HONDA
The Power of Dreams

Striving to be a company society wants to exist

CSR Report 2009

Publication Policy

Striving to be a company society wants to exist

Striving to be a company society wants to exist, Honda is engaged in various initiatives to meet the expectations of all its stakeholders and enhance customer satisfaction while moving proactively to fulfill its corporate social responsibilities (CSR).

This report contains individual chapters on three important CSR themes: quality and safety, environmental responsibility and engagement with societies. Reporting is in accordance with GRI* Sustainability Reporting Guidelines.

In addition, this FY2009 report reviews the history of Honda products and technologies in recognition of the 60th anniversary of Honda's foundation.

It is our hope that this report will lead to a greater appreciation of Honda's CSR initiatives among all stakeholders.

*The Global Reporting Initiative is a joint project of the Coalition for Environmentally Responsible Economies, a U.S. NPO, and the United Nations Environment Programme. Initiated in 1997, it issues guidelines for reporting on economic, environmental and social performance by organizations.

CSR website

Visit the following website for a complete report that features additional information on quality and safety, environmental responsibility and engagement with societies not contained in the printed version.

WEB **http://world.honda.com/CSR/**

Additional information

For more information pertaining to business results, environmental conservation, driving safety promotion and philanthropic initiatives, readers are invited to refer to the reports below and the company website.

Honda Environmental Annual Report 2009

An outline of Honda's fundamental approach to environmental policy, including reports on targets and the results of major initiatives in FY2009
To be published in September 2009

WEB **http://world.honda.com/environment/ecology/2009report/**

Annual Report 2009

An outline of business results, management strategy and other aspects of Honda's operations in FY2009
To be published in September 2009

WEB **http://world.honda.com/investors/annualreport/2009**

Driving Safety Promotion Report 2008

An outline of Honda's approach and major initiatives with respect to the promotion of driving safety in 2008
(Available only in Japanese)

Honda Philanthropy Website

A website outlining Honda's philanthropic philosophy and broad-based social initiatives

WEB **http://world.honda.com/community/**

CSR Report 2009

•Scope
This report focuses primarily on the activities of Honda Motor Co., Ltd., with some coverage of Honda Group companies in Japan and elsewhere. In general, references to "Honda" are to Honda Motor Co., Ltd.

•Period
The report primarily covers activities from April 1, 2008, to March 31, 2009. Some historical background of these activities and references to events up to the time of publication, as well as forecasts and plans, may also be included.

•Disclaimer
In addition to factual information regarding the past and present status of Honda Motor Co., Ltd., this report contains plans, perspectives and forecasts based on corporate philosophy and management strategies as of the date of publication. Sections of the report dealing with such plans, perspectives and forecasts are based on information available at time of publication. Actual results and events may differ.

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Striving to be a company society wants to exist

CSR Report 2009

Contents

Sixty Years of Honda

Making products that serve the world
Creating dreams and joy for people everywhere

1949

Production of Honda's first motorcycle, the Dream D, begins

With a name symbolizing limitless possibilities, this full-fledged motorcycle featured a frame with enhanced strength.

1953

H-type engine introduced

Honda's first power product, this 6 kg compact engine was easy to transport.

1967

N360 introduced, becomes megahit

Positioned as an affordable car for all at the height of Japan's motorization, the N360 ignited a boom in individual car ownership.

1972

Civic enters—and revolutionizes—car market

Featuring front-wheel drive, a transverse-mounted engine and an original hatchback design, this entry-level car ushered in a new area for automobiles in Japan—then the world.

The Power of Dreams

Fueled by the limitless power of dreams, we will continue to create new, life-enriching products for the world and for the future.

The start line

In March 1954, just six years after the company's foundation, Honda declared its intention to enter the Isle of Man TT Races. A first for a Japanese manufacturer, this participation was regarded by many as overly ambitious. Daring the journey into uncharted territory. Honda achieved victory just seven years after the declaration, thanks to the associates' collective racing spirit, which also shone through later in Formula One competition. Participating in racing has not only helped Honda develop technical expertise but has also served as a foundation for developing mobility solutions.

Competing at the Isle of Man TT Races

F1 racing

Honda celebrated its 60th anniversary in September 2008. Founder Soichiro Honda once asked, "What can we do to make a contribution to the world?" In other words, how big do we dare to dream, and how do we maintain the passion needed to realize those dreams? This approach is the origin of the unique Honda spirit.

For the past 60 years, Honda has grown and adapted to changing times, contributing many new forms of mobility to the world. Today, we continue in Honda's original spirit, meeting new challenges in our motorcycle, automobile and power product operations while researching and developing the next generation of mobility.

In order to share joy with all stakeholders, we will continue to anticipate the needs of the times, taking the lead in technological innovation and contributing to the development of our mobile society.

1999
Monpal provides new mobility

Designed for safety, comfort and ease of use, this electric scooter supports a more independent lifestyle for seniors and those with special needs.

2007
Thin-film solar panels introduced

With sales commencing in October, this new Honda technology was implemented in a product available to everyone.

1986
Fusion introduced, changes scooter concept

This 250cc scooter featured an original and distinctive long-and-low design and a relaxed riding position.

2009
All-new Insight introduced, provides affordable hybrid option

Combining superior fuel economy, environmental responsibility, fun driving and affordability, the Insight brought hybrid technology within reach of many more people.

2000
ASIMO

In developing humanoid robot ASIMO (Advanced Step in Innovative Mobility), Honda has not just aimed to create amazing technology. ASIMO has the potential to coexist with people in the near future, contributing to their lives in numerous ways.

2006
HondaJet

Developing an aircraft has been a Honda dream since the company's foundation—a dream finally realized in this compact business jet. Deliveries are scheduled to begin in 2011.

Where Honda mobility all began

Motorcycle production began in Japan shortly after World War II with models imitative of imports in design. These bikes were very expensive and beyond the reach of the average person. Soichiro Honda had the idea to produce a convenient, easy-to-use bike for everyone, and, in 1958, the Super Cub was born.

At the time, most bikes on the market were equipped with 2-stroke engines with an output of around two horsepower. Since most of Japan's roads were still unpaved, however, Honda decided to make a bike that would be easy to handle at low speeds and set to work making the world's first production 50cc 4-stroke engine. Although most bikes had 18-inch wheels, Honda elected to develop a 17-inch wheel for its easier low-speed handling. A manufacturer was found to make the new tire, which was completed after much experimentation. An automatic centrifugal clutch was also developed to allow easy one-handed operation for people making deliveries. A step-through design with leg shield was also implemented to make it easier for women in skirts and dresses to ride. Honda's determination to create a new, convenient means of transportation that would be easy for all to use resulted in the Super Cub, an all-new type of motorcycle from Japan.

Since then, the Super Cub has continued to evolve with the times, incorporating the latest technologies on the inside while its distinctive exterior design has remained largely unchanged. Along with regular improvements to the engine, a puncture-resistant inner tube was developed and deployed in 1996. Then, in 2007, the Super Cub was fitted with PGM-FI, which uses computer control to determine the ideal fuel quantity and injection timing depending on driving conditions, for enhanced driving comfort and environmental performance.

The Super Cub's function and design has responded flexibly to changing market demands, with such innovations as the addition of a fun-to-ride Sports Cub model to the lineup in response to demand for enhanced performance.

The starting point of Honda mobility, the little Super Cub's basic concept has been a big part of the inspiration for all Honda products.

Super Cub Celebrates 50th Anniversary

The popular, long-selling bike boasts cumulative production of more than 60 million units and has won fans in over 160 countries

The Super Cub represents the Honda ideal of creating products that are both useful and fun. Introduced in 1958, it forever changed the way people look at motorcycles. Its 50cc, 4-stroke engine, affordable price and step-through design easy on both pants and dresses gave it broad appeal. Made according to the same design concept for some 50 years, today the Super Cub is the world's best-selling production motor vehicle.

Enhancements in environmental performance, ease of operation and durability

1966

Enhanced fuel efficiency and quietness

Switch made from OHV to quieter, more fuel-efficient OHC (overhead cam) engine

1971

Enhanced ease of operation

The Deluxe goes on sale with a newly designed frame for enhanced ease of operation

1983

Ultra-high fuel economy achieved

The new eco-power engine delivers amazing, ultra-high fuel economy of 180 km/L

Where Honda global development began

Honda began to export the Super Cub just ten months after it was released in Japan. American Honda Motor was established in 1959 and sales began in the same year. Honda chose the US, believing that if the Super Cub couldn't make it in the world's toughest market, then Honda products were just not good enough.

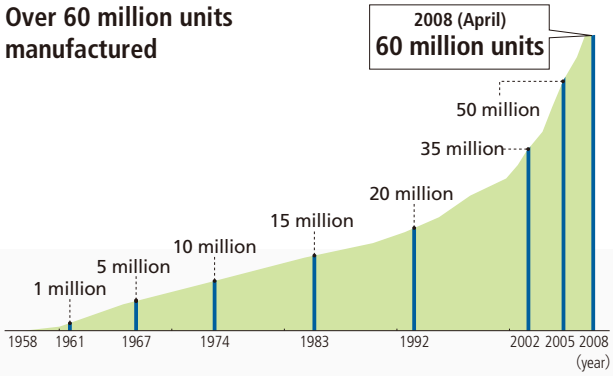
Almost all American motorcycles at the time were 500cc or larger and designed for use on long stretches of paved road. Americans saw motorcycles as vehicles for people who prioritized speed. In such an environment, it was tough going for American Honda at first, but they increased sales by introducing models that met local needs, such as the Hunter Cub, which targeted America's unique recreational hunting market. Honda established production in the United States in 1978.

Honda also established bases of operation in Europe and Asia, expanding the distribution routes for the Super Cub. The Super Cub played a pioneering role in the implementation of Honda's policy of establishing local production and sales networks worldwide.

Honda's first overseas factory was established in 1962 at Belgium Honda, a wholly owned subsidiary. This was followed in 1964 by the establishment of Asian Honda Motor, a sales base for Southeast Asia located in Thailand, and in 1965 by Thai Honda Manufacturing, a motorcycle manufacturing joint venture. Later, in 1996, Honda Vietnam was established as a motorcycle manufacturer.

Today, Honda continues to expand production and sales to meet new Super Cub demand, and the Super Cub is key to mobility for people everywhere. The Super Cub delivers the essence of the Honda ideal of helping people and making their lives easier. This fun, convenient mobility product from Japan continues to be sold and produced at more and more locations. Even as times change, the Super Cub is the choice of Honda fans and new customers all over the world.

Over 60 million units manufactured




Mexico


Brazil

1958

The Super Cub is born

With output of 4.5 hp, the air-cooled, 4-stroke, OHV, single-cylinder engine was the world's most powerful 50cc powerplant at the time

1996

Enhanced durability

Puncture-resistant introduced

2007

Enhanced environmental performance

PGM-FI electronically controlled fuel injection achieves improved fuel economy and cleaner emissions

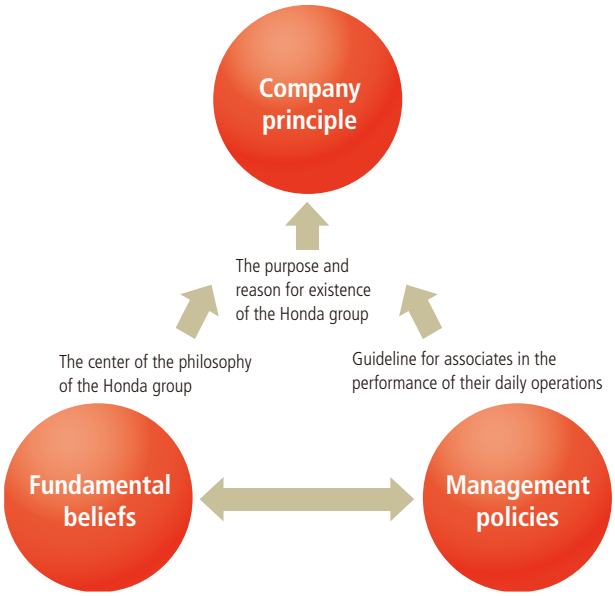
Implementing CSR initiatives based on the Honda philosophy

Honda's origin—the Honda philosophy

The Honda philosophy forms the basis for all company activities and sets the standard for the conduct and decision-making of all associates throughout the Honda Group.

The Honda philosophy, a set of values shared by all associates in the Honda Group, is composed of the company principle, management policies and the fundamental beliefs of respect for the individual and the Three Joys.

Based on these values, Honda aspires to earn the trust of society and fulfill its social responsibilities as a company.



Company principle

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

Fundamental beliefs

Respect for the individual

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

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

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

The Three Joys

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

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

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

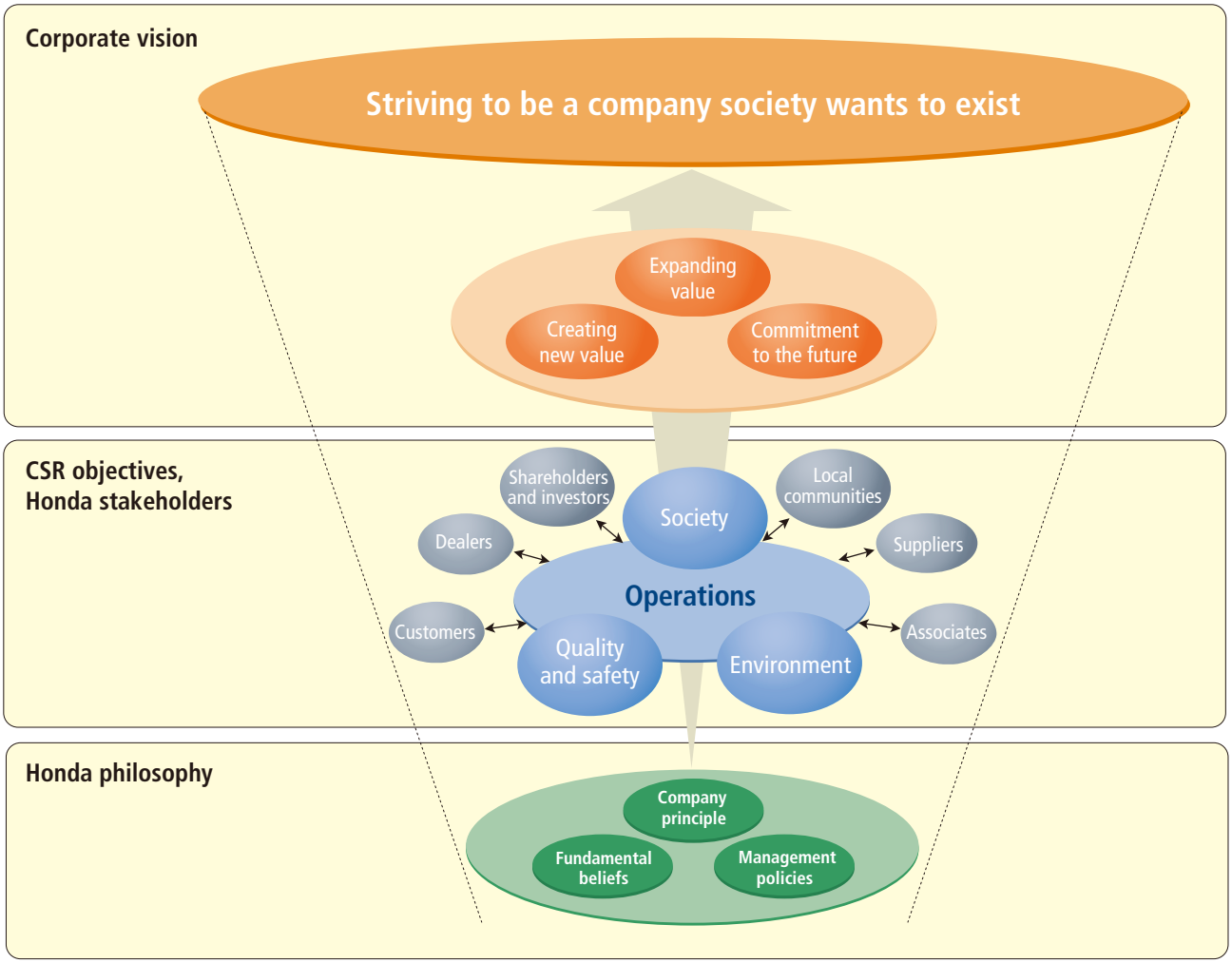
Management policies

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

CSR initiatives based on the Honda philosophy

Honda formulated its vision statement, "Striving to be a company society wants to exist," based on the Honda philosophy. In order to realize this vision, we have established three directions: creating new value, expanding value and commitment to the future. Creating new value means applying innovative ideas to anticipate changing needs and give shape to dreams. Expanding value means helping people realize their dreams by contributing to local communities wherever we are active around the globe. Commitment to the future means working to improve safety for everyone while also minimizing our burden on the environment and consumption of the earth's resources.

By communicating these three directions to all Honda stakeholders—our customers, dealers, suppliers, associates, shareholders, investors and local communities—and promoting their steady implementation, it is our aspiration to create a sustainable company and fulfill our responsibilities to society.



Evaluating all activities from the stakeholders' perspective to contribute to a sustainable society

Taking Honda's strengths in environmental technology to the next level

In the wake of the financial crisis that began in the second half of 2008 and the surge in value of the yen, Honda has faced a sharp decline in demand in the US, the company's largest market for automobiles and power products. Meanwhile, demand for motorcycles in key markets like Brazil, India and Thailand has leveled off, with sales results matching those of the previous year.

To address these challenging circumstances and meet the needs of customers and society, Honda is moving to focus resources even more sharply. We're reevaluating all investment and development plans to ensure our strengths are fully deployed in realizing goals of the highest priority.

In reducing production and purchasing levels worldwide, Honda has to an extent burdened employment, local communities and stakeholders. We believe, however, that the actions we have taken in reassessing our plans and minimizing negative impact on company performance have been necessary to reinforce a foundation for sustainable growth going forward.

However tough the times may be and however hard it may be to predict the future, we are prepared. Honda defines itself by its determination to face new challenges, acting on the basis of the Honda philosophy and never forgetting our social responsibility to pursue technological innovation and create products that offer new value to customers. We have overcome obstacles many times before and continued to grow by believing in the dream of mobility. We have made our customers' joy our own, setting ambitious targets as we evolve to meet the future.

In December 2008, Honda withdrew from Formula One competition. Some, including many Honda associates, expressed their disappointment with this decision. To ensure, however, that Honda emerges from this unprecedented downturn strong and ready to lead the industry for the next century, we found it necessary to focus all of our passion, energy, people and resources on the development of new environmental technologies and alternative energy. Enhancing the fuel efficiency of our products while reducing their need for the fossil fuels that lead to greenhouse gas emissions and climate change is how we will further spread the Three Joys of buying, selling and creating

and fulfill our social responsibility as a manufacturer of mobility products. Based on this understanding of our path, we intend to put forth an even greater effort to take our advanced environmental technologies to the next level.

Released in early 2009, the all-new Insight hybrid vehicle embodies Honda's direction for the future. Offering the performance customers expect of a Honda along with superior fuel economy and clean emissions, the Insight is priced to bring environmentally responsible mobility within the reach of more customers than ever before. Continuing to offer new products like the Insight, we intend to contribute to the solution of problems society is facing with advanced technology. Going forward, Honda will continue to enhance the environmental performance of our entire automobile, motorcycle and power product lineup.

Returning to our origins and strengthening our foundation to meet the needs of society and the demands of the times

Over the past five years, Honda has been focusing on strengthening its foundations for future growth. Even as we weather the storm of the recession that struck last year, we are preparing to meet the mid- and long-term growth in demand in the developing economies of the world. To compete successfully in the global market and ensure ongoing growth, Honda is further strengthening its factories in Japan to better perform their leadership role and share advanced manufacturing capabilities with Honda production facilities around the world. To better serve the individuals and communities who are our stakeholders, meeting and exceeding their expectations, we are returning once again to our origins. Honda has always existed to bring joy and excitement to people in the form of products and technologies of the highest possible quality.

The road ahead is undeniably challenging, but so long as we remember who we are and how we got here, we will act proactively and with dispatch, anticipating the needs of society, fulfilling our responsibility as a manufacturer of mobility products and leading with our strengths in people and advanced technology. We intend to fulfill the high expectations that people have of Honda.

Resolute in our determination to be a company that society wants to exist, we shall continue to evaluate the full range of our activities from our stakeholders' perspective. Creating new value, expanding value creation and fulfilling our commitment to future generations, we will continue to do our part in the communities that host our operations and contribute to a sustainable society worldwide.

Takanobu Ito
President and CEO

1950 1960 1970

1950

Honda distributes white uniforms to associates

"If dirt stands out, then, to avoid getting dirty, associates will have to make sure the machines are kept clean," says founder Soichiro Honda, expressing a thought that becomes a symbol of the Honda philosophy.

1953

Honda pursues 120% product quality

The slogan "120% Quality"—a favorite of the founder—first appears in the Honda Monthly.

1964

Safe driving school opens at Suzuka Circuit

To complement enhanced automobile performance, Honda takes the lead in helping drivers develop their skills.

1970

Honda establishes Driving Safety Promotion Center

In an era of increasing motorization, Honda understands the importance of driver safety education and establishes an organization dedicated to its promotion.

Honda introduces Japan's first three-point seat belts

The S600 sports car becomes the first automobile to feature the technology. Helping to protect vehicle occupants serves as the cornerstone of Honda's approach to safety.

Chapter I

Quality and Safety

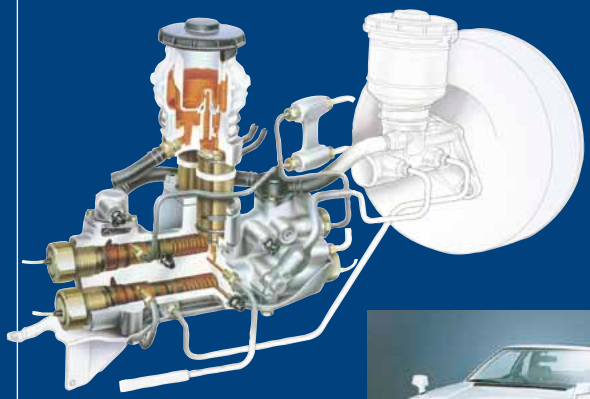
Aiming for 120% product quality, Honda believes working to establish safety for vehicle occupants, pedestrians and everyone in our mobility society is the most important responsibility of a mobility product manufacturer.

1980 1990 2000

1982

Honda introduces Japan's first automobile ABS

The Honda-developed Anti-lock Braking System is the first to be implemented on an automobile in Japan.



1987

Honda introduces Japan's first automobile airbag system

Featuring 99.9999% reliability, the Honda-developed airbag system is Japan's first.

1995

Honda introduces traffic safety program for elementary school children

The Honda program helps children understand the essentials of traffic safety.

2005

Honda develops world's first motorcycle airbag system

The system helps reduce the velocity at which a rider may be thrown from a motorcycle in a frontal collision.

A history of pursuing the highest levels of quality and safety

"Since our customers are the most important thing in the world to us, we must aim literally for 100% customer satisfaction. To gain our customers' trust we must overcome any difficulty to offer 120% product quality." More than half a century has passed since Soichiro Honda spoke these words, but his message is still very much a part of the Honda DNA. Since products offering a new level of outstanding quality are Honda's identity, Honda works continuously to enhance quality at every stage: development, manufacturing, sales and service.

Believing there can be no mobility without safety, Honda always makes safety a top priority in the development of products and technologies. In 1964, Honda became the first automaker in Japan to introduce three-point seat belts and, in 1987, became the first to introduce a driver-side SRS airbag system. Honda introduced the Collision Mitigation Brake System in 2003 and the Intelligent Night Vision System in 2004—both world's firsts.

With a view to enhancing safety for vehicle occupants and pedestrians, in 1998, Honda developed the world's first pedestrian dummy to replicate the collision kinematics of the human body and, in 2000, completed the indoor omni-directional Real World Crash Test Facility. Using advanced facilities and equipment to replicate real-world conditions, Honda has created a robust system for developing safety technologies.

In addition, Honda engages in educational initiatives that enhance people's knowledge of traffic safety. Approaching safety from both technological and educational perspectives, Honda will continue to strive for "Safety for Everyone" going forward.

Safety for Everyone

Feature

Helping protect vehicle occupants and pedestrians

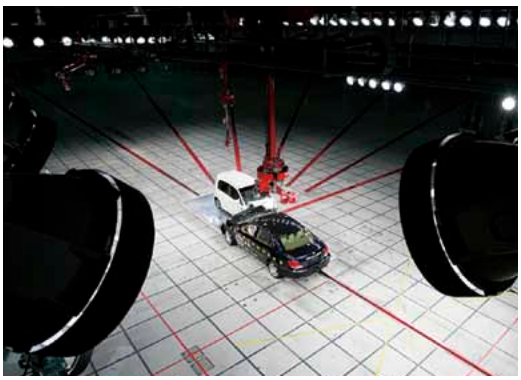
With a view to enhancing the safety of everyone in our mobility society, Honda approaches safety from both technological and educational perspectives, developing product safety systems and functions as well as teaching safe driving and riding methods to help prevent accidents from occurring. Recognizing that there can be no mobility without safety, Honda considers enhancing safety its foremost corporate responsibility.

Honda develops safety technologies based on experimentation under real-world conditions

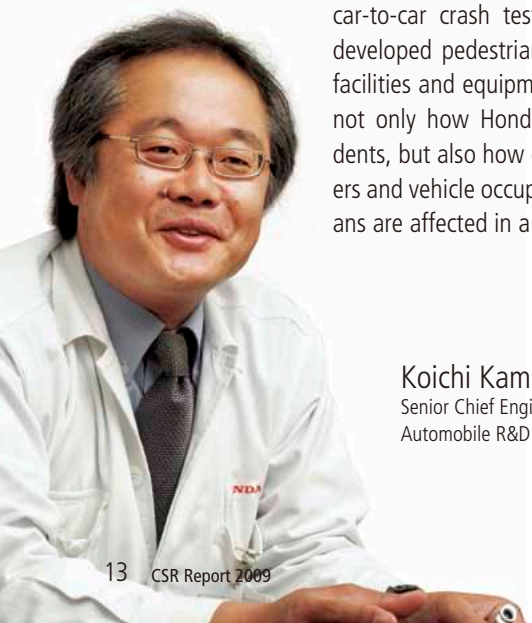
When considering automobile safety, we often focus on the safety of the driver and vehicle occupants. Yet the safety of pedestrians and occupants of other vehicles must also be taken into account. Honda is working to enhance Safety for Everyone in our mobility society.

To realize this vision, Honda develops a wide range of safety technologies based on extensive experimentation under real-world conditions, such as those replicated in the company's indoor omni-directional car-to-car crash test facility and with the Honda-developed pedestrian dummy. Leveraging advanced facilities and equipment, Honda seeks to understand not only how Honda vehicles perform during accidents, but also how other automakers' vehicles, drivers and vehicle occupants, bicycle riders and pedestrians are affected in a wide range of scenarios.

In FY2009, focusing especially on safety in car-to-car and car-to-pedestrian situations, Honda made several advances in safety technology development. Advanced, real-world experimentation continues to produce tangible results.



World's first indoor omni-directional car-to-car crash test facility



Koichi Kamiji
Senior Chief Engineer
Automobile R&D Center

i-SRS airbag system with continuously-staged inflation

Featuring a new seam structure and venting control system, the world's first airbag with continuously staged inflation combines enhanced occupant protection with reduced occupant impact.

» A history of Japan's first and world's first safety technologies

In 1987, Honda became the first company to introduce a driver-side SRS airbag system in an automobile manufactured in Japan—the Honda Legend. Honda had taken 16 years to develop this system, in order to realize a 99.9999% rate of proper deployment.

Honda has developed airbag systems to offer a combination of superior occupant protection and reduced occupant impact. In 1990, Honda introduced a passenger-side airbag with an original top-mounted configuration; during deployment, the system inflated upward along the windshield, then outward to reduce impact. In 1998, Honda introduced the world's first airbag inflator with a two-stage deployment system, which further helped reduce occupant impact. Also in 1998, Honda introduced the world's first side airbag system with an occupant position detection sensor; the system is designed to cancel deployment if it senses the likelihood of excessive occupant impact. In 2002, Honda developed a rapidly deploying side curtain airbag using a low-temperature gas for inflation.

» Revolutionary i-SRS airbag system

In 2008, Honda announced the development of the world's first i-SRS[1] airbag system. The revolutionary system features a new seam structure and gas venting control system to help enhance occupant protection while helping to reduce the airbag's impact on the head area.

Using a special valve to control the pressure within the bag, the new gas venting control system is designed to work with the new spiral seam structure to reduce the degree of initial airbag protrusion into occupant space. These two technologies are designed to maintain a constant airbag pressure so as to continuously stage inflation and extend the period of occupant protection. Accommodating a broad range of occupant positions and potential collision situations, the world's first i-SRS airbag system is designed not only to reduce occupant impact but also to quickly form a protective surface to maintain occupant protection for a longer period of time.

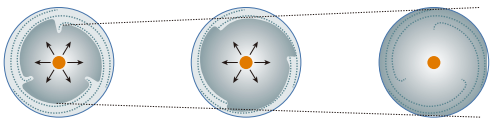
Honda first implemented the i-SRS airbag system on the Honda Life for the Japan market in November 2008.

[1]SRS: Supplemental Restraint System. Airbags are designed to protect occupants in conjunction with seat belts.

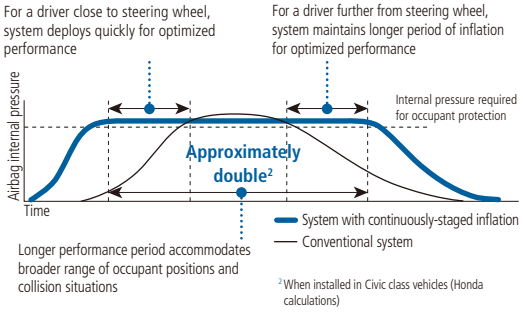
Sewing a prototype airbag

The revolutionary idea of using seams in airbags led to enhanced occupant protection and reduced occupant impact.

Seams expand from the inside out for continuously staged inflation

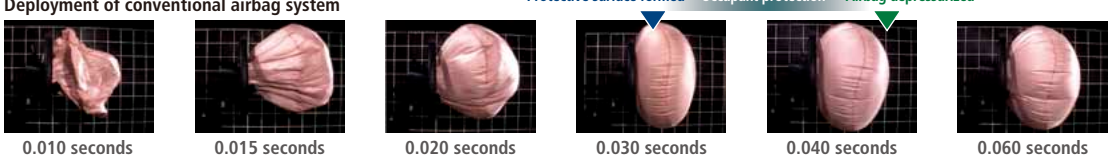


Comparison of occupant protection

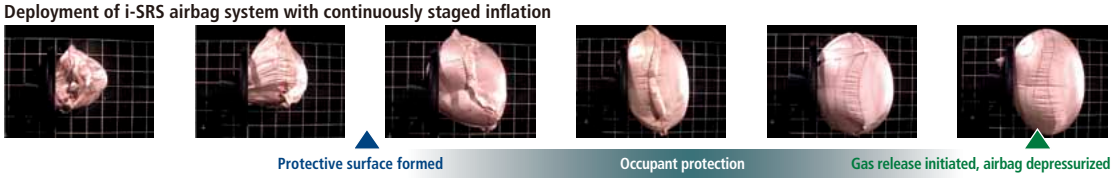


[2]When installed in Civic class vehicles (Honda calculations)

Deployment of conventional airbag system



Deployment of i-SRS airbag system with continuously staged inflation



Third-generation pedestrian dummy POLAR III

The industry's only pedestrian dummy that replicates the collision kinematics of the human body

A Honda original

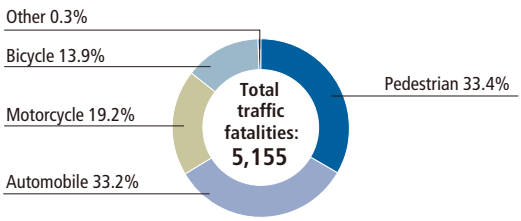
Taking the lead and creating what is needed to get the job done right is a big part of the Honda culture. One example of this innovative spirit is the development of the pedestrian dummy.

Understanding from an early date that approximately one third of persons killed in traffic accidents are pedestrians, Honda has worked to develop technologies that help reduce pedestrian injuries in the event of an accident. Beginning research in 1988, Honda introduced the world's first pedestrian dummy to replicate the collision kinematics of the human body in 1998, allowing researchers to study the mechanism of pedestrian injuries and develop technologies to mitigate them.

1998 **First-generation pedestrian dummy POLAR I**
Human body kinematics reproduced to mitigate head injuries.

2000 **Second-generation pedestrian dummy POLAR II**
With a focus on the leg area, number of sensors in dummy increased to more faithfully reproduce human body kinematics and gather more-detailed data.

Breakdown of Traffic Fatalities in Japan by Accident Type (2008)



Source: "Traffic Statistics 2008," Institute for Traffic Accident Research and Data Analysis (ITARDA)

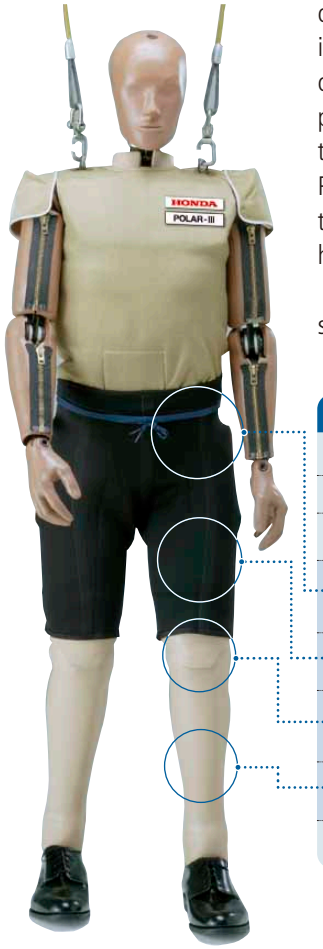
Aiming for the most realistic human kinematics possible

Since head injuries are the most important factor in pedestrian traffic fatalities, Honda sought first to develop technologies that could mitigate this type of injury. In the year 1988, however, no dummy existed to replicate pedestrian accidents. In the course of its research, Honda came to understand the importance of realistically replicating the kinematics of the human body and, after ten years, introduced the POLAR I—the world's first pedestrian dummy. For the first time, researchers could accurately recreate head area kinematics in a car-to-pedestrian accident.

Leg area kinematics are another important factor in serious accidents. In 2000, Honda developed second-generation pedestrian dummy POLAR II to replicate leg impacts. In addition to more accurate head and leg area replication, Honda enhanced the chest area to replicate organ injuries and increased the number of sensors throughout the dummy to gather data from more points and with greater precision.

Next, Honda focused on analyzing collisions between pedestrians and SUVs and minivans, noting that such accidents commonly result in lower back and upper leg injuries. In 2008, with a view to mitigating these injuries, Honda developed third-generation pedestrian dummy POLAR III, using flexible plastics to replicate the kinematics of the lower back and upper legs more faithfully and recreate serious injuries in these areas.

Continuing to advance pedestrian dummy technology, Honda lends POLAR dummies to other automakers and research institutions to contribute to pedestrian safety enhancement around the world.



Technological advances in third-generation pedestrian dummy POLAR III

Head	Identical to POLAR II (determines skull fracture and brain trauma)
Neck	Identical to POLAR II (determines injury to cervical vertebrae)
Chest/abdomen	Identical to POLAR II (determines injury to internal organs)
Lower back	Connection between pelvis and pubic bone features flexible structure. Degree of pelvic flexing and load on pelvis determine whether fracture has occurred.
Femurs	Femur now features flexible shafts whose bending moment determines whether fracture has occurred.
Knees	More-compact springs have been developed. Load on each ligament is measured to determine whether ligament damage has occurred.
Tibias	Flexible shaft has been lengthened. Bending moment of shaft determines whether fracture has occurred.
Body	Identical to POLAR II (replicates human body kinematics)

Pop-up Hood System

System raises hood in the event of a collision to mitigate pedestrian head injuries

A long history of research in pedestrian injury mitigation

With the goal of enhancing safety for everyone, Honda has long researched pedestrian safety, introducing the HR-V featuring a pedestrian injury reduction body in 1998. The hood, hood hinges, wiper pivots and front fenders of the model were designed to help absorb impact to the head area. With the release of the Civic in 2000, further technologies were added to mitigate pedestrian leg injuries.

New hood technology helps mitigate pedestrian injuries

First implemented on the all-new Legend in September 2008, the pop-up hood system is Honda's latest pedestrian injury mitigation technology. The system uses three sensors located inside the front bumper and a vehicle speed sensor to determine if an impact with a pedestrian has occurred, then signals an actuator to raise the rear portion of the hood approximately 10 cm. This provides a space between the hood and the engine and other hard components to reduce pedestrian head injuries.

In designing the system, Honda used its pedestrian dummy to study collision kinematics and determine the optimal hood-raising timing and clearance. Going beyond computer simulations, Honda performed experiments under real-world conditions to produce the necessary data. As a result, Honda was able to establish appropriate space between the hood and cylinder heads and combine pedestrian safety with ideal vehicle styling.

1995	Using ASV-1 (Advanced Safety Vehicle 1) **Impact-absorbing hood developed**
1998	Beginning with HR-V **Pedestrian-injury mitigation body introduced**
2004	**Development of pop-up hood system announced**

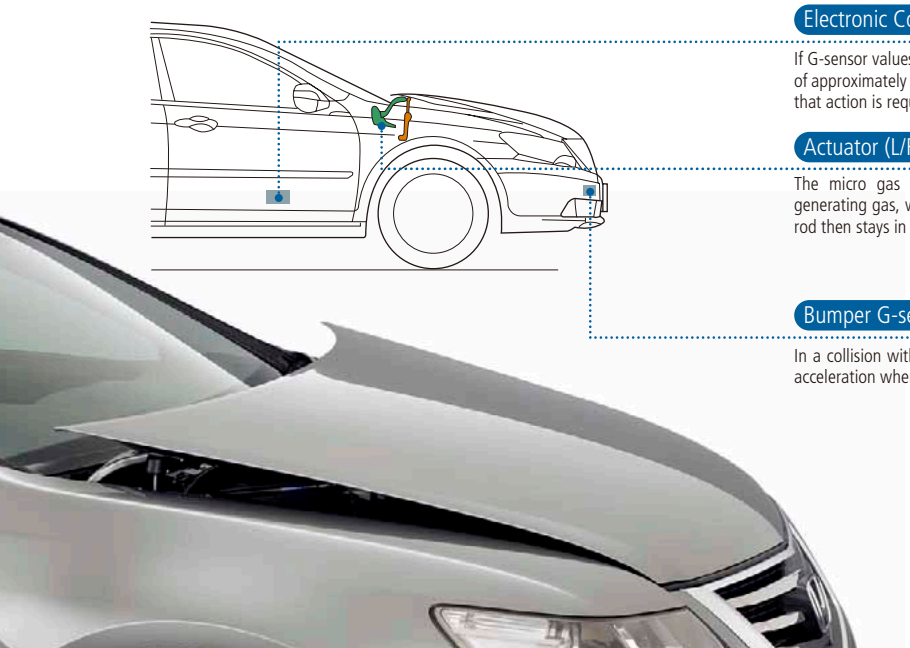
Deployment of pop-up hood system (experiment with POLAR II)

Front bumper impacts leg area

G-sensor detects impact, instantly activating pop-up hood system

Pop-up action is complete before head area impacts hood, which remains in raised position

Extra space between hood and engine helps reduce incidence and degree of head injuries

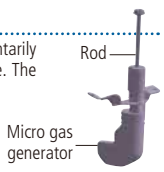


Electronic Control Unit (ECU)

If G-sensor values exceed the set value at vehicle speeds of approximately 25 km/h or greater, the ECU determines that action is required.

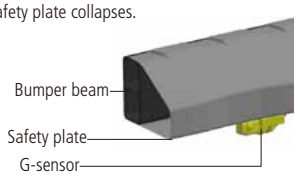
Actuator (L/R)

The micro gas generator ignites, momentarily generating gas, which causes the rod to rise. The rod then stays in that position.



Bumper G-sensors

In a collision with a pedestrian, a G-sensor detects the acceleration when the safety plate collapses.



Quality and Safety

WEB For more information on Honda safety, see
http://world.honda.com/safety

Honda's approach to safety (Safety technologies and driving safety)

Safety for Everyone

Honda's work on safety is not limited to the needs of car drivers and motorcycle riders. Our commitment to Safety for Everyone extends to passengers, pedestrians, occupants of all vehicles, and everyone on the road. Honda will continue to develop and refine its innovative technologies and work to equip our automobiles and motorcycles with the most advanced, effective safety technologies. We strive to take care of all those who share the roads in our mobile societies.

Safety technology and education

Aiming for Safety for Everyone, Honda is tackling safety issues from both product and educational perspectives. We're working to ensure that our vehicles deliver the best possible safety performance. We're also promoting safe driving skills and awareness among our customers and society at large. Honda has always been in the vanguard of safety, leveraging original intelligent systems to bring active safety technologies to market.

Honda was the first automaker in Japan to introduce many of the safety technologies used in today's cars, including three-point seat belts, the Anti-lock Brake System (ABS), SRS airbag system, Vehicle Stability Assist (VSA) and Collision Mitigation Brake System (CMBS).

Honda has always been a leader in developing both active and passive safety technologies, including car bodies designed to enhance occupant and pedestrian safety. As a leading motorcycle manufacturer, Honda has taken the initiative in introducing motorcycle airbag systems, the Combi Brake System (front-rear braking force distribution system), Combined ABS (front-rear braking force distribution ABS) and other advanced braking systems.

Since the establishment of the Driving Safety Promotion Center in 1970, Honda has continued to be proactive in the promotion of traffic safety education. We have a strong track record in traffic safety education.

We will continue to pursue both product safety and traffic safety education, leveraging the synergistic benefits of both to contribute to a safer mobility society.

Developing safety technology

The fundamentals of safety technology development

Setting ambitious targets: developing advanced safety technology

Various safety standards for automobiles and motorcycles are in force worldwide. Proactively complying with the laws and regulations of each country and region and aiming to meet its own even higher standards, Honda strives continuously to enhance the safety performance of its products.

Honda believes that safety is a prerequisite of mobility. We're setting ambitious targets in the ongoing development of our advanced safety technology, optimizing the safety performance of all our products.

Honda's approach to safety

Safety technology

Optimizing safety performance

ACTIVE SAFETY
- Accident prevention technology
- Hazard avoidance technology

PRE-CRASH SAFETY

PASSIVE SAFETY
- Injury minimization technology
- Post-accident technology

Education

Promoting safe driving skills and awareness

- Trainers: Training driving safety trainers
- Opportunities: Making experiential training equipment available
- Knowledge: Creating programs and teaching materials; fostering expertise

Pursuing safety at every stage

Working toward the objective of realizing Safety for Everyone, Honda is developing technologies and equipment in support of everything from traffic safety training to post-accident emergency technology. We're working on both active and passive safety initiatives for automobiles and motorcycles while also developing pre-crash safety technology for automobiles. With power products, our development of a wide range of products has been guided by our own Honda Power Products Safety Requirements.

Active safety

The objective of active safety is to enhance traffic safety through the following measures: traffic safety education; accident prevention technology that helps the driver avoid dangerous situations; and hazard avoidance technology that helps the driver take preventive action when danger is present.

Passive safety

Passive safety is focused on minimizing the injuries and damage that may occur in the event of an accident. Initiatives are broadly divided into injury minimization technology, which focuses on the protection of vehicle occupants and pedestrians at the moment of impact, and minimization of post-accident dangers.

Pre-crash safety

Pre-crash safety is a new approach to automobile safety technology that embraces both active and passive safety. Some Honda pre-crash safety technologies warn drivers of an unavoidable collision or risk of collision, and activate brakes and seat belt pretensioners to help minimize injuries and vehicle damage.

Safety technologies for motorcycles and automobiles

	ACTIVE SAFETY			PRE-CRASH SAFETY	PASSIVE SAFETY	
	Traffic safety education	Accident prevention	Hazard avoidance	PRE-CRASH SAFETY	Injury minimization	Post-accident
Motorcycles	Riding simulator	Advanced Safety Vehicle 4 (ASV-4) R&D	Combi Brake System (front-rear braking force distribution)		Airbag systems	
	Riding trainer	Driving Safety Support Systems (DSSS) R&D	Dual CBS (front-rear braking force distribution)		Body Protector	
	Bicycle simulator R&D	Visibility enhancement R&D (FACE, LONG)[1]	Combined ABS (front-rear braking force distribution ABS)			
Automobiles	Driving simulator	Adaptive Cruise Control (ACC)	Anti-Lock Brake System (ABS)	Collision Mitigation Brake System (CMBS) with E-Pretensioners	Collision-Safety Body Design	Emergency call services
	Safety Navi	Lane-Keeping Assist System (LKAS)	Electronic Brake Distribution (EBD)		Seatbelt systems	Collision Detection Door Lock Release System
		Adaptive Front Lighting System (AFS)	Vehicle Stability Assist (VSA)		Airbag systems	
		Intelligent Night Vision System	Motion Adaptive EPS (Electric Power Steering)		Child restraint systems	
		Multi-View Camera System			Pop-up Hood System	
		Advanced Safety Vehicle 4 (ASV-4) R&D			Active Head Restraint	
		Driving Safety Support Systems (DSSS) R&D				

[1]FACE: Facial Attention for Conspicuity Enhancement; LONG: Longitudinal Oriented Normative time Gap compensation

Quality and Safety

Developing Advanced Driver Assistance Systems for Japan, U.S. and Europe to help reduce accidents

In cooperation with a wide range of organizations, Honda is developing Advanced Driver Assistance Systems for Japan, the U.S. and Europe to help reduce traffic accidents around the world. Honda will continue to develop and support these advanced technologies.

CAR 2 CAR Communication Consortium (C2C CC) Demonstration 2008

Europe

The European Commission has set the target of halving road fatalities by 2010 through the eSafety initiatives. As a member of the C2C CC, Honda is working with European automakers to develop vehicle-to-vehicle and vehicle-to-infrastructure communications and information technologies for the Advanced Driver Assistance Systems. In a demonstration held October 22–23, 2008, in Dudenhofen, Germany, Honda experimental motorcycles with Advanced Driver Assistance Systems made their public debuts.

Senior Engineer Dr. Jens Gayko of Honda R&D Europe (Deutschland) GmbH answers questions from the TV crew

Demonstration at 15th World Congress on Intelligent Transport Systems

U.S.A.

In North America, Honda is participating in the Vehicle Infrastructure Integration Consortium (VIIC) and the Crash Avoidance Metrics Partnership (CAMP), which aim to greatly reduce traffic accidents by means of advanced communication technologies. As part of the 15th World Congress on Intelligent Transport Systems, several outdoor demonstrations were held on November 17–20, 2008, on a five-block section of 11th Avenue in New York City. Honda presented publicly for the first time, an advanced experimental automobile featuring a safe driving assistance system with vehicle-to-vehicle communications functionality. The Honda display featured initiatives in Japan, the U.S. and Europe to develop advanced technologies that support safety, environmental responsibility and comfort.

Technology demonstration

Honda display

Participation in ITS-Safety 2010 Public Demonstration

Japan

Honda is a participant in ITS-Safety 2010, a public-private joint project aiming to establish the world's safest traffic conditions in Japan. At a public ITS-Safety 2010 demonstration held February 25–28, 2009, on waterfront area streets and on expressways in Tokyo, Honda demonstrated its latest Advanced Safety Vehicles, including automobiles, motorcycles and electric scooters featuring vehicle-to-vehicle and vehicle-to-infrastructure communication technologies.

Honda Advanced Safety Vehicles

FY2009 initiatives

World's first Electronically Controlled Combined ABS for super sport bikes

A system that combines front and rear braking to balance braking forces, ABS has become standard equipment on most motorcycles. In 2008, Honda took this system to the next level, introducing the world's first Electronically Controlled Combined ABS.

Electronic control allows for extremely high-precision control of hydraulic pressures and, in contrast to conventional ABS, minimal vibration when activated. Electronically Controlled Combined ABS minimizes lever and pedal vibration, facilitating fine braking control. In addition, application of the rear brake does not result in immediate front brake activation unless rear-wheel lock-up is sensed, allowing an experienced rider to use the rear brake like a traditional non-linked unit for outstanding control during spirited riding, such as on winding roads.

With Electronically Controlled Combined ABS, the existing brake parts are used as is, and only vehicle speed sensors are mounted on the suspension. The rest of the system fits neatly in the center of the vehicle body. With its simple layout, Electronically Controlled Combined ABS is designed to optimize the riding performance of super sport bikes.

Super sport bike with world's first Electronically Controlled Combined ABS

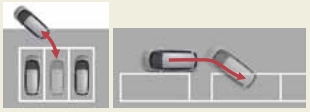
New multi-view camera system with 180° fisheye lens CCD offers 360° view of surroundings

In a survey asking drivers what driving situations they found most challenging, 44 percent of respondents said parking caused them difficulty, and 20 percent had problems with oncoming traffic in narrow streets. In 2008, to assist in such difficult situations, Honda implemented a new active safety technology on the Odyssey: the multi-view camera system.

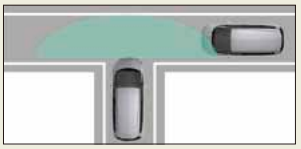
Featuring four fisheye CCD cameras located in the front and rear of the vehicle and on the right and left door mirrors, the system synthesizes the four images in combination with real-time speed and steering angle data. The system outputs an overhead view, which displays the vehicle from above, and a front lateral view, enhancing lateral visibility with an 180-degree view. For extra convenience, the system offers a parking assistance function and a simple interface for switching between views.

With technologies like the multi-view camera system, Honda is striving to provide all drivers enhanced safety and convenience.

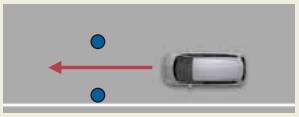
Parking support Supports the driver during parallel or garage parking.



Visibility support Helps reduce blind spots in front and on sides during driving in three-way intersections and on narrow roads with tight turns.



Narrow space driving support Helps the driver steer to the edge of the road and avoid contact where space is restricted.



Fundamental approach to traffic safety education

Focusing on hands-on driving safety education

Striving to make mobility safer and more comfortable, Honda is engaged in initiatives to pass on safety education from person to person, and in hands-on safety education that gives the learner the opportunity to experience danger in safety. Honda focuses on helping the learner with driver and rider safety education. As mobility society evolves and customers' needs grow more diverse, Honda is committed to broadening and strengthening its educational initiatives to help all those who share the roads in our mobile societies.

In FY2009, Honda worked to further strengthen its regional educational offerings, starting new initiatives at selected driving schools and Honda facilities across Japan.

Traffic safety initiatives overview

	Location			Content	Trainers	Main target			
						Children	Students	Adults	Seniors
In Japan	Dealerships	Automobile	Certified Rainbow Dealer	• Safety advice at dealerships • Safety seminars • Driving schools • Local traffic safety organizations	• Safety Coordinators • Chief Safety Coordinators		○	○	○
		Motorcycle	Certified Safety Support Dealer	• Safety advice at dealerships • Riding schools • Local traffic safety organizations	• Riding Advisors • Sports riding schools instructors		○	○	○
		Power Products		• Safety advice at dealerships	• Monpal safe operation instructors • Monpal safe operation trainers				○
	Traffic Education Centers			• Training for drivers and instructors • Training for motorcycle and automobile dealership associates • Riding, driving training courses • Training using Riding Simulators, Driving Simulators • Trainer exchanges and events, competitions to foster skill improvement	• Traffic Education Center instructors	○	○	○	○
				• Special training programs for various age groups		○	○	○	○
	Honda facilities, Group companies			• Driving/riding safety training for associates • Honda first aid	• Instructors at Honda facilities • Honda first aid senior instructors • Honda first aid instructors		○	○	○
	Regional initiatives			• Development of learning materials • Trainer education • Educational programs • Traffic safety classrooms held in kindergartens and elementary schools • Local parent-child traffic safety classrooms • Local traffic safety initiatives	• Teachers and staff of schools • Traffic safety trainers • Driving Safety Promotion Center instructors	○	○	○	○
	Industry initiatives			• Traffic safety campaigns • Development of traffic safety learning programs • Collaboration on trainer education		○	○	○	○
Overseas	Global affiliates	Dealerships (automobile, motorcycle)		• Advice at dealership • Driving training courses • Riding training courses • Cooperation with local traffic safety initiatives	• Instructors at dealerships	○	○	○	○
		Traffic Education Centers		• Trainer education • Training for motorcycle and automobile dealership associates • Riding, driving training courses • Training using Riding Simulators, Driving Simulators • Cooperation with local traffic safety initiatives • Courses for license seekers • Trainer exchanges and events, competitions to foster skill enhancement	• Traffic Education Center instructors	○	○	○	○

FY2009 initiatives

A new community initiative begins in Kyushu, Japan

Honda has been implementing local safe driving and riding educational initiatives for people of all ages in communities throughout Japan that host Honda factories, R&D centers and affiliated companies. One such initiative began in Kyushu, Japan in 2008. Four specialist associates at the Kumamoto Factory support the Yurinkai Group, consisting of 38 Honda affiliates in Kyushu, and in July helped train 18 safety instructors at participating companies. On July 12, putting these resources to work, Honda held a parent-child bicycle safety course in Hitoyoshi, Kumamoto Prefecture.

Parent-child riding school at 2008 Saga International Balloon Festival

Teaming up with local driving schools to teach safety classes

Throughout Japan, Honda is proactively engaged in safety education. Starting in 2008, Honda is teaming up with leading driving schools to take local safety education to the next level. Today, Honda is helping 18 schools offering programs and educational materials while also providing training to the schools' instructors.

The Aomori Motor School in Aomori Prefecture is using Honda's Bicycle Simulator to provide traffic safety education to high school students. Students experience simulated riding while texting and using an umbrella, helping them understand the dangers of these behaviors.

Bicycle Simulator at Honda traffic safety school

Implementing traffic safety educational initiatives worldwide

Since 1972, Honda has been engaged in safe driving educational initiatives worldwide and currently offers courses in Japan and 33 other countries. Dealer-based safety programs and courses offered at dedicated Traffic Education Centers are two important initiatives.

In FY2009, Honda opened new Traffic Education Centers in the Philippines, Hungary and Australia, bringing the total number of dedicated Honda educational traffic safety facilities to 19 (including those in Japan). At the Center in the Philippines, Honda offers programs both for persons working toward a license and persons currently licensed. The Center in Hungary, Honda's first in Central Europe, offers safe riding programs that help customers learn the joy of motorcycle riding. Providing education to local license holders and local company employees, Honda's third Traffic Education Center in Australia is located in Brisbane, the capital of the state of Queensland and Australia's largest motorcycle market.

Since April 2008 in China, Honda has offered traffic safety education classes to elementary school students from two schools based on programs successfully implemented in Japan.

Traffic Education Center in Philippines

Traffic Education Center in Hungary

Traffic Education Center in Australia

Quality and Safety

Insisting on quality

Aiming for 120% product quality

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

To strengthen customer trust by offering products founded in safety and offering a new level of outstanding quality, Honda has created a quality cycle that continuously enhances quality at every stage: design, development, production, sales and after-sales service.

Implementing the Global Honda Quality Standard in all operations

As Honda's production and parts and materials sourcing expand globally, a global quality assurance standard is essential to ensuring that all Honda facilities continue to support 120% product quality.

Based on ISO 9001 and ISO/TS 16949, in which Honda facilities in Japan and around the world have been or are to be certified, the Global Honda Quality Standard (G-HQS) was established in April 2005 to communicate the considerable knowledge Honda has gathered in producing quality products and help prevent issues from recurring.

A set of rules intended for use in every region of the world to help enhance the quality of Honda products, G-HQS allows a Honda facility to create appropriate quality assurance structures and procedures, at the same time positioning itself to attain ISO certification. As of March 2009, 39 out of 41 Honda production facilities around the world have attained ISO certification, and the two remaining facilities—both new—are engaged in the certification process.

Honda production facilities around the world are working constantly to harmonize their products, services and logistics to the Global Honda Quality Standard, taking care to prevent any recurrence of known issues and to deliver products of the highest possible quality to customers.

Honda Quality Standard initiatives for delivering new levels of enhanced quality

Quality-assurance initiatives implemented for a new level of enhanced quality

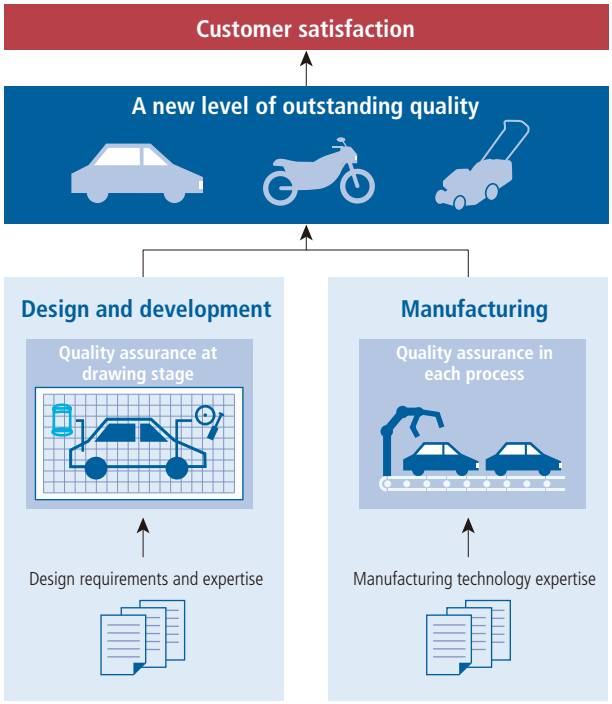
Rigorous implementation in both design and manufacturing

Honda's system of quality assurance stands out for its thorough implementation in every phase of both design and manufacturing. The foundation of this system is Honda's quality-assurance database, which contains quality-related data reflecting expertise in design and manufacturing that Honda has established over many years. Associates in design departments use this database to create a Design Concept Description[1] and then the design itself, working to assure quality from the drawing stage onward.

In manufacturing facilities, fulfilling the design associates' intentions, associates thoroughly complete and follow the Manufacturing Quality Standard[2] and the Process Quality Control Table. Manufacturing associates maintain the Process Reliability Inspection[3] to establish processes that need to be consistently maintained going forward, helping to assure quality in each process.

[1]The Design Concept Description is a set of rules by which design associates, before creating drawings, communicate the concept behind the function, performance and quality aspects of the product to associates in manufacturing and purchasing.
[2]The Manufacturing Quality Standard helps prevent issues in new structures by establishing quality standards in advance for the parts, processes and labor inputs required in production.
[3]The Process Reliability Inspection is a quality enhancement tool that assesses each part, process and labor input for a given product to help confirm that processes are consistent and reliable and that no quality issues will arise during manufacturing.

Honda's process of creating new levels of enhanced quality



FY2009 initiatives

All-Honda Best Quality initiative

Honda established the Best Quality initiative to involve all Honda associates worldwide in establishing a new level of outstanding quality. Begun in Japan and North America in 1990, by FY2004 this initiative had become established in all six of Honda's regions, including South America, Europe/Middle East/Africa, Asia/Oceania and China.

In FY1992, to help accelerate worldwide implementation, Honda established the Best Quality Award. Every year, Honda quality executives visit facilities in Japan, performing inspections and conferring the Best Quality Special Executive Award. Outside Japan, the person in charge at each facility establishes award conditions and confers the honor.

Every year since FY2005 in Japan, Honda has also offered the Best Quality Grand Prize Theme Awards.

In FY2009, initiatives implemented in 28 facilities in Japan and around the world were voted upon and awards were conferred: 80 for Japan, 19 for North America, 9 for South America, 14 for Europe/Middle East/Africa, 16 for Asia/Oceania, 14 for China and 152 in total.


Sharing opinions


Presentation

Chapter II

Environment

Climate change and the depletion of energy resources are problems that society must face and solve together. As part of its contribution, Honda seeks to offer products with the lowest CO_2 emissions possible by means of corporate activities with the lowest CO_2 emissions possible.

1951

First four-stroke engine motorcycle introduced

Honda released the Dream E after thorough testing on the steep inclines of Hakone Pass.

1966

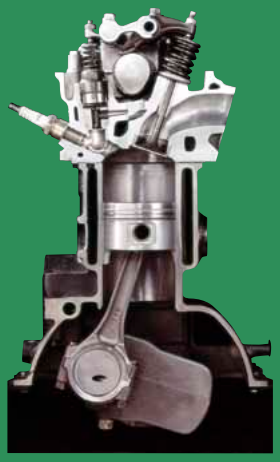
Air Pollution Laboratory established

Honda created this organization to reduce pollution even before the Basic Law for Environmental Pollution Control and the Air Pollution Control Law took effect in Japan.

1972

CVCC engine introduced

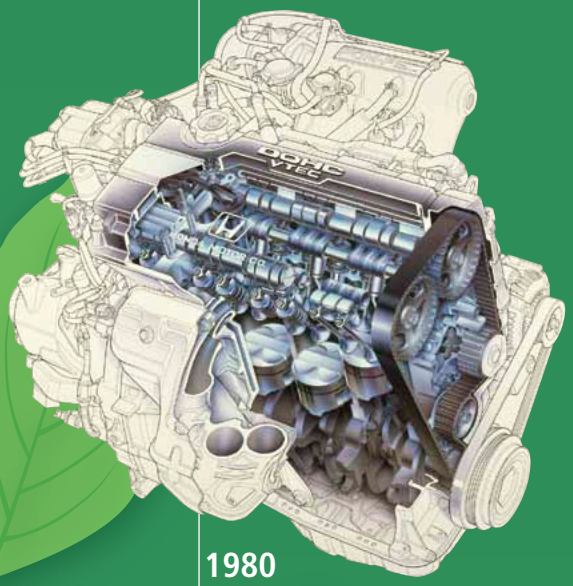
With the world's automakers believing it impossible to comply with the United States' Clean Air Act Extension of 1970, Honda took the lead by achieving this objective with the CVCC engine.



1988

VTEC engine introduced

Featured in many advanced Honda engines, next-generation VTEC technology combines power with superior fuel economy.



1950 1960 1970 1980

Developing and popularizing advanced environmental technologies for a mobility society in harmony with the environment

Honda was helping combat pollution when the problem gained greater recognition in the 1960s. In the middle of the 1980s, when the global scope of environmental problems began to be recognized, Honda was working proactively to develop environmental technologies. Today, Honda strives to reduce the environmental footprint of every product throughout its life cycle: planning, development, production and disposal.

Enhancing automobile fuel economy is one of Honda's most important environmental goals, since this directly reduces CO_2 emissions, a key cause of global warming. Going beyond the corporate average fuel economy (CAFE) standards introduced in Europe and the United States, since 2006 Honda has implemented strict, voluntary standards for each vehicle category worldwide. In addition, Honda has established and is working to attain global voluntary reduction targets in per-product CO_2 emitted during manufacturing.

Honda implements high-efficiency engines and advanced fuel control to make fuel combustion more complete and three-way catalytic converters to reduce exhaust emission impurities. The result is a reduction in non-methane hydrocarbons, nitrogen oxide and carbon monoxide, and cleaner emissions overall.

Honda continuously develops and enhances its original environmental technologies, such as its catalytic converter that uses the heat of exhaust gas and increased exhaust-contacting surface area for enhanced purification. Taking the lead in developing and implementing gasoline engines with reduced emissions, Honda continues to set the benchmark for environmental technologies worldwide.

Launching and popularizing hybrid vehicles and researching and developing fuel cell technologies, Honda is contributing to CO_2 emission reductions and helping to solve the problem of dwindling fossil fuel resources. Honda will continue to respond to the needs of the times with advanced technologies, creating products with a reduced environmental footprint and contributing to the growth of mobility society in harmony with the environment.

1990

1992

The Honda Environment Statement introduced

1997

EV Plus battery electric vehicle announced

Honda announced the development of a battery electric vehicle—technology that has the potential to help combat climate change and the depletion of energy resources.

1998

Home-use cogeneration system developed

Supplying hot water and generating electricity with 80% energy utilization, Honda's unit was the first in the world small enough for home use.

ISO 14001 certification attained throughout Japan

Having attained certification for all factories in Japan, Honda continues to work on attaining certification at production facilities around the world.

2000

2004

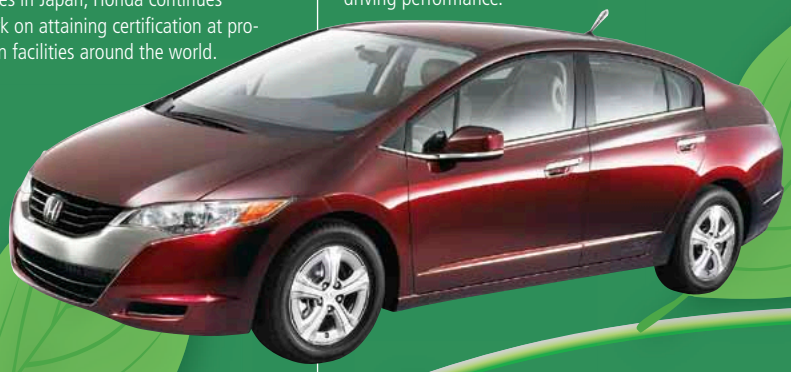
World's first 50cc motorcycle with PGM-FI introduced

Honda introduced Programmed Fuel Injection on a scooter, enhancing both performance and fuel economy.

2007

All-new FCX Clarity fuel cell vehicle announced

Thanks to a newly developed fuel cell stack, the FCX Clarity represented dramatic advances in both environmental and driving performance.



Hybrids for Everyone

Feature

Bringing hybrid vehicles within reach

Since environmentally responsible products have a beneficial effect only when many people can purchase and use them, Honda created the all-new Insight hybrid vehicle to make hybrid technology as accessible as possible.

Creating a hybrid vehicle for a new era of transportation

In recent years, fuel cell vehicles and battery electric vehicles have gained prominence as next-generation automobiles with the potential to reduce environmental impact, and Honda continues to develop its own CO_2 emissions-free fuel cell vehicles. To popularize these next-generation vehicles, however, it will be necessary both to develop adequate infrastructure to supply the hydrogen and electricity they require and to overcome several remaining constraints on their performance. Since these steps will take time, Honda is currently placing special emphasis on popularizing gasoline-electric hybrid vehicles, which use existing gasoline station infrastructure.

Honda began researching gasoline-electric hybrid technology in the early 1990s and, in November 1999, announced the original Insight hybrid vehicle, which offered fuel economy of 35 km/L in Japan's 10·15 mode. The original Insight's two-seat packaging, however, limited its appeal in the market. Honda continued to refine the Insight's hybrid system, implementing it on the Civic Hybrid in 2001 and on the Accord Hybrid in 2004 (North American market only).

Several years before launching the all-new Insight, Honda had conceived of an affordable hybrid vehicle that would be purchased and used by a larger number of people, thereby providing a proportionately larger environmental benefit. The name Insight itself denotes "insight" into a new era in which hybrid vehicles come within reach of most car buyers.

Although the all-new Insight does not attain the government-recognized fuel economy of its forerunner, it nevertheless boasts industry-leading real-world fuel economy. Priced below ¥2,000,000 in Japan, it also offers the affordability that was a key objective for Honda.

To share the advantages of hybrid technology with even more people, Honda plans to launch the CR-Z hybrid sports car and apply its hybrid system to an even wider range of compact vehicles.

Tomohiko Kawanabe
Senior Managing Director
Honda Automobile R&D Center

Honda's original hybrid system: IMA

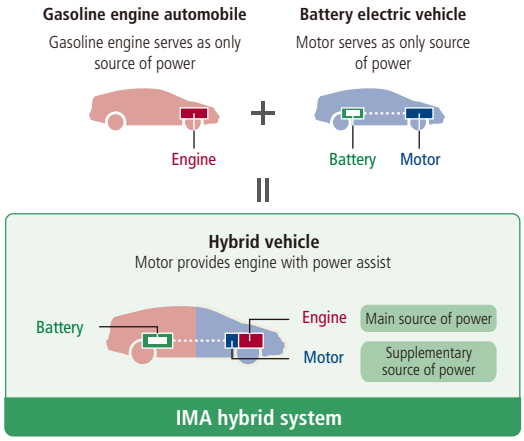
Combining performance, fuel economy, clean emissions, affordability and compactness

» The engine is the main power source and the motor assists as required

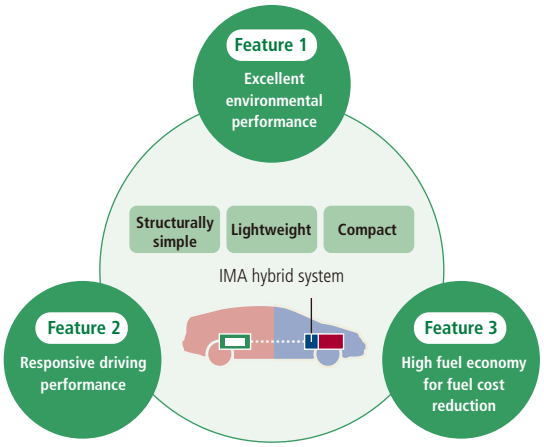
In Honda's proprietary Integrated Motor Assist (IMA) hybrid system, the engine with its generous power band serves as the main source of power while the electric motor provides power assist during off-the-line starts, overtaking and other situations in which extra power is required. IMA offers superior acceleration performance in city driving. At lower speeds, IMA permits cruising on motor power alone with no gasoline consumption, thereby enhancing fuel economy and reducing CO_2 and other emissions. During deceleration, the motor serves as a generator to charge the system's nickel-metal (NiMH) hydride battery and store energy for the motor's power assist function.

Since IMA consists of a motor and a battery added to a gasoline engine, the system allows for the conversion of gasoline models to hybrid vehicles at a lower cost and this simple, lightweight, compact structure also provides for a spacious interior and responsive performance. Developed through many years of research and proven in a wide range of successful models, IMA is the culmination of Honda's hybrid technologies and expertise.

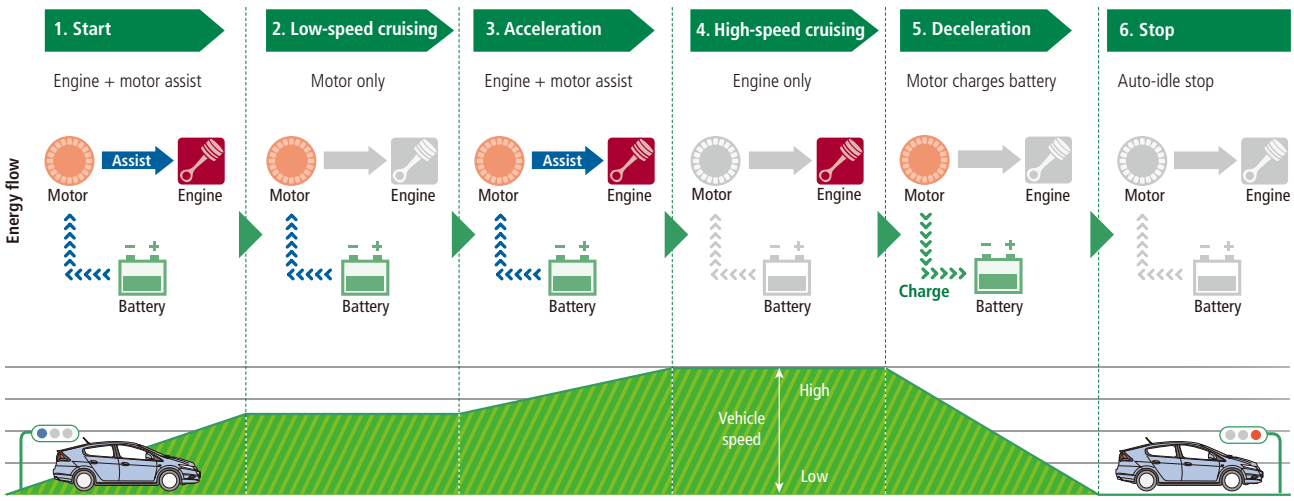
Integrated Motor Assist (IMA) concept



Features of Honda's hybrid vehicles



Function of IMA hybrid system



Popularizing hybrid vehicles

The all-new Insight: developed for affordability

Eco Assist™ supports enjoyable, fuel-efficient driving

As is true of any automobile, the fuel economy of a hybrid vehicle depends not only on the fuel efficiency of the vehicle itself but also on the fuel-efficient driving practices of the driver. Honda developed the Ecological Drive Assist System (Eco Assist™) to support fuel-efficient driving in an easy-to-understand, enjoyable manner.

The system comprises three functions. The ECON Mode button automatically enhances fuel economy without further driver input. The Eco Guide function uses the changing speedometer background color to indicate the level of fuel efficiency of driving practices in real time, while the Eco Scoring function uses 'leaves' to display fuel-efficient driving scores for both the most recent trip and cumulative performance. These latter two functions can also assist the driver in developing fuel-efficient driving habits over time.

To help fulfill its environmental responsibility as a mobility product manufacturer, Honda plans to add Eco Assist™ not only to future hybrid vehicles but also to select gasoline engine models.

Certified as having emissions 75% lower than 2005 emission standards

Attains 2010 fuel economy standards + 25%

Enhanced safety performance

Enhanced safety performance is an essential part of Honda's initiative to popularize hybrid vehicles. Twice as bright as ordinary halogen headlights, the Insight's high-intensity discharge projector-beam headlights enhance visibility during driving at night or in the rain. In addition, the Advanced Compatibility Engineering (ACE) body structure in the front of the Insight helps minimize the potential for under-ride or over-ride during head-on or offset frontal collisions with a larger or smaller vehicle.

High-intensity discharge projector-beam headlights

Advanced Compatibility Engineering (ACE) body structure in front of vehicle

The three functions of Eco Assist™

Eco Scoring function

The number of 'leaves' displayed indicates the fuel-efficient driving score for the most recent trip, as well as cumulative performance

Fuel-efficient driving score for last trip

The more 'leaves,' the higher the score

Cumulative performance

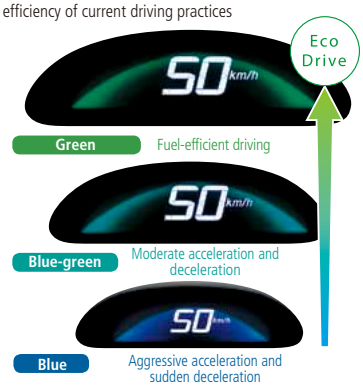
'Leaf' growth and bar length indicate current stage

ECON Mode button

Pushing the button engages automatic support of environmentally responsible driving

Eco Guide function

Speedometer background color changes to indicate fuel-efficiency of current driving practices



» Working with suppliers to achieve cost reductions

To allow the largest number of people to take advantage of the all-new Insight's excellent environmental performance, Honda made affordability a priority from the beginning. Honda knew that reducing the cost of the IMA system alone would not be enough to achieve a price under ¥2,000,000.

To achieve this goal, Honda worked closely with suppliers, examining with them every material and part contained in the vehicle, including steel plating, batteries, motor magnets and electronic parts. In addition to maintaining performance and quality while reducing cost, Honda and the suppliers strove to reduce the total amount of raw materials used, creating new technologies that lowered both the weight and environmental impact of the system as a whole.

Proactively creating what one needs to get the job done is an important part of Honda's manufacturing culture. By sharing this culture with suppliers, Honda succeeded in its effort to reduce costs and was able to offer the all-new Insight at the low, industry-first price of ¥1,890,000 (consumption tax included).

» Aiming for global popularization

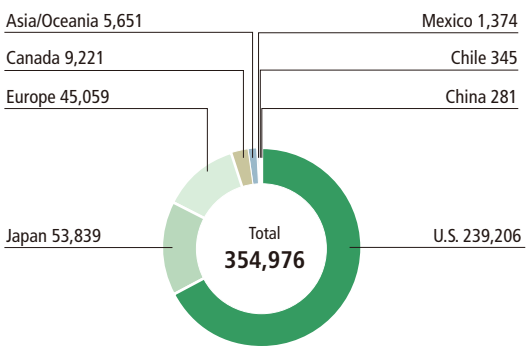
Honda launched the all-new Insight in Japan in February 2009, in the United States in March and in Europe in April. By the end of March, Honda had sold 10,900 units to owners who wish to make a difference in conserving the environment. The Insight is also recognized as being of significant importance in Honda's compliance with new CAFE (corporate average fuel economy) regulations set to go into effect in Europe and the United States in 2012.

Planning for the future of hybrid vehicles, in April 2009, Honda concluded a joint venture agreement with GS Yuasa Corporation, establishing Blue Energy Co., Ltd. to develop and produce high-performance lithium-ion batteries for hybrid vehicles. Demand for lithium-ion batteries is expected to increase, since they offer higher energy and power density than the nickel-metal hydride batteries that Honda currently uses.

Honda expects hybrid vehicles soon to reach a new level of popularity based on people's increasingly strong perception of them as the best choice for reducing CO_2 emissions. Honda plans to accelerate the trend of hybrid popularization by developing and manufacturing hybrid vehicles and batteries that offer enhanced performance for even higher customer satisfaction.

Honda hybrid vehicle sales history

Units sold 1999 – May 2009



Manufacturing associate's perspective

Cost-reducing initiatives

Fujio Hara
Automobile New Model Center

Producing the all-new Insight at an affordable price required us to produce the IMA hybrid system at a lower cost. To produce three times as many motors as before, we needed to apply everything we had learned in producing IMA for the Civic Hybrid and create a dedicated motor production line for the Insight.

Honda's design and manufacturing experts cooperated in designing and verifying every process in the new motor line, from component production to final assembly. As a result, the line is able to produce on a large scale with highly consistent quality.

Associates engaged in research and technological development cooperated in analyzing and selecting raw materials for parts matched to the production equipment, and everyone involved came together in implementing cost-reducing measures.

The success we achieved in developing our production system for the all-new Insight is definitely something we will carry forward in establishing commercial production for other new models.

All-new Insight

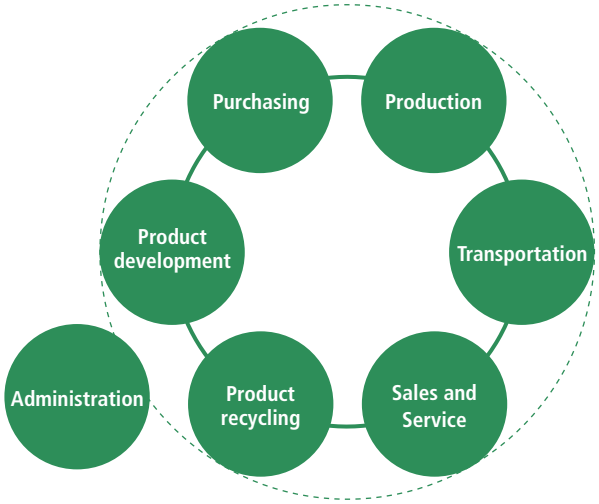
WEB For more information on Honda environmental reporting, see **http://world.honda.com/environment/**

Assessing environmental impact

Honda is aware of its responsibility for the environmental impact generated by its corporate activities and the use of its products, and is committed to minimizing it.

To achieve this, it is essential that we identify specific issues and set targets for action. We set specific goals in the context of our Life Cycle Assessment system, which is used to measure, assess and analyze environmental impact.

Honda's Life Cycle Assessment concept



Major initiatives to deal with environmental impact

Domain	Concerns	Environmental impact	Major initiatives
Product development	CO_2 Exhaust emissions Noise	Global environmental issues Global warming	• Exhaust emissions reduction • Fuel economy improvements • Noise reduction • Enhanced recyclability
Purchasing	CO_2 Waste Wastewater Exhaust emissions Noise Chemicals	Ozone depletion	• Green purchasing
Production		Resource depletion	• Green Factories
Transportation	CO_2 Waste	Air pollution	• Green logistics
Sales and Service	CO_2 Removed parts Fluorocarbons Waste	Waste	• Green Dealers (automobiles, motorcycles and power products)
Product recycling	CO_2 End-of-life products	Water pollution Soil pollution	• Recovery, recycling and reuse of parts • Technical support for the proper disposal and recycling of end-of-life products
Administration	CO_2 Waste	Noise Local environmental issues	• Green offices

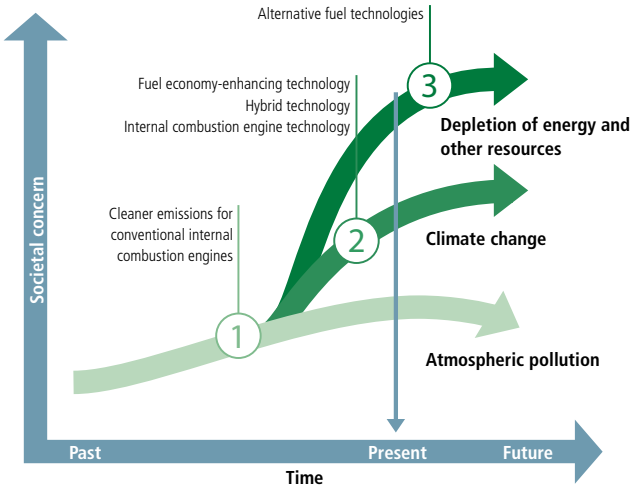
Honda's approach to environmental issues

The following graph provides a visual illustration of Honda's approach to some of the environmental issues that face us. Honda has long been aware of the need to tackle issues related to atmospheric pollution, developing such combustion technologies as the CVCC engine (introduced in 1972) to comply with the U.S. Clean Air Act—the world's most stringent emissions regulations at the time. Honda has since continued to develop its catalytic converter and other clean-emissions technologies, with the result that, over the past 40 years, vehicle emissions have been reduced to 1/1,000 of 1970 levels, when the U.S. Clean Air Act became law. Honda believes that, as the use of vehicles with outstanding emissions performance becomes more widespread, the effect of vehicles on the world's atmosphere will be further mitigated.

Mobility is indispensable to improving the quality of people's daily lives, and as a company, Honda is aware that it is of utmost importance to address the issues of climate change and depletion of energy and other resources in all of its corporate activities. Honda is addressing climate change—thought to be caused by the sudden rise in atmospheric concentrations of CO_2, CFCs, and other greenhouse gases—through the introduction of hybrid and other fuel economy-enhancing technologies that reduce CO_2 emissions from Honda vehicles, while at the same time reducing CO_2 emissions throughout the entire spectrum of its corporate activities. Honda is also addressing concerns over energy resource depletion by developing technologies to support a sustainable society, including fuel cell technologies as embodied in the FCX Clarity, engaging in solar cell development, researching biofuels, and developing energy-saving technologies.

Honda is pursuing the goal of developing products with the lowest in-use CO_2 emissions through corporate activities with the lowest possible CO_2 emissions, realizing the dream of continuing to deliver new value to customers.

Honda's approach to environmental issues



Environmental management

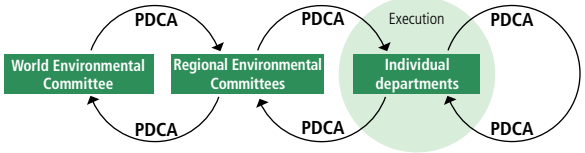
In December 1991 Honda created what is now referred to as the Japan Environmental Committee, whose role is to play a central part in addressing environmental issues in Japan. Subsequently, the organizational framework was extended to Honda's other five regions. In March 1995 the World Environmental Committee was established to create and promote global plans in keeping with the company's 3-year midterm business plans. Continuing its focus on issues common to the global organization, the company initiated the Green Factory project[1] in 1997 and the LCA Project in 2000. The Green Factory Promotion Center[2] was established in 2004 to intensify environmental initiatives in the production domain and to advance the Green Factory initiative.

Based on midterm policies determined by the Executive Council, environmental action plans are developed by individual departments. These plans are then discussed and approved by Regional Environmental Committees. Next, individual departments take responsibility for implementation based on the commitments specified in their plans. Results are evaluated by Regional Environmental Committees, and, on the basis of their guidance, plans and targets are developed in each of Honda's six regions, completing the PDCA[3] cycle at the regional level. Issues considered to be global in scope are referred to the World Environmental Committee, which is chaired by the President and CEO in his role as Chief Environmental Officer. The deliberations of the World Environmental Committee are reflected in midterm policy statements.

A hallmark of Honda environmental initiatives is that planning and execution are not delegated to specialists; rather, associates in all departments are directly involved. All associates are engaged with environmental issues as part of their duties.

[1] In addition to the Green Factory initiative, energy conservation and waste reduction measures are being implemented at Honda factories worldwide.
[2] The Green Factory Promotion Center oversees environmental initiatives in the production domain, supervising and coordinating environmental measures implemented at Honda factories. The Center serves as a secretariat for internal environmental audits conducted by Honda factories and monitors the administration of environmental management throughout the organization.
[3] The Plan, Do, Check, Act cycle.

Environmental preservation based on the PDCA cycle



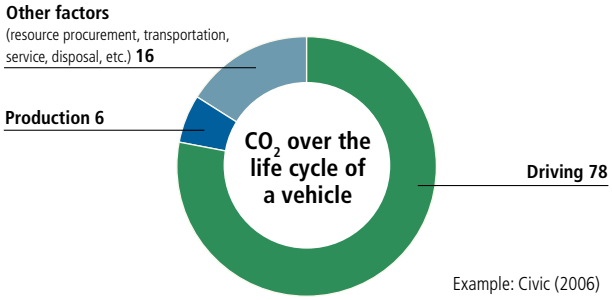
2010 CO_2 reduction targets and progress

To address the issue of climate change, Honda has led the industry in establishing worldwide CO_2 emission reduction targets and implementing initiatives to attain them.

Believing that the internal combustion engine will remain the principal source of mobility power until at least the year 2020, Honda views fuel efficiency and fuel economy enhancement as a key issue. Stringent regulations such as Corporate Average Fuel Economy (CAFE) standards have been introduced in the U.S., Europe and other regions to mandate fuel economy improvement for automobile fleets. Recognizing the need for global initiatives, Honda is moving from measuring regional fuel economy averages to measuring global fuel economy averages, and from fuel economy averages based on vehicle categories to average targets for its entire worldwide vehicle lineup.

Honda is also committed to further improving the efficiency of its worldwide manufacturing processes and reducing CO_2 emissions. To this end, in 2006, Honda established global targets for average per-unit CO_2 emissions in manufacturing and is working steadily to reach these targets.

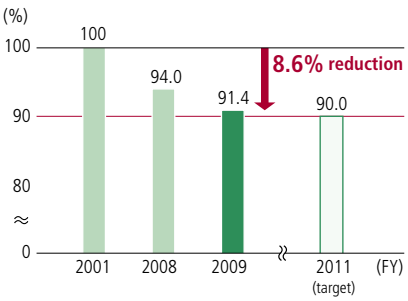
CO_2 emissions over the life cycle of a vehicle (%)



FY2009 results

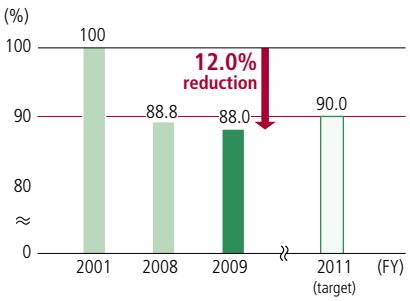
Product CO_2 reduction

Automobiles



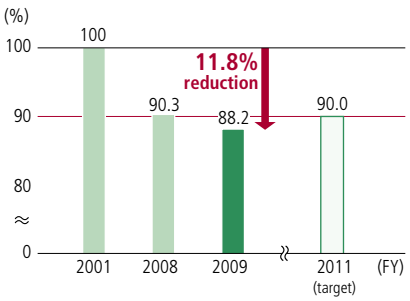
Due to a shift toward smaller automobiles and enhanced engine efficiency, Honda has reduced the CO_2 emissions of its automobiles.

Motorcycles



Having already attained its FY2011 target, Honda has further reduced CO_2 emissions since FY2008 by implementing PGM-FI on small motorcycles and expanding the use of low-friction engines.

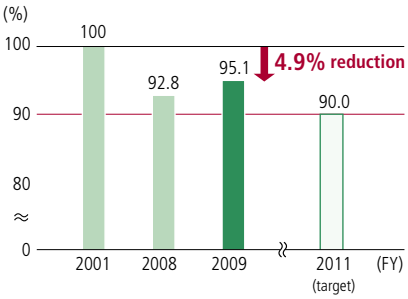
Power Products



Honda has reduced average CO_2 emissions by increasing the percentage of mid-sized and hand-held engines sold and further enhancing fuel efficiency.

Production CO_2 reduction

Automobiles

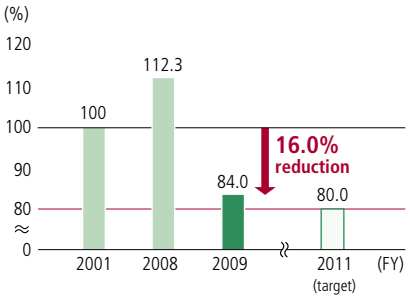


Per-unit CO_2 emissions have increased due to a decrease in production caused by the worldwide economic downturn.

Motorcycles

Honda has attained and gone beyond its per-unit production emissions target by combining production lines for greater efficiency and optimizing production facilities.

Power Products



Honda has reduced per-unit production emissions by combining production lines for greater efficiency and optimizing production facilities.

Reducing environmental footprint in Japan

Working to protect the environment since the 1960s

Honda has been implementing proactive measures to help resolve environmental challenges since the 1960s, when concerns about air pollution began to grow. In the 1990s Honda strengthened its organizational structure to reflect its commitment to the environment and published the Honda Environment Statement to define its approach. Honda has continued to strengthen initiatives in accordance with this statement. In 1999, Honda defined specific environmental targets, primarily for cleaner exhaust emissions and higher fuel economy, and implemented the measures necessary to achieve them by the end of FY2006. In 2006, Honda became the world's first automaker to announce voluntary targets for reduction of CO_2 emissions by FY2011. Recognizing the importance of reducing the environmental impact of its corporate activities on a regional basis, in FY2008 Honda set new targets for FY2011 for the reduction of its environmental impact in Japan. In June 2007, Honda announced new environmental reduction targets for its Japan operations. A leader in environmental conservation, Honda is setting high standards and working ever harder to attain them.

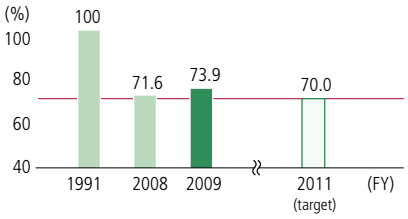
Reducing environmental impact: targets for FY2011

In FY2008 Honda announced its environmental impact reduction targets for FY2011 for Japan, and is seeking to reduce CO_2 emissions produced in transportation, reduce the output of substances having a negative environmental impact, and increase the cyclical use of resources. Honda established voluntary targets in eight separate categories: CO_2 emissions, VOC (volatile organic compound) emissions, landfill waste, waste, water use, use of packaging materials, ASR recycling rate and motorcycle recycling rate (see adjacent graph).

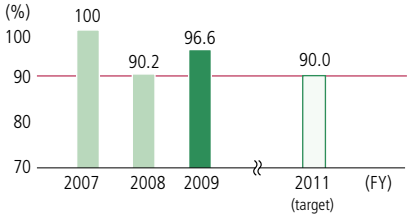
The company announced targets for reducing environmental impact from all products and production operations by FY2011 as part of its overall strategy for the reduction of CO_2 emissions worldwide announced in May 2006. Honda is intensifying efforts to attain these targets.

FY2009 results

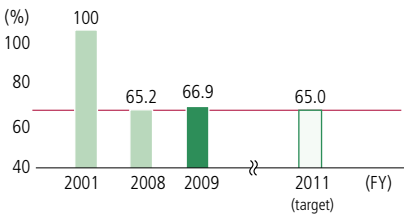
Production CO_2 reduction
(Units of energy used)



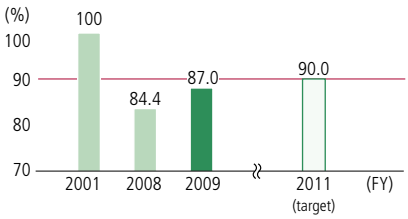
CO_2 emissions in transportation
(As % of revenue)



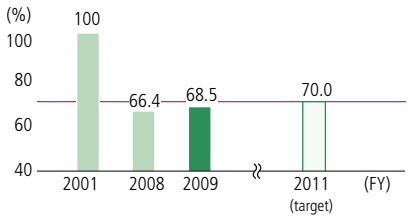
VOC emissions in production
(Per automobile painted)



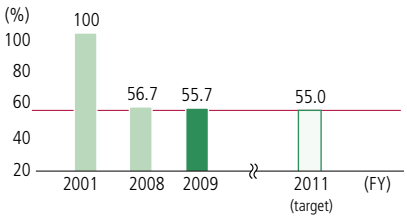
Waste in production
(As % of revenue)



Water use in production
(As % of revenue)



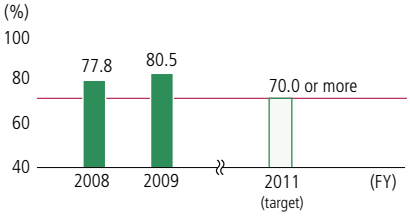
Use of packaging materials in transportation
(As % of revenue)



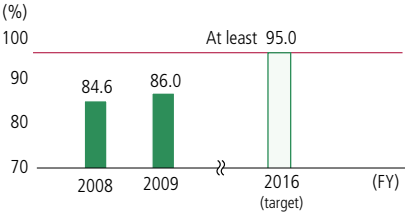
Landfill waste
(All corporate activities)

Zero waste for all facilities
(48 companies)

ASR recycling rate (Automobiles)



Recycling rate (Motorcycles)



FY2009 initiatives

Initiatives in product development

Leasing of FCX Clarity fuel cell vehicle begun

The new FCX Clarity fuel cell vehicle was introduced in the U.S. in August 2008, and then in Japan in November 2008. Perhaps the ultimate clean vehicle, the FCX Clarity emits no carbon dioxide in operation and is powered by Honda's original V Flow FC Stack. In FY2009, Honda began making the FCX Clarity available to customers outside the Honda Group, leasing six vehicles in the United States and two in Japan.

FCX Clarity

World's first flexible-fuel motorcycle

In March 2009, Honda began sales of the flex-fuel CG150 TITAN MIX in Brazil, where environmentally responsible bio-ethanol made from sugar cane processing waste is widely available. This motorcycle features Honda's proprietary Mix Fuel Injection, the world's first flexible-fuel system for motorcycles, which allows users to mix gasoline and ethanol in any proportion while complying with Brazil's new Promot3 emission standards (equivalent to Europe's Euro 3 emission standards).

CG150 TITAN MIX

Pianta FV200 gas-powered mini-tiller

In February 2009, Honda introduced the Pianta FV200 gas-powered mini-tiller, which runs on home-use butane gas canisters and produces approximately 10% less CO_2 per hour of work than a gasoline-powered unit of the same output. When the user releases the throttle lever, engine rpms automatically decrease for enhanced fuel economy. The model's butane fuel also contributes to reduced CO_2 emissions.

Pianta FV200

Japan

Honda Soltec solar panels help power dealership

On October 11, 2008, Honda Cars Mito Katsuta Kita reopened as the first Honda dealership with a solar power generation system. Manufactured by Honda Soltec Co., Ltd., the 9 kW thin-film compound solar panel system powers part of the facility, helping reduce CO_2 emissions. The dealership's proactive use of clean energy helps demonstrate to customers Honda's commitment to reducing CO_2 emissions and fighting global warming.

Honda Cars Mito Katsuta Kita dealership in Ibaraki Prefecture

North/Central America

New Green Factories begin production

In FY2009, Honda opened two new Green Factories in North America. In October 2008, Honda Manufacturing of Indiana, LLC, Honda's seventh automobile plant in North America, began commercial production of Civic Sedans as a zero-waste-to-landfill facility. The use of waterborne primer and basecoat painting processes help further reduce the plant's environmental footprint.

Honda Manufacturing of Indiana begins operations

South America

Green Factory initiative in Brazil

One of Honda's main automobile production affiliates in South America, Honda Automoveis do Brasil Ltda., is engaged in a variety of environmentally responsible initiatives. In FY2009, with a view to further reducing CO_2 emissions, the company introduced a high-efficiency compression system to supply compressed air to a wide range of production processes and a natural light system with human presence sensors to achieve more energy-efficient use of lighting. In the area of training and associate development, the company published an environmental newspaper for associates and screened videos about environmental issues. In addition, the company began holding regular meetings for associates to report on and learn about current environmental initiatives.

Environmental initiatives meeting

Europe/Middle East/Africa

New paint technologies reduce VOC emissions in Spain

From 2007 to 2008, motorcycle manufacturing and sales affiliate Montesa Honda S.A. of Barcelona, Spain, introduced a new system of applying paints that dramatically reduced emissions of VOCs (volatile organic compounds). In 2005, Montesa Honda introduced a waterborne paint system for frames and forks and more recently completed the project by applying the system to plastic parts and fuel tanks. As a result, Montesa Honda has complied with the VOC emission standards established by the European Union in 1999 and reduced overall VOC emissions by more than 70%. Montesa Honda is the first Honda motorcyle manufacturing affiliate in the region to implement this technology.


Montesa Honda S.A.

Asia/Oceania

Honda Automobile (Thailand) opens Green Factory

In October 2008, Honda Automobile (Thailand) Co., Ltd. began production at its second factory with the Accord as the facility's first product. This factory is Honda's first in the Asia/Oceania region to employ a special waterborne painting process that helped the plant immediately attain its initial target VOC (volatile organic compound) emissions of 27 g/m^2. A high-efficiency bell-shaped spray applicator increases process speed while reducing wasted paint, and each applicator includes an air-processing unit to recycle atomized paint. Other green advances in the factory include 100% recycling of water with zero effluent, and a solar generation system. As a result, the company expects to attain CO_2 emissions per automobile produced that are 10% lower than the 2005 level.


Honda Automobile (Thailand)

China

Guangqi Honda begins marine transport of automobiles

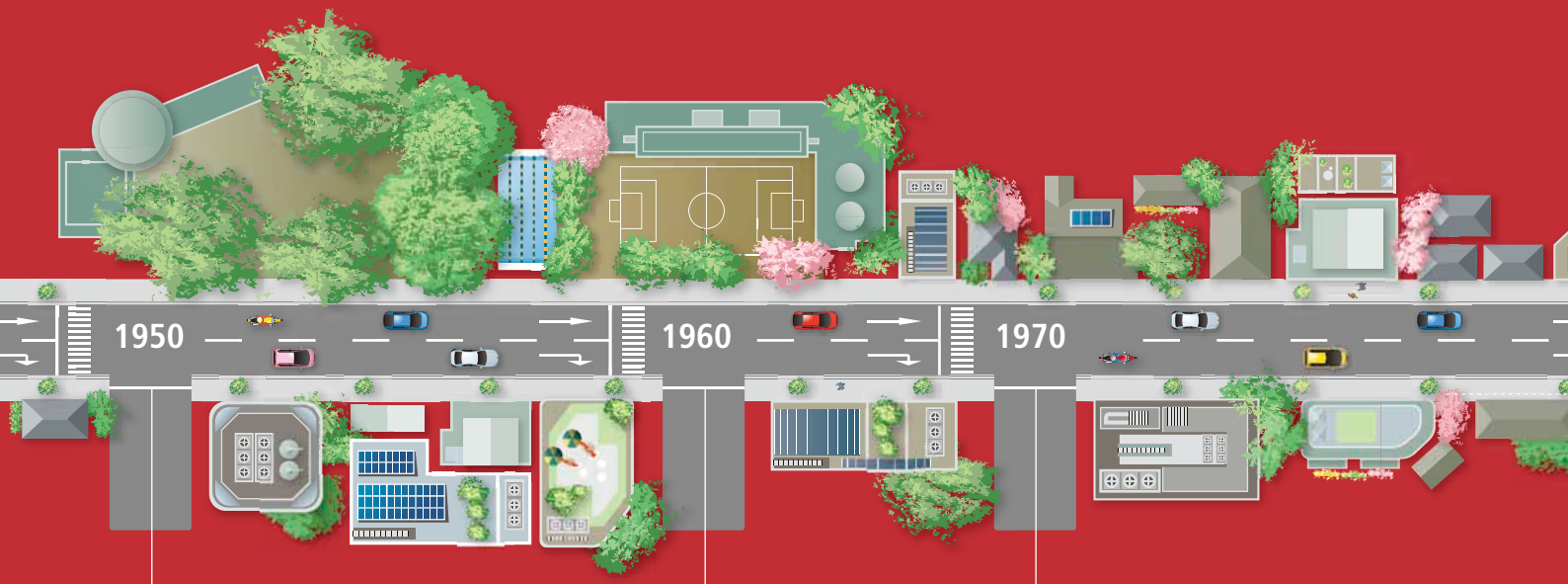
Going beyond conventional truck transport of automobiles, Guangqi Honda Automobile Co., Ltd. built a rail yard next to its factory to take advantage of the higher efficiency and lower environmental burden of rail transport. Then, in 2009, Guangqi Honda began weekly shipments of automobiles on specialized automobile transport ships to three northeastern provinces, with trucks transporting the automobiles from the ports to the dealerships. This new transport method is not only more environmentally responsible, it reduces secondary transport distances and reduces transport losses, resulting in enhanced customer satisfaction.


Specialized automobile transport ship

Chapter III

Society

To fulfill its responsibilities as a mobility manufacturer and build relationships with stakeholders based on trust and affinity, Honda engages in a wide variety of initiatives rooted in local communities.



1956

Company Principle formulated

The Three Joys, an element of Honda's fundamental beliefs, were first published in the December 1951 edition of the Honda Company News. The words that became the basis of the company principle established in January 1956 were taken from an essay by Soichiro Honda also published in the Honda Company News.

1963

Overtime on Wednesdays and some Fridays eliminated

Honda launched initiatives to reduce working hours to help associates have fulfilling lives and work more efficiently.

1969

Honda launches its Customer Relations Department.

1976

Community Forests project begun

Honda began planting indigenous species of trees on factory property, enhancing the facilities' harmony with their natural surroundings.

1977

Honda's American Depositary Receipts listed on the New York Stock Exchange (NYSE)

The listing of Honda's ADRs on the NYSE initiated an upsurge of interest from shareholders and investors all over the world.

Fulfilling responsibilities to stakeholders

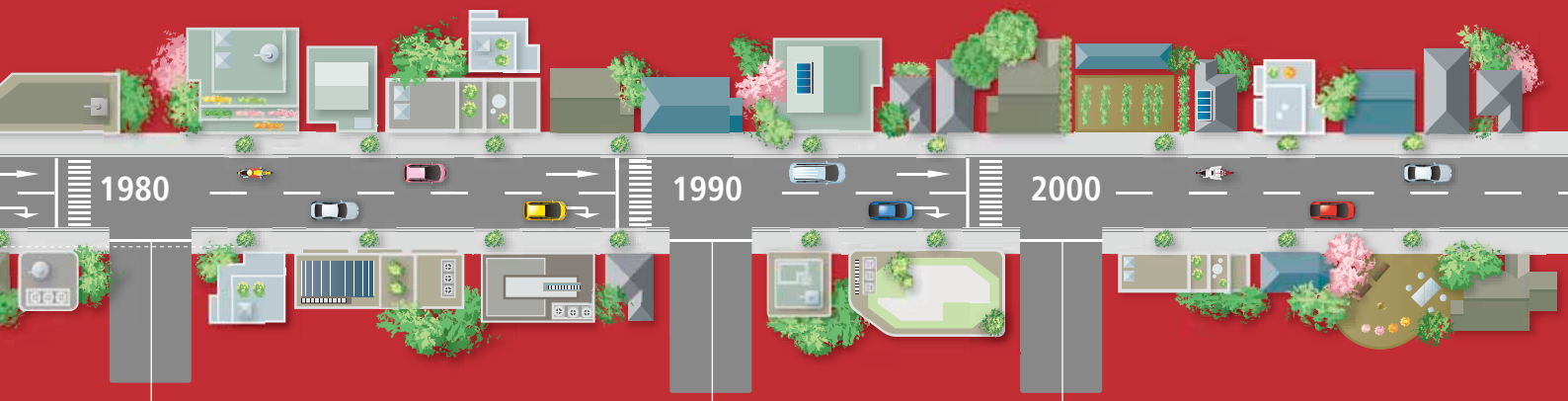
Since its foundation, Honda has sought to fulfill its responsibilities to customers, suppliers, associates, shareholders and other investors, people in the local communities that host Honda's operations and all other stakeholders. To this end, Honda has implemented initiatives based on respect for the individual and the Three Joys, which are the primary elements of the Honda philosophy.

In the 1960s, seeking to offer products that customers would purchase and enjoy, Honda launched its Customer Relations Department. Also aware of the importance of creating good relations with suppliers, Honda established awards ceremonies and celebrations for suppliers, among other initiatives.

Also in the 1960s, Honda eliminated overtime on Wednesdays and some Fridays, introduced a policy encouraging all associates to use their full vacation allotments and established a flextime system. In 2007, Honda launched a diversity promotion organization. Honda aims to conduct initiatives that anticipate social changes and needs and to create workplaces that make it easier to achieve a good balance between work and private life.

Since the 1960s, Honda has engaged in initiatives focusing on harmonious coexistence with the communities that host its operations. In the 1970s, Honda began to focus on environmental conservation, launching the Community Forests project. In 2002, Honda began the Children's Idea Contest to help children develop creativity. Since then, Honda has expanded this program to Thailand and Vietnam as one of its initiatives designed to convey the joy of making things.

Going forward, Honda will continue to fulfill its social responsibility as a corporate citizen, striving to share joy with all stakeholders.



1981

Honda Sun founded to help persons with disabilities achieve independence

Honda established Honda Sun in Beppu, Oita Prefecture, with a view to extending employment opportunities to persons with disabilities and helping them gain independence.

Honda Franz System developed

Honda developed the proprietary Honda Franz System, Japan's first foot-operated automobile, which enabled persons with disabilities in both upper limbs to drive a car comfortably. Honda also campaigned to have Japan's Road Traffic Act amended so that these cars could be made commercially available.

1984

Japanese auto industry's first customer satisfaction survey launched

Intent on attaining the No. 1 position in terms of customer satisfaction, Honda began collecting comments from its customers and using them in product development and other areas.

1998

Organization for philanthropic initiatives established, basic principles formulated

To help create a future society full of dreams, the Honda Group came together as one to engage in a wide range of new initiatives.

Together for Tomorrow

2002

Children's Idea Contest established

Honda established this initiative to convey the joy of dreaming and the delight of creating.

2007

Diversity promotion organization launched

This full-time organization promotes workforce diversity throughout the company.

CS for Everyone

Feature

Unparalleled customer satisfaction

Honda sells a broad range of mobility products all over the world. Honda is aiming to maximize customer satisfaction and win lifelong Honda fans by implementing a range of customer satisfaction-enhancing measures tailored to match market trends and resonate with people's values.

Involving everyone in customer satisfaction initiatives

Upgrading dealership training as the mobility market evolves

» Aiming for service quality enhancement

Honda Group companies around the world are engaged in initiatives to provide unparalleled customer satisfaction. The training at Honda dealerships is tailored to the needs of local communities. In emerging economies, where markets are expanding rapidly, Honda has concentrated on training technical personnel in inspection and maintenance. As these markets mature, however, customers are looking for more than technical capabilities—they also expect the highest level of customer service. In order to maintain continuous growth, Honda's dealerships must not only sell products but also enhance their after-sales service and earn lifelong customer loyalty.

To involve the entire organization in enhancing customer satisfaction, Honda has introduced a training program for dealership managers that empowers them to lead and provide the kind of service that earns customer loyalty. Honda is also working on a service adviser training program[1] intended to raise sales representative hospitality awareness and enhance customer interaction and service skills.

[1] A training program for service advisers in Honda's overseas affiliates and distributors who train and advise dealers.

Dealership manager training in China

Integrated training at dealerships

Building practical skills and efficiency

Enhancing virtual and in-person methods of dealership training

» Introducing Individualized Skill Training (IST)

Honda has introduced a wide range of skill-enhancing programs in its group training curriculum. To allow for more in-depth training and accommodate varying skill levels, Honda has introduced Individualized Skill Training. In this initiative, associates choose from a variety of hands-on training modules that match their levels of ability. Through IST, associates gain a clearer understanding of their current skill levels and receive training in the areas in which they need to improve the most.

» Implementing in-dealership training

To help dealers become more efficient, Honda is working to make dealer training itself more efficient. Conducted since 2005 and featuring visual teaching aids such as videos and DVDs along with an e-learning system, in-dealership training lets associates access training materials on dealership computers and use time efficiently to upgrade skills. Introduced at dealerships around the world, the program allows Honda to centrally manage associates' training results and enhance the average skill level of dealer associates on a global basis.

Trainees acquire maintenance skills specific to their roles

Enhancing the instructor certification system

Setting higher targets to encourage continuous associate development

» Upgrading the instructor certification system for enhanced training techniques

Honda has introduced an instructor certification system to help dealer training associates in Honda's overseas affiliates and distributors proactively enhance their training skills and earn certifications that match their skill levels.

In FY2009, in recognition of the increasing sophistication of electronic equipment installed in Honda automobiles, Honda augmented the curriculum taught by general repairs instructors with advanced courses on electrical equipment repair and noise diagnosis. In addition, Honda added an advanced certification level (chief instructor) to the elementary (authorized instructor) and intermediate (senior instructor) certification levels. Responding to dealer requests, Honda also added body repair and painting technician and service adviser qualifications.

» Dealer associate certification system enhanced

Honda has also enhanced the instructor certification system for dealer associates, adding body repair and painting technician and service adviser qualifications to the certification for general repair technicians. To motivate associates to acquire new skills, Honda has established three levels of qualification: bronze (elementary), silver (intermediate) and gold (advanced).

A training session on electrical equipment for instructors who will go on to train associates in Russia and South Africa

Enhancing owner's manuals

Aiming to halve page count, improve searchability and attain a unified global style

Making owner's manuals easier to read and understand

Thanks to new electronic control mechanisms and navigation systems with enhanced functionality and data-handling capacity, automobiles are increasingly sophisticated and multifunctional. As a result, owner's manuals need to present a larger volume of information.

New manual prototypes

To help customers use Honda products correctly and optimally, Honda seeks to provide easy-to-understand owner's manuals designed from the customer's viewpoint. Recent projects have included DVD owner's manuals and searchable owner's manuals on the company's websites. Through global customer surveys, however, Honda learned that many customers still expected better performance from their product documentation: users sometimes found the large volume of information overwhelming and had difficulty finding desired information.

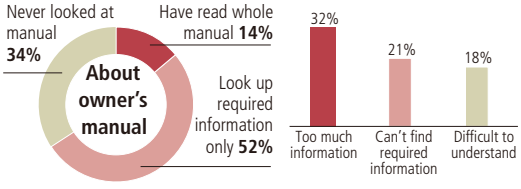
In 2006, Honda began an initiative to enhance owner's manuals by cutting page count in half, enhancing searchability and attaining a unified global style. Among other factors, the review examined content, typefaces, layout and the wording and clarity of page and section titles. One key result of the process is the quick reference guide now included at the beginning of each manual, which familiarizes new Honda drivers with basic controls, helps customers find information quickly and provides speedy access to more in-depth explanations. While evaluating whether prototype manuals had fulfilled the original goals of the initiative, the departments involved continued to find opportunities for additional enhancements.

Project overview

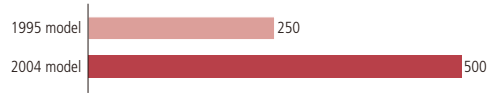
Phase 1 Survey (Starting August 2006)

Using online questionnaires and live interviews, Honda conducted a survey about automobile owner's manuals of 4,000 Honda automobile owners and non-owners in seven countries (Japan, U.S., UK, Germany, China, Thailand and Brazil).

Owner's manual survey results



Number of pages in Odyssey manual (Japan market)



Phase 2 Development of new manual (Starting October 2006)

Based on the customer survey, Honda set three goals: halve the number of pages, enhance searchability and attain a unified global style. After reviewing all manual elements, Honda established a new approach to design and content and created a prototype.

Text	Revised, using clearer, simple wording
Typefaces	Optimization of fonts and sizes to be used
Items covered	Careful selection of information likely to be needed by the customer
Layout and headings	Designed to be intuitive
Design and page format	Universal use of landscape format, which uses space more efficiently and is easier to read
Searchability	Use of enhanced document design, such as including a quick-reference guide at the beginning of the manual
Illustrations	Made more explanatory, enhanced use of color for a higher-quality feel

A quick-reference guide in a new owner's manual (Japan market)

Completed in fall 2008, the new owner's manual format was first implemented for the new Odyssey, which was launched in Japan during the same period. The vast majority of customers who answered a questionnaire asking them to compare the new manual with the old found the new version significantly clearer and more usable. Going forward, Honda plans to implement the new owner's manual format for all models launched in Japan and to introduce it in North America and other overseas markets.

Project team member's perspective

Striving to support both convenience and safety

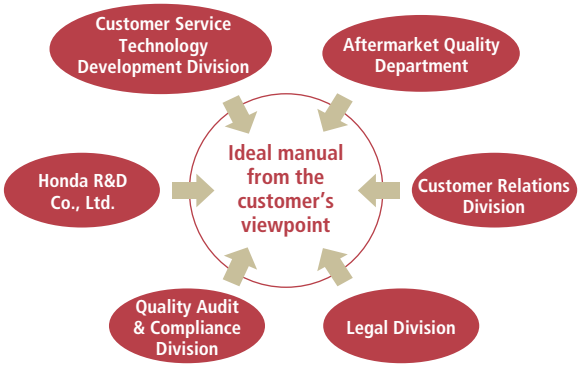
Hiroyuki Kaneko
Customer Service Technology Development Division
Customer Service Operations

After the prototype for the new owner's manuals had been completed, we held meetings in which the content and the text were discussed among the departments involved. We went over the material time and time again, aiming to reach the point where it just couldn't be improved further. We did our best to pare down the content and simplify the text so that customers would be able to find the desired information easily. On the other hand, we needed to provide adequate explanations in order to fulfill Honda's responsibilities as a manufacturer.

We all worked on the project for quite some time, but it was well worth the trouble. Customers have said the new manuals make it easy to find the information they require, and they like the illustrations, layout and other features. We really appreciated their feedback. We're still not completely satisfied with the new manuals and intend to look for more opportunities to improve them.

Phase 3 Prototype verification (Starting September 2007)

Honda verified the enhanced searchability and usability of the prototype. Departments involved collaborated to select the items to be covered, aiming to reduce volume and reflect the results of the prototype testing.

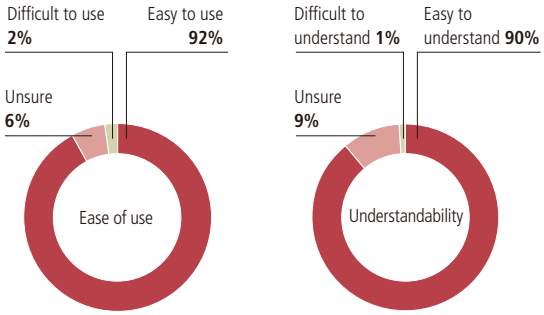


Phase 4 Fine-tuning and global implementation (Starting October 2008)

Honda implemented the new owner's manual format for the new Odyssey launched in fall 2008 in Japan. Using an online questionnaire and in-person interviews, Honda asked owners to compare the previous and new manuals. On the basis of positive customer evaluations, Honda is to begin implementing the new manuals for all new models.

Customers' evaluation

(from online questionnaire responses obtained January–February 2009)



Customers

Honda's approach to customer satisfaction

In accordance with the Honda philosophy of respect for the individual and the Three Joys of buying, selling and creating, Honda has always worked closely with its dealerships to maximize customer satisfaction. Every step of the way, from purchase to after-sales service, dealerships are working hand in hand with Honda to earn and maintain the trust of customers.

Systems and objectives designed to enhance customer satisfaction on a global scale

In order to create an optimal service organization in all overseas markets, Honda integrated its service departments for each region and, in 2004, established Customer Service Operations. This department's mission is to increase worldwide customer satisfaction through excellence in service at the point of customer contact.

Honda aims to lead the industry in fan-winning customer satisfaction. To achieve this level of satisfaction, the company is working with dealers to delight customers by providing service that exceeds expectations, thereby leading to repeat business, referrals to new customers and an ongoing increase in the number of Honda fans.

To attain this goal, Customer Service Operations holds regular meetings and other events designed to enhance cooperation with each region. Meanwhile, it focuses on creating an environment in which dealers—Honda's point of contact with customers—can address customer satisfaction enhancement more effectively and efficiently.

Principal customer satisfaction enhancement measures

Conducting customer satisfaction surveys

Aiming to establish lifelong relationships with satisfied customers, Honda proactively conducts customer satisfaction surveys in all product areas: motorcycles, automobiles and power products. Carefully analyzed survey results are fed back to the departments involved in the form of practical suggestions for improvement and put to use in day-to-day activities.

In Honda's overseas automobile operations, for example, survey results are used to compile a Customer Satisfaction Index (CSI) for each product and each region. In Japan, an initial-stage questionnaire is distributed to randomly selected purchasers of new automobiles, and, since FY2004, a questionnaire has also been distributed to purchasers of pre-owned automobiles. In FY2008, a survey was introduced to query customers whose automobiles will soon be due for the periodic automobile inspection required by the Japanese government.

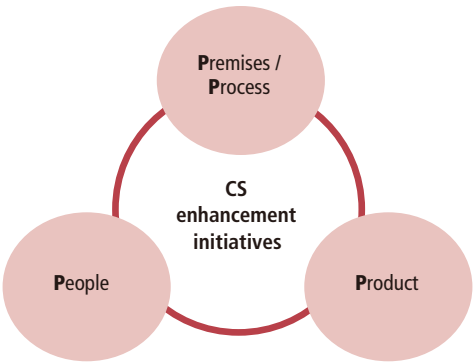
Forging ahead with programs targeting the 3P's

As people's values change and technology rapidly advances, customers have increasingly high and diverse expectations. Honda aims continuously to provide appealing services, anticipating changes in market conditions and customer needs.

In progress at Honda's overseas automobile operations, 3P's initiatives focus on enhancing quality at the three points of contact between Honda and its customers: "Premises/Process," "People" and "Product."

"Premises/Process" initiatives include dealership voice-of-the-customer (VOC) programs in which opinions are elicited directly from customers on the dealership floor, process efficiency improvement programs to eliminate waste and inefficiency in the workplace, programs that ensure that most customer issues are properly solved with a single repair and programs aimed at reducing customer complaints that arise when inventories are insufficient. A notable "People" initiative is the FY2009 review of dealership training conducted with the aim of enhancing human resources and skill levels. On the "Product" front, a three-pronged prevention program known as pre-emptive prevention, spillage prevention and expansion prevention enhances product quality to provide customers additional peace of mind.

3P's customer satisfaction initiatives



Enhancing the way Honda helps customers

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

The Center welcomes customer inquiries in Japan every day of the year. Since 2007, the Center has handled increasing call volume on weekends and holidays with additional staff. Since July 2008, an email response service has been available not only on weekdays but also on weekends.

The Customer Relations Center receives customer questions, suggestions, requests and complaints. To ensure that this valuable information is put to good use in Honda's operations, the Center shares it in a timely manner with the company's R&D, manufacturing, service and sales departments in compliance with laws and regulations and Honda's own policies concerning the handling of personal information. A system is also in place to allow directors and other associates appropriate access to this information.

Responding to customers' requests for help in solving problems on their own, Honda has created a Customer Relations Center section on the company website. In October 2008, Honda added FAQs for specific automobile models, a general motorcycle FAQ and sections designed for mobile phone access.

Systems for receiving customer inquiries are also in place at Honda's locations overseas, and Customer Service Operations associates are striving to address each inquiry with the best possible service.

FY2009 initiatives

Motorcycles

Supplying service information and genuine Honda parts via independent repair facilities

Honda is increasing the number of official motorcycle dealers in the ASEAN countries, where sales are robust. However, since the geographical areas served by each dealer are still often quite large, many customers cannot easily reach their nearest Honda location. To provide reliable and convenient repair and maintenance service in remote locations, Honda cooperates with independent repair facilities in each area. By providing service information and genuine Honda parts, these facilities further enhance customer convenience and peace of mind. First implemented in Thailand in FY2008, this initiative expanded to Vietnam in FY2009, thanks to its promotion at a biannual conference for Honda managers stationed in the ASEAN countries.

Training for repair facility personnel (Thailand)

Power Products

Enhancing information provided to customers and dealers

Used by OEM manufacturers in a wide range of products, general purpose engines are a key part of Honda's power products lineup. It is challenging for Honda to monitor the use of these engines directly, but, as the manufacturer, Honda needs to provide information to help end users use products and dealers maintain and repair them properly. To accomplish this goal, Honda summarizes information from each engine's owner's manual, combining it with information from the engine's service manual and appropriate parts catalogs. Translated into four languages (English, German, French and Spanish) with additional languages to be added, these manuals are designed to support end users' needs and comply with the laws and regulations of their countries. Starting in FY2010, these manuals will become available on the websites of Honda's overseas affiliates and distributors.

Suppliers

Fundamental approach to suppliers

Growth through long-term relationships

A single Honda automobile is made of 20,000 to 30,000 parts. Manufacturing our automobiles and other products depends on close cooperation with our business partners who supply the necessary parts and materials. As our manufacturing base has expanded globally, the trust-based relationships we have established with thousands of suppliers around the world have become crucial to maintaining stable production and fulfilling our commitment to the continuing enhancement of quality and advanced product performance. Recognizing the importance of our relationship with our suppliers, Honda is building long-term relationships and growing hand-in-hand with our business partners.

Purchasing

Building trust on the basis of three purchasing principles

Seeking to foster the trust of our business partners worldwide, we take care to respect all prevailing laws and regulations, maintain fairness in our relationships, set equitable conditions and use appropriate practices, always respecting the independence of our suppliers and treating them as equals in accordance with our three purchasing principles.

FY2009 initiatives

Communicating our policy to our suppliers and carrying out supplier quality assessments

- **Annual meetings with suppliers**

As part of our effort to ensure transparency in purchasing, we hold annual meetings with our suppliers to optimize procurement QCD (quality, cost and delivery).

The March 2009 meeting was a joint event for both Purchasing Operations and Customer Service Operations, which had held separate meetings in previous years. Attended by some 290 of Honda's suppliers, the event informed suppliers about Honda's initiatives and direction regarding motorcycles, automobiles and power products and dealt with such issues as realizing significant reductions in total costs, reforming operational and procurement structures, creating environmentally responsible technologies on a global basis and improving customer satisfaction in after-sales service.

Honda holds New Year's awards ceremonies and celebrations with suppliers who have made particularly significant contributions to QCD in their area. In 2009, 55 firms received awards in Japan.

Annual meeting with suppliers

A supplier receives an award

Strengthening compliance with purchasing policies

- **Instruction and training for associates**

To ensure every associate involved in Honda's purchasing operations engages in purchasing that is fair, honest and in keeping with Honda's three purchasing principles, Honda has prepared training and reference manuals that detail standards of purchasing staff behavior and explain applicable laws and regulations. In addition, to maintain strict compliance with anti-trust laws, Japan's Act Against Delay in Payment of Subcontract Proceeds, and other laws of special relevance to purchasing, newly hired associates receive special training during orientation and Honda associates review these important topics at periodic seminars.

- **Briefing suppliers on applicable laws and regulations**

In its parts procurement contracts with suppliers, Honda stipulates that suppliers are expected to comply with prevailing laws and regulations. The company also takes all due measures to ensure that its suppliers understand the provisions of the Act Against Delay in Payment of Subcontract Proceeds and the Guidelines for the Promotion of Fair Subcontracting Practices issued by Japan's Ministry of Economy, Trade and Industry. These guidelines call for increased availability of customer consultation and closer liaison between involved parties: accordingly, Honda has established a Business Ethics Improvement Proposal Line and encourages its use.

Information on Honda's stance regarding compliance with laws and regulations is shared with suppliers at periodic briefings.

Our purchasing guidelines

Our objective: to foster long-term relationships through the timely procurement of fine goods at reasonable prices.

Our three purchasing principles

1. Procurement based on free competition

- Through free competition, we will build greater global competitiveness.
- We will open our doors to all suppliers around the world.
- We will seek to realize stable procurement of quality goods in the right volumes, at the right times and at the right price.

2. Treating all suppliers equally

- We will treat all suppliers as our equals, regardless of their size.

3. Respecting the independence of suppliers

- We will respect the independence, policies, technology and expertise of our suppliers.
- We expect suppliers to compete vigorously and choose their own business path.

Treating our suppliers as our equals and respecting their independence

In striving for growth through long-term relationships, Honda's purchasing division takes care to provide equal opportunity to any supplier who seeks to do business with us. We choose suppliers via fair processes while respecting their independence and treating them as equals. When purchasing parts and materials, we select a business partner by impartially comparing and evaluating various candidates based on technological strength, product quality, timeliness of delivery, cost, financial status, regulatory compliance, environmental record, handling of confidential information and other factors. Contracts with suppliers are based on requirements of compliance with prevailing laws and regulations.

Honda plans to expand these initiatives going forward, including not only direct suppliers but also suppliers' partners and the entire supply chain.

Enhancing quality in partnership with our suppliers

• Visiting factories of parts suppliers

Faced with increasingly diverse customer needs and rising expectations for product quality, Honda depends on its strong partnerships with suppliers to deliver products with superior QCD.

To ensure that high product quality is maintained, experts from Honda's development and quality-related departments work closely with our suppliers right from the initial stages of product development, exchanging opinions and information to enhance safety, functionality, environmental performance and other factors. For example, representatives from the purchasing department visit suppliers' factories and inspect production processes to ensure that Honda's need for a stable supply of high-quality products at an appropriate cost is fully satisfied.

Honda will continue to work closely with its suppliers to further enhance QCD and provide customers with a level of satisfaction that exceeds their expectations.

Visiting the factory of a supplier

Working with suppliers to minimize environmental footprint

• Procuring environmentally responsible materials and parts

Aiming to procure environmentally responsible materials and parts, Honda has established its own independent green purchasing guidelines and is working with its suppliers to promote parts and materials procurement practices that have a minimal environmental impact. The green purchasing guidelines were formulated in FY2002 in an effort to proactively implement environmentally responsible purchasing of parts and materials. By sharing FY2011 targets and information on parameters with suppliers, we're collectively improving our environmental performance.

Honda is reducing its use of four metals considered to have a particularly harmful impact on the environment—lead, mercury, hexavalent chromium, cadmium—in its production of motorcycles, automobiles and power products in Japan. In FY2009, Honda implemented a more detailed classification system in its SOC guidelines aimed at promoting further reduction of solder lead, while completely eliminating solder lead from some parts. Applying the LCA[1] data system, Honda is working with suppliers to assess the environmental impact of each stage of the manufacturing process reduce CO_2 emissions, landfill waste and water consumption.

In addition, as a result of a Honda initiative, all targeted suppliers had achieved ISO 14001 or an alternate certification by the end of FY2009.

[1] Honda Life Cycle Assessment system. Honda's LCA system is used to quantitatively assess the environmental impact associated with its business operations, including motorcycle, automobile and power products manufacturing, from production through disposal.

Associates

Fundamental personnel policy

Honda is proud of the spirit of independence, fairness and trust that emerges from our basic principle of respect for the individual. We believe this spirit should permeate all our relationships, not only with those in the Honda Group, but also everyone in all the companies with which we do business.

Honda also believes that human beings are born to think, create and express their individuality, thus realizing their hopes and dreams. We strive to attract individuals who share this belief and who will respect each other's individuality. We seek to foster an atmosphere of mutual trust and fairness in which our associates are able to realize their potential and share in the joy of creating new value for society. Our goal is to maintain organizational structures and personnel policies in areas such as recruitment, training, evaluation and assignments that foster a free and open atmosphere, encouraging each associate to face new challenges and achieve new successes. We seek to create an environment in which each person's ambitions, abilities and potential can be fully developed.

Note: The data displayed under the heading "Associates" represents aggregate values for Honda Motor and three main affiliates: Honda R&D, Honda Engineering and Honda Access

Three principles of personnel management

1. Respecting independence

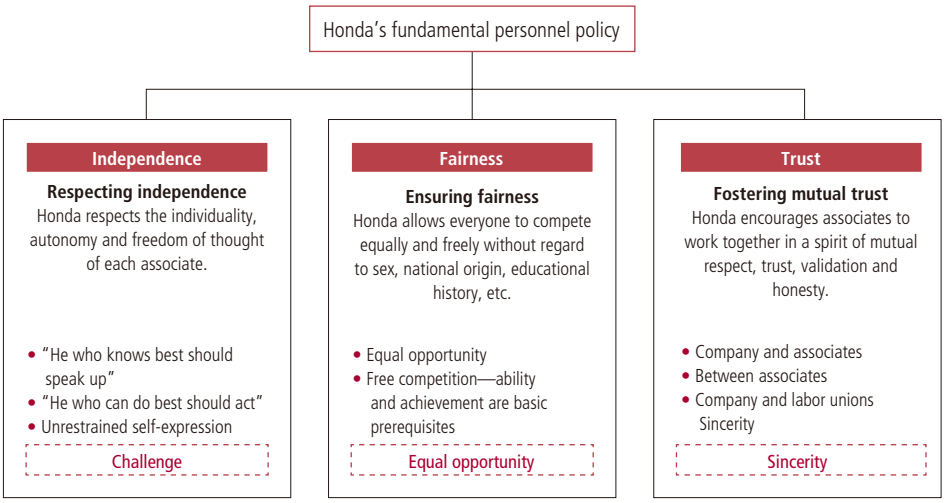
Honda expects associates to express their individuality and independence. As our founder said, "He who knows best should speak up, and he who can do best should act." In that spirit, today's associates are encouraged to think for themselves, take action and accept responsibility. Associates interested in earning new qualifications are expected to volunteer to take on the challenge. Anyone with ideas and proposals is expected to express them. In all things, the independence and ambitions of individual associates are accorded respect.

2. Ensuring fairness

Honda offers a simple compensation system with the same fair rewards for anyone with similar abilities handling similar work with similar results, without regard for race or nationality or gender, making no distinctions on the basis of educational associations or career history, and objectively assessing each person's individual strengths and aptitudes. Honda is careful to handle appointments and personnel deployment issues fairly and in a manner appropriate to the individual's abilities and aptitudes.

3. Fostering mutual trust

Honda believes that the building of the foundation of trust that binds the company and the employee starts with tolerance and mutual respect.



FY2009 initiatives

Respect for diversity in the workforce

Respect for diversity in the workforce is one of the values that has guided Honda's actions since the company's foundation and is a core element of the Honda philosophy.

Hiring based on individual merit

Even in the days when Japanese corporations tended to favor employing only graduates of a few elite educational institutions, Honda had an open-door employment policy, hiring the most capable and motivated individuals available.

In addition to hiring new graduates, we also welcome talented individuals in mid-career, enriching the company with a diverse mix of personalities and experience.

Beginning in July 2007, Honda instituted a policy of encouraging associates who left the company to care for a family member or accompany a transferred spouse to reapply when it becomes possible for them to return.

Hiring of new graduates

	2005	2006	2007	2008	2009
Men	744	806	1,084	1,152	1,265
Women	111	121	170	180	220
Total	855	927	1,254	1,332	1,485

Note: New associates joining Honda in April of each year

Hiring of people in mid-career

	2004	2005	2006	2007	2008
Men	91	241	551	732	595
Women	16	15	22	28	51
Total	107	256	573	760	646

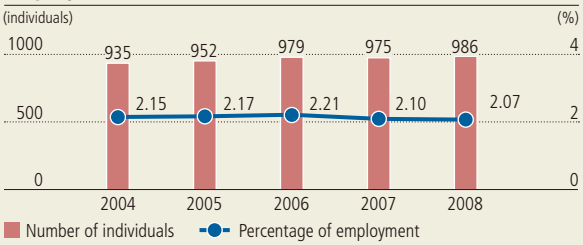
Employment of people with disabilities

Honda provides jobs to people with disabilities at its facilities in Japan in an effort to expand their employment opportunities. We also offer employment at our affiliates, Honda Sun, Honda Sun R&D and Kibounosato Honda. We strive to create environments that allow those with disabilities to work alongside those without disabilities, and to make adaptations to ensure that workplaces and opportunities are fully accessible. Employment of individuals with disabilities at Honda factories in Japan in FY2009 stands at some 2.07%, or 986 individuals, well above the legally prescribed level of 1.8%.

Designated affiliates

Company name	Established	Operations
Honda Sun Co., Ltd.	1981	Manufacturing of components for motorcycles, automobiles and power products (speedometers, glove compartments, etc.)
Kibounosato Honda Co., Ltd.	1985	Assembly of pistons, case covers, knuckles and other automobile components
Honda Sun R&D Co., Ltd.	1992	Research and development of CAD design: transportation and rehabilitation equipment

Employment of individuals with disabilities[1]



[1] Laws governing the employment of people with disabilities stipulate that employment of one individual with a serious disability is equivalent to employing two less severely disabled individuals. Data depicted in the graph is current as of June 1 of each year.

Rehiring retirees

In view of dwindling birth rates, the need to reinforce the social insurance system in Japan, and the importance of passing on the technical expertise crucial to the functioning of the workplace, since April 2003 Honda has had in place policies to create opportunities for those associates who reach the retirement age of 60—even before the introduction of laws governing the employment of retired individuals.

One rehiring initiative is for associates who ask to be rehired and can perform the duties requested of them by Honda. In the other initiative, Honda invites associates with outstanding skills or specialized expertise to rejoin the company.

In view of declining birthrates, the aging of society and the prospect of a future in which more people will continue working into old age, Honda is currently preparing to introduce a new rehiring system intended to enable more associates to continue working past retirement age.

Re-employment of retirees

	2005	2006	2007	2008
Requested by associate	54	62	126	110
Requested by company	6	19	68	75
Total associates	60	81	194	185

FY2009 initiatives

Building healthy working environments

Honda has always been an industry leader in introducing shorter workweeks. The company instituted a five-day workweek in 1972. Other initiatives enjoyed by associates for more than 30 years include the banning of overtime on Wednesdays and some Fridays, and the introduction of a policy encouraging all associates—both labor and management—to use their full vacation allotments.

As a result, regular working hours in FY2009 averaged 1,952 per associate and total working hours averaged 1,997. In the same year, associates averaged 18.7 paid vacation days, which puts Honda at the top level of the automobile industry.

Also, in order to encourage its associates to take regular annual paid vacations and use their vacation time effectively to refresh themselves and increase their motivation, Honda has introduced a system whereby associates are accorded blocks of three to five consecutive paid holidays, depending on their years of continuous service.

Establishing a team dedicated to promoting workplace diversity

In June 2007, Honda established the Diversity & Inclusion Department Promotion Block within the Human Resources Division to promote diversity across the company over the long term. Awareness-raising initiatives include holding lectures, providing information through in-house publications and conducting management training. In the area of HR policy, the team focuses primarily on initiatives that help associates balance work with childcare. Of 70 associates returning to work after parental leave, about half took advantage of a short workday system launched in FY2009 to support parenting.

Initiatives promoting diversity among associates

FY	Initiative
2006	• Parental leave period extended to 18 months after birth.
2007	• Parental leave period extended to end of April after child's third birthday. • Zero-overtime period extended to child's start of elementary school.
2008	• System dedicated to promoting workplace diversity established.
2009	• Short workday (4–7 hours) system to support parenting introduced. • Paid time off added to short-term child care leave system. • Daycare services offered on national holidays falling on working days. • Handbook concerning work and family life balance distributed to associates.

Building good labor relations

Encouraging dialog with labor unions

Honda and the Honda Motor Workers' Union have enjoyed cordial, mutually supportive relations, engaging regularly in frank exchanges on key issues such as occupational health, safety and the maintenance and improvement of employment conditions and labor stability. In collective bargaining and discussions at the labor-management committee, both sides strive to appreciate the other's positions and approaches with regard to production and sales activities. Differences of opinion are respected. Both sides work together to overcome challenges, strengthen bonds of trust and increase mutual understanding. Company and union have cooperated in a manner worthy of Honda to create and maintain a strong foundation for the development of positive working environments and growth for all.

Developing people's abilities

An approach based on on-the-job training

Honda's approach to personnel education is based on on-the-job training: building specialized skills and professional capacity through direct experience. Honda has established on-the-job training programs for each job description, setting qualitative and quantitative targets for the knowledge and skills to be acquired. These programs provide an opportunity for associates to acquire specialized skills and managerial capabilities, while helping supervisors assess and foster the aptitude of the associates they manage.

To supplement these on-the-job training programs, Honda also offers off-the-job training designed to provide associates opportunities to enhance their careers by developing new specialized skills or management capabilities.

To support associates who wish to take the initiative to learn new skills, acquire knowledge and cultivate themselves in order to fully realize their own potential, Honda offers opportunities for language learning, distance education and inter-industry exchanges.

Respecting associates' opinions and independence

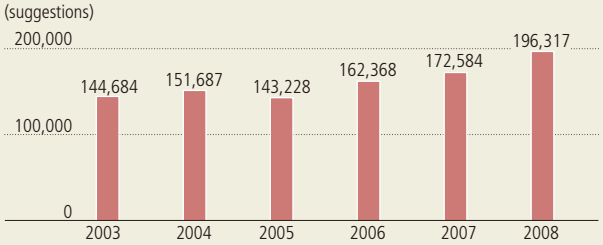
- **Improvement suggestion system**

Honda has a system for encouraging all associates to make proposals as to how the company's work could be improved,

whether in large ways or small.

Launched in 1953, this initiative is one way Honda seeks to encourage independence of spirit and innovation, fostering the growth and refinement of skills and capabilities. Each year, some 100,000 suggestions are received, and some 90% of them are implemented.

Suggestions for improvement received[1]



[1]Number of suggestions as of the end of July each year; cumulative total as of the end of July 2008: approximately 83.86 million

• Our Challenger Recruiting Program

Honda's Challenger Recruiting Program spurs associates to set and attain their own goals. With the aim of increasing their motivation and helping them realize their potential, campaigns are conducted twice yearly to give associates the opportunity to apply for new positions. From its inception in September 2005 up to the end of March 2009, the program has helped 588 associates take on challenging new assignments.

Occupational health and safety

"No safety, no production": that's Honda's policy. Respect for the individual is one of the basic tenets of the Honda philosophy. Along with workplace safety and traffic safety, Honda considers ensuring the mental and physical health of associates one of its most important responsibilities.

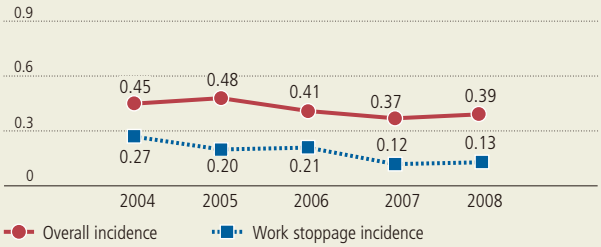
Besides making these views explicit in its basic policy on occupational health and safety, Honda engages in initiatives designed to ensure that its workplaces are amongst the safest and most comfortable in the industry.

Creating a safer workplace

Honda strives to ensure workplace safety, traffic safety and accident prevention with appropriate risk management policies and practices. Assessing risks, the company is striving to maintain good occupational health and safety and raise awareness of the issue among associates.

In FY2010 we are strengthening measures to ensure workplace safety, focusing on preventing accidents in the workplace, minimizing traffic accidents and preventing occupational illness. We're setting the bar high on workplace safety and applying the entire organization's resources to achieve the goal of good health for all.

Incidence of industrial accidents (overall incidence, work stoppage incidence)



Keeping everyone healthy

Total Health Promotion Plan (THP)

In 1988, as part of its health and welfare program designed to help associates achieve a healthy and well-balanced lifestyle, Honda established a THP committee and formulated a Total Health Promotion Plan offering ongoing, systematic support to encourage associates to maintain and improve their health. Based on policy announcements issued in April each year, associates are given guidance on preventing lifestyle-related diseases, and events are held to encourage regular exercise such as walking. Additionally, supervisors are trained to detect and help prevent mental health problems.

Going forward, this program will be extended to include special health-maintenance advice on obesity-related disease, mental health care and other issues.

• Making sure everyone has someone to talk to

To help make sure all associates have a happy and positive working experience, Honda staffs the health centers at its facilities with professional counselors. Working in cooperation with qualified physicians and workplace managers, the counselors provide a sympathetic ear and help support associates' psychological health.

Since mental health care requires interpersonal counseling skills as well as medical knowledge, health care personnel deployed as counselors hold professional qualifications.

Shareholders and Investors

WEB For more information for investors, see
http://world.honda.com/investors/

Honda's history on stock exchanges

Established in 1948, Honda Motor Co., Ltd. began offering its shares on the Tokyo over-the-counter stock market in 1954. After being listed on the Tokyo Stock Exchange in 1957, the shares were listed on all national exchanges in Japan. Overseas, the company issued American Depositary Receipts (ADRs) in 1962 and, in 1977, the ADRs were listed on the New York Stock Exchange. Honda shares were listed on major exchanges worldwide: in 1981 on the London Stock Exchange; in 1983 on the Swiss Stock Exchange; and in 1985 on the Paris Stock Exchange (now known as Euronext Paris).

As stock exchanges and investors worldwide embraced increasingly "borderless" financial transactions, Honda withdrew from the Swiss Stock Exchange and Euronext Paris in 2007. The same year in Japan, Honda also withdrew from stock exchanges in Nagoya, Fukuoka, and Sapporo.

Protecting the rights of shareholders and investors

Our fundamental approach to investor relations

Our investor relations activities focus on the dissemination of information directed at shareholders and investors, not only to disclose appropriate corporate performance and financial information, but also to accurately inform them in an open and timely manner of our advanced initiatives in such vital areas as environmental technology and future operating strategies.

In order to help our shareholders and the broader investor community reach an even deeper appreciation of Honda's activities, we are proactive in providing forums for communication. To ensure that our communications are not unilateral, we work hard to remain attuned to the voice of the market. We also work to promote close dialogue, maximum understanding and mutual communication in our relations with shareholders and investors through general shareholders' meetings, investor seminars and other activities. By continuing to build and maintain an atmosphere of trust and respect, we hope to receive a fair recognition of our corporate value by the market.

Profit distribution policy

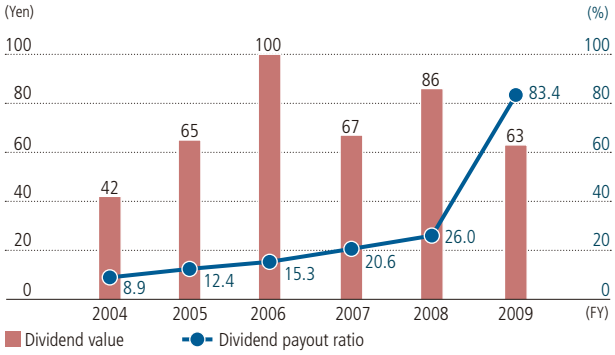
Conducting operations from a global perspective, Honda strives to maximize corporate value throughout its worldwide organization.

With respect to the redistribution of corporate profits to shareholders—one of the company's most important responsibilities—Honda's basic policy for dividends is to make distributions after taking into account our long-term consolidated earnings performance. Honda will also acquire its own shares at optimal times with the goal of improving the efficiency and dynamism of the company's capital structure.

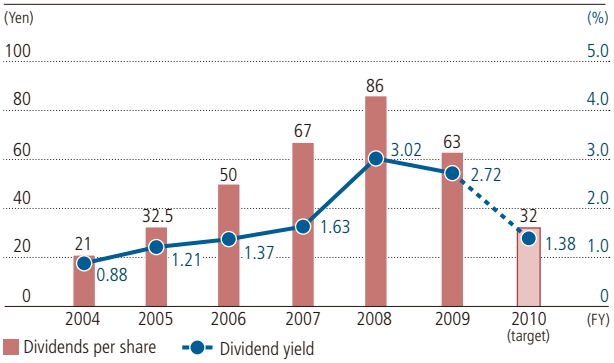
The present goal is to maintain a shareholder return ratio (dividends + share buyback) of approximately 30%.

With regard to capital reserves, Honda aims to strengthen its balance sheet by working on improving its financial performance. The company plans to do this by stepping up its investments in R&D and operational expansion, both of which are essential for future growth.

Dividend value and dividend payout ratio



Dividends per share: trend



Note: Regarding dividend yield
For fiscal years 2004–2009, dividend yield is based on the share value recorded on the last day of the respective fiscal year.
The dividend yield projection for FY2010 is based on the share value recorded on March 31, 2009.

Note: Regarding dividends per share
The dividends per share values for fiscal years 2004–2006 are based on the post-share-split number of shares outstanding.

FY2009 initiatives

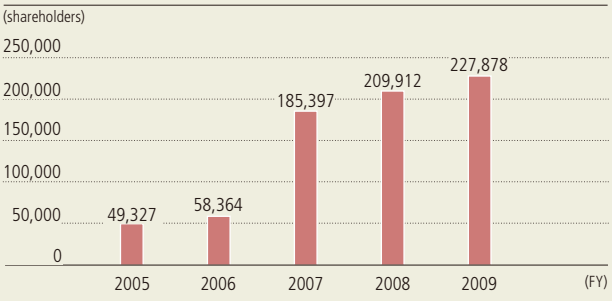
Implementing timely and appropriate IR initiatives

As a law-abiding corporate citizen, Honda always maintains good communications with shareholders and investors worldwide. This is accomplished by publishing accurate information that is useful for investment decisions as it becomes available, and by representing the company's operations and financial situation in a clear, factual manner.

To fulfill these objectives, in addition to an annual report, we publish reports and a shareholders' bulletin on a quarterly basis. We hold quarterly meetings with representatives of analysts and institutional investors. For our institutional investors in North America and Europe, we offer biannual corporate briefings at which we present our financial performance and business strategy. These publications and material from briefings and financial results meetings can be found at the IR section of the Honda website (http://world.honda.com/investors), which also includes information for our shareholders provided as and when required.

Honda strives to encourage investment by individuals. To make our shares more accessible to private investors, a 2-for-1 share split was executed in July 2006. Further, beginning in the third quarter of FY2007, Honda began issuing quarterly dividends in an effort to share profits with shareholders as expeditiously as possible. As a result of these initiatives, the number of individual Honda shareholders has tripled.

Number of Honda shareholders



Annual Report

Quarterly report


Website

Communicating with shareholders

Honda considers its annual Ordinary General Meeting of Shareholders a vital opportunity to optimize communications with all its shareholders. We strive to present all company information as clearly as possible, fielding the broadest possible range of questions and opinions.

Displays of Honda automobiles, motorcycles and power products provide an opportunity for shareholders to examine our products firsthand. ASIMO is sure to be there as well. To facilitate the participation of shareholders who are unable to attend in person, Honda has set up a system enabling shareholders to cast their votes by post or on the Honda website via computer or mobile phone. Non-Japanese shareholders are notified in English of upcoming shareholders' meetings. These are just a few examples of Honda efforts to facilitate voting.

In many different ways, Honda invites shareholders to have a close look at what goes on inside Honda to gain a better understanding of the company. Each year, Honda hosts inspection visits at which shareholders are invited to tour production facilities and other sites.


Inspection visit

Maintaining open dialogue with shareholders

Honda strives to promote a clear understanding of its activities—not only among current shareholders but also potential investors as well. Investor relations must be a two-way street: in order to avoid engaging in one-sided communication, we consider it essential to listen carefully and act proactively on the basis of what the markets are saying.

Honda Philanthropy

WEB For more information on Honda philanthropy, see
http://world.honda.com/community

Our fundamental approach

Since the company's foundation, Honda has sought to contribute to society by creating quality products and technologies while coexisting harmoniously with the communities that host its operations. In the 1960s, while the company was still in a period of early growth, Honda began to launch philanthropic initiatives designed to strengthen ties with local communities. In the 1970s, striving to strengthen its contributions to society and build a brighter future, Honda established foundations in Japan to foster broad-ranging research, education and cultural exchange. Throughout the six regions of Honda's worldwide operations, Honda is working to help people realize their dreams.

In 1998, on the occasion of the 50th anniversary of the company's inception, with a vision of sharing joy with people around the world and being a company society wants to exist in every community, Honda acted to address worldwide expectations from a comprehensive and global perspective, creating the Honda Motor Philanthropy Office and establishing the basic principles that guide its philanthropy. Since then, in addition to previous efforts, the company has launched new initiatives based on these principles, seeking to contribute to the joy of people and to the well-being of societies around the world.

In 2006, with a view to taking its philanthropic initiatives to an even higher level, Honda defined the global directions of these initiatives and created a new symbol to capture their spirit. In fulfillment of the three main points of these global directions, Honda mobilizes people, advanced products and technologies and a philosophy of respect for the individual in investing resources in initiatives that help people around the world enjoy life to the fullest and realize their true potential.

Honda philanthropy—vision

Honda enriches the joy of people around the world through socially responsible activities in accordance with the Honda Philosophy of respect for the individual and the Three Joys. Ultimately, it is our desire that society will want Honda to exist in every community.

Honda philanthropy—basic principles

- As a company with a global viewpoint, we are dedicated to contributing to the well-being of local communities around the world through our products and technologies.
- As a good corporate citizen, we will deepen our commitment to all local communities where we do business.
- We will contribute to the nurturing of a society where caring and energetic individuals actively participate in socially responsible activities.

Global directions

Striving to create a future society in which everyone can pursue their dreams, Honda shall:

- Support educating our youth for the future
- Work to preserve global environments
- Promote traffic safety through education and training

Together for Tomorrow

This symbol captures the spirit of the Honda Group's worldwide philanthropic activities, which are designed to help create a future full of dreams.

FY2009 initiatives

Japan

Children's Idea Contest

Honda created the Children's Idea Contest to help children understand the joy and wonder of daring to dream and turn dreams into reality. Since its inception in 2002, the event has grown in scope each year, with 5,549 groups and 6,300 individual children participating in FY2009. From among the many entrants, the judges selected two groups as first prize winners, four groups as second prize winners, four groups as third prize winners and three groups as special prize winners. The top six groups won visits to their schools by ASIMO, which the children greatly enjoyed. Honda expanded the program to Thailand in 2005 and to Vietnam in 2008.

Participation

FY	Participants
2007	3,414 (3,700 contestants)
2008	5,147 (5,750 contestants)
2009	5,549 (6,300 contestants)

Presentation by first prize winner in lower grades division

The Children's Idea Contest in Vietnam

North/Central America

Honda Hero Volunteers

To Honda of America Manufacturing, Inc. (HAM), a production facility located in Columbus, Ohio, community involvement is more than simply a financial contribution—it's a personal investment. Through the Honda Hero Program, HAM associates, spouses and retirees volunteer their time to support the community programs of their choice. HAM rewards volunteer hours with "Dollars for Doers," which are $250 grants offered to eligible, non-profit organizations. Grants are made once the Honda Hero associate, retiree or spouse has volunteered a total of 50 hours to one organization within a 12-month period. Nearly 1,800 HAM associates, spouses and retirees are enrolled in the Honda Hero Volunteer Program and have earned more than one million dollars in Dollars for Doers grants for non-profit organizations since 1995.

- **Typical volunteer activity: Taking part in Rebuilding Together Columbus**

Since 2002, HAM associates have been taking part in the activities of this volunteer organization, which works to ensure that low-income homeowners–especially elderly, disabled or needy families with young children–can live independently in houses that are safe, warm and dry. In FY2009, volunteer groups refurbished 24 homes throughout the Columbus area.

Rebuilding Together Columbus volunteers in action

FY2009 initiatives

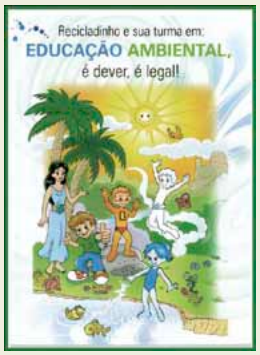
South America

Environmental education

Working in cooperation with the local City Council of Sumare, Honda Automoveis do Brasil Ltda. is providing support for environmental education and awareness-raising initiatives helping approximately 40,000 elementary and junior-high school students attending 33 municipal schools. In line with its motto—"Environmental Education is a Duty, it is Cool"—this project is intended to create an important platform for environmental activities.

In order to help the schoolchildren be more conscious of environmental issues, the project not only provides environmental education but also awareness-raising activities that can be interwoven into their daily lives.

Environmental awareness is being raised through support for a range of activities. Examples include distributing 30,000 copies of an educational book about environmental pollution and recycling, holding classes using 12 videos on environmental themes, holding eco-walks, giving out tee-shirts and posters and, in December 2008, planting 5,000 trees.



Environmental education tools

Tree-planting project

Europe/Middle East/Africa

Honda Beach Clean-up Project

A specially designed rake and sieve apparatus towed by an ATV to remove debris from sand, Honda's innovative Beach Cleaner first took to the seashore in Japan in May 2006.

The campaign went global in 2007, with Honda Portugal and EMAC, a public utility in the Cascais area, leading test cleaning on three local beaches starting in May 2007. Within three months, the team had collected more than 20 tons of garbage and debris. Prominently displaying the Beach Cleaner at a local environmental festival in 2008, Honda Portugal plans to expand the project going forward.

Beach cleaning in progress

Asia/Oceania

The Snowy Ride

The Snowy Ride is a charity event held annually in the Snowy Mountains of New South Wales, Australia, attended by motorcycle riders and their families from all over the country. The funds raised by the participants are all donated to the Steven Walter Foundation[1] and used for research on and treatment of childhood cancers.

More than 18,000 people have taken part in the event to date, and more than 1.8 million Australian dollars have been raised in donations. The 8th Snowy Ride, held on November 8, 2008, was attended by over 3,000 riders and raised AU$300,000. Honda Australia has been the main sponsor of the event since the first Snowy Ride in 2001.

Honda Australia intends to continue supporting this charity event, which provides a fun family weekend for motorcycle fans and their families and also contributes to the development of childhood cancer treatment.

[1]The Steven Walter Foundation is named after the teenager Steven Walter, a keen motorcycle fan and active rider, who passed away after an eight-year battle with cancer. The Foundation was established in accordance with Steven's final request that his family and friends raise money for charity to fund research aimed at finding better treatments for childhood cancers so that other children would not have to suffer as he did.

The Snowy Ride

China

Econopower Fuel Efficiency Race

In the Honda Econopower Race, participating teams compete to see how far they can go on a liter of gasoline with a view to raising awareness of environmental protection. The event's aims are energy conservation and passing on to the next generation the joy of making things and taking on new challenges.

Begun in Japan in 1981, the competition expanded to Thailand in 1998 and China in 2006. Since 2007, the competition in China has welcomed an ever greater number of participants, thereby contributing to the increasing awareness in China of environmental issues. In the third annual competition held in 2008, 108 teams in five classes participated, with a team from host Tongji University winning the grand prize.

China Econopower Fuel Efficiency Race

Corporate Governance

Basic stance regarding corporate governance

Based on its fundamental corporate philosophy, the Company is working to enhance corporate governance as one of its most important management issues. Our aim is to have our customers and society, as well as our shareholders and investors, place even greater trust in us and to ensure that Honda is a company that society wants to exist.

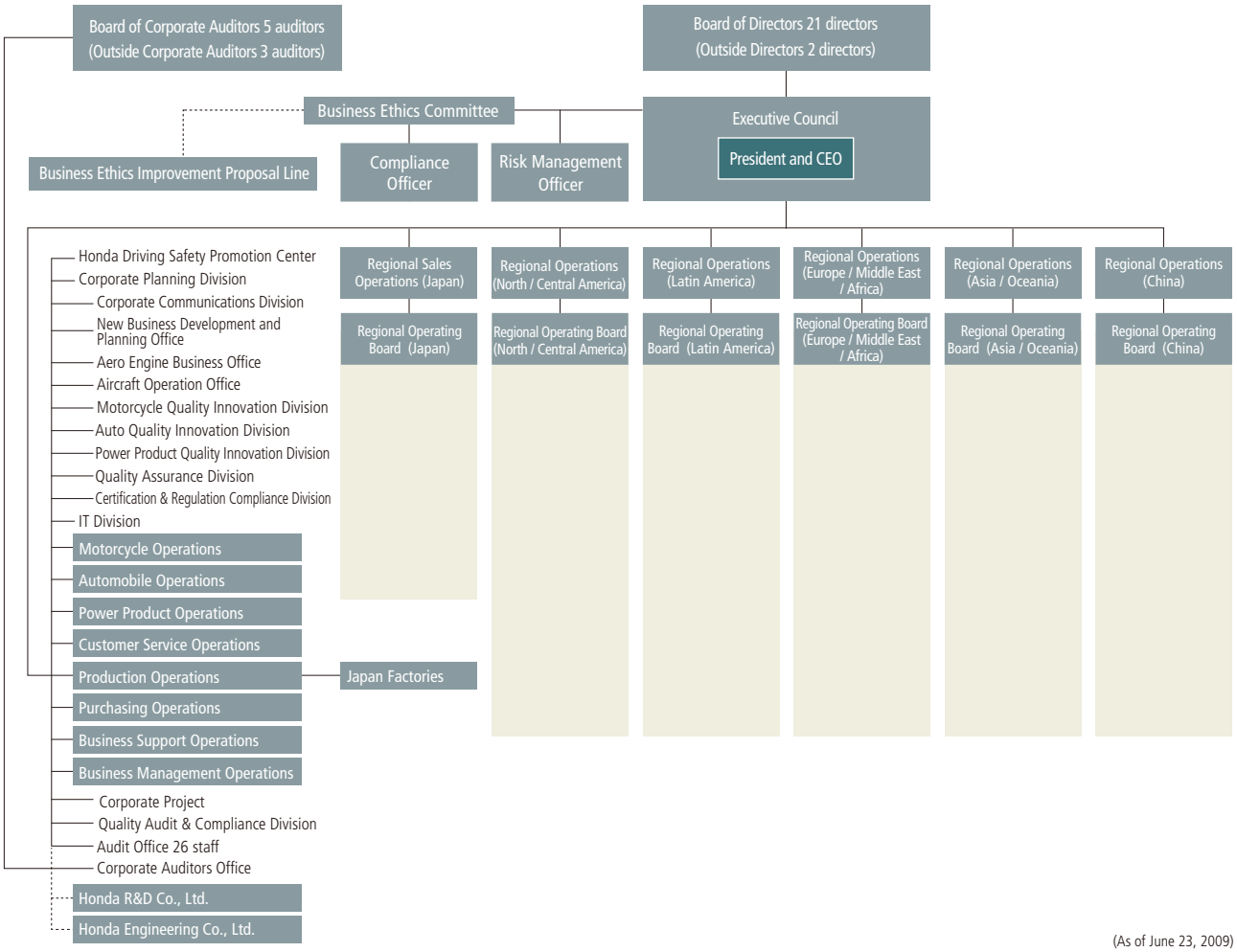
To ensure objective control of the Company's management, outside directors and outside corporate auditors are appointed to the Board of Directors and the Board of Corporate Auditors, which are responsible for the supervision and auditing of the Company. Honda has also introduced an operating officer system, aimed at strengthening both the execution of business operations at the regional and local levels and making management decisions quickly and appropriately. The term of office of each director is limited to one year, and the amount of remuneration payable to them is determined according to a standard that reflects their performance in the Company. Our goal in doing this is to maximize the flexibility with which our directors respond to changes in the operating environment.

With respect to business execution, Honda has established a system for operating its organizational units that reflects its fundamental corporate philosophy. For example, separate headquarters have been set up for each region, business, and function, and a member of the Board of Directors or an operating officer has been assigned to each headquarters and main division. In addition, by having the Executive Council and regional operating boards deliberate important matters concerning management, the Company implements a system that enables swift and appropriate decision making.

With respect to internal controls, compliance systems and risk management systems have been designed and implemented appropriately following the basic policies for the design of internal controls decided by the Board of Directors.

To enhance even further the trust and understanding of shareholders and investors, Honda's basic policy emphasizes the appropriate disclosure of Company information, such as by disclosing financial results on a quarterly basis and timely and accurately giving public notice of and disclosing its management strategies. Honda will continue raising its level of transparency in the future.

Corporate Governance: Organization



(As of June 23, 2009)

Corporate governance: policy

Board of Directors

The Board of Directors consists of 21 directors, including two outside directors. The Board deliberates important matters related to business execution and other items designated by law based on its established deliberation standards, assesses business risk, and then makes decisions on such matters after due consideration. The Board also controls and supervises the execution of management. The Board met 10 times in FY2009.

Board of Corporate Auditors

The Board of Corporate Auditors consists of five corporate auditors, including three outside corporate auditors. In accordance with the Company's auditing standards, auditing policies, apportionment of responsibilities, and other such matters as determined by the Board of Corporate Auditors, each corporate auditor audits the directors' execution of duties. Corporate auditors accomplish these audits through various means, including attending meetings of the Board of Directors and inspecting the state of the Company's assets and liabilities. In addition, a Corporate Auditors' Office was established to provide direct support to the Board of Corporate Auditors. In FY2009, the Board of Corporate Auditors met 13 times.

Decisions Regarding Director Candidates

Candidates for directors are decided by resolution of the Board of Directors. Candidates for corporate auditors are decided by resolution of the Board of Directors, subject to the agreement of the Board of Corporate Auditors.

Director remuneration

The total amount of remuneration and bonuses of directors and corporate auditors is determined according to criteria that reflect their performance in the Company.

Remuneration for directors and corporate auditors is paid based on criteria approved by the Board of Directors, and it is paid within the extent of the maximum amount resolved by the Ordinary General Meeting of Shareholders.

Bonuses for directors and corporate auditors are paid based on a decision of the Ordinary General Meeting of Shareholders, taking into consideration the Company's profits during the fiscal year, past bonuses paid, and various other factors.

Accounting Audits

KPMG AZSA & Co. provided auditing services for Honda under the Company Law, Japan's Financial Instruments and Exchange Law, and the U.S. Securities Exchange Act.

Organization

As for the execution of business, the Company has six regional operations around the world to develop business based on its fundamental corporate philosophy. These operations adopt long-term perspectives and maintain close ties with local communities.

The Company's three business operations—motorcycles, automobiles, and power products—formulate the medium- and long-term plans for their business development, and each operation aims to maximize its business performance on a global basis. Each functional operation—such as Customer Service Operations, Production Operations, Purchasing Operations, Business Support Operations, and Business Management Operations—supports the other functional operations, with the aim of increasing Honda's effectiveness and efficiencies.

Research and development activities are conducted principally at the independent subsidiaries of the Company.

Honda R&D Co., Ltd., is responsible for research and development on products, while Honda Engineering Co., Ltd., handles research and development in the area of production technology. The Company actively carries out research and development in advanced technologies with the aim of creating products that are distinctive and internationally competitive.

Business Execution Officer System

The Company has assigned a general manager from the Board of Directors or an operating officer to each regional, business, and functional division, as well as to each research and development subsidiary. By ensuring swift, optimal decision making in each region and workplace, the Company is building a highly effective and efficient business execution system.

Executive Council

The Company has established the Executive Council, consisting of the President, Vice President, and the Senior Managing Directors. Along with discussing in advance the items to be resolved at meetings of the Board of Directors, the Executive Council discusses important management issues within the scope of authority conferred upon it by the Board of Directors.

Regional Operating Boards

To enhance the independence of each regional operation and ensure swift decision making, regional operating boards have been established at each regional operation to discuss important management issues in the region within the scope of authority conferred upon it by the Executive Council.

Internal controls system: fundamental approach and current status

The Company is designing and implementing internal controls systems in accordance with the following basic policies.

1. Systems for ensuring that the execution of duties by the directors and employees is in compliance with the law and the Company's Articles of Incorporation

To secure compliance of Company management and employees with guidelines for conduct in conformity with applicable laws and internal rules and regulations, the Company has prepared The Honda Conduct Guidelines and implements measures to ensure that all management and employees are made aware of and follow these guidelines.

The Company has appointed a Compliance Officer, who is a director in charge of compliance-related initiatives. Other key elements of our compliance system include the Business Ethics Committee and the Business Ethics Improvement Proposal Line.

WEB Honda Conduct Guideline is available at

http://world.honda.com/conductguideline/

From the Honda Conduct Guideline

Compliance

Representing Honda, a company which abides by the law scrupulously, we will demonstrate sincere respect for the law in all our actions.

I) Respect for the Law

• **Proper understanding of the law**
We will understand and abide by the letter as well as the spirit of applicable laws, stay informed of any revisions to the law and take the necessary courses of action.

• **What to do in case of unclear interpretation**
Whenever there is a doubt or unclear interpretation of the law, we will consult with the legal department, government bodies and/or outside experts.

• **What to do if the law has been violated**
Whenever a violation of the law or the risk of such an occurrence is noticed, we will immediately report to or consult with the supervisor or the legal department, or make a proposal to the Business Ethics Proposal Line.

• **Report/notification to government agencies**
We will properly make reports/notifications to government agencies as required by law.

II) Respect for Company Rules

• **Proper understanding of company rules**
We will understand and abide by the letter as well as the spirit of company rules, stay informed of any revisions and take the necessary courses of action.

• **What to do in case of unclear interpretation**
Whenever there is a doubt or unclear interpretation of a company rule, we will consult with the department that created the rule to confirm proper understanding.

• **What to do if rules have been violated**
Whenever a violation of a company rule or the risk of such an occurrence is noticed, we will report to or consult with the supervisor or make a proposal to the Business Ethics Proposal Line.

• **Report/notification**
We will properly make reports/notifications as required by company rules.

III) Respect for Social Norms

As members of society, we will behave ethically and in accordance with the common sense of the community in which we operate.

2. Retention and management of information on execution of business by directors

Minutes of the meetings of the Board of Directors and other important meetings as well as information related to the execution of business by the directors will be retained and stored appropriately following the policy for the retention and management of documents.

3. Regulations and other systems for management of the contingencies of losses

Important items related to management are proposed to the Board of Directors, the Executive Council, and/or Regional Operating boards, risks are assessed and then decisions are made after due consideration according to established deliberation standards.

Regarding risks that are to be dealt with on a departmental basis, each department will work to prevent the emergence of such risk and develop policies for dealing with them. For large-scale disasters requiring Company-level crisis management, the Honda Crisis Response Rules will be applied, and the member of the Board of Directors in charge will be appointed as the Risk Management Officer, who will be responsible for designing and implementing related systems.

4. Systems for ensuring that the execution of business by the directors is being conducted efficiently

In line with its fundamental corporate philosophy, Honda has established organizational operating systems for each region, business and function, and a member of the Board of Directors or an operating officer has been assigned to each headquarters and main division. In addition, by having the Executive Council and regional operating boards deliberate important matters concerning management, the Company implements a system that enables swift and appropriate decision making.

To conduct management efficiently and effectively, business plans are prepared on an annual basis and for the medium term, and measures are taken to share these plans.

5. Systems for ensuring that the corporate Group, comprising the Company and its subsidiaries, conducts business activities appropriately

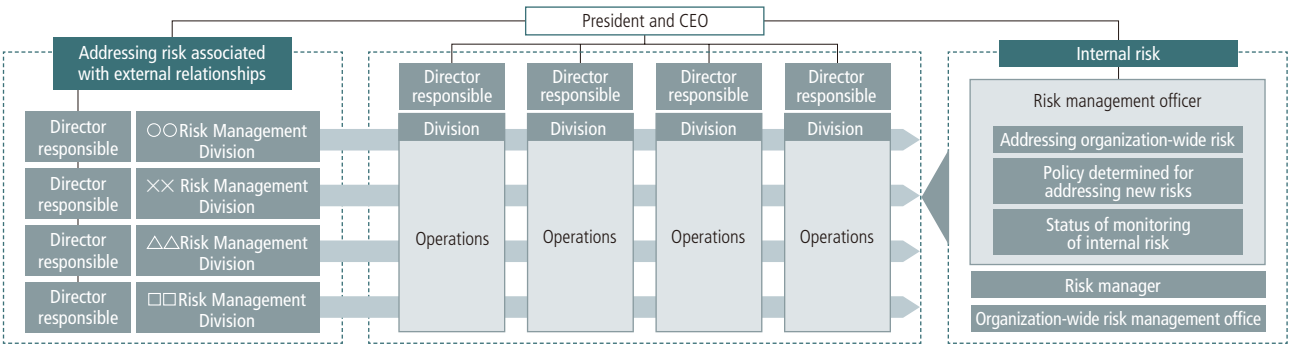
The Company and its subsidiaries share The Honda Conduct Guideline and the basic policy regarding corporate governance. In addition, each subsidiary works to promote activities that are in compliance with the laws of countries where they operate and practices observed in their respective industries as they endeavor to enhance corporate governance.

Regarding the conduct of business by subsidiaries, rules relating to monetary settlements have been established, and, regarding important management items, internal rules have been prepared that require prior approval of the Company or the submission of reports. In addition, the business management department of the Company receives reports on business plans and other matters on a periodic basis from subsidiaries and confirms the appropriateness of the conduct of activities.

The Company's Audit Office, which is an independent unit reporting directly to the President, audits the status of conduct of business activities in each department and works to improve the Honda Group's internal auditing systems.

For companies accounted for under the equity method, the Company requests their understanding of and cooperation with Honda's basic corporate governance policies and endeavors to improve corporate governance on a Group-wide basis.

Crisis risk management system



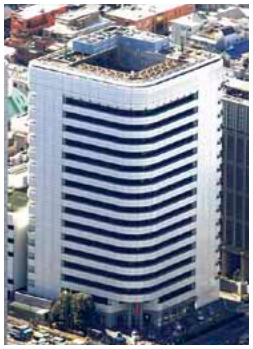
Profile

Operating in accordance with the principles of respect for the individual and the Three Joys since its foundation in 1948, Honda has been meeting and anticipating the needs of societies and helping people realize their dreams, primarily through the production and sales of motorcycles, automobiles and power products.

In addition to its focus on creating value in the form of new products and technologies, Honda is engaged in a broad range of initiatives that support sustainable development in our mobile society, particularly through enhanced quality, safety and environmental conservation.

Today, Honda is the world's leading manufacturer of motorcycles and has also grown to become a global leader in automobile and power product manufacturing. Guided by the Power of Dreams, Honda creates a wide range of products and technologies, including humanoid robots, compact business jets and alternative energy products. Realizing dreams in a broad range of business activities and striving to be a company that society wants to exist, Honda is fulfilling its commitments to stakeholders and sharing joy with people worldwide.

Company name :	Honda Motor Co., Ltd.
Head office:	2-1-1 Minami Aoyama, Minato-ku, Tokyo 107-8556, Japan
Tel:	+81-(0)3-3423-1111
Established:	September 24, 1948
President and CEO:	Takanobu Ito
Capital:	JPY 86 billion (as of March 31, 2009)
Number of employees :	26,471 (as of March 31, 2009)



Automobiles

- Passenger vehicles
- Commercial vehicles
- Special-needs vehicles
- Utility vehicles

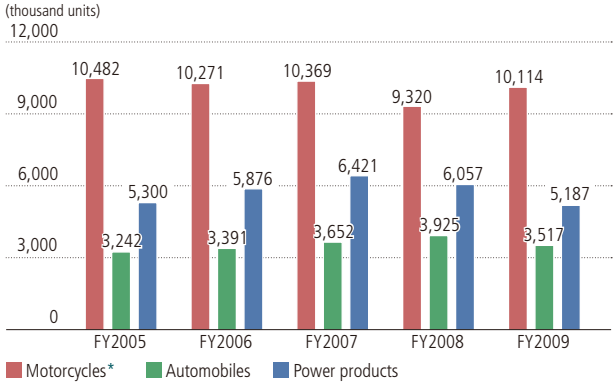
Motorcycles

- Scooters
- Sports motorcycles
- Commuter motorcycles
- ATVs

Power Products

- Power product engines
- Tillers
- Marine outboards
- Generators
- Lawnmowers

Sales by product segment



*Does not include production/sales of Honda-brand motorcycles overseas by equity-method affiliates with respect to which no parts manufactured by Honda or its affiliates have been supplied.

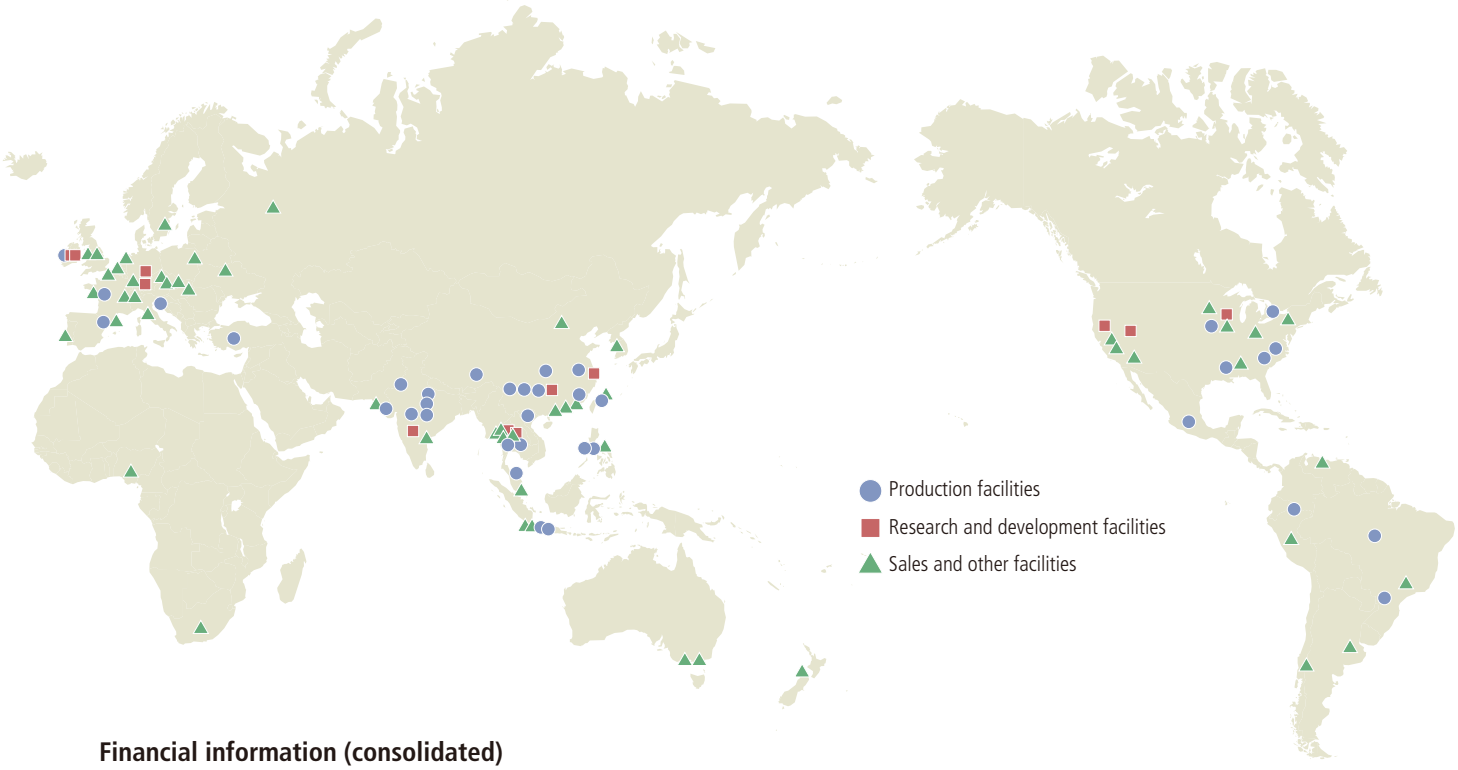
Global operations

At 68 production facilities in 28 countries and territories and at 43 research and development facilities[1] in 13 countries, about 182,000 Honda associates work to enrich the lives of some 24 million customers each year. Our global operations have grown because Honda delivers genuine satisfaction and has a policy of manufacturing products close to the customer.

In accordance with this policy, Honda's global operations are divided into six administrative regions responsible for local operations. Hiring associates and procuring parts and materials locally while engaging in philanthropic initiatives in the communities that host our operations, we have promoted the independence of our local management and sales operations. At the same time, to ensure optimal, integrated and forward-looking planning for each region, certain functions related to motorcycle, automobile and power products production, as well as customer service, purchasing, production, administration and personnel administration, are overseen from the global headquarters.

The Honda Group, which comprises 507 companies worldwide, operates in accordance with shared conduct guidelines. These help member companies and their associates appropriately evaluate and manage risk, comply with laws and regulations, maintain a high level of transparency in business operations, and work as one to maximize customer trust and the value of the Honda brand.

[1]As of March 31, 2009



Financial information (consolidated)

		March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Sales and income (unit: million yen)	Net sales	8,650,105	9,907,996	11,087,140	12,002,834	10,011,241
	Income before taxes	656,805	814,617	792,868	895,841	161,734
	Net income	486,197	597,033	592,322	600,039	137,005
Research and development expenditures (unit: million yen)		467,754	510,385	551,847	587,959	563,197
Capital expenditures (unit: million yen)		373,980	457,841	597,958	668,228	635,190
Sales by region (unit: million yen)	Japan	1,699,205	1,694,044	1,681,190	1,585,777	1,446,541
	Overseas	6,950,900	8,213,952	9,405,950	10,417,057	8,564,700
	Total	8,650,105	9,907,996	11,087,140	12,002,834	10,011,241
Number of employees		137,827	144,785	167,231	178,960	181,876

HONDA

The Power of Dreams