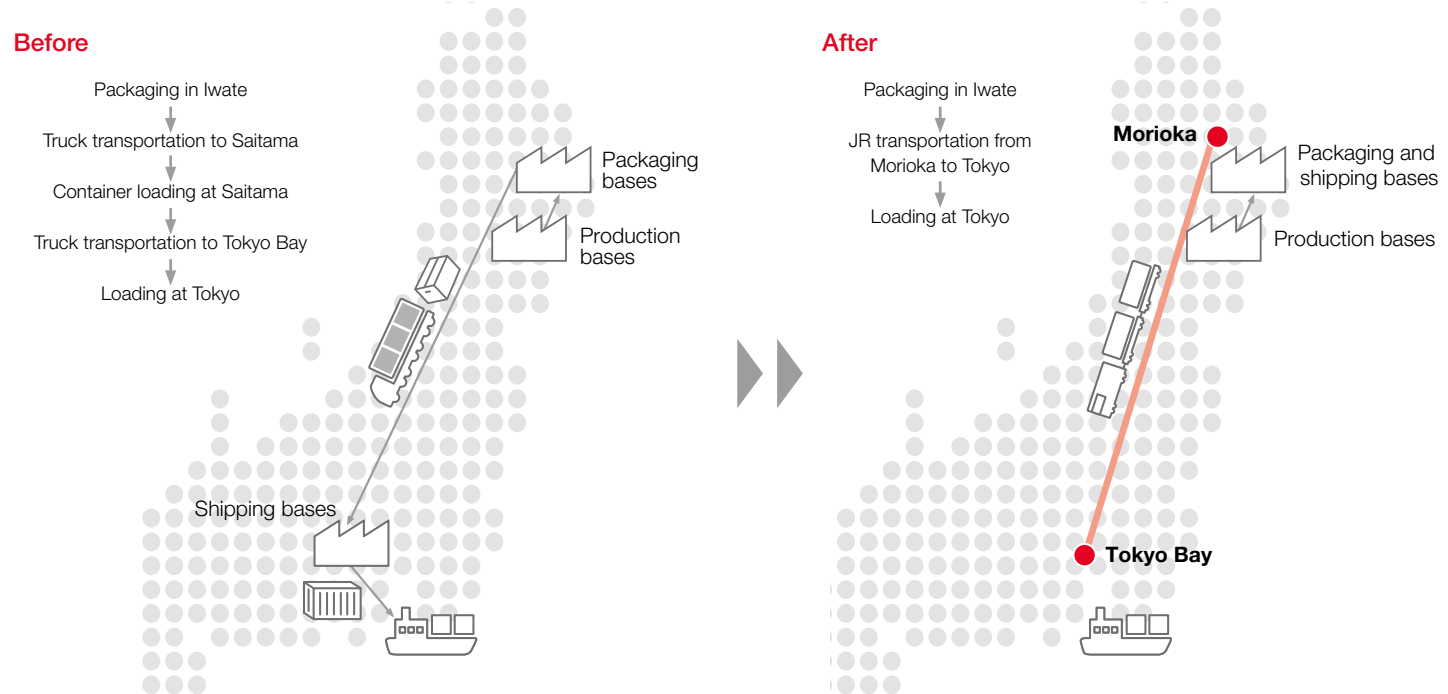
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# Logistics Initiatives

## 2) Low-carbon transportation (clean logistics)

By focusing on long-haul transport, Honda is working to expand the modal shift so that rail and ships can be favored over trucks as modes of transportation. In India and Vietnam, for carrying products to distant regions, we are switching from trucks to ship and rail transport. Similarly, in China, we are switching from trucks to railway transportation.

In Japan, we are also working to switch to railway transportation. In June 2022, we initiated the railway transportation of general-purpose products from Morioka to Tokyo. As a result, our CO<sub>2</sub> emissions were reduced by 26.84 t-CO<sub>2</sub> from June 2022 to March 2023.



Honda Sustainability Report 2018 p. 100 [https://global.honda/sustainability/cq\\_img/report/pdf/2018/Honda-SR-2018-en-all-02.pdf#page=101](https://global.honda/sustainability/cq_img/report/pdf/2018/Honda-SR-2018-en-all-02.pdf#page=101)

Honda Sustainability Report 2019 p. 123 [https://global.honda/sustainability/cq\\_img/report/pdf/2019/Honda-SR-2019-en-all.pdf#page=124](https://global.honda/sustainability/cq_img/report/pdf/2019/Honda-SR-2019-en-all.pdf#page=124)

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# Logistics Initiatives

## 3) Technological advancement of packaging materials

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

Such parts exports involve the usage of packaging materials, which are classified as outer case and inner container.

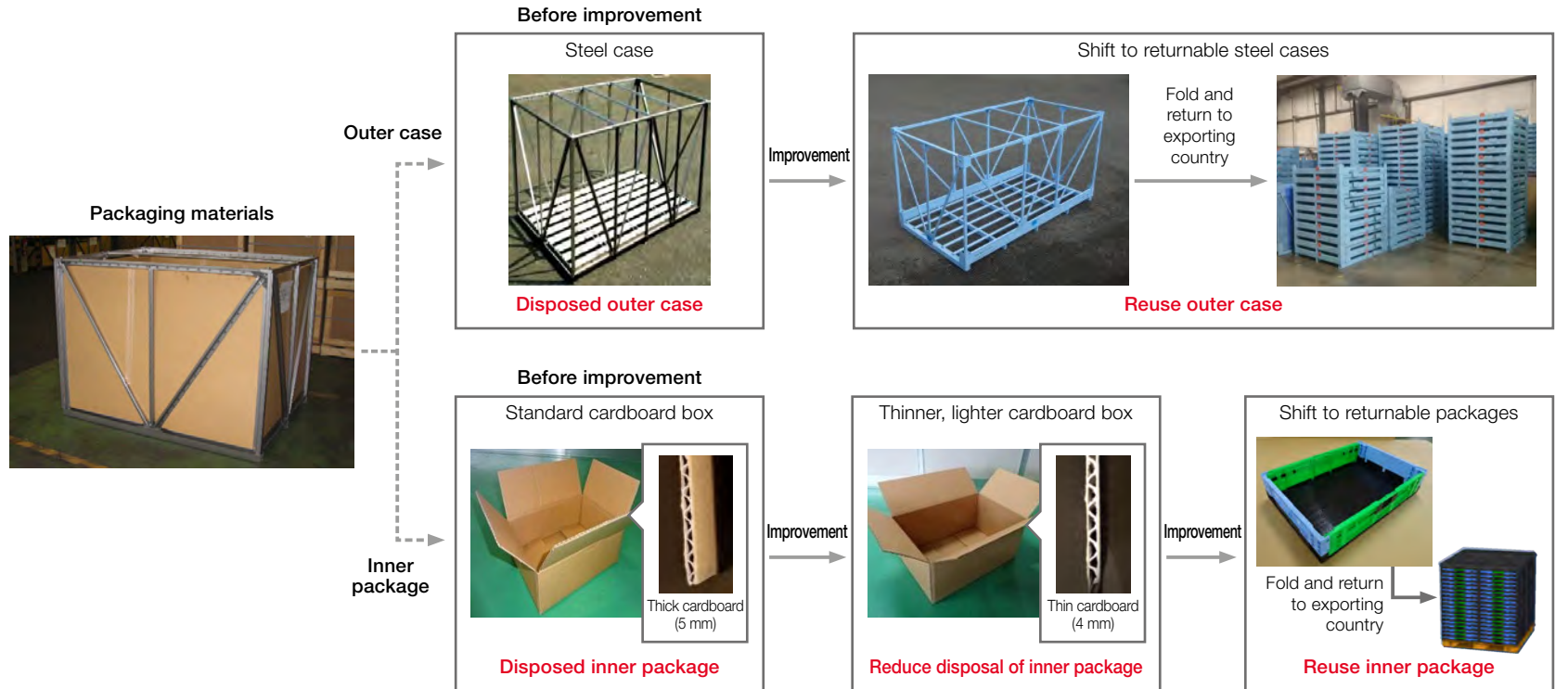
In the past, these packaging materials were disposed of in the importing country. Instead, we are now working to reduce waste and CO<sub>2</sub> emissions by reusing containers and reducing the weight of packaging materials.

We are also cooperating with other companies in the same industry to consider how the joint use of recycled materials can work.

### Classification and improvement of packaging materials

Packaging materials	Use	Advancement of packaging techniques
Outer case	Case to be loaded onto containers	Returnable steel cases
Inner package	Package of parts to be placed in the outer case	Use of thin, light cardboard boxes; shift to returnable packages

### Improvement of packaging





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## Joint Efforts with Industry Groups and Suppliers

Honda is striving to strengthen sustainability across the entire supply chain of parts and logistics through initiatives such as capacity building in collaboration with 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 has offered supplier training and encourages participation in training sessions on corporate ethics, environmental regulations, the working environment, human rights and other topics for tier 1 and sub-tier suppliers in North America since 2012.

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

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

### Dialogue with Suppliers

In December 2022, 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 FY2023, 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 an annual conference since 1974. Senior management from about 470 suppliers attended the conference in February 2023, which was held in a hybrid format of on-line and in-person meetings. At the conference, Honda explained both company-wide policies and policies of the motorcycle, automobile and power products businesses. Furthermore, in FY2018, the Company began presenting the Sustainability Award to suppliers who have made outstanding efforts in all areas of ESG. With this award, Honda has broadened its perspective from the old Environmental Award, which focused primarily on greenhouse gas (GHG), to include social and governance aspects.

In North America, Honda presents the Sustainability Award to suppliers who have 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 Niterra Co., Ltd. in Japan

\* Newly launched partnership to promote sustainability in the automobile industry

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Social

## Social Contribution Activities

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# Basic Approach

## Honda's Social Contribution Activities

Since its founding, Honda has provided society and customers with a variety of joys by creating quality products and technologies. 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, based on its idea that a company must be rooted in and integrated with the local community.

Currently, Honda undertakes various social contribution activities in the seven regions in which the Company conducts operations worldwide, 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. Honda will continue to pursue various social contribution activities while communicating with customers and local residents.

### Basic Approach

In 1998, Honda devised the Philosophical Basis and Principles of the 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.

Since 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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# Global Management

## Honda's Global System for Social Contribution Activities

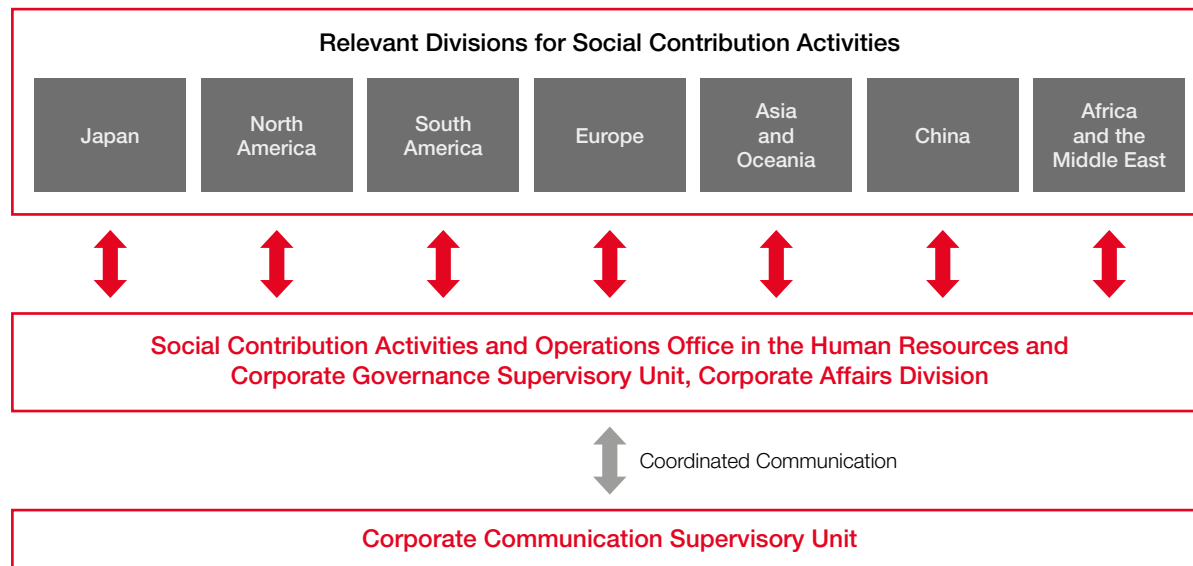
Honda's social contribution activities are centered on four core policies: supporting our youth for the future; protecting the global environment; promoting traffic safety; and addressing local community needs. Based on these policies, the entire Honda Group engages in activities that recognize the value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

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

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

Going forward, the Honda Group intends to fulfill its responsibilities as a good corporate citizen; to this end, the Group will continue its efforts to create future societies in which everyone can pursue their dreams and promote a wide range of activities hand-in-hand with local residents under globally coordinated initiatives.

Honda's Global System for Social Contribution Activities



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# Initiatives for Social Contribution Activities

## Summary of the Activities in FY2023

In FY2023, Honda's social contribution activities are 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 as well as prevent accidents through safety awareness activities focused on people.

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.

**Honda's Social Contribution Activities**  
<https://global.honda/about/sustainability/community.html>

## Japan [Protecting the Global Environment]

### Honda Beach Cleanup Project Implemented by the Honda Group Across Japan

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

The project utilizes the Beach Cleaner, which Honda originally developed based on a desire to use its technologies to find a solution to clean up the trash that ends up washed ashore. In 2022, we marked the 16th year of this project.

In 2022, although still affected by the COVID-19 pandemic, the project was conducted in 17 locations (17 prefectures) throughout the country.

Originally initiated by Honda associates and ex-associates, the project has now expanded its circle of cooperation to include the Honda Group as a whole and local residents across the country, with more than 7,000 participants per year.

To date, the project has been conducted 406 times on beaches throughout Japan, and the total amount of trash collected has reached approximately 520 tons.



Honda Beach Cleaner that can dig up and collect trash in the sand.

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## Europe [Addressing Local Community Needs and Disaster Relief]

### Support for Earthquake Relief in Turkey and Syria

More than 200 generators have been donated by Honda Motor Europe Ltd. – our regional headquarters in Europe – to aid the areas affected by the earthquake that hit the Turkish and Syrian borders on February 6, 2023. Meanwhile, Honda Turkey A.S. donated approximately JPY 20 million in emergency relief supplies and humanitarian aid.

Additionally, Honda Motor Co., Ltd. donated JPY 10 million in relief funds via the Japanese Red Cross Society. Also, the American Honda Motor Co., Inc. and Honda Development and Manufacturing of America, LLC conducted an associate donation program and made a matching donation from the Company.



Providing assistance on site

## Eco GP

HRE-G associates participated in October 2022 in 24h Eco GP endurance race for Zero Emission Vehicle, with a fleet of 6 Honda e vehicles and over 45 associates.

Besides the technical challenge the main focus was to collect donation for the local The Family and Youth Welfare Centre Schotten (FaJuSo). EUR 2.154 were collected by the teams and the company to work with children.



# 4

## Governance

### Material issues

- Strengthening corporate governance

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# Basic Approach

As a key task for management, Honda strives to enhance its corporate governance based on the Company's basic principle to strengthen the trust of its shareholders/investors, customers, and society; encourage timely, decisive, and risk-considered decision-making; seek sustainable growth and enhance corporate value over the medium- to long-term; and become "a company society wants to exist."

To clearly segregate the supervisory and execution functions of management, strengthen the supervisory function, and enable prompt and flexible decisions, Honda has created a Nominating Committee, Audit Committee, and Compensation Committee, each of which is composed of over 50% Outside Directors. Honda has also adopted a "company with three committees" structure, which allows the 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 the trust and appreciation of shareholders/investors and society. Going forward, Honda will continue to strive to ensure the transparency of its management.

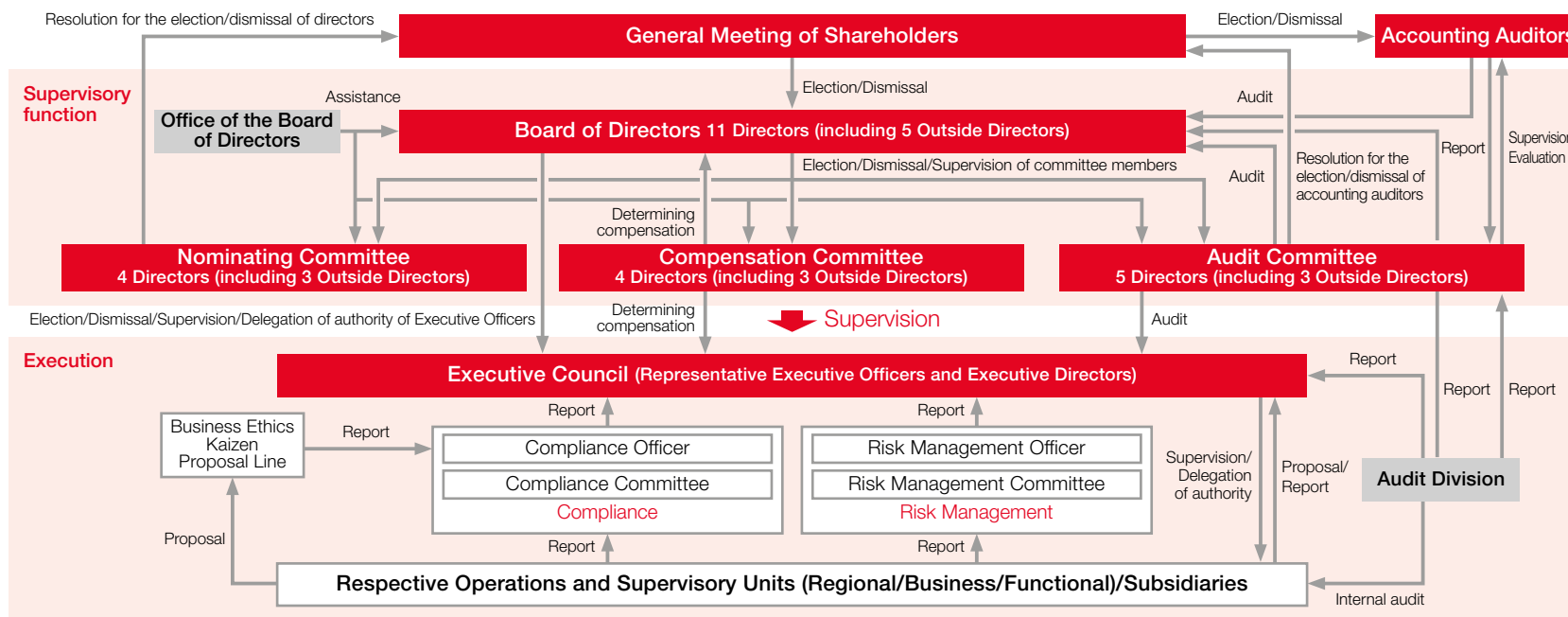
Please see "Honda Corporate Governance Basic Policies" and "Corporate Governance Report" for information on Honda's corporate governance policy. (Please use the link below.)

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

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

Overview of Corporate Governance → p. 86

Corporate governance structure (as of June 21, 2023)







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# Corporate Governance

## Decision-Making and Supervision of Business Execution

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

The Board of Directors has established criteria for deliberation and has 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 deliberations on matters to be resolved by the Board of Directors and deliberates on important management matters within the scope of authority delegated by the Board of Directors. The Business Operating Board deliberates important management matters in each area within the scope of authority delegated by the Executive Council.

### Board of Directors

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

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 the monitoring of operations by Directors and Executive Officers. Additionally, 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.

Specific discussion topics at the Board of Directors in FY2023

- 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
- Internal audit results, etc.

To fulfill the above roles, the candidates for Director, regardless of gender, nationality, or other personal attributes, shall be persons of superior character and insight who are experts in company management, laws, politics, accounting, education, or the Company’s business. The Nominating Committee shall consider the balance of gender, nationality, knowledge, and related experience among the candidates.

### Nominating Committee, Audit Committee, and Compensation Committee

To reinforce its supervisory function, the Company has established the Nominating Committee, Audit Committee, and Compensation Committee, all of which are comprised of a majority of Outside Directors.

#### 1. Nominating Committee

The Nominating Committee determines the content of the proposals for the appointment or removal of Directors to be submitted to the shareholders’ meeting and performs other duties prescribed by laws and regulations and the Articles of Incorporation. The Nominating Committee is composed of four Directors, including three Outside Directors. The Chairperson of the Nominating Committee is selected from among Independent Directors.



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# Corporate Governance

## Nominating Committee Members (as of June 21, 2023)

Fumiya Kokubu (Chairperson) (Outside Director)

Toshihiro Mibe

Kunihiko Sakai (Outside Director)

Kazuhiro Higashi (Outside Director)

## Specific discussion topics at the Nominating Committee in FY2023

- Basic policy/annual activity plan
- The way of being a leader
- Succession plan for Directors
- Prospective Director candidates, etc.

## 2. Audit Committee

To respond to the mandate of the shareholders, the Audit Committee conducts audits of the execution of duties by the Directors and Executive Officers and performs other duties as prescribed by laws and regulations and the Articles of Incorporation to ensure the 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 is selected from among Independent Directors. To ensure the effectiveness of the audit, full-time member(s) of the Audit Committee are elected by resolutions of the Board of Directors.

## Audit Committee Members (as of June 21, 2023)

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 qualify as “persons with considerable knowledge related to finance and accounting,” as specified under Article 121-9 of the Regulation for Enforcement of the Companies Act of Japan. Additionally, 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.

## Specific discussion topics at the Audit Committee in FY2023

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

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# Corporate Governance

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, division of duties, etc., as determined by the Audit Committee.

The audit is carried out through the following main activities using online tools such as web conferencing systems.

Initiative	Details
Dialogue with Executive Officers	Exchange opinions in meetings with Executive Officers regarding the management and business environments (75 meetings held during FY2023 of which Outside Directors participated 15 times).
Attendance at important meetings	Monitor and verify the status of the 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, remote audits are conducted via web conferencing systems and videos. FY2023 Honda headquarters/business sites 19 areas (1 area with the participation of Outside Directors) Group companies in Japan 19 companies (5 companies with the participation of Outside Directors) Group companies outside Japan 25 sites (6 sites with the participation of Outside Directors)
Collaboration with the Accounting Auditor and the Audit Division	Exchange opinions in meetings regarding the accounting audit plan and results (eight meetings held with the Accounting Auditor in FY2023). Also, implement audits in collaboration with the internal Audit Division.
Strengthening the Group's governance structure	Maintain and strengthen the Group's governance structure by sharing information and exchanging opinions with the auditors of Group companies in Japan and by hosting lectures by Outside Directors.

Standards for Audit Committee reports have been established to ensure the Committee receives timely and accurate reports. 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 the implementation and operation of internal control systems, and other matters. Also, reporting is required whenever an issue arises that has a major impact on the Company.

The Company has formed the Board of Directors Office as a dedicated organization to support the Board of Directors, Nominating Committee, Audit Committee, and Compensation Committee in their duties.

Employees of the Board of Directors Office execute their duties under the supervision of the Board of Directors and the three committees. For matters such as performance evaluations, personnel changes, etc., the consent of the Audit Committee is required to ensure independence from Executive Officers and the effective implementation of instructions by the Audit Committee.

The Audit Division, organized as an internal audit division directly under the President and CEO, conducts internal audits of each division of the Company. It also provides supervision and guidance to internal audit divisions in major subsidiaries, and when necessary, audits subsidiaries directly.

The Audit Division regularly reports to the Audit Committee on audit policy, audit plans, and audit results, and when necessary, make additional reports on audit results at the request of the Audit Committee. Also, 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 carries out other duties as prescribed by laws and regulations and the Articles of Incorporation. The Compensation Committee is composed of one Inside Director and three Outside Directors. The Chairperson is selected from among Independent Directors.

### Compensation Committee Members (as of June 21, 2023)

Kazuhiro Higashi (Chairperson) (Outside Director)

Shinji Aoyama

Fumiya Kokubu (Outside Director)

Yoichiro Ogawa (Outside Director)

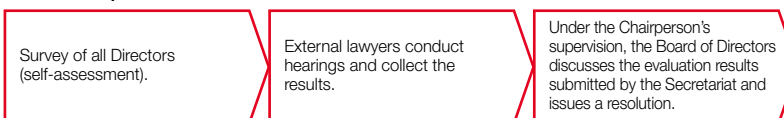
### Specific items considered by the Compensation Committee in FY2023

- Basic policy/annual activity plan
- Executive performance evaluation
- Long-term incentive (LTI) and stock delivery regulations

## Evaluation of the Effectiveness of the Board of Directors

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

### Evaluation process



## Evaluation results

	Tasks for FY2022	Main initiatives for FY2023	Evaluation for FY2023	Tasks and initiatives for the future
Composition	Continued examination of the composition of the Board of Directors for further functional enhancement	Discussing the need for formulating, disclosing, and revising the skill matrix in the Nominating Committee	The current composition of the Board of Directors is appropriate	Further deepening the discussion on the expertise and diversity of future Directors.
Shared Information	Further enhancement of timely information sharing and opportunities for business site visits for Outside Directors	<ul style="list-style-type: none"> <li>• Additional information sharing matters for Outside Directors</li> <li>• Enhancement of opportunities for Outside Directors to visit business sites and events</li> </ul>	<ul style="list-style-type: none"> <li>• The information provided is substantial.</li> <li>• It was meaningful to have ample opportunities for external directors to visit business sites and events, which deepened their understanding of the business and allowed them to experience the corporate culture.</li> </ul>	Provide information and inspection opportunities with a greater focus
Agenda items for deliberation, etc.	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	<ul style="list-style-type: none"> <li>• Setting up opportunities for information sharing and discussion regarding the direction of the next management plan.</li> <li>• Conduct a meeting to exchange views on management-related concerns</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion items are narrowed down to important matters.</li> <li>• Information sharing/opinion exchange opportunities are effective</li> </ul>	Enhancing board discussions through effective setup of information sharing/exchange opportunities
Deliberation at meetings	Further revitalization of discussions in the Board of Directors	Update proposals and explanations on the day of the event as appropriate, based on questions and discussions raised at the pre-briefing	<ul style="list-style-type: none"> <li>• Active debates are underway</li> <li>• Each director provides insightful opinions and questions</li> </ul>	Further revitalization of discussions in the Board of Directors (Continued)
Committee	Maintaining and enhancing coordination between committees and the Board of Directors	Report the deliberation status of each committee at the Board of Directors meeting immediately following the committee meeting	The deliberation status of each committee is being properly reported to the Board of Directors.	Maintaining and enhancing coordination between committees and the Board of Directors (Continued)

## Summary of evaluation results

The results of the effectiveness evaluation confirmed that the effectiveness of the Board of Directors has been adequately ensured through the following initiatives: setting appropriate items for deliberation and frequency of meetings, providing information to outside directors and enhancing opportunities for exchange of opinions, including business site visits, as well as the appropriate operation of the three committees.

Going forward, the Company will further enhance the effectiveness of the monitoring-type Board of Directors by stimulating discussion both within and outside the Board of Directors and by further strengthening cooperation between the Board of Directors and the three committees.

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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 business management of the Company from an objective, highly sophisticated, and broad viewpoint thanks to their independent position outside the Company. The Company has at least two Outside Directors, and at least one-third of the members of the Board of Directors are Independent Directors who fulfill the Company's Criteria for the 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 or the shareholders. The five Outside Directors are specified as Independent Directors as prescribed by a provision of the Tokyo Stock Exchange (TSE). The names of these Directors have been submitted to the TSE.

Please see "Honda Corporate Governance Basic Policies" for Honda's Criteria for the Independence of Outside Directors. (Please use 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.

"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 their functions as Outside Directors.

1. Orientation at the time the Director assumes this role  
 Honda provides training in industry trends, as well as the Company's history, business, finances, organizations, internal control system, and other matters to newly appointed Outside Directors.
2. Preliminary briefing sessions and information-sharing meetings  
 Preliminary briefing sessions are held for Outside Directors in advance of each Board of Directors' meeting for the following purposes: to ensure that they fully understand the details and background of each agenda item to be submitted to the Board of

Directors, its position in the medium- to long-term management plan, and other relevant information, and to ensure that the Board of Directors holds substantial deliberations. Honda also provides opportunities for information sharing and discussion among Directors on important matters such as the status of company-wide risk management and the progress of the medium- to long-term management plan, as appropriate.

3. Opinion exchange meetings on matters of management concern  
 Honda holds opinion exchange meetings for Directors regarding matters of concern to management. These meetings aim 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 provides opportunities for dialogue between Outside Directors and Executive Officers or Inside Directors, as well as dialogue among Outside Directors as needed.

5. Inspection visits to business sites  
 Honda arranges inspection visits to its plants and other business sites as necessary to promote Outside Directors' understanding of the Company's business.



Inspection of the Saitama Factory's assembly plant



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# Corporate Governance

## Business Execution (Organizational Management)

To strengthen regional and on-site business execution and to make prompt and appropriate management decisions, Honda assigns Executive Officers and other business execution managers to each regional, business, and functional divisions and key organizational units, who are delegated authority by the Representative Executive Officers and are responsible for executing operations in their areas of responsibility.

## Director and Operating Officer Training

Honda provides training in the Companies Act, corporate governance, etc., to Operating Officers who are prospective Director candidates. After they assume their positions as Directors, the Company also provides them with training to continually update their knowledge as necessary. Honda provides training in industry trends, as well as the Company's history, business, finances, organizations, internal control system, and other matters to newly appointed Outside Directors. After they assume their positions as Directors, the Company also provides them with additional opportunities, including visits to subsidiaries, to deepen their understanding of the Honda Group's business.

# Tax Policy

The Honda Tax Policy prescribes the basic stance and idea 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 the conducting of its business in a stable and proper 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.

Honda Tax Policy → p. 88

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## 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 to encourage appropriate risk-taking and accurately reflect management responsibility to promote speedy reforms and thus achieve our vision amidst a rapidly changing environment.

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

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

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

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

The remuneration paid to Directors who concurrently serve as Directors and Executive Officers shall consist of monthly remuneration, STI, and LTI. The composition rate shall be determined based on the remuneration standards decided by the Compensation Committee. The composition ratio of variable compensation shall increase according to the responsibilities assumed by the individual.

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

To advance the Company's sustainable growth and enhance its corporate value over the medium-to long-term from shareholders' perspectives, even Directors and Executive Officers who are ineligible for LTI shall acquire the Company's stock by contributing a certain portion of their remuneration to the Officers Shareholding Association.

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

Please see Article 13 of "Honda Corporate Governance Basic Policies" for information on the policy for determining remuneration for Directors. (Please use the link below.)

**"Honda Corporate Governance Basic Policies"**  
<https://global.honda/investors/policy/governance.html>

**Total remuneration for Directors and Executive Officers** → p. 87

**Annual total remuneration and bonuses for the highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan)** → p. 87

**Rate of increase in annual total remuneration and bonuses of the highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan)** → p. 87

## Remuneration of Accounting Auditors

The Company undergoes accounting audits by KPMG AZSA LLC under 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). The duration of continuous auditing by KPMG AZSA LLC is 18 years, and it is the period during which KPMG AZSA LLC, the current auditor, has continuously audited the consolidated financial statements and financial statements included in the Company's Securities Report. In addition, KPMG, to which KPMG AZSA LLC belongs as a member firm, has been conducting audits of the Company for U.S. SEC registration purposes since 1962.

A total of 80 staff members at KPMG AZSA LLC have been engaged in the auditing services, including 3 certified public accountants (Masahiko Chino, Isao Kamizuka, and Takeshi Kamada), who are responsible for the execution of the accounting audits, and 77 assistant members (24 certified public accountants and 53 other members).

In deciding the remuneration for auditing services by the certified public accountants, etc., the Company consults with the Accounting Auditor and takes into consideration various factors, including the size and characteristics of the Company and the audit schedule. To maintain the independence of the Accounting Auditor, prior approval by the Audit Committee is obtained for the audit remuneration.

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## Honda Code of Conduct

To earn the trust of customers and society and achieve sustainable growth, we must not only comply with laws and regulations but also practice sincere and ethical conduct.

Recognizing this, Honda has formulated the Honda Code of Conduct, which summarizes the integrity of conduct to be practiced by all Honda associates around the world, and shares it throughout the Group, including subsidiaries in Japan and overseas.

The Company works to instill the Honda Code of Conduct in each and every associate through awareness-raising activities such as distribution of leaflets and posters, publication of in-house newsletters, distributing educational videos, and introducing case studies and other information on the intranet, as well as conducting training sessions. The status of these activities is regularly reported to the Compliance Committee after confirmation by each division and subsidiary of the Company.

Honda Code of Conduct <https://global.honda/about/codeofconduct.html>



Honda Code of Conduct



In-house newsletters

## Compliance Committee

To improve compliance in 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 determines important measures for the internal control system, including the formulation and revision of compliance policies, checks the status of the development and operation of the internal control system, supervises the proper operation of the Business Ethics Kaizen Proposal Line, and decides measures to prevent recurrences of serious compliance-related matters when they arise. When a particularly important compliance-related matter arises, it will be deliberated or reported at a meeting of the Executive Council or the Board of Directors, depending on the nature of the matter.

The Compliance Committee met five times (four regular meetings and one extraordinary meeting) in FY2023 to report on the status of development and operation of internal control systems as well as the operation status of the Business Ethics Kaizen Proposal Line, among other things. There were no major violations of laws or regulations in FY2023.



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## Business Ethics Kaizen Proposal Line

Honda established the Business Ethics Kaizen Proposal Line as a structure for improving corporate ethics issues. This hotline accepts proposals and provides consultation from a fair and neutral standpoint, for any violations of laws/regulations or internal rules in the workplace, and issues that are difficult for associates to remedy or resolve in the workplace for some reason, such as difficulties in consulting with their superiors.

Furthermore, in addition to cases of a clear violation of laws/regulations or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable cases have occurred and 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. This hotline ensures protection of the Kaizen proposers and accepts also anonymous proposals.

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 FY2023, 333 proposals and consultations were handled by the Business Ethics Kaizen Proposal Line (including points of contact outside the Company). Among these, 164 concerned the parent company, 160 concerned subsidiaries and 9 concerned other matters.

Following investigations of the proposals and consultations submitted, disciplinary action was taken in four cases in the parent company and six 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.

Honda strives to further reduce the risk of bribery and corruption by educating all associates on the bribery and corruption prevention through awareness-raising activities in accordance with the Honda Code of Conduct, and by providing training to personnel stationed overseas and newly appointed managers based on their positions and roles. Regarding its subsidiaries, Honda has launched training programs, matched to conditions in each company, aimed at raising awareness.



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# Initiatives for 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 rules for disclosure on conflict minerals adopted by the U.S. Securities and Exchange Commission (SEC) and mandated by the Dodd-Frank Wall Street Reform and the Consumer Protection Act (Dodd-Frank Act) require corporations to confirm that the purchase and use of conflict minerals from the Democratic Republic of the Congo and adjoining countries are not contributing to the funding of armed groups or the abuse of human rights in the region.

Honda aims to be 'conflict-free' by not using conflict minerals associated with illicit activities such as funding armed groups and human rights violations in conflict zones.

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.

To conduct the surveys, Japan Automobile Manufacturers Association, Inc. has created a manual for suppliers to help them complete the survey forms, as well as tools to tabulate the survey results.

Also, in collaboration with entities such 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 regularly implementing various working activities.

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).

Honda shares the Honda Supplier Sustainability Guidelines with its suppliers, which summarize what is expected of them regarding Sustainability activities, including how to deal with conflict minerals, and encourages procurement in line with the guidelines. Honda is encouraging its tier 1 suppliers to implement the same initiatives toward their sub-tier suppliers.

Since 2013, Honda has surveyed its suppliers worldwide concerning the use of conflict minerals. In FY2023, Honda received responses from over 7,000 suppliers. In addition to reporting the survey results to the SEC, the Company also makes them publicly available on its website. (Please use the link below.)

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

**Honda Supplier Sustainability Guidelines**

■ [https://global.honda/sustainability/cq\\_img/report/pdf/supply-chain/supplier-sustainability-guidelines.pdf](https://global.honda/sustainability/cq_img/report/pdf/supply-chain/supplier-sustainability-guidelines.pdf)

**From the IR Library website "Form SD/Conflict Minerals Report"**

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

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## 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 to drive the Company's sustainable growth and stabilize management based on the Honda Philosophy. The Policy targets all risks with the potential to impact operations on a global scale.

In implementing risk management activities, a company-wide Risk Management Officer, who is elected by the Board of Directors, plays a central role in creating a relevant framework and taking follow-up measures to ensure that the activities take root. Honda has established the Risk Management Committee to conduct deliberations on important matters related to risk management.

In addition, each organization in the Company has set up a risk management secretariat and established an independent risk management system in accordance with the basic policies of the regulations, thereby promoting risk management activities under its own responsibility.

As a key initiative, each organization undertakes risk assessment activities to identify, evaluate, and address risks using common methods.

Additionally, when a crisis occurs, the Company establishes a Global Emergency Headquarters proportionate to the anticipated magnitude of the crisis's impact to manage the crisis response.

## Risk Management Committee

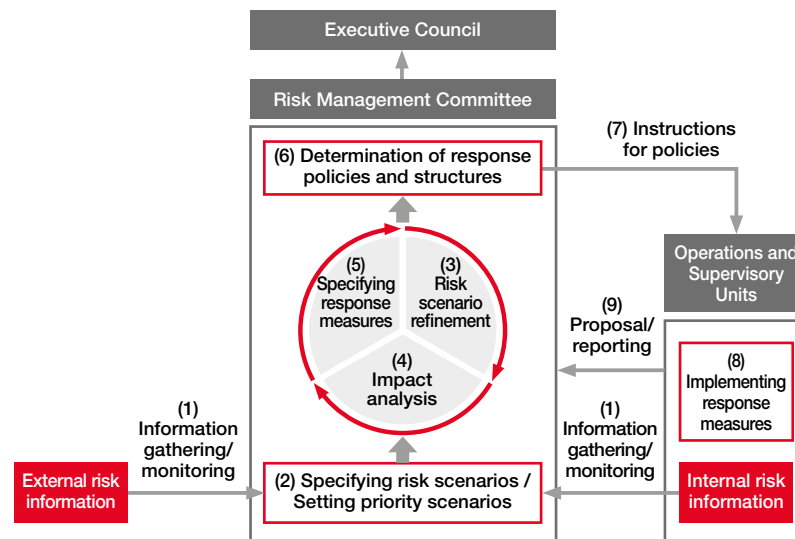
The business environment has undergone drastic changes in recent years in all business categories. Accordingly, the complexity and uncertainty of risks are rising, which requires effective risk management activities. Honda set up the Risk Management Committee chaired by a company-wide Risk Management Officer (RMO), to identify, discuss, and monitor important risks from a holistic perspective.

The Risk Management Committee not only identifies internal risks but also gathers and monitors information on external risk trends associated with changes in the external environment. The Committee uses internal and external information to ascertain specific risk scenarios and conduct impact analyses in relation to Honda's business strategies. Based on this objective risk analysis, management members engage in discussions to determine the response policies and structures for the company-wide risks that Honda should address that are consistent with its management strategies.

Of these, risks that are particularly important in terms of business strategy are designated as company-wide priority risks, and the status of response to these risks is regularly checked and discussed.

The discussions and monitoring activities of 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 Committee

In FY 2023, Honda also identified company-wide priority risks, which have been addressed mainly by the responsible departments. In the meantime, the status of progress have been confirmed and discussed by the Risk Management Committee.

## Company-wide priority risks

Company-wide priority risk items	Risk perspectives
Geopolitical risk	Stoppages or delays of business activities due to the strengthening of economic security policies and human rights laws and regulations, or the conflicts between nations or regional conflicts
Purchasing and procurement risk	Stoppages or delays of production activities due to difficulties in receiving parts supplies from suppliers or increases in the prices of raw materials and parts, etc.
Information security risk	Suspension of important operations/services due to cyberattacks and other incidents, leakage of confidential or personal information
Business Alliances and Joint Ventures Risk	Disagreements among partners regarding business, leakage of profit or technology, delays in decision-making
Environmental risk	Costs incurred in response to climate change regulations and fuel consumption and emissions regulations in various countries
Intellectual property risk	Infringement of Honda's intellectual property rights or payment of expensive compensation or licensing fees
Natural disaster risk	Stoppages or delays of business activities due to natural disasters (earthquakes, floods, etc.) or spread of infectious diseases
Financial and economic risk	Business impact from economic trends, economic fluctuations, or Currency fluctuations
Risk related to brand image	Business impact associated with damage to brand image

# Risk Assessment Activities

Honda globally carries out risk assessment activities.

The purpose of these activities is to foresee the potential risks to Honda's business and respond pre-emptively to minimize these risks.

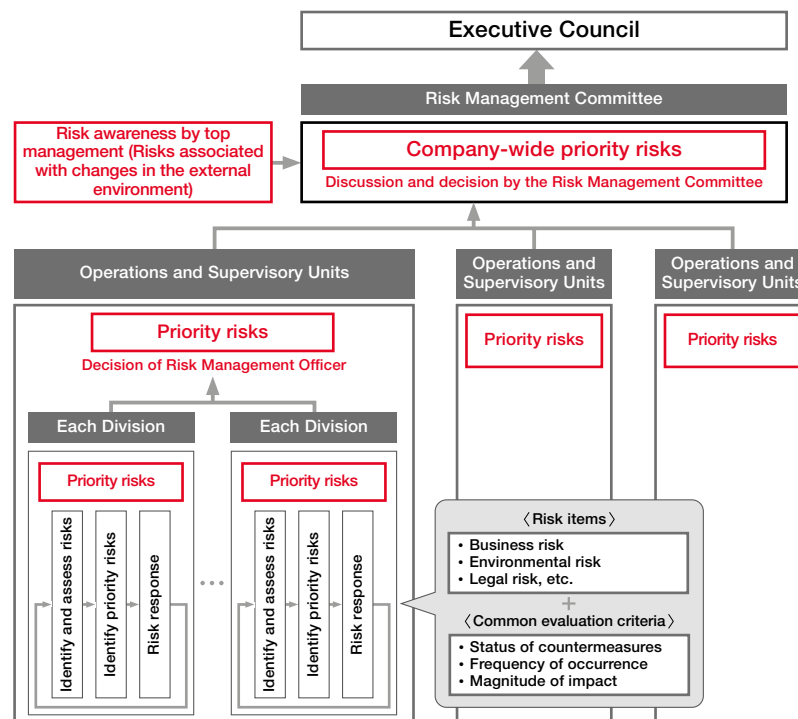
Each department performs an annual risk evaluation using the Group's common risk items and evaluation criteria to identify the divisional priority risks.

Each of the Operations and Supervisory Units carries out repeated discussions based on the results of the risk assessments of each department. They then identify and respond to priority risks of the Operations and Supervisory Units based on the judgment of Risk Management Officer of the Operations and Supervisory Units.

Additionally, the status of priority risks of the Operations and Supervisory Units based on the risk awareness of the Operations and Supervisory Units is reported to the Risk Management Committee. Internal and external risk trends are then considered in order to identify and respond to company-wide priority risks.

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

## Risk Assessment Activity Structure



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# Crisis Response

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

When a crisis occurs, the Company establishes a Global Emergency Headquarters proportionate to the anticipated magnitude of the crisis's impact to manage the crisis response. In this way, Honda creates a structure to prevent the crisis from spreading and to quickly bring the situation under control.

Through its initiatives and experience, Honda's Global Emergency Headquarters is working to strengthen its functions to better cope with future events.

Honda regularly holds Emergency Headquarters drills to verify its crisis response capabilities. Honda has held drills to simulate responses to an earthquake directly under the Tokyo metropolitan area and the Nankai Trough earthquake. The Company has also reaffirmed (confirming cooperation between groups) how to respond to a crisis occurring at multiple bases, as well as basic actions in its crisis response.

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

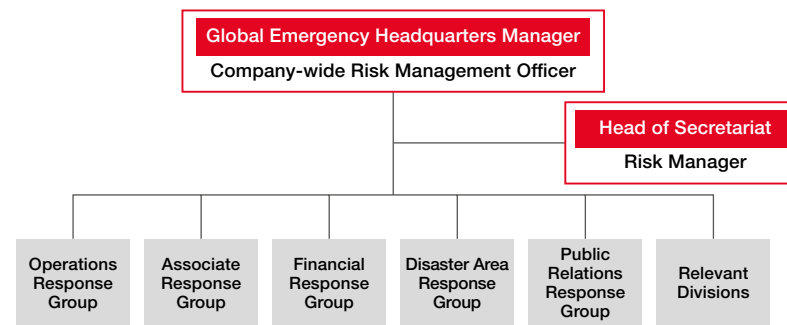
As a recent example of its crisis response, to counter COVID-19, Honda launched a Global Emergency Headquarters. The Company promotes company-wide, cross-sectional responses and strengthens functions by reflecting on these responses.

In terms of COVID-19 status, the resumption of socio-economic activities is accelerating and the normalization of production, development, purchasing, sales, and other business activities is also underway at Honda.

Going forward, Honda will continue to strengthen our business foundation in areas such as production, development, procurement, and sales. In the event of a resurgence of infections, we will prioritize the safety of stakeholders including our customers, business partners, and associates, and take measures to minimize the negative impact on our business and performance from a business continuity perspective.

Additionally, Honda is actively promoting company-wide, cross-sectional measures in collaboration with our suppliers to minimize the impact of the semiconductor supply issue.

## Global Emergency Headquarters Structure



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# Information Management

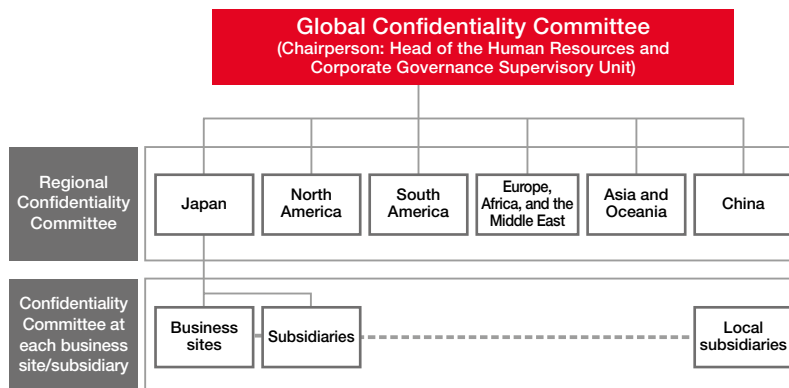
To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy and the Global IT Security Policy, the scope of which extends to Group subsidiaries. These policies stipulate the adoption of a systematic response structure, the use of compliance items when handling confidential information and personal information, and the implementation of security standards for information systems and networks. They also specify the line of reporting in the event of an information leak.

As part of its efforts to effectively implement these policies, Honda has 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 its activities to ensure information security against cyberattacks, which are becoming increasingly sophisticated and complex, the Company performs daily monitoring 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 prioritizing the protection of customer information as its social responsibility. To ensure the proper handling of customer information, Honda has formulated the Global Privacy Policy, which covers Group subsidiaries. The policy prescribes matters that must be universally complied with by subsidiaries worldwide, as well as an implementation structure, and is operated accordingly.

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

Honda has built a structure for collaboration between the Global Confidentiality Committee and each Regional Confidentiality Committee to respond to national personal information protection regulations, which are being established at an accelerating pace. The Company is steadily formulating comprehensive responses to regulations while closely monitoring trends.

Additionally, Honda utilizes data to help solve 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. It has also established the Board for Judging Data Utilization Risks with the Head of the Intellectual Property and Legal Supervisory Unit serving as the decision-making authority. Honda deliberates on the risk response status concerning data collection, data storage management, and data utilization and decides whether to implement relevant measures.

Honda is putting into place structures that will respond quickly to an information leak or request for the disclosure of personal information in accordance with the laws and regulations of the relevant country. In FY2023, there were no major losses or leaks of personal information or serious complaints about customer privacy.



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# Information Management

## Product Cybersecurity

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

Moreover, Honda obtains information independently, including information on relevant laws and specifications, as well as industry standards. By using this information in its response to security issues, Honda is proactively taking steps to promote the safety and security of its products.

Additionally, Honda reorganized the Cybersecurity Committee to further accelerate decision-making and execution across all related departments, including strengthening cooperation between management. Through the Committee's activities, the Company will continue to ensure the safety and security of the products it provides to customers.

5

Performance  
Data



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# Environmental Data

## Scope of Coverage

### Organizations Covered

Honda Motor Co., Ltd. and its 397 group companies in and outside of Japan (comprising 327 consolidated subsidiaries and 70 affiliated companies accounted for by the equity method). The number of companies is as of the end of December 2022.

### Period Covered

FY2023 (April 1, 2022 – March 31, 2023)

## List of Targets

Target Items	Targets for 2030	Targets for 2050
Reduction rate of total CO <sub>2</sub> emissions from corporate activities (compared to FY2020)	46%	
		CO <sub>2</sub> emissions, net zero
Motorcycles	15%	
Automobiles	30%	
Sales ratio of electrified products		
		CO <sub>2</sub> emissions, net zero
Power products	36%	
Motorcycles	34.0%	
Reduction rate of CO <sub>2</sub> emissions intensity of product use (compared to FY2020)		
		Zero industrial water intake and industrial waste
Automobiles	27.2%	
Power products	28.2%	
Reduction rate of total water intake in corporate activities (compared to BAU)	14.5%	
Reduction rate of total waste generation in corporate activities (compared to BAU)	14.5%	
Product resource circulation	(Set internal milestones)	100% use of sustainable materials

5 Performance Data

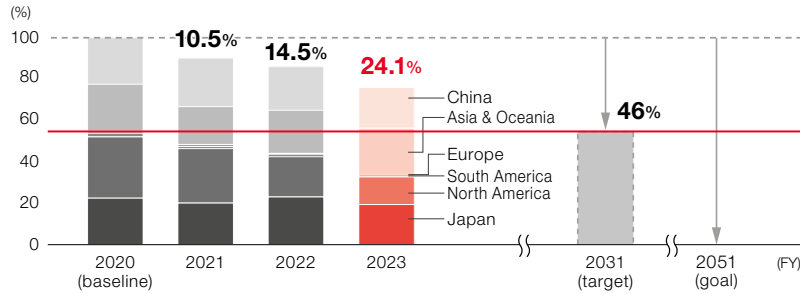
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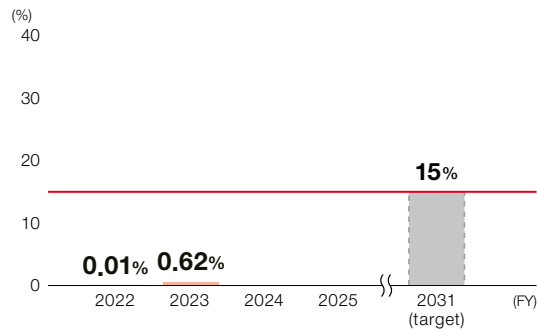
# Environmental Data

Reduction rate of total CO<sub>2</sub> emissions from corporate activities (compared to FY2020)

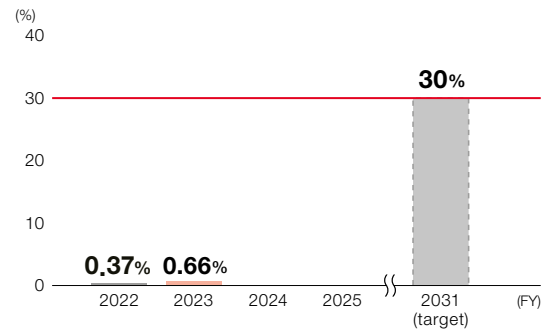


Sales ratio of electrified products

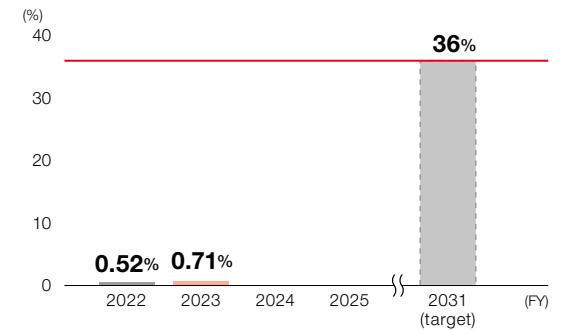
### Motorcycles



### Automobiles

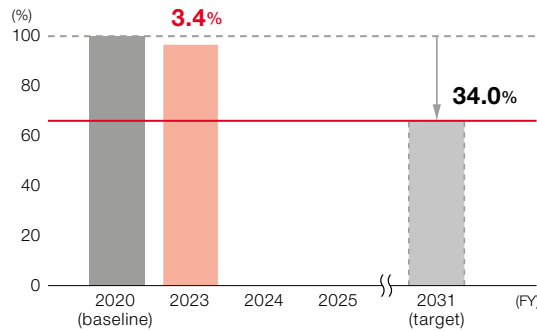


### Power products

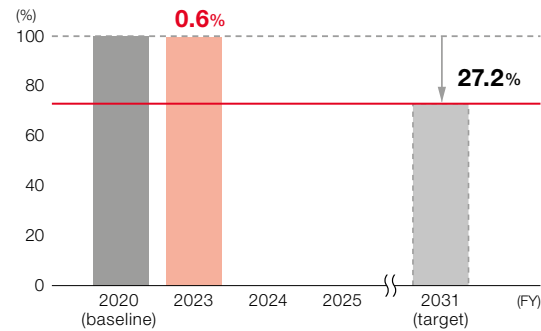


Reduction rate of CO<sub>2</sub> emissions intensity of product use (compared to FY2020)

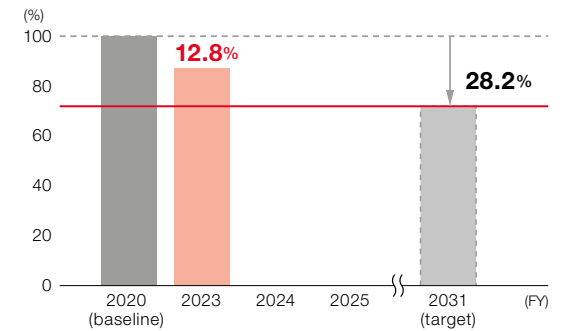
### Motorcycles



### Automobiles



### Power products



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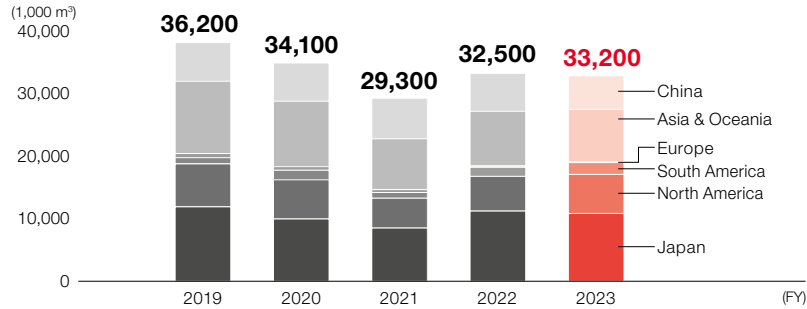
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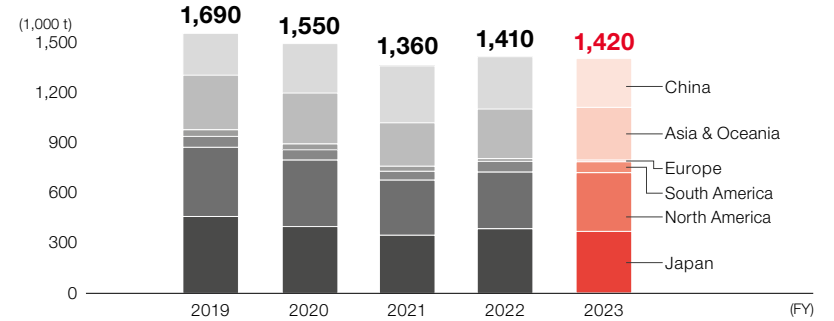
# Environmental Data

## Amount of water intake



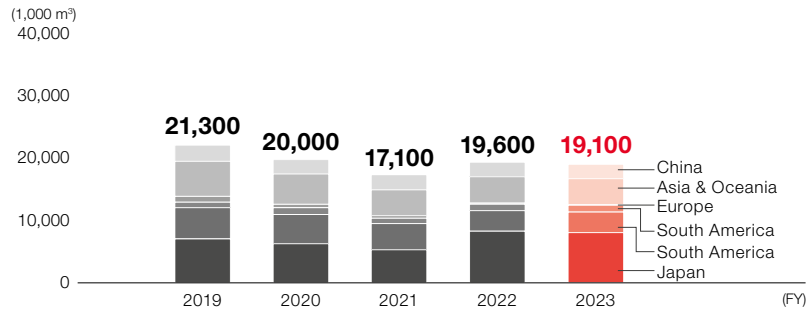
Calculation method: Amount of water intake =  $\Sigma$  (Purchased from the water facilities + Groundwater intake + Rainwater utilization amount + Surface such as rivers water intake)  
 • Expressed in three significant digits

## Waste generated



Calculation method: Emissions amount =  $\Sigma$  (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

## Wastewater volume



Calculation method: Volume amount =  $\Sigma$  (Wastewater processed by other companies + Discharge directly into public waters)  
 • Figures include some estimated values.  
 • Expressed in three significant digits

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# Environmental Data

## Honda GHG Emissions in FY2023

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 the GHG emissions from its entire value chain and is making improvements to obtain more accurate emissions readings. 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 the calculation methods.

In due consideration of the actual results of FY2022, the scope of calculation 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.

The calculations for FY2023 show that GHG emissions from Honda business activities were 3.82 million t- CO<sub>2</sub>e, and total emissions from the value chain, including other indirect emissions, were 288.23 million t- CO<sub>2</sub>e. Honda will continue to monitor and manage data and utilize this information in the actual implementation of emissions reduction measures.

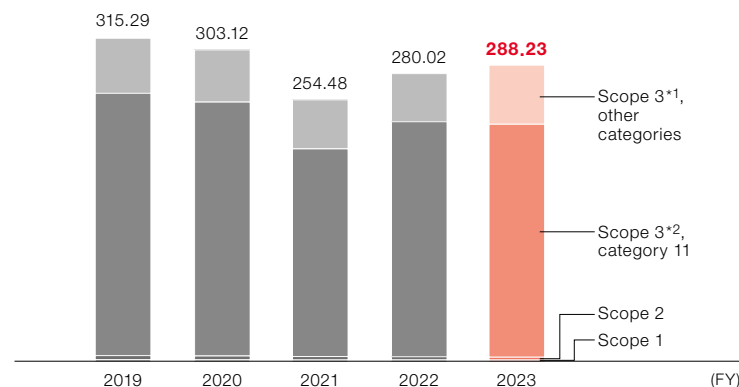
\*1 The Greenhouse Gas Protocol: developed under the initiative of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI)

\*2 The calculation conditions for other categories (category 1) of Scope 3 have been partially changed.

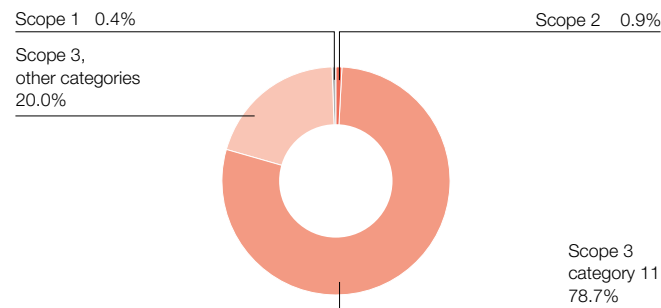
\*3 For category 11 of Scope 3, the data is calculated using the IEA SMP Model until FY2021, and using the IEA Mobility Model (MoMo) from FY2022. Some of the calculation conditions have been changed since FY2023.

### Total GHG emissions

(million t-CO<sub>2</sub>e)



### Breakdown of total FY2023 GHG emissions



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# Environmental Data

## Total GHG emissions

		FY2020	FY2021	FY2022	(million t-CO <sub>2</sub> e) FY2023		
GHG emissions from the entire Honda value chain		(Scopes 1, 2 and 3)	303.12	254.48	280.02	288.23	
Breakdown	Direct emissions from business activities	(Scope 1)	1.24	1.12	1.16	1.09	☑
	Indirect emissions from energy use	(Scope 2)	3.79	3.38	3.14	2.73	☑
	Emissions from Honda business activities	(Total of Scopes 1 and 2)	5.03	4.50	4.30	3.82	☑
	Emissions from customer use of sold products	(Scope 3, category 11)	247.25	202.21	228.87	226.86	☑
	Other emissions	(Scope 3, other categories)	50.84	47.77	46.85	57.55	
	Other indirect emissions	(Total of Scope 3)	298.09	249.98	275.72	284.41	

- 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). 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). Honda adopts to the GHG Protocol's standard market-based method. In Japan, Honda uses adjusted emission factors by electric utility 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: CO<sub>2</sub> emissions intensity x Annual distance traveled or Annual usage in hours x Product lifetime in years x Annual unit sales.
  - CO<sub>2</sub> 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.
  - CO<sub>2</sub> 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.

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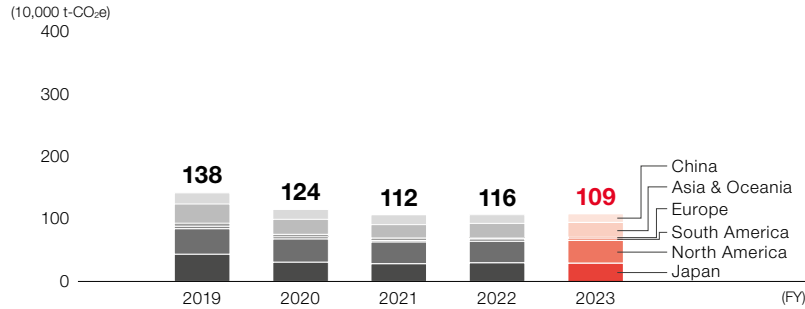
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# Environmental Data

## GHG emissions

### Direct emissions (Scope 1)



Calculation method: Emissions amount = [Volume of fuel usage x CO<sub>2</sub> emission factor] + CO<sub>2</sub> emissions from non-energy sources + [Volume of non-CO<sub>2</sub> GHG emissions x Global warming factors]

Emission factors

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

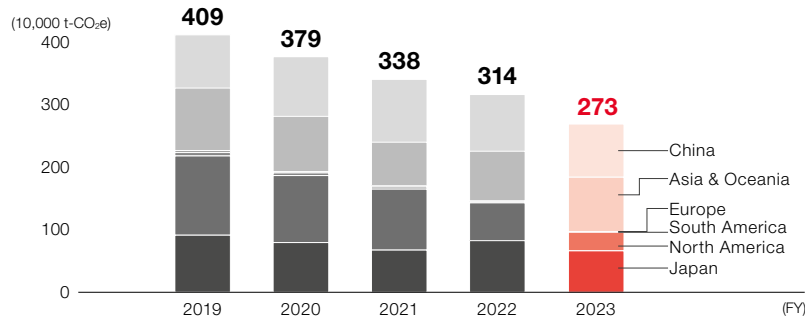
Regions outside of Japan: Emission factors from 2006 IPCC Guidelines for National GHG Inventories Figures for global warming potential coefficient : The IPCC's Fourth Assessment Report (2007)

• 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)



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

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

Emission factor:

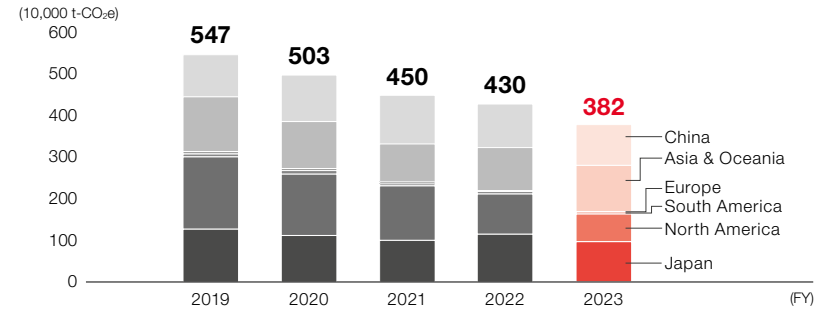
Japan: Electricity utilities emission factors based on the Act on Promotion of Global Warming Countermeasures

Regions outside of Japan: Adjusted emission factors by electric utility 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

### Total GHG emissions (Scopes 1 and 2)



Calculation method: Total GHG emissions (Scope 1 and 2) = Direct GHG emissions + Indirect GHG emissions

• Expressed in three significant digits

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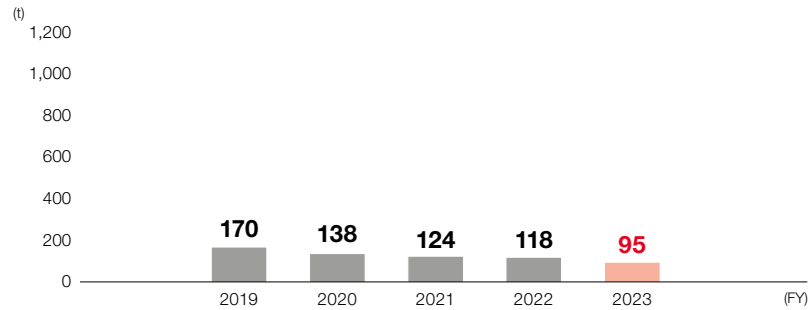
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# Environmental Data

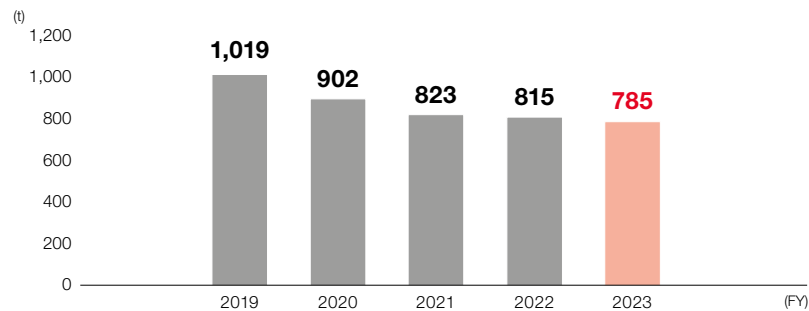
## Atmospheric pollutants

### SOx emissions



Calculation method: Emissions amount =  $\Sigma$  (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



Calculation method: Emissions amount =  $\Sigma$  (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).

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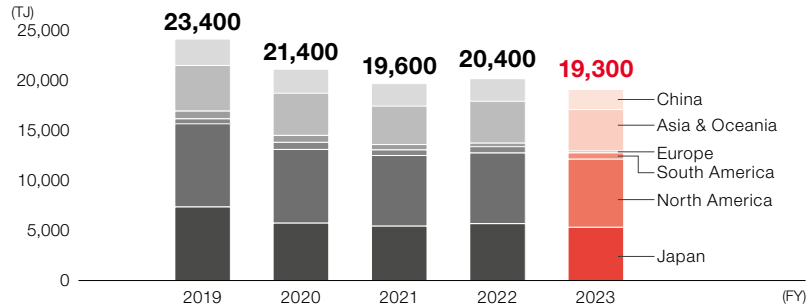
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# Environmental Data

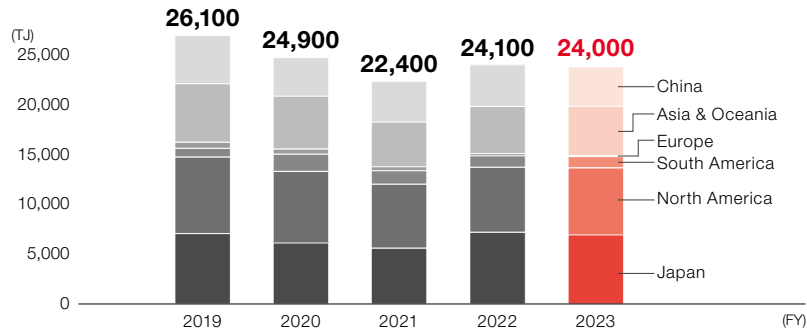
## Energy consumption

Direct energy consumption



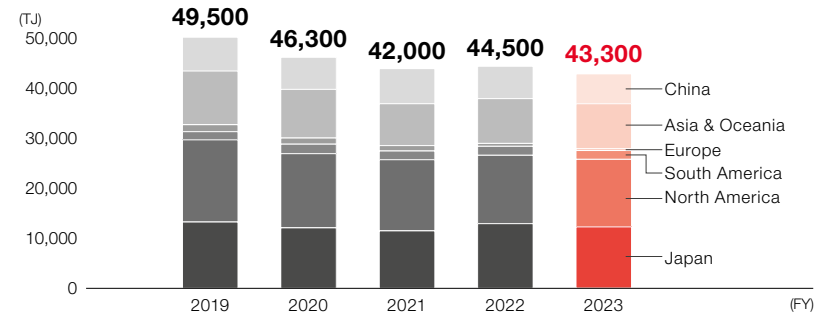
Calculation method: Consumption amount =  $\Sigma$  (Fuel consumption x unit calorific value)  
 Unit calorific value:  
 Japan: Unit calorific value from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures  
 Regions outside of Japan: Derived from 2006 IPCC 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  $10^{12}$ .  
 • Expressed in three significant digits

Indirect energy consumption



Calculation method: Consumption amount =  $\Sigma$  (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

Total energy consumption



Calculation method: Total energy consumption = Direct energy consumption + Indirect energy consumption  
 • Expressed in three significant digits



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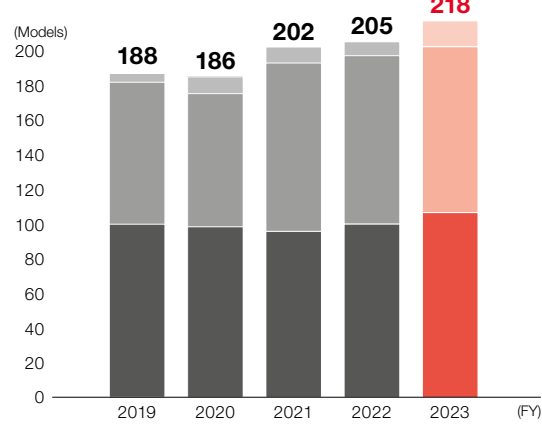
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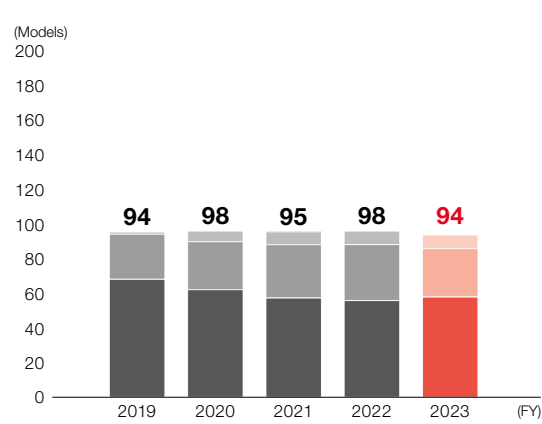
# Environmental Data

## Global Number of HEPS-compliant models

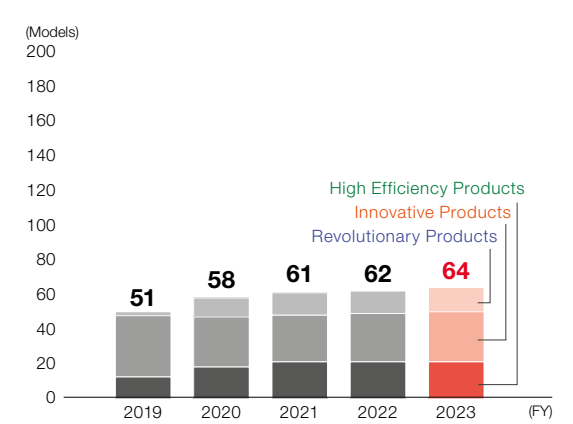
### Motorcycles



### Automobiles



### Power Products



\* Corrected retroactively due to recounting

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## Environmental Data

### Cost of environmental conservation activities and investments

FY2023 (millions of yen)

Category		Major activities and investments	Investments	Expenditures
Business area costs	Pollution prevention costs	■ Air, water, and soil pollution prevention	83	204
	Global environmental conservation costs	■ Global warming mitigation, ozone depletion prevention and other conservation activities	1,183	411
	Recycling costs	■ Waste processing, treatment, reduction, elimination and recycling	72	524
Upstream/downstream costs		■ Collection, recycling, resale and proper disposal of products manufactured and sold ■ Industry organization and other membership fees	0	684
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)	18	2,033
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)	15,828	271,200
Social contribution activity 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	168
Environmental damage costs		■ Remediation of polluted soil	0	1
Total			17,185	275,225

- Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd. and Honda Access Corporation
- 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)

FY2023 (millions of yen)

Income from sale of valuable waste materials		8,687
Cost reductions from saved energy	Installed technologies	90
	Behavioral changes, etc.	80
Total		8,857

- Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd. and Honda Access Corporation
- Some figures are estimated values.
- Guidelines, guidebooks and other environmental accounting publications by Japan's Ministry of the Environment were used as references.

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# Social Data

## Honda Human Rights Policy

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

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

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

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

1. Commitment to the “respect for human rights”

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

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

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

2. Scope of responsibility

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

3. Governance

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

4. Human rights due diligence

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

5. Remedy

We commit to take appropriate measures to remediate any adverse impact on human rights which Honda clearly caused or contributed to. In addition, we will work to establish a practical grievance mechanism to enable appropriate remedies.

6. Engagement with stakeholders

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

7. Education

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

8. Information disclosure

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

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

Established: June 1, 2022  
Revised: June 1, 2023

Toshihiro Mibe  
Honda Motor Co., Ltd.  
Director, President and Representative Executive Officer, Chief Executive Officer

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# Social Data

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

Honda proactively addresses human rights issues, including those listed below, in order to respect the human rights of all people with whom we engage through our business activities. The human rights issues included in this appendix will be reviewed periodically based on changes in societal demand, including legal requirements, and in our businesses.

(1) Prohibiting forced labor and child labor

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

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

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

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

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

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

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

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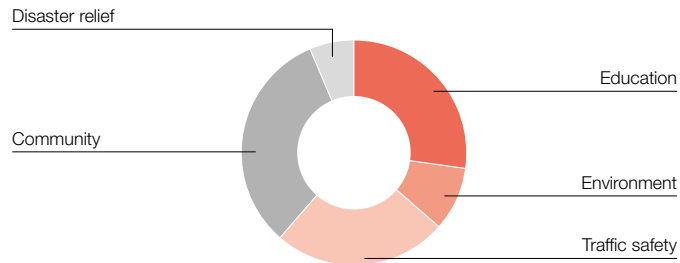
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# Social Data

## Social Contribution Activities Data

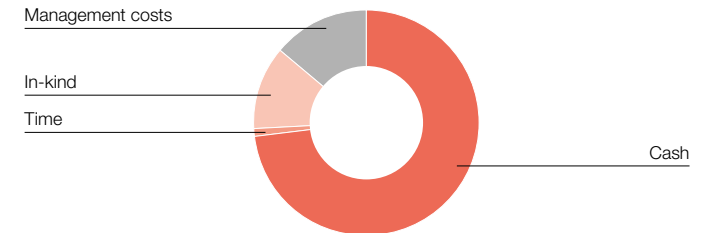
### Expenditure related to social contribution activities (FY2023)

	Expenditure (million yen)
Education	2,051
Environment	693
Traffic safety	1,888
Community	2,425
Disaster relief	469
Total	7,527



### Breakdown by form of contribution (FY2023)

	Expenditure (million yen)
Cash	5,510
Time	90
In-kind	892
Management costs	1,036
Total	7,527



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## Governance Data

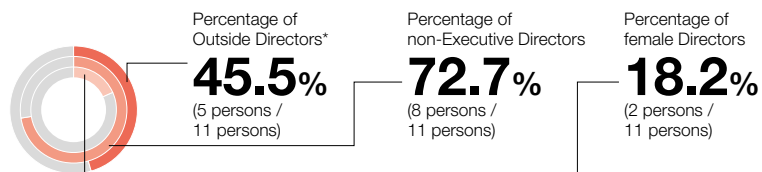
### Overview of corporate governance (as of June 21, 2023)

#### Form of organization

Company with Three Committees

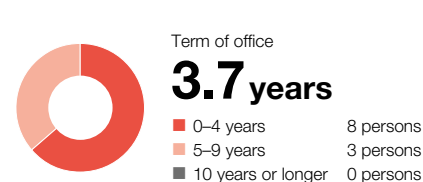
#### Board of Directors

##### Composition of members

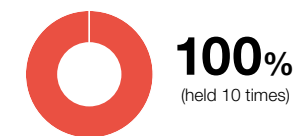


\* All five Outside Directors currently in office are Independent Directors who satisfy the Company's Criteria for Independence of Outside Directors.

##### Term of office

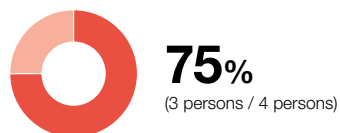


##### Attendance rate (FY2023)

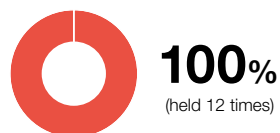


#### Nominating Committee

##### Ratio of outside directors



##### Attendance rate (FY2023)

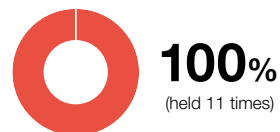


#### Audit Committee

##### Ratio of outside directors

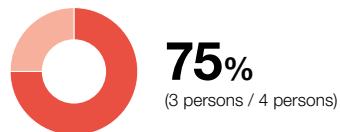


##### Attendance rate (FY2023)

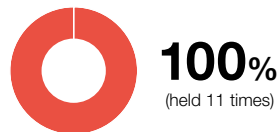


#### Compensation Committee

##### Ratio of outside directors



##### Attendance rate (FY2023)



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## Governance Data

### Total amount of remuneration by category

Category of Directors	Total amount of remuneration (millions of yen)	Total amount by type of remunerations (millions of yen)			Number of eligible Directors (Number of persons)
		Basic remuneration	Performance-linked remuneration		
			STI (Short Term Incentive)	LTI (Long Term Incentive)	
Directors (excluding Outside Directors)	291	288	0	3	4
Outside Directors	90	90	0	0	5
Executive Officers	794	282	229	283	6
<b>Total</b>	<b>1,175</b>	<b>660</b>	<b>229</b>	<b>286</b>	<b>15</b>

- 'Directors' in the table above does not include the three Directors who concurrently serve as Executive Officers
- These amounts indicate remuneration paid to Directors during the fiscal year. The above includes the amount paid to one Director who retired at the closing of the 98th Ordinary General Meeting of Shareholders held on June 22, 2022, and the amount paid to one Executive Officer who retired as of May 31, 2022.
- The amount of STI for Executive Officers was determined by the Compensation Committee held on June 15, 2023.
- The total amount of LTI is the expenses recorded for stock delivery points granted during the fiscal year in relation to the Directors' remuneration BIP (Board Incentive Plan) trust and falls under non-monetary remuneration.

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

Annual total remuneration and bonuses of highest-paid individual President and Representative Executive Officer, Chief Executive Officer (millions of yen)	348
Ratio to median annual total remuneration for all associates (%)	4,163

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

Rate of increase in annual total remuneration and bonuses of highest-paid individual President and Representative Executive Officer, Chief Executive Officer (%)	78
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# Governance Data

## Honda Tax Policy

### Honda Tax Policy

**1. Purpose of the 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.

The tax systems of each country and region and international taxation rules are frequently changed. In this environment, to ensure the proper conduction of its business in a stable manner, Honda carries out accurate and high-quality tax affairs and responds to the 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 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 society wants to exist. In the same manner, Honda shall establish governance on taxation based on this concept, framework and management policy.

The establishment and amendment of this policy shall be subject to the approval of the director in charge of accounting and finance supervision.



# Honda European Environmental Report 2023



**HONDA**

# Introduction

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President of Honda Motor Europe  
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**Katsuhisa Okuda,**  
**Managing Operating Officer of Honda Motor**  
**and President of Honda Motor Europe**

Honda is committed to realising carbon neutrality for all our products and corporate activities globally by 2050, and here in Europe we have taken significant steps towards achieving this objective over the past financial year – including the broadening of our automobile range, which became fully electrified following the launch of the 11th generation Civic.

Now, as we look to build out the multi-pathway approach we offer our customers as they transition from ICE to electric, we have introduced three new models.

The all-new hybrid ZR-V, which brings the dynamic performance of the latest Civic to a mid-size SUV, and the sixth generation CR-V, available in both e:HEV and e:PHEV variants as Honda’s first plug-in hybrid powertrain for Europe. These are joined by the all-electric e:Ny1, our second battery electric vehicle in the region and an important next step towards our goal of launching 30 new EV models globally by 2030.

This theme of electrification continues with our two-wheel products, supporting access to affordable low-emission mobility and improving air quality and congestion in cities – the first example of which is the arrival of our all-electric scooter, the EM1 e. We will continue to invest and develop related products in this area to support the transition to electric, including swappable batteries such as the Honda Mobile Power Pack e, as we work towards achieving our global aim of launching at least 10 electric motorcycles by 2025.

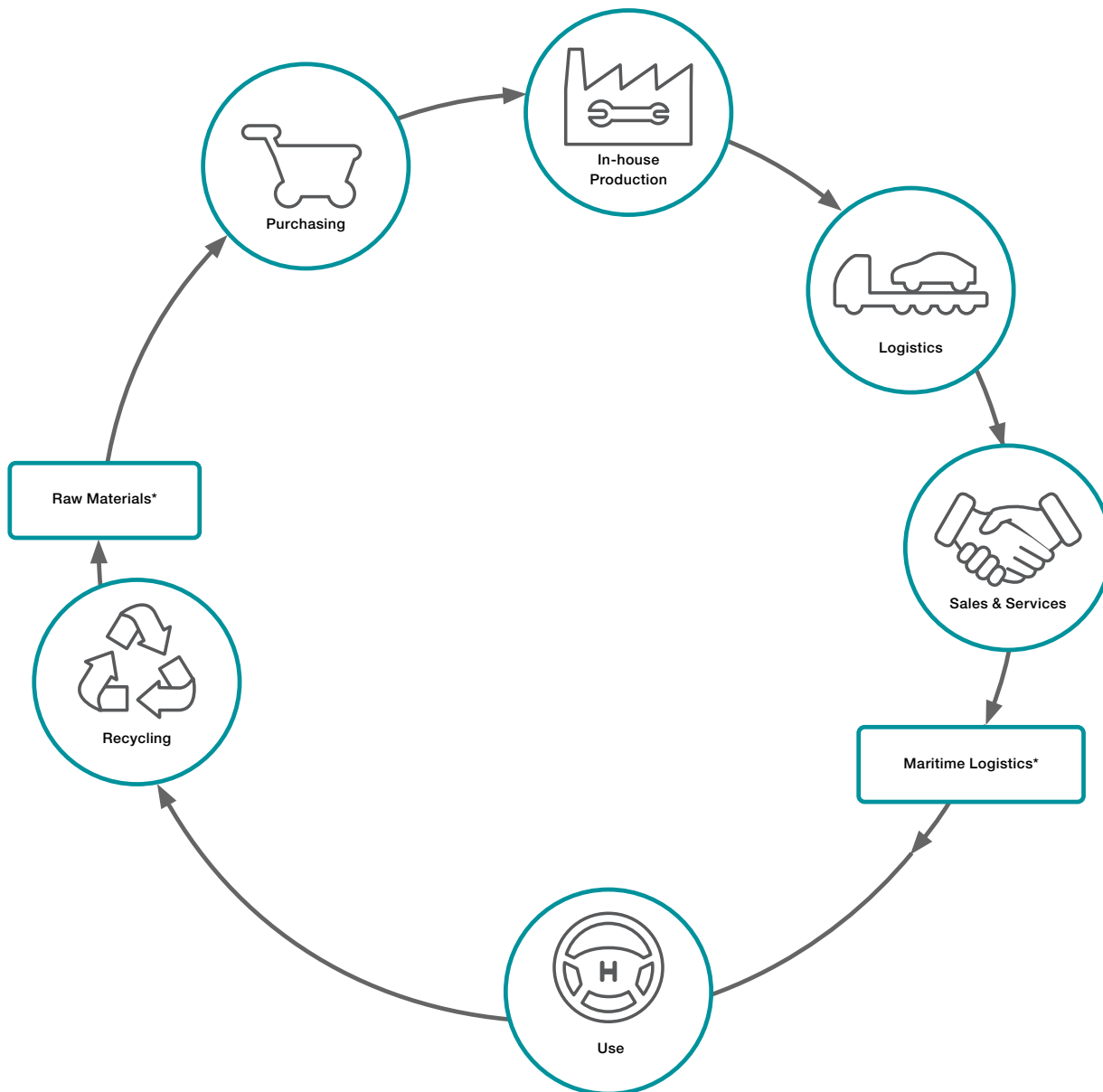
In addition, Honda is investing heavily in a range of technologies focused on reducing our emissions, including solid-state batteries, carbon neutral fuels and hydrogen fuel cells. Here in Europe, we are also building out our energy services business, the focus of which is the expansion of e:PROGRESS – our smart electric vehicle charging service. Already running successfully in the UK, offering customers average annual savings of £500, this will soon be offered to customers across Europe and to owners of non-Honda vehicles.

This is supported by several active research and development projects in the energy sector, including a vehicle-to-grid pilot in Germany demonstrating the role electric vehicles can play in providing grid stability as part of a wider charging eco-system. While, over the past year, we have also seen further expansion of our Energy Research Programme based at Honda R&D Europe in Germany, with the recent addition of a green hydrogen production facility.

As we continue to increase the focus we place on sustainability activities globally, it is clear what an important role the European region can play in the pursuit of our targets.

In closing, I would therefore like to acknowledge the commitment of all Honda Motor Europe associates, suppliers and stakeholders in supporting these efforts over the past year. It is your hard work and dedication that is seeing us progress with increasing pace towards meeting our environmental and sustainability targets.

# 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 CO<sub>2</sub> emissions generated through usage.

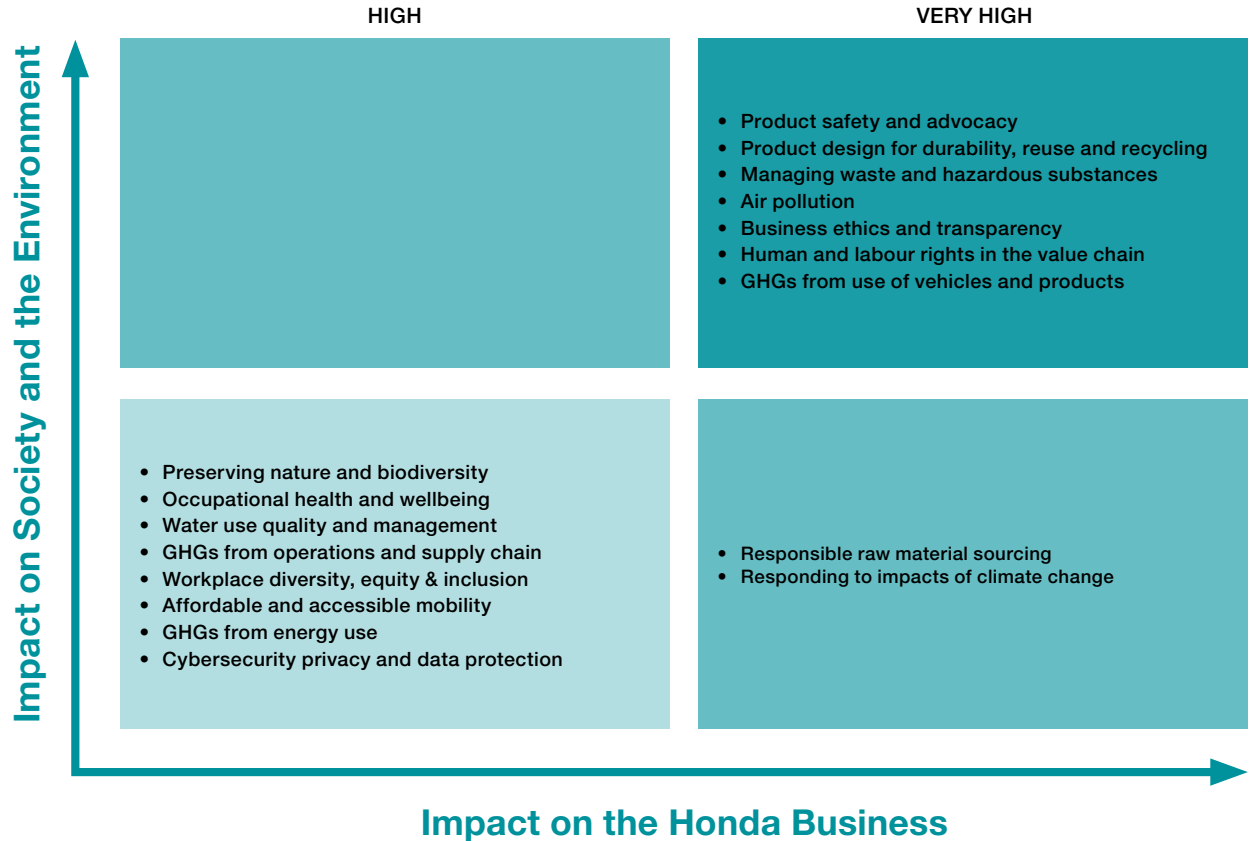
The life cycle assessment (LCA) approach is very important to Honda, hence the use of this image throughout the regional data within the report. The aspects of the life cycle marked with \* are not in the scope of this report.

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.



# Materiality



Honda Motor Europe (HME) is committed to responsible operations, taking into consideration the impact of our business on the environment and society, as well as ensuring that we operate as a company that society wants to exist.

In line with this commitment, HME has further developed its sustainability strategy by employing a 'double materiality' approach to examining key issues and the impact its activities have on both the environment and society, and its own business.

Double materiality is an approach that recognises the reciprocal relationship between the external environment and Honda's business in Europe. It acknowledges the importance of addressing both the external impacts of the business' activities on society and the environment, as well as the potential risks and opportunities of external trends and developments.

A multi-phased mixed-method approach – comprised of desk research and internal and external stakeholder surveys and interviews – was taken to ensure that there was adequate depth and range to the insights gained from the process.

The materiality assessment identified a wide range of key environmental, social, and governance (ESG) issues that are important for HME. Environmental assessment was a priority, with product design being the most impactful and quickest growth area. Other key environmental growth areas included climate change, greenhouse gas (GHG) emissions, air pollution and waste management.

Product design for durability, reuse and recycling is another area of focus that is predicted to grow in importance. This also encompasses the potential for minimising resource use, better waste management and developing circular products.

HME is considering insights and recommendations from the materiality assessment and will continue to communicate on these material issues and their position within the regional sustainability strategy.

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## Products

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# HEPS

## Responses to Climate Change and Energy Issues

### Three initiatives to achieve environmental performance targets

'Use of products' accounts for approximately 80% of the CO<sub>2</sub> emissions from Honda's entire product lifecycle. As such, the business is working to reduce these levels during the manufacture and operation of its products, thereby establishing them as increasingly environmentally friendly with consumers.

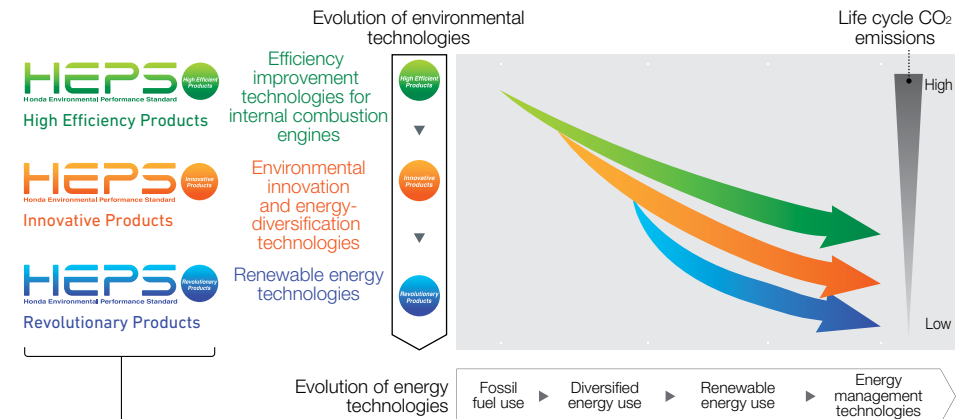
To date, Honda has carried out the following three initiatives to reduce greenhouse gas emissions, most notably CO<sub>2</sub> emissions, while expanding production and sales globally:

- 1 Reducing CO<sub>2</sub> emissions from its internal combustion engines through efficiency improvements
- 2 Innovating and introducing more environmentally friendly technologies and diversified energy sources
- 3 Increasing the use of renewable energy and total energy management

By implementing these initiatives in phases, Honda is steadily reducing its CO<sub>2</sub> emissions in accordance with the Honda Environmental Performance Standard (HEPS), which outlines a series of unique and advanced product guidelines first formulated in 2011.

Off the 19 products launched to the European market in FY2023, seven motorcycle, one automobile and 11 power product models received HEPS certification. Cumulatively, this brings the number of compliant products to 28 motorcycle, 10 automobile, and 41 power product models.

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



#### • High Efficiency Products

Products that lower CO<sub>2</sub> 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 CO<sub>2</sub> emissions during use compared to preceding models.

#### • Innovative Products

Products that lower CO<sub>2</sub> 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 CO<sub>2</sub> emissions during use as compared to preceding models.

#### • Revolutionary Products

Products that aim to achieve zero CO<sub>2</sub> emissions by harnessing renewable energies or facilitating total energy management. This category includes products that incorporate electromotive technologies or those which utilise renewable energy.

# HEPS

## HEPS-Compliant Products in the European Market

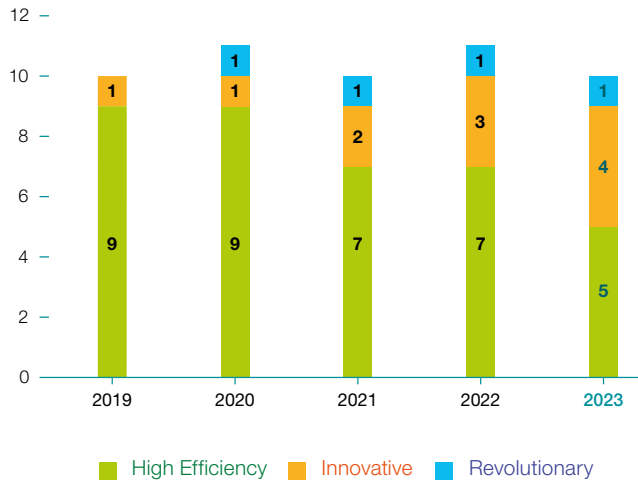
Based on the HEPS definition, 79 Honda products now come under at least one of these categories in Europe – an increase of one from the last report.

This is due to several developments, including the start of Civic e:HEV automobile sales in Europe and the introduction of the next generation Miimo robotic lawnmower.

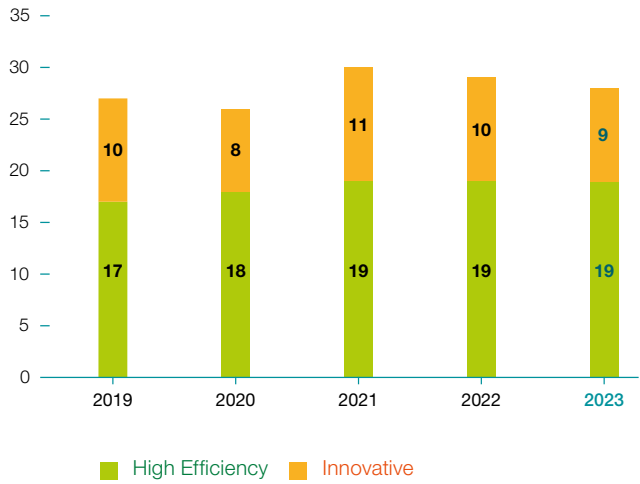
Additionally, Honda has equipped its range of 700cc motorcycles with innovative new engines and added a new highly-efficient commuting scooter model, the NSC-110-WH Vision. Examples of Honda’s HEPS-compliant products currently in the European market can be found on the next page.\*

\* Not all models listed are commercially available in Europe

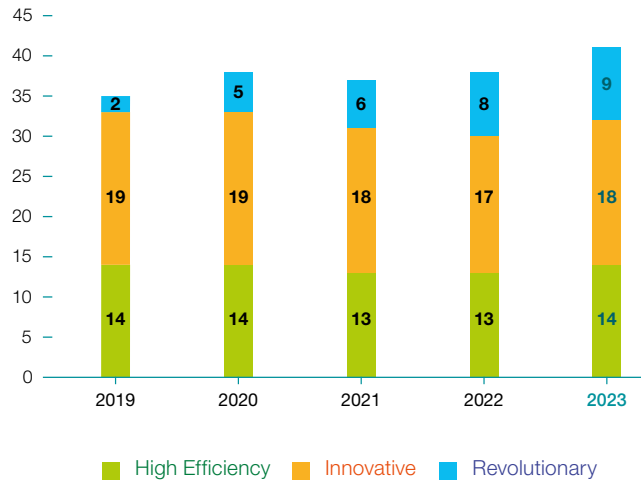
Car Models per HEPS Category



Motorcycle Models per HEPS Category



Power Product Models per HEPS Category







# HEPS

## EU HEPS Models 2022



Products with a more efficient internal combustion engine that emits less CO<sub>2</sub>



NSX



Jazz



NSC110-WH Vision



NT 1100



GX390



HSS655c



Innovative environmental technologies or unconventional energy source that emit less CO<sub>2</sub>



ADV 350



CRF110F



Civic e:HEV



BF250



EU32i



Products designed to reduce or eliminate CO<sub>2</sub> emissions by harnessing renewable energies or facilitating energy management



Honda e



HHH36



eGX



HRE370



HRM3000

# Cars

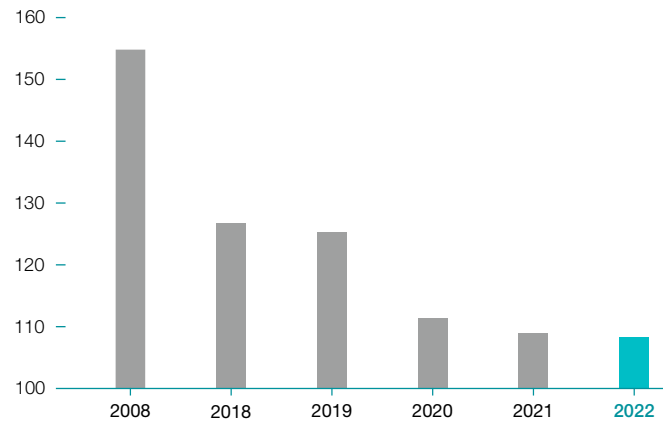
## Average CO<sub>2</sub> emissions

Across Honda's European automobile range, CO<sub>2</sub> emissions fell by 30% during FY2023 compared to the base year.

This was thanks to the company's shift to a fully-electrified model line-up, including the launch of the all-new Civic e:HEV.

Honda's European automobile sales were exclusively electrified models in FY2023, as the company continues to meet increasing customer demand for fuel-efficient vehicles and in preparation for new emissions regulations that will soon be implemented in the region.

CO<sub>2</sub> in g/km



## e:Ny1

Honda's second all-electric vehicle for Europe, the e:Ny1, offers trademark dynamics, responsive driving and premium levels of ride comfort - following the success of the award-winning Honda e city car.

It is built on Honda's newly developed e:N Architecture F, a front-motor-driven platform focused on three fundamental attributes: a dedicated high rigidity body structure, a low centre of gravity, and carefully managed under-floor aerodynamics, to ensure the SUV delivers a fun and confidence-inspiring drive.

In addition, the platform incorporates a high-performance, lightweight three-in-one integrated power drive unit, electric motor and gearbox. This generates a maximum output of 150kW, 310Nm of torque and is engineered to provide smooth and comfortable acceleration and deceleration. Under the floor sits a high-capacity lithium-ion battery that delivers up to 412 km (WLTP) of range and DC fast-charging capability that can go from 10 to 80% in just 45 minutes.

Developed to offer a better charging experience, the e:Ny1 features a status indicator that makes it easier for drivers to check on progress from a distance. The horizontal strip under the bonnet line illuminates and gently pulses from the left and right when charging is in progress to create a 'digital heartbeat', and once complete, the strip stays illuminated to indicate that the battery is fully charged. In addition, it flashes red if a charging error is detected, and when charging is complete and the cable is removed, the car 'winks' goodbye.



# Cars

## ZR-V

The Honda ZR-V combines sophisticated styling, a high-quality interior, and an exciting yet comfortable drive to bridge the gap between the HR-V and new CR-V.

Featuring the company's highly acclaimed e:HEV hybrid powertrain, Honda's latest C-Segment SUV offers a unique blend of dynamic performance and efficiency. Optimised for the ZR-V, the efficient yet powerful 2.0-litre, four-cylinder direct injection engine works in conjunction with two electric motors to provide punchy, responsive acceleration.

The bespoke, lightweight, rigid chassis has been inspired by concepts seen in both the Civic and CR-V platforms, having been engineered to deliver the driving characteristics and high levels of agility usually associated with sports hatchbacks.

With its purposeful stance, noiseless surfaces and a bold front face, the model gives a strong road presence that perfectly complements its dynamic performance. Inside, the ZR-V provides exceptional spaciousness, practicality, and comfort within a compact package, making it ideal for young, image conscious buyers who seek a stylish, powerful and fun to drive vehicle that can seamlessly integrate into their life.





# Cars

## CR-V

The all-new CR-V combines the advanced and sporty values that the brand is known for with the latest driver aids and passive safety to realise outstanding reliability, dynamics and comfort.

Available with a choice of either a full hybrid e:HEV powertrain or, for the first time in Europe, a plug-in hybrid e:PHEV option, both variants feature a 2.0-litre four-cylinder direct injection petrol engine, revised to enhance efficiency, refinement and dynamic performance.

### e:PHEV

The e:PHEV utilises the same lightweight and high-output on-board electric motors as its e:HEV stablemate to provide impressive acceleration, quick charge times and a highly competitive all-electric range. Able to travel up to 82km in electric mode, the plug-in CR-V can complete most daily trips in EV mode. When the battery temperature is at 25 degrees, a 100% state of charge can be achieved from empty in just 2.5 hours.

### e:HEV

The full hybrid CR-V features the most advanced iteration of the brand's e:HEV powertrain, first seen in the award-winning Civic hatchback. A power-dense lithium-ion battery and two compact, lightweight electric motors combine with the petrol engine to shift seamlessly between EV, Hybrid and Engine Drive, making it ideally suited to all driving scenarios.

An updated suite of Honda SENSING features and new structural components contribute to class-leading active and passive safety. The latest CR-V is also the first to include Honda SENSING 360, the company's all-new omnidirectional safety and driver assist system, which removes blind spots around the vehicle and further contributes to collision avoidance by reducing the burden on the driver.



# Energy

## Frequency Containment Reserve Certification

In November 2022, Honda became the first auto manufacturer in Europe to achieve certification for a fleet of mass-produced electric vehicles (EV) to provide grid stability support to an energy supplier. This permitted the fleet to support the energy supplier, known as the Transmission System Operator (TSO), via instant provision of Frequency Containment Reserve (FCR) – the highest performance class for grid stabilisation.

This followed a pilot scheme conducted in Germany by Honda R&D Europe (Deutschland) GmbH and Next Kraftwerke GmbH, one of Europe’s largest Virtual Power Plant (VPP) operators.

The trial enabled a fleet of six Honda e and six Honda Power Manager bi-directional CCS chargers to fulfil the necessary charging and discharging requirements to ensure stable 50Hz grid frequency. Consistent grid stability – and the balance between supply and demand during short-term frequency deviations – is a key concern with the expansion of renewable energy.

This proof-of-concept is a vital step for Honda in demonstrating how EVs can help to better balance demand and supply through bi-directional charging technology.

This initiative is driven by Honda’s ambition to create a sustainable society with zero environmental impact by connecting electrified mobility products and energy services.



## Energy

### e:PROGRESS

Following three years of successful operation in the UK, Honda has announced plans to dramatically scale up its e:PROGRESS smart vehicle charging service by offering it across more European markets. Available to owners of the all-electric Honda e in the UK since 2021, it will now include the all-new fully electric e:Ny1 and plug-in hybrid CR-V e:PHEV.

The e:PROGRESS service schedules access to low-cost renewable electricity by combining a smart EV charger with a dynamic energy tariff (dependent on market) and an intelligent charging app – saving customers an average of £500 per year.

Going forward, Honda has added solar optimisation to the service, allowing users to intelligently schedule vehicle charging to coincide with the maximum availability of self-generated solar energy. It does this by considering upcoming weather forecasts and user defined requirements, including the state of charge and planned departure time.

In the future, Honda plans to incorporate household appliances to the e:PROGRESS service, such as static batteries and heat pumps, in addition to investigating additional grid and bi-directional charging services that prioritise the use of renewable energy and reduce the burden of electric vehicles on the power grid.



## Motorcycles

### EM1 e:

The Honda EM1 e: is the brand's first electric two-wheeler in Europe, providing convenient and fun emission-free urban transport.

Powering the EM1 e: is a 1.7kW electric in-wheel motor, paired with the new Honda Mobile Power Pack e: – a 50.3V swappable battery developed in-house with the same focus on durability, reliability and quality, for which Honda's internal combustion engines have long been known.

As a result, the EM1 e: delivers 41km of range with a top speed of 45.0km/h, and has a 160-minute charge time from 25% to 75% – perfect for short trips around town, to work or college.

Honda's new electric two-wheeler also debuts a more sustainable ownership model, with the Mobile Power Pack e: and charger available on a lease, rental or subscription scheme in certain markets. Giving customers complete peace of mind regarding both the continued performance of the battery and its eventual disposal.

As demand for electric two-wheeled models increases, Honda plans to introduce 10 or more models globally by 2025, in pursuit of carbon neutrality across its full motorcycle range during the 2040s.





## Power Products

### HRX476 XB lawnmower

The Honda HRX476 XB is the latest cordless, self-propelled addition to the premium HRX mower series. It is a durable, quiet, and environmentally friendly mower that delivers best-in-class cutting and collecting performance, suitable for both domestic and professional applications.

Available in 6Ah and 9Ah variants, the HRX476 XB is designed to work with Honda's Universal Battery System, which allows battery sharing between compatible products, adding convenience and reducing the cost of ownership. Honda's rapid charger enables a complete charge of the 6Ah battery in less than one hour.

To make the most of the power available from the high-performance 1.8kW battery-powered motor, the model features a low-friction blade, contributing to extended operating times between charges – even when cutting long or damp grass.

Honda's unique Versamow™ variable mulching system, operated via a new premium interface located on the handlebar, allows users to switch easily between mulching and collecting grass. Users can also set travel speeds up to 1.3 m/sec to suit the conditions, which can be stored for added convenience.

Additional functions include a battery charge-level indicator, and a Quiet-Mode selector that reduces the blade speed from 2,600 to 2,200 rpm – cutting operating noise from 92 dB to 87 dB.



# 3

## In-House Production

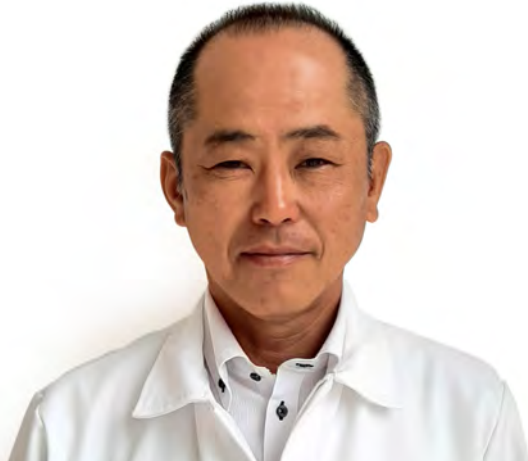
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# In-House Production

## Introduction by Akira Toyama



**Akira Toyama**  
HII President

The past financial year has been one of recovery and growth. Although the restrictions relating to the COVID-19 pandemic are now over, there are still difficulties related to the delivery and supply of spare parts, due to the persistence of the war in Eastern Europe and the conditions affecting the continued economic recovery.

Environmental sustainability and, most notably, the reduction of CO<sub>2</sub> emissions, are key pillars of all our planning and management actions. In addition, as part of our medium-term business plan, we have separated the 'Environment and Energy' sector, so that we can establish dedicated functions to better manage the primary objectives of our factories.

Once the new solar energy plant is completed and active, Honda Italia Industriale (HII) will produce 21% of its own electricity needs. We have also increased our focus on waste management and implemented a 'recovery and reuse' policy that involves external suppliers and promotes good environmental practices.

In addition, I would like to thank TEAM EU SDG's Workgroup, whose initiatives implemented in all our EU factories are helping us achieve our 2030 and 2050 objectives following the new directives issued by the EU.

The strategies and objectives of the HME PC&S division help propel us towards our 'Honda Vision' of becoming a company that society wants to exist.



# In-House Production

## Explanatory Note

The data expressed in the report section “In-house Production” is limited to the production of motorcycles, power equipment and parts, following the cessation of in-house production of automobiles in Europe in FY2022. Honda Motor Europe ceased the in-house production of automobiles in the UK in July 2021 and in Turkey in September 2021. 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 (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 rate is applied 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 CO<sub>2</sub> 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 (m<sup>2</sup>) 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 collector data.



# In-House Production

## Motorcycle Production

### Scope

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

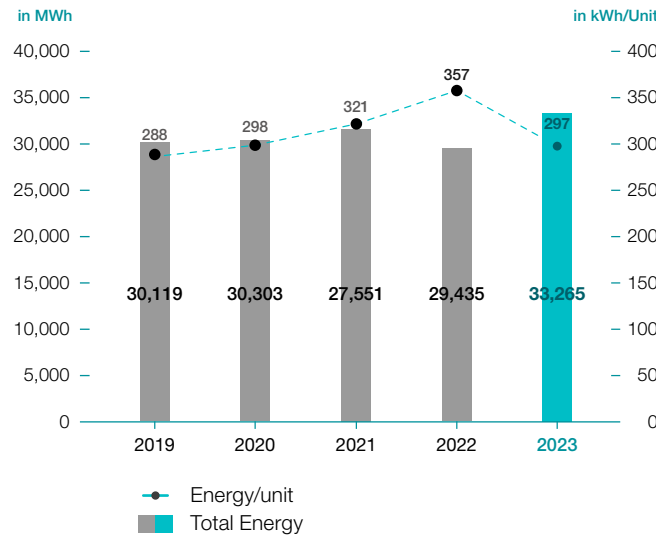
### Energy

Total energy consumption in motorcycle production increased in-line with a higher production volume and changes to the model mix. Energy consumption per unit has been reduced due to the implementation of improvements towards lowering gas consumption.

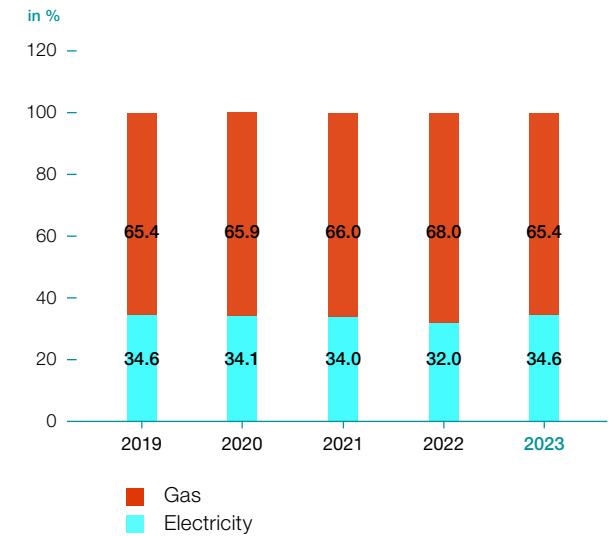
### Energy by Source

The split in energy by source in motorcycle production has remained stable for several years. This year saw a reduction in the use of gas, due to the implementation of improvements aimed at reducing gas usage in painting operations.

Energy Consumption for Motorcycle Production



Energy by Source for Motorcycle Production





# In-House Production

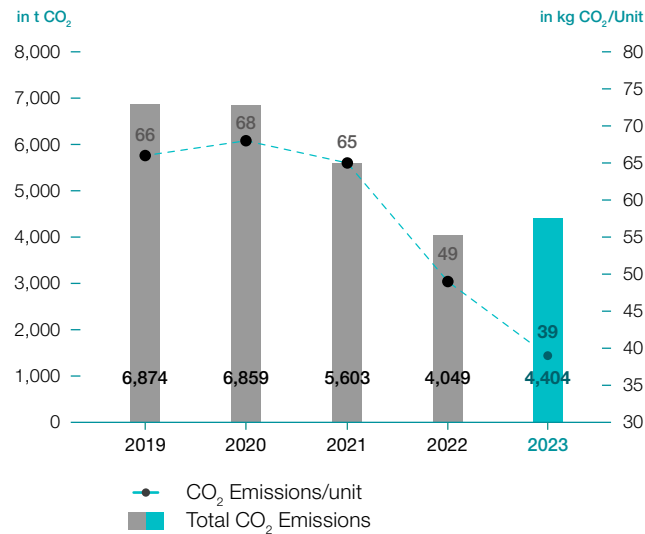
## Motorcycle Production

### CO<sub>2</sub> Emissions

Total CO<sub>2</sub> emissions in motorcycle production increased in-line with production volume and changes to the model mix at HII.

The graph also illustrates the new and developing initiatives at HII, including the introduction of solar power, the purchase of electricity generated from renewable sources with Guarantee of Origin (REGO) and the reduction of gas consumption.

CO<sub>2</sub> Emissions for Motorcycle Production

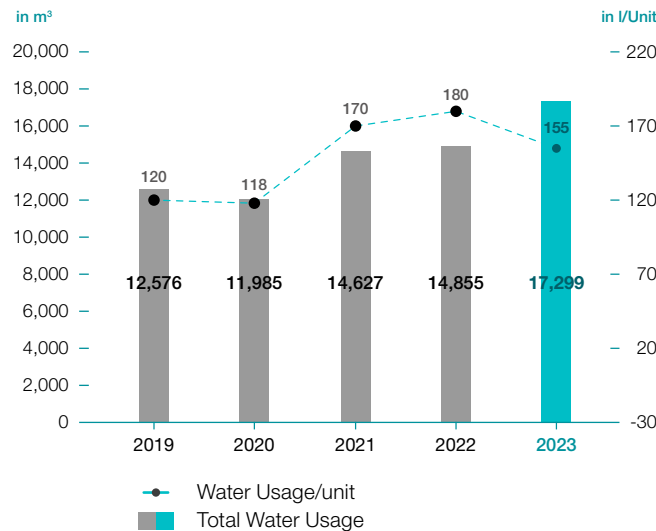


### Water

Total water consumption in motorcycle production increased significantly this year, largely due to an increase in operational activity in the painting process to deal with the increase in production volumes.

The efficiency of water usage per unit produced has been improved through the introduction of a new water treatment system, which was implemented in FY2023.

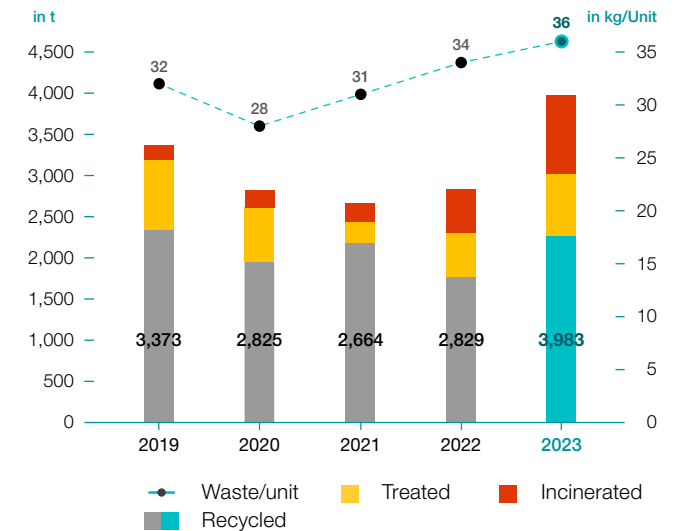
Water Usage for Motorcycle Production



### Waste

During FY2023, a significant increase in production volume generated a higher inbound of imported parts, which were packaged in cardboard; which is reflected in the total waste from motorcycle production figure. Waste per unit only increased slightly due to the reduction of the painting sludge with the introduction of a new water treatment system.

Waste for Motorcycle Production





# In-House Production

## Power Products Production

### Scope

Honda France Manufacturing S.A.S (HFM) is the only factory producing Power Products in Europe.

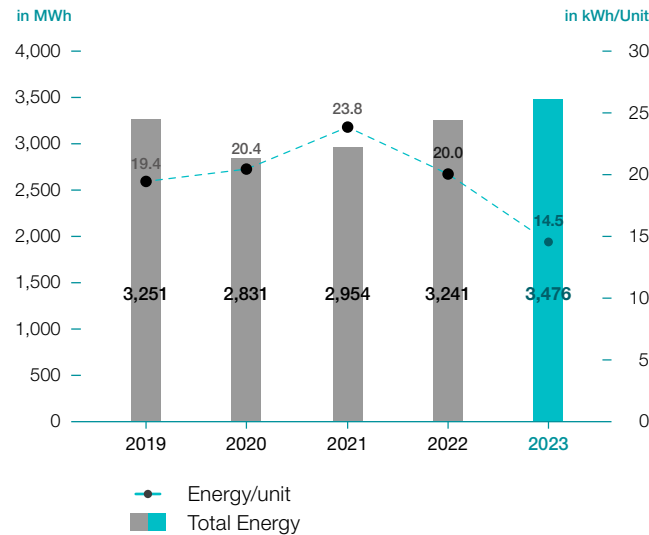
### Energy

Total energy consumption in power products production increased due to a new two-shift operation to deal with the higher production volume. Energy consumption per unit has been reduced through the use of more efficient surface treatment process, resulting in a 27% increase in overall efficiency.

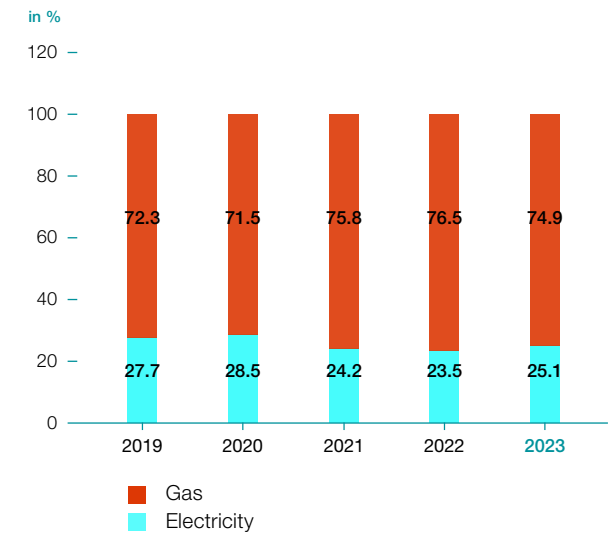
### Energy by Source

The split in energy by source in power products production shows a decrease in gas consumption this year, resulting from efforts to gradually shift away from fossil fuel use. Gas continues to account for the majority of energy in the mix due to the reliance upon gas in painting operations.

#### Energy Consumption for Power Products Production



#### Energy by Source for Power Products Production





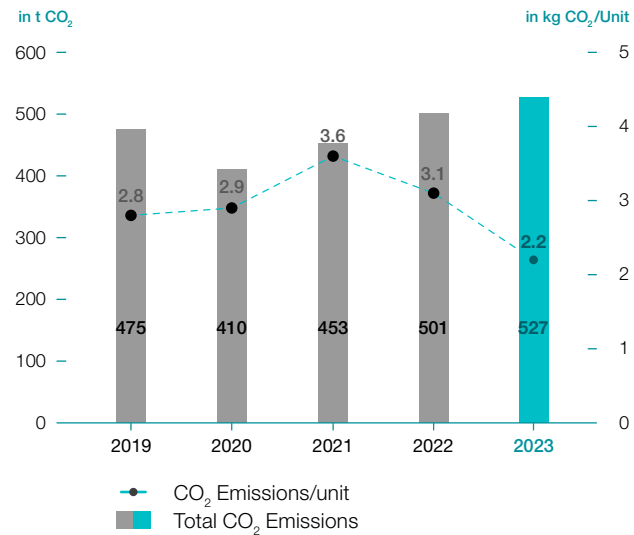
# In-House Production

## Power Products Production

### CO<sub>2</sub> Emissions

In FY2023, total CO<sub>2</sub> emissions in power products production increased in-line with production volume. CO<sub>2</sub> emissions per unit produced decreased for the second year, due to a continued effort to reduce fossil fuel (gas) use.

CO<sub>2</sub> Emissions for Power Products Production

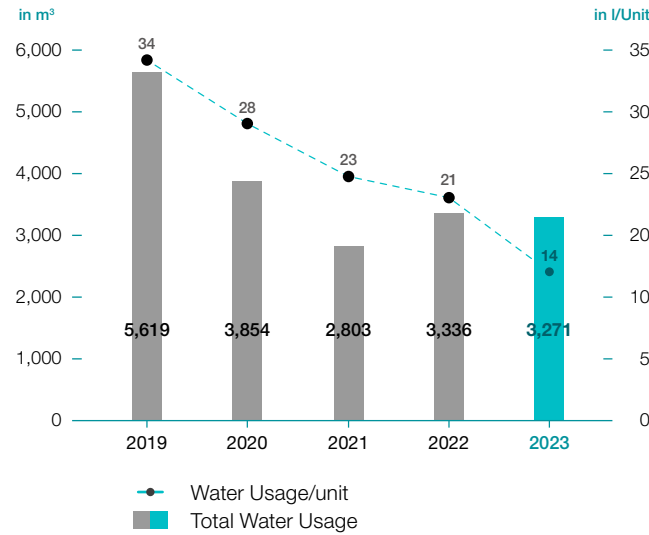


### Water

Total water consumption in power products production has been stable for the fourth consecutive year, largely due to a reduction in water usage for production activities.

This resulted in a consistent fall of water consumption per unit over the last five years, due to continued efforts to conserve water in painting operations, which are heavily reliant on water.

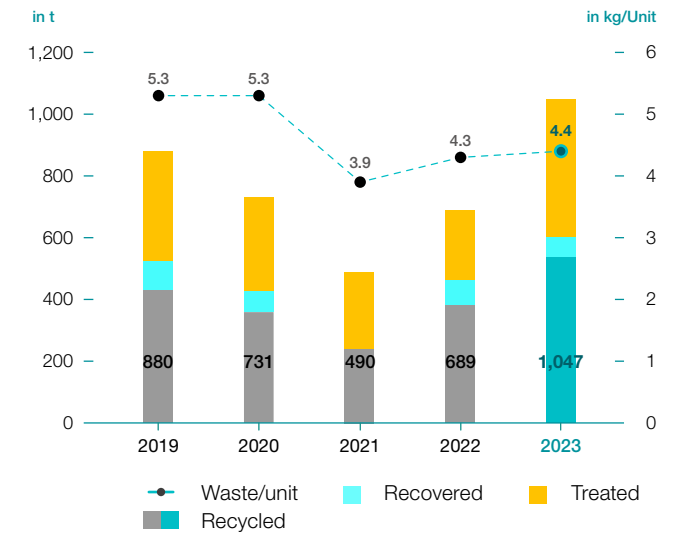
Water Usage for Power Products Production



### Waste

Total waste in power products production increased as a result of operational change over the last two years, using more cardboard for the packaging of parts imported from the United States. All cardboard used is 100% recycled.

Waste for Power Products Production





# In-House Production

## Case Study

### Power Products Production

#### Photovoltaic electricity generation at Honda France Manufacturing

Following local legislation in July 2023 stating that operators of car parks above a certain size must cover at least half of the parking spaces with solar canopies, Honda France Manufacturing (HFM) has begun working with leading solar energy equipment supplier Reservoir Sun to install photovoltaic panels at its site in Ormes.

The galvanized steel shade structures will stand between 2.8m and 3.2m high, with an eight-degree angle of incline – thereby optimising energy production and allowing rainwater run-off to help clean the panels naturally.

Energy production is expected to begin by March 2024, having begun installation a year prior. When fully operational, the project will deliver 31% of HFM's total energy demands.

The site has signed a 20-year contract with Reservoir Sun to cover the initial installation, equipment maintenance, and ongoing monitoring of its efficiency. Resale of excess electricity has been agreed for the duration, after which the solar panels will be owned outright by HFM.



# In-House Production

## Parts Production

### 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.

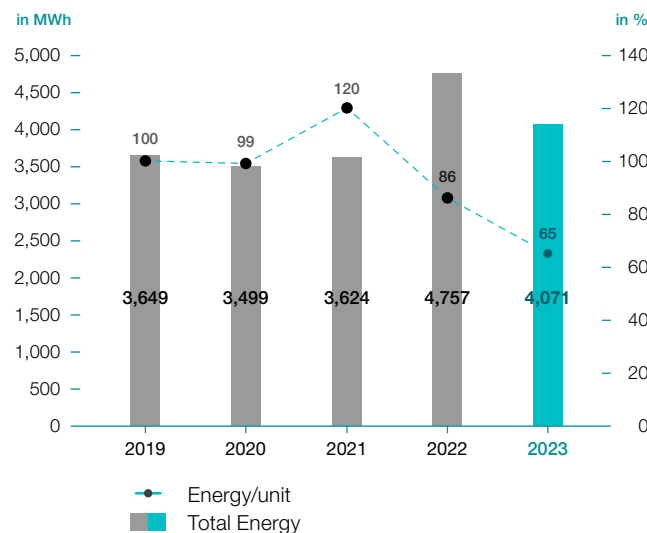
### Energy

Total energy consumption in parts production fell mainly because of a substantial reduction in gas usage. Energy consumption per unit has further reduced over the last two years through the use of electricity from renewable sources in combination with the reduction in fossil fuel use.

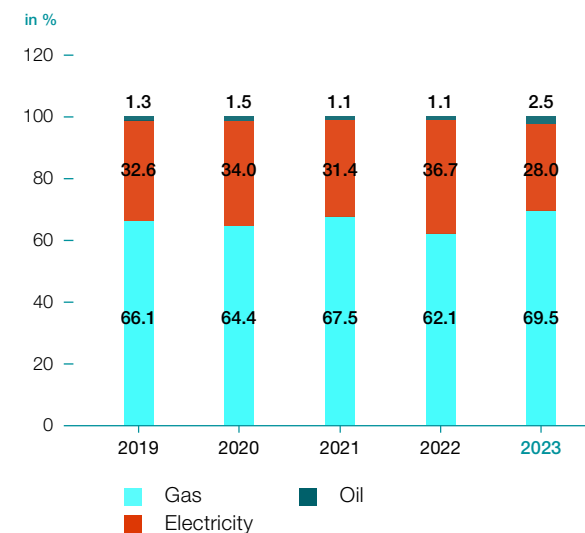
### Energy by Source

Gas took a smaller share of the energy mix in parts production due to improvements to energy management at the MHSAU site, which resulted in gas consumption being monitored and managed in real-time.

Energy Consumption for Parts Production



Energy by Source for Parts Production



For FY2023, data accuracy improvement has been implemented with a change in the calculation method for parts production.





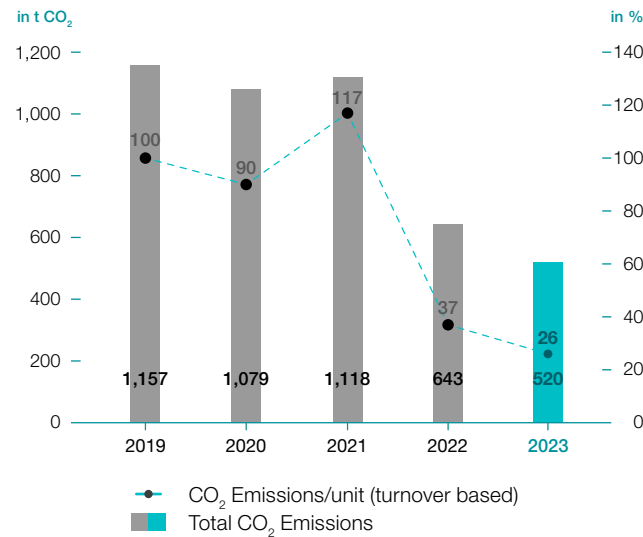
# In-House Production

## Parts Production

### CO<sub>2</sub> Emissions

CO<sub>2</sub> emissions (total and per unit) in parts production fell once again, through the purchase of Renewable Electricity with Guaranteed Origin (REGO) and the reduction of gas consumption in FY2023.

CO<sub>2</sub> Emissions for Parts Production

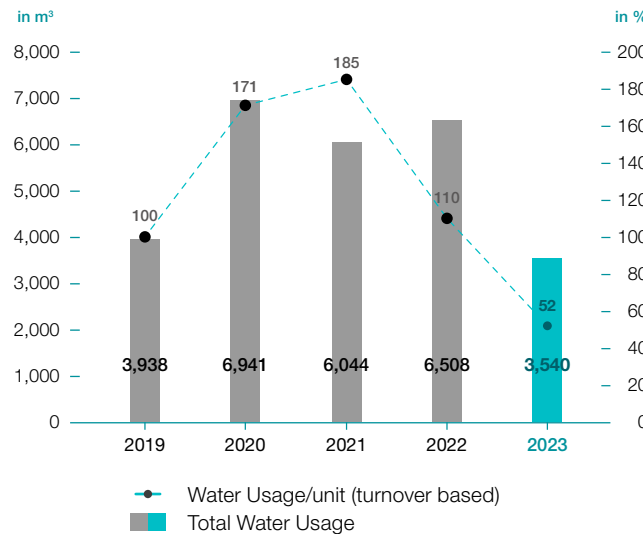


For FY2023, data accuracy improvement has been implemented with a change in the calculation method for parts production.

### Water

Total water consumption in parts production has decreased significantly compared to the previous year, largely due to the reduction of water consumption (not related to production). Per unit water consumption decreased due to data per unit being based on turnover, which increased, but disproportionately to total water consumption.

Water Usage for Parts Production



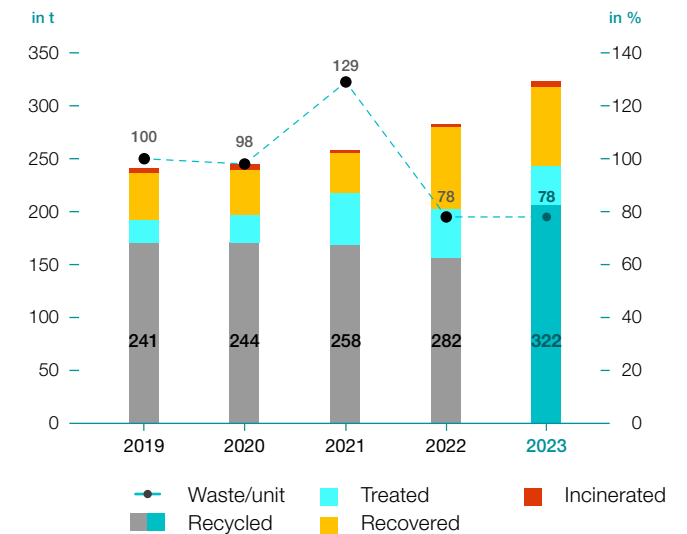
For FY2023, data accuracy improvement has been implemented with a change in the calculation method for parts production.

### Waste

Total waste in parts production has increased over the last two years as a result of increased activities recovering from the COVID19 pandemic.

Improvements in efficiency (per unit) has been achieved through the continued efforts to keep waste levels to a strict minimum.

Waste for Parts Production



# 4

## Logistics

- Introduction by Yoshiaki Nisa,  
President, Honda Motor Europe  
Logistics ..... 115
- Transport ..... 116
- Warehousing..... 118



# Logistics

## Introduction by Yoshiaki Nisa



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

To help Honda achieve its global objective of carbon neutrality across all its global operations by 2050, HMEL is committed to taking the necessary steps across its European logistics facilities to ensure it plays its part to help create a cleaner and safer society. As such, we are running numerous ongoing initiatives that focus on energy, reduction of CO<sub>2</sub> and waste, water resource management and increasing biodiversity.

We have already made significant progress in reducing our CO<sub>2</sub> emissions, including the increasing use of green energy produced by our wind turbine in Gent since June last year. In March 2023, we also completed the installation of solar panels on our warehouse in Poland, while adding extra insulation in the roofs of our facilities to reduce energy loss and ensure more sustainable and future-proofed buildings.

We are now studying how we can replace gas heating at our HMEL site in Gent. While to cover the small requirement for electricity – currently taken from the grid – solar panels will also be installed at the site. Similarly, we are investigating how we can switch away from the gas heating system used on the painting line in HMEL-Aalst to further support our commitment towards carbon neutrality.

The past several years have seen us continue to minimise our environmental impact by increasing the efficiency of our European transport network. For example, we now aim to maximise the loading volume per truck, continuously analyse the efficiency of transport routes, and use barge shipments when possible. There are still further steps we can take, and this will require a strong commitment from our transport providers to further improve.

By instilling sustainability as a goal across our operations, HMEL is proud to have achieved United Nations ‘SDG Pioneer’ status. This recognises us as a business that aligns with the organisation’s 17 Sustainable Development Goals, including clean energy, climate action and sustainability, which further demonstrates our commitment to carbon neutrality and being a company that society wants to exist.

# Logistics

## Transport

### Car Transport

#### Scope

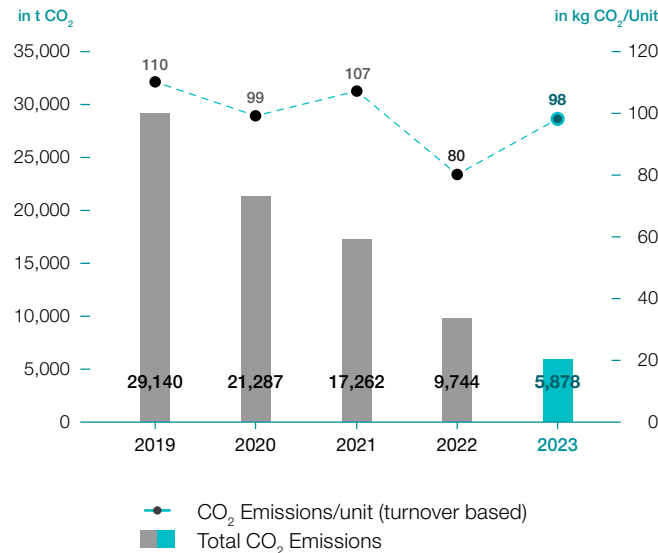
For car transport the figures within this report cover all transport organised by Honda entities.

#### CO<sub>2</sub> Emissions

The below graph shows a reduction in total CO<sub>2</sub> emissions in car transport for the fifth consecutive year. There is a substantial decrease in emissions compared to last year, which is due to the reduction of car transport resulting from lower volumes.

The continuous effort in meeting customers' delivery expectations has impacted efficiency levels, showing a higher level of emissions per car transported.

CO<sub>2</sub> Emissions for Car Transport



### Motorcycle Transport

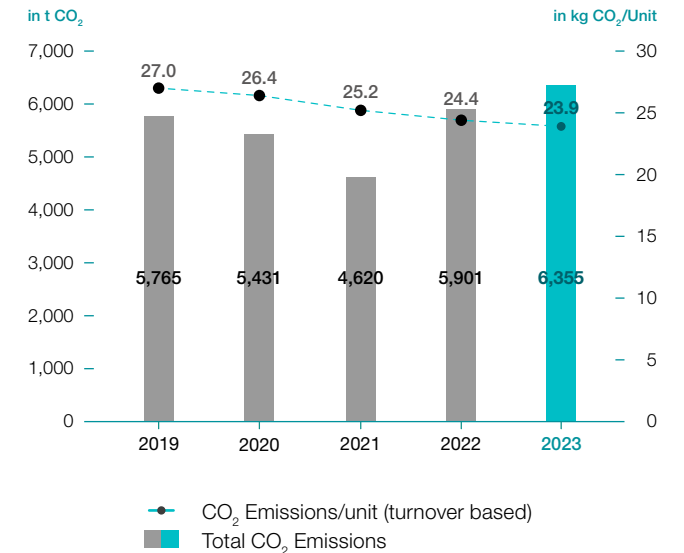
#### Scope

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

#### CO<sub>2</sub> Emissions

Total CO<sub>2</sub> emissions in motorcycle transport increased over the last two years, mainly due to a substantial increase in volumes inbound from overseas (imported from Japan) and an increase of deliveries to dealers of locally produced units from the factory in Italy. We have increased activities following the end of the COVID pandemic. CO<sub>2</sub> emissions per unit fell by 12% over the last five years due to continued efforts to improve truck load efficiency with the further implementation of 'naked transport', whereby motorcycles are shipped without individual packaging.

CO<sub>2</sub> Emissions for Motorcycle Transport



# Logistics

## Transport

### Power Products Transport

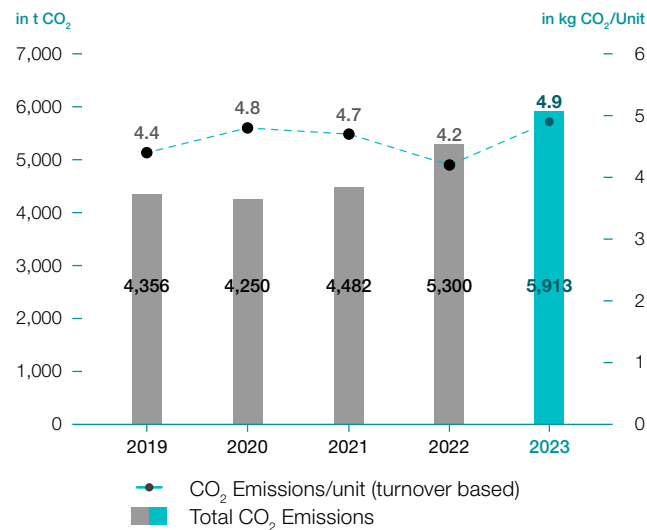
#### Scope

Only Honda-controlled transport is included within this report. Contrary to the situation with car and motorcycle 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.

#### CO<sub>2</sub> Emissions

Total CO<sub>2</sub> emissions in power products transport increased alongside a higher volume in transport of local produced products from the factory in France to logistics centres in Europe. CO<sub>2</sub> emissions increased per unit, as we saw a drop in deliveries of our Multi Purpose Engines for business customers. To ensure that we continue to improve efficiency, we have prioritised the better management of truck loads.

#### CO<sub>2</sub> 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

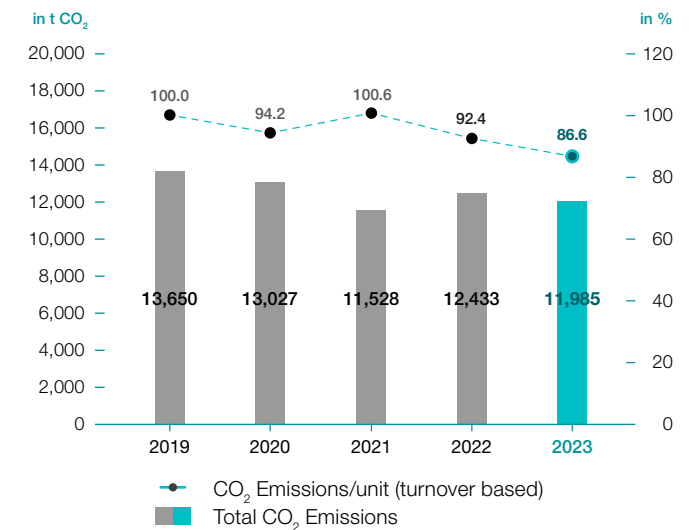
The reference value in the parts business is financial turnover rather than per unit. However, as turnover is not a tangible data set, for the purposes of reporting a baseline of 100% was set in 2019, against which Honda has compared data.

### CO<sub>2</sub> Emissions

Total CO<sub>2</sub> emissions in parts transport slightly fell compared to last year, which is mainly due to a reduction in transport between the logistic centres in Europe.

CO<sub>2</sub> emissions per unit fell over the last two years as we improved our truck load efficiency, resulting in less transport between warehouses in Europe.

#### CO<sub>2</sub> Emissions for Parts Transport





# Logistics

## 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

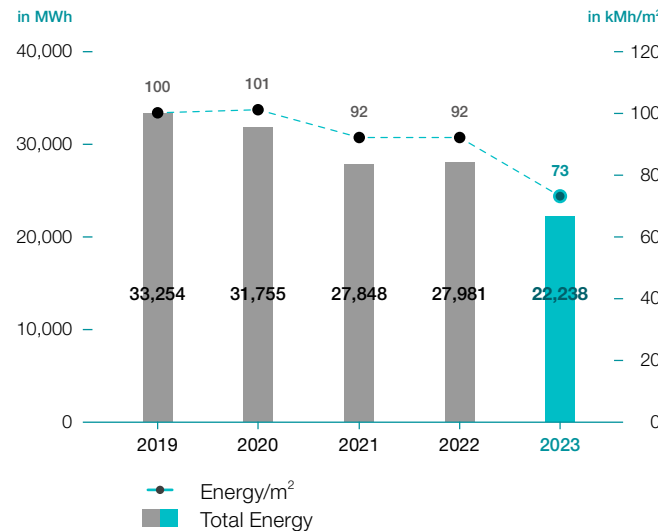
Total energy consumption in warehousing has been substantially reduced compared to the previous financial year, mainly through the reduction of gas consumption for heating purposes.

By implementing additional measures in line with energy supply guidelines set by the European Commission, a 33% reduction in energy use has been achieved over five years. As a result, overall energy consumption per unit (m<sup>2</sup>) fell by 27%.

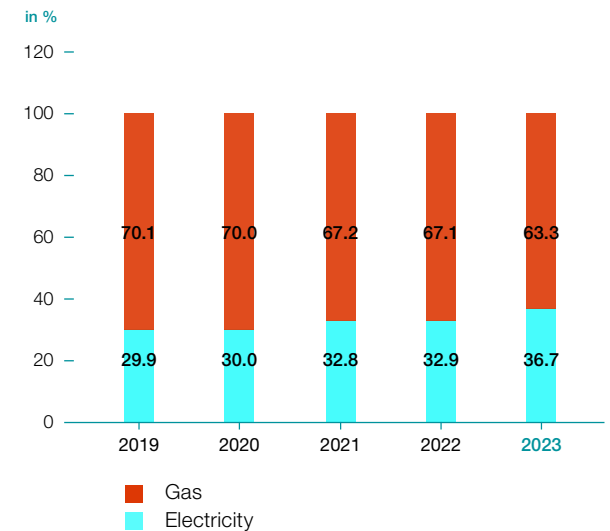
### Energy by Source

The energy mix in warehousing continues to shift away from fossil fuels, with a fall in gas usage resulting from the elimination of gas consumption for heating over the past five years.

Energy Consumption for Warehousing



Energy by Source for Warehousing





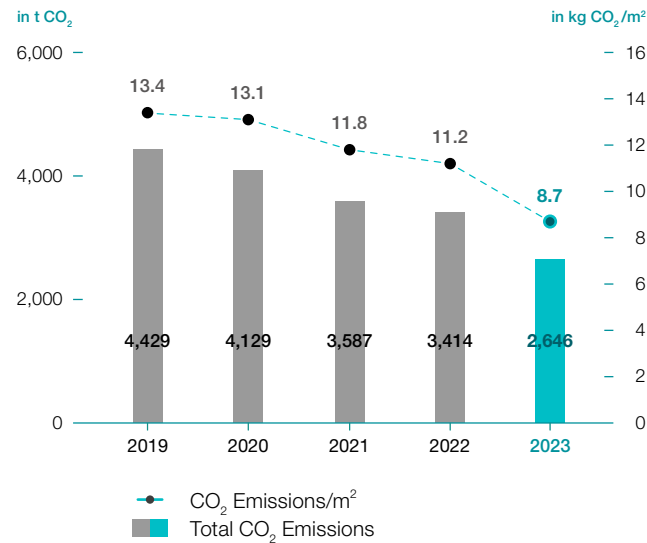
# Logistics

## Warehousing

### CO<sub>2</sub> Emissions

We have managed to reduce total CO<sub>2</sub> emissions in warehousing for the fifth consecutive year, achieving a 35% reduction over that time. Per unit CO<sub>2</sub> emissions also fell again over the past year, due to continued improvements across all sites in recent years.

CO<sub>2</sub> Emissions for Warehousing

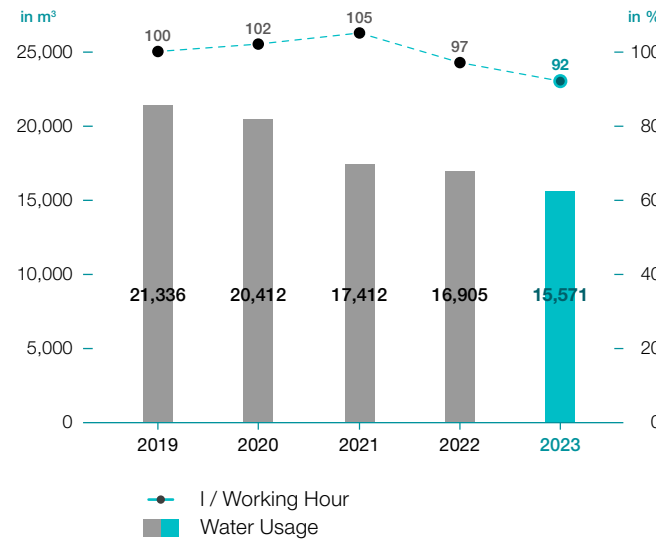


### Water

Total water consumption in warehousing has fallen over the last five years, mainly due to changes in the activities of the organisation in Europe. This includes the reduction of activities in Russia given the political situation in Eastern Europe.

Per unit water consumption decreased again due to a reduction in working hours, with water used in warehousing primarily for sanitary purposes.

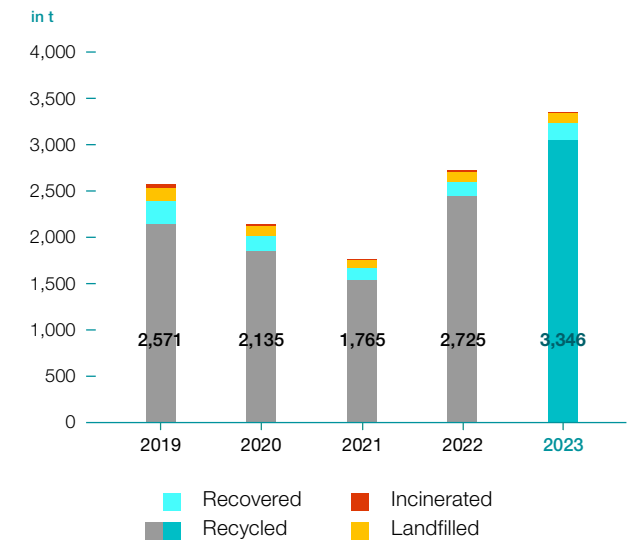
Water Usage for Warehousing



### Waste

Total waste in warehousing increased over the last two years as activities returned to normal following a period of reduced production as a result of the pandemic. However, this has been partially mitigated by reducing the requirement for additional packaging material and the introduction of a special waste material scrapping campaign. These initiatives helped to ensure that 91% of the waste generated was recycled, bringing our landfilled waste figure closer to the zero target.

Waste for Warehousing





# Logistics

## Case Study Warehousing

### HMEL – Poland: Solar panels – the way to CO<sub>2</sub> neutrality

HMEL in Poland has taken a significant step towards achieving carbon neutrality, following the completion of an extensive planning phase for the installation of 250m<sup>2</sup> of solar panels – with work scheduled to begin in March 2023 and likely to finish by the end of the year.

By producing solar energy locally the site will decrease its reliance on energy from the grid and, once the installation is complete, the plant will be capable of generating 300MW of renewable energy, which is enough to power 70% of all on-site activity.

“It was really important to take this step,” says Lukasz Jakubowski, Site Manager. “We’re committed to the United Nation’s Sustainable Development Goals (SDGs) and we’re already satisfying two of them by installing the solar plant: ‘Affordable and clean energy’; and ‘Climate action’.”

“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. This latest initiative follows our other investments in solar, which started with the solar water heating that has been warming our water during sunny days since 2010.”



The expanded solar plant can power the equivalent of around 120 homes





# 5

## Sales & Services

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# Sales & Services

## Introduction by Tom Gardner



**Tom Gardner**  
Senior Vice President,  
Honda Motor Europe

At Honda, we are committed to the electrification of our product ranges to ensure we are meeting the demands of our customers and society, and regulation which is set across the region. This ‘Electric Vision’ strategy has already seen us electrify our entire automobile range, resulting in a 30% reduction in CO<sub>2</sub> emissions, and extends to both our motorcycle and power product ranges. As such, the past year has seen 19 new products receive our Honda Environmental Performance Standard (HEPS) certification, which sets out a series of unique guidelines to reduce emissions in production and use.

The increasing variety of the new electrified products and services we are introducing in the region – including the significant broadening of the company’s smart vehicle charging service, e:PROGRESS – is part of a multi-pathway approach to future electrification, ensuring we meet our global target of achieving carbon neutrality across all operations by 2050.

### Automobiles

Our fully electrified automobile range has been extended with the launch of three new SUVs – the all-new e:Ny1 and ZR-V, alongside the sixth generation of the CR-V. Building on the success of the award-winning Honda e, the all-electric e:Ny1 offers a range of 412 kilometres alongside impressive levels of driving dynamics, comfort and usability.

For customers seeking a sporty and dynamic compact SUV, the ZR-V is equipped with the same e:HEV hybrid technology found within the critically acclaimed 11th generation Civic, while the latest CR-V raises the bar in terms of design, practicality and everyday usability – in addition to debuting a new e:PHEV (plug-in hybrid) powertrain option that offers up to 82km of pure electric range.

### Motorcycles

As we look towards the electrification of our motorcycle range, this year saw the arrival of the EM1 e:, Honda’s first two-wheeled electric scooter for Europe. Aimed at younger riders looking for fun, emission-free urban transport across a range of 41km, it features the Honda Mobile Power Pack e: – a lightweight swappable battery that can be removed and topped up using a bespoke charging unit.

The EM1 e: is the next step in Honda’s ambitions to achieve carbon neutrality for its full motorcycle line-up during the 2040s, as we look to introduce at least 10 electric two wheelers globally by 2025.

### Power Products

Honda’s commitment to electrification also extends to our range of power products, with several new additions over the past year.

The HRX476 XB lawnmower is the latest within our premium HRX series, delivering industry-leading performance in a durable, quiet and environmentally friendly package. It is designed to work with Honda’s Universal Battery System, which can be used across all our cordless products, delivering power, performance, and convenience.

Honda is committed to supporting growing customer demand for cordless and electric products, and we will continue to develop battery technologies and new power products that align with our ambitious environmental goals.



# Sales & Services

## Sales Subsidiaries

### Scope

This report covers consolidated Honda sites only. Variations in data sets when comparing year by year, reflects organisational restructuring resulting in changes to the utilisation of surface area.

### Energy

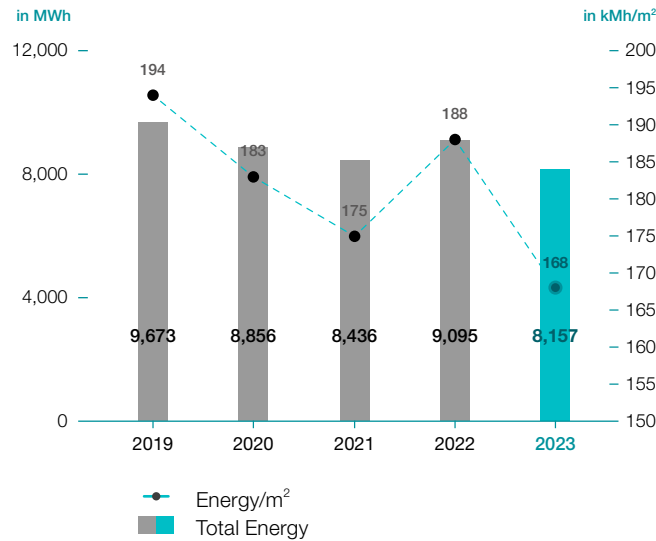
Total energy consumption across sales subsidiaries decreased over the last year, as we optimised the use of office areas at our main facilities, resulting in an 11% improvement in efficiency.

A 15% improvement in total energy consumption has been achieved over the last five years, through continued efforts in effective energy management.

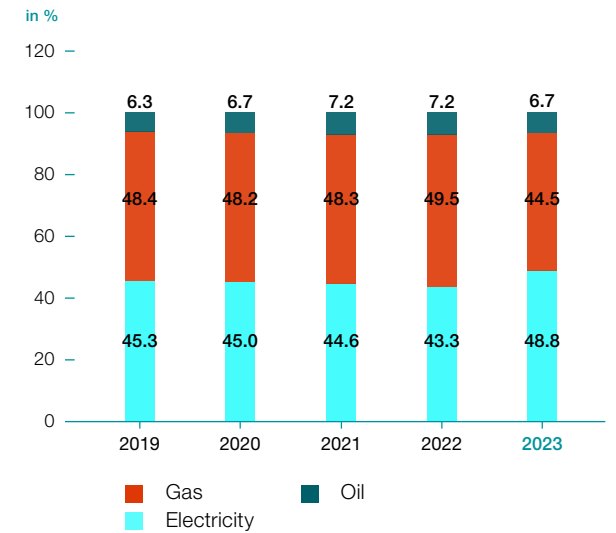
### Energy Mix

The changing energy mix across gas, electricity and oil illustrates an ongoing reduction in the use of fossil fuels.

Total Energy for National Sales Offices



Energy by Source for National Sales Offices





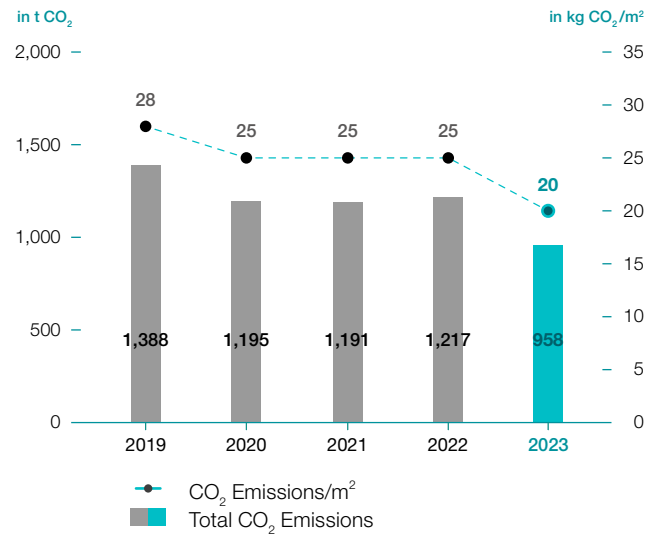
# Sales & Services

## Sales Subsidiaries

### CO<sub>2</sub> Emissions

Through the gradual introduction of energy produced from renewable sources – and the efficiency improvements in energy use – CO<sub>2</sub> emissions at branches across Europe have been reduced by 31% over the last five years.

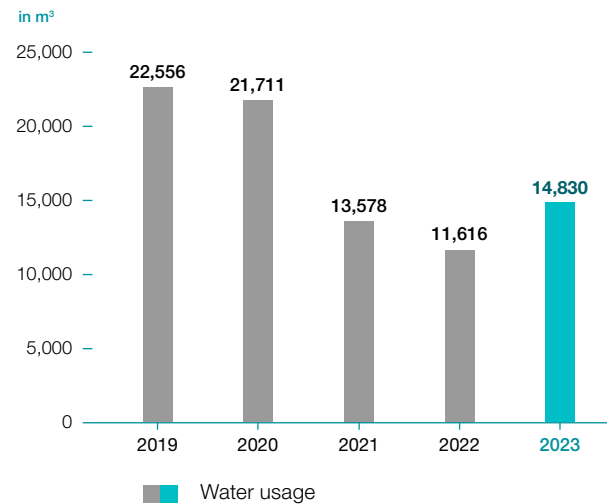
CO<sub>2</sub> Emissions for National Sales Offices



### Water

Following the introduction of our 2030 vision, we have monitored and managed the preservation of water since FY2019. Sanitary use is responsible for most water consumption at our sales offices, which has increased substantially this year as staff have returned to the office having worked from home during the COVID-19 pandemic.

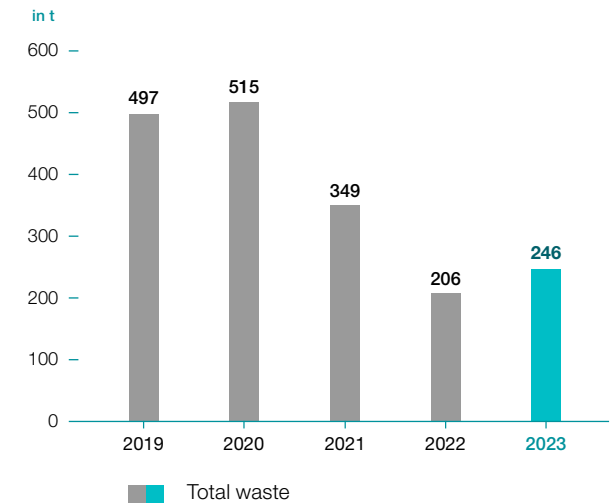
Water Usage for National Sales Offices



### Waste

Waste prevention and reduction is closely monitored and managed, with the majority of the waste generated by our sales offices being recycled thanks to our reduction initiatives. As with water consumption, the increase in waste over the last year is directly related to staff spending more time in the office following the pandemic.

Total Waste for National Sales Offices



Improvements to FY2022 data accuracy have been made based on retroactive data corrections.

## Sales & Services

### Case Study Sales Subsidiaries

#### HME-PL office switches to green energy

As part of Honda Motor Europe's Triple Action to ZERO initiative, the HME-PL office in Warsaw has made the transition from using 'grey' energy, produced from polluting sources such as fossil fuels, to green renewable energy.

HME-PL worked with E.ON Polska to obtain a 'Green Certificate' that confirmed the purchase of 65MWh of electricity from renewable energy installations, including onshore wind farms - enabling the facility to run entirely on green energy from April 2022 to March 2023.

The Triple Action to ZERO initiative was established in 2021. It specifies required actions and yearly targets for Honda to further accelerate its drive to achieve zero environmental impact.



# Certificate

**We confirm that we've purchased for:**

**HONDA MOTOR EUROPE LIMITED  
(SP. Z O.O.) ODDZIAŁ W POLSCE**

guarantees of origin for electricity from renewable energy installations i.e. **onshore wind farms** – within the meaning of the Act of 20 February 2015 on Renewable Energy Sources, representing **65,00 MWh** of electricity fed into the distribution network or transmission network.

Period of energy consumption: **01.04.2022-31.03.2023**



**Janusz Moroz**  
Member of the Board  
E.ON Polska S.A.



**Malgorzata Eull**  
Director of Business Customers Division  
E.ON Polska S.A.



# Sales & Services

## Dealers

### Scope

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

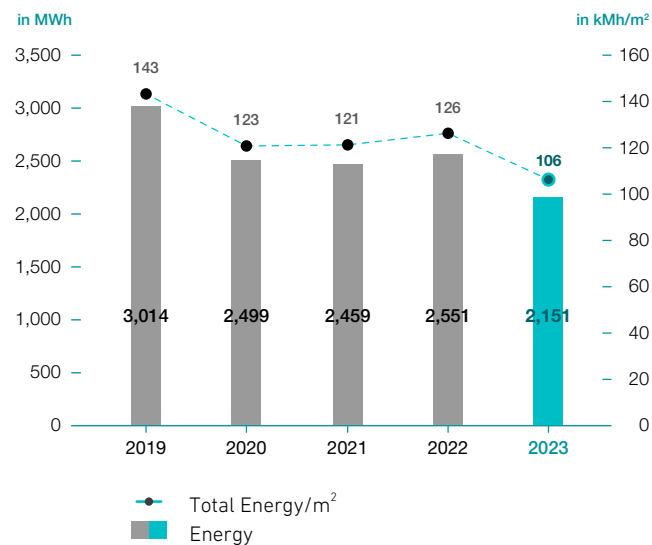
### Energy

Total energy consumption across dealer sites has decreased as the use of fossil fuels – specifically natural gas for heating purposes – has reduced. By implementing measures to achieve higher energy efficiency, the amount of energy consumed has fallen by 28% over the last five years.

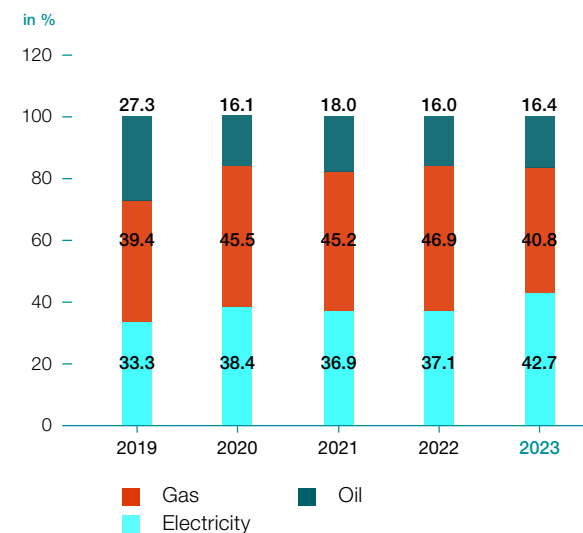
### Energy Mix

The ongoing shift in the energy mix used at retail sites resulted in a 14% reduction in the use of fossil fuels over the last five years, achieved through improvements in heating efficiency.

Energy Consumption for Dealers



Energy by Source for Sales Dealers



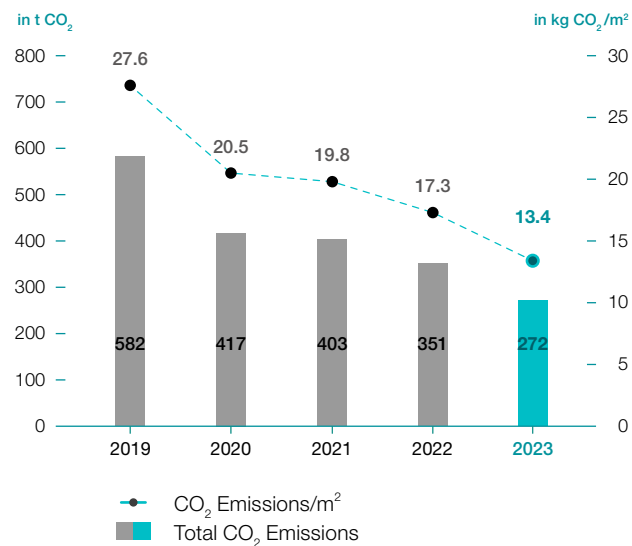
# Sales & Services

## Dealers

### CO<sub>2</sub> Emissions

Total CO<sub>2</sub> emissions by dealers has fallen by 53% over the last five years, while overall efficiency has improved by 52%. This progress is underpinned by a Renewable Electricity with Guarantee of Origin (REGO) certificate that was gained for all retail sites, in combination with a reduction in fossil fuel usage.

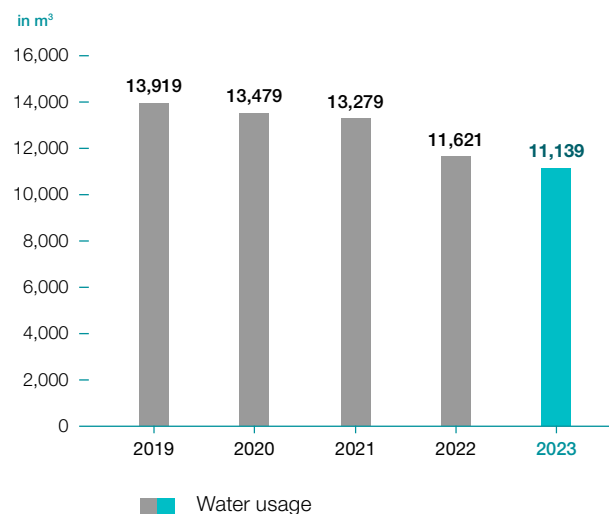
CO2 Emissions for Dealers



### Water

Water consumption at sales dealerships has fallen by 20% over the past five years thanks to initiatives to reduce usage at sites.

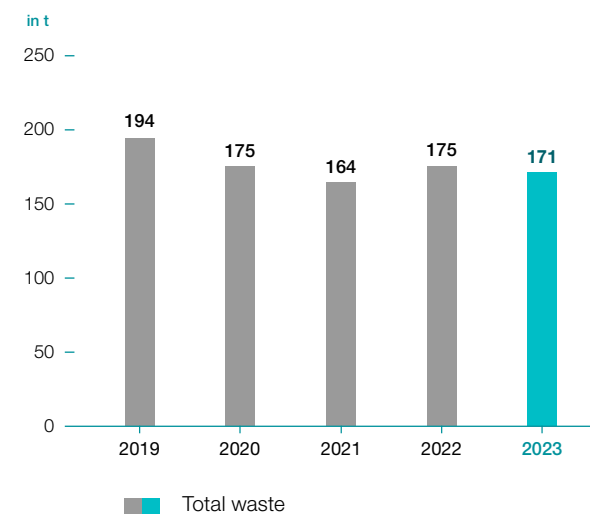
Water Usage for Dealers



### Waste

The total waste generated from dealer operations over the last four years has remained relatively stable, with the majority of the waste being recycled. In the next few years, we will gradually implement programmes to encourage and enable the reuse of parts and materials.

Total Waste for Dealers





# Sales & Services

## Research & Development (R&D)

### Scope

This report consolidates the data from the three Honda Research and Development entities within the region.

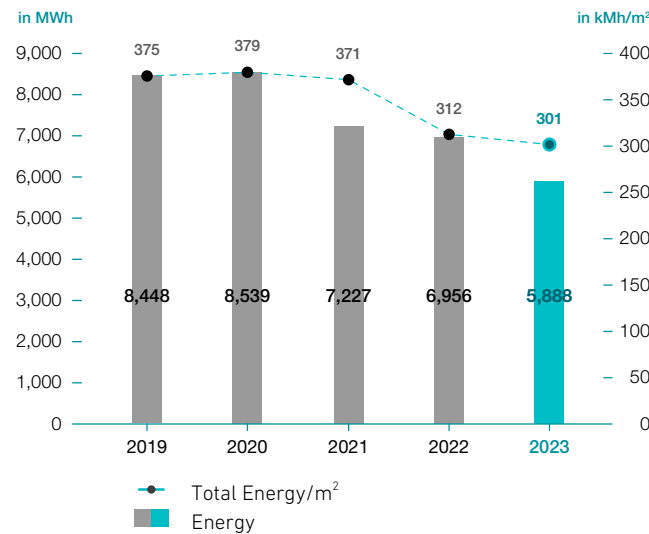
### Energy

Total energy consumption across R&D sites has reduced over the last five years due to continued efforts in effective energy management. Further progress during this reporting year is due to a shift away from the use of fossil fuels and, more specifically, the reduction of natural gas and oil consumption.

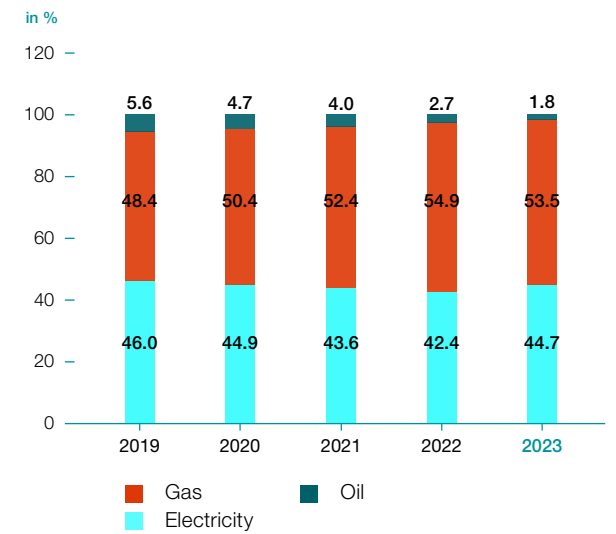
### Energy Mix

The energy mix has remained consistent, but continuous efforts to decrease the share of fossil fuels (most notably oil) for testing purposes reflects the further electrification of our product range.

Total Energy R&D



Energy by Source for R&D







# Sales & Services

## Research & Development (R&D)

### CO<sub>2</sub> Emissions

Total CO<sub>2</sub> emissions in R&D fell by 50% as sites more widely adopted CO<sub>2</sub>-free electricity. As of FY2019, all Honda R&D sites in Europe are using CO<sub>2</sub>-free electricity.

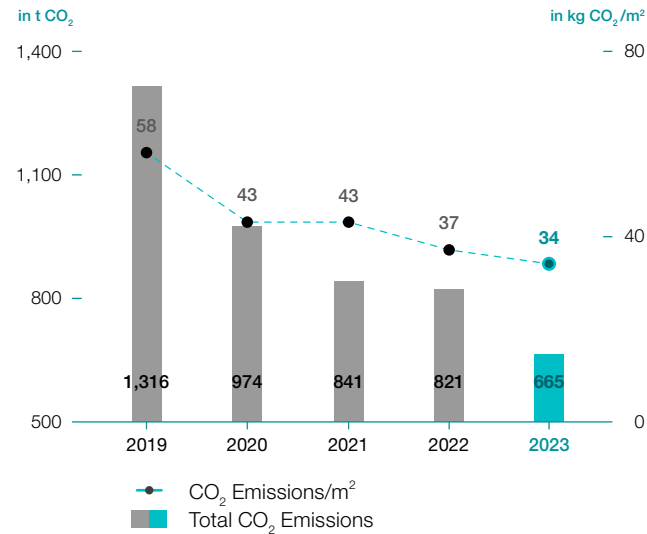
### Water

Continuous promotion of initiatives to reduce water use over the last five years has resulted in a substantial drop in consumption. This year's increase in water consumption is related to refurbishment work at our facilities in Germany.

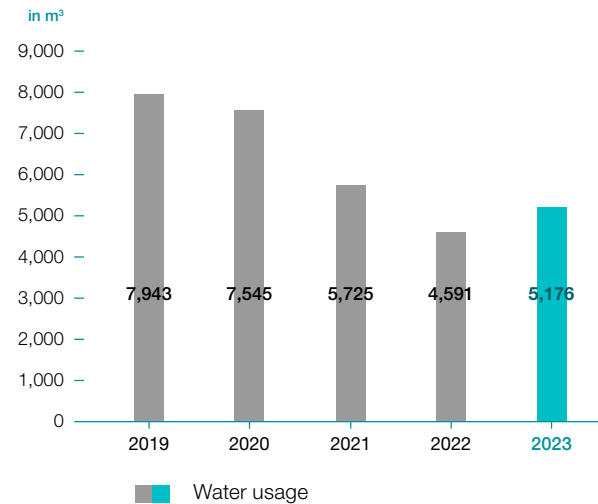
### Waste

The increased amount of waste generated over the last year is related to the refurbishment of buildings at our facilities in Germany.

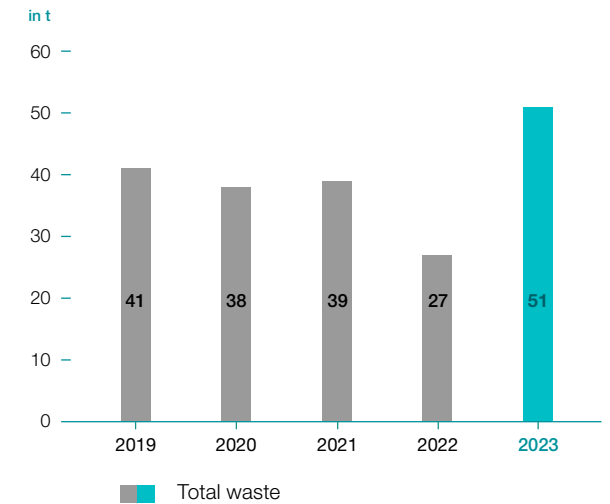
CO<sub>2</sub> Emissions for R&D



Water usage for R&D



Waste for R&D





# Sales & Services

## Case Study

### Research & Development (R&D)

#### HRE-G Hydrogen Installation

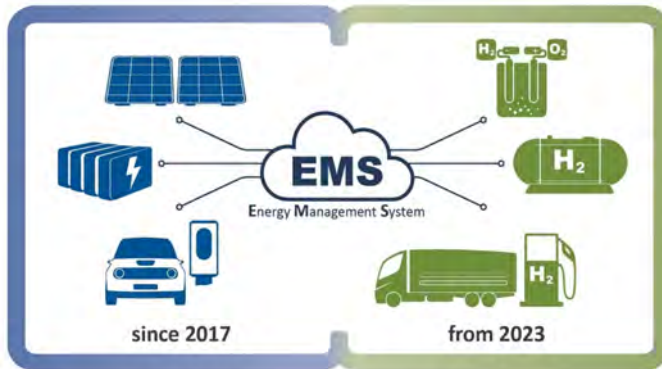
Honda R&D Europe (Deutschland) GmbH took a significant step forward with further extension of its Energy Research Programme in 2023, following an investment in green hydrogen production at its site in Offenbach, Germany.

This latest installation further enhances the site's Energy Management System by harnessing surplus solar energy from photovoltaic arrays to produce green hydrogen through electrolysis.

Inaugurated by Honda R&D Europe and the Honda Research Institute Europe in 2017, the Energy Research Programme provides a specialist ideal test conditions for the development and analysis of new technologies to maximise the utilization of renewable energy.

All in pursuit of Honda achieving carbon neutrality by 2050, including 'zero environmental impact' from its products and operations in Europe.

Energy Research Programme



## Resource Circulation

- Introduction by Victoria Friend,  
Head of Product Compliance  
& Sustainability, Honda Motor  
Europe ..... 132
- HMEU-UK Team sets target ..... 133
- Cars at their end of life ..... 134



# Resource Circulation

## Introduction by Victoria Friend



**Victoria Friend,**  
Head of Product Compliance & Sustainability,  
Honda Motor Europe

Honda is committed to minimising the consumption of resources and to optimise how we deal with the re-use, recycling, and disposal of any associated waste across the lifecycle of our products – a fundamental step towards achieving carbon neutrality across our business by 2050.

### Triple Action to ZERO

Triple Action to ZERO is a key initiative in Honda’s ongoing efforts to have zero environmental impact – through complete carbon neutrality of not only our products, but of the whole product lifecycle – by the end of 2050. We will therefore continue working towards being a truly sustainable organisation by powering customer mobility in a sustainable way..

This is made up of three core pillars:

- Carbon Neutrality – net zero CO<sub>2</sub> emissions
- Clean Energy – 100% utilisation of carbon-free energy
- Resource Circulation – 100% use of sustainable materials

### Resource Circulation

To address the third pillar – resource circulation – and in-keeping 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

Honda maintains its commitment to using 100% sustainable materials in all our products by the end of 2050, and in our pursuit of this, we will maximise our contribution to the circular economy. This will include the re-use of materials from end-of-life products, alongside recycled materials, and those from regenerative or renewable sources – all while maintaining the highest standards of product quality and performance.

### End-of-life vehicles

In July 2023, the European Union published a new regulatory proposal on circularity requirements for vehicle design and on the management of end-of-life vehicles, to ensure efficient use of resources and to protect the environment.

At Honda, we are working towards exceeding these expectations to ensure our compliance as soon as possible, and have already taken great strides towards preventing and limiting waste from end-of-life vehicles and their components, including batteries. We are also improving the environmental performance of all processes throughout the production and usage of our vehicles.



# Resource Circulation

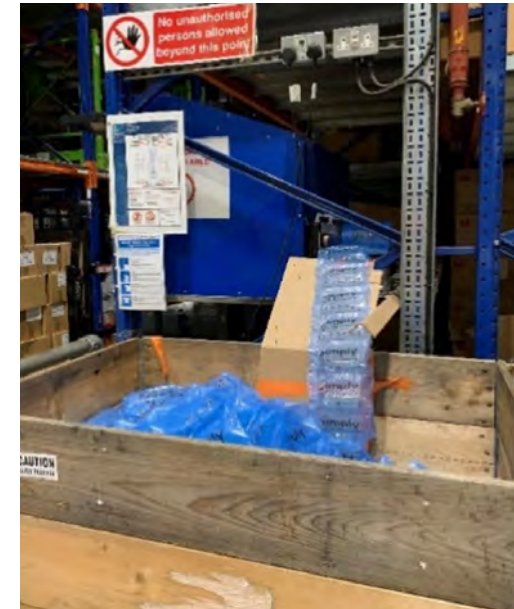
## Case Study HMEL-UK

### Reducing waste in packaging material

Honda Motor Europe Logistics (HMEL) UK has reduced the amount of cardboard it sends for recycling by two thirds, and in doing so has also eliminated the need to purchase void-filling packaging – material placed within parcels to protect their contents.

Following a thorough review of all packaging processes, HMEL set out to halve the 210 tonnes of cardboard sent for recycling from January 2021 to December 2022 at a cost of €10,000 per year, with the same spent annually on void-fill packing material.

In response, the team installed a machine that turned waste cardboard into corrugated void-fill packaging, allowing it to drastically overachieve against its targets. In addition to reducing the time spent processing waste materials on site, thereby creating an improved environment for staff.



# Resource Circulation

## Case Study

### 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, and to this end, Honda has a long-standing partnership with SNAM Groupe to collect and **recycle high voltage** batteries from end-of-life hybrid and electric 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 (ATF) in 22 countries.

For portable and automotive batteries, Honda registers with national schemes to ensure compliance for all battery groups, and contribute to the recycling of these across Europe.

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 prepare cars for compacting and shredding, by removing pollutants such as batteries and oils.

By supporting with accurate information, Honda is enabling Member States to achieve the End-of-Life Vehicle Directive targets of 85% recycling and 95% recovery rate, in all countries.



## CSR

- Introduction by Ian Howells,  
Executive Vice President,  
Honda Motor Europe ..... 136
- World record rugby balls ..... 137
- Donation to Protezione Civile ... 138
- HBG-DE clean-up operation..... 138



# CSR

## Introduction by Ian Howells



**Ian Howells,  
Executive Vice President,  
Honda Motor Europe**

As part of Honda’s global ‘2030 Vision’ strategy, we are committed to carrying out activities in the area of corporate social responsibility – investing in a range of diverse initiatives, from environmental and safety to social activities, which support education and local communities. All to reinforce our position across Europe as a company that society wants to exist.

### Waste and recycling

As a global business, we place great significance on the role we can play in protecting the natural environment and minimising resource use, improving waste management and developing products that operate within a circular economy model.

Examples of this in Europe have seen a reduction in the volume of cardboard we send for recycling in the UK by two thirds during the past fiscal year. While volunteers from Honda Germany have also taken part in multiple clean-up operations to promote healthier living by ridding local public spaces of waste.

### Sports and community

We are also taking positive steps to support communities and grassroots sports teams in Europe, for example through the donation of over 2,000 rugby balls that were used to set a Guinness World Record in the UK – via our partnership with England Rugby.

### Natural disaster relief and prevention

Honda continues to act quickly to assist communities where it can during local emergencies. One example of this was our support for the Italian Civil Protection organisation in June 2023, when we supplied water pumps and a power carrier to help them deal with the aftermath of severe flooding in the Emilia Romagna region. The donated equipment will continue to be used for future emergency response activities in Italy, should they be required.

### Looking to the future

In accordance with the United Nations’ Sustainable Development Goals (SDG), Honda will continue to contribute to the sustainability of society through an ever-broadening range of activities.





# CSR

## Case Study

### Philanthropy

#### World record rugby balls donated to grassroots clubs in the UK

In 2022, Honda set a Guinness World Records title for the largest rugby ball mosaic, covering an area of 104.6 m<sup>2</sup> – the footprint of almost 14 HR-Vs – with 2,030 size-five rugby balls inside the world-famous Twickenham Stadium in London.

Featuring 813 red and 1,217 white rugby balls provided by Gilbert, the official supplier to the England Rugby Team, the attempt was subject to stringent checks to ensure it complied with Guinness World Records' rules. This required it to be ratified by documentary evidence including videography, photography, a surveyor's report and independent witnesses.

As part of Honda's ongoing support for grassroots sports, every ball was subsequently donated to community rugby clubs across the UK.





# CSR

## Case Study Philanthropy

### Donation to Protezione Civile Italiana following Emilia Romagna floods

As part of the company's continued ambition to have a positive global impact, Honda's European Engine Centre donated several power products to help the Italian Civil Protection organisation respond to severe flooding in the Emilia Romagna region in June 2023.

Italian Civil Protection was supplied with Honda water pumps, including a WT40 and two WX10 (suitable for smaller flooded areas, like houses), able to pump 1,640 and 140 litres, respectively, per minute.

To help the organisation transport debris and materials, Honda also provided a HP500BX power carrier, equipped with a Honda GXV160 gasoline-powered engine capable of moving up to 500 kg across inclines and declines of up to 15-degrees.



### HBG-DE clean-up operation

Volunteers from Honda Bank Germany do their bit for the local environment

In May 2023, Associates from Honda Bank Germany (HBG-DE) took part in a clean-up operation in the nearby Ost Park, Frankfurt, to collect approximately 50kg of waste from its pathways, gardens, playground and meadows.

The group of 20 volunteers wanted to promote healthier living by ridding the local green space of its plastic waste and helping to prevent any of it from leaching into the groundwater.

Volunteer Comment: "We collected approximately 50kg of waste, including a lot of small, toxic waste items as well as hazardous rubbish. If one cigarette pollutes 40 to 60 litres of groundwater and we collected approximately 500 cigarettes, our action directly protected 25,000 litres of groundwater. That is a really great thing."

Following the success of the initiative, more clean-ups have been planned throughout 2023 and beyond.





# Certificates & Registrations

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 sites in the region. A healthy, safe and environmentally responsible workplace and workforce is vital to us, and to achieve this 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 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.

## 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 document.

## Safety Policy

Honda will ensure a safe and healthy working environment by building safety into our processes and equipment, helping to achieve 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. Our total commitment to ‘Safety for Everyone’ extends to passengers, pedestrians, occupants of other vehicles and everyone on the road. We will therefore continue to develop and refine our 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)	EMAS
Honda Italia Industriale S.p.A	July 2025	July 2025	June 2025
C.I.A.P. S.p.A	December 2024	December 2024	-
Montesa Honda S.A.	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 2026	May 2026	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 its 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 Logistics NV, Gent, Belgium



Honda Motor Europe Logistics Central Europe Branch, Priewy, Poland

### Production

	Name	Location	Country
HII	Honda Italia Industriale. S.p.A	Atessa	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



## 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)	Capelle aan den IJssel	Nederland
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 Fiolktelepe	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



# Honda Sites



Honda R&D Europe (Deutschland) GmbH, Offenbach, Germany

## 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.	Arlington Business Park (Reading)	UK
HRE-G	Honda R&D Europe (Deutschland) GmbH	Offenbach	Germany
HRI-EU	Honda Research Institute Europe GmbH	Offenbach	Germany
HRE-I	Honda R&D Europe (ITALIA) S.R.L.	Roma	Italy



# Honda Sites



Honda Center, Frankfurt, Germany

## Dealers

	Name	Location	Country
GG	Garage Du Golf	Aigle	Switzerland
GCS	Garage City Servette S.A.	Genève	Switzerland
GB	Honda Retail Group S.A.	Lausanne	Switzerland
GJ	Garage des Jordils S.A.	Neuchâtel	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 31/3/2022

Honda of the UK Manufacturing Ltd. (HUM)	Liquidation Process started in July 2022
Honda Racing Development UK Limited (HRD-MK)	Liquidation Process started in April 2023





## GRI Reference List

Based on the following GRI reporting recommendations:

GRI 2: General Disclosures

GRI 3: Material Topics

GRI 301: Environment

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

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GRI 2 General Disclosures	<b>The organisation and its reporting practices</b>	2-1	Organizational details	2
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		2-4	Restatements of information	112, 113, 124
		2-5	External assurance	
	<b>Activities and workers</b>	2-6	Activities, value chain and other business relationships	35, 37, 38, 40, 97-103
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		2-12	Role of the highest governance body in overseeing the management of impacts	5 - 10
		2-13	Delegation of responsibility for managing impacts	58
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		2-19	Remuneration policies	60
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## GRI Reference List

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		302-3	Energy intensity	107, 109, 112, 118, 123, 126, 128
		302-4	Reduction of energy consumption	109, 112, 118, 123, 126, 128
		302-5	Reductions in energy requirements of products and services	80, 107, 109, 112, 118, 123, 126, 128
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		304-2	Significant impacts of activities, products, and services on biodiversity	28 - 31
		304-3	Habitats protected or restored	28 - 31
		304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	28 - 31



## GRI Reference List

	Disclosure	Ref.	GRI Description	Report page
GRI 301 Environment	Emissions	305-1	Direct (Scope1) GHG emissions	74, 76, 77, 78, 108, 110, 113, 124, 127, 129
		305-2	Energy indirect (Scope2) GHG emissions	74, 76, 77, 78, 108, 110, 113, 124, 127, 129
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	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	37
		308-2	Negative environmental impact in the supply chain and actions taken	36, 39-43



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