

HONDA

The Power of Dreams

Striving to be a company society wants to exist

CSR Report
2010



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 responsibility (CSR).

For FY2010, we are providing comprehensive and detailed reporting of our CSR activities online in a web edition of the report.

The PDF edition gives priority to information of an annually changing nature and focuses on the three important CSR themes of quality and safety, environmental responsibility, and engagement with society.

Both reports have been compiled with reference to the GRI* Sustainability Reporting Guidelines.

It is our hope that this report will facilitate a better understanding of Honda's CSR activities on the part of 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.

<http://world.honda.com/CSR/>

CSR website

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

 <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 following publications and Honda's corporate website.

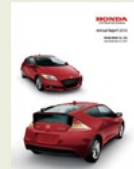


Honda Environmental Annual Report 2010

An outline of Honda's approach to environmental policy, including reports on future targets and the results of major initiatives in FY2010

Published in September 2010

 <http://world.honda.com/environment/report/index.html>



Annual Report 2010

An outline of business results, management strategy, and other aspects of Honda's operations in FY2010

Published in August 2010

 <http://world.honda.com/investors/annualreport/2010>



Driving Safety Promotion Report 2009

An outline of Honda's approach and major initiatives with respect to the promotion of driving safety in 2009

Published in December 2009

(Available only in Japanese)



Honda Philanthropy Website

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

 <http://world.honda.com/community/>

CSR Report 2010

● 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, 2009, to March 31, 2010. 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 the time of publication. Actual results and events may differ.

● Publication date

Current edition: October 2010

Next edition: September 2011

● Inquiries

Please direct inquiries to the CSR Promotion Office, Legal Division, Honda Motor Co., Ltd.

2-1-1 Minami-Aoyama, Minato-ku, Tokyo 107-8556, Japan

Tel: +81-(0)3-5412-1202

Fax: +81-(0)3-5412-1207

CSR Report 2010



Contents

Publication Policy	1
Honda's View on CSR	3
Message from the President and CEO	5
Special Feature 2010 Prevent Global Warming	7
Reducing CO ₂ emission and popularizing renewable energy	
Popularizing solar panels	
Leaders in recycling-oriented environmental conservation	
A Promising Company for the Asian People	13
Developing a business rooted in Asia and promoting traffic safety	
To be an integral part of Asia	
Honda's initiatives for Asia's transport conditions	
Honda and the people of Thailand	
Quality Initiatives	19
Safety Initiatives	24
Environmental Initiatives	27
Customers	31
Suppliers	35
Associates	36
Shareholders and Investors	41
Society	42
Corporate Governance	45

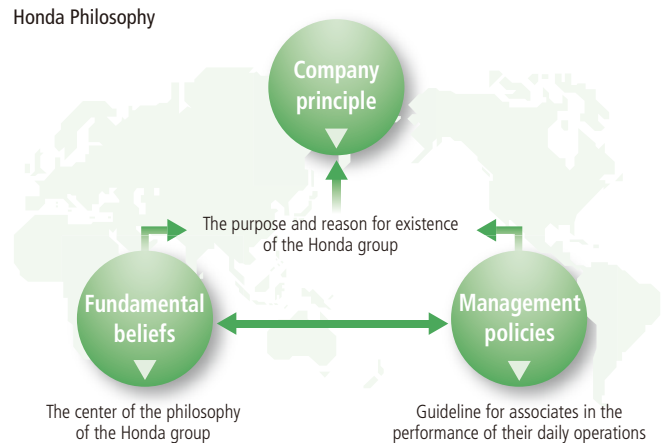
Honda's View on CSR

Honda is striving to be a company that society wants to exist by pursuing CSR initiatives based on the Honda philosophy and sharing joy with people worldwide.

Honda's Roots "Honda philosophy"

Crafted by Soichiro Honda and Takeo Fujisawa, the Honda philosophy forms the basis for all of our corporate activities.

It comprises a set of values that are shared by all Group companies and their employees, setting the standard for conduct and decision-making. Specifically, it consists of fundamental beliefs in terms of respect for the individual and the Three Joys, the company principle, and management policies.



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

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

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

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 activities based on the Honda philosophy

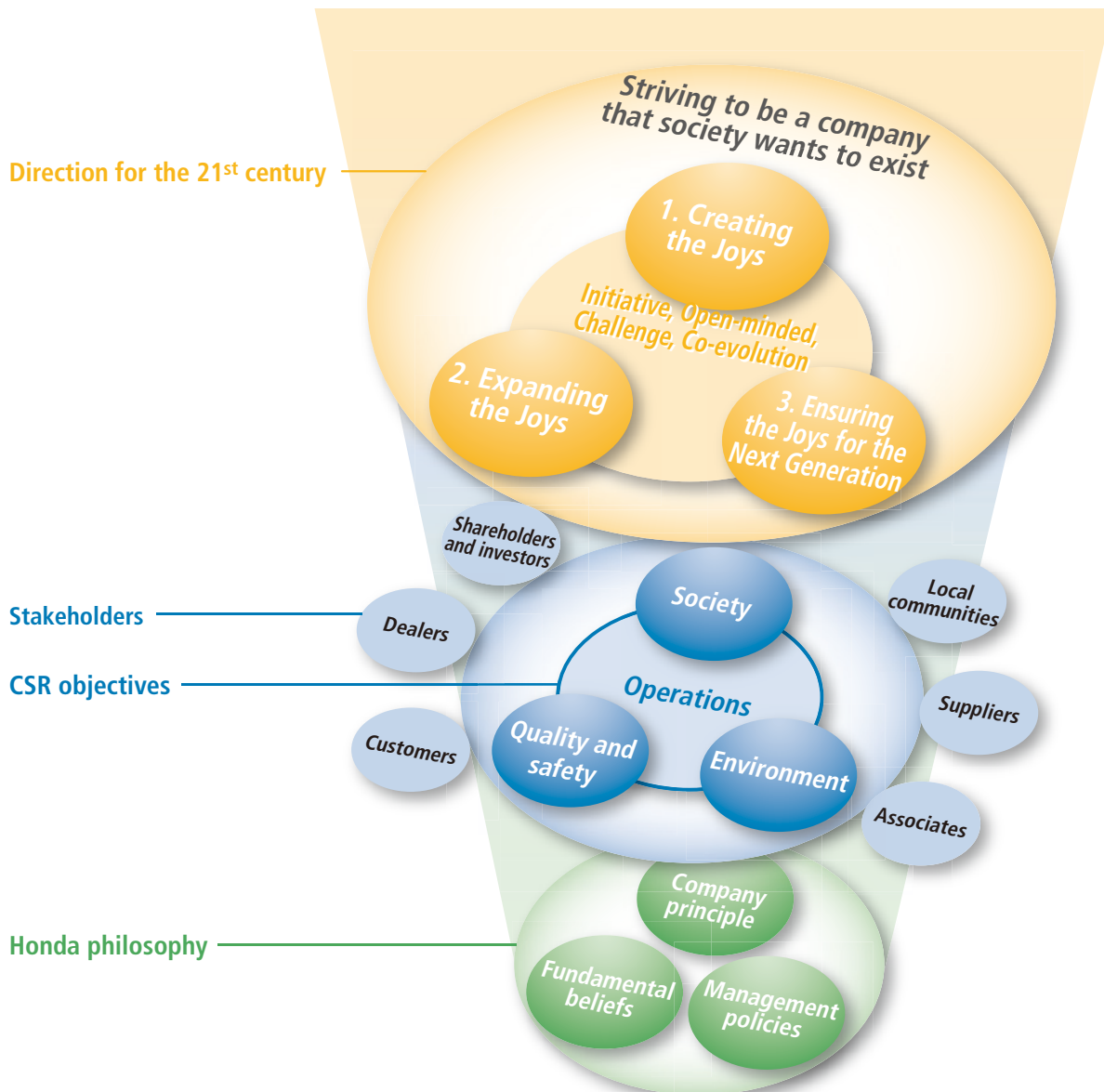
Having embraced the goal of becoming a company that society wants to exist by sharing joy with the people of the world based on the Honda philosophy, Honda is pursuing a range of corporate activities in order to create new value, expand value, and fulfill our commitment to the future while cultivating the freedom of associates to seek out a better way, a willingness to rise to the challenges of the future, and a spirit of collaborative creativity.

“Creating the Joys” means continuing to dream and create new value ahead of the times with free-spirited thinking to

enhance The Three Joys. “Expanding the Joys” means realizing dreams with more people and contributing to local society to expand The Three Joys around the world. “Ensuring the joys for the next generation” means working toward the sustainable development of society and achieving the highest level of environmental and safety performance to ensure The Three Joys for the next generation.

By resolutely pursuing these directions in our activities, fulfilling our social responsibility, and communicating effectively with all Honda stakeholders, including customers, dealers, suppliers, associates, shareholders, investors, and local communities, it is our intention to help bring about a sustainable society.

Honda philosophy/CSR objectives/Directions for the 21st century



Striving to be a company society wants to exist by continuing to create technologies and products with new value

Bringing all Honda's resources to bear in a global effort to strengthen our business structure

We're finally beginning to see subtle signs of a recovery in the global economic slowdown that began with the financial crisis in the United States in 2008. Although a full recovery in our businesses in Japan, Europe, and the United States will take more time, Honda delivered products to more than 24 million customers worldwide through its motorcycle, automobile, and power product businesses in FY2010. I'm confident that these results are the product of a concerted effort on the part of our associates, suppliers, dealerships, and other partners to supply products and services that will please customers while respecting local culture and customs in accordance with our policy of "manufacturing close to the customer," a philosophy Honda has embraced since its founding.

Nowhere is this success more evident than in China, where we sold a record 580,000 automobiles during 2009, and in Thailand, where we are manufacturing the PCX scooter, a strategic global model, and expanding our business from Asia to the world.

Nonetheless, the business environment in which we operate continues to be a challenging one, and I recognize that it is essential for Honda Group companies worldwide to come together to strengthen our business structure through the targeted application of limited management resources to key segments of our operations.

We also face challenges in fulfilling our responsibilities as a manufacturer of mobility solutions. Consistent with our historic commitment to manufacturing high-quality products that will

please customers, we will endeavor to provide even better products by redoubling our quality assurance activities.

Striving to be a leader in environment and safety

During 2010, we launched the CR-Z sport-type hybrid, which combines environmental friendliness with driving pleasure, as well as the Enepo generator, which runs on ordinary household butane gas canisters. We're planning to introduce a number of other environmentally friendly products within the year, including a hybrid model of the Fit hatchback and the EV-neo electric motorcycle. We also plan to contribute to the resolution of environmental issues from the standpoint of renewable energy utilization by promoting use of residential cogeneration units and thin-film solar panels, which use less energy and generate lower CO₂ emissions during the manufacturing process than conventional silicon-based solar panels.

Additionally, the Ogawa Plant, which began operations in 2009, is striving to implement environment- and people-friendly operations, particularly through initiatives to reduce energy consumption. The facility has been designed with future generations in mind, for example by minimizing generation of waste products during the plant's future demolition, using recyclable building materials, and making use of construction techniques that minimize the structure's environmental impact.

How do we make products environmentally friendly? How do we make them useful and convenient? How do we make them fun to use? Honda is committed to bringing its full resources to bear on the effort to realize a low-carbon society by developing technologies for reducing CO₂ while sharing joy and excitement with its many customers and other stakeholders.

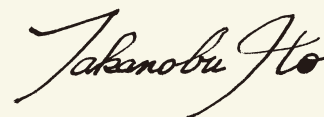
Honda has led other companies in developing proprietary technologies for dealing with safety issues, in keeping with its Safety for Everyone philosophy. Honda strives to pursue safety initiatives by taking advantage of the uniqueness of these technologies.

Striving to realize a sustainable society through a Group-wide effort to provide new value

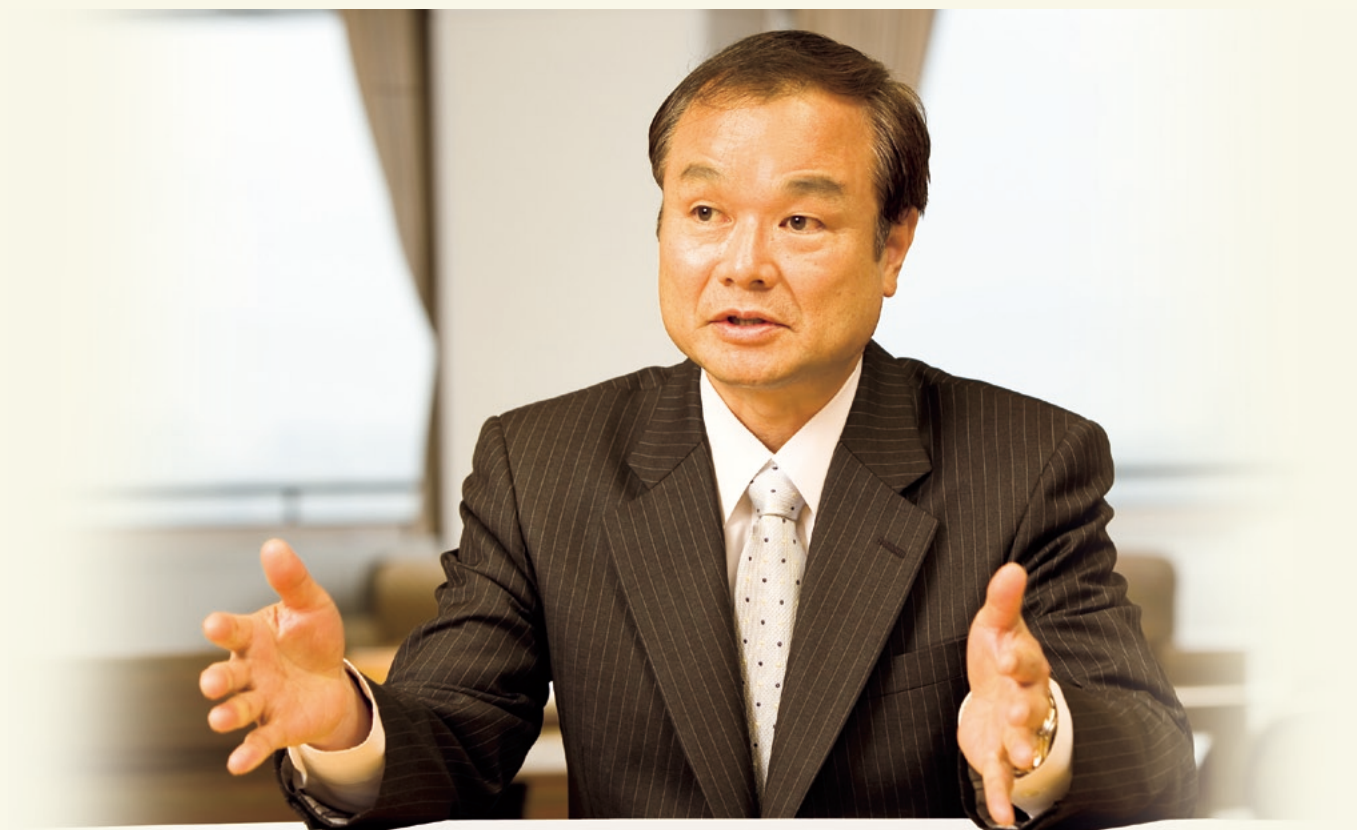
The Honda Philosophy, which includes fundamental beliefs in terms of respect for the individual and the Three Joys, forms the basis for all corporate activities and serves as the standard for conduct and decision-making by all associates of Honda Group.

We have sought to live up to the principles of this philosophy by working to communicate the freedom and joy of mobility to all the people of the world through our motorcycle, automobile, and power product businesses as well as through projects such as ASIMO, HondaJet, and new mobility technologies such as Walking Assist.

Creating products and technologies that offer new value and exceed the expectations of our customers and stakeholders worldwide, we are striving to be a company that society wants to exist. Honda associates are uniting worldwide, taking on the challenge of fulfilling our responsibility to society.



Takanobu Ito
President and CEO



Special Feature 2010

Prevent Global Warming

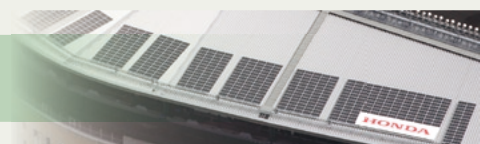
Reducing CO₂ emissions and popularizing renewable energy

Based on an awareness of its responsibility to reduce environmental impacts in all areas of corporate activity as well as from the use of its products, Honda is actively involved in environmental conservation. As a critical first step in ensuring initiatives can be carried out effectively, it is necessary to formulate specific measures and establish objectives in individual action areas based on a consideration of the environmental impacts of corporate activities and product use.

To this end, we have adopted the Life Cycle Assessment (LCA) approach for evaluating environmental impacts throughout the product life cycle, allowing us to develop specific initiatives to address issues in each of several domains based on an analysis of current environmental impacts (see p.27).

This special feature profiles two FY2010 initiatives—involving sales and popularization of thin-film solar panels and environmentally friendly production facilities—developed to address the need to reduce environmental impacts in the LCA domains of product development, purchasing, production, transportation, sales and service, product recycling, and administration.

Popularizing solar panels



Honda launched its solar power business in 2002. Our proprietary non-silicon solar panels feature low CO₂ emissions during production, making them a natural fit for the LCA approach that forms the basis of our environmental activities. We believe that the popularization of environmentally friendly Honda thin-film solar panels worldwide will help realize a sustainable future.

Hanshin Koshien Baseball Stadium installs solar panels manufactured by Honda Soltec Co., Ltd.

Honda thin-film solar panels now cover the enormous roof known as “Ginsan” at Hanshin Koshien Stadium. The system was installed in March 2010 as part of a series of renovations at the facility. The appearance of this new symbol at the historic stadium highlights the facility’s environmental friendliness, and the renovated stadium has already become a new landmark in the Kansai region. Honda’s environmentally friendly solar panels are helping to build a foundation for sustainable local communities.

Case study: Hanshin Koshien Stadium

A more open, environmentally friendly stadium



Mr. Yasuhiko Okada
Building Design and Construction
HANSHIN ELECTRIC
RAILWAY Co., Ltd.
(at the time of interview)

Ms. Sayoko Mori
Hanshin Koshien Stadium
HANSHIN ELECTRIC
RAILWAY Co., Ltd.

Hiroshi Aoyama
Sales & Marketing Division
Honda Soltec Co., Ltd.

Mr. Okada In renovating the Ginsan (the large roof covering the stands, a hallmark of Hanshin Koshien Stadium), we not only added facilities to reuse rainwater and installed solar panels, but also installed an energy-saving climate control system and worked to restore the ivy for which the stadium is famous.

Ms. Mori Restoring the ivy, which is more than 80 years old, is precisely what we mean by maintaining the stadium’s history and traditions, and it has also served to make the facility more environmentally friendly by “greenifying” its walls. We plan for the structure to have reverted to its former look after about 10 years.

Mr. Okada Until now, the facility had been using well water for cleaning purposes and to water the grass on the field. Now we’ve reduced our use of well water by capturing runoff from the stadium’s Ginsan roof in an enormous tank for later reuse.

We also looked at how we could reuse energy by taking advantage of the large Ginsan roof to install solar panels. We became aware that Honda manufactures solar panels while we were considering various manufacturers’ products and decided to consider a Honda Soltec system based on the strength and reliability of the Honda brand as

An environmentally friendly stadium

Ms. Mori In our renovations of the aging stadium facilities, we pursued the three concepts of improving comfort, improving safety, and maintaining the site’s history and traditions, all under an overarching theme of creating an environmentally friendly stadium.



creative when calculating the optimal number of panels to install in the system.

Additionally, we asked Honda Soltec to take an unusual approach to the project by manufacturing a large number of panels and then installing them on the Ginsan all at once in order to avoid interfering with Phase III exterior construction work. Although only about one month has passed since the system was installed, we've already seen it generate about 150 kilowatts on an instantaneous basis even though it's winter, so we expect to reach our goal of offsetting one year's worth of night game lighting for the Hanshin Tigers.

well as our strong impression that the company's environmental initiatives were particularly advanced compared to other companies. Ultimately, we chose a Honda Soltec system since a next-generation, low-environmental-impact product known as CIGS solar panels perfectly fit Hanshin Koshien Stadium's vision of becoming an environmentally friendly stadium.

Mr. Aoyama Honda's thin-film solar panels are distinguished by the fact that they require only about half of the manufacturing energy of conventional crystalline silicon solar panels. Thanks to this advantage, Hanshin Koshien Stadium was interested in the product and ultimately ended up installing 1,600 panels at their facility.

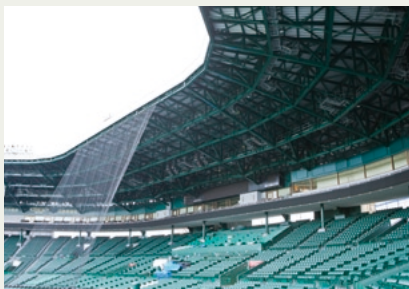
This level of performance should allow the solar panels to cover about 5.3 percent of the stadium's overall power consumption.

Mr. Aoyama It took two years from the time we were first contacted by Hanshin Koshien Stadium until the project was completed.

Our client, the Hanshin Tigers fans, have expressed satisfaction that Honda Soltec products are being used at the stadium, and their enthusiastic reaction is the ultimate reward for our hard work in tackling the challenges of this unique project.

Mr. Okada Everyone now recognizes the need to address global environmental issues on behalf of future generations. Although various aspects such as the project's cost-effectiveness presented challenges, I'm confident that the installation of solar panels at Hanshin Koshien Stadium will have the effect of raising the public's awareness.

Mr. Aoyama I'm both proud and grateful that by installing solar panels from Honda Soltec at Hanshin Koshien Stadium, we can help communicate the importance of environmental issues to children of the next generation.



The renovated Ginsan plays a new role thanks to rain collection capabilities and a solar panel installation.

Becoming an open stadium to help create a sustainable regional society

Solar panels at the Stadium

Mr. Okada We knew that installing a large number of solar panel modules would place a large load on the Ginsan, raising the possibility that expensive structural changes would be needed to strengthen support columns. To avoid increasing the cost of the project, we gave Honda Soltec some fairly difficult requirements in terms of the system's mounting frames and installation.

Mr. Aoyama Since there was no way to reduce the weight of the solar panels themselves, we tried a number of different approaches to streamline the system's mounting frames and other mounting hardware. On the other hand, we also had to ensure the system was strong enough to withstand the wind strength obtained from wind tunnel experiments conducted at the stadium. We also sought to give the solar panels a non-intrusive appearance by installing the mounting frames and wiring so that they would not be visible when the stadium was photographed from the air and by arranging the panels in a symmetrical layout.

Mr. Okada Due to a desire to ensure optimal visibility for guests, the new Ginsan interior support columns are fairly small in diameter. The strength of these columns limited the area in which solar panels could be installed, which made Honda Soltec's task a difficult one. Furthermore, dramatic differences in power consumption between the baseball season and the off-season forced the manufacturer to get

Ms. Mori I think that taking advantage of this solar power project to share environmental awareness with Hanshin Tigers fans is a type of social contribution to which Hanshin Koshien Stadium is uniquely suited. We've installed monitors that display the amount of power being generated in second-story infield seating aisles, and the team mascot explains how the system helps reduce CO2 emissions in an easy-to-understand manner. Our hope is that a visit to Hanshin Koshien Stadium will serve to inspire spectators to think about installing solar panels on their own house.

Mr. Okada I think the fact that the renovation project went beyond mere repairs to incorporate solar panels and other environmental initiatives is also meaningful from the standpoint of corporate CSR.



Two monitors have been installed in second-story infield seating aisles (on the first- and third-base sides). The system has already reduced CO2 emissions by 13,975 kilograms since its installation, equivalent to a forest about 1.1 times the size of the stadium. (As of May 9, 2010)

Promoting installations of solar panels throughout Honda Group

Honda is encouraging factories and dealerships nationwide to install solar panels. Many production facilities in Japan and overseas, including Kumamoto Factory next to Honda Soltec Co., Ltd., which manufactures and sells solar panels, have installed the panels. Several dealerships have taken the initiative to install solar panels, leading Honda Group companies' environmental activities. In February 2010, Dongfeng Honda Automobile Co., Ltd., (Dongfeng Honda), an automobile production and sales joint venture in China, installed thin-film solar panels on its office building. The company also plans to install the panels on its No. 2 Factory, which is currently under construction.

Japan dealership initiatives: Honda DREAM Matsusaka

"Because we're a new dealership, new initiatives appealed to us. We wanted to be the first motorcycle and scooter dealer to install Honda's solar power system."



Shigeki Inaba
President
Honda DREAM Matsusaka

Honda DREAM Matsusaka opened in September 2009. Based on my belief that joining together with local residents to actively think about how environmental issues can be addressed is both a trend of our times and the appropriate role of a dealership with deep local roots, I wanted to install a solar power system from the beginning.

And since Honda motorcycles are an environmentally friendly mode of transportation, I think we can meet those expectations by combining them with solar power. In terms of the challenge of creating new value and innovation, I'm grateful that Honda DREAM Matsusaka was able to become the first motorcycle and scooter dealership to install a solar power system.

"The numerical feedback from installing a solar power system has given rise to new awareness and behavior."

Having numerical data detailing the operation of our solar power system displayed in the dealership has given rise to some changes.

First, employee awareness has undergone a change. Being able to see how much electricity is being used has created opportunities to realize where waste is occurring, prompting workers to be much more careful about turning off switches when lights and other equipment



A total of 140 solar panel modules manufactured by Honda Soltec Co., Ltd., have been installed on the roof of Honda DREAM Matsusaka, providing 16 kilowatts of generating capacity. The system is expected to generate about 17 megawatt-hours per year.

are not being used. They have also come to see the standby power used by electronic devices in a new light. Next, we've gained a powerful new ability to communicate information to our customers, some of whom express an interest in the system's monitor panel.

We always explain that the monitor panel is part of Honda's solar power system and describe how it works. If we can raise awareness in the local community by making those customers more aware of environmental issues, then I think we have succeeded in spreading Honda's unique message through our solar power system. I can see that the system is exerting a positive influence on people's awareness and behavior. We wanted to provide a pioneering example of how a sustainable society could be brought about for the local community and the children who are growing up here, and I think we've been able to do that in a fruitful way by installing this solar power system.



The dealership has set up a "Solar Power System Monitoring Area" where the current power generation is expressed as a number of fluorescent light bulbs, daily power generation as a number of LCD televisions, and the corresponding reduction in CO2 emissions for the previous month as a number of camphor trees. The creative approach gives customers visiting the dealership a novel way to experience the benefits of the solar panels.

Initiatives at global production facilities: Dongfeng Honda

New initiatives at production facilities



Luo Ning
Manufacturing Control Division
Planning Development Dept.
Dongfeng Honda Automobile
Co., Ltd.

On February 3, 2010, new solar panels at Dongfeng Honda Automobile CO., Ltd., an automobile production and sales joint venture in China, began operating. The system, which is installed on the roof of the company's office building, consists of 864 solar panels with a combined capacity of 100 kilowatts and is expected to cut annual CO2 emissions by 100 tons. Electricity generated by the system is used to power lighting, air conditioners, computers, copiers, water coolers, and other equipment in the building. The installation of the solar panels has had repercussions reaching from the governments of Hubei Province and the city of Wuhan to suppliers, dealerships, and even employees.

Reflecting our belief that the adoption of renewable energy in

the form of solar power should be encouraged, we have installed a display promoting solar power in our auditorium as one way to communicate our active efforts to reduce CO2 emissions to all suppliers and customers who visit the facility. We're also installing the panels at our second automobile production plant, which is scheduled to begin operations in 2012, as part of a plan to use the panels to power some of the work processes that will be performed at the plant. This is the first time this approach has been adopted at a production plant, making it something of an experiment, and it marks the start of a new initiative combining Honda's production and environmental technologies.

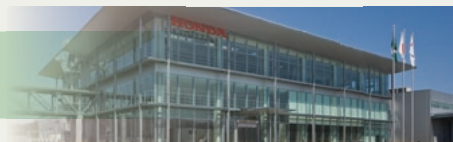


Rooftop solar panels at Dongfeng Honda



A billboard featuring Dongfeng Honda's slogan "Blue Sky for our Children"

Leaders in recycling-oriented environmental conservation



At Honda, we consider environmental conservation activities to be a top priority of our corporate activities, and we're pursuing a Green Factory plan in the production domain to reduce the environmental impact of our operations while making efficient use of limited resources. To this end, construction of the Ogawa Plant at Saitama Factory in Japan, which began operation in the fall of 2009, was based on a policy of becoming a company that inspires pride in the local community by making its factories leaders in recycling-oriented environmental conservation. In a first at the company, Honda implemented a building designed for environmentally responsible demolition by setting forth three guiding principles for the project, giving top priority to environmental friendliness, and incorporating the Life Cycle Assessment (LCA) approach. Going forward, the Ogawa Plant will strive to conserve energy, limit waste product generation, pursue environmentally friendly production activities, conserve the environment, and coexist with its local community. By bringing this approach to bear on Honda's worldwide operations, the company will seek to help bring about a sustainable society.



Jun Watari, Engine Plant Manager at Saitama Factory

Three concepts to drive the world



The Ogawa Plant's bright, open, glass-enclosed entrance incorporates a floor finished with recycled trees from the site.

In 2006, Honda announced the Yorii-Ogawa Project, an effort to build a new, state-of-the-art automobile plant in the area around the towns of Yorii and Ogawa in Saitama Prefecture, in order to rebuild its production system. The new plant would be responsible for manufacturing components ranging from engines to vehicle bodies. Construction began on the Ogawa Plant the following year as a next-generation, environmentally friendly engine manufacturing facility, and the new factory began producing diesel engines for the European market in the fall of 2009.

The Ogawa Plant has committed itself to three principles by which it plans to drive growth of the Honda Group worldwide.

The first principle is reducing energy consumption. The plant is striving to aggressively slash energy consumption per engine manufactured. The second principle is striving to achieve an overwhelming competitive advantage through highly efficient production lines. Honda has already begun implementing flexible production practices, but the company also plans to achieve an

overwhelming competitive advantage by increasing the number of models produced on the same line as part of a multi-model mixed production approach that can be closely linked to markets. The third principle, which involves initiatives to improve the workplace environment in order to create a factory that's friendly for all employees, has led to dramatic improvements in air temperature, noise levels, and oil mist (a form of dust mixed with oil) inside the plant.

Making environmental friendliness a top priority during the construction process led naturally to an approach that took into account the building's life cycle by seeking to reduce waste products not only during construction and use, but also at the time of the structure's eventual demolition.

The construction project also sought to leave the existing mountain ecosystem intact in order to ensure harmony with the surrounding environment. Furthermore, designers worked to build a factory whose commitment to environmental conservation would make the local community proud, for example by creating a green belt around the facility planted with tree species found naturally in the surrounding area.

Having undertaken unprecedented initiatives at the Ogawa Plant, Honda recognizes its responsibility in the future to actively apply the results of that project, including the expertise gained through it, to existing plants in Japan and overseas. We're committed to making steady progress in achieving this vision of the ideal production plant.

Building an environmentally friendly plant that coexists with the local community

Implementing resource and energy savings through new initiatives

The Ogawa Plant is pursuing resource and environmental efficiencies in production in order to dramatically reduce energy consumption per engine manufactured.

For example, part of the engine production process involves melting aluminum and pouring it into a casting machine mold under high pressure. Under the conventional approach to this part of the manufacturing process, a single, large power source is utilized to drive all casting operations. By using smaller power supplies for individual operations, the plant has been able to target energy use for

specific processes, increasing energy efficiency and slashing power consumption by about 50 percent compared to conventional casting machines.

In areas other than production, the plant is making active use of



Air vents provide effective climate control in specific work areas

the power of nature, for example by introducing natural sunlight from outside the plant. In order to reduce power used for lighting, the plant has installed skylights in the roof and windows on the upper portions of walls, providing useful light while limiting solar radiation heat. The facility is also working to reduce the amount of energy used by its climate control systems. The adoption of displacement air-conditioning systems to more effectively condition air in discrete work areas, for example the casting area where molten aluminum is used to cast engine blocks and the machining area where engine parts are ground and holes drilled at a high level of precision, has yielded significant reductions in climate control energy consumption.

Visualizing plant operations with an environmental management system



Monitoring using a system that manages energy consumption

While it has been impossible in the past to quantify the benefits of energy conservation efforts in certain departments, the Ogawa Plant developed a central control system capable of managing energy consumption for all processes. This system allows energy consumption to be visualized on a department-by-department basis.

By analyzing this data from a variety of perspectives and utilizing the PDCA cycle (Plan, Do, Check, Action), the plant is striving to reduce energy use on an ongoing basis. Additionally, management of the type and volume of waste products generated by each department is driving visualization of waste product information.

The plant has implemented a waste product management system that allows waste to be weighed by type and department thanks to the practice of sorting in normal operations. When waste products that have been sorted into recovery bins in accordance with sorting procedures are weighed, the name of the waste product and responsible department as well as weight information is sent to the

waste product information management server. The plant analyzes how waste products are being generated over time based on this detailed data and puts the information to use in optimizing waste product processing and limiting waste product generation.

Building a plant that will inspire pride in the local community

The Ogawa Plant is striving to become a leader in recycling-oriented environmental conservation so it can help leave a beautiful environment (symbolized by blue skies) to the local community and its children. Since there is a marsh that is home to Japanese fireflies to the north of the plant, designers took the surrounding environment into account and worked to ensure that the existing mountain ecosystem would remain intact once the construction project was completed. A total of about 2,000 trees that were felled to make space for the plant were recycled in the form of flooring materials and wood chips for use in plant beds to protect against dust and weeds while retaining moisture. In April 2009, the plant invited about 50 students from the town of Ogawa's six elementary schools and four middle schools to help plant seedlings representing species found naturally in the surrounding mountain ecosystem on the plant's site, highlighting the facility's involvement of children of the next generation in initiatives to coexist with the environment.

The plant has also greenified its roof using thin-film solar panels and rainwater on an experimental basis. Electricity from the solar panels is used to pump rainwater captured from the roof up from underground storage tanks to automatically water grass on the roof, forming a naturally circulating system. Visitors can tour the setup, and the plant plans to make use of the system in the future to help children learn about the environment.



Rooftop greenification and solar panels

Interview with the mayor of the town

A town in which modern factories can coexist with nature



Mr. Kihei Kasahara
Mayor
Ogawa-machi,
Saitama Prefecture

The existence of about 2,900 animal species, including the Japanese firefly, and 1,350 plant species has been confirmed in the town of Ogawa. We are privileged to live in an exceptional natural environment with a high level of biodiversity. Our entire town has put significant effort into addressing environmental issues, for example by adopting an Environmental Conservation Ordinance in December 2004.

I had heard that Honda is a company that cares about the environment and values local communities, and I saw that to be the case when I visited a Honda plant in Greensburg, Indiana, the year before last. In fact, our community welcomed Honda when they chose the town of Ogawa as the site for their new plant, with many residents expressing confidence that there was no need to worry about environmental issues with Honda.

We were concerned about possible noise issues during the construction of the plant, but Kajima worked with Honda to ensure good communication through a monthly construction newsletter, and in the end, there was not a single complaint.

Since the plant was designed with the community and environment in mind, we're considering using it to help educate local children in the future. Going forward, we're committed to making our town one in which an exceptional natural environment and a super-modern plant can coexist.



Construction Newsletter published by the Kajima Corporation

Initiatives to improve recycling rates

Interview with a project participant

Recycling buildings through initiatives undertaken during the construction phase



Mr. Takaaki Nobori (left) Production Planning Department, Tokyo Architectural Construction Branch Kajima Corporation
Mr. Akira Numajiri (right) Construction Department, Building Construction Management Division Kajima Corporation

Focusing on increasing the recycling rate for interior and exterior materials

Buildings designed to be demolished in an environmentally friendly manner, an approach that seeks to minimize the environmental impact of the structure, including at its demolition, are becoming more common, particularly in residential construction.

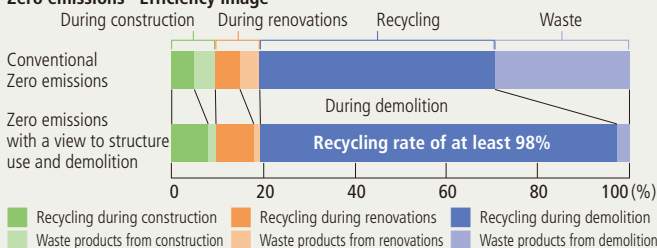
Prior to the start of construction, we held a series of workshops on recycling and reducing waste products with Nihon Sekkei to explore how the concept of a building designed to be demolished in an environmentally friendly manner could be applied to a more permanent structure that would be used over many years. Our approach was a good match for Honda, which is working to create environmentally friendly factories, so the project got the green light.

Our goal for the construction project was to approach a recycling rate of 100 percent for building materials from the plant itself during demolition.

Building materials can be broadly classified as either structural components that serve as the building's skeleton or other interior and exterior materials. The concrete and steel construction materials that form most of the structure are already recycled at a high rate throughout the construction industry, so our attention in this project fell on non-structural interior and exterior materials. Whereas a recycling rate of 50 to 60 percent is considered typical for such materials, our goal for the new building was to approach 100 percent recycling.

We worked to improve the recycling rate for interior and exterior materials from two standpoints. First, we understood that it's important to choose recyclable building materials. After examining whether materials were recyclable from a construction point of view, we worked with Honda and Nihon Sekkei to choose building materials. Next, we had to choose installation methods that would allow building materials to be sorted for recycling at the time of demolition. For example, sound-absorbing panels made of rock wool are often used in ceilings because they can absorb sound in the room. These panels are generally attached with an adhesive, but use of the adhesive makes it difficult to sort and recycle them. For this project, we opted to install the panels with metallic screws so that all ceiling materials could be recycled at the time of demolition.

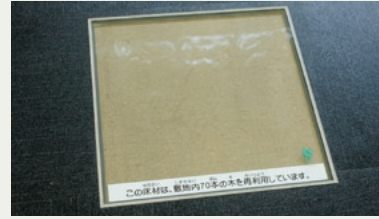
Zero emissions *Efficiency image



* Programs that seek to minimize waste products and discharges of environmentally harmful substances

The screws (metal) and panels can be separated out when the structure is demolished.

In this way, we were able to follow an approach that allows most of the interior and exterior materials to be recycled.



Panel illustrating how trees from the site were reused to manufacture flooring materials

Pursuing a 100 percent recycling rate

In addition to efforts such as these designed to improve the recycling rate for building materials, we sought to reduce waste products generated during construction. Across-the-board cooperation at the construction site was essential in order to achieve this goal. Faced with the need to effect a change in the awareness of a workforce that exceeded 500 employees at its peak and cultivate a culture of responsibility at the site, we worked to ensure thoroughgoing observance of rules by implementing creative educational programs and holding short courses on how to sort waste products at the site during morning meetings. Additionally, the Foreman Association, which plays a supervisory role for workers, began making rounds to inspect how waste products were being sorted at the site. These and other efforts to raise awareness had a significant impact.

Although we were able to achieve a recycling rate for waste building materials of more than 98 percent on a weight basis during renovations and demolition operations for this plant, we believe that architects, designers, contractors, and the construction industry as a whole need to grapple with associated issues, including the development of recyclable building materials and the establishment of recycling routes extending from material collection to processing and distribution in order to achieve a 100 percent recycling rate in the future. Going forward, we're committed to bearing these issues in mind as we take on new construction projects.

Topic

2009 Minister of Land, Infrastructure and Transportation Award for those that have contributed to the promotion of recycling (reduce, reuse, recycle)

Together with Nihon Sekkei, Inc., and the Kajima Corporation, the Ogawa Plant received the Minister of Land, Infrastructure and Transportation Award for those that have contributed to the promotion of recycling from the Reduce, Reuse, Recycle Promotion Council in October 2009. The award recognized efforts to reduce environmental impacts at every stage in the plant's life cycle, including design, construction, use, and demolition. In particular, the three parties were honored for providing an excellent example of how the waste products generated during demolition, which impose the greatest environmental impact during the structure's life cycle, could be dramatically reduced and recycling rate increased.



Nobuhiko Shiozaki of Honda, Senior Project Leader for the Yorii-Ogawa Project, accepts the award on behalf of the three winners.

Special Feature 2010

A Promising Company for the Asian People

Developing a business rooted in Asia and promoting traffic safety

Honda takes a six-region approach to developing its business worldwide (including Japan, North America, South America, Europe, Asia and Oceania, and China) based on its policy of "manufacturing products close to the customer." Among these regions, the importance of Asia and Oceania in Honda's global strategy is increasing, a trend underlined by the fact that the region accounts for some 70% of Honda's worldwide motorcycle sales by volume. Further, automobile production volume in the region reached an all-time high during FY2010. Honda is responding to the region's remarkable growth by developing and supplying better products as well as pursuing environmental activities and working to promote safe driving.

This section introduces Honda's operations in Thailand, where the company has an especially long history, including its philosophy, initiatives, and efforts to promote safe driving, along with thoughts from stakeholders in the country.

To be an integral part of Asia

Prominent among the six regions worldwide where Honda is developing its business is growth in both the company's motorcycle and automobile businesses in Asia, home to many rapidly developing countries such as India and Indonesia, which are frequently described as the major driving force in the global economy. In Asia, a core region in our global strategy, we're pursuing initiatives to provide new value in mobility, enhance traffic safety, and help resolve environmental and social issues while coexisting with the people of the region's many countries.



Fumihiko Ike
Managing Director and Chief
Operating Officer for Regional
Operations (Asia and Oceania)

Living together with the people of Asia

As of 2010, Asia and Oceania accounted for some 70% of Honda's worldwide motorcycle sales by volume, and automobile production volume in the region reached an all-time high during the 2009 calendar year.

Based on its policy of "manufacturing products close to the customer," Honda moved to establish its motorcycle production facility in Thailand in 1965, and since that time, the company has responded to robust demand by playing a role of central importance in the region. In areas where the development of railroads and other modes of public transportation is ongoing and transportation infrastructure has not yet been built out, motorcycles play an essential role in daily work and life by providing mobility.

Vehicles bearing the Honda brand currently enjoy more than

50% market share by sales volume in the region consisting of ASEAN nations and Southwest Asia. In this sense, Honda motorcycles have played a key role in transportation and mobility (for both people and cargo) by supporting Asian growth.

Fueled by economic expansion in the region, the automobile market has grown dramatically along with the motorcycle market over the last 10 years. Honda's City model, which is manufactured in Thailand and sold primarily in Asia, has gained acceptance worldwide for its advanced, third-generation design as well as its improved fuel economy and environmental performance. In 2010, cumulative City production passed 137,400 units in 45 countries around the world. HATC*1 in Thailand, where the City is manufactured, has also made a series of steady contributions to factory localization and overseas



Third-generation City



environmental considerations to customers. As in Japan, traffic safety initiatives include the operation of Honda Safety Driving Centers in each Asian country. At these facilities, we provide education in safe driving techniques to customers and foster the development of driving safety instructors in order to promote traffic safety skills and philosophies for motorcycles and automobiles. Currently, we're focusing our resources on traffic safety education for children of the next generation based on our belief that giving children an opportunity to gain a proper understanding of traffic safety will provide the foundation for traffic safety to take root in each country in the future. Additionally, we're involved in philanthropic activities such as participating with local employees in tree-planting activities

human resources development, for example by providing technical assistance to enable City production in nearby countries. We have also been actively involved in environmental management throughout Asia, including by pursuing certification under the ISO 14001 standard. Over the course of some 50 years of history in the region, we believe we have grown along with our customers by responding steadily to local needs while putting down deep roots in the area, for example by providing mobility solutions to meet local demand and creating employment opportunities by building new factories.

*1 HATC: Honda Automobile (Thailand) Co., Ltd.; an automobile manufacturer and sales company in Thailand.

Environmental and safety initiatives as social responsibility

In addition to helping improve convenience through expanding sales of motorcycles and automobiles, Honda is working throughout Asia to contribute to the resolution of issues such as regional air pollution and growing numbers of traffic accidents, not only through its products and technologies, but also by pursuing environmental and safety educational activities in local communities as part of its commitment to fulfilling its social responsibility.

In terms of specific environmental initiatives, we completed an effort to bring electronically controlled fuel injection (PGM-FI)*2 to all motorcycle models in Thailand in April 2010 in anticipation of future environmental regulation in Asia. Because improvements in environmental impacts like CO2 emissions from products are not as apparent as those in more tangible aspects of vehicle performance such as fuel economy, we're working hard to communicate the benefits and significance of performance improvements and

and establishing funds to support young people who cannot afford a higher education. Going forward, we will continue to work in partnership with national governments and local communities to devote resources to philanthropic activities such as the promotion of traffic safety and efforts to raise environmental awareness.

*2 Electronically controlled fuel injection (PGM-FI): A system that detects operating conditions in the engine with various sensors, calculates the optimal quantity of fuel to inject, and supplies it directly to the engine's cylinders.

Doing everything to make dreams come true

Based on our philosophy of contributing to the world and its people, we're committed to inspiring joy on the part of customers worldwide by providing them with the best possible products and contributing to the development of society. The "dreams" described by founder Soichiro Honda and mentioned in our slogan "The Power of Dreams" form the point of departure for everything we do. By this we don't mean the dreams of engineers, who are by definition a limited group of people, but rather the dreams and aspirations that emerge from the lifestyles of people around the world—it is these dreams that we strive to transform into reality.

We will do our best as a manufacturer of mobility solutions to make dreams reality for customers who want motorcycles to help support themselves in developing nations so that they can lead a more fulfilling life as well as customers who want to drive automobiles with exceptional quality and driving and environmental performance.

Honda is committed to pursuing activities worldwide to help make the dreams of people around the world come true.



PCX, a strategic global model manufactured in Thailand with PGM-FI



A class at a Safety Driving Center (in Thailand)



Honda's initiatives for Asia's transport conditions

In fostering widespread use of motorcycles and automobiles, the development of traffic infrastructure provides increased opportunities for traffic accidents. As part of an effort to reduce the number of traffic accidents in Asia, Honda is working to raise traffic safety awareness and promote safe driving practices by establishing Safety Driving Centers in countries throughout the region.

Transportation in Asia and the establishment of Safety Driving Centers

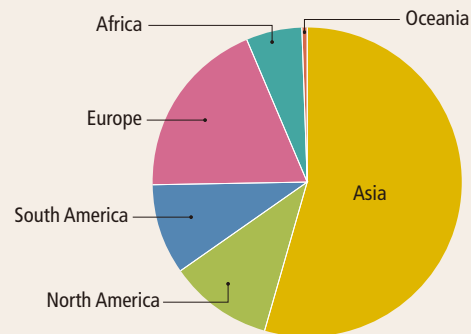
Motorcycles have entered into widespread use in Asia as a life-supporting mode of transportation. In recent years, the rapidly increasing popularity of automobiles has led to the development of a complex mixed transportation system in which motorcycles and automobiles share the road. Fatalities in traffic accidents are also surging, pointing to an urgent need for initiatives to spread awareness of traffic safety.

Honda began working to promote traffic safety in Japan in 1970, when it launched the Driving Safety Promotion Center. Today, we have established Traffic Education Centers in eight locations throughout Japan (one each in Tochigi, Saitama, Chiba, Shizuoka, Mie, and Fukuoka, and two in Kumamoto). These facilities offer programs including courses in how to safely operate motorcycles and automobiles as well as driving safety trainings for companies and groups.

We've also opened Safety Driving Centers in other Asian countries. Like their sister facilities in Japan, they offer courses in how to safely operate motorcycles and automobiles, driving safety workshops for companies and groups, and other programs. In some countries and regions, these facilities have obtained governmental approval to

grant drivers licenses, and they serve as driving schools. We're also involved in awareness-raising programs designed to promote safe driving in local communities with the cooperation of local dealers, schools, and government agencies.

Comparison of worldwide traffic accident fatalities



This diagram groups the number of annual traffic accident fatalities in each country during either 2006 or 2007 by region. Figures include victims who died within 1, 7, and after 31 days as well as victims who died instantly or within 1 year. Prepared with reference to statistics presented in "14-5 Traffic Accidents" in World Statistics 2010 (edited by the Ministry of Internal Affairs and Communications Statistical Research and Training Institute and published by the Ministry of Internal Affairs and Communications Statistics Bureau).

TOPIC

Thailand: Honda Safety Driving Center opens

On April 2, 2009, the largest Honda Safety Driving Center in the ASEAN region opened in Thailand. Honda has been actively involved in promoting traffic safety and safe driving in Thailand since 1989, including by opening a Honda Safety Riding Center for motorcycles in the suburbs of Bangkok in 1994. Today, a total of 10.9 million people, or one in six Thai residents, have received traffic safety education from Honda in Thailand.



India: Honda offers a short-term motorcycle driving safety course for women

Honda Motorcycle & Scooter India (HMSI) is offering a short-term course in motorcycle operation for women. HMSI staff join female instructors to offer lessons in an extremely approachable format that has proven very popular with local women. Honda is working not only to promote motorcycle driving safety, but also to encourage the autonomy of local women through its "Power to Women" campaign.



Singapore: Honda opens an automobile driving school that include a full-scale multi-story driving circuit

On March 3, 2010, the Singapore Safety Driving Center reopened as the first automobile driving school in Southeast Asia to offer a full-scale multi-story driving circuit. The facility began offering a new course on trucks in June, making it the first driving school in Singapore to offer instruction for the full range of vehicles from motorcycles to trucks in an integrated manner. The Center expects to serve more than 11,000 students in 2010, and Honda is working to broaden its activities through the facility in an effort to achieve a society founded on safe transportation in Singapore.



Activities in Thailand to reduce the number of traffic accidents

Honda began offering traffic safety instruction in Thailand in 1989. Since then, the company has worked for some 20 years to promote safe driving, including by establishing ASEAN's largest Safety Driving Center in 2009. We talked to local officials about the current status of their efforts to actively promote safe driving and asked students who have actually studied driving safety about their experiences.

"Promoting safe driving is Honda's responsibility. Safety Driving Centers fulfill that responsibility."



Alaksh Phornprapha
A.P. Honda Director and Safety Driving Center Manager

In 2009, there were about 11,000 traffic accident fatalities in Thailand, and about 70% of those involved motorcycle accidents. There are many unlicensed motorcycle drivers in the provinces, and there is a constant series of accidents caused by young people driving too fast.

Since Honda's share of the Thai motorcycle market is about 70%, I believe we have a responsibility not only to deliver safe products, but also to promote traffic safety in an effort to reduce the incidence of accidents. Central in these efforts are the Bangkok Safety Driving Center in eastern Bangkok and the Samrong Safety Driving Center in Samut Prakan Province.

The Samrong Safety Driving Center helps students obtain their drivers license and helps train dealer employees and government agency workers to provide guidance in safe driving practices to motorcycle riders. The Bangkok Safety Driving Center offers driving safety training for drivers of motorcycles and automobiles.

Recently, we've also been working to help educate the children who will be responsible for traffic safety in the future. We worked with dealers and schools to hold Safety for Kids, a traffic safety course for children aged 6 through 11, a total of 11 times in Thailand last year. We plan to actively continue these activities in the future.

We're also working with police and government agencies including the Department of Land Transport, the Ministry of Public Health, the Ministry of Education, and the Office of the National Security Council to offer motorcycle driving safety courses nationwide. A.P. Honda is supporting an increasingly broad array of facilities nationwide where people can learn safe driving, including 9 operated independently by dealers and 12 operated by public institutions. I believe the importance of Safety Driving Centers in Thailand will continue to grow as we broaden support of local activities such as these and traffic safety initiatives targeting society in general.

"I love helping transform student awareness and watching them grow."



Tawatchai Tangjitcharoenkul
Assistant Manager and Instructor
A.P. Honda Bangkok Safety Driving Center

I've been involved in promoting traffic safety for about 13 years as an instructor at Honda Safety Driving Centers. Currently, I spend most of my time instructing motorcycle riders at the Bangkok Safety Driving Center.

In our popular Basic Motorcycle Course, students first study the dangers of falls and accidents and then learn proper riding technique and safe driving practices on their bikes. For example, although you need to carefully balance front and rear brake application in order to stop a motorcycle safely, many drivers in Thailand avoid using the front brakes. When we teach students how to stop safely using front as well as rear brakes and let them experience the superior safety of that technique on their own bikes, some students undergo a significant change in their awareness of safety.

Despite the overwhelming popularity of motorcycles as an essential means of transportation in Thai society, the number of driving safety instructors is limited. For this reason, we ask students to tell their friends and families what they've learned about safe driving. I think that by doing so we can spread awareness of driving safety to a large base of people.

Recognizing our track record of success and the quality of our work, government agencies, schools, and private-sector companies often ask us to offer training courses. We're also working hard to foster the development of instructors with advanced skills and knowledge, and some of our younger instructors have fared well at the Safety Japan Instructors' Competition, which is held annually in Japan. Including these younger instructors, we are working on a daily basis with instructors from government agencies and driving safety students to improve awareness of safe driving practices in Thailand.

"I was able to earn my drivers license and learn about safe driving."



Mr. Vipoo Vijakkhana
Driving safety course student

Counting this time, I've participated in two training courses. Before coming to the Safety Driving Center, I had never studied safe driving, so the class work and practical training were a completely new experience for me. I still remember vividly how to check the bike before driving it, how to ride, the proper posture, everything. Taking the class changed my awareness of safety and provided an opportunity for me to both earn my drivers license and purchase a motorcycle.

My family was initially opposed to me getting a motorcycle, but I was able to overcome their opposition by studying hard at the Safety Driving Center and learning how to ride safely. Now friends who are interested in motorcycles come to me for advice, and I recommend the same training to them.

For this course, my second, I was interested in building on my skills and studying how to ride even more safely. Skills and safety are both important, and this is the only place you can learn how to ride safely. I live in a rural area, where I feel safety awareness is low. It is my hope that Honda redouble its driving safety activities and that even more places like the Safety Driving Center open for students.

Honda and the people of Thailand



Dealers play an important role in connecting Honda to its customers. To better gauge opinion in Thailand, where Honda has worked to build relationships of trust with customers since starting to manufacture motorcycles here in 1967, we asked owners and service staff at Honda motorcycle and automobile dealerships how they feel about Honda and their jobs, and we asked customers who actually own Honda vehicles how they feel about the company and its products.

From the dealership owner's perspective

An owner of a motorcycle dealership

"My joy is satisfying customers and meeting their expectations."



Mr. Karin Darasidh
Owner
World Speed Co., Ltd.

The main jobs of a dealer are motorcycle sales and service. Not long ago, many customers turned to nearby service shops for repairs, even though they might come to us to purchase a new motorcycle. They did so because dealer service had a reputation as being expensive. Thanks to an effort on our part to more carefully explain part prices and our rate structure, we're seeing more customers coming to us for service. We've also seen more customers purchasing products such as the PCX, which is more expensive than other motorcycles, because we take the time to explain the product's functionality and the value behind its price.

Carefully explaining our products and after-sales service to customers on a one-on-one basis inspires customer loyalty, and some of our customers are on their fifth or sixth purchase. It always makes me

happy when a family member of one of these customers comes to the dealership to purchase a motorcycle for a child. When a customer introduces a family member, you know you've earned their trust.

We not only provide high-quality products to customers, but also strive to educate them in safe driving practices, for example through our PDSA* and Riding Trainer programs. Customer safety is very important to us. When I see money from customers who purchased motorcycles being used to fund community service through driving safety and other events put on by Honda, I feel proud to be working for such a company.

*PDSA: Pre-Delivery Safety Advice, a proprietary Honda initiative in which staff use booklets and other resources to explain safe driving practices to customers when delivering motorcycles.

An owner of an automobile dealership

"We're working to provide a level of service that inspires trust on the part of customers."



Mr. Kiat Tangtrongsakdi
Owner
Honda Praram 3 Group

I make known to all of my employees the fact that satisfying our customers through a variety of services is our most important task. This is because customer satisfaction, more than anything else, leads to trust.

For this reason, everyone at our company works together to ensure a high level of awareness of consideration, sincerity, and perfection in all the services we offer, including in the facilities and atmosphere of the dealership itself, in the level of polite service we provide when communicating with customers on the phone, in the procedures we use to interview customers who have encountered problems or issues, in the procedures by which we provide service to customers, and in how we deliver customers' purchases. We're also pursuing CRM* activities in which employees play a central role in an effort to further improve customer satisfaction.

For example, we solicit customers' honest views and opinions of our products and services by inviting them to outside events such as cooking classes along with employees to provide opportunities for deepened interaction.

Honda meets a range of customer needs with vehicles including environmentally friendly cars, compacts, family cars, and SUVs. The company also offers innovative, next-generation technologies such as ASIMO and fuel cell systems. I think it's wonderful that Honda, which offers originality in the form of a brand that is familiar to the Thai people, has received ISO 14001 certification to better pursue environmental conservation in Thailand through its management and that the company actively pursues CSR activities such as safe driving initiatives.

*CRM: Customer relationship management

From the service staff perspective

Motorcycle service staff

"When a customer comes to me for advice, I treat them like I would to a member of my own family."



Mr. Yuttanate Kamyung
Chief Mechanic
World Speed Co., Ltd.

Our dealership repairs about 50 vehicles every day. We have some customers who travel around 40 kilometers to have us service their Honda motorcycles.

My job ranges from regular oil inspections to major repair work such as engine overhauls. In general we strive to complete repairs within two days. As the employee with final responsibility for repairs, I conduct a final inspection of all the work we do before the vehicle is returned to the customer. I do this not only as a way to take responsibility for the repairs we have performed, but also so that I can properly explain what we've done

to the customer to ensure they understand and are satisfied with our service. I believe that providing the best possible repair work and explanations to customers builds trust. Furthermore, effecting proper repairs and returning each motorcycle to its owner in excellent working order helps reduce the number of traffic accidents and contributes to safe driving.

Whenever a customer comes to me for advice, I treat them like I would to a member of my own family. In the future, I look forward to living up to customer expectations in the service we provide.

Automotive service staff

"I take pride in providing trustworthy service, from the time a customer makes a reservation until their vehicle is returned to them."



Mr. Chatchai
Satasangwatsoraku
Mechanic
Honda Praram 3 Group

I believe that everything we do from the time a customer makes a reservation until their vehicle is returned to them impacts customer satisfaction. We not only strive to complete repairs on time, but also to treat and check each vehicle carefully, as if it were our own. I'm confident that this approach leads to satisfied customers.

Honda has high technical standards.

As a mechanic, I've had many opportunities for ongoing training, and in addition to the technical aspects of repair work, I've studied the importance of providing trustworthy service in good faith. A high level of technical skill and trustworthy service: mastering these two imperatives contributes to my self-confidence as a mechanic.

From the customer's perspective

Honda motorcycle owner

"Honda is essential in my life and work."



Mr. Vinai Carathihapp

My first chance to ride a Honda was as a student, when my parents bought me a motorcycle so that I could commute to school, which was far away from our house. I've been riding a Honda motorcycle for almost 20 years since. I've owned a total of 10 bikes, and all of them have been Hondas.

My family owns two Hondas right now, and since I work for the post office, these bikes are essential for work as well as daily life. Although I ride a long distance every day as part of my job, regular inspections are all I need to keep my bike in excellent working order. I love Honda's design and ease of use, and I'm particularly satisfied with the fuel efficiency. Most of my friends also own Hondas. When my friends occasionally ask me what they should

buy, I recommend Honda bikes because I've been riding them for a long time myself, and I can explain their performance, durability, and other advantages. My current bike was my first automatic, and I was able to ride with confidence and peace of mind from the beginning because the dealer gave me a thorough explanation of the product and how to ride it when I bought it. For me, my Honda dealer is a familiar and trustworthy place.

In the future, I'd love for Honda to offer a basic, inexpensive sports bike. Since I'd be able to use such a motorcycle for both work and play, I'd be quite happy if Honda would start selling a sports model that I could afford on my own salary.

Honda automobile owner

"Considerate and thoughtful customer service led me to make the purchase."



Ms. Chompoo Piasayngam

I ended up buying a City thanks to the favorable impression I had of the staff's considerate customer service when I went with a friend to a Honda showroom. The staff were also great at following up with me when they delivered the new car.

I like the City for its unique design and sporty sedan looks. I also like the spacious trunk and the fact that it's so well equipped you don't need to add a bunch of options to be

satisfied. In particular, the storage trays under the rear seats, cup holders, and other features have clearly been designed with passengers in mind, and they make this a very convenient vehicle indeed.

In the future, I'd love to see Honda market a reasonably priced sports car. I'd also like to see a line of environmentally friendly, natural gas-powered cars.

Quality Initiatives

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 (G-HQS)

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

To address this need, Honda established the Global Honda Quality Standard (G-HQS) in April 2005. Based on the ISO 9001*1 and ISO/TS 16949*2 standards under which Honda facilities in Japan and around the world have been or are to be certified, the G-HQS serves to communicate the considerable knowledge Honda has gathered in producing quality products and help prevent issues from recurring. It will continue to conform to ISO certification standards.

As of March 2010, 40 out of 42 Honda production facilities around the world have attained ISO certification, and the two remaining facilities—both new—are engaged in the certification process.

The G-HQS is designed to enhance the quality of Honda-brand products manufactured and sold worldwide. By ensuring that all facilities comply with these standards, we can better facilitate the interoperation of quality assurance systems at different worksites, contributing to quality assurance not only in production activities, but also in distribution and service.

*1 ISO 9001: An international quality control and quality assurance standard

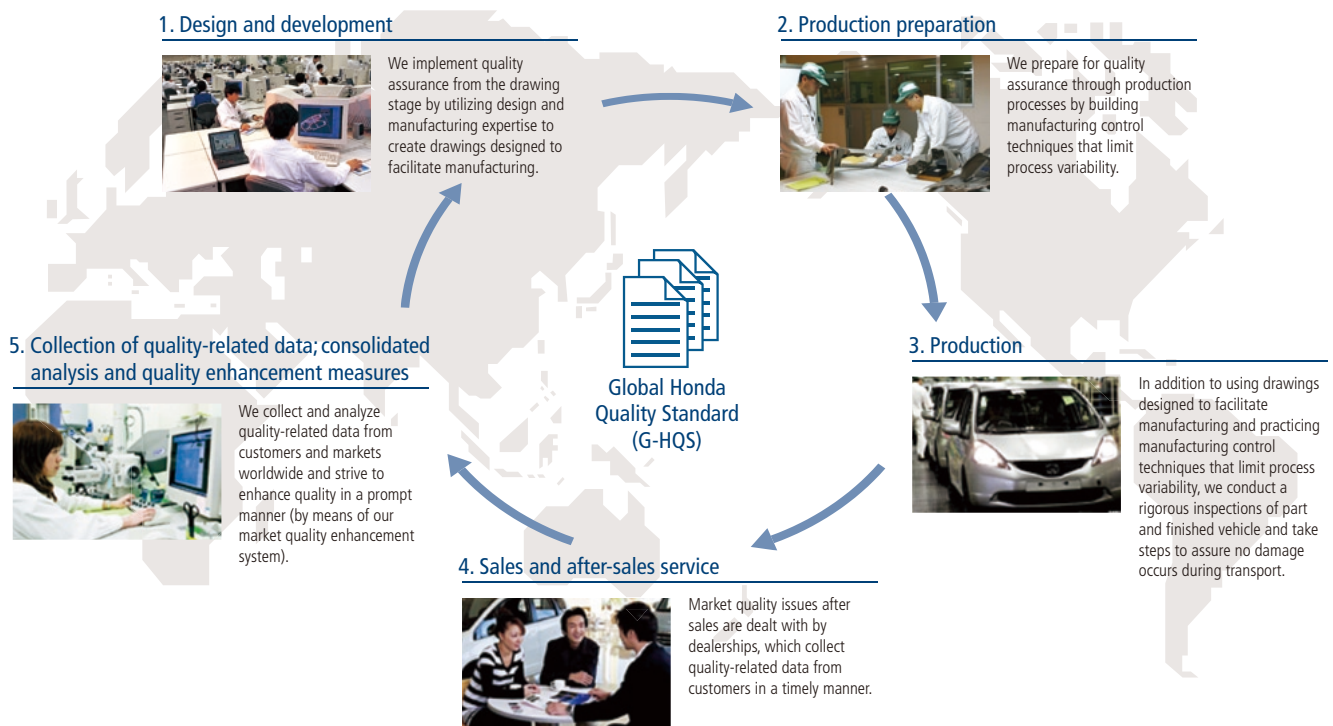
*2 ISO/TS16949: An international quality management system standard for the automotive industry

Honda's quality initiatives for delivering new levels of outstanding quality

By applying design and development expertise to design and development, production preparations, and production (mass production) in order to allow the creation of drawings designed

to facilitate manufacturing and develop manufacturing control techniques that limit process variability, we are able to deliver a new level of enhanced quality.

Honda's Quality Cycle



Activities for incomparable quality

Aggressively ensuring quality in both design and manufacturing

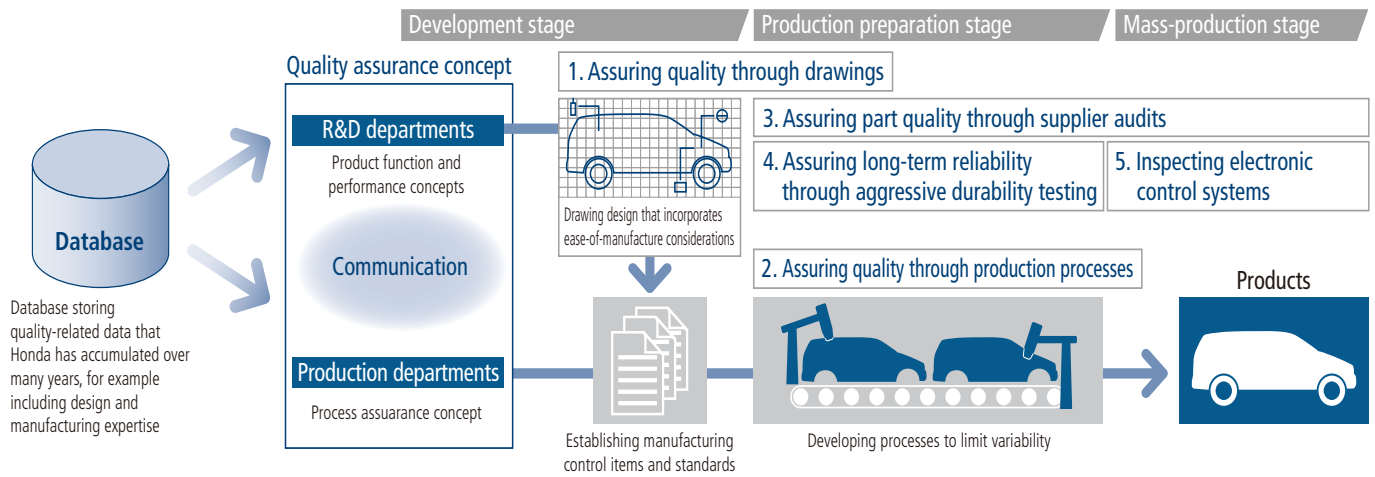
Working in partnership with suppliers, Honda is involved in a companywide effort to deliver products with a new level of enhanced quality.

To ensure high quality, Honda conducts aggressive quality assurance activities from the dual perspectives of design and manufacturing. For example, drawings for objects being machined include finished dimensions. Even when the same worker uses the same materials, equipment, and procedures to produce an item to the dimensions specified on the relevant drawing as part of a given production process, there are inevitably small variations in the item's

finished dimensions. To address this fact, R&D departments go beyond considerations of function and performance to design drawings to yield maximum ease of manufacture and limit process variability. For their part, production departments implement manufacturing control to keep variability within applicable standards based on drawings and to develop production processes so that all workers can continue to achieve a consistent level of quality.

In this way, we implement quality assurance from the dual perspectives of design and manufacturing in order to improve customer satisfaction.

Processes that create new levels of enhanced quality (automobiles)



1. Assuring quality through drawings

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

Specifically, engineers utilize a database of measures and techniques for preventing past market quality issues and other information as they communicate closely with manufacturing departments during the initial development stage. Product function, performance, and quality assurance concepts are committed to writing and shared to communicate design intentions to production departments.

2. Assuring quality through production processes

Honda's production departments establish manufacturing control items and standards for each part, process, and work task based on designers' intentions in order to prevent product quality issues. Engineers then use these manufacturing control items and standards to verify manufacturing variability as they work to prevent quality issues. Furthermore, Honda develops processes that limit variability by soliciting suggestions for enhancement from the sites where work is actually performed and determining manufacturing control methods for each process.

3. Assuring part quality through supplier audits

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

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

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

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

4. Assuring part quality through aggressive durability testing

Honda subjects new and redesigned models to a rigorous regimen of long-distance durability testing before beginning mass production in order to verify that no quality issues exist.

We also disassemble vehicles used in the test drives one part at a time and verify that there are no quality issues through a process consisting of several thousand checks. By accumulating data on the

issues discovered through these test drives and detailed inspections as well as associated countermeasures, we are able to ensure a high level of quality and function reliability.



Verification of a durability test vehicle

5. Using second-generation line end testers (LETs) to inspect electronic control systems

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

To this end, Honda has installed line end testers (LETs), an inspection and diagnostic system developed in-house, at production plants in Japan and overseas.

Although the LET was initially deployed to perform diagnostics of

emissions purification systems and parts in order to comply with U.S. emissions regulations, Honda extended the capabilities of the second generation of the device to accommodate the recent evolution of electronic control systems, allowing its use in shipping quality inspections of all electronic control systems, from switches and instruments to air conditioner, audio, engine, and transmission operation. Thanks to these innovations, inspections that have traditionally depended on the human senses of smell, sight, and hearing can now be performed quantitatively by means of communications with electronic control components, dramatically increasing the precision and efficiency with which inspections can be conducted.

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



Overview of the LET system

System to enhance market quality

Building a rapid market quality enhancement system around a Quality Center that centralizes customer feedback

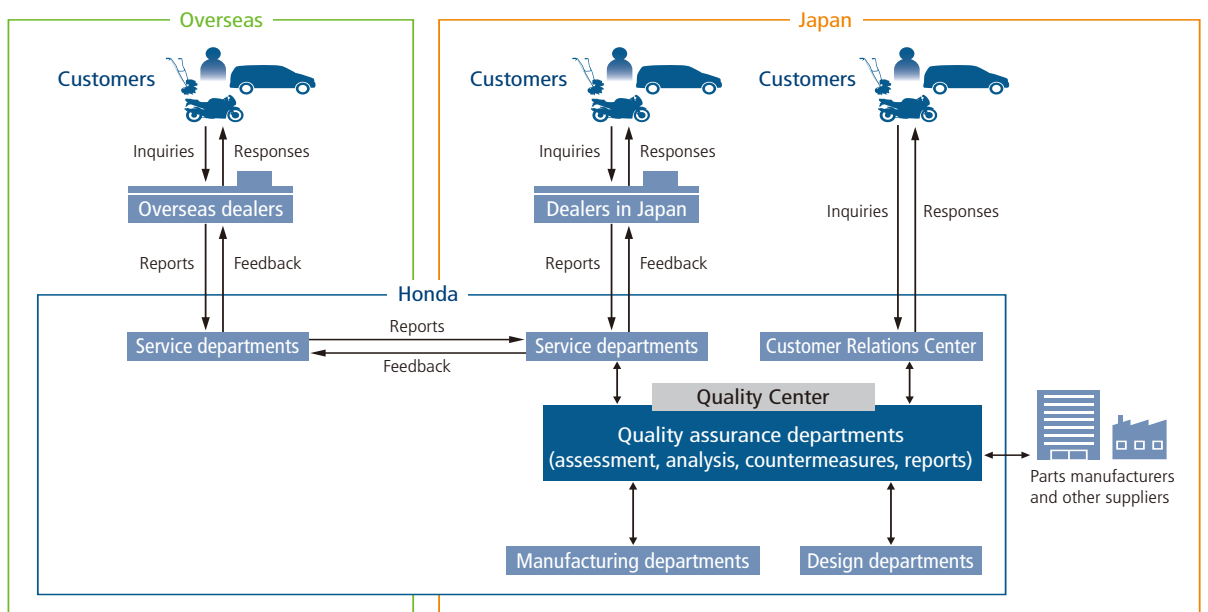
We have established a Quality Center to bring together the various components of our organization concerned with market quality data, allowing us to enhance our worldwide ability to both prevent quality issues and quickly detect and resolve them when they occur.

The facility gathers quality-related data from dealers in Japan and overseas through service departments and the Customer Relations Center. Measures and policies for preventing quality issues are then developed based on the issues identified from this data

and provided as feedback to R&D and production departments responsible for operations including product design, manufacture, and part supplier relations.

When a quality issue does occur, we move quickly to resolve it, for example by working closely with R&D and production departments to investigate and address the cause, dealing with affected customers, and taking action to prevent a recurrence.

Market quality enhancement system



Operations at Quality Innovation Center Tochigi

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

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

Quality improvement operational process



Analysis in partnership with overseas entities

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

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

Working with automotive production plants



Handling quality issues

Recall system and other measures

Honda strives to assure safety, prevent pollution, and address other hazards by operating a recall system designed to prevent accidents and protect users of automobiles and other products and by taking other actions to comply with applicable laws.

When we determine that product issue requires action, we quickly report the issue to governmental authorities in accordance with individual countries' regulations and contact owners by means of direct mail from dealers or by telephone to provide information

about how they can receive free repairs. Associated information is also provided on Honda's website and through the news media as necessary.

A Quality Committee is quickly convened in accordance with internal Honda rules, and decisions concerning market measures are made by its chairperson in consultation with members including experts from departments involved with quality issues who are capable of making objective decisions.

Compliance with Japan's Consumer Products Safety Law

The Consumer Products Safety Law was amended in May 2007 to more strongly protect consumers from defects that could be life-threatening or cause personal injury. The amendment brought into force new regulations governing the manufacture and sale of certain goods. It mandates the compilation and publication of information relating to accidents associated with products and other measures designed to protect the rights of consumers. It also compels

manufacturers and importers of specified products to report any serious accidents to Japan's Ministry of Economy, Trade and Industry.

As a manufacturer offering consumer goods for sale, Honda is, of course, in full compliance with this law, gathering information via our own systems, which were established to help ensure the safety of our customers, and submitting reports to the designated authorities in a timely and precise manner, as required.

Quality management education

Implementing quality control education

In Japan, Honda offers a training curriculum divided into four courses according to in-house qualifications and the extent of individual workers' quality control responsibilities in order to improve associates' quality assurance skills.

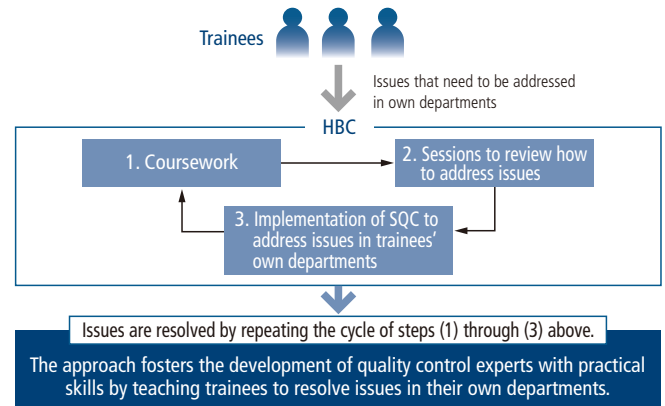
The Honda QC Basic Course (HBC), which was first offered 39 years ago, provides an example of how Honda is working to train its personnel to be leaders in improving quality, for example by opening the course to suppliers in addition to associates. Similar curricula for providing necessary training have been put in place at overseas production facilities.

The following diagram indicates the objective, duration, and number of trainees for each FY2010 course:

Quality control education objectives and number of participating trainees

	Objective	Period	No. of FY2010 trainees
QC Junior (QCJ) Course	Students study how to put into practice the basic approach and methods (in the form of quality control techniques) for satisfying customers by manufacturing better products faster and more reasonable, and providing better service.	Total of 1 day	664 participants
QC Foreman (QCF) Course (Intermediate)	Students study how to put into practice the quality control techniques and approaches needed in quality assurance activities in manufacturing.	Total of 2 days	501 participants
QC Foreman (QCF) Course (Advanced)	Students study how to put into practice the expert techniques and approaches needed to work in quality-related operations.	Total of 3 days	318 participants
Honda QC Basic Course (HBC)	Students become quality control experts capable of resolving difficult problems and issues by studying the approaches and techniques of statistical quality control .	Total of 21 days	53 participants

Honda Basic Course Flow



Overseas quality control training

Honda's approach to safety

Honda's commitment to Safety for Everyone is not limited to the needs of car drivers and motorcycle riders but rather extends to passengers, pedestrians, and occupants of all vehicles—in a word, to everyone on the road. We will continue to develop and refine its

innovative technologies and work to equip our automobiles and motorcycles with the most advanced, effective safety technologies possible. Our goal is nothing less than the safety of all those who share the road in our mobile society.

Safety through technology and education

Consistent with its overriding goal of Safety for Everyone, Honda is tackling safety issues from both technological and educational perspectives. We're working to ensure that our vehicles deliver the best possible safety performance, and we also promote safe driving skills and awareness among our customers and society at large.

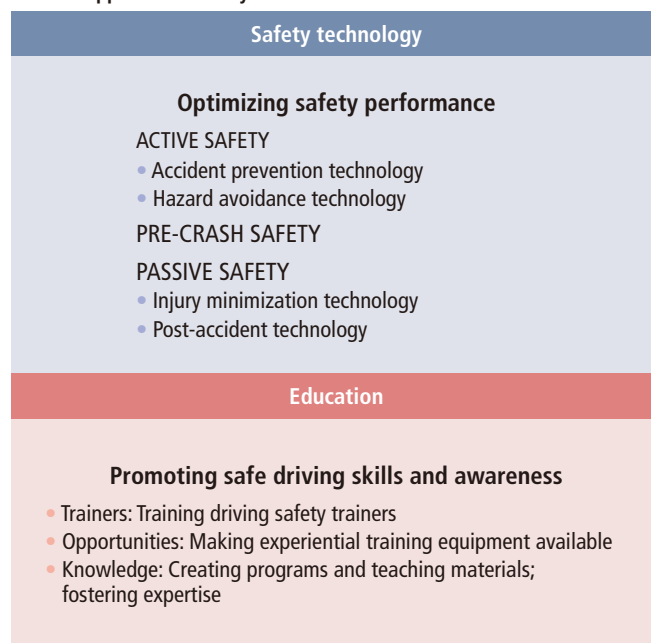
Honda has always been in the vanguard of safety, leveraging proprietary intelligent systems to bring active safety technologies to market. We were the first automaker in Japan to introduce many of the safety technologies used in today's cars, including three-point seat belts, the Anti-lock Brake System (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 pioneered 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. Honda has also worked consistently to promote driving safety since establishing the Driving Safety Promotion Center in 1970. Our history in this area is one of many successes, and we have absolute confidence in the extent to which they have contributed to society.

By simultaneously pursuing both technological and educational

initiatives, Honda believes it can harness a variety of synergetic effects and help bring about a richer mobile society.

Honda's approach to safety



The fundamentals of safety technology development

Setting ambitious targets and 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.

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/ PASSIVE SAFETY/ PRE-CRASH 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 in the face of imminent danger.

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

impact, and technology for minimizing post-accident danger, which focuses on limiting injuries and damage after an accident has occurred.

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			Body Protector	
	Bicycle simulator	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

Focusing on hands-on driving safety education

Based on its belief in the equal importance of giving customers safe products and communicating knowledge and technologies for safe driving, Honda has worked to promote safe driving in order to help bring about a safer mobility society as parts of its corporate social responsibility program.

Japanese and overseas Traffic Education Centers as well as automobile, motorcycle, and power product dealerships lead the way

in carrying out these efforts, focusing on passing on safety education from person to person and practical, hands-on education that lets students experience hazards in a safe environment.

We're also working to enhance and strengthen these activities based on changes in society's approach to transportation and the full range of customer needs so that they play a practical role for all transportation users.

Providing opportunities for learning traffic safety nationwide

Honda believes that in a society that depends on an increasingly complex mix of transportation modalities, pursuing safety for all people—not only drivers, but also pedestrians, cyclists, and other transportation users—makes an important contribution to the effort to bring about a more advanced mobility society.

To this end, it is necessary to provide opportunities for people in all life stages, from children to senior citizens, to study traffic safety as part of their lifelong learning.

In order to comply with this imperative, Honda has embraced a regionally grounded approach under which the company works with

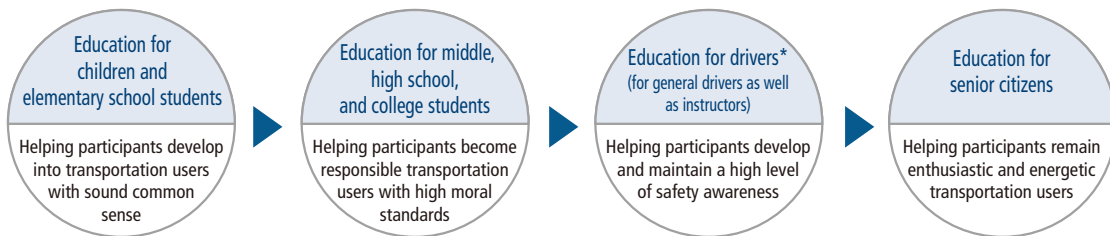
local communities to give local residents leadership roles.

It is also essential to consider which educational techniques are most practical and effective for particular age groups and incorporate them into these programs.

Our efforts to promote traffic safety through regionally grounded programs and initiatives that are both advanced and distinctive in character center on three themes: fostering instructors, providing educational opportunities, developing educational programs and techniques as well as developing and providing educational equipment.

Lifelong learning initiatives in traffic safety

Providing opportunities for people to study traffic safety in a manner that is appropriate for their life stages as lifelong learning



*Traffic Education Centers are responsible for most driver education programs, while District Promotion Departments are responsible for other educational programs.

Traffic safety initiatives overview

	Location		Programs	Instructors	Main target				
					Children	Students	Adults	Seniors	
In Japan	Dealerships	Automobile Certified Rainbow Dealer	<ul style="list-style-type: none"> • Safety advice at dealerships • Safety seminars • Driving schools • Cooperation with local traffic safety organizations 	<ul style="list-style-type: none"> • Safety coordinators • Chief safety coordinators 		●	●	●	
		Motorcycle Certified Safety Support Dealer	<ul style="list-style-type: none"> • Safety advice at dealerships • Riding schools • Cooperation with local traffic safety organizations 	<ul style="list-style-type: none"> • Riding advisors • Sport riding school instructors 		●	●	●	
		Power Products	<ul style="list-style-type: none"> • Safety advice at dealerships 	<ul style="list-style-type: none"> • Monpal safe operation instructors • Monpal safe operation trainers 				●	
		Traffic Education Centers		<ul style="list-style-type: none"> • Training for drivers and instructors • Training for motorcycle and automobile dealership associates • Riding and driving training courses • Training using riding simulators and driving simulators • Instructor exchanges and events, competitions to foster skill improvement 	<ul style="list-style-type: none"> • Traffic Education Center instructors 	●	●	●	●
		Honda facilities, Group companies		<ul style="list-style-type: none"> • Driving/riding safety training for associates • Honda First Aid 	<ul style="list-style-type: none"> • Instructors at Honda facilities • Honda First Aid senior instructors • Honda First Aid instructors 		●	●	●
		Regional initiatives		<ul style="list-style-type: none"> • Development of learning materials • Instructor training • Educational programs • Traffic safety classes held in preschools and elementary schools • Local traffic safety initiatives 	<ul style="list-style-type: none"> • Teachers and staff of schools • Traffic safety trainers • Driving Safety Promotion Center instructors 	●	●	●	●
		Industry initiatives		<ul style="list-style-type: none"> • Traffic safety campaigns • Development of traffic safety learning programs • Collaboration on instructor education 		●	●	●	●
Overseas	Global affiliates	Dealerships (automobile, motorcycle)	<ul style="list-style-type: none"> • Advice at dealerships • Driving training courses • Riding training courses • Cooperation with local traffic safety initiatives 	<ul style="list-style-type: none"> • Instructors at dealerships 	●	●	●	●	
		Traffic Education Centers	<ul style="list-style-type: none"> • Instructor training • Training for motorcycle and automobile dealership associates • Riding and driving training courses • Training using riding simulators and driving simulators • Cooperation with local traffic safety initiatives • Courses for license seekers • Instructor exchanges and events, competitions to foster skill enhancement 	<ul style="list-style-type: none"> • Traffic Education Center instructors 	●	●	●	●	

Environmental Initiatives

Global environmental management policy

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 that impact.

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 corporate activities		Environmental impact	Honda response	
Lifecycle of corporate activities	Concerns		Major initiatives	
Product development	CO ₂ Exhaust emissions Noise	Global environmental issues	<ul style="list-style-type: none"> Fuel economy improvements Exhaust emissions reduction Development of alternative energy products Designing the 3R's Noise reduction 	
Purchasing	CO ₂ Waste Wastewater Exhaust emissions Noise Chemicals		Climate change Ozone depletion Resource depletion Biodiversity	<ul style="list-style-type: none"> Green purchasing <ul style="list-style-type: none"> Environmental management Saving energy and resources with suppliers Zero emissions from suppliers*
Production	CO ₂ Waste	Air pollution	<ul style="list-style-type: none"> Green Factories <ul style="list-style-type: none"> Environmental management Saving energy and resources Zero emissions* 	
Transportation	CO ₂ Waste	Waste	<ul style="list-style-type: none"> Green logistics <ul style="list-style-type: none"> Environmental management Improving transportation efficiency Reducing packaging 	
Sales and service	CO ₂ Removed parts Fluorocarbons Waste	Water pollution	<ul style="list-style-type: none"> Green Dealers (automobiles, motorcycles and power products) <ul style="list-style-type: none"> Environmental management Energy efficiency improvement Implementing environment managing system Social contribution 	
Product recycling	CO ₂ End-of-life products (chemical)	Soil pollution	<ul style="list-style-type: none"> Recovery, recycling and reuse of parts Proper disposal of end-of-life products Technical support for the recycling 	
Administration	CO ₂ Waste	Noise	<ul style="list-style-type: none"> Green offices <ul style="list-style-type: none"> Environmental management Energy conservation Waste reduction and improvement in recycling rates Environmental contribution to local communities 	
		Local environmental issues		

* Zero emissions means that waste and other harmful substances have been reduced as close to zero as possible.

Global environmental management systems

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 three-year mid-term business plans.

Continuing its focus on issues common to the global organization, the company initiated the Green Factory initiative*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.

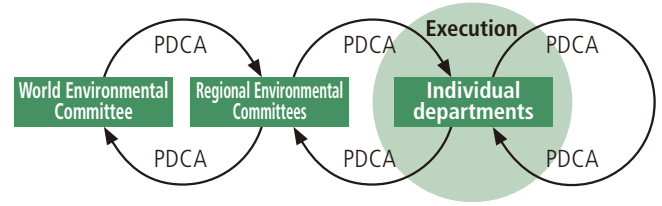
Based on mid-term policies determined by the Executive Council, environmental action plans are developed by individual departments. These plans are then discussed and approved by Regional Environmental Committees. Next, individual departments take responsibility for implementation based on the commitments 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 mid-term policy statements.

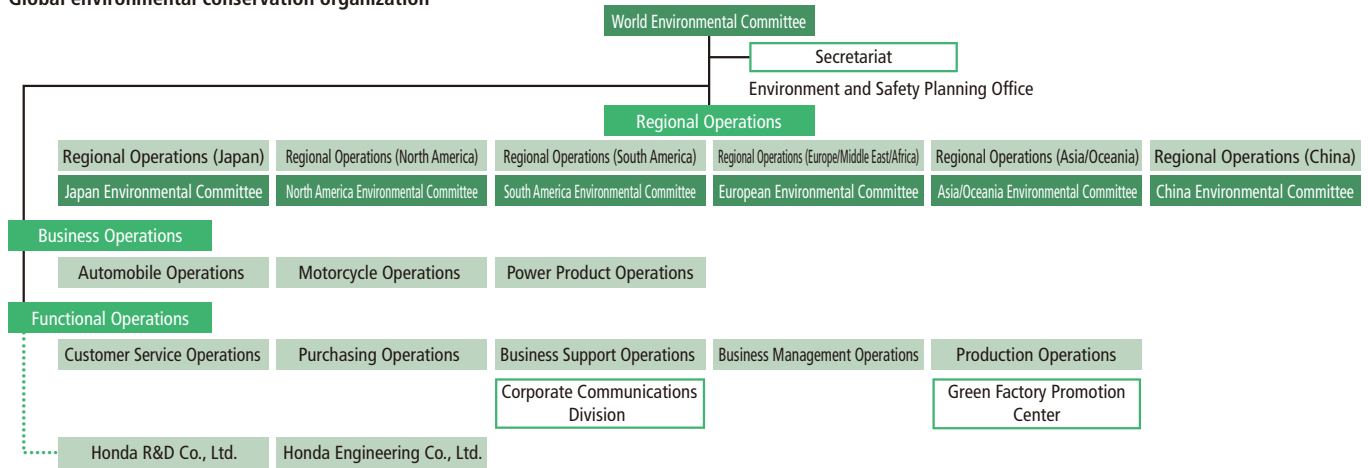
A hallmark of Honda environmental initiatives is that planning and execution are not delegated to specialists; rather, associates in all departments are directly involved. All associates are engaged with environmental issues as part of their duties.

- *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



Global environmental conservation organization



Environmental management systems in Japan

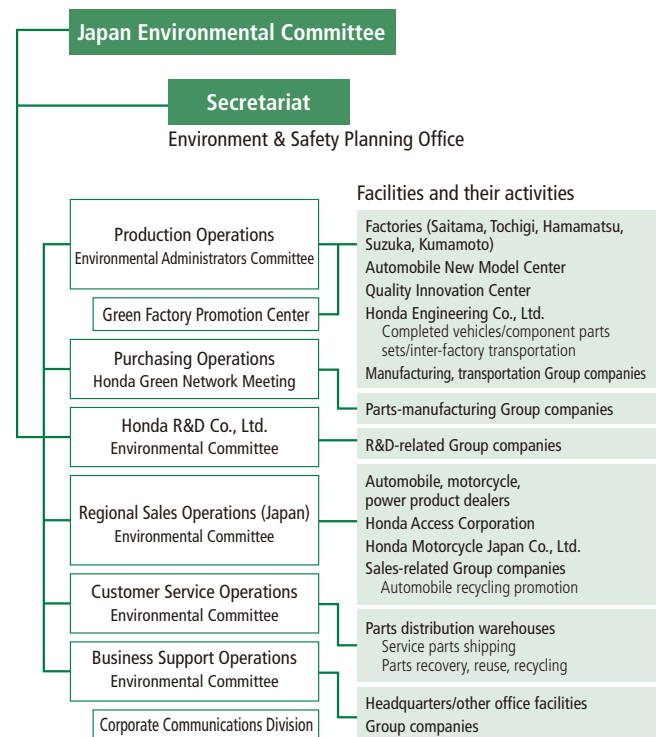
In December 1991, Honda established the Japan Environmental Committee to ensure that environmental initiatives undertaken in Japan are executed to the highest standards and that Honda maintains leadership in the field. Operating officers and administrators from the production and purchasing domains, Japan Regional Operations, Customer Service, Business Support and Honda R&D participate in the committee. In addition, the committee establishes divisional committees or liaisons in each department to promote product and parts recycling and the reduction of environmental impact from factories, transportation and Group companies.

As it works to address social concerns about the environment, the committee proposes mid-term policies and targets while monitoring the progress of individual departments. In addition, the committee proposes measures to respond to interdepartmental issues and strives to maintain and enhance environmental initiatives in Japan, ensuring that they are executed to the highest standards. Individual departments and operations set targets based on mid-term environmental policies and on the targets established by the Japan Environmental Committee. Each department reviews its PDCA cycle for reduction in environmental impact of internal institutions, Group companies and transportation. It also reviews environmental operations and policies.

Since FY2006, Honda has been strengthening initiatives within the Group, including Japanese financial companies. In FY2008, a new environmental office was established within Japan Regional Sales Operations and efforts were intensified to reduce the environmental

impact of the internal institutions and Group companies that make up the sales domain, including automobile dealers throughout Japan.

Environmental preservation initiatives in Japan: Organization



2010 CO₂ reduction targets and progress

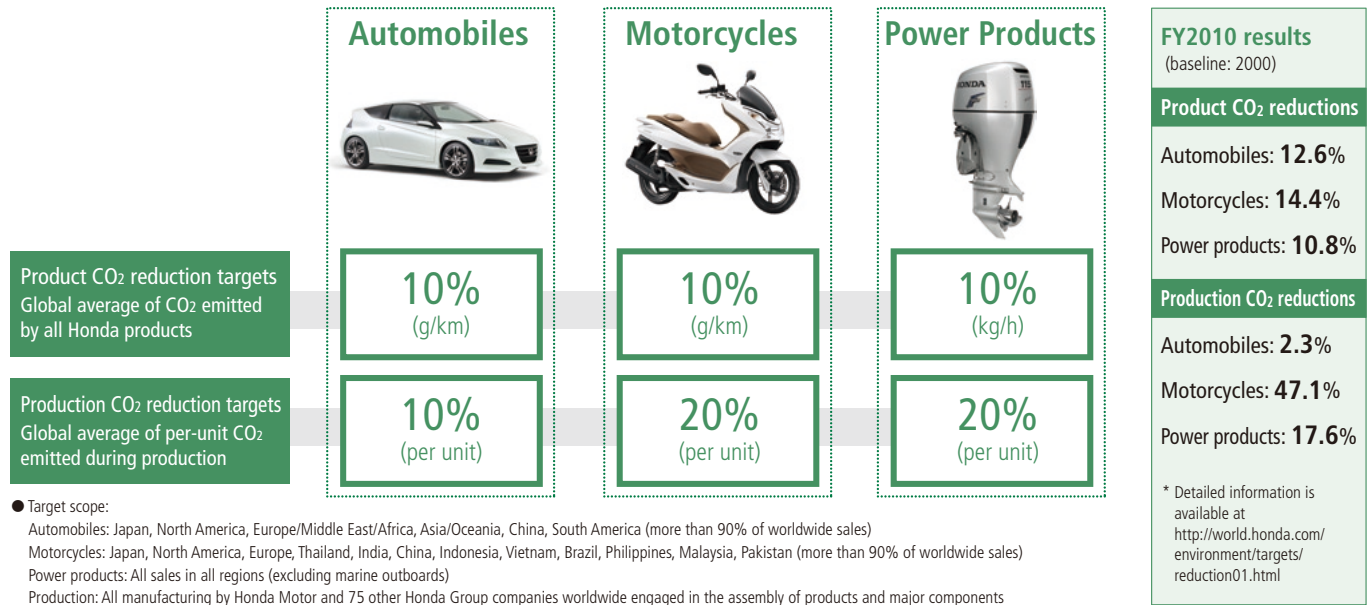
Rapidly increasing emissions of carbon dioxide, CFCs and other greenhouse gases are considered to be the key cause of global climate change. This problem cannot be resolved solely by action at the regional level, so Honda is addressing the problem on a global scale.

Currently, there is a significant gap between developed and developing countries in terms of the availability of convenient transportation. Since improvements in the quality of mobility are

essential to improvements in the quality of life, the demand for automobiles and other forms of transportation will continue to grow.

Honda is working to further develop its technology to reconcile the threat of global climate change with the growing demand for mobility. Our overall goal is to manufacture products with the lowest in-use CO₂ emissions at plants with the lowest CO₂ emissions per unit of production.

2010 CO₂ reduction targets and progress (baseline: 2000)



Regional topics

North America: Initiatives in the administration domain

● LEED environmental performance certification at two more facilities

In FY2010, another two facilities were certified under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) environmental performance assessment system for buildings. Six Honda office buildings in North America have already been certified under this program. Honda Financial Services achieved certification under the LEED-CI category, which covers commercial interiors for its offices, while Honda R&D Americas, Inc. achieved LEED Gold certification for its new marine engine research facility.



The marine outboard engines research facility in Florida achieved LEED Gold certification.

South America: Initiatives in the product development domain

● Honda selling automobiles and motorcycles in Brazil's expanding market for flexible-fuel vehicles

In July 2009, Honda Automoveis do Brasil Ltda. (HAB) began production and sales of the City FFV (Flexible-fuel vehicles).

In 2006, HAB began to manufacture and sell the Civic FFV and Fit FFV, both of which were specified to use 100% ethanol fuel. By 2008, 76% of all Honda automobiles sold in Brazil were FFV models. In March 2009, Moto Honda da Amazonia Ltda. (HAD) began sales of the CG150 Titan Mix, the world's first motorcycle with flexible-fuel technology. In September, HAD launched the NXR 150 MIX, which is designed to use 100% ethanol fuel.



The City FFV, launched in Brazil in 2009



The NXR150 MIX

Europe: Initiatives in the product recycling (reduce, reuse, recycle) domain

● Used battery recovery award in Turkey

In May 2009, Honda Turkiye A.S. (HTR) which manufactures and sells automobiles and sells motorcycles received an award from AKUDER, a battery recycling industry organization in Turkey, as the company with the highest recovery rate for used batteries in 2008.

The regulation covers only replacement batteries; batteries imported in vehicles are not included. HTR, which imported 4,650 kg of batteries in 2008, has established a nationwide battery recovery service in Turkey. The award recognizes that HTR recovered 26,721 kg of batteries and achieved a recycling rate of 573.66% in 2008.



HTR receives an award as the company with the highest battery recycling record in Turkey.

Asia/Oceania: Initiatives in the product development domain

● New Jazz compact vehicle with 1.2-liter i-VTEC engine launched in India

In June 2009, Honda's Indian subsidiary, Honda Sael Cars India Limited (HSCI), began sales of the Jazz (marketed as the Fit in Japan). The Jazz is the smallest Honda vehicle to be launched in the Indian market, where competition is intensifying for compact vehicles with engine capacities of 1.2 liters or lower. The market for cars in this class has expanded rapidly since March 2006, when India introduced a tax system favoring compact vehicles. HSCI developed a 1.2-liter i-VTEC engine used in the Jazz specifically for the Indian market. With its excellent safety, functionality, fuel economy and modern styling, the Jazz has brought new value to the compact car market. Since the initial launch in Japan in 2001, more than 2.8 million units have been sold in about 130 countries.



The Honda Jazz has been respecified for the Indian market.

China: Initiatives in the production domain

● Jialing-Honda earns certification under revised ISO 9001 and 14001

Jialing-Honda Motor Co., Ltd. manufactures power products, lawnmowers and pumps. In October 2009, its quality management system (QMS) was certified under ISO 9001 (2008 version) and its environmental management system (EMS) under ISO 14001 (2004 version) by the China Quality Certification Center.

By administering its QMS and EMS, Jialing-Honda raised employee awareness of quality management and environmental management. It has also laid the foundations for achieving its financial targets and realizing its development strategy by raising operational standards in various areas, including production, service and administration.



Jialing-Honda achieved certification under revised ISO standards.

Japan: Initiatives in the purchasing domain

● Construction of lithium-ion battery factory begins

Blue Energy Co., Ltd. manufactures and sells lithium-ion batteries for hybrid vehicles and carries out related R&D. In April 2009, it began construction of its new Osadano plant at the GS Yuasa complex in Fuchiyama, Kyoto. Blue Energy was established in April 2009 as a joint venture between Honda Motor Co., Ltd. and GS Yuasa Power Supply Ltd..

GS Yuasa Power Supply is a subsidiary of GS Yuasa Corporation, Japan's leading manufacturer of lead-acid storage batteries. Blue Energy's mission is to manufacture and sell high-performance lithium-ion batteries, especially for use in hybrid vehicles, and to carry out related research and development. It will help to meet the expanding demand for hybrid vehicles by developing, manufacturing and selling high-performance, high-quality high-reliability lithium-ion batteries. Production at the factory is scheduled to begin in the fall of 2010.



An artist rendering of the Blue Energy plant at Osadano, Kyoto.

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 work hand in hand with Honda to earn and maintain the trust of customers.

Systems and objectives designed to enhance worldwide customer satisfaction

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.

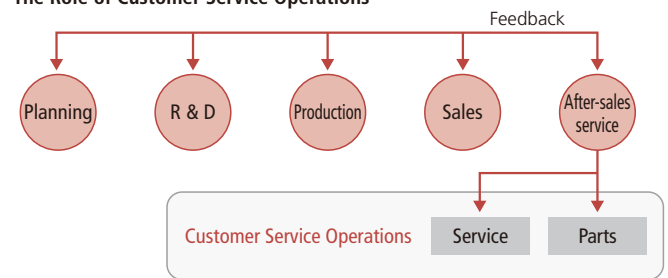
This department's mission is to increase worldwide customer satisfaction through excellence in service at the point of customer contact.

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 has structured its activity policies of improving customer satisfaction and reducing customer complaints, developing an advanced service environment, and maximizing business efficiency and expanding business

operations. It also holds regular meetings and other events designed to enhance cooperation with each region while focusing on creating an environment in which dealers—Honda's point of contact with customers—can address customer satisfaction enhancement more effectively and efficiently.

The Role of Customer Service Operations



Enhancing customer satisfaction

Conducting customer satisfaction surveys

Aiming to establish lifelong relationships with satisfied customers, Honda takes a proactive approach to conducting customer satisfaction surveys in all product segments: 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 region. In Japan, an initial questionnaire is distributed to 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.

Earning a No. 1 rank in customer satisfaction surveys around the world

In its overseas automobile business, Honda's activities focus on the "3Ps" in order to meet diverse customer expectations.

These initiatives involve increasing the quality of service provided to customers by looking at things from the customer's point of view and identifying and resolving local issues in each of the three points of contact between Honda and its customers: "Premises/Process," "People," and "Product."

Reflecting the results of an aggressive, Asia-oriented effort to improve customer satisfaction that was launched by Honda several years ago, the company ranked in the top three in all 10 principal target countries in the region in a third-party customer satisfaction survey conducted in FY2010, securing first place in four countries, second place in four countries, and third place in two countries. In fast-growing China, Guangqi Honda moved from 16th place in FY2009 to first place this year,

an improvement that is likely the result of a straightforward effort to pursue locally grounded activities such as the above.

In the future, Honda will not rest on these laurels, but will rather strive continuously to please customers.



Honda ranked first in both service satisfaction and sales satisfaction.



In the FY2010 edition of a customer satisfaction survey that was first conducted in 2001, Guangqi Honda ranked first, while Dongfeng Honda ranked fifth. Both companies gather customers' feedback at dealerships on a daily basis.

Customer Relations Center

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 Center also responds to survey requests from the Japanese government and inquiries from consumer advocacy organizations.

The Center receives feedback in the form of customer questions, suggestions, requests and complaints 365 days a year, and during FY2010 it processed 236,397 inquiries. To ensure that this valuable information is put to good use in Honda's operations, the facility

shares it in a timely manner with the company's R&D, manufacturing, service, and sales departments in compliance with laws and regulations as well as Honda's own policies concerning the handling of personal information. A system is also in place to allow directors and other associates appropriate access to this information. Furthermore, Honda has also set up Customer Relations Center sites on both its website and the Honda Dream mobile site in response to interest on the part of some customers in solving problems themselves. By offering responses to frequent customer inquiries, these sites are designed to meet customer needs in a timely manner.

Implementing customer satisfaction

Motorcycle initiatives

Japan: Developing customer-friendly dealerships based on customer surveys

To ensure that customers satisfy when they visited dealerships, it is essential to have an accurate understanding of their needs. Motorcycle dealerships in Japan have worked to identify issues and taken appropriate action by conducting online questionnaires and group interviews.

Dealers also worked to improve the extent to which service work is explained to customers in advance as well as customer acceptance of service costs by including detailed information such as a description of work to be performed as well as labor and part costs on quotations. They also sought to respond more proactively to customer needs, for example by raising the profile of six-month inspections by using battery testers and other new equipment.

Principal issues	Principal measures
Improving the extent to which service work is explained to customers in advance as well as customer acceptance of service costs	Improving quotations Utilizing the e-learning system about motorcycle maintenance
Six-month inspection	Raising the profile of inspections by using new battery testers and hardware diagnostic system (HDS) units



The e-learning system about motorcycle maintenance



An HDS pocket tester (left) and battery tester for use in motorcycle diagnostics

Supporting analysis of the Customer Satisfaction Index

Dealership service shops worldwide conduct customer satisfaction surveys according to their workflows in order to pursue higher levels of customer satisfaction. In Japan, Honda has researched the D-CSI analytical technique (a technique for identifying items and domains characterized by low customer satisfaction survey scores as well as a high degree of correlation with overall customer satisfaction) in an effort to improve customer satisfaction more effectively, and we plan to introduce the technique in Asia on a trial basis. We also plan to incorporate the results into an operations manual and make it available in countries worldwide.

India: Reducing wait times at service shops

As its economy continues to grow rapidly, India is experiencing accelerating adoption of motorcycles and dramatic increases in the number of after-sales service requests. Many Indian customers seek service early in the morning before they go to work, making congestion at service reception counters and long wait times an issue. Honda recently improved a number of associated procedures to reduce wait times. Average wait times have been cut from 14 minutes to 4 minutes by detecting the motorcycle with a barcode and automatically filling out the order sheet (previously, service workers entered the model, a description of the desired service or repair, diagnostic results, and other information on order sheets by hand).

Automobile initiatives

Japan: Honda Maintenance Station

In April 2009 in Japan, Honda Cars and Honda Auto Terrace, Honda's automobile dealerships, adopted the name "Honda Maintenance Station" to denote the full range of after-sales service available to customers. In addition to presenting a dealership atmosphere that is appealing to all customers, the dealers are aiming to provide a place where customers find it easy to seek advice about vehicle ownership and maintenance by providing easy-to-understand information about after-sales service.

In June 2009, dealers launched a series of bundled regular inspection services and the numerous car maintenance service menu in an effort to develop a closer relationship with customers.

Enhancing after-sales service

● A proprietary service education system

Honda is working to enhance its after-sales service based on the Honda Automotive Service Training program, which is designed to provide instruction in both technical and customer service skills. The program adds training in specialized subjects, training for specialist associates, training in sheet metal and painting technologies, and other content to foster service specialists.

● Developing a higher level of staff skill through the Honda Automotive Service Technology Competition

Each year, we hold the Honda Automotive Service Technology

Competition, which provides an opportunity for service staff from throughout Japan to compete in their ability to offer exceptional customer service and advice, accurately diagnose vehicle problems, and restore full operation quickly and precisely. By participating in an event that invites them to showcase skills that have been polished in the course of fulfilling the day-in-day-out responsibilities of their jobs, the competition motivates employees to boost their skills and helps spur improvements in the quality of service Honda is able to offer its customers.

The competition consists of academic and practical events. In academic events, competitors compete in terms of knowledge related to products, service, engines, chassis, electricals, and other vehicle components. The practical events consist of three tracks—each for service engineers, reception staff, and corporate teams—and allow competitors to compete in terms of work accuracy and speed and customer service. During the two-day national competition, competitors who won preliminary rounds go on to compete in each event.



Academic and practical events at the competition

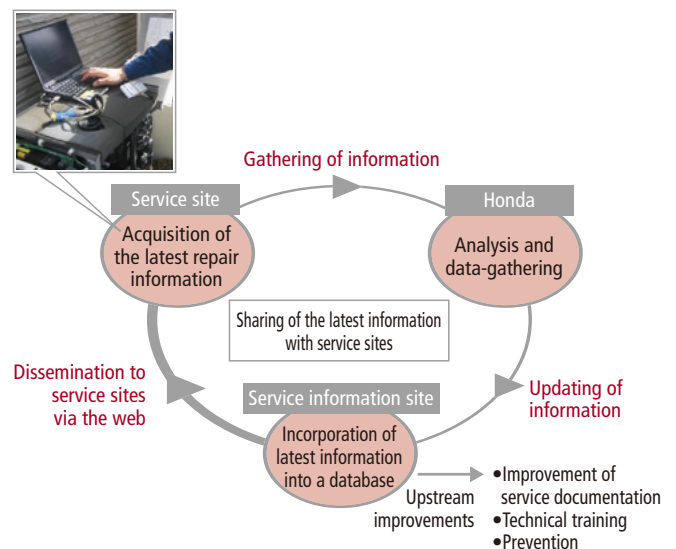
Power product initiatives

Japan: Disseminating maintenance information for compact residential cogeneration units

Inspections, maintenance, repairs, and other service work for compact residential cogeneration units installed at customers' homes are performed on-site. We disseminate the latest service information online so that service personnel can do their jobs quickly and precisely, minimizing customer inconvenience.

Cogeneration technology uses exhaust heat from an internal or external combustion engine to generate both electricity and useful heat (for either heating or cooling). Cogeneration systems, so-called for their ability to generate two or more types of energy from a single primary energy source, include setups that use a generator (gas engine/turbine or diesel engine) to generate electricity while simultaneously making use of the resulting exhaust heat as well as fuel cells that generate electricity by means of a chemical reaction between hydrogen and oxygen while making use of the resulting exhaust heat.

Mechanisms that facilitate fast, reliable repair service



Supporting product sales and maintenance technology

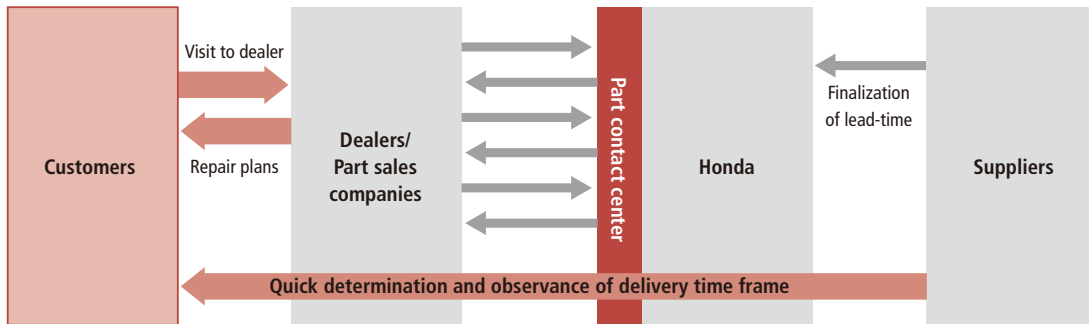
Part sales initiatives

Japan: Part contact center

In September 2005, Honda launched the Part contact center as an internal department to streamline processing of part and supply orders from customers as well as part orders for use in the repair

of customer vehicles in order to minimize customer wait times. By mediating the center's transactions between dealers (Honda Cars, Honda Auto Terrace, and dealerships of motorcycle and power product) and other part sales companies and suppliers (part manufacturers), the center strives to improve customer satisfaction. During FY2010, the center serviced more than 130,000 inquiries.

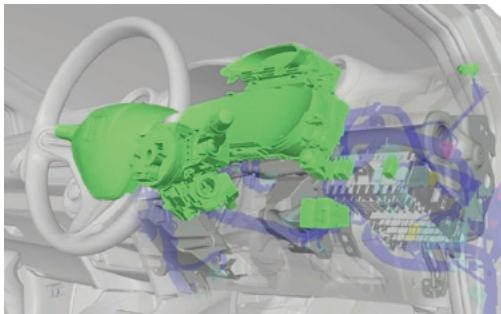
The Part contact center links dealers and part sales companies with Honda.



Maintenance technology support initiatives

Japan: Improving availability of service and repair information

Honda is working to revamp service and repairs of electrical parts and equipment in automobiles as well as the manner in which it provides associated information. By means of innovations such as the storage of information in electronic form, use of links between data sources, and creation of three-dimensional part diagrams, we aim to improve the quantity and quality of information that is available, thereby increasing customer satisfaction through service and repair work.



Three-dimensional part diagram for the new Insight

Odyssey's owners manual wins the Manual of the Year Award for its new layout style

In a first for the automotive industry, the Odyssey's owners manual won the Manual of the Year Award at the 2009 Japan Manual Awards (held by the Japan Technical Communicators Association) for its use of a new layout style that improves searchability while reducing the number of pages. Features winning favorable recognition included the manual's inclusion of only carefully selected content, its use of links to related information in the form of Quick Guide illustrations, and its incorporation of an activity index. The manual's concise, easy-to-understand style and refined design have also won high praise from customers.



The Quick Guide at the beginning of the manual. Links from illustrations to related information improve searchability

Suppliers

Fundamental approach to suppliers

A single Honda automobile is made of 20,000 to 30,000 parts. Manufacturing our automobiles and other products depends on close cooperation with 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 its relationship with suppliers, Honda is building long-term relationships and growing hand-in-hand with its business partners.

Enhancing partnerships

Recognizing 46 companies at the awards ceremony for suppliers

Honda holds New Year's awards ceremonies and celebrations for suppliers to share information about the direction of its business and purchasing policies with suppliers.

At the ceremony held in January 2010, which was attended by 326 suppliers, we shared our intention to become a leader in environmental technology and to continue to strive to offer customers high-quality products more quickly and at reasonable prices in the compact automobile and commuter motorcycle segments by getting back to the original foundation. We also presented awards to 46 suppliers who had exhibited exceptional performance throughout

the year in quality, cost, development, parts, and special (outstanding quality and global quality) categories. F.C.C. Co., Ltd., received cost, quality, and development awards, winning the Grand Award for the first time in four years.



Honda president Takano Ito (left) and F.C.C. Co., Ltd., president Shiro Sumita (right) at the presentation of the Grand Award

Building purchasing and procurement systems

Pursuing CSR with suppliers

Through its purchasing activities with suppliers, Honda works to pursue CSR through efforts to promote safety, disaster prevention, legal compliance, environmental conservation, and QCD. In addition to these initiatives, we plan to develop the Supplier CSR Guidelines

that make clear our expectations in terms of human rights and labor from the CSR perspective, distribute them to suppliers, and encourage their understanding.

Procuring environmentally responsible materials and parts

The average automobile consists of 20,000 to 30,000 parts, and automakers purchase most of these parts from suppliers, making cooperation with suppliers an essential part of efforts to reduce environmental impact throughout the product lifecycle.

In addition to working to reduce the environmental impact of its own operations, Honda drew up the Honda Green Purchasing Guidelines in FY2002 with the goal of procuring environmentally friendly materials and parts. Today, we are considering new systems and techniques in the drive to further reduce environmental impact throughout the part lifecycle.

In the past, Honda has worked to manage chemical substances in products voluntarily in accordance with chemical substance guidelines. To comply with the expanding scope of chemical substance regulations, we abolished those guidelines and created a new Honda Product Chemical Substance Management Standard.

Honda is also working to bring its own internal environmental impact reduction measures to suppliers in an effort to reduce the environmental impact of their operations. We regularly hold information exchange meetings at Honda production facilities as a means of sharing information about policies with suppliers.

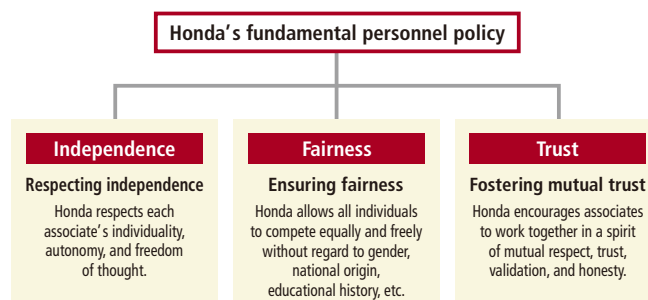
Associates

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 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 one another'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.



Securing diversity in the workforce

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. Additionally, we have avoided depending entirely on yearly hiring of new graduates by actively seeking mid-career hires of individuals with a diverse range of personal characteristics and experience.

In July 2007, we began offering new re-employment opportunities to associates who felt compelled to leave their positions due to reasons such as a need to provide nursing care to a family member or to accompany a spouse being transferred to a distant location. This program offers those associates the possibility of returning to employment at Honda once their life circumstances permit.

Hiring of new graduates

	2006	2007	2008	2009	2010
Men	806	1,084	1,152	1,265	749
Women	121	170	180	220	117
Total	927	1,254	1,332	1,485	866

Note: New associates joining Honda in April of each year

Hiring of people in mid-career

	2005	2006	2007	2008	2009
Men	241	551	732	595	26
Women	15	22	28	51	3
Total	256	573	760	646	29

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 affiliates Honda Sun, Honda Sun R&D, and Kibounosato Honda. We strive to create an environment that allows associates with and without disabilities to work alongside one another and to make adaptations to ensure that workplaces and opportunities are fully accessible.

Employment of individuals with disabilities at Honda factories in Japan in FY2010 stands at some 2.21%, or 1,017 individuals, well above the legally mandated level of 1.8%.

Employment of individuals with disabilities



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

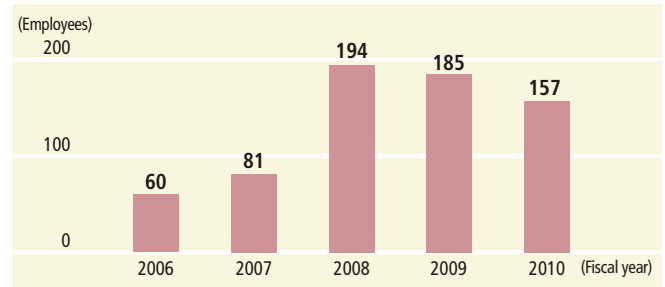
Rehiring retirees

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, Honda introduced a series of policies in April 2003 to create opportunities for those associates who reach the retirement age of 60. Our proactive approach preceded the introduction of laws governing the employment of retired individuals.

Acting to provide greater peace of mind and assurance in the years after age 60 and to create an environment in which associates can make the most of skills gained over a lifetime, Honda instituted changes in April 2010 to create a new re-employment program designed in principle to offer re-employment in operations that take advantage of each individual's specialized knowledge to all interested associates until the age of 65. About half of all associates faced with mandatory retirement at age 60 have expressed an interest in

re-employment, raising expectations that their extensive experience and specialized knowledge will play an important role in a variety of workplaces throughout the company.

Re-employment of retirees



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 allotted vacation time in full.

As a result, total working hours averaged 1,851 per associate in 2009, and associates averaged 19.1 paid vacation days, putting

Honda at the top level of the automobile industry in terms of reducing actual working hours.

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.

Promoting workplace diversity

In keeping with the fundamental principle of respect for the individual, a core part of the Honda philosophy, Honda strives to put in place an environment in which a diverse staff can make the most of their abilities by recognizing and respecting the differences in one another's personalities, regardless of their various personal attributes. Honda defines diversity initiatives in this way, and we created a special organization within the Human Resources Division in 2007 to promote diversity throughout the company over the long term. We have also worked to strengthen initiatives promoting workplace diversity since 2008, with a focus on expanding opportunities for women in Japan. In addition to awareness-raising initiatives including holding lectures, providing information through in-house publications,

and conducting management training, we have put in place programs to help associates balance the demands of work and family life.

We have also actively supported career development as a means of expanding opportunities for women since 2009.

Counseling hotlines dedicated to balancing work, parenting, and nursing care responsibilities

Honda created a counseling hotline at each worksite's general affairs department in January 2010 in order to accommodate counseling requests from associates striving to balance work and family responsibilities and to promote awareness and utilization of the company's support programs.

Support for career development

Honda launched the Career Support Program for female associates ranging from new hires to employees in mid-level positions in October 2009. The program, which is designed to boost two-way communication, reflects our emphasis on the importance of two-way communication with supervisors in associates' professional development and complements the three or more interviews associates have with their supervisor each year.

The program is designed to prompt a new awareness of career development on the part of associates and to facilitate measures that actively support the achievement of individual associates' career plans.

As the first such measure in 2009, we held career development training for female associates and their supervisors to facilitate discussions of career directions and goals while fostering increased awareness of career development.

Developing abilities and human resources

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 capabilities 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 an opportunity 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.

Basic approach to personnel training



Respecting associates' opinions and independence

Honda fosters each associate's drive and independence, and the company has put in place a number of systems to harness those capabilities to contribute to its ongoing reorganization and growth.

Associate development and evaluation through two-way communication

Reflecting Honda's emphasis on two-way communication with supervisors in associate development and evaluation, associates have at least three interviews with their supervisors each year. During the first interview in April, associates describe the future in their own words (including aspirations, personal objectives, etc.) and clarify their vision for the future and their direction going forward through their supervisor's advice. They then work out their individual role based on the organization's business goals for the fiscal year in question.

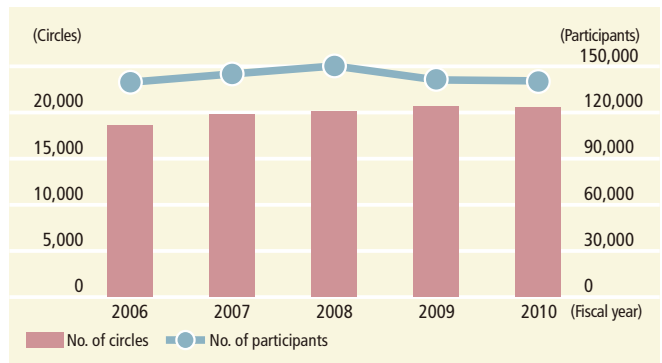
During interviews in June and December, supervisors evaluate associate performance during the preceding six months, explain the reasoning behind their judgments, and share an assessment of each associate's strengths and weaknesses. By facilitating a discussion of subjects such as future objectives and career directions, the interviews pave the way for associates' skill improvement.

NH Circle

In NH Circle activities, associates take the initiative to get together to discover ways to improve their work, their workplace and their company. The abbreviation "NH" stands for "Now, Next and New Honda." It's all about taking new steps now toward creating the next great Honda improvement.

During FY2010, a total of 140,338 associates and employees participated in 20,494 circles in 30 countries worldwide, including suppliers, affiliates, and dealers.

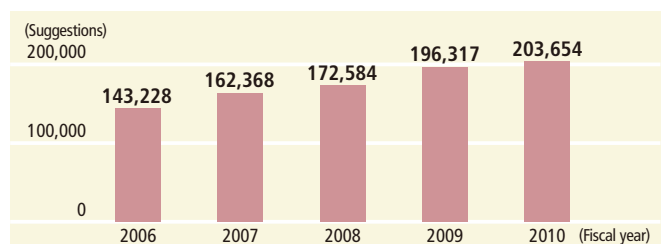
NH Circle participation



Improvement suggestion system

Honda has a system for encouraging all associates to make proposals as to how the company's operations could be improved, whether in large ways or small. Launched in 1953, this initiative is one way Honda seeks to encourage a spirit of independence and innovation, fostering the growth and refinement of skills and capabilities. Each year, some 100,000 suggestions are received, of which about 90% are implemented.

Suggestions for improvement received*



*Number of suggestions as of the end of July each year; cumulative total as of the end of July 2009: approximately 8.589 million

Initiatives for occupational health and safety

Honda's approach to occupational health and safety

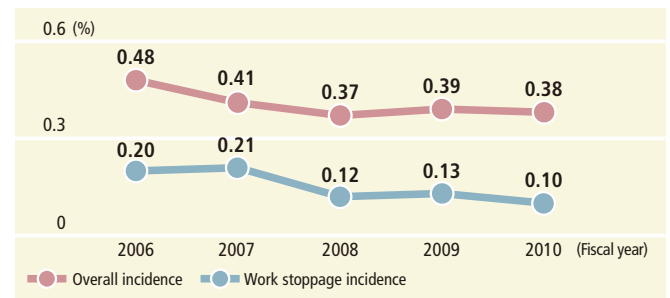
"No safety, no production": that's Honda's policy. Respect for the individual is one of the basic tenets of the Honda philosophy. Along with workplace safety and traffic safety, Honda considers ensuring the mental and physical health of associates to be one of its most important responsibilities. Besides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

its basic policy on occupational health and safety, Honda engages in initiatives designed to ensure that its workplaces are among the safest and most comfortable in the industry.

Creating safer workplaces

In addition to implementing an Occupational Health and Safety Management System to help prevent occupational accidents, Honda is involved in activities including practicing risk assessment, enhancing health and safety education, and raising associates' safety awareness. In FY2010, we began 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

Approach to associate health

Honda has embraced a policy of helping associates lead healthy, well-balanced lives.

As a company, we work to discover health problems early on through medical checkups and to treat them appropriately. Associates whose checkup indicates a health issue are given individual guidance

and counseling.

For their part, associates strive continuously to adopt healthy lifestyle habits by paying close attention to their own physical and emotional health and actively taking advantage of opportunities to exercise and improve their health.

Mental health initiatives

Honda has implemented a number of companywide policies designed to foster associates' mental health through rules that address the prevention of mental health problems and improvement of individual motivation, their early discovery and appropriate treatment, and support for associates returning to work after a mental health-related leave of absence.

The company, its associates, and its managers all play a role in

helping to create an environment where all associates can take pride in their work, approach their jobs with enthusiasm and passion, and maintain an energetic outlook by valuing individual diversity and communication.

In October 2009, we distributed leaflets and pamphlets to associates in an effort to help create a work environment conducive to both physical and mental health.

Total Health Promotion Plan (THP)

In 1988, as part of a health and welfare program designed to help associates enjoy healthy and satisfying lives, 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. Consisting of a series of companywide policies based on raising awareness and motivating associates to take the initiative to live healthily, the plan encourages associates to prevent

adult-onset diseases, track their physical fitness, participate in "Try Walk" events, and quit smoking. We also offer a range of exercise instruction, nutrition guidance, and related training programs and plan to strengthen efforts to improve exercise habits in response to the aging of the population, boost physical fitness, and redouble our no-smoking activities.

Building a people-friendly work environment characterized by a sense of togetherness

The new Ogawa Engine Plant (located in Ogawa-machi, Saitama Prefecture), which was completed in April 2009, serves as a production facility for next-generation environmentally friendly engines built using Honda's advanced production technologies. The facility leads Honda installations worldwide thanks to a design that aims to recycle resources and energy while minimizing environmental impact at the time of demolition. The structure was designed and constructed in accordance with universal design principles in an effort to create a people-friendly work environment characterized by a sense of togetherness, and various innovative design features help create this cohesion among associates.

Ogawa Plant initiatives

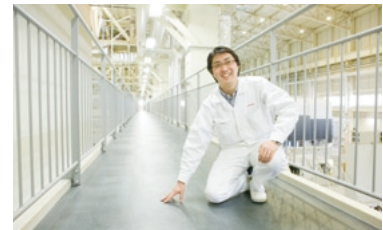
The Ogawa Plant is based on the concept of building a people-friendly work environment characterized by a sense of togetherness.

Honda saw the need to create a work environment that affords safety and peace of mind to all associates, regardless of age, gender, or disability. Planners observed operations at special-purpose subsidiary Honda Sun, which employs individuals with disabilities, and created a working group of female associates at Saitama Factory, whose views were incorporated into the plant design. As a result, the design incorporates a second-story pedestrian walkway that allows wheelchair-bound associates to reach their workplaces without passing through work areas on the production floor. Other efforts to create a people-friendly work environment included designing a female associate-friendly production line layout, enhancing restroom amenities, and using IC cards to improve security in the women's locker room.

Ogawa Plant's designers also focused on communication among employees in an effort to create a sense of togetherness. This approach is reflected in their inclusion of a large break room in which employees working in different departments or production processes can meet and talk face to face. The use of glass walls in the cafeteria and offices helps create bright, open spaces. In addition to making it easy to see activity on production lines from offices and fostering group cohesion, this design feature makes it easy to rush to the production floor if anything happens.

Another feature of Ogawa Plant is the placement of locker rooms immediately after the entry gate, making it necessary for associates who changed into uniform, to pass by the entrance to the facility's administrative offices on their way to the production floor. This layout creates natural opportunities for associates from different departments to share greetings and engage each other in conversation.

Ogawa Plant is striving to realize Honda's vision of the ideal manufacturing plant by allowing all associates to take pride and joy in their work while making the most of their individual personalities and skills.



Katsuhide Nagai of the Administration Department of Saitama Factory's Business Administration Division describes the facility's step-less walkway.



The incorporation of unobstructed views of production and administrative departments creates a sense of togetherness at the plant.



The walkway serves to separate production and associate movement, improving safety at the facility and allowing associates to move about in comfort.



The cafeteria features a bright, open feel.



The facility's restrooms were designed with input from female associates.

Shareholders and Investors

Protecting the rights of shareholders and investors

Our fundamental approach to investor relations

Our investor relations activities for shareholders and investors have two focuses: ensuring timeliness, accuracy, and fairness, and communicating the true state of the company's operations in a straightforward manner. 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

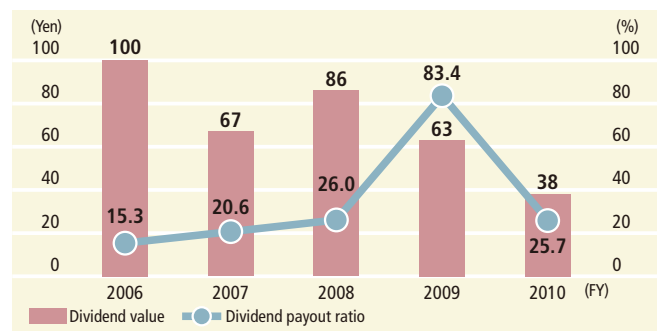
Conducting operations from a global perspective, Honda strives to maximize corporate value throughout its worldwide organization. With respect to the redistribution of corporate profits to shareholders—one of the company's most important responsibilities—Honda's basic policy for dividends is to make 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.

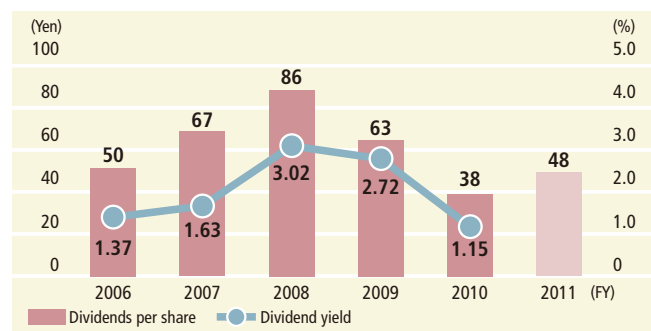
The present goal is to maintain a shareholder return ratio (dividends + share buyback) of approximately 30%.

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 2006–2010, dividend yield is based on the share value recorded on the last day of the respective fiscal year.
 Note: Regarding dividends per share — The dividends per share values for fiscal year 2006 are based on the post-share-split number of shares outstanding.

IR communication

Implementing timely and appropriate IR initiatives

In addition to publishing an annual report as well as other reports and a shareholder bulletin on a quarterly basis in accordance with its basic approach to investor relations, Honda holds quarterly meetings with analysts and institutional investors. We also offer biannual corporate briefings for institutional investors in North America and Europe.

These resources can be found online in 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 also strives to encourage investment by individuals. We executed a 2-for-1 share split in July 2006 and began issuing quarterly dividends in the third quarter of FY2007. As a result, the company had some 220,000 individual shareholders in FY2010.

Honda receives IR Special Award and Tokyo Stock Exchange Disclosure Award

In December 2009, Honda received the Special Award at the 14th IR Prime Business Awards, sponsored by the Japan Investor Relations Association (JIRA), in recognition of its ongoing maintenance of a high level of investor relations activities despite the challenging business environment. In March 2010, the company received the Award for Superior

Corporate Disclosure at the Tokyo Stock Exchange's Fiscal 2010 Listed Company Awards Ceremony in recognition of the detailed level of information provided in quarterly reports and fact sheets; the rich content of regular publications such as its Environmental Annual Report, CSR Report, and shareholder bulletin; the extensive range of content available on its investor relations website; and a spirit of innovation that generally informs its investor relations program.



Mr. Atsushi Saito, president of Tokyo Stock Exchange Group, Inc., (left) and Yoichi Hojo, Chief Operating Officer for Business Management Operations at Honda (right)

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.

As the company celebrated the 50th anniversary of its founding in 1998, it acted to address worldwide expectations from a comprehensive and global perspective by creating the Honda Motor

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.

Philanthropy Office and establishing the basic principles that guide its philanthropy.

Since then, in addition to previous efforts, Honda 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.

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.

Activities in Japan

Honda's beach clean-up activities

Honda is involved with a number of environmental conservation activities in communities worldwide as part of its commitment to pass on a pristine, beautiful natural environment to the next generation. Among these initiatives are beach clean-up activities that make use of Honda's technology and human resources assets.

This program uses a simple traction-driven beach cleaner featuring a compact, lightweight design that was developed by associates motivated by a desire to leave the next generation sand beaches clean enough that visitors can walk barefooted. Using this device, Honda Group associates and retirees work with local communities to clean area beaches.

The program has cleaned more than 100 sand beaches throughout Japan since its inception in 2006.



Beach cleanup activities at Kaguchihama Beach in Miyazaki Prefecture (July 2009)

Beaches cleaned in FY2010

Volunteers cleaned a total of 34 beaches in FY2010:

Akita Prefecture: Iwaki Rest Area beach / **Fukushima Prefecture:** Usuiso Beach, Kitaizumi Beach / **Niigata Prefecture:** Naoetsu Beach, Fujitsukahama Beach / **Chiba Prefecture:** Nago Beach, Yasashigaura Beach / **Ishikawa Prefecture:** Notojima Marine Park Beach, Sotohisumi Beach, Ii Park Nanao / **Shizuoka Prefecture:** Arai Benten Beach, Bentenjima Kaihin Park Beach, Omaezaki Marine Park / **Mie Prefecture:** Futamigaura Beach, Jiro-Rokuro Beach / **Shimane Prefecture:** Kokufu Beach, Kuromatsu Beach, Kotogahama Beach / **Okayama Prefecture:** Sami Beach, Shibukawa Beach / **Hiroshima Prefecture:** Setoda Sunset Beach / **Yamaguchi Prefecture:** Chudo Beach, Nijigahama Beach / **Tokushima Prefecture:** Komatsu Beach / **Ehime Prefecture:** Karakohama Beach / **Kumamoto Prefecture:** Shirogahama Beach, Pearl Sun Beach / **Oita Prefecture:** Tanoura Beach / **Miyazaki Prefecture:** Imamachi Beach, Okuragahama Beach, Shimoaso Beach, Kaguchihama Beach, Odotsu Beach / **Okinawa Prefecture:** Misaki Beach

Activities overseas

North America Coastal clean-up activities by volunteers

Honda Community Action Team (HCAT), an organization of associates working at Honda in North America, their family members, suppliers, and others, has a track record of participation in large-scale clean-up activities, through which members have removed more than 300,000 tons of garbage from beaches in the Los Angeles area. Members also participate in Coastal Clean-up Day, an international event in which more than 60 countries participate. More than 120 HCAT members took part in the 25th Coastal Clean-up Day in FY2010.

According to Heal the Bay, a non-profit organization headquartered in Santa Monica, California, most garbage washing up on California's beaches makes its way to the shore via inland streams and storm drains. In addition to its beach clean-up activities, HCAT works to spread the message that coastal pollution can be prevented by raising individuals' awareness of the consequences of their everyday activities.



Honda Community Action Team helped clean-up the California coast on Coastal Clean-up Day

South America Lake ecosystem conservation project

Since 2002, Honda Automoveis do Brasil (headquartered in Brazil) has been participating in Gincana Ambiental (GICA), a program established as part of an Ecovita project to conserve the environment through sports and other activities.

The company, which agrees with the project's environmental philosophy of coexisting with humankind and the Earth, is participating in an effort to become a corporation local residents want to exist.

GICA was founded in 2000 to raise environmental awareness of people who live near and gain their livelihood from lakes in the Amazon basin and to conserve plant and animal life in the area for future generations. The program also seeks to communicate the importance of conserving nature to students and area residents through such activities as inter-community information exchange, recreation, and sports.

Every June, a series of events are held around Lake Paru and Lake Calado in the Manacapuru municipality of the state of Amazonas on the last Saturday after Environment Week. Meeting with local leaders, teachers, environmental volunteer groups, engineers, researchers, and supporters, teams select mascots and slogans, perform parodies, compose poems, participate in environmentally friendly fashion shows, and take part in engine-powered canoe races and other events in an effort to follow the Ecovita philosophy of protecting life. In 2009, 25 volunteers from Motor Honda da Amazônia and about 300 students from local schools joined in events, attended by 1,500 visitors.



A canoe competition held near Lake Paru and Lake Calado in the Amazon basin

Europe, the Middle and Near East, and Africa Working with WWF to launch a marine sanctuary conservation project

Working with the World Wide Fund for Nature (WWF), Honda South Africa (headquartered in South Africa) launched the WWF Honda Marine Park Program in March 2009 as a marine sanctuary conservation project with a focus on coastal areas in the province of Western Cape in the southern part of the country. The effort is an outgrowth of the Cape Marine Program, a WWF effort to survey South Africa's western cape. The current partnership is geared to facilitate support, long-term maintenance, and efficient management of all South Africa's marine sanctuaries.

The project aims to manage and conserve marine resources that have suffered from poaching. Two rubber dinghies equipped with BF75D Honda outboard motors are patrolling coastal sanctuaries in Cape Town. The goal of the program is to establish a sanctuary support group with the cooperation of government, conservation groups, and other interested parties.



A boat equipped with a Honda outboard motor patrols a marine sanctuary

Asia and Oceania Helping eliminate poverty through the Honda Dreams Fund

In January 2007, Honda Malaysia joined the Malaysia Office of the United Nations Development Programme in announcing the establishment of the Honda Dreams Fund. The fund underwrites all educational and living expenses for young people who are unable to pursue a higher education due to a lack of financial resources.

In addition to helping these students make their dreams come true, the fund allows Honda to contribute to human resources development in Malaysia. During FY2010, 57 young people began pursuing their dreams by undertaking research in a variety of disciplines.



Students participating in a workshop

China Environmental class and tree-planting activities

A program of tree-planting activities in Inner Mongolia was orchestrated as a joint project by Honda's 14 Chinese affiliates, and an environmental class entitled "The Importance of Tree Planting" was held on July 3 and 4, 2009, at Dongliang Elementary School in Xinghe County, Inner Mongolia. Additionally, trees were labeled with tags made by the students and planted in the county's Youyi Dam district. Tree planting is an important issue for green-poor China, which ranks 130th in the world in the percentage of forested land.

In the environmental class, students participated in activities including making tags for the seedlings, learning about environmental issues and tree planting, and drawing pictures of how the area would look 10 years in the future. The children were happy to receive tree-planting certificates from Honda.



Tree-planting activities

Honda philanthropy activities

Japan Donating funds in proportion to Honda C Card use

Since FY1996, Honda has donated a percentage of total Honda C Card use to the Japanese Red Cross Society and the Japan Committee for UNICEF each year. In June 2010, we donated 0.02 percent of FY2010 card use, bringing cumulative contributions to ¥704.18 million.

Yoshio Wakao (left), Manager, Business Development & Operations Office, Automobile Sales Division, Regional Sales Operations (Japan), receives a letter of thanks from Executive Director Ken Hayami (right) at a charity donation ceremony held at the Japan Committee for UNICEF.



North America Donating funds to the Pediatric Brain Tumor Foundation

The Ride for Kids program uses motorcycles to help raise money for the Pediatric Brain Tumor Foundation, which is dedicated to finding the cause of and a cure for pediatric brain tumors. American Honda Motor has been a main sponsor of the program since 1991. As part of the 18th event held on May 3, 2009, close to 1,000 riders and volunteers participated in a gathering held by the company, raising some \$243,000 in donations for use on behalf of children suffering from brain tumors in the form of funds for medical research and support for patients' families.



Associates at the Ride for Kids venue

China Opening an elementary school in Sichuan Province

Dongfeng Honda Automobile Co., Ltd., opened a new elementary school in Mao Prefecture in the Chinese province of Sichuan, which was struck by an earthquake in May 2009. Significant damage sustained by the previous elementary school during the earthquake had been interfering with the daily learning of 1,200 area children. Reacting to a request from the Mao Prefecture Bureau of Education, Dongfeng Honda spearheaded construction of Dongfeng Honda Lizhi Elementary School, which incorporates an earthquake-resistant structure as well as state-of-the-art environmentally friendly design features. Dongfeng Honda, dealers, suppliers, and others covered construction costs for the project. Dongfeng Honda provided quality control for the construction project, which was completed on August 31, 2009.



Dongfeng Honda Lizhi Elementary School

Corporate Governance

Basic stance on corporate governance

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

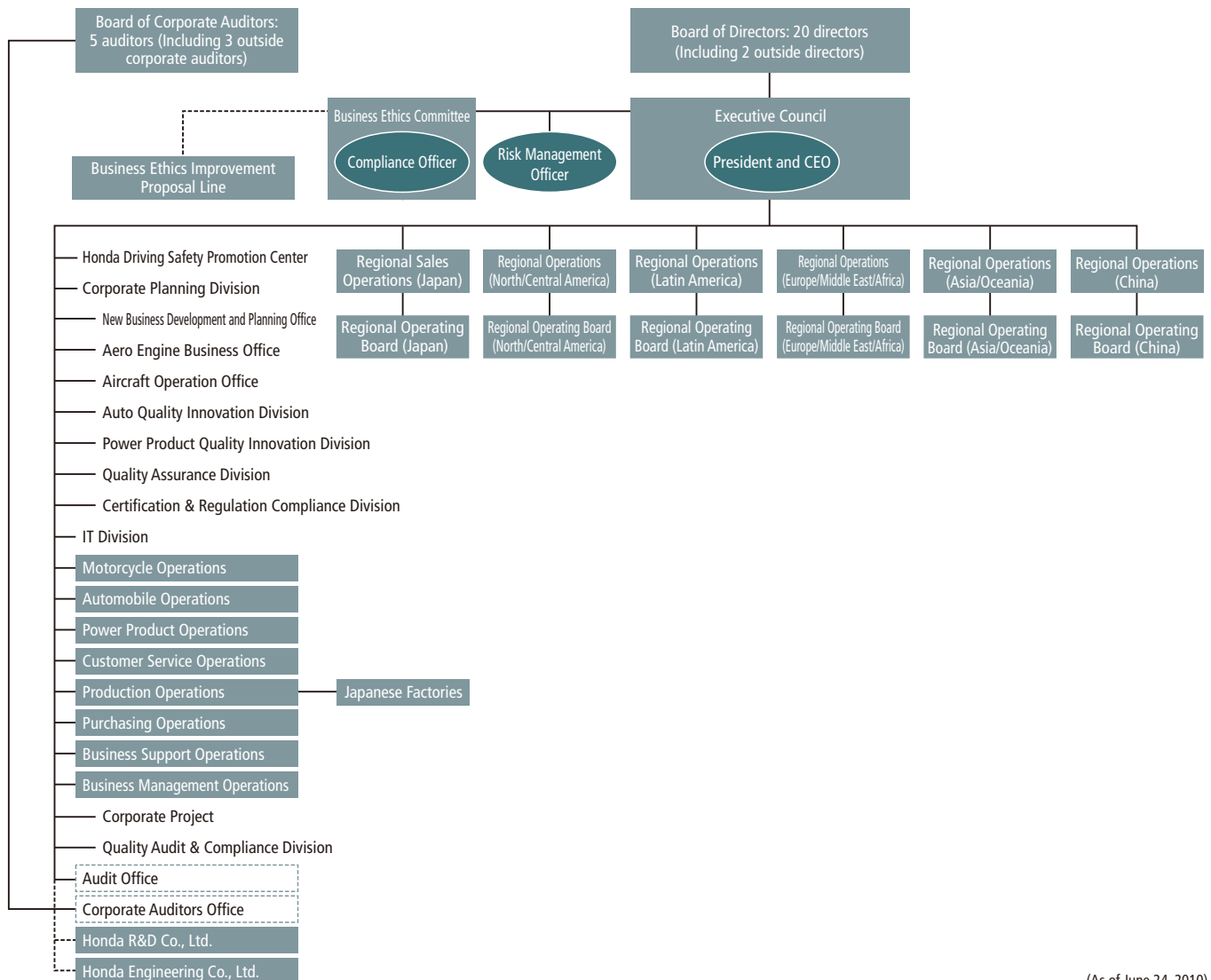
To ensure objective oversight of the Company's management, outside directors and outside corporate auditors are appointed to the Board of Directors and the Board of Corporate Auditors, which are responsible for supervising and auditing corporate operations. The Company has also introduced an operating 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 remuneration payable to them is determined according to a standard that reflects the Company's business performance. These policies are 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, we have implemented a system that enables prompt and appropriate decision-making by having the Executive Council and regional operating boards deliberate important management issues.

With respect to internal controls, compliance and risk management systems have been designed and implemented appropriately following basic policies for the design of internal controls as 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 giving public notice of them and disclosing its management strategies in a timely and accurate manner. Going forward, Honda will continue to raise the level of transparency in its operations.

Corporate governance: organization



(As of June 24, 2010)

Internal controls system: fundamental approach and current status

This section describes Honda's basic approach to internal control systems and the state of their implementation at the Company.

1. Systems for ensuring that the execution of duties by directors and employees complies 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 personnel and employees are made aware of and follow these guidelines. The company has appointed a director to oversee compliance-related initiatives by serving as a Compliance Officer. Other key elements of our compliance system include the Business Ethics Committee and the Business Ethics Improvement Proposal Line.

2. Systems related to the retention and management of information on execution of business by directors

Information related to the execution of business by directors, including minutes of Board of Directors meetings and other important meetings, is retained and stored appropriately in accordance with the Company's document management policy.

3. Regulations and other systems related to risk management

Important management items are taken up by to the Board of Directors, Executive Council and/or Regional Operating Boards which discuss them in accordance with established rules of procedure, assess associated risks, and make decisions as appropriate.

Individual departments work to mitigate department-level risks and develop policies for dealing with them. In addition to adopting Companywide Risk Management Policies and Honda Crisis Response Rules to address large-scale disasters requiring company-level crisis management, we have appointed a member of the Board of Directors to oversee the design and implementation of related systems by serving as the Risk Management Officer.

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

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, we have implemented a system that enables prompt and appropriate decision-making by having the Executive Council and Regional Operating Boards deliberate important management issues.

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 in an appropriate manner

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

Decision-making rules have been implemented for subsidiaries, which are required to seek Company approval in advance concerning important management items and to report associated activities to the Company. In addition, the Company's business management department receives reports on business plans and other matters from subsidiaries on a regular basis and confirms the appropriateness of associated operations.

The Company's Audit Office, an independent unit that reports directly to the President, audits each department's business activities and works to improve the Honda Group's internal auditing systems.

Finally, the Company works to improve corporate governance throughout the Group by seeking the understanding and cooperation of equity-method subsidiaries with Honda's basic corporate governance policies.

6. Provision of employees when requested by corporate auditors and independence of employees from directors

The Corporate Auditors' Office has been established to provide support for the Board of Corporate Auditors.

7. Systems for ensuring directors and employees report to corporate auditors and other systems related to the reporting of pertinent management information to corporate auditors

In addition to regularly reporting the state of operations at the Company and its subsidiaries and the state of implementation and operation of internal control systems, including those related to compliance and risk management, directors and employees must report any information that may have a significant impact on the Company's operations.

8. Other systems for ensuring the effectiveness of audits by corporate auditors

Corporate auditors work closely with the Audit Office, which serves as the Company's internal audit department, to conduct business audits of the Company and its subsidiaries. Additionally, corporate auditors attend the Executive Council and other important meetings.

Basic approach to the elimination of antisocial activities and the state of the implementation of associated systems

Honda has made a firm commitment to opposing gang activity, organized crime, and other conduct that poses a threat to social order and safety. We have designated a department to oversee our response to such behavior, and we work closely with police and other outside organizations to address it.



CSR Report 2010

Honda Motor Co., Ltd.

2-1-1 Minami-Aoyama, Minato-ku, Tokyo 107-8556, Japan

Published in October 2010