

SUSTAINABILITY REPORT

20
21



PRESENTATION

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Behind the Honda brand is the extraordinary story of a man and his dream. Son of a blacksmith and a weaver, Soichiro Honda was born in the fall of 1906, in the city of Hamamatsu, Japan. As a child, he spent long hours helping his father in the workshop where he repaired bicycles, a means of transport that became increasingly popular in the country at the beginning of the 20th century.

He was fascinated when he saw a motorized car for the first time and, from that point on, he started dreaming about building his own car. At the age of 15, he moved to Tokyo and started working in an auto repair shop. It was there that, combining industrial and artisanal techniques, he had the opportunity to build his dream car. Thus was born the “Curtiss” model, a tried and tested racing vehicle that, in 1924, won the Japan Motor Car Championship. At that time, Soichiro Honda was just 18 years old.

At the age of 21, he returned to his hometown and worked in a auto repair shop until he had enough money to open his own auto parts plant, where he began producing piston rings.

“No dream is too big.”
Soichiro Honda



74
years of history

50
years in South America

Commemorative seal for
Honda's 50 years in Brazil



Soichiro Honda witnessed two major wars and also a conflict between China and

Japan. After World War II, the country was completely devastated and he lost everything he had built due to the bombings and also to an earthquake that shook the country even more. One of the worst problems at that time was transportation. With fuel rationing and trains full, Soichiro Honda bought a batch of engines used for generators and adapted them into bicycles. That's how he started selling the first mopeds.

The motorcycles production was improved and increased, cars became part of the production line and, little by little, factories were being installed all over Japan and then in other countries and continents.

The company's reputation grew and today Honda Motor Company is one of the biggest names in the automotive industry, known and respected worldwide. Soichiro Honda passed away in 1991, but his dream is still alive today. Inspired by the power of dreams, the company seeks through its products and services, to provide people with differentiated experiences. The brand's commitment is to provide joy and to improve people's lives through mobility.

Thanks to the belief and perseverance of its founder, Honda is a global company with 73 years of history and activities in South America for 50 years, where it produces, imports and sells motorcycles, automobiles, quad bikes and power products. In 2015, Soichiro's dream took hold and the company also started to market the HondaJet executive jet, the most advanced in the market in its category.

Through Honda South America, the holding responsible for all the group's operations in the region, the company maintains production units in Brazil, Argentina and Peru, in addition to an import unit in Chile and more than 2,200 points of sale, which guarantees the brand's presence in the main cities of South America. This report contains information and data about operations in South America in 2021.

With it, Honda maintains the relationship of transparency that it establishes with its public, as well as reporting on the actions, projects and results achieved by its subsidiaries in the region.

This is an important material regarding the materialization of Soichiro Honda's dream and the commitment of the company's operations to the global 2030 vision that Honda brand products can expand the *joy of mobility and potential of people's lives*.

BOARD MESSAGE

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Dear reader, welcome to the Honda South America Sustainability Report.

We prepared this report with dedication and transparency, to promote, integrate, and carry on the discussions about the importance of the business alignment with the major social-environmental and corporate governance issues, which are increasingly essential for the sustainable development of companies and organizations.

Honda is a human-oriented company whose purpose is to expand the potential of people's lives through mobility solutions. The brand's vision to ensure long-term sustainability is "to be a company whose existence is desired by society" that can create value for customers, through unique and innovative solutions and technologies and, at the same time, create value for society, contributing to the solution of important issues to people and the planet.

As part of this effort, Honda presents in this report its new materiality matrix, revised based on an extensive listening process with our different stakeholders. In line with the changes in society's values and expectations, we incorporated, as of this year, topics of utmost importance in our matrix: Diversity and Inclusion, Mobility and Innovation. Additionally, we kept our commitment to reporting our advances in environmental themes, traffic safety, ethics and governance, quality, customer satisfaction, and people management.

2021 was marked by the greatest health crisis of our time, the covid-19 pandemic. We had to live with the continuing social isolation, the priceless losses of loved ones, and the impacts of the pandemic on the business environment.

But it was also the year when we regained hope and saw the important breakthrough of mass vaccination and the drop in hospitalization and mortality rates.

In 2021, the automotive industry also faced instabilities in the supply chain, mainly affecting the availability of semiconductors, impacting companies on a global scale.

One more time, all these challenges required flexibility in dealing with business partners and the adoption of agile management, capable of continuously reviewing the most relevant aspects of the operation.

In this scenario, we relied on the partnership of our dealer and supplier network, which are crucial for Honda's long-term sustainability; and on the dedication of our associates, which proved, once again, to be a cohesive and resilient team.

The last year was also marked by the celebration of Honda's 50 years in Brazil. Throughout this history, more than 26 million motorcycles and 2 million cars were sold, which contributed to democratizing mobility and improving people's lives in all regions of the country.

In 2022, we celebrate the 30th anniversary of Honda Automóveis do Brasil and the 35th anniversary of Seguros Honda, milestones that prove the strong standing of the Honda brand with the Brazilians.

I took over the operations of Honda South America in April 2021 and complete my first year of management confident that we are on the right track, working with a focus on customer satisfaction and with the mission of making the Honda brand more and more desired by society.

Looking ahead, I know we still have a lot to accomplish. We are experiencing a transformation never before seen in our industry, an event that happens once every hundred years. And in this context, Honda is rapidly changing with a vision to lead the future of mobility.

Honda is committed to two major focuses for its operations worldwide. By 2050, we aim to achieve carbon

neutrality in products and corporate activities and zero fatal traffic collisions involving Honda vehicles.

And, in line with the global directives, we have established three pillars that guide our product strategy for the coming years: environment, safety, and connectivity.

We will continue to renew our model lineup with more economical and environmentally friendly products, with even more efficient, safer, and more connected engines.

We will set clear priorities and maximize the use of our resources to respond quickly to changes in the environment, improve our products and their relationship with the environment, care for the quality of life of our associates, strengthen our ethics and governance structures, and above all, showing respect to society as a whole.

Thank you for your attention and I wish you a good reading!

Atsushi Fujimoto,
CEO of Honda South America

We work focused
on customer
satisfaction and
with the mission
of making Honda's
brand more and
more desired by
society

SUSTAINABILITY STRATEGY

• GRI 102-16 •

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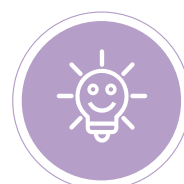
One of the most inspiring tasks for Honda is to be able to multiply and pass on a philosophy whose assumptions are “Respect for the Individual” and sharing “The Three Joys”. Experienced among associates and by all those involved in its value chain, this philosophy makes Honda a unique and innovative company, whose existence is desired by society. Common goals, values and principles that guide the actions of everyone involved in the business. This is the Honda Philosophy, which divides itself into three axes:

- **Respect for the individual:** A principle that encourages and promotes sharing the joy, by means of respect for individual characteristics, a relationship of equality and trust, as well by making the best use of each person’s initiative.
- **The Three Joys:** Honda’s wish is to build trusting relationships and share the joy with all the people it reaches through its activities and products.

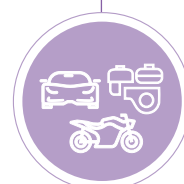
- **Honda’s Management Policies:** Includes five main topics to guide Honda associates in their daily responsibilities:



“The Honda Principle: In a global spirit, we are dedicated to providing the highest quality products, at a fair price, to satisfy our customers worldwide.”



THE JOY OF CREATING, experienced by associates who dedicate their talents, skills and knowledge to create products and services that provide joy to customers.



THE JOY OF SELLING, experienced by Honda’s associates and dealers when they gain the confidence of customers and offer high quality products and services that exceed their expectations.



THE JOY OF BUYING, experienced by customers when purchasing a product or service of the brand. It is the customer joy that adds value to Honda’s activities and serves as a means to experience other joys.



ALWAYS keep your dreams and a youthfulness



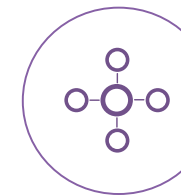
VALUE theories, the ideas and time



ALWAYS KEEP the survey values and perseverance in mind



ENJOY your work and value communication



CONSTANTLY create a smooth workflow

“To serve people worldwide with the joy of expanding the potential of their lives”

Business Direction and 2030 Vision

Overcoming expectations is something constant in the way Honda conducts its business. Year after year, the company’s evolution in South America and around the world, has been evidencing the need and opportunity to act focusing on the sustainable development of the regions where it operates and, with that, becoming a company whose existence is desired by society.

Only then, customers will be able to live the joy and unique experiences achieved with the

solutions provided by the company. To support this business guidance, Honda outlined the 2030 Vision, a path towards for being leader in the advancement of mobility in worldwide.

This effort involves creating, expanding and securing joys. The approach of Creating Joy can be understood as the perspective of Honda’s universal passion of providing people with the joy of expanding their life’s potential, creating value for mobility and their daily lives.

Our purpose is to keep offering unique products and services that can people’s lives better through technology. With its guidance for Expanding the Joy, Honda is committed to develop various mobility solutions that meet the specific needs of different consumer profiles in the countries where it operates. Finally, with a focus on Ensuring Joy for the next generations, the company promotes initiatives to support to the creation of a carbon-free society and with zero traffic accidents.

2030 VISION
Honda South
America

GIVE EVERYONE
THE JOY OF
EXPANDING LIFE’S
POSSIBILITIES

**Leading the
advancement
of mobility and
improving the lives
of people throughout
the world**



CREATE JOYS

**CREATE VALUE FOR MOBILITY
AND DAILY LIFE**

- Provide the joy of free mobility
- Provide the joy of an improved quality of life



EXPAND JOYS

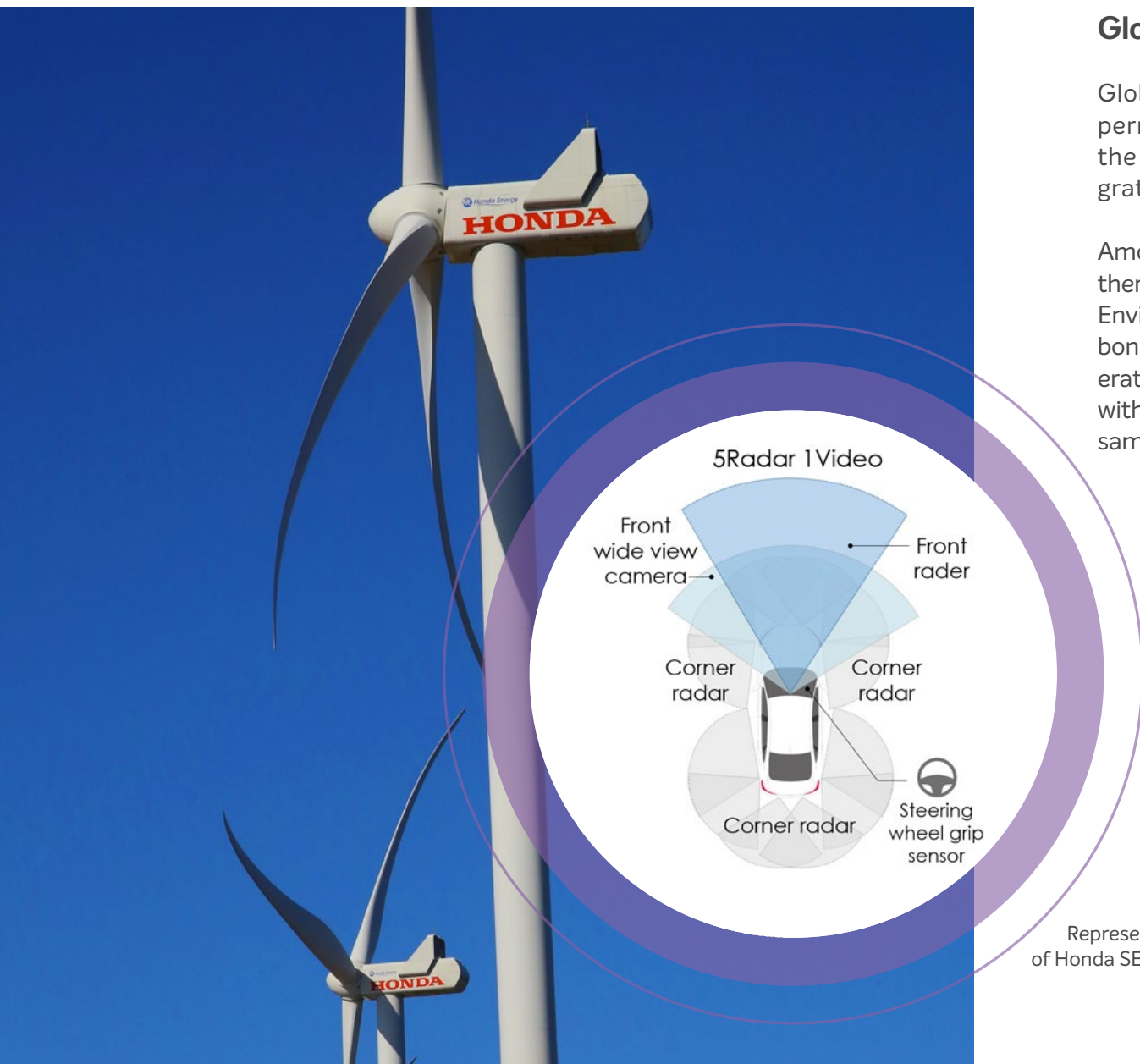
**RESPECT THE DIVERSITY
OF INDIVIDUALS**

- Offer world-class products and services that satisfy the specific needs of individuals and the society



**ENSURE JOY FOR THE
NEXT GENERATIONS**
**ACT FOR A CLEANER AND
SAFER SOCIETY**

- Lead the efforts towards a carbon-free society
- Lead the efforts towards a society with zero traffic accident



Global guidelines

Globally, Honda has defined guidelines that permeate the company's subsidiaries around the world, aiming at its objectives in an integrated manner.

Among the company's global commitments, there are two widely disseminated ones, in the Environment and Safety areas: achieving carbon neutrality in all products and corporate operations by 2050, as well as zero traffic accidents with fatalities involving Honda vehicles by the same year.

Globally, Honda has goals and commitments in the areas of Environment and Safety

In the environmental pillar, the company is investing in electric vehicles, including hybrid or 100% electric engines, and vehicles powered by hydrogen fuel cell. Honda is also investing in renewable energy technologies, such as the Honda Mobile Power Pack, and smart power operations linked to network infrastructure.

On the safety front, Honda has been working on Advanced Driver-Assistance System (ADAS) omnidirectional technology to make it viable for all new car models introduced in developed countries by 2030. In addition, we leveraged knowledge and know-how through research and development of Level 3 autonomous driving technologies, which further enhanced the intelligence of ADAS.

And, as explained on [page 64](#) of this report, Honda is also working to strengthen educational programs focused on traffic safety.

Sustainability Strategy

Honda aims at improving people's lives through its mobility solutions. Most of all, it aims at doing so in such a way as to create unique values sustainable over time to different target groups, in order to ensure the company's existence in the long term. Therefore, Honda strategic sustainability management is based on four priority commitments, which guide its decision-making processes and operations.

Honda bases strategic sustainability management on five priority commitments



Environment For Honda, the environmental preservation and the conscientious use of natural resources are key aspects to achieve economic development with excellence and ensure continuity of the company's activities.



Quality Investing in technology is essential for Honda to remain a key player in its operating segments. The sustainability of operations and the unique features of the products are directly related to the quality that is presented and recognized by target groups.



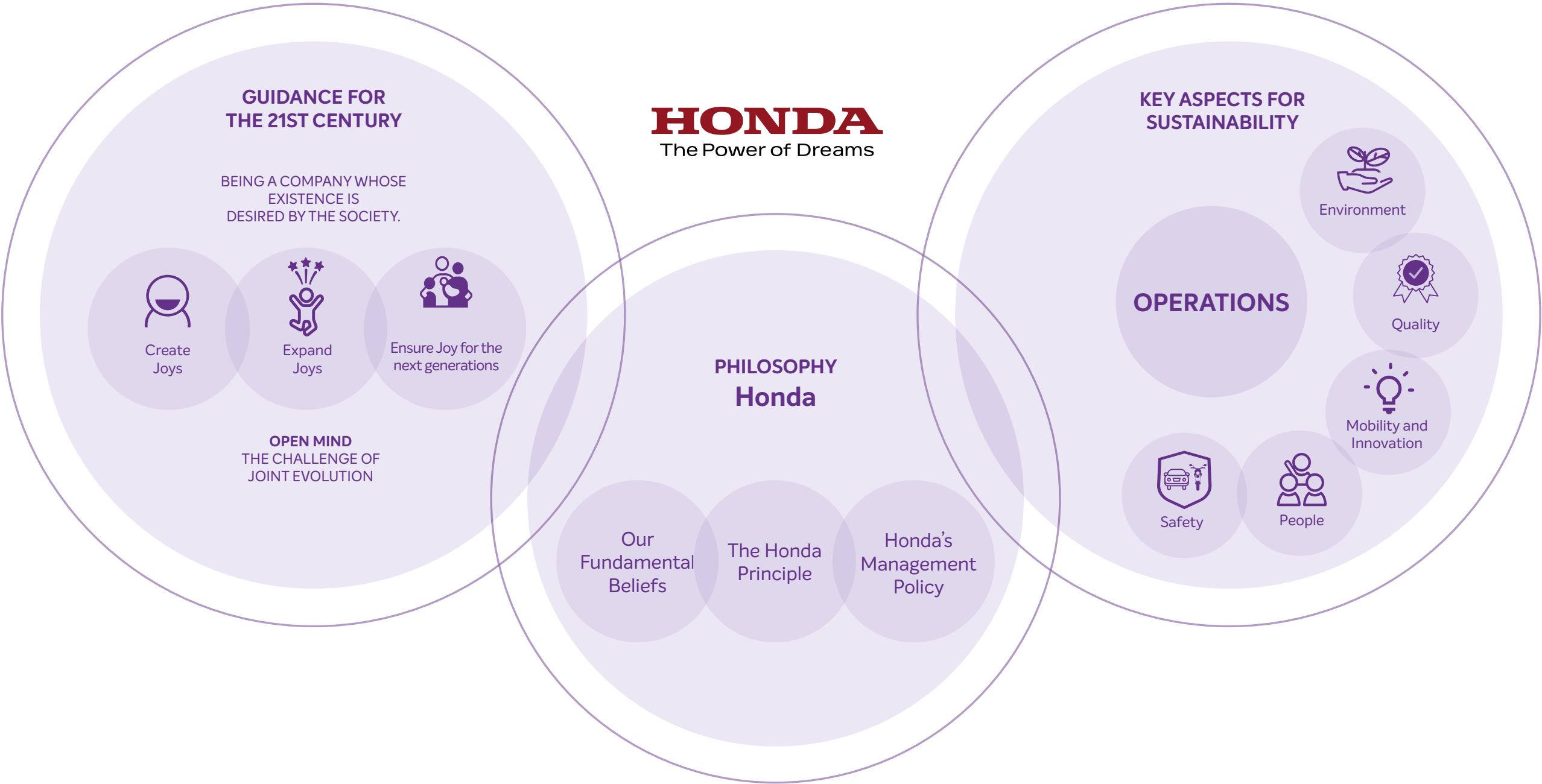
Safety: When it comes to mobility, Honda has an obligation to address safety matter, seeking to ensure the investments required so that its products achieve the best possible performance and meet the expectations of its customers. Joint awareness-raising initiatives are carried out with people who participate in the dynamics of traffic in some way.



People: A prominent aspect in the regions where it operates, valuing those who are part of the company's daily routine is essential for a good performance of activities. From its associates to the communities, the combination of investment in professional development and the well-being of society is part of the company's operating strategy.



Mobility and Innovation: Honda believes that technology should be at the service of people's lives. Therefore, we develop solutions designed to be beneficial and improve everyone's life.



ABOUT THE REPORT

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For the seventh consecutive year, Honda South America (HSA) presents the Sustainability Report, which includes the company's highlights in the management of environmental, social and governance aspects of its regional subsidiaries in Brazil, Argentina, Peru and Chile, unless indicated otherwise, from January 1st to December 31st, 2021. This report was prepared according to the GRI - Global Reporting Initiative standards: an essential option of the GRI Standards, providing greater transparency in the report and a rigor similar to that of financial documents.

• **GRI 102-1, 102-45, 102-50, 102-54** •

Honda presents for the 2021 report the update of the company's material topics. The relevant topics addressed throughout this document were identified from a materiality process, which points out, in the perception of stakeholders and senior management, the issues that should be prioritized in sustainability management and in the communication of the company's performance. • **GRI 102-46** •

These issues were identified and prioritized according to the following steps:

1. Initial consultation of the Sustainability Accounting Standards Board (SASB)¹, S&P Global - Yearbook 2021²; MSCI - Ratings and Materiality³ and GRI⁴ methodologies to identify and classify the criticality of the topics related to the automotive sector from the market's perspective;

2. Analysis of material topics disclosed by peer companies in the sector to map potentially priority issues;

3. Interviews with senior management and online consultation with stakeholders to prioritize the topics. The public survey was answered by 968 people, from different relationship groups (customers, class associations, associates, dealers, suppliers, government, and the press). • **GRI 102-40; 102-42; 102-43; 102-44** • - In the process of formatting the materiality matrix, we also evaluated the local business environment, global trends that impact Honda's operating segments and new demands due to the covid-19 pandemic, revealing the performance and challenges in face of this context.

¹ North American institution that defines sustainability reporting standards for publicly traded companies.

² Annual publication by S&P Global, which is based on the Corporate Sustainability Assessment (CSA) - the assessment that underlies the preparation of the Dow Jones sustainability indices, developed from the analysis of a series of ESG criteria of companies listed on the American stock exchange.

³ MSCI ESG ratings provide a company's long-term assessment of environmental, social and governance (ESG) issues.

⁴ The Global Reporting Initiative is an international organization that helps companies, governments and other institutions understand and communicate the impact of business on critical sustainability issues.

Material Themes

The topics prioritized during the consultations and validated by the Honda South America board are presented in the list below: • **GRI 102-47** •



**Quality of products
and services**



Customer satisfaction



**Mobility and
Innovation**



**Education and
Traffic Safety**



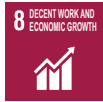
**Operational Emissions
and Eco-efficiency**



**Ethics and
Governance**



**People and Diversity
Management**

MATERIAL ASPECTS	DESCRIPTION	MANAGEMENT INSTRUMENT	CORRESPONDING ODS
Quality of products and services	Establish quality parameters in the development of services and in the manufacture of products, ensuring a cycle of continuous improvement, and transparently communicating the processes to promote responsible advertising and advertising practices.	• GRI: 417-3 •	
Customer satisfaction	Promote customer satisfaction surveys on Honda brand products and services and direct efforts to develop solutions and improvements	• Customers surveyed in satisfaction survey • Brand image research and public awards	
Mobility and Innovation	Invest in research and technologies to foster sustainability in urban mobility solutions	• New product and service launches • Report on global brand innovations	
Education and Traffic Safety	Investment in technologies and application of product safety items, traffic safety awareness, recall processes	• Goals and/or commitments to promote traffic safety • New technologies in products • CETH people impacted • New initiatives (agreements) • Takata recall service index	
Operational Emissions and Eco-efficiency	Commitments and targets aimed at reducing atmospheric emissions.	• GRI 305-1, 305-2, 305-4, 305-5, 305-7 • Carbon neutrality in the production of its products and corporate activities by 2050.	
	Rational use of water and improvement of energy management of manufacturing facilities, waste management and 3R's concept.	• GRI 302-1, 302-3, 302-4, 303-1, 306-1, 306-2 •	
Ethics and Governance	Strengthen mechanisms for transparent and ethical management throughout the Honda group's governance structure, in line with best ESG practices	• GRI 102-16, 102-17, 205-2, 419-1 •	

MATERIAL ASPECTS	DESCRIPTION	MANAGEMENT INSTRUMENT	CORRESPONDING ODS
People and Diversity Management	Promote an environment of respect, integration and appreciation in the relationship between associates, and ensure the health and safety of the work environment	• GRI 403-1, GRI 403-2 •	
	Encourage personal and professional development through training and performance management in line with Honda's philosophy.	• GRI 404-1 •	
	Establish commitments and promote a culture of diversity and inclusion in the workforce.	• GRI 405-1, GRI 405-2 •	   

New Honda South America materiality matrix has as new themes: Diversity and Mobility and Innovation

As shown in the table above, seven material topics form Honda South America's materiality matrix.

Compared to the matrix worked on previously, we noted that most of the topics were maintained and are listed in broader topics, such as Socio-Economic Compliance, incorporated in Ethics and Governance; Associates' Well-being and Safety, and Training and Education, which are now reported under People and Diversity

Management; and Emissions and Energy, which in the new matrix are included in Emissions and Operational Eco-efficiency.

There are new themes present in this matrix: Mobility and Innovation and Diversity, subjects that will be dealt with comprehensively later in this report, on [pages 95 and 82](#), respectively.

OVERVIEW

• GRI 102-16 •

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HONDA

211**thousand
associates
worldwide**

The essence of providing products and services to improve people's lives remains alive in all markets where Honda operates. The brand's purpose is to contribute to the advancement of mobility, always placing people at the core of its strategies and using technology to assist them.

Therefore, Honda follows an innovation path, meeting the different characteristics, needs and dreams of its customers.



**Honda's purpose is
to improve people's
lives through mobility
solutions.**

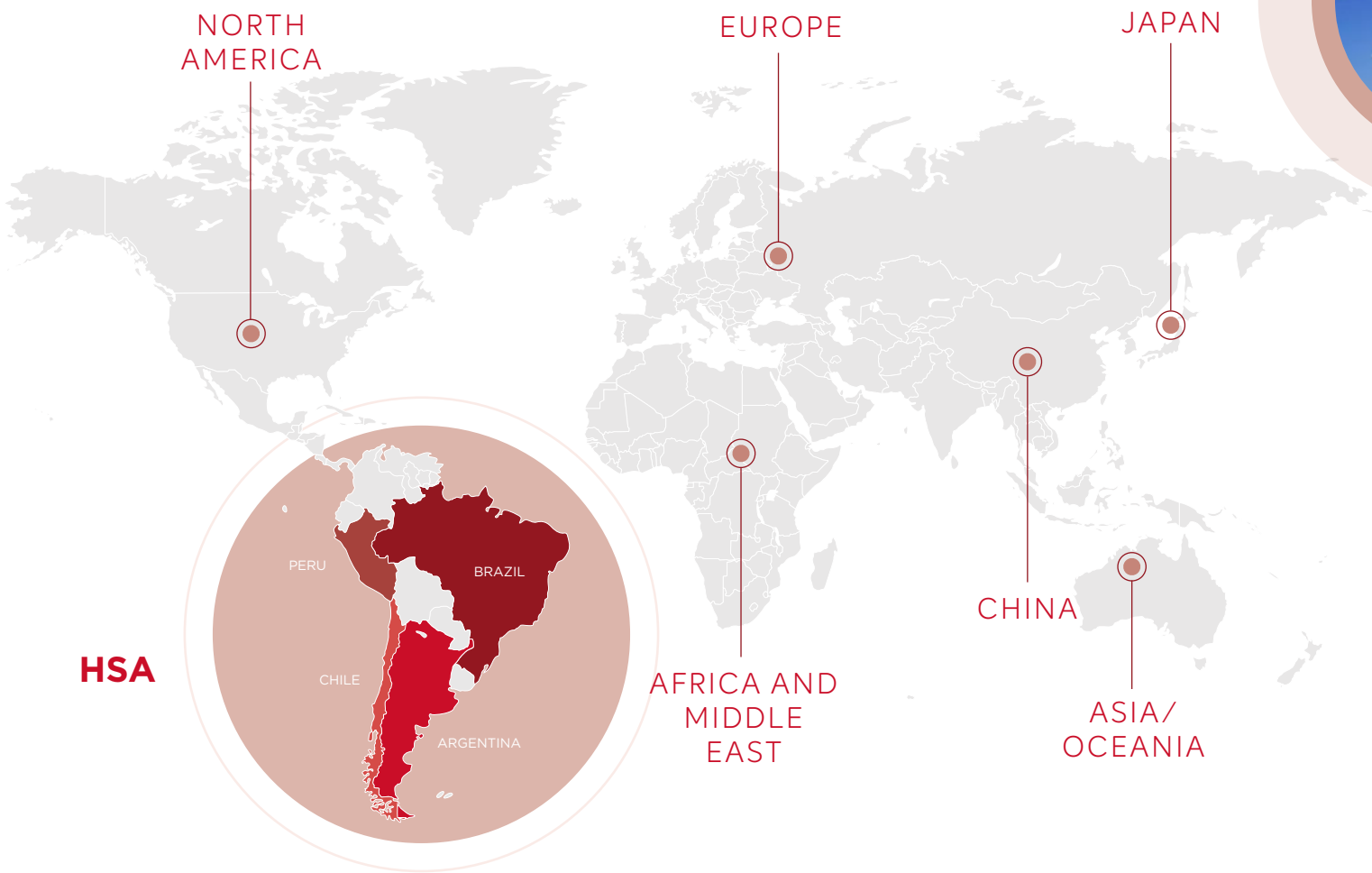
This commitment has been leading Honda through the 72 years of its existence, during which it consolidated a global presence, with 430 subsidiaries and affiliates throughout the world, supported by 211,000 associates.

South America is one of the administrative blocks that form the company's global operations and a region where Honda has been present since 1971, importing and producing motorcycles, cars, ATVs and power products, in addition to the recent sales of an executive jet, the HondaJet.

Headquartered in the city of Sumaré, in the State of contryside of São Paulo, Honda South America is responsible for all the group operations in the region, with production units in Brazil, Argentina and Peru, and an import unit in Chile and more than 2,200 points of sale, which guarantees the brand's presence in the main cities of South America. >

• GRI, 102-2, 102-3, 102-4, 102-6, 102-7 •

Honda South America



BUSINESS UNIT		SEGMENT*	SCOPE**	JURISDICTION
HDA	Moto Honda da Amazônia	2R / PF	SEDBA	Brazil
HAB	Honda Automóveis do Brasil	4R	SEDBA	Brazil
HSF	Honda Serviços Financeiros	BHB / CNH / SHB	SA	Brazil
HAR	Honda Motor de Argentina	2R/ 4R / PF	SEBA***	Argentina
HDP	Honda del Peru	2R / PF /4R	SEDBA***	Peru
HMDC	Honda Motor de Chile	2R/ 4R / PF	SA	Chile

* 2R: Motorcycles / 4R: Cars / PF: Power Products
BHB: Banco Honda S.A. / CNH: Consórcio Honda Ltda. / SHB: Corretora de Seguros Honda Ltda.
** S (Sales); E (Production Eng.); D (Develop./R&D); B (Buying); A (Adm./Administration)
*** Car and Power Product Sales; and Motorcycle Sales and Production

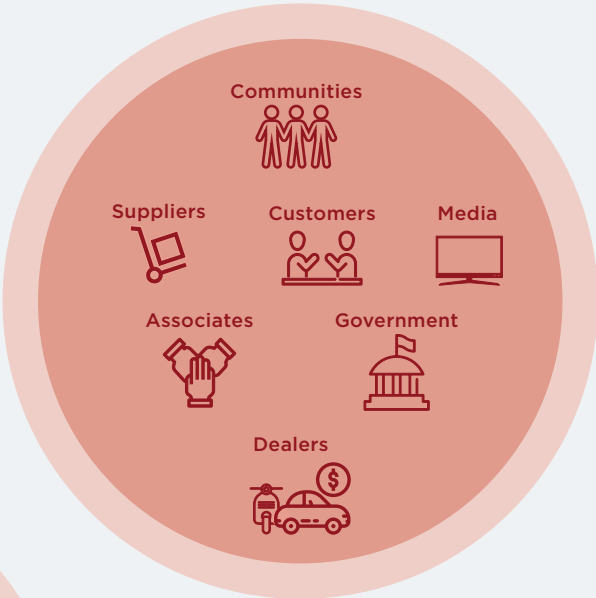
**Honda South America's
Operating Model**

Honda's operating model considers the generation of results and the sharing of profits with all stakeholders, considering the sustainability of the entire operation.

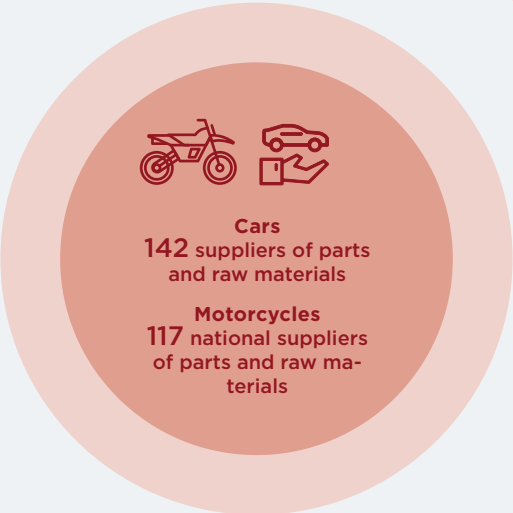
Associates



Stakeholders



Suppliers



**Points
of Sale**



Results

Brazil

Honda Automóveis do
Brasil Ltda.

Production and sale of
cars and parts.

Moto Honda da
Amazônia Ltda.

Production and sale
of motorcycles, power
products and ATVs.



Chile

Honda Motor
de Chile S.A.

Importing and sales of
motorcycles, cars and
power products.



Argentina

Honda Motor de
Argentina S.A.

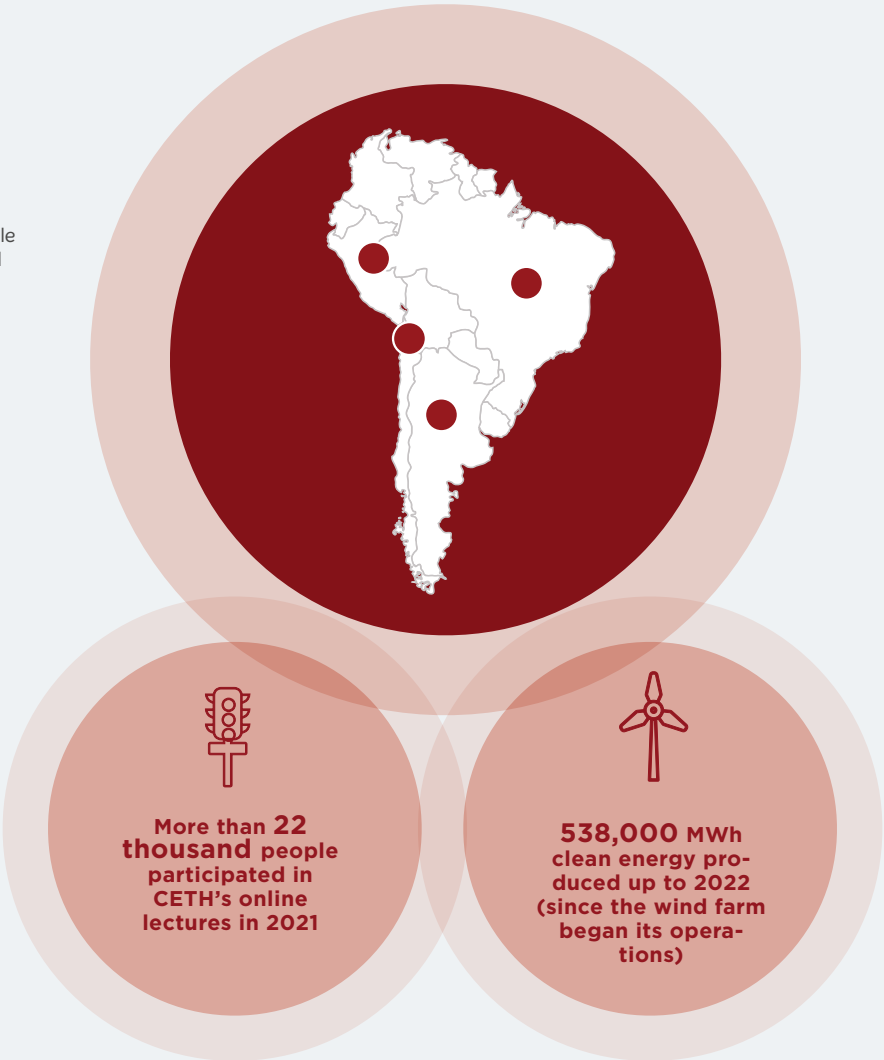
Production and sale
of motorcycle and
importing of cars.

Peru

Honda Selva
del Perú S.A.

Honda del
Perú S.A.

Production of
motorcycles,
importing and
sales of cars and
power products.



Operational Performance

Since 2020, the world faced a common challenge: a health crisis that is unprecedented in recent history. The COVID-19 pandemic brought new behavioral, ethical and socioeconomic requirements, impacting the lives of billions of people around the globe. Global economy was shaken, causing intense changes in business and society.

And these impacts continued to be felt, in various spheres, throughout 2021. The beginning of the year was also strongly impacted by high rates of contamination and dissemination of the disease. In Manaus (AM), Moto Honda da Amazônia had its activities suspended between late January and early February, due to the health crisis which was aggravated by the lack of oxygen at the hospital. Honda supported the local community with the donation of cylinders and other actions, as described on [page 93](#) of this report.

In addition, during the year, new variants of the virus appeared, bringing, once again, the urge to adapt. As established since the beginning of the pandemic, Honda prioritized people's safety and, therefore, reinforced the health and safety protocols adopted in 2020. The company kept its actions based on conciliating the concern with associates' health and sustainability in business.

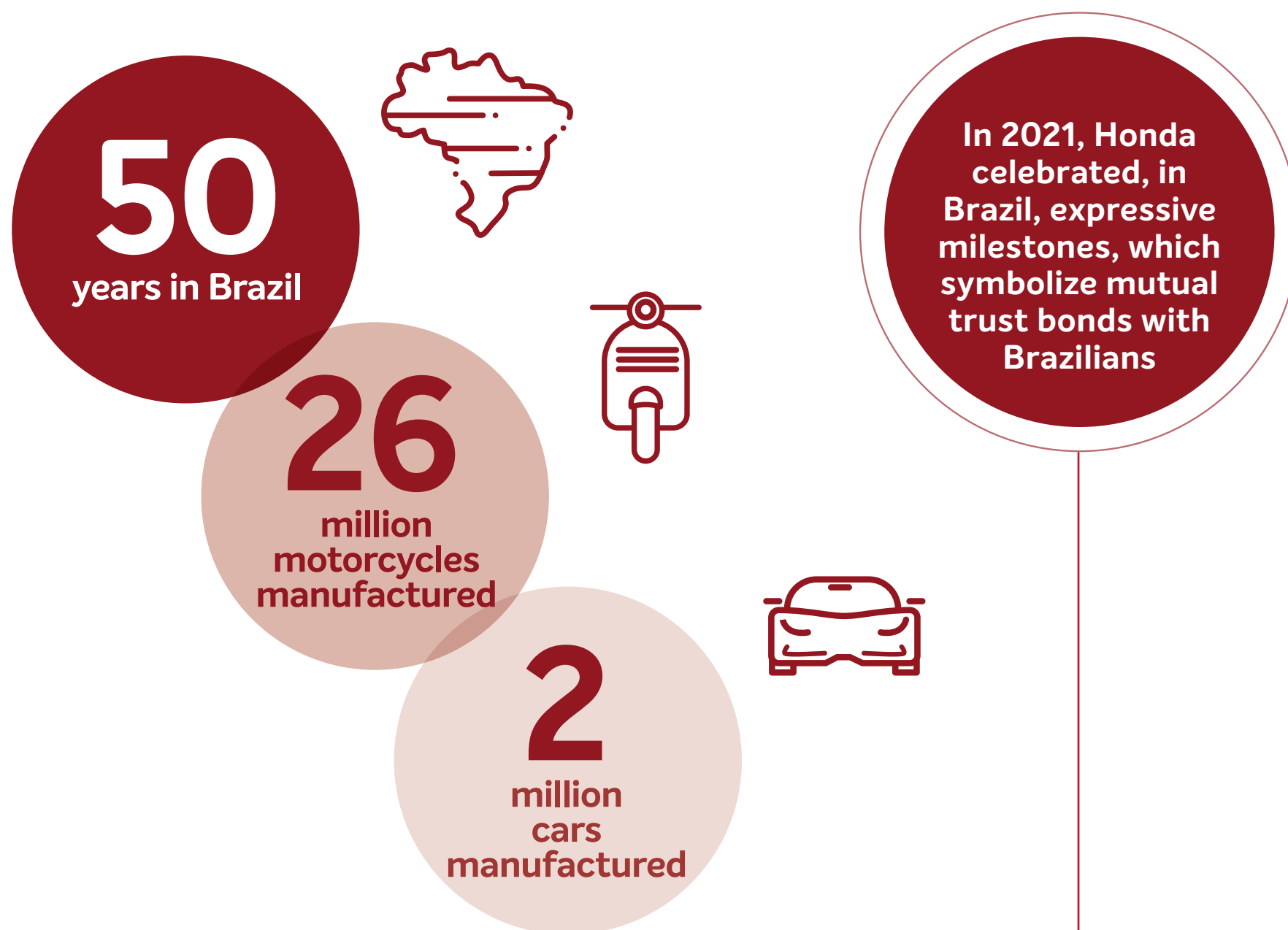
On the other hand, 2021 was marked by the beginning and advancement of mass vaccination in Brazil, with the application of the first and second doses of the vaccine in several age groups of the population. Immunization brought a new perspective to people, who could, gradually, resume part of the routine left behind in 2020.

While the immunization scenario contributed positively to the gradual recovery of the economy, the logistical bottlenecks caused by the health crisis had a negative impact on operations. It was necessary to manage interruptions in the global supply chains, causing the production of cars in Brazil to stop in some periods (see table beside).

In the South American context, there was a recovery in demand in almost all countries, which was positive, but inflation of inputs, currency devaluation, and disruptions in supply chains impacted the automotive industry in South America, and it could not be different for Honda.

Thus, 2021 once again demanded flexibility, adaptation, and agility in decision making.

PRODUCTION UNIT	SHUTDOWN PERIOD IN 2021
Moto Honda da Amazônia (AM)	16 days
Honda Automóveis Sumaré (SP)	52 days
Honda Automóveis Itirapina (SP)	39 days
Honda da Argentina	21 days
Honda Selva del Peru (Iquitos)	2 days
Honda Selva del Peru (Tarapoto)	26 days



General

With an accumulated sales volume that has already reached more than 28 million units, among cars, motorcycles and power products, Honda South America is currently the largest vehicle manufacturer in Brazil. A result achieved thanks to a customer-oriented culture that favors innovation and continuous improvement in the pursuit of superior quality in all business dimensions.

In Brazil, last year, Honda celebrated 50 years of presence in the country, one of the most relevant milestones in its history. Throughout this history, more than 26 million motorcycles and 2 million cars were sold, which contributed to democratizing mobility and improving people's lives in all regions of the country.

Also in 2021, Honda celebrated 45 years of local production of motorcycles, which started with the CG 125. And today, the CG is the best-selling vehicle in Brazil and carries with it a great national admiration. Consórcio Honda also celebrated its 40th anniversary. These are expressive milestones that symbolize a history built on bonds of mutual trust with the Brazilian citizens.



Motorcycles

Consolidated as the largest motorcycle manufacturer in South America and sales leader in the segment in Brazil, Honda Motos accumulates more than 26 million units produced in the continent. This volume represents a great contribution of the motorcycle to society. It is a vehicle desired by consumers, whether for daily mobility, leisure or work, contributing to the generation of revenue in several economic activities.

In the context experienced in 2020, the motorcycle proved to be even more important, given the growth in delivery services and a prioritization of individual means of transport, reducing the risk of contamination. This scenario culminated in a greater demand for motorcycles in all countries in the region, contributing to a faster recovery than what had been predicted in the beginning of the new coronavirus crisis. At certain points, this factor caused an imbalance between the supply and demand for motorcycles in the market.

More than 1 million
of motorcycles were produced
by Honda in South America in 2021

Honda Motos in South America

In 2021, motorcycle operations at the Manaus (BR), Campana (ARG) and Iquitos (PER) plants recorded a joint production of 1,067,559 units. Sales reached a volume of about 1 million units, representing an increase of 27% compared to 2020. Argentina had a result of 73,905 units sold in 2021, a 23% growth compared to 2020. In Peru the sales result was 81,750 units sold in 2021, also representing 81% growth compared to 2020. Chile registered 14,934 units sold in 2021, a result 93% higher compared to the previous year.

This is a satisfactory performance, with expressive sales growth in all countries: Argentina, Peru and Chile.

The growing importance of the motorcycle for the mobility of South American citizens should also be highlighted. Every day, more and more individuals choose for the practicality, economy, and safety of the two-wheeled vehicle, for their daily commuting or for generating income.

Honda Motos in Brazil

Honda Motos was a pioneer in the development of the motorcycle segment in Brazil and currently maintains a leadership position, with a market share of 76%. Its ongoing investments and commitment to the country have contributed to the development of the entire sector.

Currently, the plant in Manaus (AM) is an industrial complex that goes far beyond the assembly of motorcycles. It is Honda's the most verticalized unit in motorcycle production in the world, as well as one of the largest in the Manaus Industrial Zone (PIM) and one of the most representative production centers in the Americas, where metal packaging, molds, structural tubes, tools and the various components that integrate the final product are manufactured, such as exhausts, wheels, handlebars, chassis and other parts.

In 2021, even in a challenging scenario for business, Honda Motos closed the year with positive results: 24% growth in the total volume of motorcycles sold. There were more than 882 thousand units between January and December last year, compared to 711 thousand in the same period in 2020.

Production also followed the trend and grew 23%, with about 933 thousand units coming off the production line in Manaus.

Last year's data exceeds the sales and production levels of 2019, the pre-pandemic period, when 853,000 units were sold and 909,000 were produced.

Some factors such as the diversification of the product line, the large capillarity of the network, the participation of the consortium and even the profile of the motorcycle customer contributed to this recovery.

The good results are also a consequence of the growth in demand for the motorcycle, due to the heating up of the delivery sector, the search for individual transportation modes, and also the demand for a more economical mobility option, especially regarding fuel consumption. These factors caused the impact on sales to be smaller than that seen in other sectors of the economy.

In the production pillar, highlight for the inauguration of the new Engine Plant, in the Manaus unit, and the modernization of one of the motorcycle assembly lines. With this, Honda concluded an important stage of the investment plan of R\$ 500 million, announced in 2019, intended for the modernization of the unit, with the purpose of making the company a reference in production efficiency.

The company's purpose is to continue to lead the sector in a sustainable way. With this focus, Honda Motos will continue to strengthen its line-up, developing superior quality products, aiming at improving the cost structure and better manage its supply chain. To that we can add a wide and comprehensive network with varied services and excellence in the relationship with the brand.



24%

**growth in the total volume
of Honda motorcycles sold
in Brazil in 2021**

VALUE CHAIN

Through its wide chain, Moto Honda's operation promotes investments, economic and social development, not only in the Amazon region, but throughout the country. The social contribution of the motorcycle business is expressive, not only due to the nearly 100,000 direct jobs spread throughout the chain, but mainly because of the value and wealth generated by the final product to individuals, families and entrepreneurs, in the country and cities across the country.

**About
100,000 direct
jobs generated
throughout the chain**



**Nearly seven
thousand
associates**



**About 120
suppliers
of components
and raw
materials**



**Hundreds of
service
suppliers**



**More than
1,100 points
of sales**



Winner
for the **9th**
consecutive
time



TOP OF MIND

Honda Motos won the “Folha Top of Mind 2020” award, which recognized the brands that consumers remembered the most over the last year. The company featured in the “Top Motorcycle” category for the ninth consecutive time. The award considers the opinion of more than six thousand people, in 197 Brazilian cities from all five regions in the country. This result evidences Honda’s concern to exceed customer expectations with top quality products and services.

Its diverse product line, which serves different consumer profiles with bikes ranging from the POP 110cc model to the GL Goldwing 1,800 cc, as well as the wide coverage of our dealership network, counting on nearly 1,100 points of sale throughout Brazil, are key factors for Honda’s recognition.

In addition, the company invests in a communication and relationship strategy with the customers and fans of an increasingly digital brand, focused on conveying the right message, at the right time, to the right audience.

myHonda, the brand’s CRM system, offers a wide range of exclusive services and content during the customer’s journey.

On our social media platforms there are approximately 6 million followers who are passionate for motorcycle and the Wings of Liberty.

MARCAS MAIS

Honda was chosen as the brand that engages and captivates consumers the most in the motorcycle segment in Brazil, according to the “Estadão Marcas Mais” survey, carried out by the Estadão newspaper, in partnership with the consulting firm Troiano Branding.

The study was carried out to identify companies that generated the greatest interest and positive perceptions from consumers, among a total of 31 categories. In the 2021, 11,782 people from all over the country were heard.

Automobiles

Honda has been selling cars in South America for 30 years. The first vehicle imported by the brand was the Honda Accord in 1992, for sale in the domestic market. In 1997, the plant in Sumaré (SP) was opened, which marked the start of the automotive production in the region.

The car segment was hardest hit by the pandemic, especially the semiconductor crisis, which limited the supply of products globally and also in the region. Honda continued to strengthen the foundations of the operation aiming at the long-term sustainability of the business.

In 2021, Honda Automóveis concluded the transfer of the production operation to Itirapina (SP)

92,819
vehicles sold
in South America
in 2021



Honda Automóveis in South America

In 2021, Honda Automóveis operations in *South America recorded a joint result of 92,819 vehicles sold and 88,740 cars produced. The market share was 2.78%.

Highlight for the production restructuring in the region that, as of January 2022, has the production of automobiles 100% concentrated in the Itirapina plant, located in the countryside of São Paulo. The unit, inaugurated in 2019, has a high level of technology and efficiency.

In addition, Honda will continue to seek the best sources of supply and take advantage of the company's global production resources to better serve South American customers. Honda will continue to offer products of the highest quality, friendly to the environment and with maximum safety, to the satisfaction of demanding customers, who seek reliability and technology.

*Market considered: Brazil, Argentina, Chile, Peru, Colombia, Uruguay and Ecuador.

Honda Automóveis do Brasil

Over the 25-year history of automobile manufacturing on Brazilian ground, Honda Automóveis made continuous investments with the purpose of increasing production capacity and improving the efficiency of its processes.

From the beginning of its operations, Honda Automóveis do Brasil has sought to accelerate the process of developing, manufacturing and selling products that are increasingly in line with the expectations of Brazilian consumers.

When assessing the brand's performance in the past few years, we can see that the company kept its sales volume stable between 2012 and 2019, even in the face of the economic crises over this period.

In the period from 2020 to 2021, as elucidated at the beginning of this chapter, the pandemic had a considerable impact on the volume of units produced. Added to this factor is the crisis of components throughout the global automotive sector, with the lack of inputs, especially semiconductors in the market, which reflected in the supply of Honda cars.

Market solidity and focus on quality of the operation

Despite the turbulence faced, Honda Automóveis maintains its market solidity, with a strategy whose primary focus is concentrated on the quality of the operation and on generating sustainable value for customers and business partners, such as its dealer network.

In 2021, Honda Automóveis recorded a 17.4% higher production volume if compared to 2020, with 88,740 vehicles produced in Brazil last year. This increase is due to the comparison with a low production base in 2020, as a result of the stoppage of production activities due to the pandemic.

Regarding sales, 81,454 cars were sold in Brazil, a 3% decrease when compared to the previous cycle. The company will continue to implement the measures required for long-term sustainability of the automobile business, considering a scenario of slow and gradual sales recovery and the need to reduce costs so as to minimize the impacts of exchange rates and inflation.



New cycle for Honda Automóveis in Brazil

The company announced in April 2018 the restructuring plan for the brand's automobile production system in the country, which aims to strengthen the competitiveness of the business. Along with this plan, Honda inaugurated in 2019 its new car plant in Brazil, in the city of Itirapina, countryside of São Paulo. From then on, production was gradually transferred to the new plant and the completion of this transfer took place in December 2021, as planned.

The Sumaré unit is consolidated as the production center of engines and components, automobile development, strategy and business management of the Honda group. The production of the engine assembly will remain in the unit, including Foundry and Machining, Plastic Injection, Tooling, Quality Engineering, Industrial Planning, R&D, administrative areas of Honda South America, Technical Training Center and Parts Division.

Following the restructuring of its production system and considering the impacts of the pandemic in the automotive industry and the entry into force of the new emission rules, Honda Automóveis announced in 2021 important changes in its product line-up in Brazil.

The Civic model joins the brand's imported lineup, alongside the Accord Hybrid and the CR-V model.

The Fit and WR-V models, as announced, bid farewell to the range of products offered by the brand in the country, making room for novelties: the brand presented the New City sedan models, in an unprecedented renewal of the model; and the New City Hatchback, making its debut in the hatchback segment in Brazil. The New City is the first locally produced model to ship Honda SENSING driver assistance technology (more information on [page 63](#)).

In addition, the second generation of the HR-V, called New HR-V, will arrive in Brazil with local production and sales in the second half of 2022.

Honda remains focused on offering products that best serve the Brazilian consumer, with high efficiency and full of connectivity and safety technologies. Consistent with this commitment, the brand plans to launch, in 2023, other innovations in the country, including new models and renewals of current products.

The company currently has a production capacity of 120,000 cars per year and, locally, produces the New City sedan, New City Hatchback, HR-V, and WR-V models, the latter intended for export. The line-up in the country also includes the imported Accord, CR-V and Civic.





Honda Automóveis is among the most admired brands in the sector

In a survey conducted by Troiano Branding, the country's main brand management consulting firm, and published by Estadão newspaper, Honda was the winner of the automobile segment in the Southeast region and the State of São Paulo.

The study was carried out to identify companies that generated the greatest interest and positive perceptions from consumers, among a total of 31 categories. In the 2021, 11,782 people from all over the country were heard.

In another study, entitled NPS Awards, conducted by the company SoluCX in partnership with *Exame* magazine, Honda Automóveis was elected first place in the automotive category. The NPS Awards is an award that aims to recognize the companies with the best NPS in Brazil in their segments and the NPS - Net Promoter Score - is a methodology that uses research tools and classification to analyze the level of

customer satisfaction of a company. The award elected the winners based on a comparative perception survey, the 'NPS Benchmark', in which it was possible to compare companies in the same methodology. 46,475 opinions were heard, in the city of São Paulo, between July 2020 and July 2021, in different segments.

Honda Automóveis do Brasil was also the winner in the automotive category of the Respect 2021 Award, promoted by *Consumidor Moderno* magazine. The award is based on a study, conducted by the Standard Intelligence Center and Opinion Box, entitled "Companies that Most Respect the Consumer". In its 19th edition, it aims to recognize the main companies that present attributes, considered by final consumers, as signs of respect. To do so, companies are evaluated based on the following criteria: quality, fair price, phygital experience, ease, multichannel, innovation, service, and resoluteness.

**Honda
Automóveis
stands out
in national
automotive
sector brand
awards**

HONDA
Serviços Financeiros

Honda Serviços Financeiros

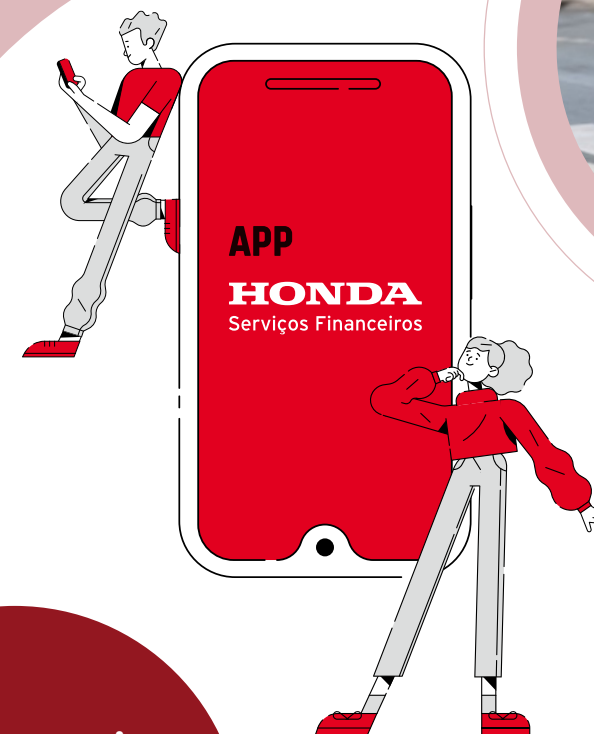
In 1981, aiming at facilitating the access to the brand's products, the Honda Consortium was created, a leading consortium manager in the national market and part of Honda's structure of Financial Services, which is also formed by Corretora de Seguros Honda and Banco Honda. This synergy with the plants is an important competitiveness factor and actively contributes to the sales of Honda products.

The company also has digitalization solutions for its services, with an e-commerce by Consórcio Honda and an application for IOS and Android devices, which has more than 1 million active users, adding more practicality and agility to the daily lives of its customers

In the challenging context of 2021, with the consequences of the health crisis imposed by the covid-19 in 2020, as explained above, HSF's contribution to the company's results was perceptible, with the Honda Consortium as the main driver of the numbers of the financial division of brand.

HSF synergy with the factories represents an important competitiveness factor

1 million active users in the Honda Financial Services app



Consórcio Honda (CNH)

Consórcio Honda is a reference in consortia in the Brazilian market, with 41 years of history and approximately 1.5 million active customers. As a sales driver, this modality is very well received by Brazilian consumers due to its plans that are adapted to the customer's budget, even in financial instability periods.

When analyzing the performance of Consórcio Honda in the last year, a different trajectory can be observed in the motorcycle market. Even in the initial months of the covid-19 pandemic in the country, the Consórcio remained relevant as an option for purchasing motorcycles and registered 13.2% growth in new quotas sold for the brand's two-wheeled segment in 2021, with 570,668 new quotas sold last year, compared to 504,131 in 2020.

In addition to the recovery in the delivery activity and the trend towards prioritizing private vehicles amid the social isolation sce-

nario, the increase in CNH 2R is also directly related to the unavailability of some models in certain regions.. This last factor contributed to the appreciation of consortium sales as it is a scheduled purchase, in which the goods are not immediately obtained.

Regarding deliveries of Honda 0km motorcycles, an increase of 32.4% was recorded if compared to 2020, thanks to the resumption of manufacturing activity. A total of 269,237 Honda 0km motorcycles delivered in 2021.

The Consortium modality for the four-wheel segment recorded 1,584 new quotas sold in 2021, which represents maintenance of the volumes, with a slight increase of 3.5%, if compared to 2020. Consórcio Honda currently has around 18,500 thousand active customers in the car segment and it continues to work on the modernization of its plans, to achieve a more consistent operation in this segment.

Banco Honda (Bank)

Banco Honda was created with the mission of becoming a great option for financing Honda products. Through the modality of Direct Credit to Consumer (CDC), it ensures conditions that are attractive for both individuals and the company to obtain a Honda vehicle in a quick, convenient and fair way.

In 2021, Banco Honda was the brand's main financial agent for the automobile segment, representing 24.6% of the company's total sales and recording 19,998 contracts, an increase of 4.5% compared to 2020. The market share also grew, from 46.6% to 54.5% in 2021.

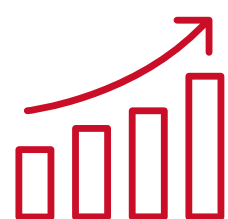
In the motorcycle segment, Banco Honda recorded a 17% drop in financing compared to 2020. There were 77,707 units financed between January and December 2021, representing 8.6% of the brand's 0km motorcycle sales.

Corretora de Seguros Honda (Insurance)

Seguros Honda started its operations in Brazil in 1987 with the purpose of offering a customized portfolio to meet the coverage needs of Honda products, at a competitive cost, in partnership with reliable insurance companies in the market.

In the motorcycle market, Honda Insurance saw a 3% drop in the number of proposals closed in 2021, ending the year with 145,582 proposals. The car segment had 13,055 proposals in 2021, a 5% reduction.

**Seguros Honda
celebrates its
35th anniversary
in 2022**



19%
growth in 2021



Power Products

The Power Product line comprises stationary engines, brush cutters, generators, motor pumps and lawn mowers, with applications in agriculture, home, civil construction and gardening. In addition, Honda Power Products are of great importance for mobility in river-side communities in Amazonas, providing access to remote areas by coupling our stationary engines to several types of boats. This river transportation solution is used by several families who live far from the major urban centers of the state and need transportation for commercial and personal purposes.

In the power products segment, Honda achieved significant growth in sales and market share, compared to 2020, reaching the best result of the last five years, even with the adverse effects of the pandemic on global supply chains. The good results can be attributed to the sales of stationary engines for small boats, used in the Amazon region in Peru and Brazil; and to the strengthening of agribusiness throughout the region, which increased sales of pumps and en-

gines used in agricultural equipment. In addition, particularly in Argentina the outboard engine segment performed an historical sales record.

In the last year, the commercialization of Honda Power Products in Brazil registered an expressive growth of 19% in sales when compared to the previous period, with the sale of 37,817 units throughout the national territory. That is a very positive result if we consider the challenges of the period. It shows the sales potential of this segment.

At Moto Honda da Amazônia's plant in Manaus, three models of stationary engines and three models of motor pumps are produced and in 2021, there was the production of more than 18,200 units of Power Products.

Honda presented to the market its new brand signature for the Power Products segment: Engines and Machines. This signature will integrate the company's advertising pieces, point-of-sale materials, and other communications.

**In 2021, Honda's Power
Products division achieved
its best result in five years**

HondaJet

The world's most advanced executive jet, with exceptional advantages in performance, comfort, quality and efficiency, HondaJet incorporates many technological innovations in design, including the exclusive OTWEM – Over-The-Wing Engine Mount configuration which dramatically improves performance by reducing aerodynamic drag. The OTWEM design also reduces cabin sound, minimizes ground-detected noise, and allows for the roomiest cabin in its class, the largest baggage capacity and a fully serviceable private aft lavatory.

The HondaJet is manufactured by Honda Aircraft Company, in the United States, and marketed in Brazil since 2015 by Líder Aviação (the local sales representative of the executive jet in the country).

In 2021, for the fifth consecutive time, the jet won the title of most delivered executive jet of its category in the world, with 37 aircraft sold.

During 2021, Honda Aircraft Company continued development with two major announcements: the HondaJet Elite S, honored with the “Top Flight Award” as the best new business jet from Aviation International News, and the HondaJet 2600 Concept, Honda Aircraft's proposal for the next generation of business jets. Meanwhile, the HondaJet's global presence increased even further when it received Thailand's type certification, marking 14 countries with HondaJet certification. Honda Aircraft Company's sales and service operation now spans North America, Europe, Latin America, Southeast Asia, China, the Middle East, India, Japan and Russia.

Honda Aircraft Company has recently celebrated several milestones, including the delivery of the 200th HondaJet in late December 2021. The worldwide HondaJet fleet also surpassed 100,000 flight hours in January 2022.

**For the fifth time in a row, the
HondaJet is the
most delivered business jet in its
category in the world**



GOVERNANCE

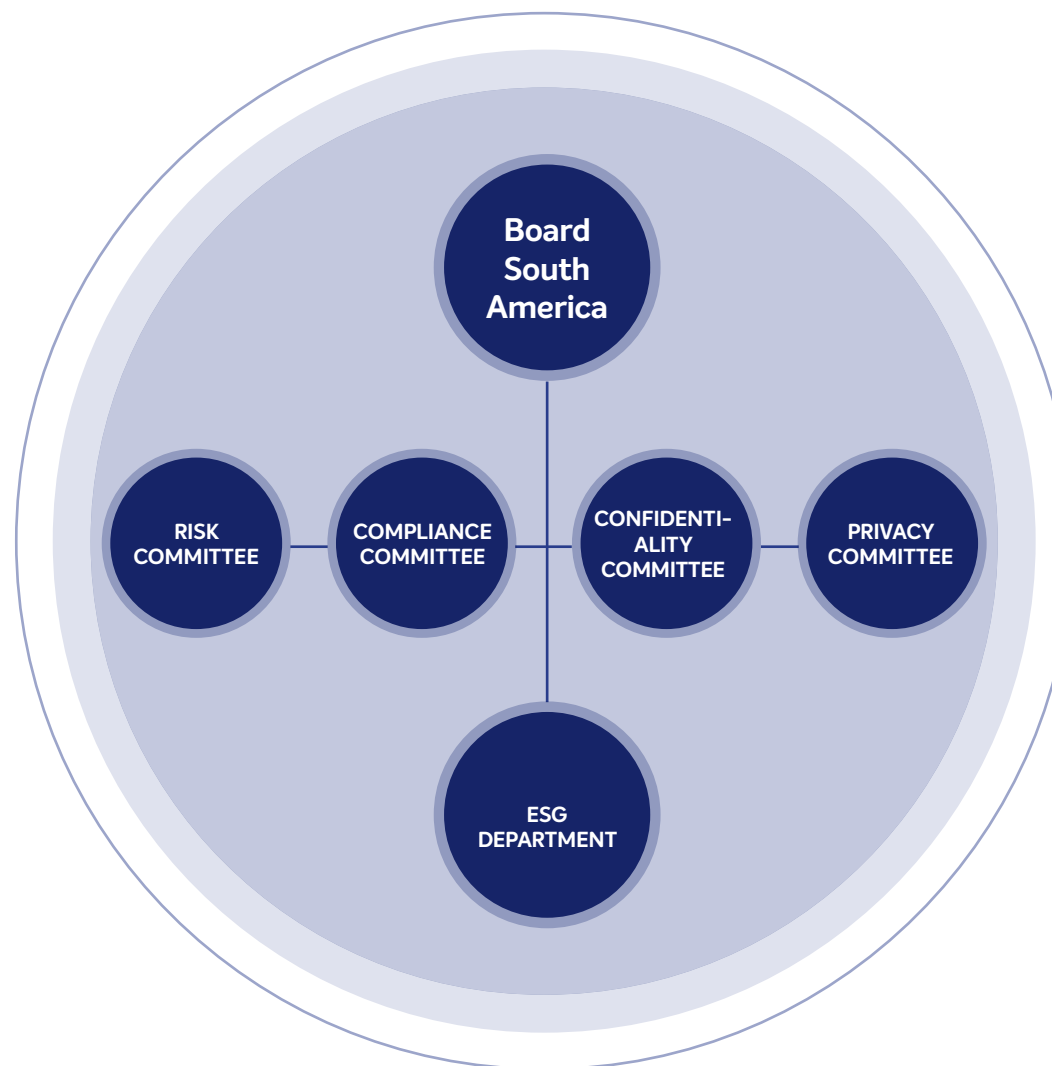
6

The adoption of ethical and transparent principles to manage businesses, the mapping of the risks inherent to the activities, and the implementation of preventive and mitigating measures. These are the guidelines of Honda's corporate governance model.

The company believes that ethics and respect for the sector's regulations and legislations are indispensable for business continuity. Therefore, these precepts are applied transversally across all departments, guiding business decisions and making activities safer and more sustainable.

In the management of corporate governance, risk, and compliance, Honda monitors and seeks to adopt the best market practices.

The responsibility for the management of Corporate Governance within Honda rests with the ESG Department, which is an acronym for Environment, Social Responsibility, and Corporate Governance. This department is responsible for coordinating all prevention and awareness-raising processes in compliance and respecting the laws and regulations of the regions where Honda operates in South America.



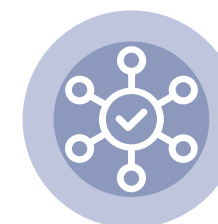
Honda South America's Corporate Governance Pillars



GOVERNANCE: Code of business conduct.



CORPORATE RISKS: Identification and assessment of potential risks to the business and definition of measures to mitigate, eliminate, or transfer risks.



COMPLIANCE: Compliance with legal requirements, regulations, and internal policies, standards, and procedures.

Governance

• GRI 102-18 •

Honda seeks to establish ethical relationships with the various stakeholders, supporting its decisions on rules which shall be observed and applied by all those who act on its behalf.

In order to ensure that the company enjoys a position of respect and credibility, the governance model takes into account administrative transparency, the inadmissibility of corrupt practices, a clear definition of responsibilities and standards of conduct in specific situations, and compliance with legal requirements.

By valuing its integrity and clarity in its positions and decisions, Honda ensures the generation and sharing of wealth consistent with its audiences over a long-term horizon.

In this sense, Committees are formed to address the main issues of Governance (Risks, Compliance, and Confidentiality and Privacy), which are directly linked to the Board of Directors in South America to provide support in the decision-making process.

Corporate Risks

• GRI 102-11 •

The continuity of Honda's businesses depends on the mapping and constant monitoring of the risks inherent to the businesses, in their different levels

Therefore, for each potential risk identified, the ESG department coordinates and establishes, together with the business areas, preventive and mitigating measures, with the purpose of ensuring a safe, reliable, and transparent operation for associates and business partners, reducing financial losses and avoiding damage to the brand's reputation.

The goal is to manage sustainable growth based on market standards and the risks that have the potential to impact operations in the region and on a global scale. The assessment takes into account environmental, social, financial, occupational health and safety, and operational reliability requirements, as well as issues related to business partners.

In this regard, Honda's Global Risk Management Policy, which covers the activities of Honda South America, aims to boost the company's sustainable growth based on Honda's philosophy and on all risks with the potential to impact operations on a global scale. Honda has 9 policies and normative documents related to risk management.



The main topics of Governance are dealt with in specific committees and directly linked to the Board

Compliance

• GRI 103-2, 103-3/419, 419-1 •

The compliance of processes involving Honda's Corporate Governance is guaranteed through systems that adopt international assessment standards. The systems currently in place at Honda are:



Corporate process management system
Self-assessment carried out by managers (100% managers and above) on the internal controls systems and operations.



Specific process management system
Internal controls on relevant business processes and technologies (over 90 processes documented and reviewed annually), which are submitted for SOX Certification by independent auditing.



System of norms and conduct Corporate policies and procedures, available on the intranet or company directories for access to the internal audience.



Personal data privacy protection system:
Corporate policies and rules, registration of personal data processing operations and assessment of privacy risks to comply with the General Data Protection Law.



Structure of code of ethics, confidentiality of information and formal standard of conduct: All disseminated through training and management.

As a result of the measures adopted by Honda, no occurrences related to noncompliance with social and economic laws and regulations associated with the operations in Brazil were recorded.



Ethics Channel

• GRI 102-17 •

In order to support the measures adopted to ensure the compliance of all Honda activities, the company established an Ethics Channel, which enables direct communication between associates and the company's management.

The aim is to receive suggestions, criticisms, complaints, reports, and personal queries related to the themes addressed in the Code of Conduct.

All claims received through the Ethics Channel are submitted for evaluation and actions by the Compliance Committee, whose mission is to guarantee the continuous improvement of ethical behavior standards.

General Data Protection Regulation

Additionally, mechanisms were defined to comply with the General Data Protection Law, such as: definition of privacy policies and standards, registration of personal data treatment operations, *Privacy by Design process and assessment of privacy risks associated with the processes. All these activities aim at complying with the laws in effect and demonstrate Honda's commitment to its stakeholders.

*Privacy by Design has as a fundamental element the adoption of privacy-friendly practices from the conception of products, services, and processes, making companies act in a preventive rather than reactive way.

Code of Conduct

To ensure and guide the compliance of Honda's operations, the company's Code of Conduct is guided by ethical values and provides clear guidelines for the required processes and the behavior expected from associates.

In line with Honda's values, the Code defines different corporate policies for fighting illegal practices, such as labor in a situation analogous to slavery, money laundering and fraud, corruption, and unfair competitive practices.

In 2021, the Code of Conduct training contemplated 5,285 active associates in all business units in South America.

More than 5,000
associates took the
Code of Conduct
training in 2021



Corporate Policy on Prevention of Corruption

• GRI 103-2, 103-3/205 •

The Corporate Policy on Prevention of Corruption determines the Company's position on business ethics. By means of internal control tests and the self-assessment questionnaire applied to managers, the retention of knowledge about the content of this document is assessed annually.

In 2021, Honda updated its Global Policy on Bribery and Corruption Prevention. The update allows a more comprehensive approach to the theme, including in the scope of the regulations prevention in Honda's relationships with its business partners. The Policy was updated in all South American units and about 300 managers were instructed about the updates.

As a complement, the ESG department gave a workshop to about 90 managers from Argentina, Peru and Chile covering the main themes of Corporate Governance, among them the Corruption Prevention Policy.

The Policy is available on the intranet for access by all associates.

Last year, Honda also made available online training on corruption prevention to all associates in Brazil with computer access. By December 2021, about 2,750 active associates took the training.

Combating Anti-competitive Practices

• GRI 205-2 •

For the fight against Unfair Competitive Practices, Honda follows the Competition Defense Policy, adopting measures to prevent violations of the economic order in Honda operations, commercial practices, and interacting with business partners and/or competitors, either directly or through trade associations.

The company also seeks to strengthen the culture of combating unfair competitive activities through the publication of the Policy across all business units in South America. Its dissemination takes place through training and other activities, starting with the critical areas.

Honda also considers of great importance the strengthening of the relationships with consumers, associates, partners and the community, seeking to keep responsible and reliable relationships.

In addition to the dedication in offering products and services of the highest quality, with fair prices aiming at customer satisfaction, Honda is also concerned about being a socially responsible company, by performing several social activities (further information on [page 92](#)). To this end, it established a policy with guidelines and procedures for the social actions conducted by Honda in all units in South America.



The Competition
Defense Policy
is disclosed at all
Honda units in
South America.

PERFORMANCE REPORT

7

- ENVIRONMENT
- SAFETY
- QUALITY
- PEOPLE
- MOBILITY AND INNOVATION

Environment

Minimize the environmental impacts of its operations, creating products that are more and more friendly to the environment and reviewing corporate activities. This is Honda's premise, and it is based on it that the company has guided its operations.

In its long-term vision, the creation of a carbon-free society is one of the central guidelines of the company's sustainability strategy, which aims to achieve carbon neutrality in all products and corporate operations by 2050. All Honda branches around the world are committed to this guideline.

To reduce the impact of its operations, the company has been working with the Green Plant concept, which is applied in all its manufacturing units to manage waste, energy efficiency, rational use of water and reduction of atmospheric emissions.

Likewise, the concept is applied to logistical operations through Green Logistics, which aims to reduce the volume of packaging and maximize transport with floating warehouses.

Honda also has the Green Office, whose objective is to engage associates in selective collection and in the rational use of resources. The concept is also applied to the entire chain, encouraging dealers and suppliers who, in the same way, are guided and evaluated by their environmental performance, extending the brand's commitment to the entire production chain.



Honda's global
goal: Achieve
carbon neutrality
in all products and
corporate operations
by 2050

Emissions

• GRI 103-2, 103-3/305 •

As mentioned, Honda has declared a global goal of achieving carbon neutrality in its products and corporate activities by 2050.

This commitment directs the definition of goals in productive, corporate activities and in the emission levels of products and services.

Improving the environmental performance of the brand's products is one of the key initiatives for achieving the vision of a carbon-free society. Worldwide, Honda has been investing to improve the environmental performance of combustion engines, as well as to develop and market new models with electrified thruster technologies, such as battery-powered (BEV), hybrid (HEV) and hydrogen-cell (FCV) electric vehicles.

Honda's policy is to adopt the right technology, in the right place, at the right time. In this way, the company decides to implement the most suitable type of motorization for each region considering the differences in public policies and regulations, in the energy matrix, in the available infrastructure and in the characteristics of the consumer market.

In Brazil, Honda continues to improve the environmental performance of its product line, both for motorcycles and cars.

The New City Sedan and New City Hatchback models have a 1.5 DI DOHC i-VTEC engine with Direct Injection, which combines great performance with low fuel consumption and lower emission of pollutants, ensuring excellent drivability combined with energy efficiency.

When it comes to fuel consumption, the New City deserves special mention. According to the Brazilian Labeling Program (PBE), the New City sedan has consumption in the city of 9.2/13.1 km/l (ethanol/gasoline) and, on the road, of 10.5/15.2 km. /l – respectively, the New City Hatchback recorded 9.1/13.3 and 10.5/14.8 km/l. With such numbers, both obtained an A rating on the PBE, within their categories.

More efficient
engines:



1.5 DI



1.5 Turbo

Electrification

In the area of electrification, Honda introduced, in 2021, its first hybrid model, the Honda Accord. Honda's hybrid technology - e:HEV - brings a unique system composed of two electric motors (one generator and one propulsion) and a combustion engine, providing three possible modes of driving: the only electric, the hybrid or the combustion. The system automatically chooses the option that offers the best relationship between performance and low consumption, depending on the driving conditions.

In addition, Honda is committed to introducing two more hybrid models in Brazil by 2023 and announced, in April 2022, that the 11th generation Civic will be launched in the last quarter of the year, in a hybrid version.

Honda Automóveis do Brasil announced the introduction of its third hybrid model in the country in 2023, which will be the imported SUV CR-V.

Clean sources

Another key Honda initiative in South America for achieving emission reduction targets is the diversification of its energy sources. The Honda Energy wind farm is the main example of this commitment.

Added to the efforts of the units of Honda Argentina and Moto Honda da Amazônia in acquiring part of their electric energy from the market of renewable sources, Honda South America currently has around 38% of its electric energy coming from clean sources.

Last year, Honda South America achieved a emission reduction of 1,891.61 tCO₂e in its operation, considering the consumption of electricity and fuels (diesel, gasoline, LPG, kerosene, natural gas and ethanol) from specific projects.

This is a significant reduction in carbon dioxide (300% higher when compared to 2020). Despite the difficulties imposed by the covid19 pandemic, this result is the result of the resumption of projects implemented by plants to reduce CO₂ emissions, such as, for example, replacement of inefficient equipment, implementation of environmental committees, acquisition of renewable energy, among others.

Diversification of energy sources is a key initiative for reducing emissions

* REDUCTION OF GHG EMISSIONS

2020

2021

Volume of reductions (tCO₂e)

415.55 tCO₂e

1,891.61 tCO

*For the calculation of this indicator, reductions in consumption of electricity and fuels such as diesel, gasoline, LPG, kerosene, natural gas and ethanol from January 1, 2021 to December 31, 2021 of Honda South America's production units were considered (HDA, HAR, HSP).

• GRI 305-5 •

More than
7 million Flex One
units have been
produced by Honda
since 2009



FLEX TECHNOLOGY IN MOTORCYCLES

The constant technical evolution of the motorcycle evidences the philosophy of respect for the environment, and a worthy example is the FlexOne technology.

An unprecedented initiative in the sector worldwide, it has allowed motorcycles to use gasoline and/or ethanol in any proportion, while preserving reference operating characteristics and durability.

Honda was a pioneer in introducing this important technological innovation to the market, which had an excellent acceptance by Brazilians.

The project, developed in Japan with the participation of Brazilian engineers, aimed to create an engine with the least possible impact on the environment.

The technology is present in eight models (Biz 125, CG 160 Titan, CG 160 Fan, CG 160 Cargo, NXR160 Bros, XRE 190, CB 250F Twister, and XRE 300), representing 60% of the volume of motorcycles produced annually.

Since 2009, when the technology was implemented, 7,390,909 million Flex One units have already left the production line at the factory in Manaus (AM).

Year after year, the national motorcycle gained in strength, efficiency, economy, and became a product recognized worldwide for its very high quality.

At the beginning of the 2000s, the implementation of the Program for the Control of Air Pollution by Motorcycles and Similar Vehicles (Promot) established goals to reduce pollutant emissions, which resulted in progressive compliance with the strictest international standards.

The fifth phase of the Promot, scheduled to come into force in January 2023, aims to match the Euro 5 standard, a definitive step towards the integration of the national motorcycle into global trade chains.

In this sense, Moto Honda has been preparing its line-up to meet the requirements of Promot 5 and is in line with the recommendations and guidelines of the standard to reduce pollutant emissions.

Effective mobility, that is, requiring less time to make urban journeys at peak hours, is another element that undeniably reduces harmful impacts on the environment. A small cubic capacity engine, with minimally contained emissions, is just one of the environmentally positive factors, to which secondary aspects must be added, such as less wear on tires and pavement, less consumption of fuel and lubricating oil, in addition to the tiny space occupied on public roads.

Evolution of emission indicators

Direct and indirect greenhouse gas (GHG) emissions in tCO₂e
• GRI 305-1; 305-2 •

In order to understand, quantify and manage its emissions, Honda uses an international and standardized methodology, called the GHG Protocol, and annually participates in the Brazilian GHG Protocol Program through the publication of the Greenhouse Gas Emission Inventories of its units in Brazil (HDA and HAB).

HONDA SOUTH AMERICA EMISSIONS	2020	2021
*Scope 1 (tCO ₂ e)	24,603.87 tCO ₂ e	27,293.37 tCO ₂ e
**Scope 2 (tCO ₂ e)	14,000.74 tCO ₂	11,690.08 tCO ₂ e
Total (tCO ₂ e)	38,604.61 tCO ₂ e	38,983.44 tCO ₂ e

* Direct Scope 1 GHG emissions consist of the sum of emissions from fuel consumption (diesel, gasoline, ethanol, natural gas, LPG, kerosene) at Honda South America units (HAB Sumaré, HAB Itirapina, HDA, HAR, HDP, HSP, HSF, HMDC) from January 1, 2021 to December 31, 2021.

** Direct Scope 2 GHG emissions consist of the sum of emissions from the electricity consumption of Honda South America units (HAB Sumaré, HAB Itirapina, HSF, HDA, HAR, HDP, HSP, HMDC) in the period of 01 from January 2021 to December 31, 2021.

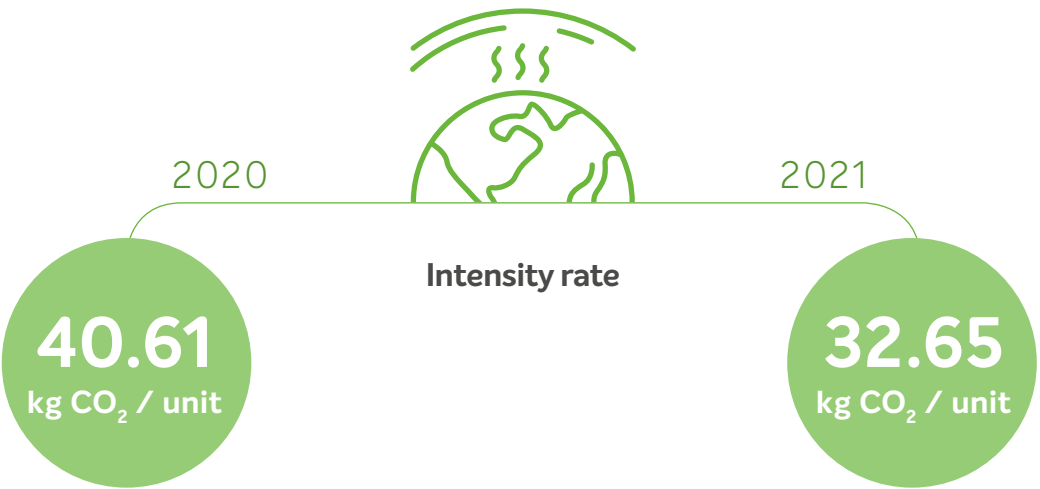
When analyzing fuel consumption (scope 1), it is noted that the absolute amount of GHG emissions increased, due to greater production activity in motorcycle and automobile plants compared to 2020. However, it is worth remembering that the year 2020 brings a low basis for comparison due to stoppages due to the covid-19 pandemic.

As for scope 2, there was a decrease in 2021 when compared to 2020, due to the implementation of projects aimed at reducing carbon at Honda units in South America, the continuity of home office for administrative activities and also due to the acquisition of an amount of renewable energy by Moto Honda da Amazônia, as a one-off initiative, which contributed to the reduction of CO₂ emissions from electricity consumption.



Honda uses the international GHG Protocol methodology

GHG EMISSIONS



Intensity of greenhouse gas (GHG) emissions

• GRI 305-4 •

To calculate the intensity of greenhouse gas emissions, Scope 1 and 2 CO₂ emissions of the manufacturing units are added up and the result is divided by the number of units produced at Honda South America (including cars, motorcycles and ATVs).

Honda South America is aligned with the company’s global guidelines, aiming to achieve carbon neutrality by 2050.

NOx, SOx and other significant air emissions

• GRI 305-7 •

In 2021 2,179.31 tons of VOC (Volatile Organic Compound) were emitted. This is a decrease compared to 2020.

To estimate this value emitted by Honda South America units, 65% of the total value of solvent-based products purchased in the referred period are being considered (paint, varnish, primer, catalyst, thinners etc.).

VOLUME OF EMISSIONS	2020	2021
NOx	(-)	(-)
SOx	(-)	(-)
Persistent organic pollutants (POPs)	(-)	(-)
Volatile Organic Compounds (VOC)	2,870.94 tons	2,179.31 tons
Hazardous air pollutants (HAPs)	(-)	(-)
Particulate matter (PM)	(-)	(-)
Other categories (If applicable)	(-)	(-)

Considering the units: HDA, HAB Sumaré, HAB Itirapina, HAR, HSP



Honda Energy Wind Farm

Honda in Brazil has spared no efforts to meet the global goal of achieving carbon neutrality in its products and corporate activities by 2050.

Honda Energy's wind farm is a great example of this. First in the national automotive sector and the Honda group in the world, the project was inaugurated in November 2014 and is located in the city of Xan-gri-Lá (RS).

The operation supplies all the electricity demand of the car manufacturing units, in the interior of São Paulo, in addition to serving the administrative office in São Paulo (SP).

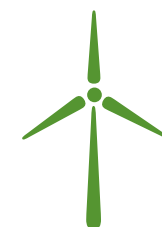
In November 2021, Honda has completed 1 year since the expansion of the installed capacity in its project, which now has ten turbines and an installed capacity of 31.7 megawatts (MW), an increase in generation capacity of around 11%. Regarding the

new tower, its generating power is 3.8 megawatts, 23% higher than the model of other wind turbines, is 112 meters high and is among the largest currently installed in Brazil.

The blades measure 66 meters and, when mounted, reach a diameter of 136 meters. This set is larger in relation to the others and, at its highest point, reaches 180 meters in height.

In 2021, the park reached the milestone of 90 thousand MWh of generated energy. The project has 94 thousand MWh of maximum annual energy generation capacity.

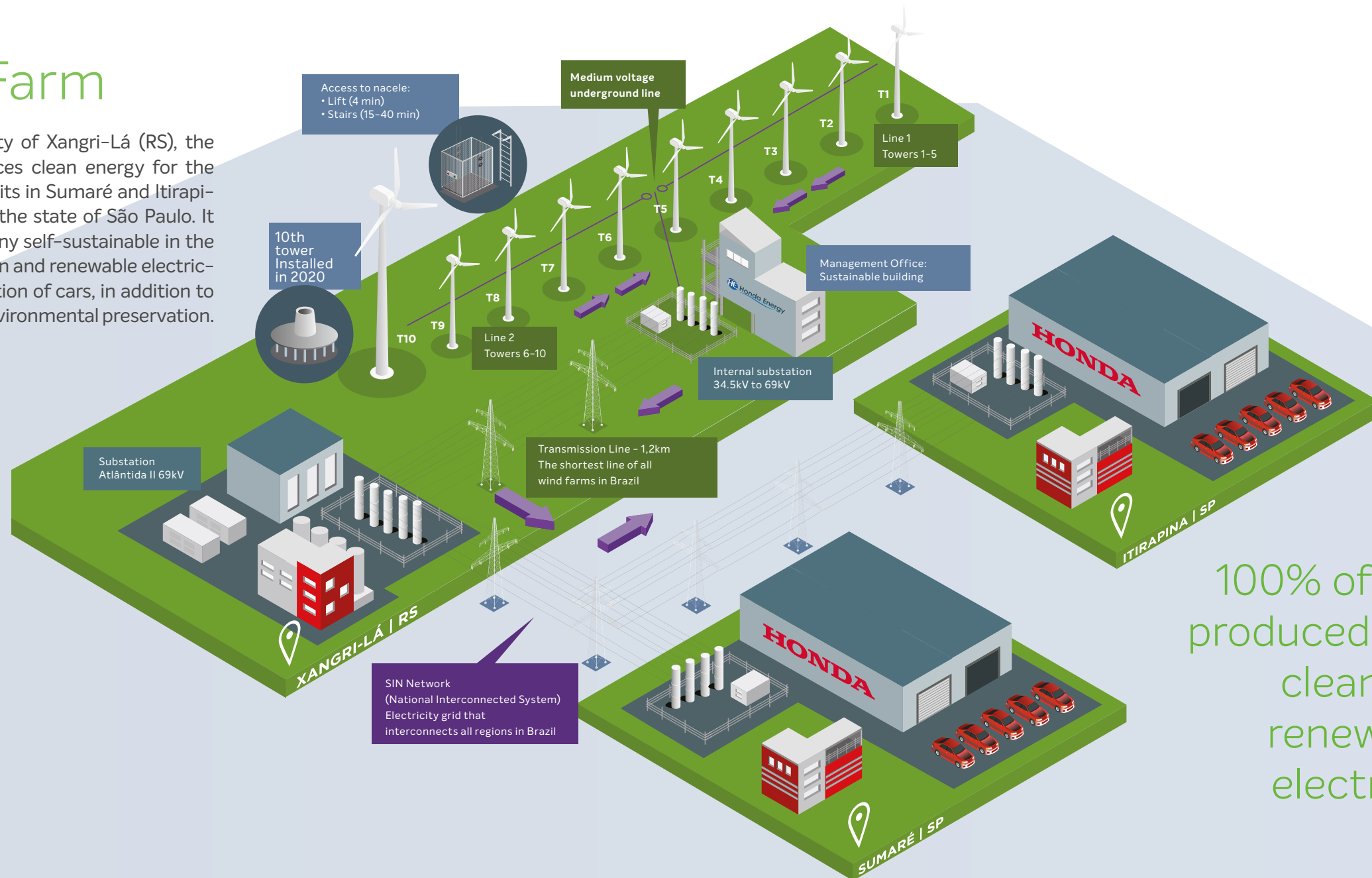
In almost eight years since its inauguration, the project has generated more than 538 thousand MWh of clean electric energy produced, which allowed the sustainable production of more than 826 thousand cars and avoided the emission of 42 thousand tons of CO₂.



In 2021, the park reached the milestone of 90 thousand MWh of generated energy.

Wind Farm

Located in the city of Xangri-Lá (RS), the wind farm produces clean energy for the manufacturing units in Sumaré and Itirapina, and offices in the state of São Paulo. It makes the company self-sustainable in the production of clean and renewable electricity for the production of cars, in addition to contributing to environmental preservation.



100% of cars
produced with
clean and
renewable
electricity

Eco-efficiency of operations

• GRI 103-2, 103-3/302-1 •

Honda carries out frequent evaluations of its facilities, always having as priority the incidence of natural light and ecologically correct resources.

Environmental indicators are monitored and analyzed on a monthly basis by the factories' environmental planning and management areas and, in cases where consumptions that are very different from the established targets are identified, PDCA (Plan, Do, Check and Act) analyzes are carried out to identify the causes and establish preventive and corrective measures.

Most of the indicators presented below have increased in the last year, as the basis for comparison with 2020 is low, due to periods of plant stoppages and the adoption of the home office system as ways to join efforts in the fight against the covid-19 pandemic in the country.

In 2021, Honda consumed 1,387,598.33 GJ of energy at Honda South America units.

	2020	2021
Total consumption of non-renewable fuels (GJ)	421,434.60	473,262.12
Total consumption of renewable fuels (GJ)	10,150.11	11,607.78
Electricity consumption (GJ)	766,371.39	902,728.43
Total energy consumption (GJ)	1,197,956.11	1,387,598.33

Considering the units: HDA, HAB Sumaré, HAB Itirapina, HAR, HSP, HDP, HMDC, Morumbi



Environmental indicators
are monitored and
analyzed monthly

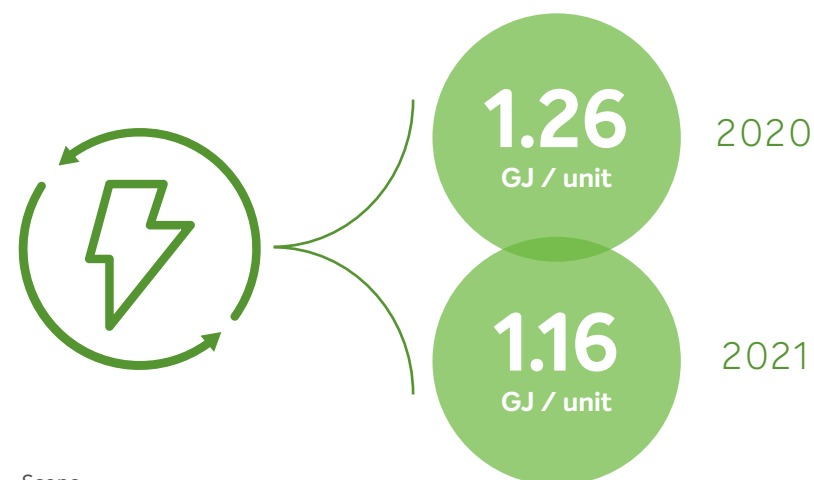
Energy Intensity Rate

• GRI 302-3 •

The energy intensity rate recorded last year by the manufacturing units of Honda South America was 1.16 GJ/unit. For the calculation, consumption of electricity and fuels (diesel, gasoline, LPG, kerosene, natural gas and ethanol) are considered.

Honda South America is aligned with the company's global guidelines, aiming to achieve carbon neutrality by 2050.

ENERGY INTENSITY RATE



Scope

2020: Honda South America (HAB Sumaré, HAB Itirapina, HDA, HAR, HSP).

2021: Honda South America (HAB Sumaré, HAB Itirapina, HDA, HAR, HSP).

Reduction in energy consumption

• GRI 302-4 •

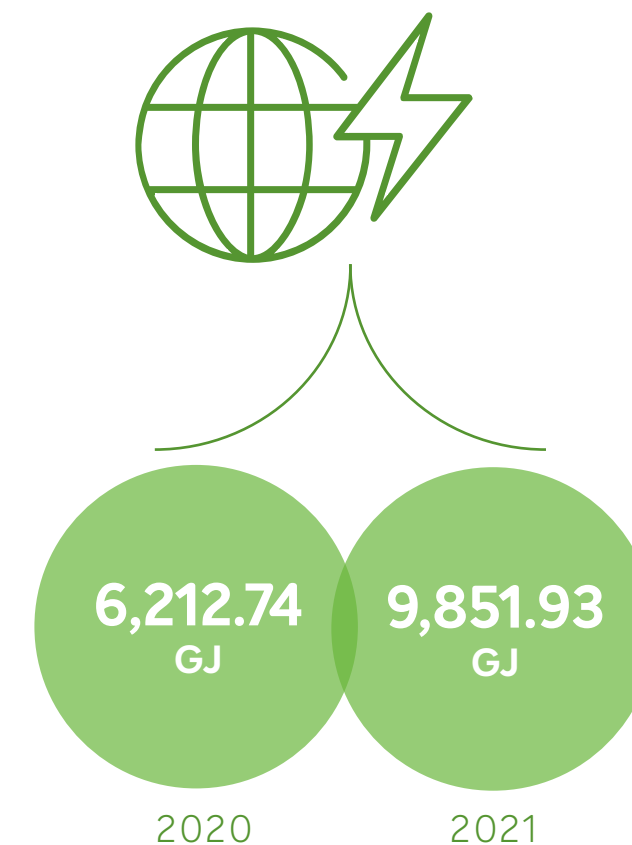
When considering the units specified below*, there was a contribution, from improvement projects, to the reduction in energy consumption.

In 2021, there is a large increase in the reduction of GJ compared to 2020. Despite the difficulties imposed by the covid 19 pandemic, this result is the result of the resumption of projects implemented by plants to reduce the energy consumption, such as, for example, replacement of inefficient equipment, implementation of environmental committees, among others.

Following the global guideline of Honda Motor in Japan, the Honda South America units aim to work on reducing the effective consumption of electricity and analyze the possibility of diversifying the sources of this energy.

The Honda Energy wind farm is an example of this management. Added to this initiative, the efforts of Honda Argentina and Moto Honda da Amazônia units to acquire part of their electric energy from the renewable sources market.

ENERGY CONSUMPTION REDUCTIONS



2020: Honda South America (HDA, HAR, HSP).

2021: Honda South America (HDA, HAR, HSP).

Rational use of water

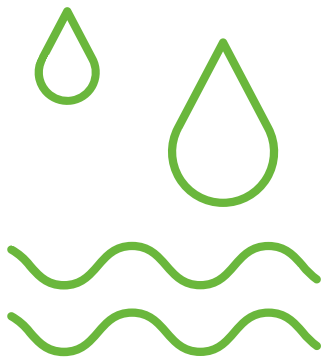
• GRI 103-2, 103-3, 303-1 •

To establish a balanced relationship with the environment and the use of natural resources, Honda maintains industry best practices and follows all regulations applicable to its activities.

Regarding the use of water, the Honda units seek to optimize the use of this resource and implement the best solutions for effluent treatment.

In 2021, Moto Honda da Amazônia began a restructuring of its internal water measurement system. The project began with the replacement of water meters with digital flow meters, which have integrated technology and allow for communication via network between meters and supervisors.

Thus, through continuous improvement projects, such as the reuse of water in some production processes, exchange of systems and equipment maintenance, Honda aims to reduce water consumption and avoid waste.



TOTAL VOLUME OF WATER WITHDRAWN (M³)

SOURCE	2020	2021
Surface water	81,333.95	92,417.50
Underground water	724,676.75	792,132.24
Rain water	-	-
Effluents from another organization	-	-
Supply by public or private water services	8,836.02	6,970.31

2020: HAB Sumaré, HAB Itirapina, HDA, HAR, HDP, HSP, HSF, HMDC
2021: HAB Sumaré, HAB Itirapina, HDA, HAR, HDP, HSP, HSF, HMDC



Honda's actions for the preservation of springs and conscientious use of water

In its motorcycle factory in Manaus (AM), Honda reuses rainwater in bathrooms, generating an average savings of 800,000 liters/month, which is equivalent, on average, to the daily consumption of 230 people.

The company's washbasins have self-closing faucets and water flow reducers, which contribute to a reduction of around 70% in consumption.

In addition, the water from the compressed air generation process is collected in a cistern and reused in the refrigeration of production processes, generating savings of around 700,000 liters per year.

Moto Honda Effluent Treatment Plant, in Manaus, is considered one of the most modern in Latin America

Effluent Treatment Plant (ETE - Estação de Tratamento de Efluentes)

Considered one of the most modern in South America, among Honda units, Honda Motos' Effluent Treatment Station (ETE) has a treatment capacity of 75 million liters per month, which is equivalent, on average, to the consumption of a city with a population of up to 30,000 inhabitants.

After using water in production, cafeteria and sanitary processes, it undergoes a rigorous biochemical purification process before being returned to the environment.

In this treatment process, the chemical elements in the water are separated, going to the biological treatment tank and join the activated sludge, which is the result of the treatment for the destruction of organic pollutants.

Then, the water that went through the disinfection process is directed to the stabilization pond.

Part of the final treated effluent is reused in the irrigation of gardens, in the industrial processes of cleaning parts and cleaning the station; and the other part is returned to nature, contributing to the preservation of the stream ecosystem.

Waste management and recycling

• GRI 103-2, 103-3, 306; 306-2 •

Honda applies the concept of the 3Rs in all its operations: Reduce, Reuse and Recycle. In this way, the company manages the waste arising from its activities and focuses efforts on improving production processes with the development of new technologies aimed at reducing, reusing and recycling.

The end of vehicle assembly activities at the Honda plant in Argentina, the reduction in production volume resulting from the covid-19 pandemic, the stoppage of plants and the establishment of remote work, contributed to the generation of a low base for comparison in 2020.

Thus, with the gradual resumption of production in 2021, there was an increase in the total generation of waste compared to 2020. It is observed, however, that the total value of 2021 is close to the year 2019.

The generation of waste per unit produced, however, was lower in 2021, showing that Honda has been reducing its waste generation through projects and best practices.

An example of an initiative is the “Aterro Zero” project implemented in the production units of Sumaré-SP and Itirapina-SP, in September 2021, which resulted in the elimination of 100% of waste intended for landfills.

HAZARDOUS WASTE

2020 WEIGHT (T)

2021 WEIGHT (T)

Recycling	677.23	588.66
Recovery	0	0
Incineration	1,910.84	2,466.68
Landfill	0	0
Others (specify) – incorporation	0	0
Others (specify) – co-processing	733.95	361.73

NON-HAZARDOUS WASTE

2020 WEIGHT (T)

2021 WEIGHT (T)

Reuse	0	0
Recycling	35,123.75	38,004.96
Compost	160.19	129.73
Incineration	1,659.05	7,758.61
Landfill	610.26	873.50
Others (specify) – co-processing	1,970.88	2,130.72
Others (specify) – ultrafiltration	0	0
TOTAL VOLUME	42,846.16	52,314.59

Compost

Leftover food is not garbage. You can transform what was left on the plate into fertilizer through the composting process.

This is what the Honda Automóveis factory in Sumaré has been doing since it inaugurated its Internal Composting Center, reducing the emission of carbon dioxide in the logistics chain involved in the collection and disposal of more than 120 tons of this type of waste per year.

This is another Honda initiative in favor of sustainability. In 2021, around 26.9 tons of organic fertilizer were produced, which were used internally in the company's green areas.

26.9 tons of organic
fertilizer were
produced in 2021 by
Honda



Cabotage

In its logistics system, Moto Honda da Amazônia uses innovative modes of transport to ensure punctuality, safety, economy and also sustainability in the distribution of motorcycles to dealerships.

In this sense, cabotage becomes one of the most important modes of transport, both in motorcycle distribution logistics and in parts supply logistics.

In 2021, Moto Honda da Amazônia used the cabotage modal in supply logistics. 1,841 containers of parts and components were sent to the Manaus plant, resulting in a reduction of more than 847 TonCO₂.



Biodiversity • GRI 304-1 •

Private Natural Heritage Reserve (RPPN)

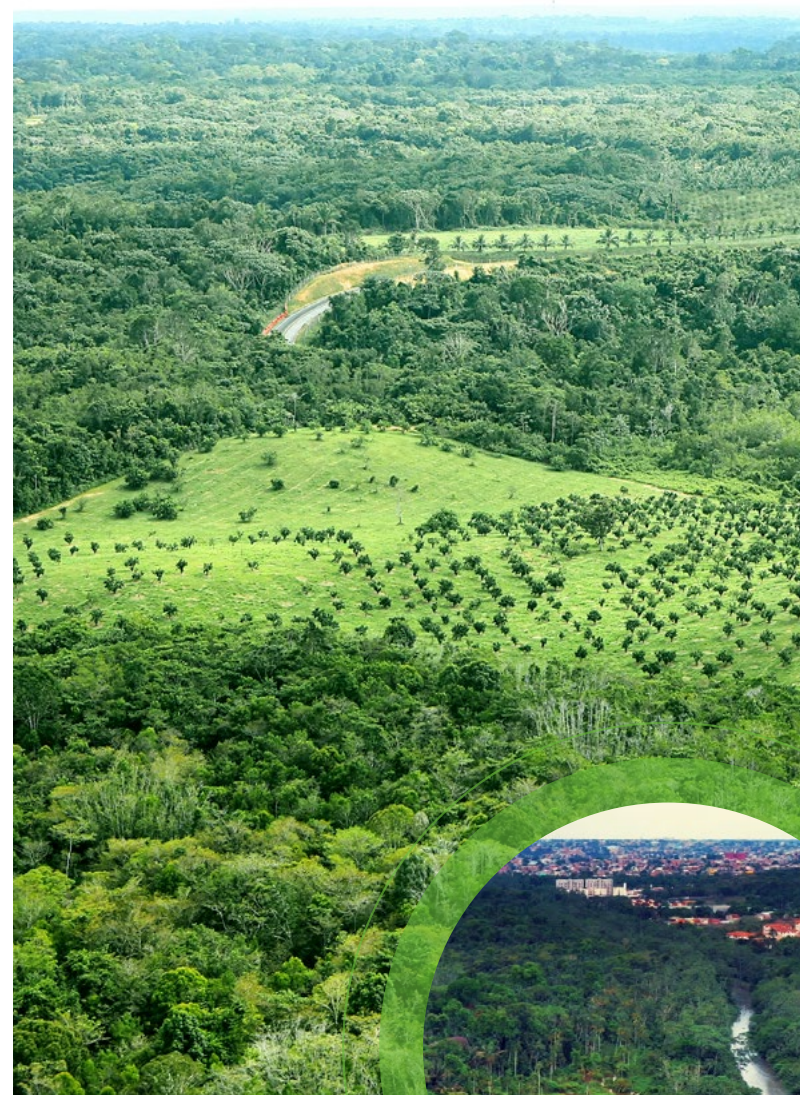
To contribute to the preservation of biodiversity in the Amazon region, Honda has committed to maintaining, since 2006, a Private Natural Heritage Reserve (RPPN), located in the urban perimeter of Manaus (AM).

This modality of conservation is part of a voluntary commitment to preserve nature and the balance of the local ecosystem through the protection of water resources, management of natural resources and maintenance of climate balance, among other environmental contributions.

Considered an urban forest fragment of secondary forest, located on the banks of the Ig-arapé do Mindu, the reserve maintained by Honda houses a great biodiversity of species of Amazonian flora and fauna in an extension of 16 hectares of forest, a space equivalent to 17 soccer fields.

About 140 tree forest species and several species of native animals are preserved thanks to this initiative.

Three springs are preserved in the Agricultural Project and another three in the Private Natural Heritage Reserve

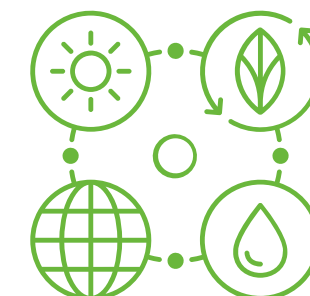


Agricultural Project

80 km from Manaus, in the municipality of Rio Preto da Eva, Honda has a complete structure for testing the quality and durability of its motorcycles. Harmoniously, the company also maintains a horticulture and reforestation project for native species.

The Agricultural Project, inaugurated in 2003, aims to plant fruit trees, such as coconut, peach palm, acerola, lemon, papaya and banana, in addition to lettuce and hydroponic rocket, which supply the factory's restaurants and entities that care for needy children and elderly.

About 80% of the land, equivalent to 802.38 hectares, is maintained as a legal reserve, a rural property to be maintained with native vegetation, where endangered species, such as mahogany, rosewood, Ipê and andiroba, are cultivated.



Safety

Traffic safety is an key commitment for Honda and an indispensable condition for mobility.

The brand's performance focuses in two main dimensions. First, the company develops advanced and innovative technologies, improving the characteristics of its products, so that they are increasingly safer for customers.

The second pillar includes educational and awareness-raising actions aimed at strengthening the safe behavior of the main traffic agents.



Product safety

Motorcycles

In the motorcycle segment, an important milestone was of the implementation of CBS (Combined Brake System) or ABS (Anti-Lock Brake System) brake technologies in 100% of the motorcycles produced in the country.

CBS, an innovative technology developed by Honda, consists of a hydraulic/mechanical system that acts on the motorcycle's brakes to evenly distribute the braking between the rear and front wheels, ensuring greater stability for the rider when braking.

ABS is an electronic system that prevents the wheel from locking in sudden braking and on low-grip surfaces. Honda has been increasing the use of this technology in its product line.

In addition to the brake systems, Honda invests in the development of advanced technologies, such as traction and stability controls, electronic suspension, assisted and sliding clutch, electronic accelerator, anti-jump system and traction control, as well as connectivity and even an airbag, which are implemented according to the strategy of each product.

Finally, the company is continually working on its projects to improve the control parameters of the motorcycle and the chassis/suspension set, which allow for a safer cycling.



The 2021 CRF 1100L Africa Twin features a major technological leap

What is New in 2021 for safety on motorcycles:

Africa Twin

The arrival of the 2021 version of the CRF 1100L Africa Twin is marked by a deep technical renovation, an improvement that preserves the essence of 'True Adventure', but that effectively evolves the model in practically every aspect.

There are four versions of the Africa Twin 2021 for sale in Brazil: CRF 1100L, CRF 1100L DCT, CRF 1100L Adventure Sports ES and CRF 1100L Adventure Sports ES DCT.

All received the TBW – Throttle By Wire – electronic throttle system, along with the extension of riding modes, more options in the HSTC – Honda Selectable Torque Control – traction control system, and many other technology items related to the adoption of a sophisticated IMU – Inertial Measurement Unit (inertial control unit) –, which enabled the model to make an important technological leap.

In addition, there was the introduction of the Dual Clutch Transmission (DCT), which is added to the option with a conventional gearbox.

CBR 1000RR-R Fireblade SP 2022

Since the pioneer Fireblade in 1992, Honda's already legendary super sports car has evolved without detracting from its original qualities, with emphasis on the "Total Control" concept, which privileges maneuverability and offers optimal performance to riders of different experience levels.

The model offers the HSTC - Honda Selectable Torque Control system, which controls traction in 9 levels of actuation (plus off/off), with definition 1 being the mildest intervention.

This system has been optimized in the 2021 version and now also offers better and more efficient traction control (acting when the comparative reading between the front/rear wheel speeds exceeds predetermined values). Thanks to this improvement, the HSTC system intervenes smoothly and offers maximum safety and control to the driver.



The CBR 1000RR-R Fireblade SP features modern HSTC Traction Control



Honda ADV – Adventurous Scooter

In 2021, the Honda ADV was launched, a proposal that embodies the philosophy started by the X-ADV, a 750 cm³ scooter launched worldwide in 2017.

In addition to numerous qualities in design and engine, the importance given to safety equipment stands out, with the mandatory presence of the ABS braking system, rear suspension with reservoir, SMART Key System (personal key), full LED lighting, blackout LCD panel and two-position adjustable windshield.

As with any scooter, the convenience derived from perfect ergonomics, excellent handling, simplicity of use and the existence of a large compartment under the seat and storage compartment in the front shield was not disregarded.





What is New in 2021 for safety on automobiles:

In the car segment, Honda has been introducing in Brazil the Honda SENSING, a package of advanced safety and driver assistance technologies, which has been present in the Honda Accord, since 2018, as standard equipment; in the CR-V model, the brand most complete SUV in Brazil; and on the New City and New City Hatchback models.

Honda presented the New Accord in Brazil, sold with a hybrid engine since the second half of last year. Accord's Honda SENSING has been improved. The model features Low Speed Braking Control technology, which activates the brake in low-speed maneuvers, if it detects the possibility of a collision. In addition, the Lane-Stay Assist and Adaptive Cruise Control make operation even more precise and intuitive.

The Accord 2021's advanced active and passive safety systems also include the VSA (stability assist) with traction control, ABS brakes with Electronic Brake Booster, tire pressure monitoring (TPMS), front airbags, curtain airbags, side and knee airbags for the driver and front passenger, and the first Honda was marketed in the country with eight airbags.

Another innovation in safety is the adoption of the rear seat use alert, which issues a warning to the driver, indicating that something may have been forgotten in the back seat, if the doors were opened before starting the journey.

New City and New City Hatchback: first models made in Brazil to ship the Honda SENSING

In 2021, Honda Automóveis announced the arrival of the New City sedan models, in a complete renovation of the model; and New City Hatchback, making its debut in the hatchback segment in Brazil and starting the City family in the country.

The New City and New City Hatchback arrive raising the standards of their respective segments in several aspects, including safety, with items only seen in higher segments. The models are the first of the brand produced in Brazil to carry the Honda SENSING, a complete package of safety equipment and driving assistance.

Honda SENSING is based on images captured by a wide-view, long-distance camera installed in the center and top of the windshield.

Check out the functions of Honda SENSING:

- **ACC** - Adaptive Cruise Control - Maintains the programmed speed, helping the driver to maintain a safe distance from the vehicle detected in front of them;
- **CMBS** - Collision Mitigation Braking System - Activates the brake when detecting a possible frontal collision, with the goal of mitigating accidents. It is able to detect and identify pedestrians and vehicles that are in the same or opposite direction;
- **LKAS** - Lane Stay Assistance System - Detects lanes and adjusts direction in order to help the driver keep the vehicle centered on the marking lines;
- **RDM** - Lane avoidance mitigation system - Detects lane departure and adjusts direction in order to avoid accidents;
- **AHB** - Automatic headlight adjustment - Automatic night switching of the low and high beams of the headlights according to the situation.



In addition to the Honda SENSING (available in the Touring version), the New City also has several other safety devices in all versions, including: stability and traction assist (VSA), ramp start assist (HSA), emergency light system (ESS), six airbags (front, side and curtain type), ACE progressive deformation structure, Isofix system for attaching child seats, low tire pressure alert, multi-vision rear view camera, among others. LaneWatch, blind spot reduction assist, via a camera located in the passenger rearview mirror, is available in the EXL and Touring versions of the sedan and in the Touring version of the hatchback.



Theoretical and practical training are given for safer transit

Safe traffic

Honda Traffic Education Center - (CETH)

Honda believes that education, combined with product technology, is the key to an accident-free future.

Thus, the company promotes traffic safety activities on all continents where it operates, carrying out actions according to the characteristics and traffic situations of each country.

In Brazil, there are three units of the Honda Traffic Educational Center (CETH), located in Indaiatuba (SP), Recife (PE) and Manaus (AM), which offer practical and theoretical classes aimed at disseminating concepts of traffic safety and safe motorcycle riding.

The project is also carried out at CETH units located in Argentina and Peru.

Honda Transit Educational Centers offer training, free of charge, to fleet owners of public and private companies, including the Military Police, Army, Firefighters, among others.

At CETHs, theoretical training is carried out in a room and provides motorcyclists with important information about riding in the most varied traffic situations. In the second moment, the students put into practice, in the lanes of the units, what they learned in the classroom.

To multiply training, the company also has three Mobile Piloting Units, which act as support for itinerant activities carried out throughout the country.





In 2021, given the continuous social isolation imposed by the covid-19 pandemic, the Honda Transit Educational Centers offered courses and lectures online, accelerating the process of digitalization of knowledge.

More than 22 thousand people participated in CETH's on-line lectures and more than 92 thousand received virtual content on defensive driving.

In addition, on social networks, more than 14 million people received relevant publications on the topic. Among them, the webseries Ambassador in Command stands out, in which the brand ambassador, pilot and journalist Leandro Mello, provides tips on safe riding.

Term of commitment with Detran São Paulo

In line with its commitment to promoting practical actions for safer mobility, Honda announced 400 places in the Safe Riding training for bikers and motorcycle couriers, in a partnership with Detran SP. The course will be taught in the structure of the Honda Transit Educational Center (CETH) in Indaiatuba-SP.

400 training places were made available

To increase participation, it was necessary to segment the classes: of the 400 professionals enrolled, half will be able to undergo training throughout 2022, and the others, in 2023.





“Clubinho Honda”

The Transit Educational Centers also offer educational activities for children. This is the “Clubinho Honda – Trânsito Amigo” project, existing since 1992 to promote playful activities that invite children from 4 to 7 years old to learn about traffic safety, in a light and fun way.

The CETHs also have the Cidade Mirim do “Clubinho Honda” on their premises. The space, open to children from public and private schools, reproduces a city with the intention of transmitting traffic education concepts.

On site, a mini-city is simulated, with elements, such as pedestrian crossings, traffic lights, signposts and mini electric vehicles so that children can learn the main traffic rules.



In 2021, in a gradual resumption of face-to-face activities and following health and safety protocols, “Clubinho Honda” was present at two events, held in partnership with CPTRAN – Transit Police Command, in the city of São Paulo:

- National Transit Week, held from September 18 to 25, in which 2,500 children were able to participate in awareness-raising activities for safer transit;
- Event for Children’s Week, held in October, in which 1,743 children were present and participated in playful activities with a child transit circuit, exhibition of cartoons and distribution of printed material and hats.

During the National Transit Week, educational blitzes were also carried out, with the distribution of awareness material for safer transit in inspection commands.

Furthermore, “Clubinho Honda” directed its efforts towards digital platforms, promoting online activities on safe transit for children. In total, more than 43 thousand children participated in the digital actions of “Clubinho Honda” in the last year.



77.4% is Takata
airbag inflator
repair rate

Recall

Respect for the individual is one of the principles that govern Honda's operations around the world. Based on this, the company makes its recall campaigns throughout the country, free of charge and with the support of its network of dealerships. The company seeks to call on customers for repair with transparency and agility.

Mega Takata airbag recall

The recall of airbags by Takata is the biggest in the history of the automotive industry in Brazil. Since July 2010, Honda has been calling on its customers to repair the defective Takata airbag inflator and, by the end of this report, it carried out 16 campaigns to recall Takata airbag inflators in cars and 2 campaigns for the Gold-Wing motorcycle. > • **GRI 103-3/416, 416-1** •

As of the closing of this report, there are 906,267 vehicles in need of recall out of a total of 1,611,187 Takata airbag inflators to be replaced. 1,247,487 Takata airbag inflators have already been repaired, reaching a service rate of 77.4%.

As of December 2021, Honda has a record of 53 confirmed cases of abnormal Takata airbag inflator rupture.

Brand initiatives to alert consumers

Honda has adopted a series of pioneering measures to expand communication with all owners whose vehicles have some pending recall and make them aware of the urgency of repair.

It is important to remember that, in Brazil, the intention of changing vehicles by consumers occurs, on average, every three years. Therefore, it is common that over time, cars change owners, but, not always, new owners return to dealerships to carry out revisions and/or occasional periodic repairs, making it difficult to update the data in Honda's records.

Aware of the seriousness of the recall of Takata's airbag inflators, Honda is leading a series of pioneering initiatives to raise the campaign's service rate, going beyond what is required by current legislation.

Some examples include:

- National broadcasting of exclusive video on open TV to alert customers;
- Acting in conjunction with the specialized program AutoEsporte, on TV Globo, in a report that alerts to the importance of carrying out the recall;

- Digital media campaigns;
- Active call center;
- Agreement with the DETRANs of São Paulo and Paraná, in addition to partnerships with insurance companies and automatic toll collection companies, among others, to locate the owners of affected vehicles;
- Partnership with SENATRAN to send letters to customers and notify them via the Digital Transit Wallet app, reminding them of the need to carry out the recall;
- Delivery of leaflets at toll booths and mall parking lots;
- Disclosure of communication parts in trunk trucks;
- National disclosure of the testimonial video of customer Tiago Ferreira, who also experienced an abnormal deployment of the Takata airbag inflator. Tiago tells how the episode became serious after an injury caused by metallic fragments that were thrown against him when the airbag was deployed. The video is available on Honda's website, at www.honda.com.br/recall;

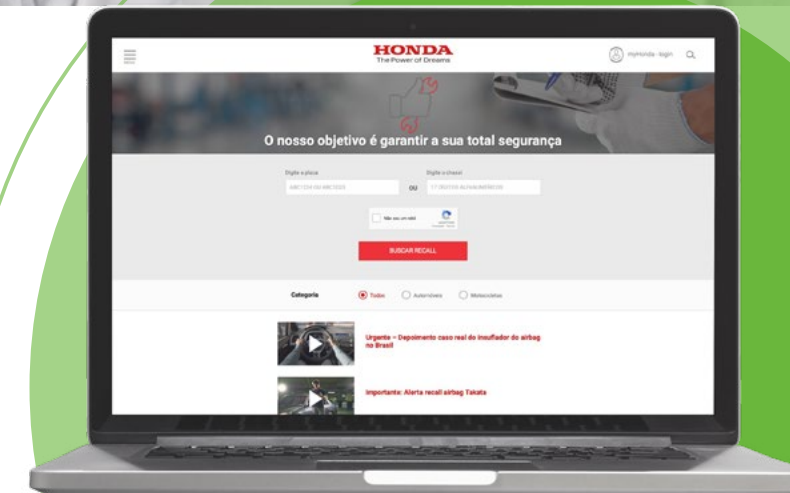
- Translation and diffusion of the testimonial video of American customer Stephanie Erdman, who also experienced an abnormal deployment of the Takata airbag inflator. The material is available on Honda's website at www.honda.com.br/recall.
- In 2020, Honda entered into a partnership with the High Torque, a channel specialized in automotive mechanics with more than 1 million subscribers on YouTube, to supply relevant information about the need for airbag repair. Through an explanatory video, influencer Alexandre Dias Generoso, "ADG", explained to his followers how the airbag equipment works, what failure occurs in defective Takata inflators and the procedure to replace the component. The video had more than 65 thousand views and can be watched at: www.youtube.com/watch?v=RfleL7I89iA.

In 2021, Honda entered into partnerships with vehicle resale websites, including the webmotors.com.br portal, to display media pieces alerting visitors about the recall and also sending an email to Honda vehicle advertisers.

In the last year, the company also sent emails and SMS to customers registered in the database, using the myHonda CRM tool.



Testimonial video from customer Tiago Ferreira



It is possible to check the need for repair through the website www.honda.com.br/recall

Quality

First, customer satisfaction

Providing the highest quality products at the right price to exceed customer expectations is a fundamental principle that grounds Honda's operations worldwide. This commitment is expressed through the words of our founder, Soichiro Honda, who reinforced that "100% product quality is not acceptable. We have to aim for 120%."

The total quality concept adopted by the brand incorporates all business dimensions. Honda believes that the final product will only offer unique value to customers if the entire operation is guided by the same principle, from design, to development, supply chain management, production, sales, after-sales and administration. Therefore, the total quality concept is also extended to the entire chain, including suppliers of parts and raw materials, dealerships and other partners.

Our focus on customer satisfaction through the unique quality of our products and services is one of the main competitive advantages that support the value of the brand in the long term.

Product quality recognized by the customer

Customer satisfaction with the products sold in Brazil is a key indicator to assess the quality and performance of the company.

Honda continually invests in surveys that allow it to identify the degree of customer satisfaction with its products and services, guiding initiatives for continuous improvement and the development of new solutions. At the same time, Honda is attentive to surveys, evaluations and awards conducted by third parties which allow it to recognize its strengths and points for improvement.

Efforts applied to achieve 120% quality



The Selected Ones survey

The “The Selected Ones”, from Quatro Rodas magazine, gathers the opinions of thousands of consumers of the best-selling automobiles in Brazil, who rank several attributes of the model and the brand, based on their expectations and actual experience with the product. The result is a satisfaction index in which 100 indicates that customers’ expectations were fully met.

In the case of Honda, in 2021, the Honda Civic model took first place in the Sedans category and in the general ranking, with the seal of Great Winner. It is important to point out that, over the 20 years of the survey, the Civic is the model that most conquered the top of the general ranking of the publication. Other Honda models included in the study also ranked among the best in the segment.



“Best Resale Value” Prize

The “Best Resale Value” prize, promoted by the Autoinforme portal, is a certification for cars and motorcycles that least lose resale value. It is a study that certifies the quality of Honda’s products and demonstrates the customer perceived value of its models. In the 2021 assessment, two Honda models won first place: the Honda City in the compact sedan category and the WR-V in the entry-level compact SUV category.

Among the motorcycles, the Honda CG 160 received the maximum certification of the study, in the Street category and in the general ranking, becoming the motorcycle with the best resale value in Brazil, in a period of one year. In addition to being the overall champion, Honda Motos also won in the Scooter categories up to 200 cc, with the PCX 150; Scooter, with the Pop 110i; Naked up to 800cc, with the CB 650R; and Crossover, with the CB 500X.

The study has been conducted since 2000 and the certification has been granted since 2014.





“Motorcycle of the Year”

Sponsored by Duas Rodas magazine, the “Motorcycle of the Year” (Moto do Ano) award chooses the best motorcycles in the Engine, Brakes, Suspension, Agility, Comfort, Design and Cost-Benefit categories, through a voting with journalists specialized in the two-wheeler segment. The motorcycle chosen with the highest score among all the participants is considered the “Motorcycle of the Year”. In the 2021 edition of the award, Honda Motos was the winner in four categories: Scooter, with the X-ADV model; Adventure, with the CRF 1100L Africa Twin; Sport, with the CBR 1000RR-R Fireblade SP; and the big winner as Motorcycle of the Year, also with the CBR 1000RR-R Fireblade SP model.

In 2021, Honda Motos was the winner in four categories of the Motorcycle of the Year award

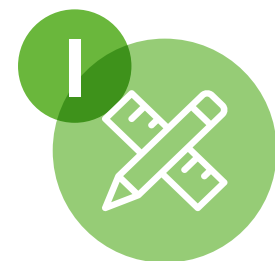
Quality management system

Honda has a global quality management system, the G-HQS, implemented in April 2005, with a set of essential standards that support quality assurance and improvement activities in all operations within the Honda group.

The system aims at ensuring quality not only in production activities, but also in other areas of the company. Through the G-HQS, Honda clearly defines roles and responsibilities, standards and indicators for the development areas, manufacturing, services, procurement and engineering, to continuously improve its process and product quality.

The G-HQS systematizes the knowledge acquired independently by Honda in the manufacturing of quality products and the prevention of potential problems. In addition to its own system, Honda is also in compliance with ISO certification standards. Currently, four Honda facilities in South America have the ISO 9001 certification (Moto Honda da Amazônia, Honda Automóveis Sumaré and Itirapina, and Honda da Argentina).

Honda Quality Cycle



Design and Development

Quality assurance is implemented from the initial stage of product design, using the brand's experience in design and manufacturing to create designs that facilitate production.



Production Preparation

Quality assurance extends to production processes through manufacturing controls that limit process variability;



Production

In addition to designing drawings that facilitate product manufacturing and implementing manufacturing controls that limit process variability, the quality assurance conducts rigorous inspections of parts and vehicles, and ensures that no product damage occurs during transportation;



Sales and Services

Any quality problems in the market are detected by the after-sales team and handled by the dealerships, based on surveys and information gathered from customers;



Quality Data Collection

Based on the information collected from customers and markets around the world, a quality improvement analysis (market quality improvement system) is carried out.



Research & Development

To Honda, the investment in research and development is crucial to the innovation process. To this end, the Research and Development Center, located at the Automobile plant in Sumaré (SP), works strongly on initiatives to increase the nationalization rate of components, using technologies that are less harmful to the environment and adapted to the specific demands of the countries in the region. .

With state-of-the-art laboratories and technical equipment, the Center is currently one of Honda's main development centers outside Japan and the USA.

Following this same strategy, the Development and Technology Center (CDT), located at the plant in Manaus (AM), works as a multidisciplinary technology hub, whose mission is to strengthen research and create solutions to meet the needs of the South American market.

The plant has a product evaluation infrastructure, as well as a testing ground that simulates the most varied conditions of motorcycle use, and engine, gas emissions, and durability testing labs.

In both segments, the resources and technical competence for research and development in Brazil, added to the global knowledge in the areas of innovation, technology, energy management, robotics, and artificial intelligence, ensure Honda leads the developments in mobility.

The research and development area is also essential to guarantee the quality of products, by creating drawings and projects that limit the variability of the manufacturing process. Honda engineers have access to a broad base of accumulated knowledge about procedures and techniques that help to avoid quality problems in the joint development with suppliers and in production.



Supplier Management

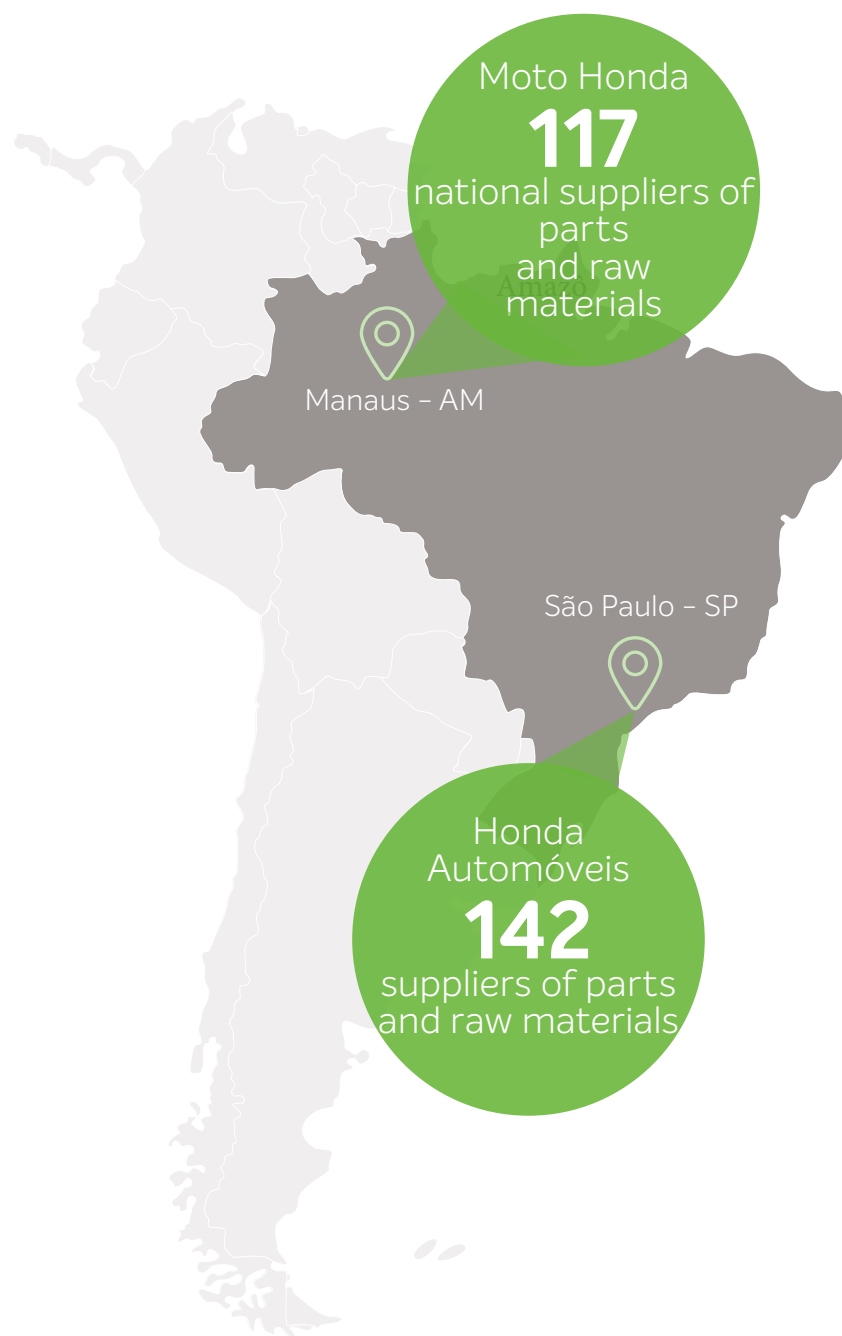
• GRI 102-9 •

Honda South America seeks to work with suppliers known not only for their service capacity and quality of products and services, but also for their ethical performance in the social and environmental areas.

Therefore, to be part of the company's team of suppliers, all companies go through a selection process conducted in accordance with the global guidelines set by the headquarters in Japan.

Honda's standard for partner selection and management is defined by the QCDMEFS (Quality, Cost, Delivery, Management, Environment, Financial, and Safety) methodology.

With a focus on these areas, indicators and processes are established for the development and monitoring of suppliers, such as specifications for quality, efficiency, service, environmental management, human resources management, among others.



New Honda Circle Suppliers – NHC-S Ambiental

Honda annually applies the New Honda Circle Suppliers – NHC-S Ambiental program, intended to encourage its suppliers to eliminate energy waste. The partners are thus encouraged to improve the energy efficiency of their machines and equipment, reducing energy consumption and, consequently, CO₂ emissions.

In 2021, Honda Automóveis do Brasil managed to get 21 suppliers to take part which, together, stopped emitting 12,551 tons of CO₂ into the atmosphere by means of continuous improvement actions.

At Moto Honda da Amazônia, after the suspension of the program in 2020 due to the global pandemic, the NHC Suppliers program was structured and resumed in virtual format in 2021. There was the participation of 54 companies, which worked on various topics of improving quality and increasing efficiency with average gains of up to 20% in production processes.

In addition, in 2021, the Manaus (AM) unit implemented the Sustainability Program, with a set of activities such as online seminars on topics such as sustainability (presence of 64 suppliers) and mental and physical health (with the presence of 92 suppliers); solidarity campaigns, with the collection of approximately 19 thousand food and hygiene items, donated to eight charities, and, finally, the company delivered the Grand Prix for Sustainability, which was attended by 31 companies operating, with a focus on reducing gas emissions, social inclusion and improving the quality of the mental and physical health of its associates and the community.

The number of suppliers, both for the automobile and motorcycle operations, showed a slight reduction compared to 2020.

At Honda Automóveis, the number of suppliers increased from 165 to 142, as a result of line-up changes, as explained on [page 30](#) of this report; and in the Moto Honda da Amazônia from 118 to 117, due to a natural process of internal adjustments.

Ensuring the quality of components and materials purchased from suppliers is essential to provide customers with differentiated products. Honda frequently visits its suppliers' facilities to conduct quality audits based on the "Three Realities Principle", which emphasizes "going to the site", "knowing the real situation", and "being realistic". These audit activities are conducted both in the production preparation stage and during mass production. Based on these audits, Honda works continuously, together with suppliers, to identify and implement improvement projects.

Quality in the production process

Honda's production processes are developed using modern manufacturing technologies, which provide parts and components with high quality standards. In addition, rigorous intermediate inspections are carried out, using high standards, to raise the quality of the products even further, always focusing on the customer.



Market Quality Center

Honda established an area, the Market Quality Center (MQC), to manage all information about the quality of the product offered to the market. The MQC aims to improve the prevention of issues, as well as quickly detect and solve occurrences. The area gathers information regarding quality from dealers throughout Brazil and through the service

department of customer relations centers. This information is shared with the research and development, production, and supplier management areas for technical evaluations that allow the identification of causes and implementation of countermeasures.

Customer relationship

Honda seeks to provide the customer with positive experiences over time and at all points of contact with the brand. Thus, a relationship is created that enables the customer to recognize the brand's value, qualities, and differentials.

In this mission, one of the major pillars of Honda in Brazil is its wide network of dealerships, consisting of 212 points of sale and services in cars and 1,100 in motorcycles.

The dealership network is a key partner that shares the same customer-oriented culture, providing personalized service from the first contact, product testing, sales negotiation, service provision, and implementation of communication and relationship strategies. The management of dealerships is closely monitored by Honda's advisory teams through continuous updates, remote consulting, and satisfaction surveys on the service, products, and services provided.

In 2021, over 138 thousand customers were heard and were able to give their opinions, contributing to the company's continuous improvement processes.

The training of associates in the dealership network is another essential factor to ensure positive customer experiences. In 2021, Honda provided more than 137,000 hours of technical and behavioral training, remote and face-to-face, to the network's associates involved with services and parts.



In 2021, over
138 thousand
customers were
heard and were
able to give their
opinions

Marketing communication

• GRI 417-3 •

Marketing is an important method of communication between organizations and customers, and is subject to laws, codes and regulations. An organization is expected to use fair and responsible practices in its business and in its relationships with customers.

Fair and responsible marketing avoids any misleading, false or discriminatory claims. Thus, Honda acts in compliance with legal policies and requirements.

In 2021, no cases of non-compliance with laws and/or voluntary codes were identified.

Honda complies
with policies and
legal requirements
in its marketing
communications

BEST QUALITY PROGRAM



Face-to-face event held in 2019

Best Quality is an initiative by Honda South America aimed at recognizing the technicians, consultants, and service and parts managers of its network of motorcycle and car dealerships. Through various evaluation methods, the best professionals advance through the stages of the program in each category – technician, auto body and paint repairer, technical consultant, parts consultant, and manager – until reaching the last stage, which recognizes the most outstanding professionals in each category.

In 2021, due to the sanitary protocols implemented to contain the spread of COVID-19, the Best Quality program was exclusively online. Since its launch in 2007, more than 114,000 associates of the dealership network across South America have participated in the program, which shows the brand's commitment to ensuring the high quality of its after-sales.

Digital Relationship

Thanks to a strong communication strategy through digital means and its own CRM platform, entitled “myHonda”, the company and its entire dealership network maintain relationships with customers, over time, across the country, on the most diverse demands.

Online communication is guaranteed not only for current customers who already have a relationship history with the brand, but also for those who wish to acquire a Honda product or service for the first time.

By being part of myHonda, customers and fans of the brand have access to contents of interest, opportunities and special conditions, and information about products and services. This way, Honda ensures excellence in customer service also in the digital environment, a tool which proved to be even more important in the context of social isolation measures adopted in the fight against the spread of COVID-19.



After-sales portal

Aiming to extend the brand's excellence to the digital environment, bringing more information to users in an easy and transparent manner, since 2019, Honda's customers have at their disposal new tools and functionalities on the after-sales site, such as consultation and scheduling of overhauls and the recommended frequency for replacing parts and components (www.honda.com.br/pos-venda/automoveis). Customers can also view the values of overhauls and parts, as well as schedule services, all from the comfort of their own home.



Social Media

In order to maintain another important communication channel with the public, Honda is also present on social media, offering services and varied content about its products and services.

The pages also raise topics that constitute the brand's pillars, such as traffic safety, environment, motor sports, among others.

Honda has approximately 11 million followers in Brazil across all its official channels.

11 million of
followers follow
the Honda brand
on social media



www.facebook.com/HondaBR
www.facebook.com/hondaautomoveis
www.facebook.com/HondaMotosBr
www.facebook.com/hondaracingbrasil
www.facebook.com/ConsortioNacionalHonda
www.facebook.com/bancohondaoficial



www.instagram.com/hondaautosbr
www.instagram.com/hondamotosbr
www.instagram.com/consorciohonda



www.linkedin.com/company/honda-brasil



www.youtube.com/HondaMotosBrasil
www.youtube.com/hondabr
www.youtube.com/HondaInstitucional

People

Honda believes in the Power of Dreams as a driving force to face challenges and undertake great achievements.

The company thus seeks to maintain an innovative work environment, capable of creating unique values for society and customers, where each associate can enjoy the true Joy of Creation, addressed on [page 9](#) this report.

The Human Resources policy is supported by the fundamental belief of respect for the individual, which must be understood through three pillars:

- Valuing the initiative of each associate to realize ideas and aspirations;
- Equality so that people are treated fairly, with equal chances;
- The fundamental trust for the establishment of lasting relationships and for the formation of work teams.



It is based on this philosophy that Honda incorporates the topic Diversity in its new materiality matrix (more information on [page 15](#)), under the material topic “Management of People and Diversity”, discussed later in this chapter.

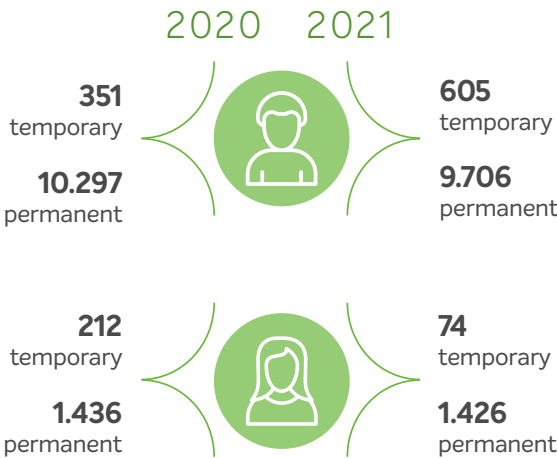
General Data

• GRI 102-8, 103-2, 103-3/402 •

Honda South America ended 2021 with 11,132 permanent and 679 temporary associates. Every one of them was able to share this work environment, guided by respect for the human being, and which encourages professional fulfillment and development in the long term, in addition to receiving compensation in line with the best market practices. With this philosophy, Honda manages its human capital and creates a corporate culture that provides a sustainable competitive advantage in the long term.

Work
environment
guided by
respect
for human
beings

Total number of associates per employment contract (permanent and temporary), by gender.



Total number of associates per employment contract (permanent and temporary), by region.

	2020		2021	
	Temporary	Permanent	Temporary	Permanent
Brazil (North)	317	6,372	488	6,652
Brazil (Southeast)	96	4,448	0	3,743
Argentina	0	1034	54	515
Chile	4	79	12	79
Peru	190	89	125	143

As pointed out in the table of associates by region, there was a reduction in the number of associates at Honda in Argentina, as a result of the closure of car production operations in the country, a topic explained in the 2020 Sustainability Report, [page 22](#).

There is also a difference in Honda’s workforce in Brazil, in the Southeast region. The result is due to the adequacy of the production structure of Honda Automóveis to the scenario of the automotive industry, affected by the pandemic.

On the other hand, at Moto Honda da Amazônia, in Manaus (AM), and at the Honda unit in Peru, there was an increase in the number of associates. As explained in chapter 5 of this report ([page 24](#)), the motorcycle market recorded an increase in demand due to the strengthening of deliveries during social isolation.

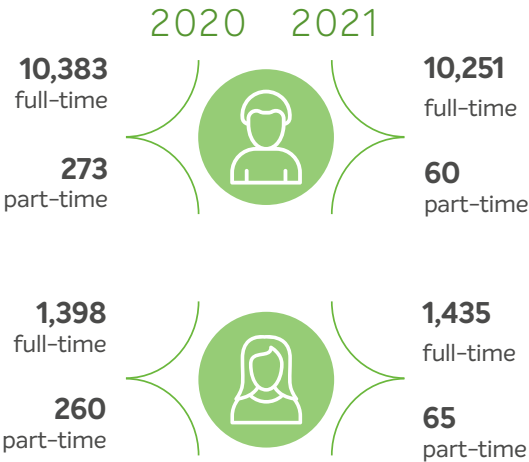
Conclusion of the transfer to Itirapina (SP)

Honda Automóveis has been restructuring its production activities since 2019, with the aim of increasing the competitiveness and sustainability of the operation in the long term. The complete transfer of car production from the Sumaré-SP plant to the Itirapina (SP) unit, and of the associates involved in the process, was completed in December 2021.

Overall, around 1,100 associates were transferred from the Sumaré unit to the new Itirapina plant. Honda provided support at all stages of the transfer process, offering assistance to professionals and their families, with open and clear communication, in addition to an incentive package aligned with the best market practices.

For associates at the Sumaré unit who were unable to proceed with the transfer to Itirapina, Honda Automóveis carried out a voluntary layoffs program. The program aimed to offer conditions for a safe transition to those who contributed to the company throughout their careers and also had a robust benefits package, in line with the best market practices.

Total number of associates by job type
(full-time and part-time), by gender.





Diversity and Inclusion

GRI 405-1

Introduction

Honda understands the topic of Diversity and Inclusion as being of paramount importance to society, since greater equality promotes social stability and supports economic development, in addition to contributing to the company's access to a broader and more diversified view of the issues that surround it.

The topic has become a material topic for the company, as presented in chapter 4 of this report.

Honda's Look at Diversity

Diversity in the workplace refers to the plurality of characteristics among associates. It encompasses the respect and acceptance of people through the recognition of differences and the uniqueness of each one, and may refer to gender, race, ethnicity, nationality, age, sexual orientation, disability, physical characteristic, religious belief, political perspective, social status among others. An environment based on diversity tends to be more stimulating and flexible, which, added to the power of dreams, teamwork and the initiative of each associate, favors innovation and creativity.

Honda incorporates the principles of Diversity into its values, mainly from the concept of Respect for the individual,

present in the Honda Philosophy. It is believed that each person is unique and has its own characteristics in the way of thinking, creating and dreaming and that this uniqueness must be respected.

This concept is based on three others: Initiative, Equality and Trust. Through them, there is an incentive not to be limited to preconceived ideas, to recognize and respect individual differences, to treat everyone fairly and to offer equal opportunities to all.

This ensures a stimulating, productive and positive environment, where everyone can contribute equally to the company's success and be recognized for their efforts.

How Honda is committed to the topic

Honda is committed to playing an active role in reviewing its operations and decisions in order to promote diversity and support equal opportunities in order to propagate an inclusive culture throughout the company.

These principles apply equally to the recruitment of people, career advancement opportunities and remuneration policies.

Diversity and Inclusion Actions

1

Creation of the Diversity Program at Honda South America

Honda values the practice of actions aimed at diversity and, therefore, created the Diversity Program, which contains an action plan to:

- Recognize differences as a source of strengthening human potential, generating value for the organization and society;
- Promoting mutual respect and equal opportunities through awareness-raising actions, aiming at the effective application of the Honda Philosophy of Respect for the Individual;
- Ensuring the promotion of the principle of equal opportunities in the areas of Recruitment and Selection, Associate Development and Career Management.

2

Monitoring goals and indicators to increase Gender Equality in leadership positions*

- The percentage of women in Leadership Positions at Honda South America is currently at 11%;
- The percentage of women in the short list for the selection processes is also monitored.

There is a long way to go towards gender equality, given that, historically, the automotive sector is predominantly male.

In order to increase the leadership's awareness and commitment to the topic, item 3, discussed below, is highlighted.

* Professionals in leadership positions are considered to be those who perform management and trusting functions.

3

Awareness and training actions

- Training on Inclusive Leadership, Diversity and Inclusion and Unconscious Biases for Senior Leadership (directors, vice presidents and president)
- Training on Unconscious Biases for Human Resources (HR) leaders and general ESG management
- Training of the HR and Labor Relations teams in Diversity and Inclusion

Honda South America will remain committed to adopting actions that minimize inequalities and promote diversity and inclusion throughout the company.

Associates by job category and gender	2020		2021	
				
Directors	16	1	18	0
Managers and General Managers	166	15	165	15
Supervisors	336	52	333	50
Associates – Administrative	1,890	672	1,890	676
Associates – Plant	8,258	932	7,566	859



Associates Well-being and Safety

Occupational Health and Safety

• GRI 103-2, 103-3/403, 403-2 •

“There’s no production without safety.” This quote by founder Soichiro Honda still applies today and can be seen on posters throughout the units and heard in the company’s hallways.

When it comes to the preservation of the health and safety of associates and third parties, Honda not only complies with the current legislation and the regulation of the sectors in which it operates, but also makes continuous investments in actions aimed at increasing the safety and promoting the worker’s health.

The Health and Safety area management supports the company’s strategic plan. In addition, all professionals at Honda are committed to accident prevention, and the top management has an important role in this process, supporting initiatives and providing resources for the development and implementation of preventive programs.

Actions for the fight against the COVID-19 pandemic

Honda is a people-centered company, which is why it has adopted a series of measures to fight the COVID-19 pandemic since March 2020.

The company is constantly reviewing countermeasures in response to the challenges posed by the COVID-19 pandemic, prioritizing people’s health and safety, compliance with government guidelines, and business sustainability.

With regard to people’s health and safety, Honda has adopted a strict sanitary protocol, which was established based on the best practices adopted globally by the brand. There are more than 200 sanitary measures, which take into account the associates’ entire routine, from the moment they leave their home, on the shuttle bus, and during the working day.

The actions include, among others:

- Expansion of the medical team and creation of a specific hotline for associates and their families, with the aim of speeding up the clarification of doubts and guidance;
- Full or partial adoption of a working from home regime for administrative associates and those whose activities allow remote work;
- Different and interspersed schedules to avoid crowds;
- Reorganization of spaces, limitation of the number of people, and adoption of minimum distancing requirements in places such as shuttle buses, production lines, cafeterias, and meeting rooms;
- New hygiene, cleaning, and sanitization requirements;
- Adoption of full-time wearing of masks;
- Suspension of production activities at certain times, in order to contribute to reducing the spread of the virus (see table on [page 22](#));
- Reinforcement of sanitary guidelines for the staff, in order to raise awareness among associates about care and prevention methods, as well as support the adaptation to new procedures.
- Control of access to units through the HCheck platform, in which associates and visitors answer a questionnaire for self-monitoring of health.



More than 200 health measures compose the health and safety protocol adopted by Honda in the fight against the covid-19 pandemic

Accident- and incident-free environment

In order to anticipate possible risks and impacts that may arise in its operations, the company uses methodologies and tools to map all existing activities.

There are preventive procedures and solutions in place for each situation mapped, which include raising the awareness of workers about the importance of thinking and acting always considering everyone's safety first. Honda's goal is to achieve "zero accidents" across all production units.



Honda Automóveis do Brasil initiatives

In recent years Honda Automóveis do Brasil has significantly reduced the rate of frequency and severity of accidents and several safety initiatives have been implemented:

- **SST - Work Safety Recommendation:** Bottom-up tool created with the aim of increasing associates' risk perception and encouraging the search for improvements to prevent accidents within the manufacturing environment;
- **Accident Mitigation Meetings:** Meetings held at the workplace, in which statistical data from each sector are presented, the accident prevention actions adopted in the month, reflection on occurrences at other Honda units, data on the use of safety tools and future planning to mitigate accidents;
- **Cross Inspections:** Safety inspections, carried out by management with monitoring by the Work Safety team, in all sectors of the plant. Managers carry out inspections, focusing on behavioral improvements in production processes and mitigating unsafe conditions.

SST

SUGESTÃO DE SEGURANÇA DO TRABALHO

Ações rápidas para eliminar os riscos de acidentes e os comportamentos inseguros.

Fique atento!
A observação do processo produtivo, nas condições ou comportamentos no seu ambiente de trabalho, contribuem para o desenvolvimento de ações preventivas contra acidentes e incidentes. Participe!

Como participar:

1. Retire o formulário disponível nas urnas identificadas nas áreas.
2. Preencha o formulário da SST de acordo com orientações de cada campo.
3. Deposite o formulário nas urnas identificadas nas áreas.
4. A comissão do seu setor recolhe as SSTs, e realizam as análises.
5. Sua sugestão será analisada, e você receberá o comunicado através de sua chefe.
6. As ações serão implantadas conforme a avaliação do grau de urgência.

Agora é um só! Seus pontos valem brindes!
Seus pontos acumulados do CDD, PS e SST são somados e podem ser resgatados em brindes. Para conferir sua pontuação acesse: www.hinterativo.com.br

Work Safety Recommendation increases associates' risk perception and encourages accident prevention

A healthy team

Safety and well-being go hand in hand. With that in mind, Honda has several measures in place to preserve the health of its associates, such as ergonomic studies of work, specialized medical care in case of emergencies and prevention campaigns for raising awareness, such as the Pink October, focused on fighting breast cancer, Blue November, to draw attention to prostate dysfunctions, among others. And by health, we also mean emotional well-being.

The specialty clinic in Manaus offers medical and psychological support, providing care not only for the body, but also for the mind of associates, and supporting well-being.

Climate Survey

The main indicator that reflects the quality of human resources management in the company is the evolution of the annual Climate Survey conducted with all associates in South America.

The 2021 result remains at a high level, maintaining the index achieved in 2020, with an 86% favorability rate, which indicates the general average of responses from satisfied associates.

There was improvement in very important items, such as: work environment; relationship with the immediate manager and recognition of effort.

The survey results are evaluated by the human resources area to prepare a corporate action plan and by the managers to define actions focused on the reality of the different areas.

86% favorability rate achieved in 2021
climate survey



Training and qualification

The challenges brought by the covid-19 pandemic continued in 2021, but the provision of online training was expanded, especially for new associates (*onboarding*), on basic qualification training topics and *roadmaps* for leadership.

In 2021, the Honda Academy, a unified learning center for the company, significantly leveraged training and knowledge sharing actions.

By offering online and synchronous training, Honda allowed access to various contents and learning paths, enabling associates to self-manage their training needs.

Honda continues to work to expand and strengthen the offer of online courses to its associates, with improvement courses for the specific technical training of the areas, support for professional qualification, assurance of continuous improvement of processes, as well as meeting the needs for stronger leadership.

TRAINING	2020		2021	
Gender				
Average number of hours of training received by the organization's associates during the reporting period	4.5	5.4	5.9	10.3
Associate category				
Directors	0	0	3.2	0
Managers and General Managers	2.3	7.3	8.3	16.3
Associates – Administrative	5.2	7.5	12.0	15.4
Associates – Plant	4.4	4	4.0	4.2

Associates self-manage their training needs through online training

Leadership School

With a focus on internally developing the company's leaders, Honda's managers are prepared to inspire, coordinate and leverage the talents of their teams.

Based on the company's philosophy, a training schedule ensures full training of associates with management positions, through activities and tools, such as strategic projects in multidisciplinary groups (Cross-Functional Team), Professional Coaching, Individual Development Plan (PDI), and 360° Assessment.

Careers Page

Platform dedicated to recruiting and selecting talents, which, in addition to showing the available positions, brings content that reinforces the precepts of the company's Philosophy, which is the basis for the actions and decisions of all the group's associates.

It also provides information about the different segments in which Honda operates in the country and the main activities developed in the five major areas of activity (Commercial, Production, Research and Development, Purchasing, and Administrative).

<https://www.honda.com.br/carreira-na-honda/>



GAP

Through the Global Assignment Program (GAP), associates participate in international development programs for acquiring technical and management skills, as well as to expand the professional network and knowledge on best practices.

With that, the company empowers its teams to act in a globalized environment and lead changes in the business.

Due to COVID-19, the program was temporarily suspended last year and will be resumed as soon as possible. 127 associates have participated in the program over the past eight years.

Several programs are conducted with associates to increase professional training



Internship Program

This is the main gateway for young professionals who seek an inspiring work environment that values aspects such as initiative, equality, trust, and communication.

With a maximum duration of 24 months, divided into three stages, the program reflects a methodology focused on the learning and practical experience in the final area of operation.

In addition to participating in projects and activities in the defined area, students develop an important improvement proposal. Throughout their development, interns are monitored by area managers and by the Human Resources department.

In 2021, Honda carried out the selection of its 2022 Internship Program in compliance with all health and safety protocols required to fight the COVID-19 pandemic. More than 30 internship positions were offered to work in the commercial, administrative, and financial areas of the company's units in São Paulo (SP) and Sumaré (SP).

Trainee Program

Joining a solid company, with a philosophy that values learning and continuous development, can be a great career opportunity.

Thus, Honda annually holds the Trainee Program, aimed at newly graduated professionals interested in starting their professional career.

The program targets recent graduates (up to two years) with command of the English language, from courses such as Business Administration, Computer Science, Engineering, Technology, Statistics, Physics, Marketing, Mathematics, and Information Systems, among others.

The trainees spend the first three months in job rotation through the main areas of the company and the following nine months in activities in their own areas. They will also develop projects to improve the areas they work in, in addition to receiving a specific training and mentoring program with managers.

Honda opened the selection process for its Trainee program in January 2022, offering 16 positions for the company's units in São Paulo (SP), Sumaré (SP), Indaiatuba (SP) and Manaus (AM).

The positions were intended for work in the areas of Information Technology, Commercial, Marketing, Credit, Legal, Auditing, Insurance, Risks and Compliance. The selection process complied with all health and safety protocols required to fight the COVID-19 pandemic.



NHC

The Honda Philosophy is annually celebrated through the NHC (New Honda Circle) development program. In the NHC, associates from all areas and units are invited to form working groups dedicated to identifying opportunities, developing and implementing innovation projects and improvements in processes and in the work environment as a whole.

The projects must be developed according to the program's methodology and are an opportunity for associates to learn about quality tools, exchange knowledge and obtain visibility and recognition, since the leading groups have the opportunity to participate in national and international conventions, sharing their experiences and creations.

With that, Honda values human capital, encouraging ideas and recognizing individual dedication towards joint learning.

In 2021, in South America, more than a thousand circles participated in NHC activities.

Financial Education for All

To assist its associates with their financial planning, in 2019, Honda started the program "Financial Education for All".

Without any restrictions regarding age or position, the initiative offers lectures and workshops for financial balance, with investment tips for beginners, as well as those who already have knowledge in the area and wish to expand it.

In 2021, associates were encouraged to check out our virtual actions and newsletters.

Associates are invited to participate in complementary programs, which contribute to personal and professional development



47 social
actions
and projects
were carried
out by Honda
units in South
America in 2021

Local Communities

• GRI 103-2, 103-3/203, 203-1 •

Honda's vision of sharing joy with people would not be complete without its work with local communities.

Several social actions are currently carried out in the six regions of global operations, with the purpose of sharing the joy with people from all over the world and becoming a company desired by society.

Honda also strives to support initiatives that reflect local circumstances in its corporate activities abroad.

These activities are also in line with the contents and objectives of international discussions, such as the SDGs (Sustainable Development Goals).

In 2017, seeking to improve the direction and focus of action of social projects and actions in the region, Honda South America prepared its Policy for Social Actions and Sponsorship, adapting the Global Policy guidelines to the regional reality.

During the period from January 1, 2021 to December 31, 2021, 47 social actions and projects were carried out, which represented an investment of approximately 405 thousand dollars. Of that amount, 18%

(about US\$ 73,000.00) were investments made via the Cultural Incentive Law – the Rouanet Law.

Social contributions by Honda in the context of the COVID-19 pandemic

The COVID-19 pandemic also required flexibility to maintain face-to-face social contributions actions following the safety protocols proposed by the Ministry of Health.

Many projects could be adapted to a remote format, such as the activities developed by Honda's Transit Education Center (CETH) – Clubinho Honda and Harmonia no Trânsito (more information on [page 64](#)).

In line with the global mobilization to fight the effects of the COVID-19 pandemic, Honda's plants in South America joined efforts to support communities.

Several donations in partnership with the Solidarity Funds were made in the cities of Manaus, Sumaré, Itirapina, Buenos Aires and Lima. In total, 18 actions were carried out and accounted for an amount of about 140 thousand dollars.

In Brazil, at the beginning of 2021, the State of Amazonas faced an alarming situation of lack of oxygen in hospitals. As support, Honda donated 20,300 cubic meters of oxygen, equivalent to 2,035 cylinders. The company's dealership network also contributed to this initiative and donated the equivalent of 4,100 oxygen cylinders to the population of Manaus.

In addition, in a voluntary initiative, Moto Honda da Amazônia engaged in a project by the White Martins company for the reactivation of the T15 oxygen-producing cryogenic plant, a unit that had been inoperative since 2009, in the city of Manaus (AM). A team of engineers and technicians from both companies worked on the complete renovation of the facilities and equipment, ranging from simple repairs and replacement of components to complex in-house manufacturing of parts.

In another action, carried out in March 2021, 10,000 face shield masks were donated to the Municipality of São Paulo (Municipal Government Secretariat) to reinforce the individual protection of frontline workers in the fight against the pandemic.



Initiatives with local communities complement Honda's framework of social actions

Other initiatives

In celebration of the Environment Day, Moto Honda da Amazônia carried out the action “Planting the Future”, which was based on the premise of planting 1,000 seedlings of native species, such as açaí, cupuaçu, ipê-roxo, among others, at the premises of the company, and distribution to associates to encourage the practice of reforestation.

In June and December 2021, Honda also carried out food collection actions. Associates voluntarily donated items from the basic food basket and, with the company's supplement, 88 tons of food were collected, equivalent to 5,878 baskets, which made it possible to support 35 communities and institutions that help people in situations of social vulnerability.

The action involved the associates of the group “Sou Voluntário Honda”, who assembled the basic food baskets and delivered the food to communities in Manaus (AM).

Associates at Honda Automóveis do Brasil plants also engaged in a food donation campaign. The action was carried out between May 3rd and 21st and collected nine tons of food for communities in the cities of Sumaré and Itirapina, both in the interior of São Paulo.

In addition, in March 2021, 10 XRE 300 motorcycles were donated to CET (Companhia de Engenharia e Tráfego), to be used in the organization and control of transit in the city of São Paulo. Also in March 2021, 10 XRE 300 motorcycles were donated to the Municipal Public Security Department (SMSU) of São Paulo, to be used in municipal patrol services.

Incentive to education

• GRI 203-1 •

Recognizing the importance of education in individual training, Honda has offered the Professional Training Course for residents of Recife (PE) since 2007. The initiative is carried out at the premises of its Training Center, located in the city.

Along 870 hours of training, students participate in theoretical and technical classes in automobile and motorcycle mechanics, with topics like metrology, electricity, overhauls, periodic inspections and others.

The classes also include modules with guidance on sales, negotiation techniques, health, family relationships, information technology, the environment, traffic safety and the importance of volunteer work.

The selection process for young people who participate in the annual course begins with an analysis of basic criteria such as age, education and social vulnerability. Applicants should be between 18 and 20 years old and attend high school. The next steps involve a written test, group dynamics and visits to families.

Since its first edition, 272 young people have benefited from the project and around 80% of them are employed in different roles, some of them starting their professional careers at Honda dealerships.

Due to the COVID-19 pandemic in the country, the Professional Training Course was canceled in 2020 and 2021. The program returns in 2022, following all health and safety protocols, in a hybrid format, with a mix between face-to-face and distance learning, so that it can be made possible during the time of a pandemic.

Recife Professional Training Course resumes activities in 2022



Mobility and Innovation

In its 2030 Vision, Honda expresses a yearning “To serve people worldwide with the joy of expanding the potential of their lives” and “lead the advancement of mobility and improve the everyday life”. That is why it develops solutions designed to be beneficial for society.

As detailed in Chapter 3 of this report (Sustainability Strategy), Honda has set specific guidelines for the implementation of Vision 2030, which includes the development of various mobility solutions.

Thus, the “Mobility and Innovation” chapter presents Honda’s initiatives, research and cutting-edge technologies and how they converge to create a carbon-free society and with zero traffic accidents.

It should be noted that Honda continuously reviews the adoption of its technologies in the markets in which it operates. The company’s policy is to offer the right technology, in the right place, at the right time. And to do this, we need to evaluate several factors such as the country’s energy matrix, public infrastructure, market and geographical characteristics, and consumer profile.



Honda develops
various mobility
solutions

Global initiatives for a carbon-free society

In April 2022, Honda Motor announced investments of 8 trillion yen in Research and Development over the next 10 years. The company plans to invest 5 trillion yen for electrification and software development alone.

In addition, Honda Motor announced plans to launch 30 new electric vehicle models by 2030 and reach an annual production volume of 2 million units.

With regard to batteries, which are a key challenge in the electric vehicle era, the company has accelerated the internal development of technologies, particularly solid-state technologies, with the aim of using them in its models in the second half of the 2020s.

All of these advances demonstrate Honda's ability to innovate and offer products and technologies that meet the brand's goals. And these investments are essential to ensure the long-term sustainability of the company worldwide, including in Brazil.

Moreover, with a focus on strengthening its capabilities and accelerating development in the areas of electrification, safety and software, Honda Motor recently announced a partnership with SONY and GM.

Electrification in Brazil

In the area of electrification, Honda Automóveis do Brasil introduced, in 2021, its first hybrid model, the Honda Accord. Honda's hybrid technology - e:HEV - brings a unique system composed of two electric motors (one generator and one propulsion) and a combustion engine, providing three possible modes of driving: the only electric, the hybrid or the combustion. The system automatically chooses the option that offers the best relationship between performance and low consumption, depending on the driving conditions.

In April 2022, the company announced two more hybrid models for the Brazilian market: the 11th generation of the Civic, to be launched in the last four months of 2022, and the imported CR-V, which will be launched in 2023, thus fulfilling the commitment made to introduce three hybrid models in the country.

e:TECHNOLOGY

Honda globally introduced the e:TECHNOLOGY nomenclature, which encompasses the brand's high-efficiency electrification solutions. Honda e-TECHNOLOGY products aim to minimize energy consumption and make daily life more pleasant.

Honda e:TECHNOLOGY

e:HEV



Energy management

Honda is striving to achieve carbon neutrality in its products and corporate activities by 2050. Among the initiatives to achieve this goal, the company has developed the concept of “Honda eMaaS” (Electric Mobility as a Service), which will contribute to the “freedom of mobility” and “expansion of the use of renewable energy” by connecting electric mobility products and energy service.

Based on this concept, Honda will expand the use of renewable energy by expanding the range of electrified products – motorcycles and automobiles – in addition to increased use of the Honda Mobile Power Pack (MPP), the brand’s portable and interchangeable battery system, and initiatives for expanded use of renewable energy.

The initiatives to expand the use of renewable energy include:

- Seeking the proper balance between electricity demand and supply by installing a storage function through the Honda Mobile Power Pack (MPP) and other devices;
- Better usability of renewable energy by addressing the central issue of this type of energy, which is its sensitivity to natural conditions, reducing the load on the electricity grid (using the storage function);

- Possibility of supplying electricity stored in the MPP and other devices to the electrical grid in the event of a power failure.

Another initiative worth mentioning is Honda’s partnership with the V2X Suisse Consortium. Honda will supply 50 Honda e electric vehicles to Switzerland’s car sharing operator, Mobility. The Honda e units will be used as part of a car sharing fleet in a pioneering trial which uses the Honda’s bi-directional charging function to feed energy back to the grid when the vehicles are not in use for sharing.

To allow bi-directional charging, Honda is also providing 35 Honda Power Manager units. These will deliver vehicle-to-grid (V2G) energy recovery capability for Mobility, at various urban and suburban sites across Switzerland.

In this project, a total of 50 Honda e units will be allocated to 40 stations across Switzerland. A single Honda e can feed up to 20 kilowatts of power back into the grid when plugged into a bi-directional charging station. This not only regulates power to stabilize the grid during periods of high demand and minimize bottlenecks in the distribution of energy, but also reduces the need for expensive grid expansions as demand for EV charging increases.





Global initiatives for a society with zero traffic accidents

Committed to making a society free from traffic accidents, based on its slogan “Safety for all”, Honda has long been at the forefront of global safety technology research and development.

In 2021, Honda introduced the Legend luxury sedan equipped with the new Honda SENSING Elite system, which represents a new level in the area of advanced safety technologies.

Honda SENSING Elite is a version of Honda SENSING, the advanced safety and driver assistance technology package currently available for Honda vehicles worldwide. The name “Elite” represents the premium technologies included in this latest release.

One of the highly differentiated technologies is the “Traffic Jam Pilot” function, qualified for Level 3 autonomous driving (autonomous driving conditioned in a limited area), for which Honda received type designation from the Japanese Ministry of Land, Infrastructure, Transport and Tourism (MLIT). The Traffic Jam Pilot technology allows the autonomous steering system to steer the vehicle, instead of the driver, under certain conditions,

such as when the vehicle is on an expressway with congested traffic. Honda is the first and only brand in the world to launch a Level-3 autonomous driving vehicle.

Also in 2021, Honda Motor Co., Ltd. unveiled the new Honda SENSING 360, an omnidirectional safety and driver-assistive system which removes blind spots around the vehicle and contributes to collision avoidance and the reduction of driver burden while driving. Further evolved from the previous system, Honda SENSING 360 features an expanded sensing range not only in the front and rear, but omnidirectionally around the vehicle.

Application of Honda SENSING 360 will begin in 2022 with an automobile product introduced in the Chinese market. Honda will strive to expand the application to all models to go on sale in all major markets by 2030.

Honda's safety pioneering

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

With this in mind, Honda has developed the world's first pedestrian dummy, an anthropomorphic model used to reproduce the human body's kinematics during vehicle-to-pedestrian collision. Its aim is to identify the portions of the vehicle body most often resulting in injuries and to reduce pedestrian head injuries during the collision with a vehicle.

The Company has also established the world's first indoor omni-directional crash test facility to conduct research into more realistic crash configurations.

As for pedestrian dummies, in order to enhance safety for the traffic society as a whole, their use is not only limited to the development of Honda's products. They are also leased to other companies and research institutions across the world, widely contributing to studies on pedestrian protection.

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

Application of safety technologies in Brazil

As explained in more detail in the Safety chapter of this report ([page 59](#)), Honda has introduced Honda SENSING in Brazil, which since 2018 has been equipped as standard equipment in the Honda Accord; in the CR-V model, the brand's most complete SUV in Brazil; and in the New City and New City Hatchback models, the first models produced in Brazil with integrated safety and driver assistance technology.



Initiatives in new areas

In addition to research on advanced environmental and safety technologies, Honda R&D Co., Ltd., which takes a lead role in Honda's technology research and development, is pursuing outside-the-box research on technologies that will bring about new value for people by expanding the potential of mobility into the 3rd dimension and 4th dimension, which defies the constraints of time and space, and ultimately into outer space.

These new initiatives are made possible by core technologies Honda has amassed to date, including technologies in the areas of combustion, electrification, control and robotics.

Through the comprehensive use of such technological strengths, Honda will strive to realize the joy of expanding people's life's potential in new areas in addition to existing business areas.

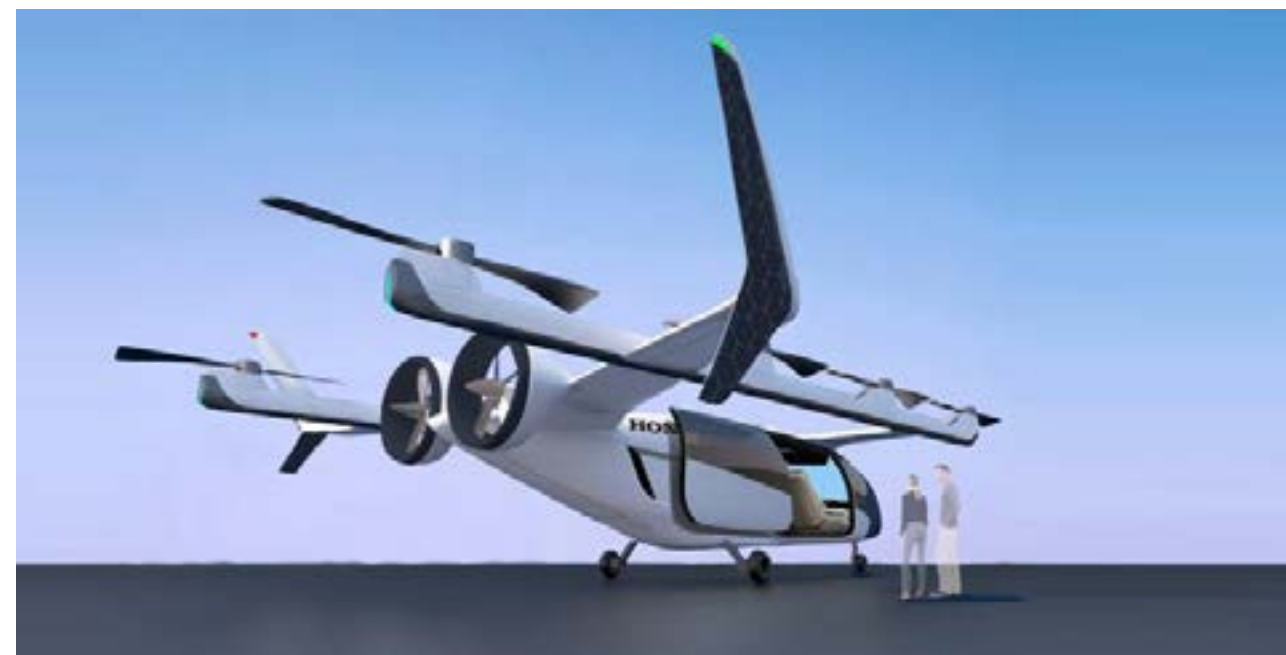
These new areas include an electric vertical take-off and landing aircraft, avatar robot with a goal to expand the range of human ability and a new challenge in the field of outer space.



Honda eVTOL

Honda already offers mobility in the skies with its HondaJet business jet. And to make it even more accessible for more people, the company is developing its eVTOL (electric Vertical Take-off and Landing) aircraft by taking advantage of a wide range of its existing technologies.

In addition to clean operation realized by electrification technologies, the eVTOL features safety at a level equivalent to that of commercial passenger airplanes realized by its simple structure and decentralized propulsive system and quietness due to relatively small diameter of rotors. This makes it possible for eVTOL to take off and land in the middle of a city without causing noise issues. Because of such features, the development race for eVTOL aircraft is getting increasingly vigorous. However, all-electric eVTOL aircraft face a range issue due to limited battery capacity, therefore the realistic use area is limited to intra-city transportation.



eVTOL aims to make mobility in the skies more accessible for people

2

Honda avatar robot



Striving to expand human potential and make people's lives without constraints and more enjoyable, Honda has been continuously working on robotics research. As a part of next-generation Honda robotics, Honda is pursuing development for the practical applications of Honda's original avatar robot to expand the range of human ability virtually without the constraints of time and place.

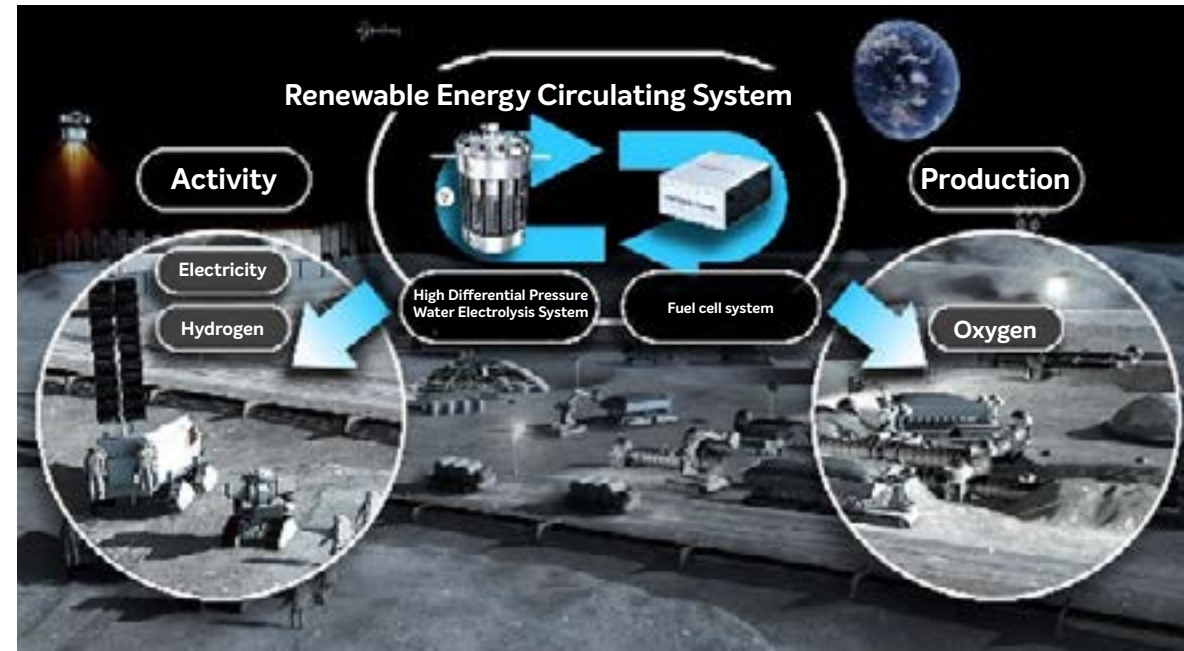
The greatest merit of an avatar robot, which can act as a second self of the user, is that the user can perform tasks and experience things without being there in person, including the realistic sense of handling objects remotely. What will become the core of the realization of such an avatar robot is the multi-fingered robotic hand developed while leveraging Honda's strengths in robotics technologies and Honda's original AI-supported remote control function.

The company is striving to begin technology demonstration testing of the Honda Avatar Robot before March 2024, with a vision to put it into practical use in the 2030s.

3

Challenges on the lunar surface:

As international momentum for expanding the range of human activities outside the Earth continues to grow, Honda began initiatives to strive for the expansion of human activities and development on the lunar surface. It is said that there is water on the Moon, and the various possibilities that the use of water may open up are attracting attention. Honda is conducting a joint research with the Japan Aerospace Exploration Agency (JAXA) with a goal to build a circulative renewable energy system on the lunar surface by leveraging fuel cell technologies and high differential pressure water electrolysis technologies Honda has amassed to date.



By combining Honda's fuel cell technologies and high differential pressure water electrolysis technologies, and by using electricity from renewable energy sources, the system electrically decomposes water and stores hydrogen and oxygen. Then, using that hydrogen and oxygen, Honda's fuel cell technologies can generate and supply electricity.

Honda is also working on the development of small rockets. This work was initiated by the proposal made by young Honda engineers who wanted to build a small rocket by utilizing core technologies, such as combustion and control technologies, that Honda has amassed through the development of various products.

Honda began initiatives to strive for the expansion of human activities and development on the lunar surface

In addition to a full commitment to its environmental and safety challenges, Honda will continue pursuing outside-the-box research to leverage its core technologies and take on challenges in new areas to bring about new value that overcomes the constraints of time and space of people.

GRI CONTENT INDEX

8

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General Disclosures			
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	102-2 – Activities, brands, products, and services	page 19	
	102-3 – Location of headquarters	page 19	
	102-4 – Location of operations	page 19	
	102-5 – Ownership and legal form	Limited liability company	
	102-6 – Markets served	page 19	
	102-7 – Scale of the organization	page 19	
	102-8 – Information on associates and other workers	page 80	
	102-9 – Supply chain	page 74	
	102-10 – Significant changes to the organization and its supply chain	Pages 22 and 74	
	102-11 – Precautionary principle or approach	page 37	
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102-13 – Membership of associations

ABEEólica – Brazilian Wind Energy Association | ABRACICLO – Brazilian Association of Manufacturers of Motorcycles, Mopeds, Scooters, Bicycles and Similar Vehicles | SIMEFRE – Materials and Railway, Highway and Two-Wheeler Industry Union | ANFAVEA/SINFAVEA – National Association of Automobile Vehicle Manufacturers / National Union of the Tractor, Truck, Automobile, and Similar Vehicle Industry | AEA – Brazilian Automotive Engineering Association | FIEAM – Federation of Industries for the State of Amazonas | CIEAM – Industry Center for the State of Amazonas | AFICAM – Association of Component Manufacturers for the Amazon Region | Japanese-Brazilian Chamber of Commerce for the States of Amazonas and São Paulo | ABIAPE – Brazilian Association of the Investors in Self-Production of Energy | FIESP-CIESP- Federation of Industries of the State of São Paulo – Center of Industries of the State of São Paulo | AMCHAM – American Chamber of Commerce | IQA -> Automotive Quality Institute

GRI 102: General Disclosures 2016

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102-16 – Values, principles, standards, and norms of behavior

page 9

102-17 – Mechanisms for advice and concerns about ethics

page 39

102-18 – Governance structure

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102-40 – List of stakeholder groups

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102-41 – Collective bargaining agreements

100% of associates hired under the CLT system are covered by collective labor agreements and conventions

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	102-53 – Contact point for questions regarding the report	For suggestions regarding the content of the Report, please contact us on the phones: Motorcycles and Power Products: 0800 055 22 21 Automobiles: 0800 017 12 13 Banco Honda: (11) 2172 7080 Consórcio Honda: (11) 2172 7007	
	102-54 – Claims of reporting in accordance with the GRI Standards	page 15	
	102-55 – GRI content index	page 103	
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Graphic Design, Layout and Infographics

Magenta•Lab

Photographs

Honda's Archives, Freepik and The Noun project, Unsplash, Pexels, Adobe

HONDA
The Power of Dreams