HONDA

The Power of Dreams

Striving to be a company society wants to exist

CSR Report 2012

Contents

Publishing Policy

Availability of CSR information

Honda is involved in a variety of corporate social responsibility (CSR) activities to fulfill its goal of being a company that society to exist by stakeholders worldwide. Honda makes CSR information available on this website and in the Honda CSR Report PDF edition. The latest comprehensive reporting of our activities is provided on the portal website while the PDF edition is an annual report published during the established reporting period. The report complies with the GRI* Sustainability Reporting Guidelines. It is our hope that the website and the Honda CSR Report 2012 PDF edition will facilitate a better understanding of Honda's CSR activities for all of our 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.

Additional information

The following Honda CSR Report 2012 PDF edition and the websites provide more detailed information about the "Business Results," "Environmental Conservation Activities," "Driving Safety Promotion," and "Philanthropy Activities" sections of this report.

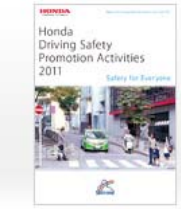
Honda Environmental Annual Report 2012/Environmental Initiatives Website

An outline of Honda's approach to environmental policy, including reports on future targets and the results of major initiatives in FY2012
Published in June 2012

Annual Report 2012/Investor Relations Website

An outline of business results, management strategy, and other aspects of Honda's operations in FY2012

Driving Safety Promotion Activities 2011/Traffic Safety Education Website



An outline of Honda's approach and major initiatives with respect to the promotion of driving safety in 2011.
Published in December 2011

Honda Philanthropy Website

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

Scope, Period

Scope

This report focuses primarily on the activities of Honda Motor Co., Ltd., with some coverage of Honda Group companies in Japan and elsewhere. As used throughout this docment, "Honda" identifies initiatives of companies subject to the same labor contract as Honda Motor Co., Ltd.

Period

This report primarily covers activities from April 1, 2011 to March 31, 2012. 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.

Disclaimaer

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. Future forecasts represent assumptions or judgments based on information available at the time indicated. The results of future business activities and future events may differ from forecasts due to changes in the conditions on which they were based.

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Message from the President and CEO

Striving to be a company society wants to exist by providing fun and exciting products manufactured with a focus on people

Takanobu Ito
President, Chief Executive Officer and Representative Director

The year 2011 was one of hard work spent recovering from large-scale disasters of historic scope the Great East Japan Earthquake in March, and then massive flooding in Thailand in October. I would like to take this opportunity to apologize for the inconvenience that we caused many customers and local residents around the world when we were forced to halt operations at facilities in Japan and overseas, particularly in our automobile business, due to the effects of these two disasters.

Following the flooding in Thailand, we marshaled the entire group's resources to effect a rapid recovery and were able to resume production of automobiles on March 26, 2012, just four months after the floodwaters began receding at the end of November. We will continue to work actively to place our operations on track for growth by recovering from remaining delays caused by the earthquake and flooding as soon as possible.

The business environment continues to become more challenging due to the impact on the world economy of such factors as continuing strength in the yen and the financial crisis in Europe. Nonetheless, we look forward to strengthening Honda's presence in markets worldwide through not only products and technologies that delight customers and indeed all stakeholders, but also the full range of our corporate activities.

What Honda should do

The year before last, Honda adopted "providing good products to our customers with speed, affordability, and low CO_2 emissions" as its management direction as it moves toward 2020. Last year, we put forth the Honda Environmental Vision, a declaration of our two goals of providing customers with the joy of personal mobility and achieving a sustainable society, in accordance with that direction. Since its founding, Honda has worked to develop personal mobility products and solutions so that customers can experience that joy. I believe that the joy of personal mobility consists, naturally, of pleasure derived from the freedom that comes from being able to operate a vehicle, but also of the sense of thrill and excitement that comes from the discovery of various dreams and inspirations made possible by mobility.
At the same time, we consider reducing CO_2 emissions to be one of the company's top priorities, which need to be addressed by marshaling the Group's management resources in order to realize "a sustainable society where people can enjoy life."

As it moves to achieve the two goals outlined in its Environmental Vision, Honda will continue to propose pioneering products and technologies that thrill and excite, highlighting its unique identity.

Creating exceptional products

Last year, we proposed a variety of products and technologies in order to live up to our vision while meeting stakeholders' needs. For example, we announced Earth Dreams Technology, a group of next-generation automobile and environmental technologies that revamp the power train to blend fun with environmental responsibility in a highly advanced manner. We plan to roll out these technologies, which are engineered to further reduce their environmental impacts, to an increasingly large range of products, starting with the N BOX, a new mini-vehicle that we launched in November 2011. Our goal is to have achieved No. 1 fuel economy in every product category within three years.

We also launched the New Mid series of motorcycles featuring a newly developed 700 cc engine that combines the joy of riding with dramatic improvements in fuel economy. Going forward, we will bring a next-generation 125 cc scooter engine that further boosts fuel economy to not only Southeast Asia, the world's largest scooter market, but also Europe and North America.

During 2011, cumulative production of power products reached 100 million units. Going forward, we will launch a line of LPG-fueled, inverter-equipped generators designed to perform to maximum effect during power outages in times of emergency, and we will bring a series of newly developed portable generators engineered to offer exceptional fuel economy so as to reduce their environmental impact to emerging markets. To date, we have installed thin-film solar panels manufactured by Honda Soltec Co., Ltd., with a total capacity of 3.5 megawatts at worksites in Japan, the most of any Japanese automaker. We also plan to install the largest megasolar power generating system to be used at an automobile plant at our Yorii Plant, which is scheduled to start operation in 2013.

Last year, we introduced an initiative to promote "home production for home consumption," referring to the production of "lifestyle energy" in the form of heat and electricity at home for use in the home while utilizing mobility solutions. During the current fiscal year, we completed a trial home in the city of Saitama featuring the Honda Smart Home System, which provides comprehensive control over energy supply and demand in the home to provide benefits such as self-reliance in energy and mobility in the event of a disaster.

Utilizing these activities as a foundation, Honda is developing a vision for the future in which its technologies and business activities make it possible to achieve a society with an environmental footprint of zero based on a "triple zero" philosophy that seeks to eliminate CO_2 emissions from well to wheel (from the generation of electricity to its use to power vehicles), to eliminate energy risk through energy management technologies, and to eliminate waste products through adherence to the 3Rs (reduce, reuse, and recycle).

Manufacturing that fits Honda's philosophy

Even as we recognize that Honda's corporate social responsibility dictates that we work to achieve "a sustainable society where people can enjoy life" through products and technologies that excel in environmental and safety performance, we must acknowledge that Honda's corporate culture¶ indeed, its very origin¶ derives from a willingness to embrace the challenge of creating interesting products that delight customers, pursuing innovation to improve convenience, and daring to do what others have not.

The UNI-CUB, a new personal mobility solution announced in May 2012 that fits between the legs to offer a level of freedom on par with walking under one's own power, is a perfect example of this approach. Honda's research into humanoid robots such as ASIMO helped facilitate the development of the UNI-CUB, and the Honda Robotics technologies created by that program are an expression of a manufacturing philosophy that has remained unchanged since Honda's founding, a commitment embodying the company's founding spirit to create products that are useful, to make people happy through technology, and to ensure that technology exists to help people.

In January 2012, we announced the NSX Concept, a next-generation exotic sports car exemplifying the sporty product domain that symbolizes Honda's identity. We plan to sell the NSX both in Japan and overseas in an effort to provide the joy of driving through the achievement of exceptional environmental performance and fuel economy as well as the unique sense of acceleration and unity of driver and machine that characterize exotic sports cars.

Honda has historically pursued a program of corporate activities based on its fundamental beliefs of Respect for the Individual and the Three Joys. In short, creating exceptional products while respecting and affirming one another so as to delight the customers who use them gives us joy and fuels our dedication to embrace new challenges. We have undertaken development, procurement, production, and sales operations in partnership with people around the world out of a belief in the importance of this cycle. We at Honda will continue to act as a company society wants to exist by creating exciting products that resonate in the hearts of customers and all stakeholders in accordance with the people-oriented approach to manufacturing that lies at our very origins.

Takanobu Ito
President, Chief Executive Officer and Representative Director
July 2012

Honda Philosophy and 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"

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

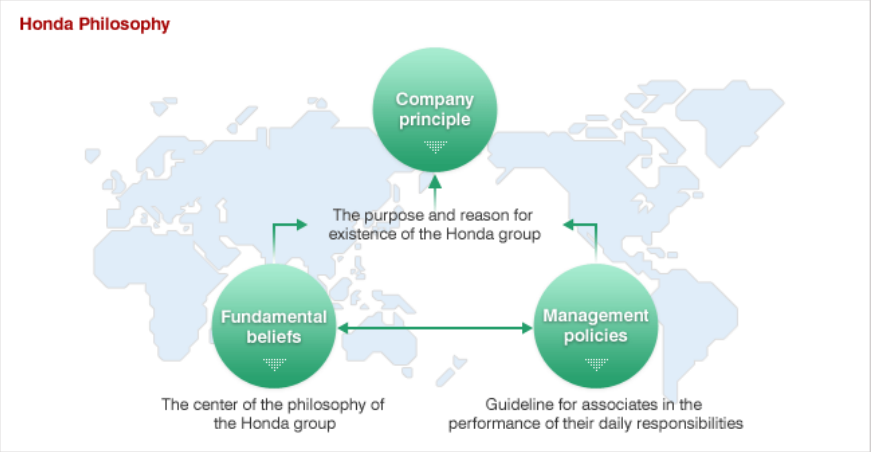
CSR initiatives based on the Honda Philosophy

For the direction of the 21st century, Honda has established a corporate vision of striving to be a company that society wants to exist based on the Honda philosophy.

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, where everyone at Honda work to realize this philosophy and regard it as not only words, but as the foundation of their actions and decisions. 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.
- Respect sound theory, develop fresh ideas and make the most effective use of time.
- Enjoy your work, and encourage open communications.
- Strive constantly for a harmonious flow of work.
- Be ever mindful of the value of research and endeavor.

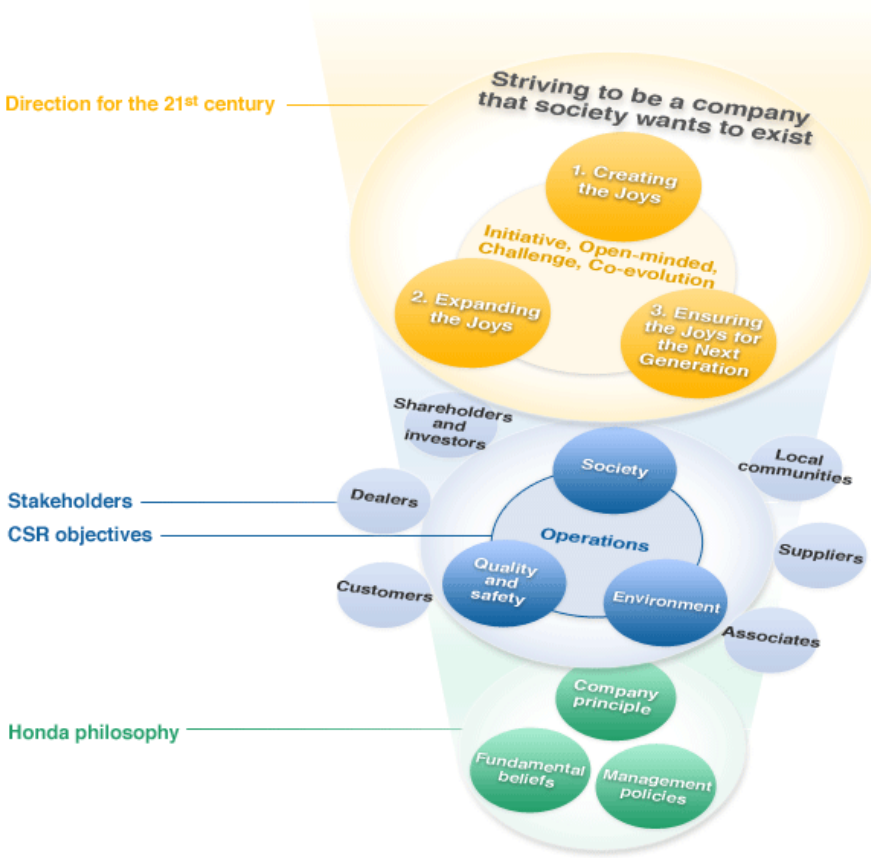
CSR initiatives based on the Honda Philosophy

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



What CSR Means to Us

We strive to be a company that society wants to exist by continuously turning our dreams into reality.
Let us share such thoughts with you.

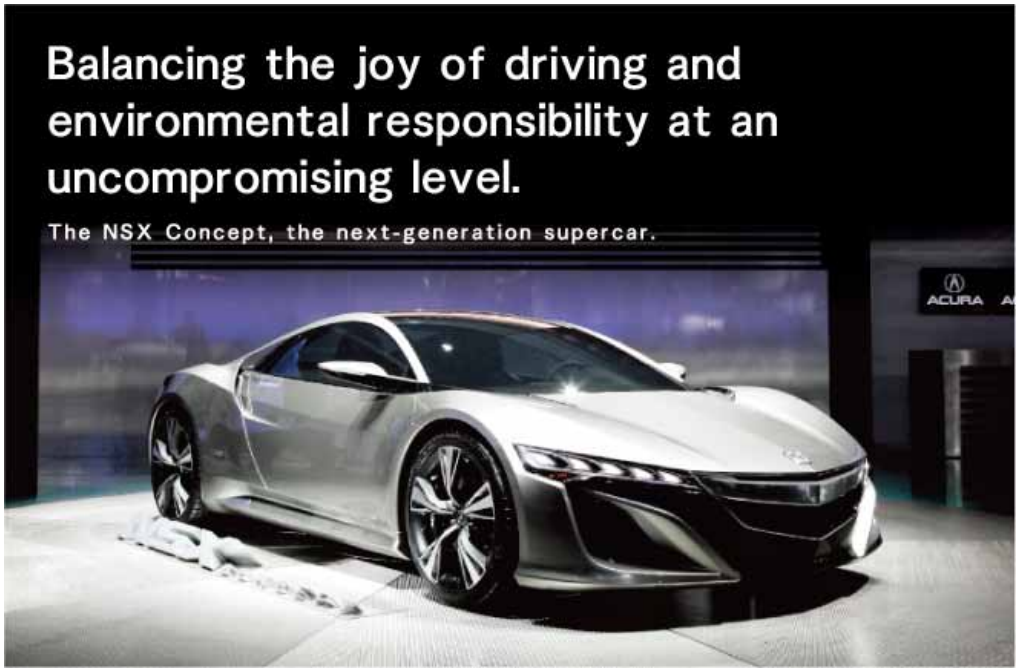
- Balancing the joy of driving and environmental responsibility at an uncompromising level. The NSX Concept.

- Wishing to deliver what's useful to people, convenient and fun to use. The 30 years of Internavi.

The "white work uniform" is where Honda's dreams begin.

Even today, our work uniforms reflect the thoughts of our founder, Soichiro Honda. "If dirt stands out, then, to avoid getting dirty, associates will have to make sure the machines are kept clean." "The buttons and zippers should be covered to prevent products from getting scratched." As exemplified by the uniform, all of our efforts help us clarify problems and deliver good products to our customers. This philosophy expanded globally and is adopted today by every Honda associate. We are committed to taking on new challenges on a daily basis with the aim of turning our dreams into reality.

The NSX Concept as Part of Our CSR



Capturing serious attention worldwide, the NSX Concept was unveiled.

At the North American International Auto Show held in Detroit, Michigan, U.S.A., on January 9, 2012, Honda proudly announced its next-generation supercar, the NSX Concept, at a press conference. The NSX Concept features a new hybrid system that combines a mid-mounted next-generation, direct-injection VTEC V-6 engine with high efficiency motors and the system works in concert with a dual-clutch transmission. The NSX Concept also incorporates a Sport Hybrid SH-AWD (Super Handling All Wheel Drive) system with a unique 2 Electric Motor Drive Unit that powers the left and right front wheels. The result is a machine that delivers an all-new experience of unmatched supercar acceleration and driving joy achieved by uniting the car and driver as one.

The super sports car that puts the focus on “people”

The NSX Concept shares the same design concept as Honda's first super sports car, the NSX, which gained overwhelming popularity in the 90's. The catchphrase for the first-generation NSX was "Our dreams come true." Literally, the first-generation NSX was Honda's dream come true and it was developed as a super sports car that put the focus on the driver.
The original NSX development team set out to create a 3-liter, middle-weight car with extremely lightweight all-aluminum body construction. More specifically, the team strove to achieve world leading driving performance while securing a natural driving position, excellent drivability and clear visibility. Through meticulous driving tests and a high level of engineering, the team succeeded in accomplishing its goals. As the super sports car that elevated the level of synergy between man and machine, the NSX offered comfort and durability along with innovative features such as traction control, and collision safety features. The level of comfort was epitomized in 1992 at the Suzuka circuit when the late Ayrton Senna test drove the NSX-R, which was developed to be the best performing super car on the circuit, and said "comfort!" as he exited the cockpit.

The first-generation NSX launched in 1990

The NSX Concept balances fun and environmental values.

The first-generation NSX was the world's first mass-produced vehicle to feature all-aluminum body construction. While featuring light body weight that offered high-level fuel efficiency, it also exhibited excellent environmental performance from the perspective of conserving resources, because aluminum is recyclable.
The next-generation supercar, the NSX Concept, is much more than a fast new super sports model. It is a machine that delivers new heights in driving pleasure while at the same time attaining a high level of environmental performance and fuel efficiency by incorporating a new drive system.
The NSX Concept is a landmark product that exemplifies the direction Honda R&D is taking – in its pursuit of the joy and freedom of mobility and minimal impact on the environment. Honda is determined to continue developing many products with an edge that are capable of offering both fun and environmental values.

The NSX Concept keeps on turning our dreams into reality.
With extremely high expectations.

The Acura booth at the North American International Auto Show is where the NSX Concept was unveiled. A large group of media representatives who showed up an hour before the opening welcomed Takanobu Ito, President and CEO of Honda Motor Co., Ltd., with cheers and applause when he made his appearance. It was a moment when the media shared a bit of Honda's dreams through the NSX Concept. "I have been promoting a development system in which products with a sharp edge could be created to deliver a truly exciting experience along with excellent environmental performance," explains Takanobu Ito, who was part of the team that developed the body structure of Honda's first NSX. His passionate speech continued... "We debated and debated endlessly. How does one get ahead in this world? What exactly is a supercar created by Honda?'"

To ensure we continue to give shape to our dreams far into the future

"As a result of our endless discussion, we created a set of new supercar values. We would strive to balance the synergy of man and machine at a high level with heightened comfort and intuitive handling." It was Takanobu Ito who proposed using an all-aluminum body structure on the original NSX. He was willing to take on big challenges, knowing that driving conditions can be complex and aluminum is difficult to handle in terms of molding and welding.
He focused on the higher potential, rather than the drawbacks. For example, aluminum is a non-polluting resource that exhibits excellent anti-rust performance and recyclability. The resulting NSX, a sports car made by sports car enthusiasts, was Honda's long-sought dream come true. It was a composite of countless dreams. The design philosophy that focused on people gave birth to a sports car that delivered a whole new driving experience. And now, the NSX Concept is about to start its journey by turning our dreams into reality again – balancing the joy of driving and environmental responsibility, two seemingly contradictory goals, at an uncompromising level.

The NSX Concept unveiled at Welcome Plaza in Honda Headquarters, Tokyo. To be launched in Japan and abroad.

Our wish is to keep delivering the joy of mobility far into the future.

We wish to offer the "joy and freedom of mobility" and contribute to a "sustainable society where people can enjoy life."
Toward these goals, we value uncompromising R&D with unique ideas. This is part of the dream that Honda always has in mind.

Internavi as Part of Our CSR

Wishing to deliver what's useful to people, convenient and fun to use.

The 30 years of Internavi encapsulates such thoughts.

All to provide the best possible route and latest map data

Approximately 30 years ago in 1981, we introduced the Honda Electro Gyrocator, a predecessor of Internavi. The world's first car navigation system made its debut as one of the indispensable technologies to complete the "automated driving" system to which Honda devoted itself at the time. It was launched along with other technologies such as Antilock Braking System (ABS) and Cruise Control System. The debut of the Honda Electro Gyrocator signaled the start of our new challenge to meet the demands of car navigation users, such as requests for the best possible routes and the most up-to-date map data.

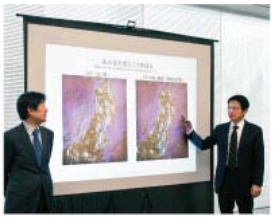
Takeshi Imai
Executive General Manager,
Internavi Telematics Division
(At the time of interview)

Kazuya Tamura
Manager/Chief Engineer,
Internavi Telematics Division
(At the time of interview)

The history behind the birth of Internavi, which enables interactive communication

Car navigation systems are close to everyone, within easy reach. "That's why if there's a feature, not quite a defect, that doesn't live up to their expectations, they easily feel that something is missing," said Takeshi Imai, Executive General Manager of the Internavi Telematics Division at the time of Internavi's launch. Honda listened to customer demands for more precise road information and easier access to new map data, and swiftly responded with customer-oriented development that facilitated digitalization and Internet compatibility to update routes and map data with the utmost speed. In 2002, Internavi evolved to allow interactive communication, and in the following year, Internavi Club members were able to share traffic information among members. This is how the current Internavi emerged.

Overcoming a diverse range of obstacles



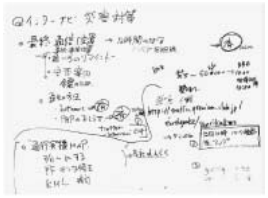
For over two decades, our associates in the field of car navigation took on many challenges to overcome various obstacles – mostly in the area of communications technologies. However, there were also obstacles related to laws and regulations. "Traffic information used to be under the control of each local government. For instance, private companies could not provide an ideal route for travelers from Yokohama to Narita Airport because it crossed several prefectures," said Kazuya Tamura, Manager/Chief Engineer of the Internavi Telematics Division. It's almost unbelievable now, but due to urgent requests from Honda and others in the industry, private companies were finally able to process traffic information freely in 2006 when the Road Traffic Act was revised.

Earthquake disasters made us realize it. “The potential of Internavi is much larger than you might think.”

What Internavi delivers is not confined to information that enhances driving comfort. We started offering Internavi Weather, which provides real-time information on weather conditions, ahead of the competition in 2005. In 2007, the service expanded to offer the world's first pinpoint forecasts of intense rainfall. In 2008, the industry's first earthquake information was added, and now Internavi offers other information that helps people prepare for disasters.

Quick reaction – Information disclosure in one day following major earthquake devastation

The Chuetsu Earthquake in Niigata Prefecture in 2004 prompted our development of the Traffic Record Map, which utilizes traffic information shared among members, in collaboration with the National Research Institute for Earth Science and Disaster Prevention. Soon after the new system was launched in 2007, the Niigata-Chuetsu Earthquake put the system to practical use. "Based on that experience, we didn't hesitate to respond swiftly when the Great East Japan Earthquake occurred," said one Internavi Telematics Division member. On the evening of the day when the earthquake hit, Internavi Telematics Division members inspected the system, confirmed its operability and started compiling traffic information in the devastated area. They then released the compiled traffic data in the Google Earth format at 10:30 a.m. on March 12, the day after the devastation. Furthermore, we started releasing information on Passable Road Maps on March 14 so more people could understand the traffic conditions. Disclosing Honda's proprietary information to the public may have been a bit awkward. "We actually hesitated for 10 seconds," Imai laughed. Since Honda's priority was to provide convenience to users, we decided to release the data.



We began compiling data on the same day the 2011 earthquake occurred.

Passable Road Maps

Expanding coverage around the devastated region

Our traffic record information was utilized by many people driving vehicles to provide aid in the devastated areas. Moreover, these drivers provided wide-ranging comments on the situation. Twitter users were even requesting that Internavi users in the devastated region transmit their location information. In response to requests for information on Niigata and Ibaragi prefectures, the relief supply delivery routes, we expanded information coverage to include these areas on March 16. Predicting that many more people would be heading toward the affected areas during Japan's Golden Week holiday, we also began providing traffic congestion information on April 27.

Coverage expanded on March 16 to include Niigata and Ibaragi prefectures

Toward our dream of “delivering what’s useful to people, convenient and fun to use”

These Internavi activities received recognition in the form of various awards that included the 2011 Good Design Grand Award, the Great East Japan Earthquake Response Special Awards from the 2011 Nikkei Superior Products & Services Awards, and the Review Board Special Award from the 41st Japan Industrial Technology Grand Prizes.
We are honored that the performance of Internavi is widely recognized. Having started the "dots" service in March 2012, which connects Internavi with social networks, and Honda Moto LINK for Honda motorcycle owners in April, we believe the system has much more to offer. Recalling the words of Soichiro Honda, "Wishing to deliver what's useful to people, convenient and fun to use," Imai looks forward to the future and says "the potential of Internavi is even bigger."

Internavi received recognition from various fields, including the 2011 Good Design Grand Award

Internavi – breathing life into the thoughts of the Honda founder

“Wishing to deliver what's useful to people, convenient and fun to use.”
This expression, from the founder Soichiro Honda, aptly applies to our current efforts with Internavi. The Internavi challenge will continue in our efforts to ensure that Honda remains a company that society wants to exist.

Special Feature 2012

Special Feature 2012

Striving to become No.1 in fuel economy

- Honda will create the ultimate internal combustion engine.
- EARTH DREAMS TECHNOLOGY, a series of innovative technologies
- Pursuing fuel economy, joy, and utility

Special Feature 2012

Change lives on a worldwide scale

Playing a useful role in people's lives,putting a smile on the customer's face

- Creating a new residential paradigm
- Supplying essential products

Special Feature 2012

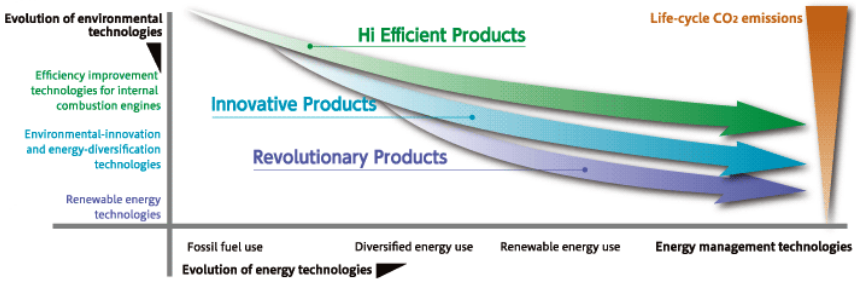
Striving to become No.1 in fuel economy

Honda adopted an environmental vision based on “the Joy and Freedom of Mobility” and “a Sustainable Society Where People Can Enjoy Life” in 2011. To implement that vision, we are pursuing a policy of innovation and integration with regard to environmental and energy technologies. By working to improve the efficiency of internal comobustion engines, address innovative environmental technologies and the diversification of energy, accommodate renewable energy sources such as hydrogen and solar power, and integrate these initiatives with energy technologies, we are striving to eliminate greenhouse gases emitted from mobility-related activities and throughout our lives.

During fiscal 2012, Honda's business activities gave rise to a multitude of products that draw on innovative, advanced technologies from the standpoint of improving the efficiency of internal comobustion engines.

Today, with large numbers of people still using fossil fuels, Honda is endeavoring to make low-carbon lifestyles possible in communities worldwide by boosting the fuel economy of all its products automobiles, motorcycles, and power products.

Product-based scenarios for addressing climate change and energy issues



New, next-generation technologies as only Honda can develop

EARTH DREAMS TECHNOLOGY is the name we give to a series of new, next-generation automobile technologies that deliver an advanced mix of driving performance and fuel economy while pursuing Honda's unique brand of fun. Their exceptional environmental performance derives from the improved efficiency of internal combustion engines and transmissions as well as the evolution of motors and other electrically powered technologies. In addition to these innovations and advanced technologies, we have announced a variety of new technologies and products in the motorcycle segment, including a number of global engines and our New Mid series. Going forward, we will continue to strive to realize a sustainable society through Honda's uniquely sophisticated and creative approach, which is based on fun, the environment, and safety consciousness.

Honda will create the ultimate internal combustion engine.

EARTH DREAMS TECHNOLOGY

EARTH DREAMS TECHNOLOGY, a series of innovative technologies

Pursuing fuel economy, joy, and utility

Special Feature 2012 Striving to become No. 1 in fuel economy

Honda will create the ultimate internal combustion engine

President, Honda R&D Co., Ltd. Yoshiharu Yamamoto

No.1 in fuel economy in every category

President, Honda R&D Co., Ltd.
Yoshiharu Yamamoto

Our world, where the trend was toward high performance, high output, and larger, more luxurious products, underwent a sea change following the Lehman Shock. Additionally, the market in emerging nations has expanded greatly, to the point that it is no exaggeration to describe that segment as a major focus of our business. Faced with these changes, Honda resolved to steer its operations toward creating inexpensive products that combine superior performance with fuel economy, and this policy bore fruit during 2011. By rapidly steering for this new course, we accelerated our research operations and gained the ability to move from launching a project to bringing that product to market faster than our competitors. Our only misstep was a slight delay in reading the market and taking action. The EARTH DREAMS TECHNOLOGY initiative has allowed us not only to erase that delay, but also to prepare to overtake our competitors' efforts. Our goal is to bring to market a series of products within the next three years and to become No. 1 in fuel economy in every category. But this is only a point on our journey. We've already set even higher objectives and started to develop the next generation of technologies.

Toward differentiation that exceeds expectations

The vehicle equipped with the electric SH-AWD new hybrid system in EARTH DREAMS TECHNOLOGY series

I believe that internal combustion technology, including both gasoline- and diesel-powered variants, has another 20 or 30 years to play the leading role. There is still room left for internal comobustion engines to evolve, and based on recent progress, I think that we'll see thermal efficiency rise to 50 percent. If I were to describe my greatest dream as an engineer, it would be to achieve 50 kilometers per liter with a simple gasoline engine by taking advantage of across-the-board technological progress in the form of the evolution of transmission and chassis technologies. In my view, Honda's destiny is to create the ultimate internal combustion engine. Humankind may transition to EVs and other means of mobility in the future, but first Honda must create an engine that stands at the zenith of the internal combustion era! Honda is unique in embracing such an approach.

For Honda to fully realize its uniqueness, we must focus not on mere differences, but on differentiation. Just as our founder spoke about the importance of Honda's being in its own element and declared that engineering without personality doesn't have much value, our corporate culture today burns with passion to become No. 1 in short, to create and supply products that are far and away the best of their breed. I'm not talking about achieving 30.1

kilometers per liter when other manufacturers reach 30. Honda strives to employ completely different approaches and new ideas and in the process, to differentiate itself in order to reach fuel economy numbers like 40 or 50.

For example, the New Mid series is an excellent example of this drive toward excellence. In our time, creating high-rpm engines embodied the evolution of technology. But New Mid engines only reach half of those levels. This is a proposal of new value, a challenge that completely changes the paradigm. These motorcycles not only deliver dramatically improved fuel economy and use a new technology that competitors can't match in the form of the dual-clutch transmission*, but also let the rider have great fun. One journalist who test-drove a New Mid motorcycle on a test course remarked that he wasn't expecting it to be so fun.

We will continue to simultaneously develop products with powerful engines in the automobile segment as well. Starting with the super-sports category based on our NSX Concept, we will propose new value with products that mix environmental performance with fun by embodying EARTH DREAMS TECHNOLOGY. Technology is also evolving in the power products segment. For example, our hybrid snow blower is extremely easy to use. We're also proposing a new vision for society with products such as smart home systems that comprise a creative energy business.

We've developed a solid technological basis for motorcycles, automobiles, and power products. We will make 2012 a year in which we reliably and quickly deliver products to customers worldwide. In our 100th year since the company's founding, our goal is to be No. 1 by continuing to provide the products desired by customers worldwide products characterized by exceptional performance and inexpensive prices. I plan to respond to the diverse needs of customers in different regions worldwide while each and every employee in the field thinks continuously about what customers want and how we can change our products and operations to accommodate those desires.

*A geared automatic transmission, developed by Honda as the world's first such technology for motorcycles.

EARTH DREAMS TECHNOLOGY, a series of innovative technologies

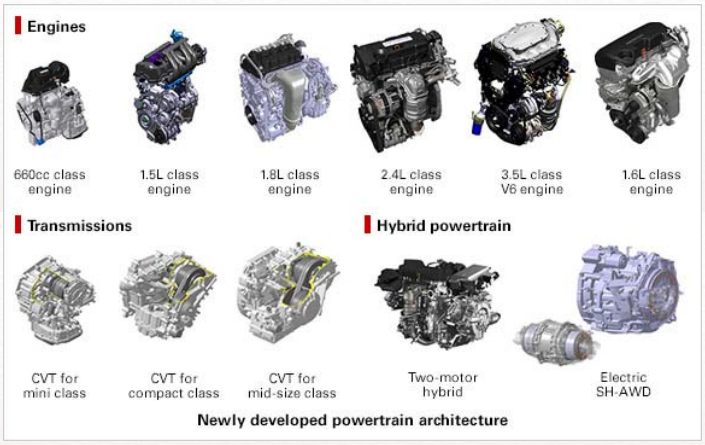
In November 2011, Honda announced EARTH DREAMS TECHNOLOGY, a series of technologies that fulfill both our need to protect the Earth's environment and our dream of enjoying driving. This series of new, next-generation technologies is designed to deliver an advanced mix of driving performance and fuel economy while pursuing Honda's unique brand of driving pleasure. Their exceptional environmental performance derives from the improved efficiency of internal combustion engines and transmissions as well as the evolution of motors and other electrically powered technologies.

For our series of newly developed gasoline engines, we will create the world's top-performing gasoline engine in terms of output and fuel economy; for our diesel engine series, the world's lightest small diesel engine; for our transmission series, an exhilarating and sporty CVT; for our hybrid series, the world's most efficient two-motor series hybrid and plug-in hybrids; and for our Electric SH-AWD new hybrid system, innovative technology that allows the vehicle to handle as if it were on rails. Going forward, we will roll out EARTH DREAMS TECHNOLOGY in new products in a range of categories, starting with the N BOX minivan. In addition to striving to become No. 1 in fuel economy in every category within the next three years, we are aiming to slash CO_2 emissions from products sold worldwide by 30 percent compared to 2000 levels by 2020.

Six technologies for becoming No. 1 in fuel economy

1. A gasoline engine that delivers world-class driving performance and fuel economy
2. A small diesel engine that delivers the world's lightest weight* as well as class-leading* acceleration and fuel economy
3. A CVT that provides an advanced mix of driving pleasure and fuel economy
4. A two-motor hybrid system that delivers the world's highest level of efficiency*
5. The Electric SH-AWD high-efficiency, high-output hybrid system, which combines driving performance and fuel economy
6. A compact, high-efficiency electric power train for EVs

*According to Honda research (as of November 30, 2011)



Newly developed powertrain architecture

N BOX:The present tense of fuel economy and the M/M concept

N BOX crystallizes technology used in the EARTH DREAMS TECHNOLOGY gasoline engine series to combine fuel economy and driving performance. Through innovations in the evolution and framework of Honda's VTEC technology, we created a more powerful engine with evolved environmental performance. The vehicle achieves top-level power in the mini-vehicle category as well as top-level environmental performance.

The comfort of N BOX was made possible by its innovative platform.

Engineers' third challenge, in addition to delivering both fuel economy and driving performance, was comfort. This is the current state of the M/M concept (man maximum, mechanism minimum), which turns the idea of people being at the center of the design into a system of thought. Physical comfort in terms of space leads to emotional comfort. It is the N BOX's innovative platform, characterized by a minimal engine space and a center tank layout, that creates this comfort.

Contributing to reduced weight and improved fuel economy through design and production innovations

The N BOX's body and chassis reflect the aggressive pursuit of light weight and high efficiency. We reviewed the traditional manufacturing process of building the body by combining the roof and side panels. Instead, we decided to build the framework first by joining only the inner frame of the roof and side panels to the floor and then welding the outer panels on later. In this method, we first assemble a strong skeleton and then cover it with panels, allowing the number of bolts and the amount of reinforcing material to be reduced compared to previous methods. A number of creative techniques allow us to reduce the thickness of steel sheets without sacrificing their strength. The N BOX, which uses these technologies, achieves a 10 percent reduction in body weight. We have pursued further improvements in fuel economy by using lighter-weight components and tires with low rolling resistance.

The N BOX body is 10 percent lighter.

The NSX Concept, which combines the joy of driving with environmental conservation

The NSX Concept
on display at Welcome Plaza Aoyama

The NSX Concept, which highlights Honda's approach to next-generation super-sports car design, was announced at the North American International Auto Show in January 2012. The vehicle features the Sport Hybrid SH-AWD hybrid powertrain, which incorporates the latest environmental technologies while carrying on the fun-to-drive spirit that animated the first NSX. This hybrid system combines a hybrid powertrain with two built-in drive motors designed to improve handling performance. A two-day exhibit of the concept for the general public held in February 2012 at Honda's Aoyama Headquarters drew some 13,000 visitors, highlighting high expectations for the next-generation NSX.

New CVTs with dramatically improved response and fuel economy

Honda's newly developed CVT for midsize vehicles

Honda has introduced three new CVT models that use advanced technology to deliver driving pleasure and excellent fuel economy for mini, compact, and mid-size vehicle classes, allowing the design to be used with a variety of engines. The new CVTs feature G-Design Shift, which provides a new level of cooperative control over shifting, throttle, and hydraulic control. By responding even more quickly to driver inputs and delivering a powerful, long-lasting feeling of acceleration, this control system provides an exhilarating and sporty driving feel.

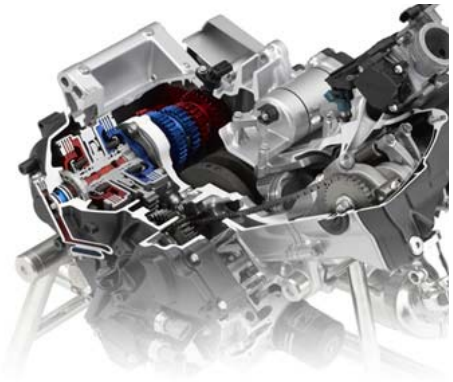
In addition to shortening the overall length of the system for the mini-vehicle class by taking a creative approach to control devices and shaft placement, we reduced the total part count to achieve a lightweight, compact design, including by simplifying the design of the transmission case. For the compact and mid-size vehicle classes, we augmented changes designed to reduce weight and size by increasing gear ratios and dramatically boosting transmission efficiency, delivering fuel economy improvements of about 5 percent compared to previous CVT designs* and about 10 percent compared to conventional 5-speed automatic transmissions in the same class*.

*Comparison by Honda.

Special Feature 2012 Striving to become No. 1 in fuel economy

Pursuing fuel economy, joy, and utility

In addition to automobiles with innovative EARTH DREAMS TECHNOLOGY, Honda will create the ultimate motorcycle of the internal combustion era. This commitment to excellence can be seen in our development of a new engine for 125 cc scooters, which are used by a large number of customers worldwide, and in the New Mid series, which overturned existing stereotypes when it was announced at the Milan Motorcycle Show in Italy. We have also developed a low-cost, compact motorcycle with a comprehensive range of improvements including ease of use, fuel economy, driving performance, and durability for Africa, where the market is poised to expand in the future. Honda is striving to become No. 1 by providing high-performance, inexpensive products that customers worldwide want.



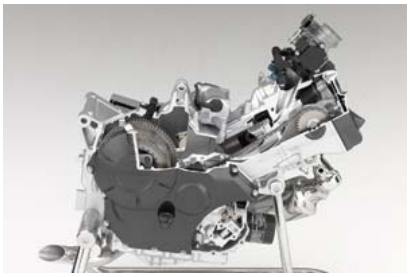
A motorcycle engine with dramatically improved fuel economy

Honda's approach is to contribute to lower CO_2 emissions on the global scale by further increasing the fuel economy of the engines used in its global models. We announced a new engine for the 125 cc scooters that are loved by a large number of customers worldwide in September 2011. This next-generation engine delivers improved durability, quietness, and fuel economy. The Thai-produced Click125i began using the new engine in January 2012, and going forward we will bring it to various global scooter models.

We also announced three new models for middle-class consumers in the European market, which is characterized by a mature motorcycle culture, in November 2011. These models feature a newly developed midsize 700 cc engine and transmission. In addition to delivering robust torque performance during low- and medium-rpm operation, which characterizes most city riding and touring, the new engine provides best-in-class fuel economy of 27 kilometers per liter* or better, representing an improvement of 40 percent or more compared to sports models in the same class (according to Honda estimates).

*WMTC mode (European model, Honda estimate).

New 125 cc global engine, esp



New 700 cc engine

A motorcycle with superior environmental performance for everyday use

The New Mid Concept refers to the NC700X and two other models announced by Honda in Japan in February 2012. These midsize motorcycles offer a pleasant, distinctive riding experience along with exceptional fuel economy and ease of use in normal riding, including city riding and touring. As products, they give shape to Honda's philosophy of providing this type of motorcycle at an affordable price.

Perspective drawing of the NC700X

The engine features a broad range of innovations such as an ideal combustion shape and low-friction technologies in an effort to augment robust output performance during low- and medium-rpm operation with improved fuel economy borne of the pursuit of combustion efficiency. Thanks to these enhancements, which allow the engine to achieve 41.0 kilometers per liter (test figures recorded while driving at 60 kilometers per hour), we were able to shrink the fuel tank and move it underneath the seat, opening up space where the fuel tank used to be. By inclining the engine forward so that this space could be most effectively utilized, we created a luggage space capable of accommodating a full-face helmet. In applying fuel economy improvements to the shape of the motorcycle itself in this way, we are able to provide customers with a unique Honda product that combines not only power and fuel economy, but also a superior level of utility.

Bringing inexpensive, high-quality transportation to Africa

It is said that there are about 4.5 million drivers of motorcycle taxis known as *okada* in the African nation of Nigeria. *okada*, which are greatly appreciated by the region's residents, are used not only for commuting to work and school, but also for transporting merchandise. Honda's Ace CB125 was designed to offer a superior level of utility and ease of use when utilized as an *okada*. Designed to be a low-cost, compact motorcycle for emerging nations, this 125 cc model features exceptional ease of use, fuel economy, driving performance, and durability even as it leverages Honda's global network to further boost cost competiveness. Priced at about 100,000 naira (about ¥50,000*) to make it accessible to customers in emerging nations, the Ace, which was launched in September, has earned high praise for its quality, performance, suitability for use as an *okada*, and powerful engine.

* Calculated at 1 naira = about ¥0.5.

A billboard on a major road advertises the Ace CB125.

The Ace CB125 is extremely popular with *okada* riders.

Electric power supply has become one of the pressing social issues. In Japan and other advanced nations, people have begun reviiewing the dependency on nuclear energy paradigm and demanding multiple and divertized measures to maintain electric power. On the other hand, there are still many regions in emerging nations where electricity and other essential services cannot be adequately supplied. Furthermore, in times of emergency and natural disasters such as earthquakes and flooding, certain specific items like generators are needed inevitably. There is a variety of issues related to infrastructure on a global scale.

Playing a useful role in people's lives

What do customers need? What can we do to play a useful role for customers? Honda has been providing motorcycle, automobile, and power products and our technological ideas based on these questions. Honda's power products, worldwide cumulative production of which reached 100 million units in 2011, have been winining popularity by responding to specific needs in various markets around the world. While striving to provide unique new value in the future using environmental and energy production technologies, Honda keeps on providing products that people need in their everyday lives in regions with different cultures and climates as well as the products that people need most in times of emergency. The bottom line is that Honda is striving to play a useful role in the lives of all customers around the world.

Creating a new residential paradigm

Supplying essential products

Creating a new residential paradigm

Honda has undertaken numerous initiatives to create energy in a way that is useful to society, including by developing the CVCC engine, hosting the Soichiro Honda Cup Honda Econopower Race, participating in solar car races, developing hybrid vehicles, and developing natural gas-powered generators as part of an effort to make it easier and less expensive to utilize energy. We at Honda are always thinking about efficient energy management, and these technologies are beginning to see use in customers' homes today.

New value that is uniquely Honda

Smart e Mix Manager (top left), home battery unit (left), natural gas engine cogeneration unit (center), hot water unit (right)

Honda terms the creation and consumption of lifestyle energy at home in the form of heat and electricity, including its use in mobility, “home production for home consumption.” We acknowledge the social expectation that people should be able to secure energy and mobility themselves in the event of a natural disaster. In order to deliver the ability to supply energy management technologies that play a useful role in customers' lives not only in everyday life, but also in times of emergency, we began a series of trials of the Honda Smart Home System, which provides comprehensive control over energy supply and demand in the home, in April 2012. These tests are being conducted at a prototype house in the city of Saitama in Saitama Prefecture that implements new value provided by Honda. We entered into an agreement to participate in the city's E-KIZUNA Project in May 2011, and plans call for this trial to be conducted as part of the project until 2018.

The expanding potential of the Honda Smart Home System

The Honda Smart Home System being used in the prototype house consists of CIGS thin-film solar panels, a home battery unit, household gas-engine cogeneration unit, hot-water supply system, and the Smart e Mix Manager. The Smart e Mix Manager serves as the core of the system for controlling each energy device and its power input or output. In addition to facilitating the exchange of energy information, this unit allows users to select an energy-saving mode that looks up electricity and gas rates online and provides functionality for giving priority to reducing CO_2 emissions in system operation. Additionally, the system can be controlled with vehicle navigation systems and smartphones via the Honda internavi.
Power from various energy devices can also be supplied to EVs and plug-in hybrids through the Smart e Mix Manager. What's more, the system networks cars, houses, society, and energy by working in conjunction with the Honda internavi. Specifically, capabilities include offering peace of mind by providing notification of visitors to the home and a new level of comfort and convenience by allowing remote operation of household appliances.
The system combines solar panels and a household gas-engine cogeneration unit in an optimal

manner to deliver energy management not only for everyday life, but also during power outages and natural disasters. We are also developing and testing a self-starting household gas -engine cogeneration unit. The expanding range of possibilities includes allowing EVs, plug-in hybrids, fuel cell electric vehicles, and other vehicles to supply electricity to the house. Honda will continue to explore new potential in the spirit of its founder's exhortation, "Be Someone who tries things."

Creating electricity and heat from natural gas

The MCHP1.0K2 residential natural gas engine cogeneration unit

After making a series of improvements to the compact household cogeneration unit that was announced in 2002, Honda began supplying a new core unit in the household cogeneration system in May 2011. This household cogeneration unit generates electricity with a natural gas-powered engine while using waste heat from the engine to heat water.

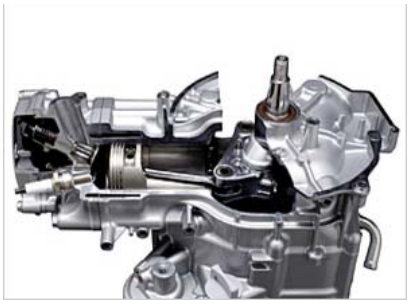
The most remarkable characteristic of the system is the high rate at which it is able to utilize primary energy (natural gas) ¶ in other words, its ability to efficiently transform fuel into energy. For example, thermal power plants are only able to generate commercial power at an energy utilization rate of approximately 40 percent[*1]. By contrast, a household cogeneration system ECOWILL[*2] using the MCHP1.0K2 core unit developed by Honda reaches the overwhelmingly high utilization rate of 92 percent[*3] (power generation efficiency: 26.3 percent; heat generation efficiency: 65.7 percent) by using recovered heat from the engine while generating 1 kilowatt of electricity. The model also offers improved quietness thanks to design features that limit engine noise and vibration. Honda incorporated sound-insulating technology used in automobile development to achieve noise values on par with a household air conditioner outdoor unit. The starting mechanism delivers smooth engine starts in a lightweight, compact design.

In addition to saving resources and lowering CO_2 emissions, the ability to use fuel efficiently helps customers cut down on the cost of heating and powering their home. With each passing day, This household cogeneration units are becoming a more viable and realistic choice for homeowners reviewing their energy use.

Honda's cogeneration system received the 2011 Technology Grand Prize from the Japan Gas Association (announced in March and presented on June 14) and the COGEN Annual Award in the Technology/Innovation category at COGEN Europe (presented in Brussels on May 3).

*1: Lower heating value (LHV) standard; from Japan Gas Association data.
*2: EcoWill is a registered trademark of Osaka Gas Co., Ltd.
*3: With a MCHP1.0K2 LLC hot water temperature of 75℃; lower heating value (LHV) standard.

New EXlink engine delivers energy savings



Honda's new EXlink engine delivers a new level of fuel efficiency.

The gas-powered household cogeneration unit's new generating unit uses EXlink[*4], a newly developed, multi-link, high-expansion-ratio engine to dramatically boost performance. High-expansion-ratio engines (also known as Atkinson cycle engines) have an expansion ratio that is higher than their compression ratio, allowing them to develop energy from fuel more efficiently. In research to increase the efficiency of engines for our power products, we had been working to develop a more compact design in which the length of the piston stroke can vary. Through a trial-and-error process, this research and development effort led to the creation of a proprietary multi-link mechanism, resulting in a compact design that could be mass-produced: the world's first Atkinson cycle engine with a multi-link mechanism.

By augmenting the fuel efficiency made possible by the new EXlink engine with further efficiency gains from Honda's proprietary sine wave inverter generating technology, we increased the level of efficiency at which electricity is generated from primary energy from 22.5 percent in previous models to 26.3 percent in the new design. We also improved the thermal energy utilization rate from 63.0 percent to 65.7 percent. Thanks to these enhancements, customers can cut their heating and electricity costs by about 50,000 yen[*5] per year when using the system in combination with a heating/hot water unit. As compared to a household using electricity generated via thermal power generation and a water heater burning natural gas, Honda's new system reduces CO_2 emissions by about 39 percent.
By pursuing a lightweight, compact design for EXlink, for example by being able to use smaller intake parts due to the engine's low intake volume, we have been able to deliver the world's smallest cogeneration unit (as of March 31, 2011; according to Honda research).With a footprint of just 1.6 square meters and a weight of just 11 kilograms, the system can be installed even in confined spaces, allowing it to be used in a larger range of homes. Features such as low noise and vibration levels on par with those of a household air conditioner outdoor unit and a maintenance interval of 6,000 hours or about three years make the system affordable for many homes.

*4: A Honda trademark meaning "Extended Expansion Linkage Engine."
*5: Compared to a heater and hot water heater using electricity from a thermal power plant and natural gas (13A); data from a natural gas provider.

ecoPOWER 1.0 becomes No. 1 in Germany

The ecoPOWER 1.0, a compact cogeneration system jointly developed by Honda and German heating and hot water heater manufacturer Vaillant for use in detached houses as the first product of its kind in Europe, is earning high praise in Germany.
In addition to receiving the German Sustainability Award 2011 in the category of “Germany's most sustainable products/services” in November 2011, ecoPOWER 1.0 was selected by readers of an industry journal as the “Most Sustainable Product of 2012,” an award given to products that excel in the areas of management, marketing, and sustainability. Honda supplies the core unit used by the product's system, which increases the unit's total efficiency to 92 percent thanks to EXlink's high-expansion-ratio engine technology.


ecoPOWER 1.0, a residential cogeneration system

Supplying essential products

People living in different regions around the world exhibit a diverse range of lifestyles that reflect their areas' different cultures and climates, each with its own set of essential needs. Seen on the global scale, there are phenomena that throw human communities into a state of emergency, for example natural disasters that threaten people's ability to enjoy the stability of everyday life. You'll find Honda power products hard at work helping customers around the world obtain essential products and services in times of emergency.

Power products that are essential for life

Serving as backup power supplies for information infrastructure

India's vibrant economy is expected to continue to grow. The country's rural villages, towns, and cities are unable to keep up the necessary level of infrastructure development needed by the rapidly growing economy, particularly in the area of electric power. Honda generators have established a high level of trust in this area, where poor power infrastructure causes outages on a frequent basis. Generators are widely used not only by homes across India, but also by stores and street vendors, making them an essential part of everyday life.

An EXK2800 being used as a computer backup power supply in India

Customers bring numerous products to participate in the service campaign

Honda Siel Power Products Ltd. recently received an order for 5,700 generators from India's central government for use at post offices throughout the country. The equipment is being put into service at post offices in rural areas with poor power infrastructure in an effort to enhance the facilities' banking functions in addition to their conventional postal delivery and shipping operations. Demand for generators as a means of backing up computer data is soaring as information technology transforms the country. Honda generators play a useful role for customers by not only contributing to the stable supply of power, but also aiding in the development of information infrastructure in emerging nations.

But our contribution goes beyond generators. Honda water pumps and string trimmers play an essential role in life in rural agricultural villages. Customers involved in agriculture have traveled dozens of kilometers to participate in workshops on product repair and maintenance. For the benefit of these customers, Honda personnel visit 107 dealers and agricultural villages and regions throughout India to offer product repair and maintenance service. In an average year, we conduct 1,600 such visits as part of this campaign.

With their excellent fuel economy and human- and environment-friendly design, GX engines are an essential Honda product

A long-tail boat powered by a Honda GX engine

During a dark period in its history, the Gulf of Thailand lying to the south of Thailand was nothing more than a stretch of polluted ocean, its fish stocks having been so exhausted by a large fishing fleet that nothing could be caught from the shore. Local fishermen responded by taking matters into their own hands in an effort to restore the fishing industry in the area, for example by making artificial coral reefs and bamboo trellises to serve as fish habitats and by starting to farm crabs. The resulting environmental awareness later influenced their selection of engines to power the long-tail boats on which their livelihood depends. Where the diesel engine had been the go-to powerplant, more and more fishermen began switching to Honda's GX engine, a fuel-efficient, 4-stroke design with comparatively low emissions. In the decades since that time, this general-purpose engine has inspired a dedicated following thanks to its light yet durable design and ease of maintenance. The iGX series, an “intelligent” evolution of the original GX engine, far exceeds the requirements imposed by the U.S. Environmental Protection Agency's Phase 3 emissions regulations, which are the strictest standards of their kind in the world.

Helping people in times of disaster

Aiding in the recovery from flooding in Thailand

GX engines donated by Honda in response to flooding in Thailand

When continuous heavy rainfall caused unprecedented flooding in Thailand, Honda responded immediately by donating 200 GX160 engines and small boat installation kits. Honda Automobile (Thailand) Co., Ltd., which was forced to halt production on October 4, 2011, held a ceremony to celebrate the resumption of production on March 31, 2012. Honda threw all of its resources into restoring operations at the company, which serves as a critical base in the Asia and Oceania region. The Honda Group has established the Honda Khiang Khang Thai Fund and will donate a certain amount for every motorcycle, automobile, and power product sold in the country. We have set the goal of raising about 300 million baht by the end of fiscal 2012 for use in offering aid in the aftermath of future natural disasters in Thailand.

Water pumps play a key role in times of disaster

Water pumps play a key role in both supplying and eliminating water not only in agriculture and at construction sites, but also in times of drought, flooding, and other natural disasters and emergencies. Engine performance helps determine the value of water pumps, which are required to operate continuously for extended periods of time at constant rpm, and Honda water pumps use its outstanding GX engine, a 4-stroke, air-cooled, single-cylinder powerplant with overhead valve (OHV) technology. The GX's exceptionally flat torque from low to high rpm allows it to deliver consistent suction and discharge performance with superior quietness, durability, starting performance, and low fuel and oil consumption, giving it high environmental performance for a 4-stroke design.

Honda water pumps deliever stable suction and discharge performance.

Gas-powered household cogeneration units play a support role at emergency shelters

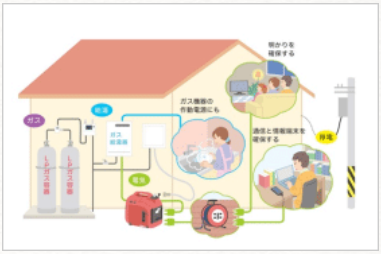
Honda is participating in the Kesennuma Kizuna Project, which offers ongoing aid to residen t of the city of Kesennuma in Miyagi Prefecture who were displaced by the Great East Japan Earthquake.

The project is dedicated to helping revitalize the community by building temporary structures for use as stores and socializing space at temporary housing compounds. In addition to supplying Gas-powered household cogeneration units for use at trailer houses in these compounds, Honda has donated Fit automobiles for use in a car sharing program. We also provided two Walking Assist Devices to help elderly evacuees living in temporary housing walk more easily. We are using information gained from the project to broaden the reach of our aid programs.

An MCHP1.0K2 gas engine cogeneration unit supplies power and hot water to a trailer house being used as a store for local specialty products and as a multipurpose space where volunteers care for elderly who live alone. A local NPO is orchestrating the two-and-a-half-year program.

Honda develops a portable, propane-powered generator

Demand for home-use generators that can be utilized in the event of emergencies such as power outages has soared in the aftermath of the Great East Japan Earthquake. In August 2012, Honda will begin supplying a portable, propane-fueled generator that it developed based on its EU9i inverter-equipped generator, which uses gasoline, to LP gas suppliers. Since it uses propane, which is widely available to homes, as its fuel, the generator can be quickly connected and used in times of emergency. By supplying a portable, propane-powered generator, Honda is seeking to create a new market for backup power supplies that can be used with peace of mind during power outages at propane-equipped homes throughout the country.



Artist's conception of a portable, propane-poweregenerator installed at a home

CSR History

Since the size of corporate activities and their impact on society is so vast, there is a growing interest on how approaches to worldwide social responsibility will be implemented in the 21st century on issues such as global warming that is representative of environmental issues, changes to the markets in the global era and rapid advances in information technology.

Even before that, Honda has been pursuing initiatives in its own way to fulfill its responsibilities as a corporate citizen. The ideal of our founder Soichiro Honda of “Fulfilling social responsibilities is an obvious goal as a company. …It is my hope that Honda will continue to fulfill its social responsibilities and that all employees will also complete their own responsibilities as a member of society.” exists as the root and the pillar of all our activities.

As well as introduce our contributions to society through our products and technology, we will introduce some annual milestones of our widespread activities as they represent the founder's ideals of “being a company” that works toward the sustainable development of society and provide joy for the next generation.

Understanding people and playing a useful role in their lives

In 2011, Honda marked its 25th year of robot research. This section explores technologies the program has generated, their application through the Honda Robotics program, and the thoughts of developers.

Passing on a flourishing natural environment to the future

Thirty-five years of regionally grounded tree planting

This section introduces the Community Forest program, which Honda launched in 1976, along with the watershed preservation program, which brings the same spirit of conservation to sites across Japan.

CSR History

Understanding people and playing a useful role in their lives

Celebrating 25 years of robot research

Honda strives to create new products and drive technological progress based on the spirit with which it was founded, which can be summed up as pursuing “Technology is for people.” placing “Manufacturing starts with understanding people.” In addition to considering research into humanoid robots a core part of that mission, we have worked to endow robots with a variety of functions to emulate people's intelligence and ultimate level of mobility.

Honda launched its robot research program in 1986 in an effort to fulfill its organizational aspiration of playing a useful role in people's lives and enriching human society. Since that time, the successes of the program have continued and multiplied through such advances as the P2, announced in 1996 as the world's first autonomous, humanoid, bipedal robot, and ASIMO, announced in 2000 as a humanoid robot developed with the ability to integrate into human lifestyles. In 2011, we celebrated 25 years of robot development. We have termed the technologies developed as part of this research and their application“Honda Robotics.”

This section introduces ASIMO and Honda Robotics as the result of this remarkable program of research and development at Honda along with some thoughts from an engineer who has been involved in robot research at the company.

- Honda Robotics
- The philosophy behind human research

The P2 was announced in 1996 as the world's first autonomous, humanoid, bipedal robot.

ASIMO conducts a special class for children who were forced to evacuate from the town of Minamisanriku in Miyagi Prefecture in the aftermath of the Great East Japan Earthquake.

In November 2011, Honda established a collective term, Honda Robotics, and the logo to represent Honda's robotics technologies and application products created through its research and development of humanoid robot represented by ASIMO.

"If we could make a product like this, mobility would be more fun." This is the spirit that infuses Honda's ongoing robotics research, which in addition to developing ASIMO strives to propose compelling, next-generation mobility solutions like the Walking Assist Device and U3-X that excite and inspire people. Going forward, we will also work actively to accelerate the process of bringing applied products to practical use.

Honda Robotics logo mark

New ASIMO

The all-new ASIMO is now advanced from an "automatic machine" to an "autonomous machine" with the decision-making capability to determine its behavior in concert with its surroundings such as movements of people. This new functionality has driven a dramatic advance in ASIMO's capabilities as the world's first* robot capable of controlling its behavior autonomously, for example continue moving without being controlled by an operator.

The new ASIMO was announced in 2011.

Honda identified the following three factors as necessary for a robot to perform as an autonomous machine, and the technologies required to realize these capabilities were developed; 1) high-level postural balancing capability which enables the robot to maintain its posture by putting out its leg in an instant, 2) external recognition capability which enables the robot to integrate information, such as movements of people around it, from multiple sensors and estimate the changes that are taking place, and 3) the capability to generate autonomous behavior which enables the robot to make predictions from gathered information and autonomously determine the next behavior without being controlled by an operator. With these capabilities, the all-new ASIMO takes another step closer to practical use in an environment where it coexists with people.

*According to Honda research (as of November 8, 2011).

Principal technological improvements in the new ASIMO

Intelligence capabilities

Honda has developed a new system that is a fundamental technology for advanced intelligence, which comprehensively evaluates inputs from multiple sensors that are equivalent to the visual, auditory, and tactile senses of a human being, then estimates the situation of the surrounding environment and determines the corresponding behavior of the robot. With this technology, ASIMO became capable of responding to the movement of people and the surrounding situations. Moreover, coordination between visual and auditory sensors enables ASIMO to simultaneously recognize a face and voice, enabling ASIMO to recognize the voices of multiple people who are speaking simultaneously, which is difficult even for a human being to accomplish.

Physical capabilities

In addition to strengthened legs and an expanded range of leg movement , a newly developed control technology that enables ASIMO to change landing positions in the middle of a motion has enabled ASIMO to walk, run, run backward, hop on one leg or on two legs continuously. With this technology, ASIMO has become capable of more flexibly adapting to changing external situations so that it can, as an example, walk over an uneven surface while maintaining a stable posture.

Task-performing capabilities

Honda has developed a highly functional compact multi-fingered hand, which has a tactile sensor and a force sensor imbedded on the palm and in each finger, respectively, and which acts to control each finger independently. Combined with the object recognition technology based on visual and tactile senses, this multi-fingered hand enables the all-new ASIMO to perform tasks with dexterity, such as picking up a glass bottle and twisting off the cap, or

holding a soft paper cup to pour a liquid without squishing it. Moreover, ASIMO is now capable of making sign language expressions which require the complex movement of fingers.

Task-performing robot arm

The task-performing robot arm takes the place of people to perform work at disaster sites and other hazardous areas that are too dangerous for people to enter.

The application of other ASIMO technologies such as the compact layout structural designing technique and multi-joint simultaneous orbit control technology that simultaneously controls numbers of motors imbedded in the joints of the arms and legs has enabled the robot arm to to moves on a self-propelled base and stabilize the posture of the end of the arm even on an unstable surface so that the robot arm can exert the necessary power output to perform the task. Toward this end, the robot arm was made possible to be remotely controlled to avoid obstacles and approach the object even in a narrow space with obstacles such as a complicated layout of pipelines.

In the development process, the robot arm is designed to perform the task of opening and closing valves on pipelines; however, it will become capable of performing a variety of tasks by changing the end piece of the arm.

The task-performing robot arm was announced in 2011.

Walking Assist Device with Stride Management System

Designed to be worn by individuals whose leg strength has deteriorated due to age or illness, Honda's Walking Assist Device with Stride Management System helps the wearer walk by adjusting stride length and walking rhythm so as to assist leg movements.

Like ASIMO, the Walking Assist Device incorporates proprietary Honda control technologies mimicking human walking that were achieved through the cumulative study of human walking. Applying cooperative control based on the information obtained from hip angle sensors, the motors provide optimal assistance based on a command from the control CPU. With this assist, the user's stride will be lengthened compared to the user's normal stride without the device and therefore and the user can walk faster, further, and more easily.

The compact design of the device was achieved with flat brushless motors and a control system developed by Honda. In addition, a simple design to be worn with a belt around the hip and thigh was employed to help achieve overall weight as light as approximately 2.4kilograms. As a result, the device reduces the user's load and can be fit to different body shapes.

Stride Management System was announced in 2008.

Honda's Walking Assist Device with Stride Management System helps elderly evacuees at temporary housing walk

Honda is participating in the Kesennuma Kizuna Project, an effort led by Advanced Industrial Science and Technology[*1] (AIST) to offer ongoing assistance to city residents who have been affected by the Great East Japan Earthquake.

The project is geared to help revitalize bonds of friendship in the form of interaction and connections among people both in and outside the region, for example by placing trailers with stores and multipurpose areas at temporary housing sites, where the formation of a local community is an issue. Honda is supplying its Walking Assist Device with Stride Management System to help elderly residents with weakened legs to walk more easily.

In addition to playing the role of providing a range of data gained from this initiative as feedback to aid activities, we are striving to revitalize the bonds of friendship in the form of interaction and connections among people both in and outside the region, a key issue in the recovery effort. Going forward, Honda will continue to actively contribute to the development of local communities.

*1 Advanced Industrial Science and Technology (AIST)
AIST, Japan's largest public research institution, conducts research in six diverse fields: Environment and Energy; Life Science and Biotechnology; Information Technology and Electronics; Nanotechnology, Materials and Manufacturing; Metrology and Measurement Science; and Geological Survey and Applied Geoscience. The institution works to turn research and development results into innovation through organic partnerships with industry, higher education, and government.

Walking Assist Device with Bodyweight Support System

The new walking assist device with the body weight suport system reduces the load on leg muscles and joints (in the hip, knees, and ankles) by supporting a portion of the person's bodyweight.

The device has a simple structure consisting of seat, frame, and shoes, and the user can put it on by simply wearing the shoes and lifting the seat into position. Moreover, a mechanism that directs the assisting force toward the user's center of gravity and the ability to control the assist force in concert with the movement of the legs make it possible for the device to provide natural assistance in various postures and motions such as walking, going up and down stairs, standing. and in a semi-crouching position.

The device only weighs about 6.5 kilograms, and it lifts itself as it operates so that the user has very little sense of the unit's weight. Additionally, the device is designed to fit between the legs so that it offers little resistance during maneuvers such as changing directions.

The Walking Assist Device with Bodyweight Support System was announced in 2008.

U3-X/UNI-CUB

The U3-X features a compact, one-wheel style design that allows the operator to move freely side-to-side, forward, backward, or diagonally by simply leaning the upper body to shift body weight. This personal mobility solution, which combines the capabilities of a person and a vehicle, lets the user move in any direction, turn, stop, and control their speed, just as if they were walking under their own power.

The high degree of freedom manifested in the U3-X's movement derives from the use of balance control technology developed as part of ASIMO research and the proprietary* Honda Omni Traction Drive System, the first of its kind in the world. We kept the device as small as possible¶ it fits between the feet in order to provide a comfortable ride that inspires peace of mind, keep the user's eyes level with pedestrians so that a natural line of sight can be maintained, and enable hands-free movement.

Even with all the technology it incorporates, the U3-X weighs less than 10 kilograms, allowing it to be easily carried.

UNI-CUB, an evolution of the U3-X toward commercialization, is designed for use in indoor spaces and facilities with lots of foot traffic. Compared to the U3-X, it is distinguished by improved stability and travel performance as well as an additional turning wheel that has been uncoupled from its balance control, making it easier to turn the unit. Since the device can be controlled either by shifting one's body weight or by choosing a direction and speed with a smartphone or other touch-panel device, it's easy to use, even for beginners.

*According to Honda research.

The U3-X was announced in 2009.

The UNI-CUB was announced in 2012.

Honda's task-performing robot arm are expected to help clean up after the Fukushima Daiichi nuclear accident

Satoshi Shigemi
Chief Engineer,
Honda R&D Co., Ltd.
Fundamental Technology
Research Center

I've been involved in developing Honda robots since 1986, working with a team of people who feel strongly that the most important aspect of a robot is its ability to help people when they are in need. Our development work focuses on enabling a task-performing robot arm utilizing ASIMO technology to help in the country faces difficulties of the March 2011 accident at the Fukushima Daiichi Nuclear Power Plant. Additionally, our walking assist devices are being used to help elderly evacuees at temporary housing in the aftermath of the Great East Japan Earthquake.

We were engaged in research for the new ASIMO at the time of the earthquake and made a proposal to the president based on our desire to put our robot technology to use restoration from the accident. Despite the fact that development is an expensive undertaking, the president immediately approved our request. Just three months after the earthquake, we had begun to develop the task-performing robot arm after speaking to TEPCO officials about what our technology could do. The most challenging part of the project was determining the robot's specifications since it was unclear what was going on at the accident site. We didn't know how much radiation the device would need to be able to withstand, or to what other harsh conditions it would be exposed.

robot arm

Later, it became clear that crews needed a robot that could reach places deep inside the rubble-strewn facility, and we realized that the technologies used by ASIMO could play a useful role. For a robot to open and close valves in the facility, the hardware would need to exhibit both autonomy and compliance (flexibility and elasticity). For example, just as it is difficult to change a light bulb on the ceiling if there's no stable place to stand, the robot needs technology capable of providing sure support even when its base lacks stability. We addressed this challenge by using exactly the same control technology that we used to ensure ASIMO could keep its footing, enabling the task-performing robot arm to complete tasks while forecasting and estimating the angle of the valve handle and type of floor surface.

In this robot development project, it was not clear what the site would require of our hardware. Yet ultimately, we were able to provide a solution by setting our sights on creating a robot capable of completing the same repair and maintenance actions in the facility as a person could accomplish directly with his or her hands.

Honda Robotics is building a society where people and robots coexist

Through my involvement with ASIMO and other Honda Robotics projects, I hope not only to fulfill future needs, but also to meet today's social demands and expectations for what is truly necessary by helping provide products and technologies that will be embraced by eager users. Today, I get the feeling that people are ready to accept ASIMO in this way, and I can envision its technology going beyond stage performances to coexist with people and play a genuinely useful role.

For example, elderly individuals have difficulty using touch panels to purchase tickets at train stations. My goal is to help ASIMO continue to evolve into a robot that can help people in everyday situations like that one, for example by purchasing tickets on behalf of the elderly. I look forward to continuing my human research while painting a vision of a future society where robotics technologies have changed the world so that people and robots can coexist.

Driven by a commitment to pass on a flourishing natural environment to future generations, Honda is actively involved in watershed preservation programs characterized by the participation of associates and their family members as volunteers in order to enrich the forests that bless the regions where the company operates worksites and leave them intact for future generations.

This series of activities began with Community Forest initiatives launched in 1976 in accordance with founder Soichiro Honda's green belt philosophy, which rejected the creation of concrete walls that would completely block off Honda sites from the surrounding communities. Based on our belief that cultivating true forests around worksites is a good way to fulfill this philosophy, we have planted tree species that are indigenous to each region.

The benefits of forests go beyond their ability to soothe the human heart. Starting with the reduction of CO_2 emissions, trees offer blessings for humans that no concrete wall could ever deliver: watershed forests at the sources of rivers facilitate the flow of water by storing it up, and tree growth stabilizes the ground to help prevent disasters. Forests also serve as an environmental barometer that warns us of impending problems by withering when their environment deteriorates.

This section introduces Honda's Community Forest initiatives, which strive to cultivate healthy forests that provide enormous blessing to communities and their residents, and the watershed preservation activities that the company is pursuing in various regions based on that philosophy.

- Cultivating real forests based on regional characteristics
- Fostering watersheds for the future
- History of tree planting at Honda

Honda has a history of pursuing advanced initiatives based on careful thought about humankind and nature, and the evolution of today's watershed preservation activities from the Community Forest initiatives that spawned them reflects that legacy.

Unlike the uniform approach to greenification that consists of creating a visually attractive lawn and then planting non-native trees, the cultivation of forests contributes to local environmental preservation as well as to the protection of tree species that are being lost along with their distinctive ecosystems.

Protecting the origin of human life

During the 1970s, Honda held a dialog exploring the meaning of truly useful afforestation as part of the process of developing environmental measures at its Sayama Plant in Saitama Prefecture. While that process was ongoing, then-executive vice president Michihiro Nishida discovered and was deeply impressed by a theory of community forests propounded by Akira Miyawaki, then a professor at Yokohama National University. He launched a Community Forest Executive Committee the same year and set in motion initiatives at all the company's worksites.

Miyawaki's community forest concept seeks to restore and maintain the natural world and environment in local areas by cultivating trees suited to the local ecosystem to create a “tutelary” forest. Plants are the only oxygen producers on Earth, and human and animals cannot exist without them. In short, the community forest exists to ensure our own survival.

Honda believes that sharing those community forests with residents of the local community is a mission entrusted to each and every associate.

Area around the front of the Sayama Plant at Saitama Factory when the Community Forest initiatives were launched in 1977; seedlings are being planted in the areas covered by white-looking straw.

The same location photographed in 1987, 10 years after the trees were planted; the seedlings have grown to over 10 meters in height to become a forest.

Blessings from forests

In the distant past, most of Japan was covered with evergreen broadleaf forests that stayed green even during winter. These forests protected people's lives and gave them energy and tranquility. From long experience, our ancestors came to understand the importance of forests and as a result accorded them respect and protection. This was the “tutelary” forest.

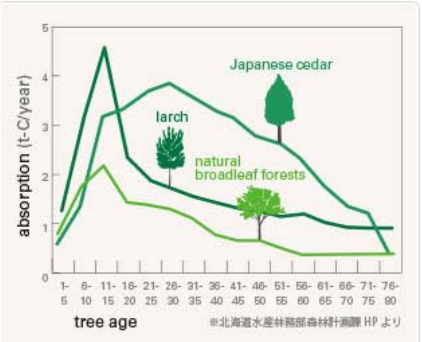
Through its Community Forest initiatives, which take the tutelary forest as their model, Honda has worked to create true forests based on an ecological foundation. Evergreen broadleaf forests that stay green even during winter offer a variety of benefits in addition to soothing the human heart by providing blessings that no concrete wall can equal, including by serving as a buffer between manufacturing plants and the surrounding area, preventing disasters, and preserving the environment.

Those benefits include:

1. Protecting ecosystems by fostering plant and animal life
2. Cleaning the air
3. Stabilizing the ground
4. Absorbing noise
5. Blocking wind
6. Blocking fires
7. Absorbing solar heat
8. Serving as a place of refuge in the event of a disaster

Today, even though Japan is one of the world's few heavily forested nations, with about 70% of its land area covered with tree growth, the natural dynamic energy of its forests is not being fully harnessed. When Japanese forests are left uncut, they develop dense growth of thin, weak trees that are unreached by sunlight, preventing the various functions of the forest, including the absorption of CO_2, retention of water, strengthening of the ground, and maintenance of diverse ecosystems, from being fully realized.

Now that the Kyoto Protocol, which strives to reduce CO_2 and other greenhouse gases, has refocused attention on the capabilities of forests, efforts to revitalize forests and prevent global warming are thriving.



Tree age and rough CO_2 absorption in larch, Japanese cedar, and natural broadleaf forests

A quarter-century has passed since Honda launched the Community Forest initiatives, which strive to cultivate true forests in the vicinity of worksites throughout Japan. Honda has pursued a series of tree-planting activities that it terms watershed preservation in order to conserve forests that confer the blessings of water on the communities in which those worksites are located. This program goes beyond mere tree planting.

Volunteers including current and retired Honda associates and their family members contribute to watershed preservation activities in accordance with Honda's belief that actual experience based on voluntary participation deepens people's understanding of environmental preservation. Family participation also helps ensure that awareness of the need to protect the environment is passed on to the next generation.

Honda's tree-planting activities began with a program launched by the Saitama Factory in the town of Minakami in Gunma Prefecture and then spread throughout Japan. This watershed preservation program, which embodies the philosophy of Honda's Community Forest initiatives, is helping to protect local forests and pass them on to future generations.

Local watershed preservation initiatives

Wako Building
- Yorii-machi, Saitama Prefecture

Saitama Factory
- Mt. Akagi, Gunma Prefecture
- Minakami-machi, Gunma Prefecture
- Kosuge-mura, Yamanashi Prefecture

Tochigi Factory
- Ashio-machi, Tochigi Prefecture

Hamamatsu Factory
- Hamamatsu-shi, Shizuoka Prefecture

Suzuka Factory
- Kameyama-shi, Mie Prefecture

Kumamoto Factory
- Ozu-machi, Kumamoto Prefecture

Activities in Ashio, Tochigi Prefecture

On Saturday, April 21, 2012, Honda held the 13th Watershed Preservation Activity in the town of Ashio in Tochigi Prefecture to rehabilitate the forest in a mountainous area owned by the Forestry Agency's Nikko District Forest Office in conjunction with the Forest Office and the Creative Conservation Club's Kanto Chapter. A total of 39 volunteers including current and retired Honda associates participated in the event.

Tree planting in the Ashio district, where the effects of significant pollution continue to be felt

The forest preservation activities that Honda's Tochigi Factory has pursued since 2006 focus on the town of Ashio in Tochigi Prefecture, which is located at the headwaters of the Watarase River. Following its discovery in 1610 and direct administration by the Tokugawa shogunate, the Ashio copper mine alternately waxed and waned until beginning to flourish in earnest in 1881 during a time of ever-increasing yields. The rapid development of the mine led to the release of toxic sulfur dioxide gas, causing vegetation to wither and the mountain's surface to erode, transforming a vast mountainous area in Ashio into a blighted wasteland.

Volunteers participating in forest preservation activities

The government launched an effort in 1956 to restore this enormous, 2,400-hectare damaged area, and about 50 percent of the total has been reforested after 50 years of gradual progress.

Wildlife including deer, Japanese serow, monkeys, and Asiatic black bear has finally returned to the restored natural environment, but new issues such as damage caused by deer feeding on seedlings have emerged.

Honda begins tree-planting work on a mountain ridge

This year, volunteers planted seedlings that deer are believed not to eat, including Japanese andromeda, speckled alder, Ainus firma, Japanese maple, and Japanese cherry. Groups of several volunteers worked on the mountain ridge, with two-person groups carrying hoes and seedlings up the mountain. The planting site looked close when viewed from below, but the steep slope forced the teams to take a circuitous route up the mountain. Staff cautioned volunteers about overdoing it and urged them to take breaks as they made their way up the route, which looked easier than it was. After struggling with the unfamiliar slopes, the teams reached the top of the ridge and began planting the seedlings. The site's location on a ridge meant that there were significant drop-offs on both sides of the

Volunteers planting trees as they work to keep their balance on the steep slopes

groups, and members called out to one another to urge caution as they worked since it would be extremely dangerous to lose one's balance while swinging the hoe.

Volunteers planted each seedling carefully while maintaining adequate spacing to allow future growth. Initially unsure of themselves while working on the steep slopes while carrying hoes and seedlings, the teams gradually got the hang of the work and ended up planting 500 seedlings.

Experiencing the difficulty and importance of restoring the natural environment

After the tree-planting work was complete, the Kanto Regional Forest Office held a forest preservation seminar. The speaker addressed topics including the environmental destruction caused by pollution in the Ashio district, the difficulty and necessity of people taking action to restore the natural environment, the regeneration of the natural forest that is the goal of Ashio's preservation plan, and the need for numerous volunteers to cooperate in order to restore the natural environment. As participants listened to the speaker against the backdrop of the surrounding desolate landscape, they gained a powerful understanding of the importance of the drive to restore the natural environment.

A forest preservation seminar being held at the site after the tree-planting project

Participants inquired what the program's organizers would do next, experiencing their high level of expectations for the program. Going forward, Honda will continue to support watershed preservation in the town of Ashio.

Interview with a volunteer

I came to understand how a steady program of activities would help restore the natural environment.

Yoshinao Kobayashi

“I imagined that we were going to end up working in a highly dangerous area on steeper slopes, but it wasn't as bad as I thought it would be,” said Kobayashi with a smile. “They chose the site carefully, so I was able to do my work with peace of mind.”

Looking serious, he continued, “When I set foot on the site where we were planting the trees, I saw that the trail winding up and down the mountain was well worn, and I realized how hard the staff have worked. I felt that there was a need to take measures to keep the deer away so they don't eat the seedlings.”

When he heard that the process of restoring the mountain at Ashio is only about half complete, Kobayashi expressed a renewed understanding of the need for “broader, sustained activities” along with his hope that additional activities would be pursued, saying, “I hope that more Honda associates will participate in this activity.”

Volunteer Yoshinao Kobayashi

Honda has conducted tree-planting activities since 1976 in an effort to cultivate true forests modeled on the tutelary forests of ancient Japan. This effort began with the company's discovery of the community forest concept and associated tree-planting activities and broadened to include environmental preservation activities conducted in connection with the company's watershed preservation program and Hello Woods facility.

History of tree planting at Honda

1976	Honda launches the Community Forest Executive Committee as part of a companywide afforestation project under the guidance of scientist Dr. Akira Miyawaki. Surveys are begun at all worksites.
1977	The Community Forest initiatives begin in earnest using more than 250,000 seedlings at the Kumamoto, Suzuka, Hamamatsu, and Saitama Factories as well as at the Tochigi Proving Center.
1978	Honda produces Community Forest, a film recording the process of developing the initiatives, from the planning stage to their implementation.
1980	Honda provides expertise obtained during the afforestation effort at its Hamamatsu Factory in order to cooperate with “Making Schools Green,” an educational program at Sanarudai Elementary School in the city of Hamamatsu, Shizuoka Prefecture. Community Forest, a film recording Honda's afforestation process, is certified by the Ministry of Education for use by schools in social studies classes.
1984	Honda assists in a tree-planting event to commemorate the graduating class at Seibu Gakuen Bunri Senior High School in Saitama Prefecture.
1986	Honda's Community Forest initiatives receive the Minister of International Trade and Industry Award at the National Conference for the Promotion of Green Factories.
1988	Honda's Community Forest initiatives receive the Prime Minister's Award for the Promotion of Afforestation.
1999	Honda conducts a Community Forest event to commemorate the graduating class at Saitama Prefectural Hanno High School. Kazuo Sasaki, manager of the Facilities Management Section at Honda General Building Co., Ltd., is selected as a Person of Merit in Consumer-oriented Corporate Activities, an award presented by the Ministry of International Trade and Industry to outstanding, consumer-oriented companies, in recognition of his achievements in tree-planting at the Sayama Plant and his significant contribution to local afforestation. Honda launches a series of conservation activities in the town of Minakami in Gunma Prefecture.
2000	Honda opens Hello Woods in the town of Motegi in Tochigi Prefecture in an effort to establish fulfilling relationships among people, nature, and mobility.
2002	Kazuo Sasaki gives a special lecture on Honda's Community Forest initiatives at the LE Symposium held by the Matsushita Electric Industrial Group. Among the topics are projects at the Sayama Plant, future issues, and activities in the local community.
2003	Honda holds a tree-planting workshop at Hello Woods in the town of Motegi in Tochigi Prefecture.
2004	Honda launches a series of conservation activities in the town of Aso in Kumamoto Prefecture and the city of Hamamatsu in Shizuoka Prefecture.
2005	Honda launches a series of conservation activities in the village of Kosuge in Yamanashi Prefecture.
2006	In October, Honda launches a plant tour incorporating an environmental learning component at the Suzuka Factory. Honda launches a series of conservation activities in the city of Kameyama in Mie Prefecture, the town of Ozu in Kumamoto Prefecture, and the town of Ashio in Tochigi Prefecture.
2007	Honda launches a series of conservation activities at Mt. Akagi in Gunma Prefecture and in the town of Yorii in Saitama Prefecture.

2010	Honda holds a symposium at Hello Woods commemorating the facility's 10th anniversary.
2012	Honda holds the 2nd Hello Woods Symposium entitled “Thinking about the Coexistence of People and Nature: Preparing for the Next Generation” at the Aoyama Building.

Customers

Honda's approach to customer satisfaction

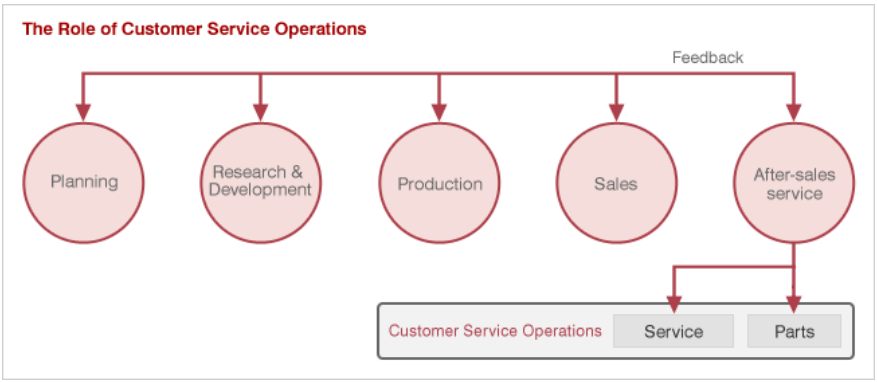
In accordance with the Honda philosophy of respect for the individual and the Three Joys of buying, selling, and creating, Honda has always worked closely with its dealerships to maximize customer satisfaction. Every step of the way, from purchase to after-sales service, dealerships work hand in hand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

Systems and objectives designed to enhance worldwide customer satisfaction

In order to "Provide good products to our customers with speed, affordability and low CO_2 emissions." as stated in Honda's 2020 vision, the Customer Service Operations is striving to realize optimal service operations in markets worldwide to pursue the priority goal of creating and expanding customer joy worldwide through service. In order to achieve this, we set our goals to be No. 1 in customer satisfaction by an overwhelming advantage.

"No. 1 in customer satisfaction by an overwhelming advantage" refers to the creation of customer joy and excitement by providing a level of value that not only satisfies the expectations that customers have when they receive services based on their past experiences and information, but also exceeds them. The experience of excitement through these services forges an emotional connection between customers and Honda, ensuring that the company remains a mobility manufacturer that customers choose based on their high expectations.

To attain this goal, Customer Service Operations has adopted an activity policy of offering service in a friendly, timely, reliable, affordability, and convenient manner; 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.



Enhancing customer satisfaction

Honda is pursuing measures in every product segment to provide lifelong satisfaction to as many customers as possible.

Implementing customer satisfaction

Honda is involved with a variety of initiatives to improve customer satisfaction with motorcycles, automobiles, and power products.

Maintenance support initiatives

In an effort to provide more extensive maintenance support, we're working to develop support tools and to foster the development of experts at overseas subsidiaries.

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 and dealerships 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."

We've pursued these activities in earnest for several years at sites worldwide, with the result that service quality has improved measurably. According to a customer satisfaction survey by an outside organization, Guangqi Honda and Dongfeng Honda ranked No. 1 and No. 2 in the Chinese market in 2011, respectively. The two companies value customer feedback by gathering customer input to franchisees on a regular basis and monitoring service quality, thoroughly analyzing the operative factors in customer satisfaction, and applying the findings to make improvements as part of an aggressive program to visit franchisees and offer constructive guidance.
Going forward, we will not rest on these laurels, but will rather further enhance our activities in an effort to continue to inspire customer joy worldwide, for example by introducing new surveys that focus on the satisfaction of individual customers and accelerating the global application of activities to emerging nations. In this way, we will strive to delight customers worldwide by providing services that exceed their expectations.

Guangqi Honda and Dongfeng Honda captured the top two places in a 2011 customer satisfaction survey in China.

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 FY2012 it processed 248,582 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

Enhancing the provision of service information to customers and repair shops in emerging nations

In emerging nations (such as Africa) where demand is growing rapidly, there are large numbers of customers who cannot read. Additionally, an extremely large number of customers take their motorcycles to familiar roadside service businesses (repair shops) to have maintenance and repair work performed.

Against this backdrop, Honda has developed word-less service information (in the form of a pair of leaflets) for customers in emerging nations as well as picture-based training materials as part of an effort to value customer in these markets. The leaflets, which comprise maintenance and repair editions, are designed so that they can be easily understood, even by customers who cannot read, so that they can enjoy their motorcycle with peace of mind over the long term. The picture-based training materials consist of a careful compilation of the minimum necessary work procedures so that instructors can offer training anywhere even electricity infrastructure is poor in the field.

Honda Manufacturing (Nigeria) includes a leaflet with each motorcycle sold. Working with associations of local repair shops, the company has also held 30 training tours to offer picture-based training since October 2011, reaching a total of 1,200 mechanics so far. During 2012, it will expand the program to cover the entire nation.

In addition to providing educational opportunities to the market in order to create an environment in which customers can receive maintenance and repair service whenever and wherever they need by going beyond dealer service, these activities help customers maintain the performance of their motorcycles and use them safely.

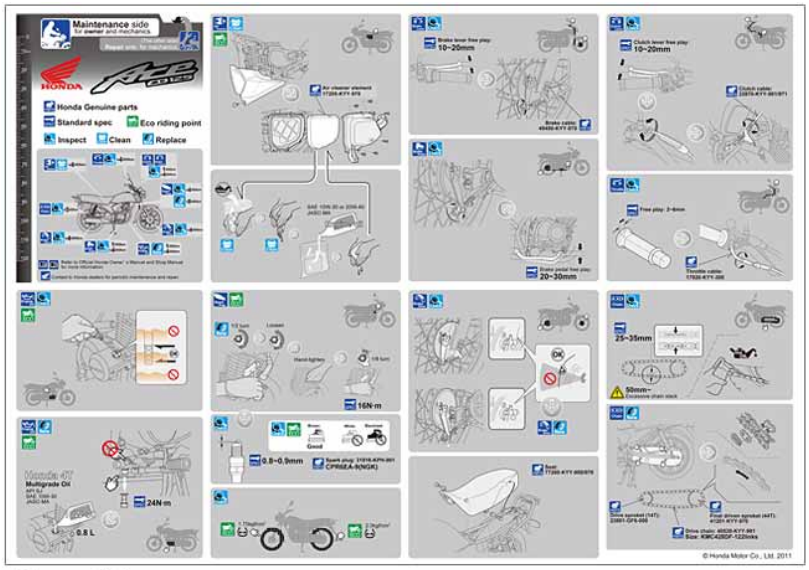
They also help make ownership more economical by improving fuel economy, lowering CO_2 emissions, and lengthening the motorcycle service life. Going forward, Honda will strive to improve customer satisfaction by providing higher-quality service to offer peace of mind and trustworthiness to customers worldwide.

A roadside service business working on motorcycles, a common sight in emerging nations

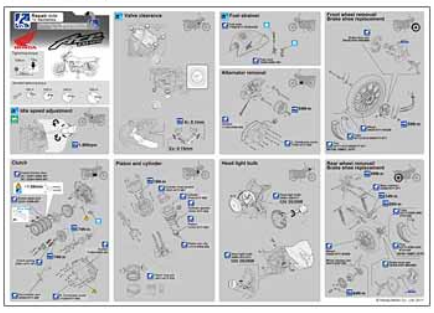
Picture-based training

Checking training materials an actual motorcycle

Customers and mechanics looking at a leaflet



Maintenance leaflet
(Maintenance edition: Maintenance information primarily for customers)
Inspection and service items for maintaining performance and fuel economy



Maintenance leaflet
(Repair edition: Service information primarily for roadside mechanics)
Information about high-frequency replacement and repair work and important parts

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. The number of members has surpassed 1 million in the two years and nine months since the program was launched.

Honda Maintenance Station

Japan: Customer support via the Honda C-card

Honda offers the Honda C-card to provide an optimal level of service to customers at all times. As of March 2012, the card, which combines a point-based cash rewards program, preferred service for members, a charitable donation program, and other benefits with basic credit card functionality, had been issued to a total of some 870,000 members since the start of service in October 1995. Additional "Honda C-card Members" services were added in October 2006, including the ability to reference a vehicle's maintenance history and the ability for cardholders to notify Honda of their address changes 24 hours a day. We've also added a Honda C-card without credit card functionality as an additional choice for customers.

Honda C-card

Donating funds based on Honda C-card usage

Each year since its introduction in 1995, Honda has donated a fixed percentage of customers' Honda C-card usage to the Japanese Red Cross Society and the Japan Committee for UNICEF. In 2012, these donations totaled ¥764 million.

Left:General Manager Kiyoshi Ito of Marketing & Product Planning Office, Regional Sales Operations (Japan) (right) receives Donation Certificate Appreciation from Executive Director Ken Hayamizu of the Japan Committee for UNICEF (left) at a charitable donation presentation ceremony.
Right: General Manager Kiyoshi Ito of Marketing & Product Planning Office, Regional Sales Operations(Japan) (right) receives Donation Certificate Appreciation from the Vice President Otsuka (left) of Japanese Red Cross Society.

Increasing service staff members' technical skills

A unique service education system

Honda offers a range of training for dealer service staff through the Honda Automotive Service Education System. The program is based on Honda Automotive Service Training System (HAST), which incorporates not only technical but also customer service content in order to foster the simultaneous development of both technical and customer service skills. The program, which includes training in specialized subjects as well as training for full-time workers, meets the needs of a broad range of field staff.

Honda also offers the Body Paint (BP) Training Program for body repair and painting staff in order to foster the development of specialists in those areas.

Recently, we have been working to enhance the technical skills of service staff by increasing the percentage of these workers who hold Service Engineer certifications*1 and expanding a trainer program*2 designed to bring HAST training to the prefectural and corporate levels.

*1 Service Engineer certifications: A series of certifications for service engineers (comprising grades 1 through 3) granted based on trainees' completion of Honda Automotive Service Training and the highest quality qualification, HMSG (Honda Master of Service Generalist.)
*2 Trainer program: A program that builds on HAST training in order to offer trainer education to exceptional staff at the prefectural and corporate levels.

Training in classroom session and practice

Overseas: Providing information about inspections in a way that meets individual customer's needs

Based on its desire to be No. 1 in customer satisfaction by an overwhelming advantage, Honda is working to offer optimal service to customers worldwide. Advanced service activities and approaches being used in various countries are shared with the rest of the world through Japan's Customer Service Operations and expanded in line with individual nations' characteristics.

Honda dealers offer regular inspections and maintenance in order to ensure customers can use their products safely and enjoy a feeling of satisfaction as long as they own them.

In the past, dealers in Europe and China offered inspections and maintenance based on product age and mileage. Starting in 2011, Honda updated dealers' business processes in an effort to meet diversifying customer needs by transitioning to a program of maintenance and inspections based on individual characteristics such as driving habits and vehicle condition.

By enhancing the method by which inspection and maintenance work is offered so that it better takes into account individual customers' needs, we believe that we can offer more fine-grained service and thereby help customers achieve a fulfilling life through cars. Going forward, we will bring the strong bonds that join customers and Honda to the entire world by broadening this program to include emerging nations.

Customer service staff at a dealership in Germany propose a range of optimized maintenance and regular service work to customers based on individual information.

Power product initiatives

Enhancing the way we provide service information to customers and dealerships: Consumer products edition

In emerging nations, where demand is growing rapidly, products are carried by businesses other than Honda stores, making it necessary to provide appropriate service information to general retailers. Even as we've been building a service network linking Honda stores, we've also enabled the direct distribution of the minimum amount of service information needed by general retailers and customers via the Internet. Specifically, we improved our engine information website to add consumer products information. We also asked for local feedback about the types and categories of service information that should be provided, and we selected, compiled, and otherwise prepared information based on that input. As a result, we began offering service information for generators and outboard engines in addition to engine information in fall 2010.

As of March 2012, this information was available in 43 countries, and it was being accessed about 13,000 times each month. Additionally, the website incorporates a mechanism for soliciting market feedback about needs related to information dissemination, site content, and product serviceability. These questionnaires make it easy for customers to submit requests and opinions.

Power products service information website

Service information at an African dealership workshop

Expanding an initiative to reduce complaints

Thanks to an initiative to address complains by soliciting customer feedback that was launched in Japan in June 2006 and subsequently implemented in Europe and the United States, the complaint rate (obtained by dividing the number of complaints per month by the number of power products sold over the last year) has been falling.

About six years of experience with this initiative has taught us that customer complaints and requests concerning our products exhibit great variety as a result of regional differences in culture, climate, and lifestyle, revealing significant differences in how products are used. Recognizing the breadth of those differences, we began developing similar systems in China and Thailand in April 2012 so that we could better gather customer feedback in those countries as well.

Specifically, a regular meeting to reduce customer complaints is held in each country on a monthly basis. In addition to facilitating the sharing among relevant departments of information about every piece of customer feedback received by customer service hotlines regarding our business operations, including products as well as sales and service activities, and the examination of improvement measures, these meetings provide a venue for reviewing the progress and results of those measures and ensuring that they are incorporated into a growing feedback database. We also work to eliminate customers' complaints at the source by investigating the root causes of complaints, identifying issues that need to be resolved, and implementing measures as the departmental level to do so.

Customer complaints that go beyond the regional level and have the potential to impact the power products business as a whole are identified and shared along with information about effective countermeasures among facilities worldwide.

Maintenance support initiatives

Initiative to streamline environmental responsiveness: Introducing water-based paint at Asian dealers

Honda recognizes the need to minimize the environmental impact of industrial waste such as the used tires and oil and scrap cars that are generated as part of its after-sales business activities. Emissions of volatile organic compounds (VOCs) during painting work are one such area since atmospheric emissions of compounds such as toluene and xylene from paint act as photochemical oxidants to cause photochemical smog. These compounds also cause acid rain, contributing to the destruction of forestland and interfering with absorption of CO_2 to accelerate global warming.

Along with Europe and South Korea, California and a number of other states in the U.S. have prohibited the use of paint mixed with solvents or thinners, leading to broad use of water-based paint.

By contrast, use of solvent-based paint remains common in Southeast Asia, which lacks legal regulations prohibiting their use, and very few dealers have pursued use of water-based paint on their own due to the higher cost.

Honda Automobile (Thailand), a Honda automobile subsidiary in Thailand, recently decided to take the lead in introducing water-based paint at automotive dealers in the country. The Customer Service Education Branch's Body Repair and Painting Team in Japan was asked to help prepare for the change, but the team lacked the necessary expertise at the time since use of water-based paint was unusual in Japan due to the lack of similar regulations there. At the same time, there has been a tendency in the industry to avoid use of water-based paint due to its high cost.

We then conducted an exhaustive trial of water-based paint and upon reviewing their properties found that water-based paint contains more pigment (i.e., it "covers" better) than solvent-based paint that has been cut with thinner, with the result that less paint is needed to complete a given job. The use of existing techniques to apply water-based paint leads to the use of more paint than is needed, increasing costs. We realized that it was overuse of paint that was fueling the view that water-based paint is more expensive. Using the appropriate amount of paint not only saves on total paint consumption, but also streamlines work by shortening the number of hours needed to complete a given painting job, increasing the amount of work that can be finished each day and boosting body repair revenue. As a result, dealers in Thailand welcomed the introduction of water-based paint, and we were able to bring it to all of the more than 100 body repair and painting shops in the country. Having incorporated these techniques into training materials, we're currently introducing water-based paint in China and Indonesia, and we have begun to study its introduction in Vietnam. In Asia, where there are no regulations prohibiting solvent-based paint, and China, where such regulations are comparatively weak, Honda's environmental responsiveness in this area places it a step ahead of other companies. We will continue this program of activities to delight those who implement environmental measures based on our global environmental slogan, "Blue Skies for Our Children."

Training in how to use water-based paint

Quality Initiatives

Aiming for 120% products 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 2012, all 46 Honda production facilities around the world have attained ISO certification.

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 cycle

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 outstanding quality.

System to enhance products quality

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

Handling quality issues

When we determine that product issues require action, we quickly report the issue to governmental authorities in accordance with individual countries' regulations.

Quality management 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.

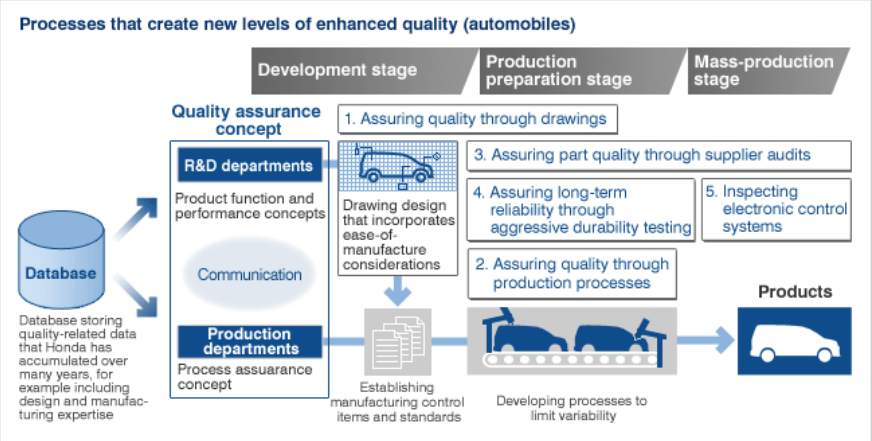
Activities for incomparable quality

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.



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 coordinate efforts with production departments' process assurance activities and to coordinate quality assurance concepts.

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 long-term reliability 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.

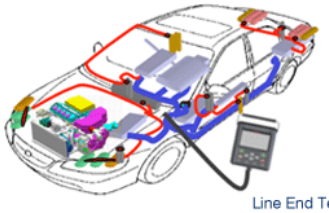

Verification of a durability test vehicle

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.

Overview of the LET system



Line End Tester (LET)

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.

Honda's quality cycle

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.

Independent Initial Quality Study

Honda's design and development, production, and sales and service departments are working together to win the highest ranking in the Initial Quality Study (IQS) conducted by J.D. Power, an independent evaluation organization, as an indicator of customer satisfaction, which constitutes the result of the quality cycle.

Results of the 2011 Initial Quality Study (IQS) : J.D. Power and Associates, J.D. Power Asia Pacific

<By Nameplate, Assembly Plant>

Country	Nameplate / Assembly Plant	Rankings
U.S.	Honda	2nd
	Acura	3rd
	Honda Manufacturing of Indiana	Platinum Award
	Suzuka 1, Mie	Silver Award
	Honda of America Manufacturing	Bronze Award

<Per segment>

Country	Segment	Model	Rankings
U.S.	Sub Compact Car	Fit	Highest
	Compact	Civic, Insight (Tie)	Highest
	Midsize	Accord	Highest
	Compact Crossover / SUV	Element	Highest
		CR-V	2nd
	Midsize Crossover / SUV	Accord Crosstour	Highest
	Midsize Pickup	Ridgeline	Highest

	Minivan	Odyssey	2nd
	Entry Premium	Acura TSX	2nd
	Entry Premium Crossover / SUV	Acura RDX	2nd
Japan	Mini-car	Life	2nd
	Minivan	Freed	2nd
China	Entry Midsize	Fit	Highest
	SUV	CR-V	Highest
	Upper Premium Midsize	Accord	2nd
	MPV	Odyssey	2nd
India	Midsize	City	Highest
	Premium Compact	Jazz	2nd
	Premium Midsize	Civic	2nd
Thailand	SUV	CR-V	Highest
	Entry Midsize	Jazz	3rd
	Midsize	Civic	3rd
	Premium Midsize	Accord	3rd

Sources:
Responses by more than 73,000 new car owners and lessees to the J.D. Power and Associates 2011 U.S. Initial Quality Study[SM], conducted from February to May 2011
Responses by more than 8,700 new car owners to the J.D. Power Asia Pacific 2011 Japan Initial Quality Study[SM], conducted from May to July 2011
Responses by 17,675 new car owners to the J.D. Power Asia Pacific 2011 China Initial Quality Study[SM], conducted from April to August 2011
Responses by more than 8,000 new car owners to the J.D. Power Asia Pacific 2011 India Initial Quality Study[SM], conducted from May to September 2011
Responses by more than 4,275 new car owners to the J.D. Power Asia Pacific 2011 Thailand Initial Quality Study[SM], conducted from April to September 2011
*Includes top three vehicles in major markets from January to December 2011.

Quality management education

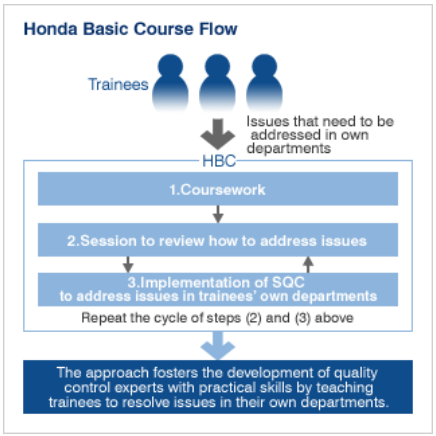
Implementing quality management education

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 41 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 FY2012 course:

Overseas quality control training



Quality control education objectives and number of participating trainees

	Objective	Period	No. of FY2012 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	605 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	655 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	185 participants
Honda QC Basic Course (HBC)	Students become quality control experts capable of resolving difficult problems and achieving tasks by studying the approaches and techniques of statistical quality control (SQC*)	Total of 22 days	53 participants

* SQC: Statistical Quality Control is a general term to describe statistical concepts and scientific methods.

Handling quality issues

Recall system and other measures

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 Global Quality Committee is quickly convened in accordance with Honda global rules, and decisions concerning market measures are made by its chairperson in consultation with overseas 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 Innovation Center Tochigi

This section uses automobiles as an example to describe the quality enhancement activities conducted by Quality Innovation Center Tochigi.

The Center brings together into a single facility all the organizational components necessary to pull together products quality data, analyze issues, consider countermeasures, and provide quick, precise feedback to development and production departments.

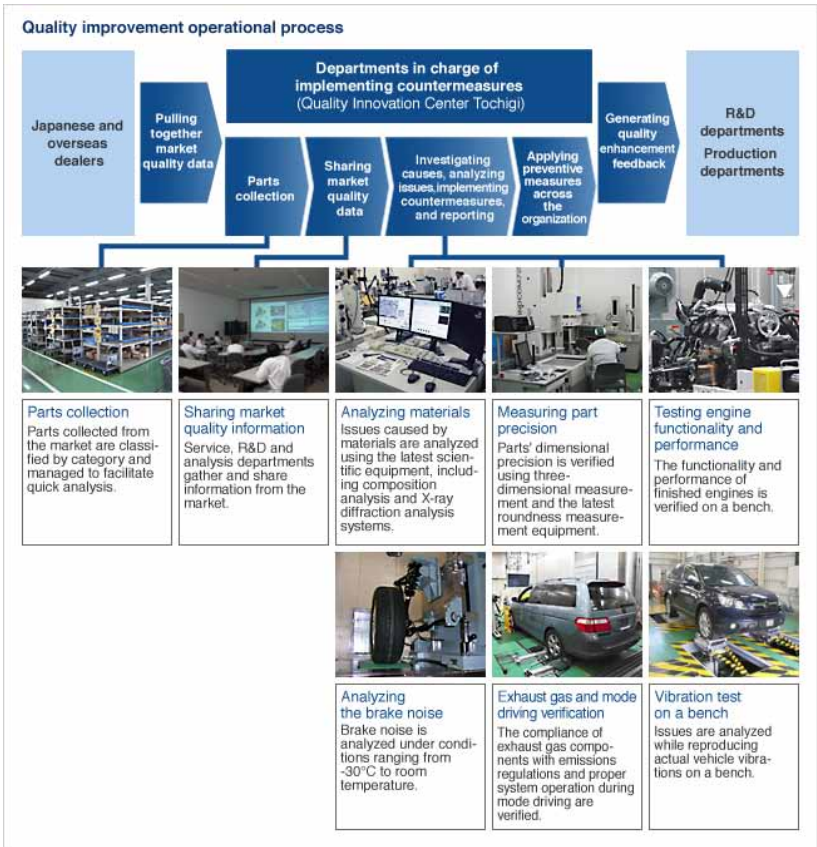
In particular, the colocation of quality and service departments facilitates effective analysis and countermeasures thanks to the ability to share information quickly.


Quality Innovation Center Tochigi

Operations at Quality Innovation Center Tochigi

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

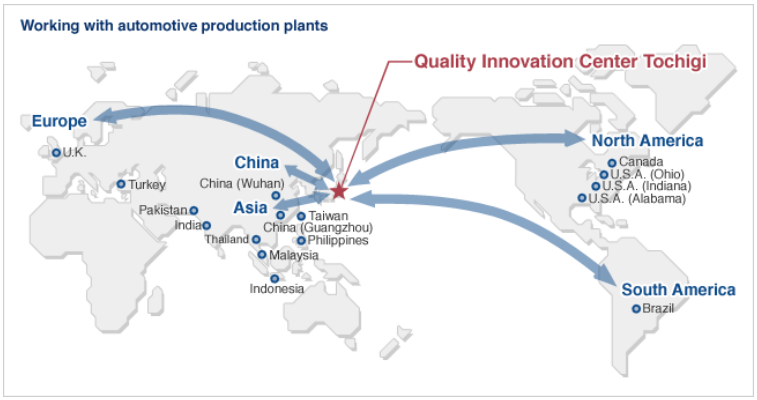
Specialized teams with extensive product knowledge are able to obtain detailed data using a range of analytical equipment. The operational process is configured to facilitate objective, appropriate decision-making based on gathered data.



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.



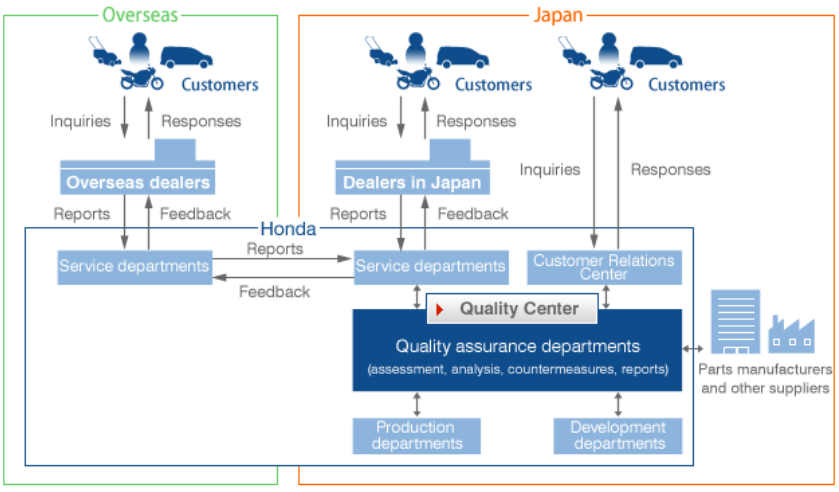
System to enhance Products quality

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 products 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



Developing Safety Technologies

Honda's approach to safety

Safety for Everyone

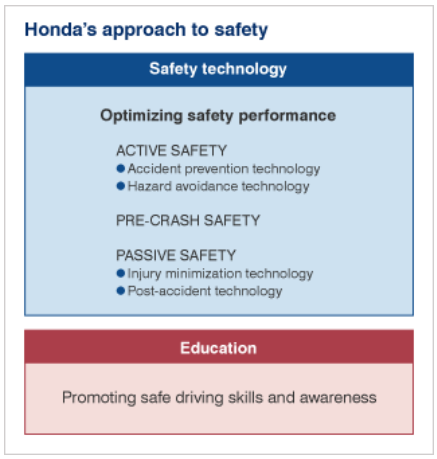
Honda's commitment to Safety for Everyone is not limited to the needs of car drivers and motorcycle riders but rather extends to passengers, pedestrians, and occupants of all vehicles—in a word, to everyone on the road. We will continue to develop and refine its innovative technologies and work to equip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

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

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

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

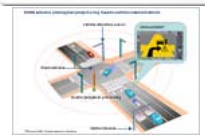


We will continue to pursue both product safety and traffic safety education, leveraging the synergistic benefits of both to contribute to a safer mobility society.

Our stance on developing safety technologies

Honda believes that safety is a prerequisite of mobility. We set ambitious targets in the ongoing development of our advanced safety technology in an effort to maximize the safety performance of all our products and provide Safety for Everyone.

Evolution and developing safety technologies



Honda is conducting proving tests in Japan, North America, and Europe related to the development of systems designed to alert drivers to potential safety issues.

Related websites

Safety initiative website

Our stance on developing safety technologies

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

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

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

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				Body Protector	
	Bicycle simulator	Visibility enhancement R&D (FACE, LONG)※1,2	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 cal 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	
		Multi-View Camera System	Motion Adaptive EPS (Electric Power Steering)		Child restraint systems	
		Advanced Safety Vehicle 4 (ASV-4) R&D			Pop-up Hood System	
		Driving Safety Support Systems (DSSS) R&D			Active Head Restraint	

※1 FACE : Facial Attention for Conspicuity Enhancement
※2 LONG : Longitudinal Oriented Normative time Gap compensate

Evolution and developing safety technologies

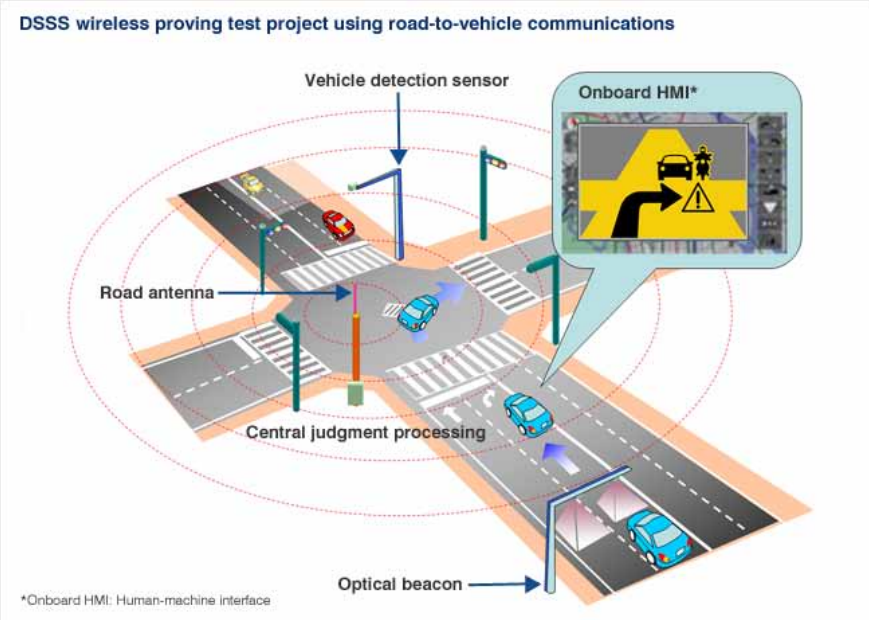
Participating in proving tests for driving safety support systems

Japan: Participating in DSSS wireless proving tests using road-to-vehicle communications

Honda has participated in proving tests of driving safety support systems (DSSSs) that use road-to-vehicle and vehicle-to-vehicle communications with vehicles such as the Honda ASV-4*, an automobile equipped with advanced safety technology. These systems are designed to use road-to-vehicle communications to prevent traffic accidents caused by lags in driver recognition and judgment as well as driver error at intersections with poor visibility and similarly hazardous locations. Four such systems using optical beacons have been operational in Tokyo and Kanagawa Prefecture since April 2010: a system for keeping drivers from failing to notice traffic signals, a system for keeping drivers from failing to notice stop signs, a system for preventing head-on collisions, and a system for preventing rear-end collisions.

Additionally, a proving test was launched in Tokyo during fiscal 2010 to bolster optical beacons with road-to-vehicle wireless communications in an effort to prevent accidents at intersections with poor visibility and similarly hazardous locations by accommodating continuous changes in targeted phenomena that would be difficult to deal with using optical beacons alone. Specifically, the proving test consists of three systems: a system for preventing collisions caused by right-turning vehicles, a system for keeping drivers from failing to notice pedestrians crossing the road, and a system for preventing collisions caused by left-turning vehicles. The Universal Traffic Management Society of Japan (UTMS) is spearheading development of the systems through a public-private initiative, and Honda is participating in the wireless proving tests in an effort to commercialize them.

*ASV-4: A vehicle equipped with pre-crash safety systems using advanced technologies designed to support the driver in safer driving. The ASV project, conducted under the auspices of the Japanese Ministry of Land, Infrastructure, Transport and Tourism since 1991, involves the cooperation of industry, academia, and government. Phase 4 (2006 to 2010) has been completed.



An example of a DSSS wireless proving test project using road-to-vehicle communications: System for preventing collisions caused by right-turning vehicles using wireless communications

North America: Participating in the U.S. Connected Vehicle project

In the U.S., government and industry are looking to dramatically reduce traffic accidents, congestion, and the environmental impact of driving through the use of advanced information and communications technologies. Honda is working with other U.S. automakers as part of the Connected Vehicle project to conduct research into the commercialization of safety systems that use such technologies. Specifically, we're working to develop security technologies for vehicle-to-vehicle communications systems, interoperability technologies, mechanisms for verifying how well drivers accept the system, and communications standards. We plan to present findings from this research at the ITS* World Congress in Orlando, Florida, in October 2011.

A Connected Vehicle test

Europe: Participating in Drive C2X, an EC-funded FOT project

Honda will conduct proving tests as part of Drive C2X field operational tests (FOTs) in an effort to standardize and commercialize ITS* systems in Europe. The project brings together European automakers, business partners, research institutions, and other organizations in a pan-European initiative. Drive C2X, which utilizes applications using a variety of road-to-vehicle and inter-vehicle communications technologies

to boost safety, environmental friendliness, and convenience, is being pursued together with the general public on actual roads. Honda's primary area of responsibility under the plan, which extends to December 2013, is systems addressing motorcycle safety, and we have already begun activities on-site in Europe.

*Intelligent transport systems (ITSs) are a new type of advanced system being built to resolve road transport issues such as accidents and congestion by using state-of-the-art information communications technology to network people, roads, and vehicles with information.

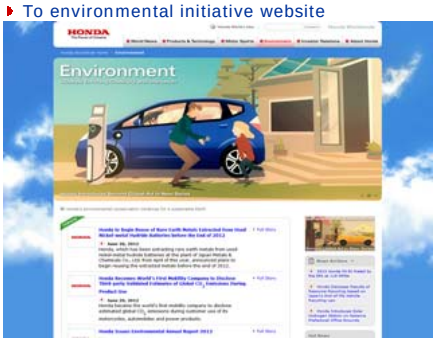
Environmental Initiatives

As the problem of global climate change grows more serious, Honda, as a company pursuing a global mobility business, is striving to be the world's leader in environmental and energy technologies through its product development, production, and other activities. At the heart of this effort lies a commitment to developing products with the lowest-in-use CO_2 emissions through corporate activities with the lowest possible CO_2 emissions.

CSR reporting of environmental initiatives

Environmental initiatives is available on environmental initiative website.

To environmental initiative website



Traffic Safety Education

Honda's approach to safety

Safety for Everyone

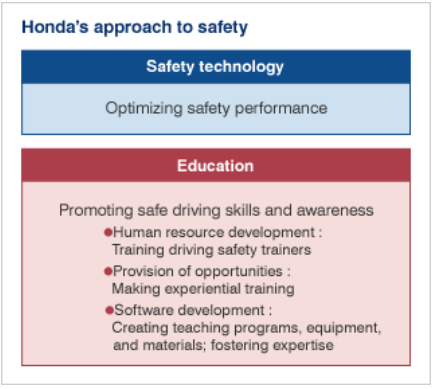
Honda's commitment to Safety for Everyone is not limited to the needs of car drivers and motorcycle riders but rather extends to passengers, pedestrians, and occupants of all vehicles—in a word, to everyone on the road. We will continue to develop and refine its innovative technologies and work to equip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

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



Focusing on hands-on driving safety education

Based on its belief that safety comes about only by 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 participatory, hands-on education held at related companies 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.

Program and activities

This section introduces the systems and activities by which Honda promotes traffic safety nationwide.

Traffic safety initiatives worldwide

This section introduces Honda's promotion of driving safety in Japan and overseas during FY2012.

Program and activities

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.

For that reason, we believe that it is essential to undertake traffic safety awareness-raising activities tailored for each generation, from children to seniors, hand in hand with local communities. To put this vision into practice, Honda is actively pursuing regionally grounded activities that are advanced and distinctive in character in the three areas of training instructors, making training equipment available, and developing educational programs and techniques/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

Education for preschool children and elementary school students
Helping participants develop into transportation users who follow transportation rules

Education for junior and senior, high school, and university students
Helping participants become transportation users with good sense for the future

Education for drivers* (General drivers and instructors)
Helping participants develop and maintain a high level of safety awareness

Education for senior citizens
Helping participants remain enthusiastic and energetic transportation users

*Traffic Education Centers are responsible for most driver education programs, while Regional Branches are responsible for other educational programs.

Traffic Safety Initiatives Overview

	Location			Activities	Instructors	Main target			
						Children	Students	Adults	Seniors
In Japan	Dealerships	Auto-mobile	Rainbow Dealer *1	●Safety advice at dealerships ●Safety seminars ●Driving schools ●Cooperation with local traffic safety organizations	●Safety coordinators ●Chief safety coordinators		●	●	●
		Motor-cycle	Safety Support Dealer*2	●Safety advice at dealerships ●Riding schools ●Cooperation with local traffic safety organizations	●Riding advisors ●Sport riding school instructors		●	●	●
		Power Products		●Safety advice at dealerships	●Monpal safe operation instructors ●Monpal safe operation trainers				●
	Traffic Education Centers			●Training for drivers and instructors ●Training for motorcycle and automobile dealership associates ●Riding and driving training courses ●Instructor exchanges and events, competitions to foster skill improvement ●Special training programs for various age groups	●Traffic Education Center instructors	●	●	●	●
	Regional Branches			●Cooperation with local traffic safety organizations ●Collaboration on instructor education	●Traffic safety instructors	●	●		●
	Honda facilities			●Driving/riding safety training for associates ●Training for local traffic safety	●Traffic safety instructors			●	
	Honda Group companies			●Cooperation with local traffic safety initiatives	●Honda Partnership instructor	●	●	●	●
	Teaming up with local driving school			●Cooperation with local traffic safety initiatives ●School for motorcycle and automobile	●Driving school instructors	●	●	●	●
	Industry initiatives			●Traffic safety campaigns ●Development of traffic safety learning programs ●Collaboration on instructor education		●	●	●	●
Overseas	Global affiliates	Dealerships (automobile, motorcycle)		●Advice at dealerships ●Driving training courses ●Riding training courses ●Cooperation with local traffic safety initiatives	●Instructors at dealerships		●	●	●
		Traffic Education Centers		●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 improvement	●Traffic Education Center instructors	●	●	●	●

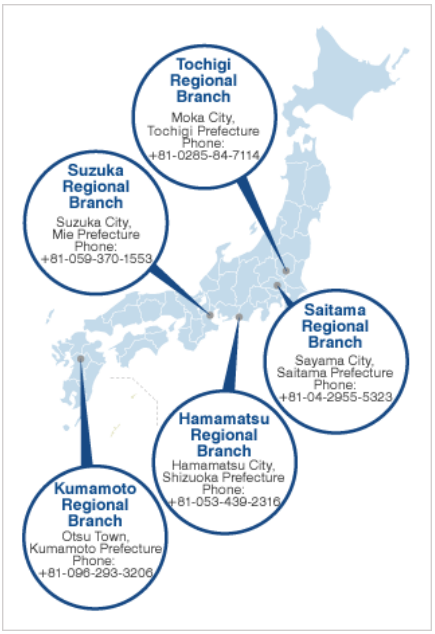
*1 Rainbow Dealer : Automobile dealers that satisfy Honda's safety certification standards.
*2 Safety Support Dealer : Motorcycle dealers that satisfy Honda's safety certification standards.

FY2012 priority themes and future developments

In 2011, Honda's traffic safety education initiatives marked their 42nd year. In addition to responding to changes in the environment in which our transportation-oriented society exists during that time, we have sought to ensure the safety of all participants in that society, including not only drivers, but also everyone from infants to the elderly. This year, we continued last year's initiatives by identifying two priority themes around which to pursue our activities: further enhancing regionally grounded activities and creating and disseminating the expertise required by society.

Further enhancing regionally grounded activities: to expand Honda's educational expertise throughout the country

Honda has created Regional Branches at its factories in Kumamoto, Tochigi, Saitama, Hamamatsu, and Suzuka. These branches serve as new activity bases for affecting a nationwide expansion of traffic safety education undertaken hand in hand with local communities, and we're working to expand their activities to nearby areas.



Full-time instructors assigned to each Regional Branch support the training of regional instructors who will spearhead activities in their communities and make experiential training equipment available. We've also laid the groundwork for the ability to offer traffic safety education hand in hand with local communities while partnering with entities such as local governments, police, educational institutions, local driving schools, and Honda affiliates. This year, we're working to further expand these regionally grounded activities in an effort to create a structure that facilitates the study of traffic safety in every region of Japan.

Among a range of initiatives, the Regional Branches that are responsible for the traffic safety domain have now been pursuing regional safety activities for four years, during which time they have established themselves as key bases from which to expand opportunities for learning about traffic safety and educational expertise throughout the country. A total of 10,000

instructors were trained to oversee regionally-organized traffic safety education programs, and this year alone they communicated the importance of safety to some 500,000 people in 485 villages, towns, and cities across Japan while utilizing Honda's expertise. Additionally, we trained the first "class" of 67 Honda Partnership Instructors drawn from employees of 36 Honda affiliates that have sponsored the activities since the year before last, and those personnel are now hard at work promoting traffic safety in their companies' local areas, for example by holding hands-on traffic safety courses for parents and their children. This year, we trained the second class of instructors consisting of 33 trainees from 21 companies, bringing the total number of affiliate instructors who have been trained in this program, which is expected to be expanded in the future, to 100.

Activities in the driving safety domain included experiential training for companies and the general public at seven Traffic Education Centers located throughout Japan and passing safety on to customers at Honda sales facilities. We're working to enhance partnerships with driving schools that are actively undertaking traffic safety education in their local communities so that we can further expand these activities and instill safe driving habits.

In this way, traffic safety knowledge and awareness are steadily expanding as the efforts of instructors throughout Japan who are passionate about traffic safety earn praise and trust from their local communities. During fiscal 2012, the scope of these activities expanded to exceed 770,000 personnel in 32 prefectures.

Going forward, Honda will continue to provide traffic safety education expertise to regional instructors while working with them to increase awareness of traffic safety among local residents.

Creating and disseminating the expertise required by society

Today, a large number of people are working to overcome brain dysfunction and other challenges so that they can reintegrate themselves into society. Studies indicate that about half of those individuals have past experience driving, and that two-thirds of those drivers desire to drive again at some point. However, many doctors and other medical professionals with leadership roles in the rehabilitation process express concern and uncertainty about the criteria that should be employed in determining whether a given patient is capable of driving.

Example of how Honda's rehabilitation -use driving competence evaluation software is being used (Kameda Medical Center, Chiba Prefecture)

Responding to this feedback, we embraced the challenge of applying the simulation technology we have been accumulating for many years to develop a new device capable of helping medical professionals judge whether patients are capable of driving. As a result of these efforts, Honda launched rehabilitation -use driving competence evaluation software for use with the Honda Safety Navi, a simple automobile driving simulator, in March 2012. The software has already been introduced on a trial basis at a number of medical institutions, where it is being used as a rehabilitation program for getting qualified patients back on the road. The software is inspiring high expectations as a support device that will enable rehabilitation instruction related to driving based on a fixed series of evaluation standards. Additionally, in April Honda Traffic Education Centers introduced a safe driving support program that puts participants behind the wheel as a way to assist in the final evaluation of driving competence in rehabilitation using actual vehicles. By linking that program with rehabilitation software, we are striving to support patients' return to driving through a solution with both hardware and software components. Going forward, we will continue to develop educational expertise, tools, and other resources based on an awareness of relevant hardware with the assumption that they will be used at Traffic Education Centers as well as the easy-to-understand educational tools that regional instructors need, starting with the development of new tools crafted in response to social expectations such as these rehabilitation needs.

Recognizing the emergence of traffic accident deaths as a global social issue in recent years, we have been accelerating the rollout of overseas initiatives in response to conditions in individual countries by taking advantage of our ability to play a leading role in the world based on our awareness of Honda's status as a longstanding pioneer in traffic safety education. Specifically, we are drawing up a long-term vision and action plan while working with local subsidiaries. This effort has identified India, Vietnam, and Indonesia, where the motorcycle market is growing rapidly, as key regions. Going forward, we will accelerate domestic activities based on an awareness of Asia.

Traffic safety initiatives worldwide

Promoting driving safety in 37 countries worldwide

Honda is working to bring traffic safety education as a form of lifelong learning to not only drivers, but also transportation users nationwide in all life stages, from children to senior citizens. This effort is being led by the company's eight Traffic Education Centers and five Regional Branches in Japan.

We're also working to make expertise in traffic safety promotion activities developed in Japan available to overseas markets. We began offering programs overseas in 1972 as part of an effort that has now spread to include 36 countries worldwide (as of March 31, 2012).

By taking local circumstances into account when rolling out safety programs, we are able to more effectively provide traffic safety education to drivers in specific countries.

FY2012 activities

For pre-school children and elementary school students: Teaching the basic importance of stopping and watching

Based on a belief that traffic safety education must be provided from childhood in a manner consistent with each learner's stage of development in order to cultivate the habit of adhering to traffic rules and etiquette, Honda develops educational programs and learning materials that communicate basics of road safety through experience. We offer a variety of programs through which children can experience watching and listening, including *Ayatorii**, a proprietary traffic safety educational program that encourages awareness on the part of learners, as well as child-parent traffic safety courses where parents and children can have fun learning about traffic safety together and events designed to allow parents and their children to enjoy motorcycle riding together.

A traffic safety course at a kindergarten using New *Ayatorii Hiyoko*

Furthermore, we're working to promote traffic safety education for children by training instructors to communicate their expertise to parents and guardians, teachers, and local traffic safety instructors who are involved in related programs, thereby expanding safety activities to include more communities. During 2011, we passed on expertise in the *Ayatorii** program to about 2,000 instructors from 219 villages, towns, and cities in 34 prefectures nationwide, and about 7,800 children participated. Local instructors have praised *Ayatorii Hiyoko* as an easy-to-understand way to teach infants the importance of stopping and watching through illustrations and quizzes.

*The name "Ayatorii" is derived from a Japanese expression meaning "teaching safety through friendly explanations."

For junior and senior high school, and university students: Encouraging students to change their behavior through a renewed understanding of the importance of traffic rules

It's important to encourage middle school, high school, and college students to be aware of themselves as adult members of a transportation-oriented society and to adopt good safety practices as they begin to use new modes of transportation for the first time in commuting to and from school, including bicycles and motorcycles. Honda programs in this area include bicycle traffic safety classes with practical skill training for middle and high school students as well as motorcycle riding safety classes for high school- and college-age riders. We believe that fostering an understanding of the importance of safe riding and an ability to anticipate hazards through safety classes helps prevent bicycle and motorcycle accidents, which are more common among drivers and riders in this age group.

A middle school traffic safety class using the Bicycle Safety Education Manual and worksheets

To further promote driving safety to as many areas as possible, we're working actively to train instructors to communicate expertise to local traffic safety instructors, including local governments, police, and driving schools as well as promote traffic safety education at junior and senior high school, and university student.

During 2011, we created new teaching materials for middle- and high-school bicycle education and made them available for free download from the Honda website so that interested individuals can make unrestricted use of them. The materials, which consist of a Bicycle Safety Education Manual and associated worksheets, are designed to stimulate students to think for themselves about traffic safety by examining actual bicycle accidents that have involved middle- and high-school students. Teachers serving as instructors in the program have praised the new materials as

being an effective way to teach students about the dangers of violating traffic rules and the liability they would incur should they be found at fault in an accident.

For drivers (general drivers and instructors): Providing knowledge and skills that are useful in safe driving

Activities targeting drivers form the core of our efforts to promote driving safety, and we strive to help pass on safety education from person to person in response to social needs. Seven Traffic Education Centers in Japan offer participatory, hands-on education for private individuals as well as schools and companies through programs that combine practical skill training, hazard risk prediction training, a variety of simulator experience, and other elements in response to student skills and wishes.

Doga KYT, an educational device that lets trainees learn about safety by anticipating hazards as they watch a video that recreates actual traffic conditions and then discuss the results among themselves, has been attracting attention as a safe driving training program that is well suited to corporate use. It is expected to see broad use in a variety of safe driving educational settings in the future.

Traveling course offering driver training using Honda *Doga* KYT

At dealerships, which play the lead role in passing on safety along with products directly to customers, staff members who have earned internal Honda safe driving qualifications offer advice to individual customers on the sales floor and at events and hold safety courses using actual vehicles. As driving techniques that combine environmental and safety considerations attract more attention, the number of automobile dealerships offering environmental responsibility and safety advice to customers on the sales floor and in other settings is increasing.

For senior citizens: Empowering drivers to choose the safe course of action in a variety of traffic situations

The population of healthy, active seniors is increasing. At the same time, senior citizens suffer more fatalities in traffic accidents than any other age group. In order to help ensure senior citizens' ability to continue to actively participate in our mobility society, Honda pursues activities designed to encourage members of this age group to reaffirm their knowledge of traffic rules and safe driving techniques and to foster awareness of potential issues in their own driving habits.

One such activity is the Honda *Kenko* Driving School, an educational program for seniors featuring small class sizes. The program, which incorporates safety measures for seniors that are being pursued by local governments, is being used at the *Shiawase* Driver's School for senior citizens by Tochigi Prefecture and also as part of the training for the elderly provided by the town of Motegi.

A traffic safety event for elderly individuals using Honda's video seminar program

Recognizing that many senior citizens become involved in accidents while walking or cycling because they fail to notice declines in their own physical abilities, Honda also offered bicycle traffic safety classes designed to help students reaffirm their knowledge of safe cycling habits while using the *Ayatorii choju* and the Honda Bicycle Simulator. Based on the fact that about half of the elderly who lost their lives due to traffic accidents were pedestrians, Honda developed a new "video seminar[*1]" and Silver *Gakushu Daigaku*[*2] teaching materials for elderly pedestrians and cyclists. In the video seminar, students observe video of traffic situations (how pedestrians, cyclists, and automobiles move), exchange their opinions, and examine their own traffic behavior to identify good points and bad points. The program is used in various events, including a 2011 traffic safety festival held for the elderly in Kochi by the local police department.

*1 Produced under the supervision of Professor Hiroo Ota of the TohokuInstitute of Technology
*2 A series of teaching materials introducing key points so that elderly individuals can ensure their own safety in a variety of situations while walking, riding a bicycle, or driving a car.

Enhancing partnerships to promote safe driving

Honda is working to enhance partnerships with a variety of organizations in order to promote traffic safety in Japan and overseas. In Japan, we're working closely with 36 driving schools in 16 prefectures to involve more people in traffic safety in local communities and instill safe driving habits.

During 2011, we held a safe driving skills course as part of a touring event that we hold each year in conjunction with Honda Hokkaido Co., Ltd. Prior to the course, we offered motorcycle safe driving instructor training to instructors at Asabu Driving School, Nakano Driving School in Tomakomai, and Tomakomai Driving School, all of which served as partners in the event. In addition to having instructors from area driving schools serve as course instructors, we laid a foundation for driving schools in Hokkaido to hold courses on their own in the future. In Toyama Prefecture, Toyama Driving School and Toyama Honda-kai[*] worked together to hold a Safety Festival in Toyama in order to promote a deeper understanding of traffic

safety on the part of area residents. We've also installed a bicycle simulator at Aomori Motor School in Aomori Prefecture, and we're using the simulator to offer bicycle education to local high school students.

Additionally, we're expanding efforts to promote safe driving in Japan and overseas while partnering with other groups and industry participants who are involved in traffic safety activities. A total of 134 instructors representing 79 driving schools from across Japan gathered for two days at the Suzuka Circuit Traffic Education Center to compete in the 11th Driving School Instructors Competition, an event that was first held in 2001. Honda is working actively with a range of groups to expand safety-related activities, including by cooperating with the National Traffic Safety Campaign held each fall and spring by the National Police Agency and offering instruction at Good Rider Meetings, a series of experiential safe motorcycle driving courses.

Local subsidiaries play the lead role in promoting traffic safety overseas, where they pursue a range of activities at dealerships, Traffic Education Centers, and other locations in line with the characteristics of their countries' transportation systems, primarily through the same means as in Japan: by passing on safety education from person to person and offering participatory, hands-on education programs.

In addition to offering driver education programs at dealerships and Traffic Education Centers in Vietnam, Honda Vietnam is training elementary school teachers in major cities to act as instructors in educational programs for children. We're pursuing similar activities in 36 countries worldwide, including an effort by Honda Motorcycle and Scooter India to have instructors at dealerships offer traffic safety education to everyone from elementary school students to general riders at a variety of venues.

*An organization composed of Honda automobile dealers in Toyama Prefecture.

A motorcycle safe driving course held in partnership with area driving schools

The automobile competition at the 11th Driving School Instructors Competition

A motorcycle skills course for students (India)

Software development: Offering advanced, original educational programs based on accumulated expertise

Using simulator technologies to develop new software

According to the Ministry of Health, Labour and Welfare, approximately 1.7 million patients undergoing rehabilitation treatment throughout Japan are striving to reintegrate themselves into society. Among these individuals are many who had experience driving before their illness and who wish to start driving again after their recovery is complete; however, due to the lack of clear standards for determining whether a given patient is capable of driving again, physicians and occupational therapists have difficulty making that judgment. In response to this challenge, Honda began developing a new software so that patients undergoing rehabilitation can work with their occupational therapists and other medical professionals to evaluate their ability level and train for a return to driving, in March 2012 Honda offering rehabilitation-use driving competence evaluation software for use with the Honda Safety Navi, a simple automobile driving simulator used in traffic safety education. By having patients check a flashing, single-color lamp displayed on the screen and testing the speed and accuracy with which they can perform different actions assigned to different colors, the software can evaluate not only their ability to concentrate and make good judgments, but also the extent to which they are able to check the safety of their surroundings while driving on city streets and whether they are able to drive to their destination while obeying directions and instructional signage. In addition to providing a score indicating the individual's driving ability level based on a five-stage, age-appropriate evaluation, the software enables users to "replay" their driving experience so that they can check their own driving in an objective manner and review difficult segments of the trip. The software has already been introduced on a trial basis at a number of medical institutions, where it is being used as a rehabilitation program for getting qualified patients back on the road. Physicians have praised it, citing their expectation that it will serve as an important tool for making objective judgments about whether patients can drive without any problems after their recovery. In this way, we look forward to supporting patients who wish to drive once more with support equipment that facilitates driving-related rehabilitation instruction with fixed evaluation standards for physicians and occupational therapists.

Additionally, in April Honda Traffic Education Centers introduced a safe driving support program that puts participants behind the wheel as a way to assist in the final evaluation of driving competence in rehabilitation using actual vehicles. By linking that program with rehabilitation software, we are striving to support patients' return to driving through a solution with both hardware and software components.

Example of how Honda's rehabilitation-use driving competence evaluation software is being used (Tokyo Metropolitan Rehabilitation Hospital)

Local Communities

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 6 regions of Honda's worldwide operations, Honda is working to help people realize their dreams.

Honda philanthropy: Vision

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

Honda philanthropy: Basic principles

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

Global directions

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

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

Areas of activity

Education Initiatives

Honda is involved in activities conceived to communicate to children the pleasure and wonder of having dreams and striving to make them come true.

Environmental Initiatives

Honda is actively pursuing activities from a global perspective with the theme of coexistence between local communities and nature.

Traffic safety Initiatives

Honda is working to realize a rich, mobility-oriented society by offering traffic safety education and promoting safe driving in ways that meet local communities' needs.

Community Initiatives

Honda is pursuing a variety of activities that suit local characteristics at domestic facilities, dealerships, Group companies, and other facilities worldwide.

"Together for Tomorrow"
This symbol captures the Honda Philanthropy approach of striving to create communities that can realize dreams by working together.

Activity structures

Honda actively encourages the autonomy of its local operations. We also strive to undertake initiatives that reflect local circumstances in our corporate activities overseas. We seek to share joy while communicating with customers and local residents in a total of six regions, including Japan.

Japan

In Japan, we strive to blend in with the regions in which we conduct business, pursuing regionally grounded activities in partnership with domestic facilities, dealerships, and group companies in an effort to coexist with the local community. We have established Philanthropy Offices at our headquarters and five facilities around Japan. Philanthropy Offices in each of Honda's 5 factories and the Philanthropy Office at our headquarters communicate closely to verify progress in common initiatives while sharing information.

Children's Idea Contest Education

This contest, which encourages elementary school students throughout Japan to draw pictures of their future aspirations and dreams, was launched in 2002 in an effort to communicate Honda's manufacturing culture to the next generation. In 2012, the contest marked its 10th year. By helping children realize the importance and fun of nurturing such dreams, striving to achieve them, and making things, it strives to contribute to their social growth. More than 27,000 children have participated in the contest so far. We began holding similar contests in Thailand in 2005 and in Vietnam in 2008. Going forward, Honda will continue this program as a way to help foster children's autonomy and creativity.

The 9th grand prize winner in the upper-grades category presenting her project, "Experiencing scenes: A Camera Album"

Nature Wagon Education

Nature Wagon is a traveling environmental learning program that brings a van filled with natural objects and materials from the ocean and mountains to elementary schools, community centers, and similar factories. Retired Honda associates volunteer to conduct lectures on natural mechanisms and the importance of conserving the environment, lead children in making crafts with wood and stones, and otherwise help them gain new awareness of—and think in new ways about—nature and the environment. FY2012, a total of 7,200 children participated in 144 Nature Wagon sessions conducted by 5 Honda factories.

Volunteers help children extend their own autonomy.

Dream Hands Education

Dream Hands is an introductory handicraft program that children can experience while having fun creating Honda-designed crafts cardboard. Current and retired Honda associates volunteers provide support as participating children experience the joy of creating things. During FY2012, about 6,600 children participated in a total of 150 Dream Hands sessions conducted by 8 Honda facilities.

Children assemble a large number of parts one at a time with their own hands, not stopping until the project is finished.

Honda Beach Clean-up activities Environment

Working with local residents, current and retired Honda Group associates clean sand beaches throughout Japan using a simple, compact, and lightweight towable beach cleaner designed for easy operation. The device was developed by Honda based on the desire of associates to preserve barefoot beaches for future generations. During FY2012, some 3,700 people participated in 25 beach-cleaning events.

Honda associates clean a beach together with local residents.

Watershed preservations in Japan Environment

The water we use is carried by rivers from the mountains to the sea. Forests near river headwaters store water over long periods of time and help sustain the flow of rivers. Honda is involved with forest conservation activities led by current and retired associate volunteers at all of its facilities in order to help preserve these precious Watersheds for future generations. FY2012, more than 300 volunteers participated in a total of 9 projects in 6 locations.

Associate volunteers participate in a project to watershed preservations activity.

North/Central America

USA (Alabama): Developing coastal breeding grounds for oysters

Environment

In January 2011, a total of 65 people, including associates from Honda Manufacturing of Alabama, LLC, (HMA) and their friends and family members, participated in a project known as "100-1000: Restore Coastal Alabama," an effort to restore ecosystems in Helen Wood Park along the shores of Mobile Bay, Alabama. The project aims to restore ecosystems that suffered enormous damage during the Gulf of Mexico crude oil spill in April 2010 by creating 100 miles of oyster reefs and 1,000 acres of wetlands along the Gulf.

Some 700 volunteers from around the area participated on the day of the project, joining members of various groups and conservation activists under the slogan "Restore the Alabama Coast." Honda will continue to work toward the revitalization of the Gulf through this project.

Participants place oysters in a line in a wetland area

U.S.A. (California): Fostering the development of African-American students into the leaders of the future

Education

American Honda Motor has been hosting the Honda Campus All-star Challenge, a competition for students from historically black colleges and universities, since 1989. American Honda Motor donates $300,000 each year to the event, which is held to foster student leadership, promote diversity, and cultivate academic ability in order to facilitate better careers. A total of 75,000 students have participated in the event, the first and only of its kind to invite students to compete on the basis of academic ability, since it was first held, and American Honda Motor has donated a total of $6 million. The funds have been used for a variety of student training and hands-on activities, and students who have participated have gone on to pursue careers in law, medicine, aeronautics, education, engineering, and government. American Honda Motor will continue to help young, intelligent leaders grow and contribute to their communities.

African-American students participating in the event's final round

Canada: Protecting a pristine stream at a company site

Environment

Honda Canada Manufacturing is involved in an effort to clean up Spring Creek, a pristine stream that flows through one of its sites. The project, which was launched in 2000, is conceived to protect wildlife such as rare waterfowl, particularly the eastern bluebird, that inhabit the river's basin. The first Saturday of each May, which has been designated as Clean-up Day, about 70 associates and their family members participate as volunteers in the cleanup.

The project has facilitated a range of environmental conservation activities, including the removal of plant species that harm the local ecosystem, construction of nest boxes for eastern bluebirds, and planting of seedlings. In 2011, volunteers built five new nest boxes in eastern bluebird habitats, bringing the total to 29. Going forward, Honda Canada Manufacturing will continue to actively pursue regionally grounded environmental conservation activities.

An eastern bluebird nest box built by volunteers

South America

Brazil: Beach cleanup activities Environment

In May 2011, Honda South America conducted a beach cleanup at Praia Grande in Sao Paulo with the goal of communicating the importance of not littering the sand beach and preserving it to be enjoyed by future generations.

The cleanup utilized a towable beach cleaner used in combination with a Honda all-terrain vehicle (ATV). This approach sped the cleanup process while allowing collection of buried litter that would have been difficult to remove by hand, limiting the impact on the environment and maximizing efficiency. A total of 45 employees from Honda South America participated in the cleanup.

A tent at the site housed displays of the CG150 TITAN MIX, the world's first flexible-fuel motorcycle, and the CR-Z hybrid automobile. All power was provided by Honda Soltec solar cells. The company also held a workshop for 120 local elementary school students, providing an opportunity for them to study the importance of nature.

Honda South America plans to continue this activity in the future.

ATVs and towable beach cleaners cleaning the sand beach

Chile: Hosting safe riding seminars for motorcycle riders Traffic safety

Honda Motor de Chile has been offering Motorcycle Safe Riding Seminars since 2008 in an effort to prevent traffic accidents and encourage more riders to operate their motorcycles in a responsible manner by teaching residents safe riding practices.

The company held 14 seminars over a one-year period with lectures on motorcycle theory and a practice track laid out at a shopping mall in Santiago. With large numbers of people already riding motorcycles or wishing to do so, safe riding skills are essential. These seminars play a useful role for individuals who may be interested in learning how to ride but lack the financial wherewithal to pay for lessons.

In 2011, the event drew 1,374 participants, bringing the total to 6,055 since the project began.

The safe riding seminar held at a shopping mall

Argentina: Associates interact with kindergartners while participating in a mobile theater project Education

In addition to donating a Honda EG6500 generator to CINEKINESIS, a mobile theater that tours the country by bus, Honda Motor de Argentina became an event participant in April 2011.

In the project, CINEKINESIS staff and Honda volunteers travel to rural areas, where they offer movies, games, and workshops for local children. Additionally, associates and their family members donate classroom supplies and books for use by kindergarten programs.

Through the project, all Honda Motor de Argentina associates have come together in an effort to fulfill their responsibility as members of society by playing a useful role in their local communities. In this project, volunteers embarked on a 22,000-kilometer journey throughout Argentina along with a Honda generator, mobilizing 13,200 spectators in 110 cities and 23 provinces.

Interacting with kindergartners

Europe, Middle and Near East, and Africa

Spain: Repairing a home for disadvantaged children

Community

Each year, associates at Honda Automoviles Espana spend the anniversary of the company's founding by making repairs to a home for disadvantaged children.

On this year's anniversary in March 2012, all 65 of the company's associates completed repairs to a children's home in Barcelona in order to help disadvantaged children aged 3 to 16. Associates came together to make various improvements at the facility, including by painting children's rooms, the dining room, the building's outside walls, and benches; cleaning the yard; and setting up new televisions and furniture in its rec room.

Activities carried out on the anniversary of the company's founding are based on Honda's vision of "Striving to Be a Company Society Wants to Exist." They not only bring joy to the children's home, but also provide a valuable opportunity for all associates to contribute to their local community through their own actions.

Associates making repairs at a children's home

Poland: Hosting a children's health event on Children's Day

Community

In June 2011, Honda Poland joined with members of Honda's VFR Motorcycle Club to host an event on Children's Day to cheer up sick children. The event was motivated by a desire to help the children forget their illness for a short period of time by assisting in a children's health program run by the VFR Club.

At the event, seriously ill children played together and had fun at a variety of Honda booths, where they practiced on a riding trainer (a motorcycle traffic safety education device), competed for prizes, and rode motorcycles decorated with manga characters. Each year, about 300 to 500 children participate in the event, which is held in early June.

Honda booths at the event

Hungary: Holding a motorcycle tour in support of recovery from a tragedy caused by an accidental release of red mud

Community

An extremely acidic chemical known as red mud was accidentally released in the village of Kolontar in Hungary, sweeping away houses, killing and injuring residents and animals, and causing far-ranging environmental destruction. The accident destroyed most of the village and surrounding countryside, including the area's school. The Honda CBF Club planned a motorcycle tour to help students forget the disaster.

One day in April 2011, a total of 33 motorcycles picked up 12 students and took them on an exciting tour to Sumeg. The participating students had a great time during the trip, when they talked about how fast the motorcycles were traveling and seemed to truly enjoy themselves. Before returning to Kolontar, they received "Honorary Rider" ID cards, t-shirts, games, writing supplies, and candy. The students expressed their heartfelt thanks for an unforgettable day made possible by donations and the CBF Club.

Students from Kolontar's school on a motorcycle tour

Asia and Oceania

Singapore: Ride Safe, a safe riding course for motorcycle riders

Traffic safety

In October 2011, Bukit Batok Driving Center (BBDC) cooperated with the Singapore Traffic Police to hold Ride Safe, the country's only event designed to promote safe riding skills for motorcycle riders. Ride Safe was launched in 2007 in conjunction with the Traffic Police in order to eliminate speeding and drunk driving by motorcycle riders in response to the fact that most traffic accident fatalities in the country involved motorcycles.

Some 300 corporate and regional riders participated in the 2011 event, which was also attended by guests including the secretary of the Cabinet Office and the director of the Singapore National Police Department's Traffic Police Division. Participants at the BBDC event listened to lectures outlining accident case studies and experienced defensive riding, rapid braking, riding with a passenger, and simulated drunk driving. The same day, posters raising safety awareness were put up throughout Singapore, and pamphlets about safe driving were distributed at parking lots everywhere.

In 2012, Honda plans to work with police to further expand the scale of this Singapore-wide event in partnership with three driving schools (two of which are Honda-related) and other motorcycle manufacturers.

Riders participating in a local class using motorcycles

Philippines: Participating in the Road to 2020 project to protect tropical rain forests

Environment

In October 2010, the Honda Foundation Inc. in Philippines began participating in Road to 2020, a project of the NGO Haribon Foundation aimed at protecting tropical rain forests. The program, which is working to replant trees unique to the Philippines on deforested land in an effort to restore the wildlife that once thrived in the associated ecosystems, has embraced the goal of restoring a total of 1 million hectares of tropical rainforest in the Philippines by 2020. The project plans to plant 50,000 trees in 10 years by planting indigenous tree species in the watershed in the province of Laguna each year.

A total of 110 volunteers from Honda dealerships, business partners, motorcycle clubs, and other organizations participated in the August 2011 tree-planting event. Over the last two years, project volunteers have planted 7,500 trees on 3 hectares.

Associates participating in the tree-planting event

Vietnam: Providing presents for disadvantaged and disabled children

Community

In 2004, Vietnam Auto Parts launched a project to give presents to disadvantaged and disabled children. Twice each year at New Year's and on the mid-autumn festival, about 10 associates give presents to about 50 children aged 3 to 14 as a way of giving something back to the communities where company worksites are located and to associates' hometowns. Participating associates interact with the children, cheering them up and motivating them to overcome the challenges of their everyday lives.

Participants work with provincial and district labor departments and labor unions to determine which facilities to visit, and a total of 12 institutions have been visited to date. Gifts for the children are intended to make them happy and are consistent with the time of year and associated Vietnamese festivals (for example, candy and cookies at New Year's and moon cakes at the mid-autumn festival). Vietnam Auto Parts plans to continue this activity in the future.

Associates giving presents to children

Thailand: Broadening dreams and sharing opportunity through the Jigsaw Project

Education

In December 2009, Honda Engineering Thailand launched a project to invite soldiers and teachers to areas near the Thai border, where they build and repair school facilities such as libraries, classrooms, and restrooms. The company funds the project, which seeks to expand children's dreams and share opportunity, through donations and t-shirt sales.

In 2011, a total of 28 participants boarded 7 4WD vehicles to travel to a school in Tak Province, which is located 500 kilometers from the capital Bangkok, to install equipment for supplying clean drinking water to the school's teachers, students, and other village residents. Going forward, the company plans to build classrooms and other buildings for a school in northern Thailand.

Soldiers joining students from the school in the project

Australia: Holding a charity event to eliminate pediatric cancer

Community

In November 2011, the Steven Walter Fund held a pediatric cancer charity event in the Snowy Mountain region near the capital Canberra. The fund, which was created in accordance with the last wishes of a young motorcycle enthusiast named Steven Walter who died from cancer, holds the event as a way for participating riders to raise money to eliminate pediatric cancer. This year, more than 3,000 riders from all around Australia participated.

Riders participating at the charity event

Honda Australia Motorcycle and Power Equipment (AUH-MPE) has participated as a sponsor since the first event (in 2001), and the company donated A$100,000 (about ¥8.8 million) in 2011. That figure includes a CBR1000RR donated to a charity auction and a VFR1200F donated as the first-place prize for the event's rally race.

The motorcycle donated to the auction was awarded to the rider whose name was chosen from participants who had purchased lottery tickets, the proceeds of which were donated to the fund. The company also offered test rides at a booth at the event.

The donations raised at the event were presented to a pediatric cancer center, where they will be used to fund research conceived to aid in the early detection of cancer and the investigation of its causes. Total donations since 2001 exceed A$3 million (about ¥240 million).

China

China (Shanghai): Holding the Eco Mileage Challenge Fuel Economy Contest

Environment

In November 2011, the 5th Honda China Eco Mileage Challenge Fuel Economy Contest was held at the Guangdong International Circuit. Participants in the contest compete to see whose team can travel the farthest on 1 liter of gasoline at the event, which aims to provide an opportunity to affirm the importance of using energy resources effectively, raise awareness of the need to conserve the environment, and experience the joy of manufacturing.

A total of 555 competitors in 111 teams participated in the 2011 event, which was the fifth time the contest has been run and the first such competition in the world to feature an electric vehicle (EV) class where participants competed to see which team could drive the greatest distance within the allotted period of time using batteries as their sole source of power. Sixteen teams participated in the EV class, and Shanghai's Tongji University won. The school also won the grand prize in the gasoline-powered vehicle class, repeating their performance in the 2010 event.

Honda Group companies placing in the competition included Honda Motorcycle R&D China Co., Ltd.; Guangzhou Honda Automobile Co., Ltd.; and Dongfeng Honda Automobile Co., Ltd. Honda will continue to support young people who strive to improve technology.

Participants competing in the contest

China (Inner Mongolia): Holding Dream Hands so children can experience handicrafts

Education

Dream Hands is an introductory handicraft program that allows children to experience the fun of creating Honda-designed crafts out of cardboard. In this event, Honda associates join with area children to create a Honda product (ASIMO) out of cardboard. It gives local children an opportunity to interact with one another while experiencing the joy of making things.

In July 2011, the company held an event to make a miniature ASIMO out of cardboard for 20 third- to fifth-graders at Mingde Elementary School in Xinghe County, a local school that has participated in Honda's tree-planting program in Inner Mongolia. The children approached their task with great seriousness, working carefully so as not to make a mistake in their crafts.

Children making ASIMO out of cardboard

China (Guangzhou): Expanding a hands-on safe driving activity to include the community

Traffic safety

As automobile ownership rate increases in China, traffic congestion is becoming a serious issue. At the same time, awareness of the risk of traffic accidents and safety in general is also increasing. Guangzhou Honda Automobile Co., Ltd., has been offering safe driving training since 2005 in order to improve awareness of traffic safety and driving skills in keeping with its safety philosophy of "Safety for Everyone." The company expanded an internal training program in 2007 to include members of the local community, working to communicate knowledge related to safe driving in China's major cities and share its safety philosophy. Starting in 2010, dealerships began conducting related activities in order to spread safe driving knowledge to customers.

In 2011, internal training for this hands-on safe driving activity was offered 20 times, and a total of 400 people participated. Additionally, more than 100 dealerships offered training for some 20,000 people. Training for local communities was held in Beijing, Zhengzhou, Guangzhon, Chengdu, and other cities with participation by the traffic police and media. The transportation sector offered cooperation and support for the event, and customers praised its effectiveness.

The fourth hands-on safe driving activity

China (Guangzhou): Planting trees in Inner Mongolia

Environment

In 2011, Guangzhou Honda Automobile Co., Ltd., marked the 10th year of its tree-planting program. In July 2011, the company held a Ten-year Tree-planting University Student Environmental Conservation DV Contest to commemorate the anniversary and pass on Honda's environmental conservation philosophy.

Teams with 36 members each from 8 universities participated in the contest. Participants experienced and recorded the significant changes that tree-planting activities provoked in local residents and the environment in Hebei Province. Each team then presented their thoughts on the environment from a variety of perspectives at an award ceremony held in Beijing in August, and the following day, participants planted trees in Inner Mongolia.

The purpose of the tree-planting activity went beyond environmental conservation to include spreading environmental awareness. On a fundamental level, environmental issues cannot be solved by individuals or companies acting alone; it is critical that all people take an interest and work together to resolve them. Based on its belief that the young people who will be responsible for the future have an important role to play, the company will continue to spread its environmental conservation philosophy.

Tree-planting activity in Inner Mongolia

Award ceremony at the Ten-year Tree -planting University Student Environmental Conservation DV Contest

Corporate Governance

- **Honda's approach to corporate governance**
- **Compliance**
- **Risk Management**

Related websites

Honda Conduct Guideline
Honda group companies in each region create their own Guideline based on the 'Honda Conduct Guideline'.

Honda's approach to coporate governance

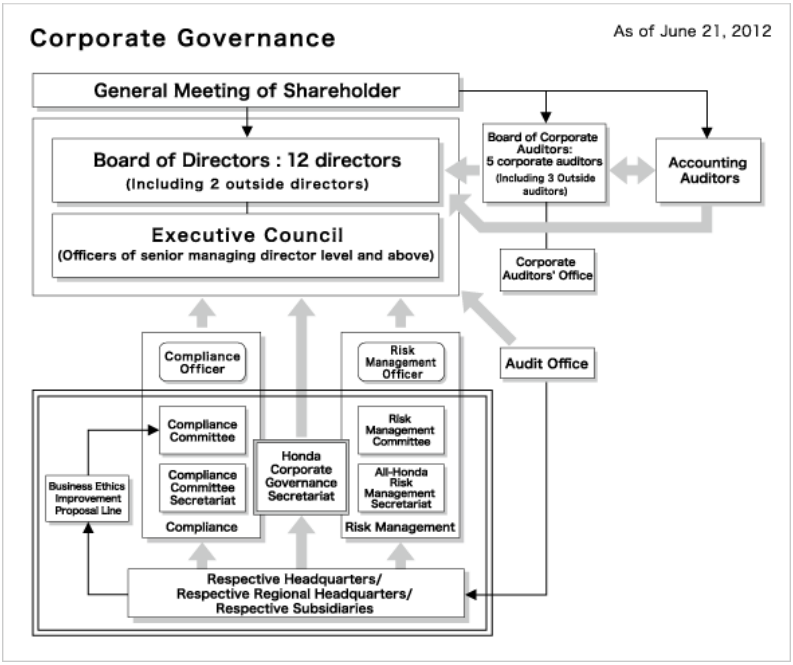
Basic stance on corporate governance

To ensure objective oversight of the Company's management, outside directors and outside 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 directors 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 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 and directives of the Board of Directors.

To enhance even further the trust and understanding of shareholders, investors and society, 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 such financial results 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.



Compliance

Honda has appointed a Compliance Officer to act as a director in charge of compliance-related initiatives. Other key elements of our compliance system include the Compliance Committee and the Business Ethics Improvement Proposal Line.

Honda Conduct Guideline

We established the Honda Conduct Guideline to be shared by all Honda employees in the Honda Group. By ensuring that each and every employee takes responsibility for his or her own actions, we are promoting operational activities that are both global and community oriented.

Honda Conduct Guideline

The Compliance Committee

This committee, led by a Compliance Officer appointed as the Compliance Committee Chairperson, consists of Directors and Operating Officers appointed by the Executive Council. To ensure ideal operation, the Committee monitors how improvement suggestions received by the Business Ethics Improvement Proposal Line are being handled and offers supervision. The Committee also examines issues in regard to compliance policy and compliance enhancement.

Risk Management

A Risk Management Officer is appointed as a director in charge of promoting risk management initiatives.
Risk information is collected and assessed.
When risk is potentially significant, the officer promptly reports to relevant divisions and provides instructions on countermeasures, while monitoring the level of progress.

Streamlining the risk management structure

Honda promotes the management of risk that requires corporate-wide attention in line with the Corporate Crisis Management Policy and Honda Risk Management Rules.

In order to further reinforce our risk management structure, we established the Risk Management Committee to handle all types of risk, ranging from natural disasters to the risk inherent in business.

In addition, we solidified our structure to enable more effective identification of risk and necessary countermeasures that became apparent after the Great East Japan Earthquake. Thus, we thoroughly revised the Honda Crisis Response Rules and renamed it the Honda Risk Management Rules.

Honda Risk Management Rules

Information management

To ensure ample protection of the personal information of our customers and employees, as well as properly handle sensitive company information, we established the Confidential Information Management Committee for our offices and major subsidiaries in Japan. A director is assigned as the committee representative responsible for sensitive information management throughout the year.

Our measures taken to further strengthen information management in 2011 included the revision of the Honda Security Policy (HSP), the information management rules of Honda.

Honda Security Policy (HSP)

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.

Building trust on the basis of three purchasing principles

Seeking to foster the trust of our business partners worldwide, we maintain fairness in our relationships by respecting all prevailing laws and regulations while securing free competition, treating all suppliers as equals and respecting the independence of suppliers in accordance with our three purchasing principles.

Purchasing guidelines and the three purchasing principles

Our purchasing guidelines

Our objective: To foster long-term relationships through the timely procurement of high-quality goods at reasonable prices.

Our three purchasing principles

1. Procurement based on free competition

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

2. Equal treatment of all suppliers

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

3. Respect for the independence of suppliers

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

Treating suppliers as equals and respecting their independence

In striving for growth through long-term relationships, Honda's purchasing division takes care to provide equal opportunity to any supplier who seeks to do business with us. We choose suppliers via fair processes while respecting their independence and treating them as equals. We select optimal vendors for parts and raw materials from multiple candidates based on an evaluation of such factors as technical capability; quality, cost, and delivery (QCD); financial position; and compliance, environmental conservation, and information security initiatives.

Providing customers with good products that maximize the joy of customers with speed, affordability and low CO_2 emissions

Honda has adopted "Best possible QCDDE: Sensing worldwide, acting worldwide, creating worldwide" as its purchasing policy for the 10-year period beginning in 2011. We are communicating closely with business partners around the world to implement this policy in order to achieve our goal of providing customers with good products that maximize the joy of customers with speed, affordability and low CO_2 emissions.

Enhancing partnerships

We strive to build strong partnerships with suppliers in order to maintain high levels of quality.

Strengthening compliance with purchasing policies

We strive to enhance compliance through associate training and aggressive observance of all applicable laws and regulations.

Building purchasing and procurement systems

We work with suppliers to enhance CSR programs, procure environmentally friendly materials and parts, and pursue energy-saving activities.

Suppliers

Enhancing partnerships

Recognizing 41 companies at the awards ceremony for suppliers

In addition to sharing business policies and purchasing measures with suppliers, Honda holds awards ceremonies for suppliers. At one such meeting in January 2012, President Takanobu Ito met with participants from 321 companies to express gratitude for their cooperation following the Great East Japan Earthquake and the flooding in Thailand. He also described Honda's companywide policy of accelerating its proactive approach by combining best-of-breed products and best-of-breed global operations. Next, Honda presented letters of appreciation to 41 suppliers who made outstanding contributions to the company's business in development, cost, quality, parts, and environmental categories. Then Honda presented special letters of appreciation to 25 suppliers that made a particularly significant contribution to the company's recovery from the earthquake and flooding. Finally, Masaya Yamashita, Chief Operating Officer of Purchasing Operations, highlighted the need to enhance risk management; explained Honda's future approach to purchasing, including the move toward global operations, the move toward high-order leveling of safety and quality worldwide, and the drive to reduce CO_2 emissions throughout the product life cycle; and asked the assembled suppliers to redouble their cooperation.

President Toru Kitamoto (right; retired in June 2012) of Yamada Manufacturing Co., Ltd., accepts cost, quality, and parts awards from Honda President Ito.

In fiscal 2012, Honda introduced an Environmental Award as a new letter of appreciation. The award expresses our gratitude and respect to suppliers that have undertaken initiatives in line with Honda's Green Guidelines and otherwise made exemplary efforts to reduce environmental impacts throughout the product life cycle.

Striving to achieve a safer labor environment

Honda has consistently worked to encourage the creation of safe work environments at its suppliers' manufacturing sites in order to fulfill founder Soichiro Honda's assertion, "No safety, no production."

Since 2009, we have been augmenting classroom lectures and training on occupational health and safety management systems by conducting simple audits of manufacturing sites with suppliers and encouraging each company to move quickly to develop and introduce an occupational health and safety management system that suits the characteristics of its own production system.

During fiscal 2012, we made progress together with suppliers toward thoroughly implementing occupational health and safety management systems by helping them resolve challenges during the audit stage, offering advice on how to resolve issues, and proposing solutions.

Going forward, we will continue to work with suppliers to eliminate industrial accidents as part of our efforts to create workplace environments in which employees can do their jobs with peace of mind.

Suppliers

Building purchasing and procurement systems

Pursuing CSR with suppliers

Honda has pursued CSR activities together with suppliers in accordance with the Honda Philosophy in areas such as safety, disaster prevention, compliance, environmental conservation, and QCD. In addition to these initiatives, we have published a series of Supplier CSR Guidelines that articulate considerations such as human rights and labor, asking suppliers to actively conduct CSR activities based on the same awareness as Honda. We also published a CSR Checklist that suppliers can apply to their own operations and those of secondary suppliers. We provide these materials to new suppliers when we begin doing business with them to ensure they understand Honda's approach to CSR. During 2011, we received CSR Checklist results from 43 companies, most of them Honda Group companies. By providing feedback, we sought to share with suppliers methods for thoroughly implementing and applying our CSR approach.

Procuring environmentally responsible materials and parts

Promoting understanding of, and compliance with, the Honda Green Procurement Guidelines

We issue Honda Green Purchasing Guidelines to suppliers in order to gain their understanding of, and support for, our philosophy of reducing environmental impacts throughout the product life cycle, and to ensure their ability to supply materials and parts that meet our standards. We pursue a variety of related initiatives, for example by holding briefings for suppliers, in order to share these Guidelines throughout the supply chain so that suppliers can assess and work to reduce environmental impacts.


A supplier briefing about GHG calculation standards held at the Saitama Factory

We utilize briefings on greenhouse gas (GHG) calculation standards to explain the standards used to assess and reduce GHG emissions in line with the Honda Green Purchasing Guidelines. In fiscal 2012, we held a briefing detailing the practical implementation of GHG emission management with a focus on Honda's policies on strengthening environmental initiatives from the standpoint of the product life cycle. In May 2012, we held briefings in two districts and expanded them to include new suppliers, shifting the emphasis to an explanation of practical issues and focusing on specific methods for calculating emissions and submitting reduction plans.

In fiscal 2012, we expanded briefings on the Honda Product Chemical Substance Management Standard, which we have held for suppliers of materials and parts in the past, to include suppliers of secondary materials (such as lubricating oil for machines). We held a briefing at each of our five factories nationwide during July and August.

We also hold a biannual Honda Green Network Meeting for suppliers to disseminate information about new measures related to environmental activities, share exemplary measures and spur their adoption by other suppliers, and promote environmental activities by Honda and all its suppliers. A site where an exemplary measure is being implemented is chosen as the venue for each meeting, where initiatives include deepening suppliers' understanding by having them observe how measures are actually implemented in the field and sharing information about difficulties and countermeasures through small-group discussions.

Headquarters launching reform of parts distribution

In the area of parts distribution, we are striving to develop an environmentally friendly distribution network designed to centralize parts distribution operations that had been carried out separately by individual suppliers by geographic area so that parts can be transported efficiently to Honda worksites, thereby reducing the CO_2 emissions associated with parts distribution. Some suppliers began using such a network in November 2011. Going forward, we will continue to work with suppliers to reduce distribution CO_2 emissions.

Suppliers

Strengthening compliance with purchasing policies

Instruction and training for associates

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

Standards of Purchasing Staff Behavior published on the intranet

Taking an aggressive approach to ensuring legal compliance by suppliers

The basic agreements covering part transactions into which Honda enters with suppliers ensure legal compliance by prohibiting suppliers from infringing on third parties' intellectual property rights through their parts or manufacturing methods and including provisions that require suppliers to give due consideration to safety, disaster prevention, environmental conservation, and resource protection in their operations and to comply with all applicable laws and regulations.

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.

Three principles of personnel management

1. Respecting independence

Honda expects associates to express their individuality and independence. As our founder said, "He who knows best should speak up, and he who can do best should act." In that spirit, today's associates are encouraged to think for themselves, take action, and accept responsibility. As reflected in our qualification system where associates interested in earning new qualifications volunteer to take on that challenge, and our two-way communication that allows associates to assert a vision for their own future professional development, the independence and ambitions of individual associates are accorded respect in all things.

2. Ensuring fairness

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

3. Fostering mutual trust

Honda believes that the building of the foundation of trust that binds the company to its employees and employees to one another starts with tolerance and mutual respect.

Associate Relations Policies

To put these Three Principles into practice, Honda has established the following Associate Relations Policies:

1. Respecting individual human rights.

- We accept the individual characteristics and differences of our associates and respect their willingness and initiative.
- We will always respect each individual's basic human rights and will not allow forced labor or child labor.

2. No discriminations

- Based on the principle that all human beings should have equal employment opportunities, we will strive to create opportunities for free and fair competition.
- We will not tolerate discrimination or harassment of any form in the workplace on base of an individual's race, ethnicity, national origin, religion, or gender, among other characteristics.

3. Complying with laws and ordinances.

- We will respect the social norms, customs and culture of each country.
- We will comply with the laws, regulations and ordinances enacted in each country and region.

4. Creating an environment of free, open-minded dialogue.

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

5. Maintaining a working environment where each associate can work with a sense of security.

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

Promoting diversity

Honda pursues initiatives to promote diversity based on the principle of Respect for the Individual, part of the Honda Philosophy.

Communication with labor unions

To maintain good labor relations, Honda works to build on mutual trust and diligence while respecting differences in perspective and approach.

Initiatives for occupational health and safety

In keeping with Honda's fundamental policy of respect for the individual, ensuring associates' physical and mental health is one of the company's most important responsibilities.

Building healthy working environment

Honda seeks to create a healthy working environment so that associates can make the most of their abilities.

Developing abilities and human resources

Honda fosters the development of associates' abilities through such means as on-the-job training, off-the-job training, two-way communication, and NH Circle activities, and improving suggestion system.

Keeping everyone healthy

Honda provides a range of information sources and opportunities for associates to get and stay healthy in keeping with its policy of helping associates enjoy healthy, well-balanced lifestyle.

Promoting diversity

Honda maintains an environment in which members of a diverse workforce can make the most of their abilities while recognizing and respecting individual differences without regard to a variety of attributes in accordance with the basic principle of Respect for the Individual, part of the Honda Philosophy. Honda defines the promotion of diversity in this way, and we began a series of ongoing, companywide initiatives in 2007.

Expanding opportunity for participation by women

Honda has been pursuing awareness-raising activities since a 2008 decision to focus on expanding opportunities for participation by women as a way to strengthen initiatives to take advantage of diversity, including by providing information in company magazines and holding lectures and training sessions.

Offering a Career Support Program as a major awareness-raising activity

Honda launched a Career Support Program that enhances two-way communication with supervisors for young and mid-level female associates in October 2009. We also held career development training for both female associates and their supervisors in order to encourage opportunities for discussing career plans and goals from a career development perspective. In 2010, we augmented this and other training with career consultation meetings to accommodate individual conversations about female associates' career development as part of a larger effort to provide opportunities for increasing awareness of career development and to help associates realize their career plans.

Employment of people with disabilities

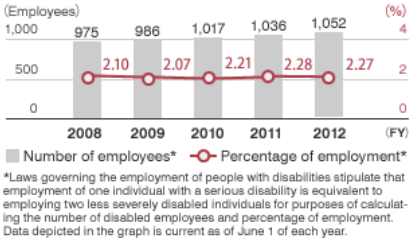
Honda provides jobs to people with disabilities at its facilities in Japan in an effort to expand their employment opportunities. We also offer employment at affiliates Honda Sun, Honda Sun R&D, and Kibounosato Honda. We strive to create an environment that allows associates with and without disabilities 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 FY2012 stands at some 2.27%, or 1,052 individuals, well above the legally mandated level of 1.8%.

Designated affiliates

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

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.

Holding a Workshop of disabled people employment promotion

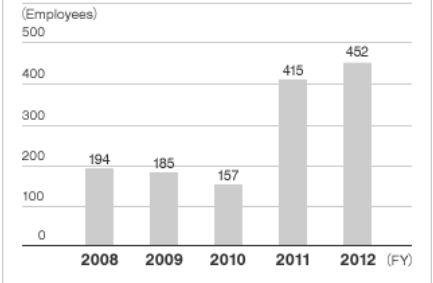
Honda Sun Co., Ltd., regularly holds Workshops on Promoting Employment of Disabled Individuals. A total of 42 associates from different worksites participated in three sessions over two days in 2011 as part of this program, which began in June 2009 with the goal of facilitating new awareness of how participants can work together with disabled individuals and how they should think and act going forward. In addition to classroom sessions addressing the characteristics of a variety of disabilities and Honda's basic approach to employment, participants deepened their understanding of the issues surrounding employment of disabled individuals and gained extensive knowledge about such employment by visiting facilities such as plants and other workplaces and experiencing what it's like to use a wheelchair and perform the same work as disabled associates.

Participants got a look at the workplace from the same eye-point as disabled associates by using wheelchairs to move about Honda Sun's facility.

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 retires



Building healthy working environments

Honda seeks to create a healthy working environment so that each and every member of its diverse workforce can make the most of his or her abilities based on the basic principle of Respect for the Individual, part of the Honda Philosophy.

Optimizing work hours

Honda has always been an industry leader in introducing shorter workweeks. The company instituted a five-day workweek in alternating weeks in 1970, followed by a true 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 1,837 per associate in 2011, and associates averaged 19.9 paid vacation days, putting Honda at the top level of the automobile industry in terms of reducing actual working hours.

To encourage its associates to take regular annual paid vacations and use their vacation time effectively to refresh themselves and increase 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.

*An initiative to prevent vacation days from being lost when the number of annual paid vacation days that can be carried over to the next year is exceeded.

Helping associates balance the demands of work, parenting, and nursing care

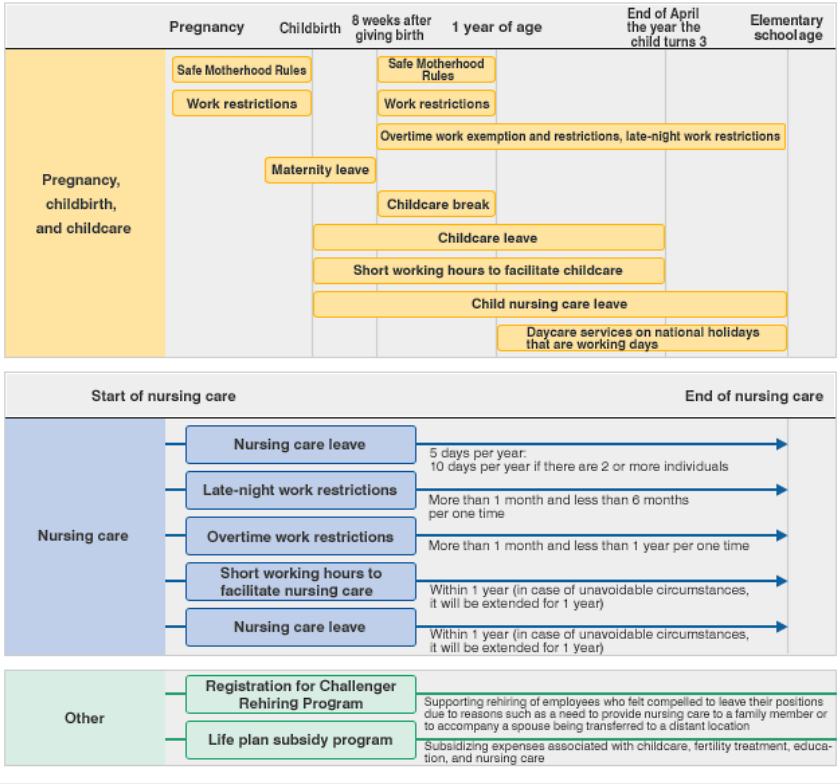
Honda works actively to provide programs that help associates balance the demands of work and personal life.

Honda distributes the Guidebook on Balancing Work and Family Life Care Responsibilities, which summarizes the programs available for balancing work, parenting, and nursing care, not only to associates with such responsibilities, but also to management-level associates so that those associates will have a good understanding of available programs and be able to utilize them to maximum effect. This information was placed on the corporate intranet in 2010, making it available to all associates.

Additionally, in 2008 we began offering temporary childcare for preschoolers whose parents had to work on holidays. In 2011, when summertime power-saving measures undertaken in the aftermath of the Great East Japan Earthquake led to schedule changes that brought associates to work on Sundays, we helped employees balance the demands of work and parenting by offering temporary childcare at all worksites.

Temporary childcare is offered to associates working on holidays

Programs that help associates balance work and family life



Counseling hotlines

Honda supports associates by operating a variety of counseling hotlines as a way to build a healthier work environment.

Counseling hotlines dedicated to balancing work, parenting, and family life 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. Each hotline is staffed by a pair of male and female counselors who field counseling requests from both targeted associate groups and supervisors.

A poster promoting the counseling hotlines

Sexual harassment counseling hotline

Honda has operated a sexual harassment counseling hotline for all associates since 1999 in order to prevent sexual harassment and to facilitate the rapid and appropriate resolution of incidents.

Life planning seminar hotline

Honda created a life planning seminar hotline to help address associates concerns about health, fulfillment, and financial security after mandatory retirement at age 60. When they turn 50, regular employees receive a pamphlet about financial security. When they turn 55, they can participate in a life planning seminar together with their spouses as part of a company effort to provide information about post-retirement life. The hotline also provides individual counseling for associates.

Associates

Communication with labor unions

Honda values effective communication with associates and strives to bring their views to bear on a broad range of personnel policy.

Building good labor relations

Honda and the Honda Motor Workers' Union have enjoyed cordial, mutually supportive relations, engaging regularly in frank exchanges on key issues such as employment security, working conditions, occupational safety and health, and production and sales activities at group negotiations, labor-management committee meetings, and other venues.

Both the company and union respect differences in each other's perspective and approach and strive to maintain a strong labor-management relationship in an effort to achieve sustained company growth and improved working conditions through mutual trust.

Associate awareness survey

Once every three years, Honda conducts an associate awareness survey to solicit worker feedback for use in building a healthier work environment. The surveys include a variety of questions designed to gauge associate views on organizational culture, the company's personnel system, and management.

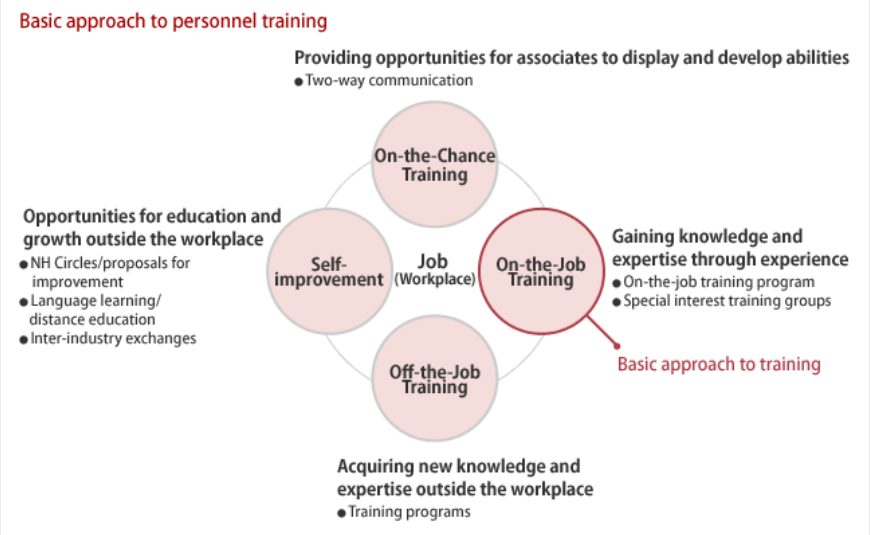
In addition to being fed back to associates by means of the company newsletter, survey results are brought to bear on a range of personnel policies, including changes to management training and the company's personnel system.

Awareness survey results distributed to associates (left)
Management guide incorporating issues raised by the associate awareness survey (right)

Developing abilities and human resources

An approach based on on-the-job training

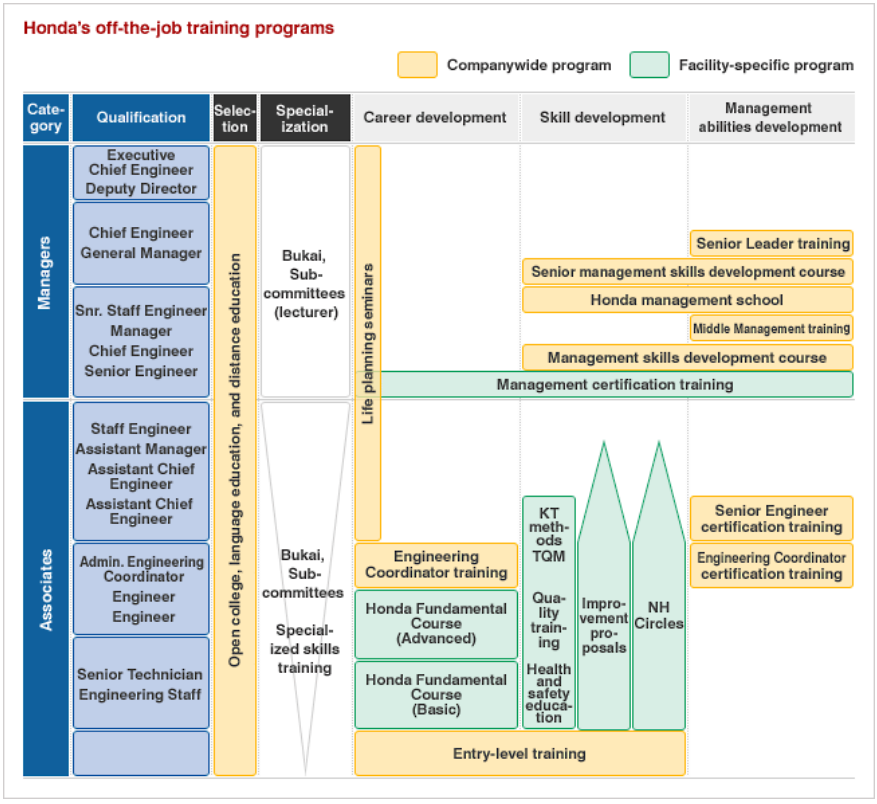
Honda's approach to personnel education is based on on-the-job training: building specialized skills and professional capabilities through direct experience. Honda has established on-the-job training programs for each job description, setting qualitative and quantitative targets for the knowledge and skills to be acquired. These programs provide with 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.



Principal off-the-job training programs

At Honda, we match a combination of on-the-job and off-the-job training to our associates' aptitudes and aspirations in an effort to help them improve their abilities. Our off-the-job training program is divided into three main areas, with separate training programs for each level.

1. Self-improvement training (career development)
2. Work performance training (skill development)
3. Management leadership training (management 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

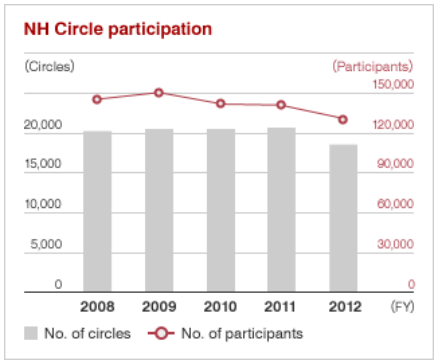
Reflecting Honda's emphasis on two-way communication with supervisors in associate development and evaluation, all associates have at least three interviews with their supervisors each year. During the first interview in April, associates describe the future in their own words (including aspirations, 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.

Based on the principle of respect for the individual, and cherishing independence, fairness and trust, the activity seeks to create dynamic, forward-looking workplaces where individuality is respected; tap the unlimited potential of each and every associate by encouraging them to make the most of their abilities; and contribute to the overall health of the company and its continued development. Together with Regional Contests that are held in six regions worldwide, a World Convention featuring circles selected from each of the Regional Contests provides a venue for participants to showcase the results of their activities, raise mutual awareness, and exchange views and ideas. The scope of the program's activities has expanded each year since its launch in 1973. During FY2012, a total of 129,790 associates and employees participated in 17,918 circles in 30 countries worldwide, including at suppliers, affiliates, and dealers. Associates presented the results of their activities in 2011 at a companywide meeting held at the Headquarters Aoyama Building. The 12 circles that had won their district contests participated in the event, which was scaled back due to the effects of the Great East Japan Earthquake. In 2012, we plan to hold the World Convention at North American subsidiary Honda of America Manufacturing.

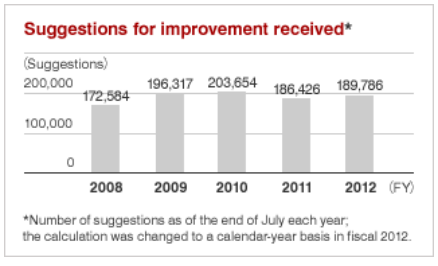



An NH circle's presentation

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 170,000 suggestions are received, of which about 90% are implemented.

During FY2012, 189,786 improvement suggestions were received from Honda worksites. Of these, eight proposals receiving the President's Award and three proposals receiving the Special Award as part of the environmental campaign were announced at the Improvement Suggestion No. 1 Convention, which was held at the Aoyama Headquarters building.




Improvement Suggestion No. 1 Convention

Associates

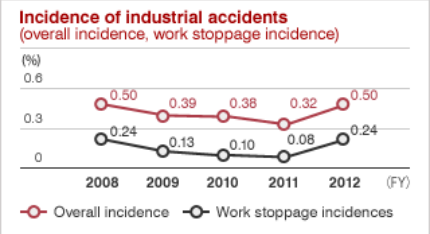
Initiatives for occupational health and safety

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. We offer training to a wide range of associates, including new employees, through a health and safety education system that has been designed with the goal of increasing individual associates' knowledge and awareness of health and safety. Due to an increasing trend in the number of occupational accidents in fiscal 2012 resembling accidents such as falls and missteps that occur in everyday life, we are pursuing a program of recurrence prevention activities with a focus on such accidents in fiscal 2013.



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.

Medical checkups

Honda has implemented a program of medical checkups for new hires, regular checkups, and special checkups as required by law. In addition, we offer government-designated checkups for VDT workers and other checkups as needed. We began offering targeted checkups to individuals judged to be at risk for adult -onset diseases in 2008, and in 2009 we added targeted health guidance in an effort to bring these services to 100% of at-risk individuals.

Mental health initiatives

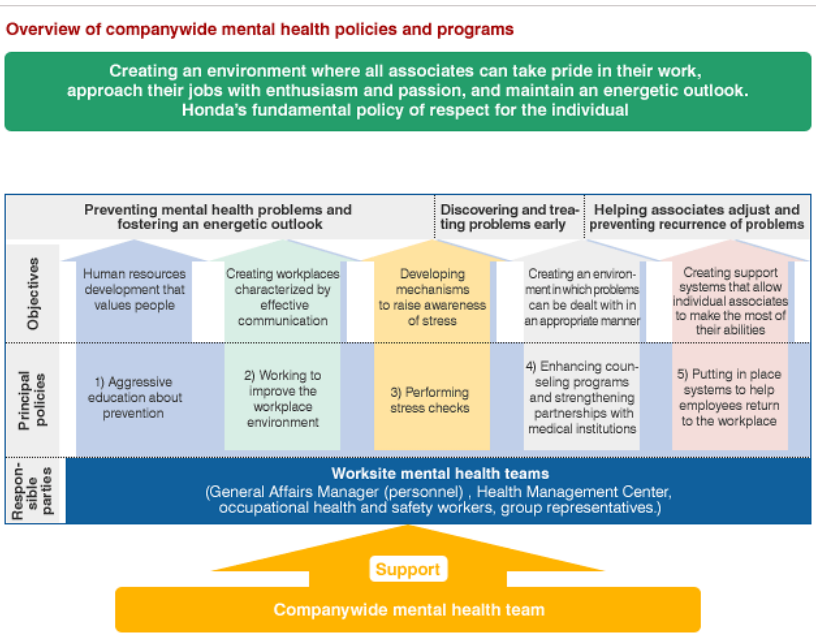
Honda has implemented a number of companywide policies designed to foster associates' mental health through rules that address the prevention of mental health problems and improvement of individual motivation, their early discovery and appropriate treatment, and support for associates returning to work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

Leaflets and pamphlets distributed to associates

Overview of companywide mental health policies and programs



Preventing muscoskeletal disorders*

Honda is incorporating the perspective of ergonomics into the creation of work environments in line with its concept of people-friendly production processes. Under this approach, worker movements are analyzed and improvements made in order to ensure optimal work position and scope. We're also working to reduce the burden imposed on associates by physically intense labor, for example by installing assistive devices and auxiliary lifts for work that involves lifting heavy objects. We're also using new analytical techniques to identify areas where further improvements can be made.

*Injuries to the nerves and muscles of the neck, back, arms, and legs as well as surrounding tissues due to simple, repetitive tasks or work that imposes too great a physical burden on the body

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.

Guidance for preventing adult-onset diseases

Honda offers guidance in how to prevent adult-onset diseases based on the results of associates' regular medical checkups. We began offering targeted health guidance in April 2009, with at-risk associates receiving health guidance that encourages them to improve their life rhythm, nutrition guidance that proposes improvements in diet, and exercise instruction that proposes a daily exercise regimen.

Holding physical fitness measurement sessions, "Try Walk," and other events to improve exercise habits

Honda holds "Try Walk 21," a walking event conceived to spur associates to develop good exercise habits. We also hold events such as physical fitness measurement sessions and exercise courses on an ongoing basis to give associates an opportunity to review their own physical fitness and health.

A result sheet handed out at the "Try Walk 21" (left) and scenes from the walking event (Nordic walking)

From segregated smoking areas to a no-smoking policy

Honda has segregated smoking throughout its facilities by creating smoking areas in office and production floor break rooms. In fiscal 2012 and beyond, we plan to shift the focus of these activities from the segregation of smoking to its prohibition as part of a more aggressive organizational program of no-smoking activities.

Shareholders and Investors

Honda's history on stock exchanges

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

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

Protecting the rights of shareholders and investors

Our fundamental approach to investor relations

Our investor relations activities 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

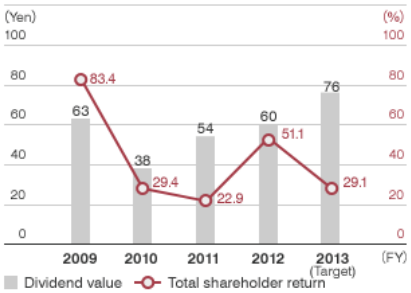
Conducting operations from a global perspective, Honda strives to maximize corporate value throughout its worldwide organization.

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.

Trend in total shareholder return*



*Total shareholder return
The total amount of dividends and treasury stock acquisitions as a percentage of consolidated return

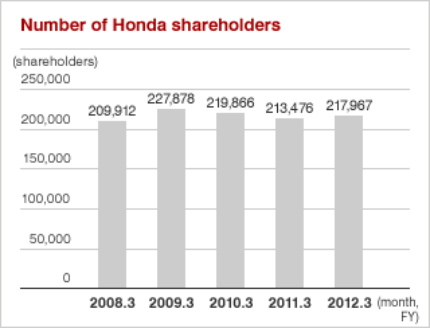
Dividends per share: trend

Note: Regarding dividend yield
For fiscal years 2009 - 2012, dividend yield is based on the share value recorded on the last day of the respective fiscal year.

IR communication

Implementing timely and appropriate IR initiatives

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



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

Although the impact during fiscal 2012 of the Great East Japan Earthquake and flooding in Thailand made certain aspects of announcing the outlook for the Group's business performance difficult, we disclosed information about damage from the two disasters in a timely manner as part of the "Investor Relations" section of our website in accordance with our basic policy of providing useful information to shareholders and investors in an appropriate manner.

Redesigning Honda's investor relations website

In March 2011, Honda completed a major redesign of its investor relations website.

By categorizing content in an appropriate manner, incorporating important content into the main page in an easy-to-understand manner, and enhancing site guidance, navigation, and accessibility, we have delivered improved usability for visitors seeking IR information.

We have also enhanced the amount of information relating to finance, business performance, and company shares in an effort to create a website that offers useful financial information from the standpoint of the user.


"Investor Relations" main page

Communicating with shareholders

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


At an inspection visit of Enjoy Honda Motegi (November 2011)

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

We also host inspection visits such as Enjoy Honda Motegi, a fun event that gives shareholders an opportunity to tour production facilities and exposes them to a broad range of Honda products, services, and corporate activities. By inviting shareholders to see for themselves where and how Honda products are created, we hope to give them a better understanding of what goes on at the company and to create a sense of familiarity with the company and its products.

*The production facility tour originally scheduled as part of the fiscal 2012 inspection visit was canceled due to the flooding in Thailand.

Disaster relief aid

Honda is offering aid to areas affected by the Great East Japan Earthquake of March 2011 and massive flooding in Thailand the following November. We will continue to provide assistance on an ongoing basis to ensure a stable supply of products and help local communities recover.

Ensuring a stable supply of products

Helping suppliers recover from the Great East Japan Earthquake and flooding in Thailand

When an office operated by Honda's purchasing department in Tochigi Prefecture was damaged in the Great East Japan Earthquake, the department opened an emergency satellite office at the Saitama Factory the day after the earthquake on March 12. Personnel then set about verifying the safety of supplier employees, checking whether secondary and tertiary suppliers had suffered damage in the disaster, and surveying the impact of the event on part supply. As part of our effort to assist suppliers' operations, support teams were dispatched to suppliers' facilities that suffered heavy damage to speed the recovery process. For their part, suppliers employed every means at their disposal to effect an early recovery and ensure a stable supply of all parts, for example by working with Honda to change production bases and switch to alternate parts. Although it became difficult to obtain general-purpose electronic parts in the aftermath of the flooding in Thailand, Honda created opportunities for sharing information with suppliers and worked to minimize the effects of the disaster, for example by securing market inventory on a global scale and quickly developing alternate parts.
To address the supply issues that surfaced as a result of these disasters and avoid supply chain risk, we have applied the lessons learned in dealing with them to our previous purchasing and supply issue survey. We are also working with suppliers to implement a range of risk countermeasures conceived to ensure a stable supply of parts, including procuring parts from multiple suppliers and facilities and making alternate production arrangements to facilitate a faster recovery after future disasters.

Offering aid to the Rohm Group

The Rohm Group, which manufactures general-purpose electronic parts in Thailand, suffered the effects of flooding in October 2011. Two semiconductor plants were damaged, with the Thailand Plant operated by Rohm subsidiary Lapis lying under water up to 1.2 meters deep and the Rohm Thailand Plant lying under water up to 1.8 meters deep. Upon receiving word of the disaster, Members of the Japan Automobile Manufacturers Association dispatched a total of 238 staff members (including 43 from Honda) to aid in the effort to effect a complete recovery at the plants. The aid effort was in full swing by early December. Honda's contribution began with the delivery of boats for use by personnel and included transporting supplies by raft, installing temporary restrooms, and assisting in work to recover submerged equipment and manufacturing molds, helping to speed the recovery.

Boats provided locally by Honda transporting supplies

Helping local communities recover

Associate volunteers travel to disaster areas

Associates who had responded to an internal call for volunteers traveled to the city of Rikuzentakata in Iwate Prefecture to aid in the recovery effort in the aftermath of the Great East Japan Earthquake. A total of 240 associate volunteers , 8 times joined that activities.
The volunteers assisted primarily in helping remove debris from residences and repairing the shoulders of damaged roads. Associates who volunteered for the work were motivated by a desire to help people who had been affected by the disaster and to put smiles on as many of their faces as possible. All participants came to understand that even though the capabilities of individuals are slight, they are not powerless, and that it is important for everyone to pull together and work hard to do what can be done.

Associates working as volunteers in the city of Rikuzentakata, Iwate Prefecture

Special classes by ASIMO

Honda held special classes taught by ASIMO as part of its recovery aid in an effort to teach children in disaster-stricken areas the importance of keeping one's dreams alive and not giving up. The classes introduced the story of how robot developers strived to achieve their dreams through a process of trial and effort, ultimately creating ASIMO and enabling its technology to be applied in Honda products. The events also featured a series of participatory demonstrations in which ASIMO kicked balls, asked danced. Participating children listened intently to the classes while occasionally smiling broadly. We held a total of 22 special classes over the six-month period from June to December 2011 (at 44 schools, including kindergartens and elementary and middle schools), and we will continue the program in 2012.

ASIMO teaching a special class in a disaster-stricken area

Supporting sales of local products from Fukushima Prefecture

Working with Japan Agricultural Cooperatives (JA), Honda held a total of seven internal company sales of local products from Fukushima Prefecture to aid farmers in the prefecture, who have suffered from public doubts about the safety of their products in the aftermath of the accident at the Fukushima Daiichi Nuclear Plant. Purchasers noted that produce from Fukushima had become scarce at supermarkets, highlighting the devastating effects of the concerns, and expressed a desire to help the prefecture in some small way. One associate whose parents have an apple orchard in Fukushima described the difficult conditions in the prefecture and said sales of local products like those being held by Honda were helping farmers there. We plan to continue working with JA while monitoring the economic impact of safety-related concerns in 2012.

An internal sale of local products from Fukushima Prefecture

Baseball club offers relief aid

On December 1, 2011, five members of the Honda Baseball Club at the Saitama Factory visited Toni Middle School in the city of Kamaishi in Iwate Prefecture, where they held a baseball class for members of the school's baseball club. It was the first time for the club's members to participate in a volunteer activity, but their common love of the sport of baseball allowed them to quickly break the ice with the children. In addition to giving instruction in pitching and batting in the school's field and gym, the volunteers offered advice about players' swings using the video capabilities of their mobile phones. The event, while brief, delighted children in an area affected by the disaster as well as their teachers and local residents through baseball.


Honda Baseball Club members holding a baseball class

Dream Hands (cardboard crafts)

From April to September 2011, the Saitama Factory and Tochigi Factory held a series of Dream Hands events as part of a cardboard craft program in which participants create crafts using only glue and paper clips. The events were held for residents of the town of Namie in Futaba-gun, Fukushima Prefecture, who had evacuated from their homes and moved to Saitama Prefecture and Tochigi Prefecture following the Great East Japan Earthquake. Seeing smiling parents talking to their children as they made crafts such as miniature ASIMO robots and Formula 1 racecars, it was apparent that the event succeeded in providing a respite, however brief, from the trials of their long stay away from home.


Evacuee families participating in the Dream Hands program

Honda beach-cleaning activities

On March 18, 2012, Honda held a beach-cleaning activity at Tsukihama Beach in the city of Higashimatsushima in Miyagi Prefecture, which was affected by the Great East Japan Earthquake. A total of more than 60 participants including local government and residents as well as volunteers from the Miyagi Honda-kai and Keihin Corporation worked together to clean the beach in an effort to return it to its pre-disaster beauty. Reflecting its awareness of the need to contribute to recovery efforts such as this one, Honda will continue to work with local governments and residents to pursue beach-cleaning activities in disaster-stricken areas under the philosophy of ensuring that future generations can enjoy sand beaches that are clean enough for people to walk barefoot.

A beach-cleaning activity at Tsukihama Beach in the city of Higashimatsushima, Miyagi Prefecture

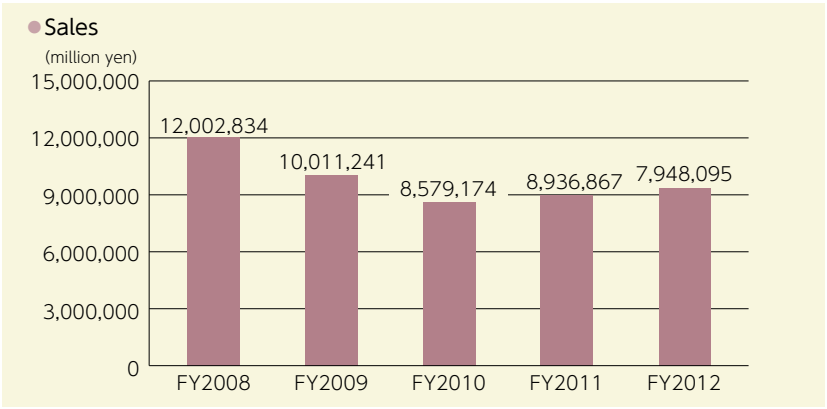
Great East Japan Earthquake: Associate-led volunteer aid programs

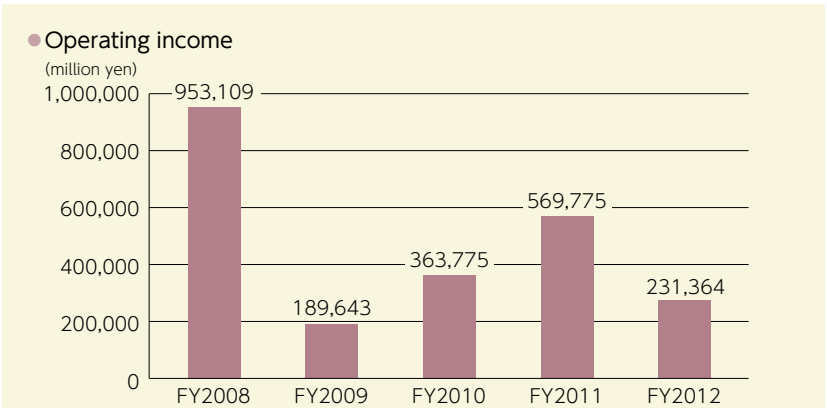
Honda planned and held various associate volunteer activities in disaster-stricken areas during fiscal 2012, and a total of 240 associates participated. Associates also pursue volunteer activities on their own, and Honda supports these efforts. We plan to continue this support from April 27, 2012, to March 31, 2013, through programs that help associates pay for the cost of transportation to and from volunteer events and that cover all volunteer insurance premiums.

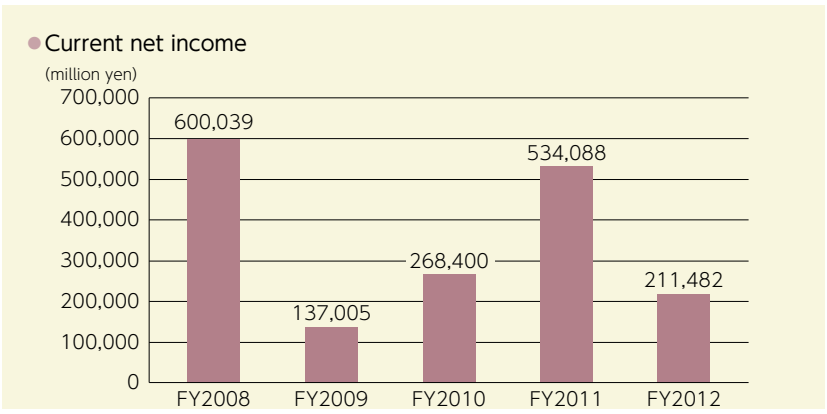
Company Overview

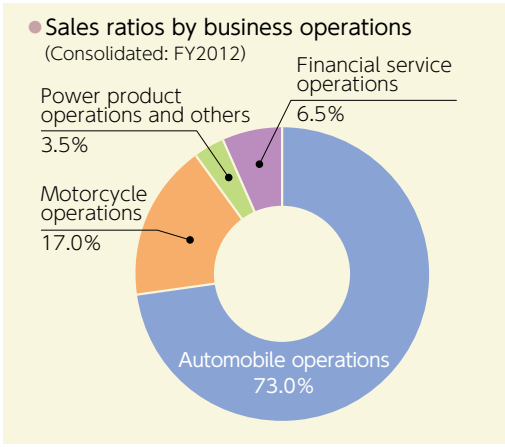
Company Name	Honda Motor Co., Ltd.
Head Office	1-1, 2-chome, Minami-Aoyama, Minato-ku, Tokyo 107-8556, Japan Tel : +81-(0)3-3423-1111
Established	September 1948
President & CEO	Takanobu Ito
Capital	¥86 billion (as of march 2012)
Business	Motorcycles, automobiles, financial services, power products and other businesses

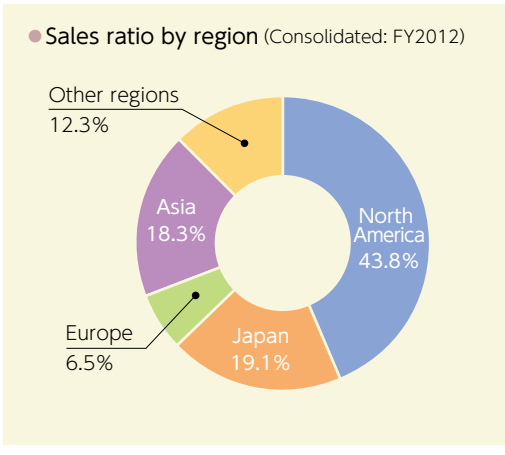
Major financial highlights (consolidated)











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The Power of Dreams

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