

Honda SUSTAINABILITY REPORT 2015



Editorial policy

About this report

As a company that aims to realize a sustainable society, Honda considers the Environment, Safety, Quality and Society as important themes, and carries out wide-ranging activities accordingly. To ensure an understanding by our stakeholders on these activities in a well-organized way, we have evolved the former CSR Report to publish it now as a Sustainability Report, starting in FY2016*. The report describes the state of our initiatives for each theme during FY2015.

* (Note: FY20xx indicates the fiscal year ending in March of that year.)

• Organizations covered

The organizations covered by this report comprise the entire Honda Group, which includes Honda Motor Co., Ltd., 372 consolidated subsidiaries and 85 affiliate companies accounted for under the equity method (total of 457 companies). When certain information is not about the entire Honda Group, the scope covered is stated in each case.

• Period subject to reporting

Centering on the activities in FY2015 (April 1, 2014 – March 31, 2015), this report also describes past circumstances, the activities conducted up to the period of publication, and future outlook and plans, among other matters.

• Guidelines referred to

GRI (Global Reporting Initiative), "Sustainability Reporting Guidelines 4th Edition" (G4)

* The guidelines referred to in calculating various data and/or the basis for calculations are stated where individual data are reported.

• Date of publication

Publication of this report: June 2015

Planned publication of next report: June 2016

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Corporate Planning Division, Honda Motor Co., Ltd.

Disclaimer

This report contains not only past and current facts regarding Honda Motor Co., Ltd., but also plans and outlook and future projections based on management policies and management strategies as of the date of publication. Such future projections are assumptions and judgments based on the information obtainable at the time of writing. Due to changes in given conditions, the results of future business activities and phenomena could differ from the projections. We would appreciate each reader's understanding of this.

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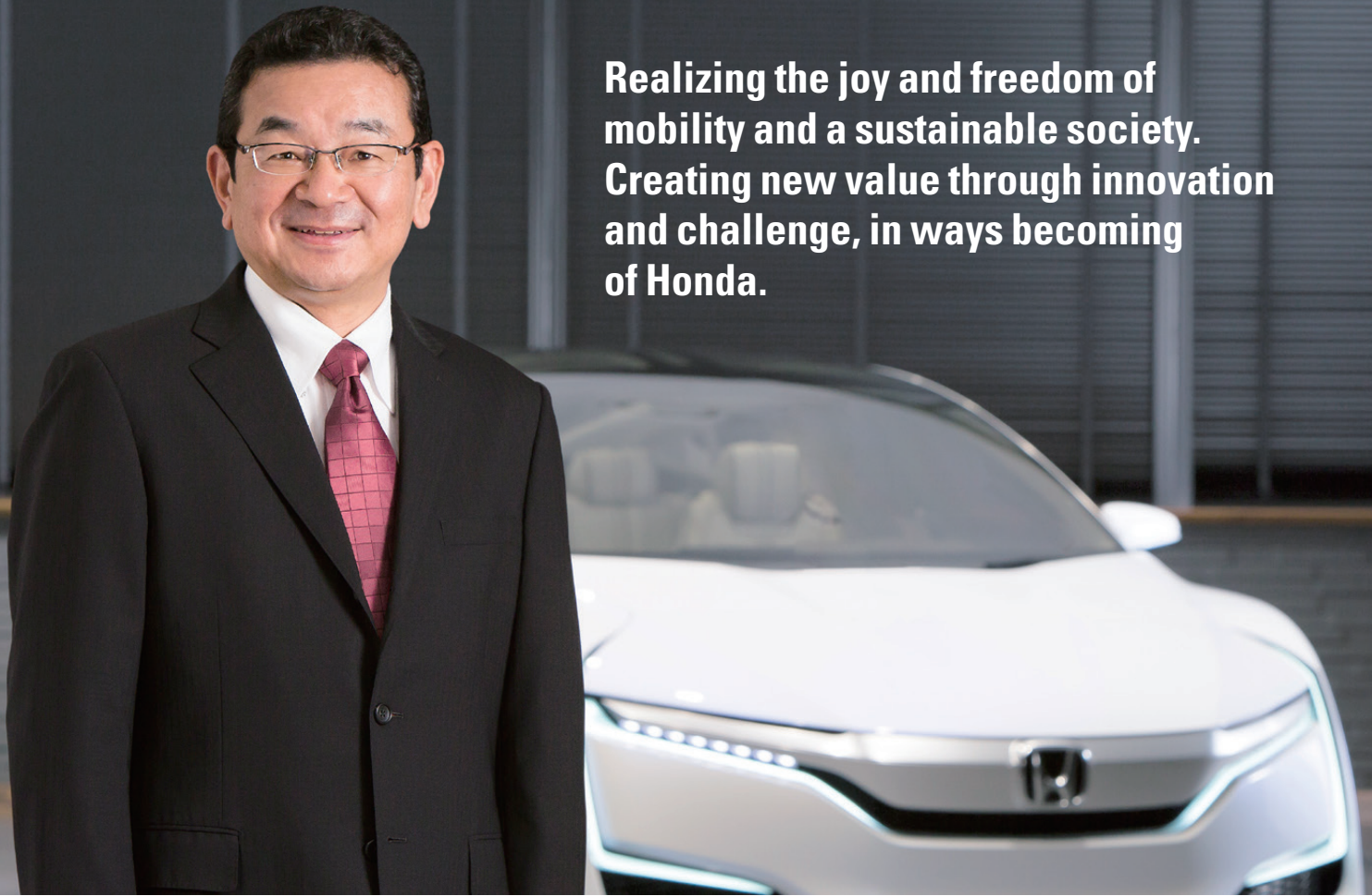
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Realizing the joy and freedom of mobility and a sustainable society. Creating new value through innovation and challenge, in ways becoming of Honda.

I would like to take this opportunity to express our gratitude for your cooperation and extensive support for Honda's activities.

First of all, The recalls of Fit Hybrid and Vezel Hybrid in Japan during the last year inconvenienced some of our customers and other stakeholders. In response, and to recover the trust of those affected, we are taking steps to improve product quality across all our operations, including a review of our development process.

Regarding concerns raised over airbag inflators, we are continuing to take all appropriate measures to remedy affected vehicles so that people can continue to use our products with complete confidence.

Reaffirming our principles as a mobility company and taking new steps forward toward the future

Honda's core values are expressed in Our Fundamental Beliefs, comprising "Respect for the Individual" and "The Three Joys" (the Joy of Buying, the Joy of Selling, and the Joy of Creating), and Honda aims to share joys and satisfaction with customers across the globe to become a "company that society wants to exist." Our Fundamental Beliefs are shared as the basic values by all companies and associates in the Honda Group, serving as a key yardstick for all corporate activities. We consider it crucial to give mutual respect to the independent, individual characteristics of each person; to develop equal partnerships; and to build a sense of mutual trust by acknowledging each other's

independent characteristics. In this way, we are able to achieve and spread The Three Joys together with our customers and other stakeholders. In the course of providing our products and services, we pursue the "Three Reality Principle" focused on *genba*, *genbutsu*, and *genjitsu*—"going to the actual place," "knowing the actual situation," and "being realistic." This approach helps create new knowledge and expertise as we address the wide range of challenges we face. We aim to go back in spirit to our starting point as a mobility company, from where we will move forward toward the future with fresh, new initiatives.

Environmental and Safety initiatives toward the goal of realizing a sustainable society

As a company working toward realization of a sustainable society, Honda has determined the following as its important themes for new initiatives: Environment, Safety, Quality, and Society. Honda has carried out initiatives for the environment and safety by establishing the Honda Environmental and Safety Vision, which aims to "realize the joy and freedom of mobility and a sustainable society where people can enjoy life." In environmental initiatives, Honda has implemented activities toward the goal of cutting total CO₂ emissions in half for the Honda Group by 2050, compared to a base year of 2000.

Against this backdrop, we plan to launch our new fuel cell vehicle FCV, the ultimate eco-friendly car, in the

Japanese market in fiscal 2015 ending March 31 2016. Additional time will still be needed before we arrive at a full-scale hydrogen-based society, but looking ahead to the next generation, we aim to achieve further advances in environmental technologies in step with the progress in establishment of the necessary social and public infrastructure, and move forward toward our goal of reducing our environmental footprint to zero.

Recent years, in response to expectations placed on the industry regarding global climate change issues, Honda has endorsed three initiatives in line with the platform established by CDP (an international, not-for-profit organization providing a global system for companies and cities to measure, disclose, manage and share environmental information) ahead of the UN Climate Change Conference in Paris (COP21) in December 2015. These three initiatives aim for the following: "to establish reduction targets for GHG emissions with sufficient scientific basis for curbing the rise in temperatures to 2 °C or less," "to collaborate in a responsible manner with policies directed at climate change," and "to disclose climate change information as part of our main financial statements."

In the area of vehicle safety, Honda announced the new "Honda SENSING/AcuraWatch" in 2014. These two distinct suites of sensing and driver-assistive technologies are designed for "the goal of realizing a collision-free mobile society." We consider this set of safety technologies to compose an overall system that we should pass on to the next generation and beyond. We will promote their widespread use by installing the system on more and more models, thereby contributing to making a safer mobile society a reality. We aim to continue achieving further progress in our advanced driver assistance systems, and through public-private partnership initiatives in Japan and abroad, we will also work toward bringing about autonomous driving on actual expressways in the near future.

Establishing self-reliant operations in each region and promoting collaboration with all of global operations

For Honda to continue its growth as a global company, it is important to establish an effective global operational structure that facilitates the enhancement of our operational ability in each region, and then consolidate these resources and put them to use to meet actual needs.

The goal of delivering the products that anticipate customer needs in each region in a timely manner requires that development, procurement, production, and sales be conducted in the local area. To speed up the initiatives toward these activities, we are promoting the delegation of authority and responsibilities to local operations and

establishing organizational structures under which local management can make their own decisions for their operations. We are convinced that proceeding with these initiatives will enable us to spread the spirit of "The Three Joys" that make up Our Fundamental Beliefs across the world, and lead to the growth of individual talent and ultimately the whole group of companies.

Taking on new challenges toward our dreams

Honda is a company that has successfully created new value through an overlap of our customers' dreams with our own dreams as a manufacturer and creator. As demonstrated by our corporate slogan, "The Power of Dreams," we are committed to working as one "Team Honda," propelled as a single unit by the power of the dreams held by each and every person. I am confident that this approach will no doubt make us a company that society wants to exist.

In the fiscal year ending March 31, 2016, in addition to offering more innovative new technologies and products, we will compete again in Formula One racing, the world's preeminent automotive racing series, and will start deliveries of the HondaJet. Underpinning these initiatives lies Honda's corporate culture, which we will actively pass on to successors, that places importance on setting high-level goals and taking on new challenges with boldness and resolution. Together with our associates around the world, we will continue to move forward on initiatives focused on safety and the global environment, as we constantly endeavor to earn the trust of Honda's broad range of stakeholders and meet their expectations, by offering products that give the customer the joys of maneuvering their mobility, of being on the move, and of experiencing an exhilarating feel along the way. I believe this is the direction that we at Honda should take as our path to the future.

As a mobility company, we will continue creating products with superb innovation, taking on new challenges and offering new value, in ways becoming of Honda, so that we can steadily move forward toward realization of a sustainable society in which everyone can pursue their dreams. Through this approach, we aim to truly become a "company that society wants to exist."

I would very much appreciate your continued support for our endeavors.



Takahiro Hachigo
President, CEO and Representative Director

Strengthening quality initiatives across the entire company and working to restore the trust of customers and society.

Recall of Fit Hybrid and Vezel Hybrid

Since the founding of our company, Honda has engaged in the development of advanced and innovative technologies, out of a wish to be of service to society. However, due to the recalls of the Fit Hybrid and Vezel Hybrid in Japan, we have caused widespread inconvenience to customers and society.

To regain the trust of our customers and society, we are thoroughly investigating the causes of the recalls and are making efforts to strengthen quality.

Overview of the Quality Issues

	Occurrence	Market Actions
Fit Hybrid Vezel Hybrid	No acceleration, sudden acceleration, engine stalling, etc.	Change the control software program for engine and transmission.

Causes of the Quality Issues

The hybrid systems that were the subject of the recalls aimed for unprecedentedly high efficiency through the interoperation of various functions of the vehicle. Because of this, the control system that integrates the functions of each part is unprecedentedly complex and expansive, and we were unable to fully identify all of the concerns in the evaluation system at the time of development.

Moreover, we have found that an insufficient system to verify and evaluate customers' ways of using the vehicle from all standpoints was also a cause behind the occurrence of the issues.

Response to the Quality Issues

Acting on the causes noted above, in order to integrate the complex functions of each part into vehicles as a whole, development of an electronic control system for the engine, transmission, and chassis (brake, steering, etc.) was coordinated into one unified organization.

In addition, through closer cooperation between our development and service departments, starting from the pre-development stage, we will thoroughly identify all usages from the viewpoint of customers in actual road conditions, and will reflect the findings in our evaluation system.

Furthermore, we will clarify the achievement for technologies at each stage from pre-development to production preparation, and will reflect such criteria in evaluation systems and quality assurance rules.

Furthermore, while undertaking these initiatives, we will strengthen the mechanisms for promptly collecting, analyzing, and handling quality information around the world, aimed at preventing recurrence of a series of quality issues.

We will advance these initiatives company-wide in an effort to regain the trust of customers and society and meet the expectations of our customers with the high quality that characterizes Honda.

Content of Specific Quality Improvement Initiatives (1) Strengthen Verification of Customers' Usage and Verification of Actual Vehicle Testing

At the development stage, our development and service departments will collaborate to incorporate the standpoint of customers in strengthening verification that envisions a variety of usages by customers.

Also, at the production preparation stage, we will work to strengthen verification of vehicle testing that encompasses users' actual driving behavior.

(2) Enhancement of Evaluation System

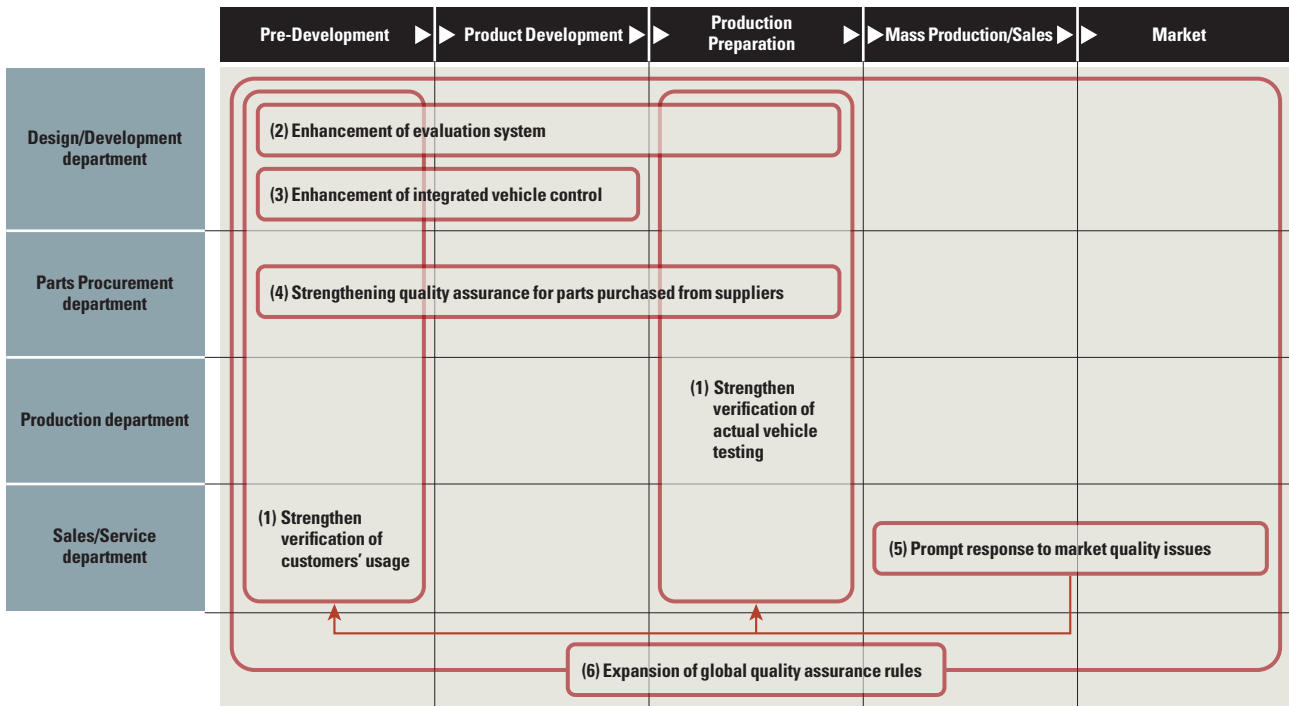
At each stage from pre-development to production preparation, we will make efforts toward clarification and visualization of the criteria for hardware and software achievement regarding new technologies/new mechanisms. We will also gather experts and strive to enhance our multifaceted and versatile evaluation system, and to develop products that meet our customers' demand for safety.

(3) Enhancement of Integrated Vehicle Control

Regarding the various control systems including the engine, transmission and chassis (braking, steering, etc.), we have started to run an organization that can comprehensively design the systems for the entire vehicle and can also conduct meticulous yet overall verification, aiming to ensure a high level of both quality and performance.

(4) Strengthening Quality Assurance for Parts Purchased from Suppliers

Coordinating with suppliers from the planning stage, we will work to ensure the clarification of required specifications that meet development types such as consignment development or joint development, and important items within supplier manufacturing control items, and engage in strengthening quality assurance for parts purchased from suppliers.



(5) Prompt Response to Market Quality Issues

By preparing an information system platform to collect quality information and customer complaints from every region, and constructing a system for the unified management of market quality issues, we will ensure swifter response to complaints. We will also strengthen mechanisms to provide feedback on market quality information to our development and production departments and undertake quality enhancements.

(6) Expansion of Global Quality Assurance Rules

In order to coordinate every department and region in globally rolling out the above initiatives, we will reflect the initiatives in the Global Honda Quality Standard (G-HQS), our rules for global quality assurance.

As described above, by enhancing close cooperation among departments, strengthening verification from the standpoint of customers, reviewing our development structure, and expanding our global quality assurance rules, we will strive to reliably make quality products (at the development, procurement, and production stages) and construct a quality assurance system that responds promptly to market issues as we work to regain the trust of customers and society.

The Airbag Inflator Issue

The airbag inflator issue has resulted in concern among our customers and society.

Honda prioritizes customer safety, and in order to minimize the impact of the issue, we are currently performing prompt replacement of the affected parts while making all-out efforts to investigate the causes of the issue in cooperation with the automobile industry.

Overview of the Quality Issues

	Occurrence	Market actions
Airbag inflators	The inflator's case is damaged when the airbag is deployed	Replacement of airbag inflator including the investigative recall

Special Feature

Toward the future of mobility.

As the “social value of mobility” reaches a major turning point, Honda is taking up the challenges of achieving “the joy and freedom of mobility” and “a sustainable society where people can enjoy life.”

Perspective 1



Squaring up to climate change/energy issues

Turning a hydrogen society into a reality

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Perspective 2



From driving safety assistance to automated driving

**“Automated driving” that
opens up the future**

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Image based on
"Honda FCV Concept"

Perspective 1: Squaring up to climate change/energy issues

Turning a hydrogen society into a reality

Toward the future of motorized society, Honda has been leading the world in its efforts for the commercialization of the ultimate eco-car "Fuel Cell Vehicle (FCV)" that uses hydrogen as its source of energy and emits no CO₂ or exhaust gas at all. Aiming at the realization of a society that is not dependent on fossil fuels, the FCV that runs on power generated from hydrogen is drawing more attention. In Japan, initiatives by the government and industry toward the preparation of hydrogen infrastructure are picking up steam. Based on the concepts of "generate," "use" and "get connected," Honda will propose to society how the hydrogen energy should be utilized. Operation Officer Toshihiro Mibe of Automobile Operations explains Honda's initiatives toward the realization of such a hydrogen society.

Toshihiro Mibe

Operating Officer
Honda Motor Co., Ltd.



With "generate," "use" and "get connected" as the key concepts

As the climate change issue on a global scale and the air pollution problem in emerging countries are becoming serious, the social demand for the environmental performance of automobiles is getting tougher every year. From now on, in the markets of developed countries including Japan, the U.S. and the EU, regulation on fuel efficiency and CO₂ emissions is projected to be even stricter.

To contribute to the development of a sustainable traffic society while responding appropriately to such stricter regulation, Honda has been promoting the research and development of a wide variety of environmental technologies, including gasoline engines with lower fuel consumption and hybrid vehicles/plug-in hybrid vehicles/electric vehicles (EV). As the "ultimate eco car" that is positioned at the pinnacle of this technological roadmap is the fuel cell vehicle (FCV) that runs by using electricity



generated through the chemical reaction of hydrogen and oxygen as a power source for the motor. We have been taking a proactive approach to the research and development of FCV since the late 1980s.

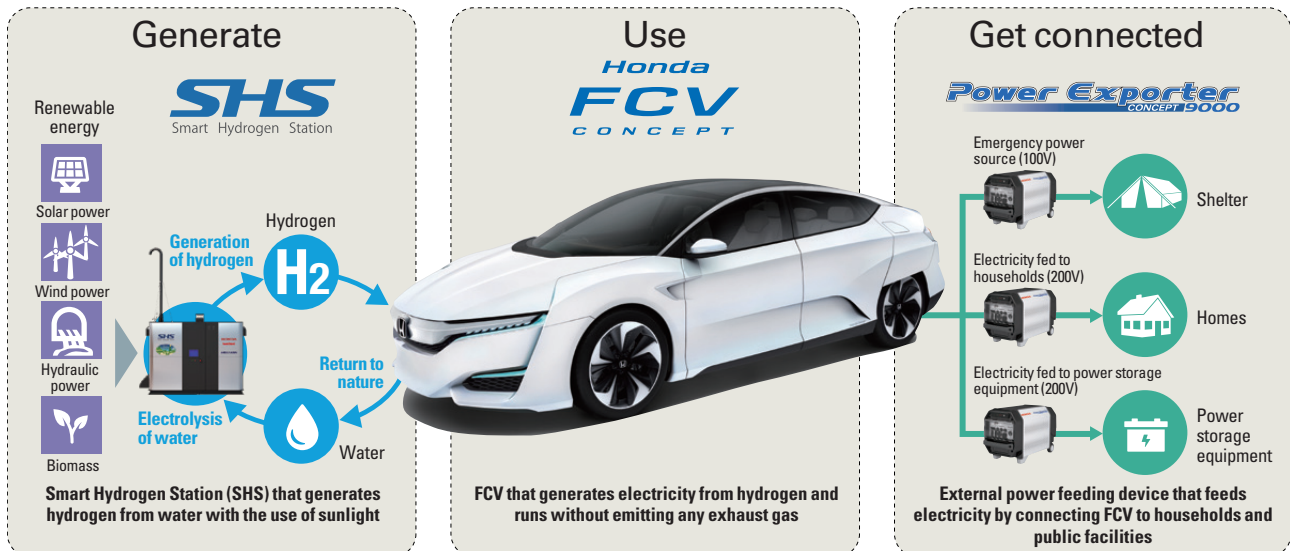
Like EV, FCV does not emit CO₂ at all during operation. Not only that, with regard to the cruising range per charge and refueling time, which are the issues that EV needs to overcome, FCV can offer usability on a par with the current gasoline cars. Therefore, it can be used for not just short-range commuting but also as a means for mid/long-range mobility.

Furthermore, hydrogen that is used as a fuel for FCV can be generated through various means including water electrolysis in addition to extraction from natural gas or coal, and it is also transportable and storable. Hydrogen is seen as a high-potential, next-generation energy carrier.

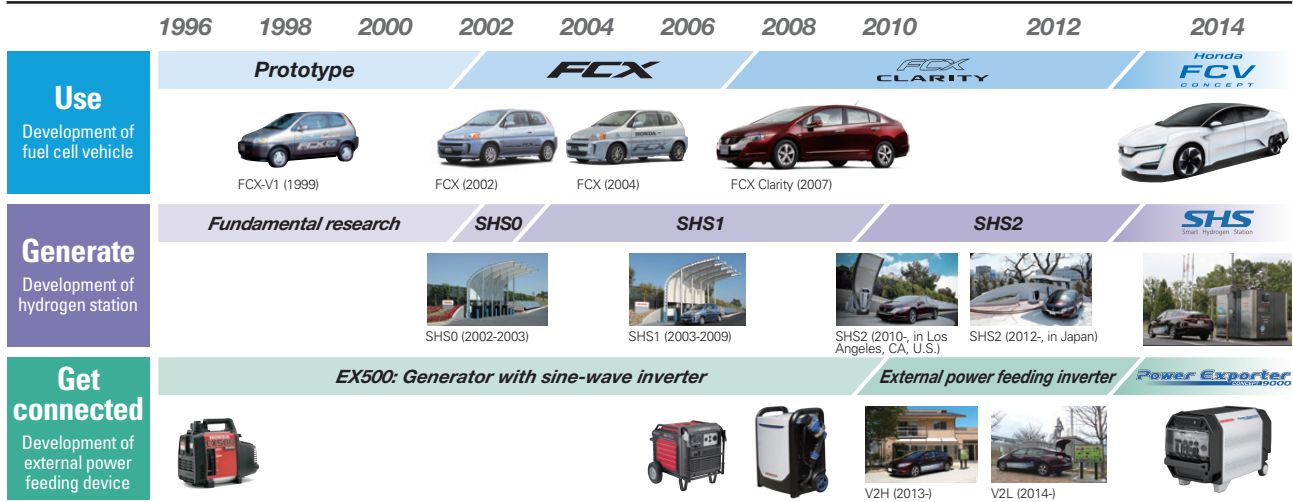
For example, hydrogen generated from the electrolysis of water with the excess electricity from renewable energy can be stored, and electricity can be fed from FCV at the peak load or in case of power failure due to a disaster. It is expected to be utilized as an energy source that can contribute to society in case of emergency as well.

Honda is proposing a mobility brimming with appeal such as “fun” and “joy” only FCV can offer while pursuing its environmental performance. We are also creating a new potential that will contribute to a sustainable society. Toward the realization of the key concepts of “generate,” “use” and “get connected” with the above-mentioned FCV at the center, Honda is engaging in the commercialization of technologies/products that will support a hydrogen society of the future, based on the coordination with diverse stakeholders.

Hydrogen energy society Honda envisions



History of development toward a hydrogen society



Pursuit of “fun to drive” with “environmental performance” as a given

In 2002, Honda developed “FCX,” which became the first fuel cell vehicle in the world to be certified by the U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB). With these certifications, Honda began lease sales of the Honda FCX in Japan and the U.S. In 2003, Honda developed the Honda FC STACK, the world’s first fuel-cell stack able to start at below-freezing temperatures. We have been a leader in the area of technology for the development of FCV in the world.

In addition, in 2007, Honda released the FCX Clarity that pursued “fun to drive” and “joy of mobility,” which are integral parts of the identity of any Honda vehicle. It offers not only the ultimate environmental performance in terms of technologies but also an innovative sedan-type package and a driving feel that is far beyond that of conventional vehicles.

The Honda FCV CONCEPT was released in November 2014 as a successor model to the FCX Clarity. The newly-developed fuel-cell stack installed in this concept car is 33% smaller than the previous fuel-cell stack and yet maintains output of more than 100 kW and improves output density by approximately 60% compared to the previous version of the fuel-cell stack. As a result, we are confident that the FCV CONCEPT has achieved the highest level of perfection not just in environmental/driving performance but also in comfort and utility as a vehicle. Honda plans to launch the all-new FCV based on this concept model in Japan by the end of March 2016 and subsequently in the U.S. and Europe.

Coordination with a wide variety of partners to build a mechanism that will support a hydrogen society

For the popularization of FCV, it is essential to organize a network of hydrogen stations. To realize that, it is necessary to improve an environment for promoting the utilization of hydrogen energy, including the establishment of technologies for manufacturing/transporting/storing the hydrogen fuel that are less expensive and have smaller environmental footprints, and the reexamination of laws/regulations regarding the handling of hydrogen.

Accordingly, Honda is providing information and recommendations that contribute to policy formulation by actively participating in various projects for the realization of a hydrogen society, which involve the industrial sector, government agencies, research institutions and others. In addition, based on the concept of “generate, use and get connected,” we are making efforts to build a mechanism for efficient utilization of hydrogen energy by coordinating with partners including the energy industry and local governments.

To be specific, as an initiative to “generate” hydrogen, together with Iwatani Corporation, Honda developed the “Smart Hydrogen Station (hereinafter referred to as SHS), which adopts Honda’s original high differential pressure electrolyzer. In September 2014, SHS was installed at the Eastern Area Environmental Center in Saitama City, Saitama Prefecture in Japan. In December of the same year, it was also installed at the EcoTown Center in the City of Kitakyushu, Fukuoka Prefecture. We are currently conducting a joint demonstration testing with each of local governments and Iwatani Corporation.

With the adoption of the high-pressure water electrolysis system, it is no longer necessary for SHS to have a compressor, which is indispensable for conventional hydrogen stations for commercial use. In addition, as a result of thorough downsizing, we have successfully packaged the main equipment in the size of a small shipping container (3.2m x 2.4m x 2.4m). Because of these improvements, SHS can be installed in about one day and generate hydrogen if tap water and a power source are available, so it can be introduced easily even in an area where it takes some time to set up a commercial hydrogen station. Moreover, this system is compatible with local generation and local consumption of energy and the utilization of renewable energy. In Saitama City, hydrogen is generated with the use of electricity from waste incineration, and in the City of Kitakyushu, it is generated using solar power.

In these projects, as an initiative to “use” and “get connected” with hydrogen energy, Honda’s current fuel cell vehicle “FCX Clarity” and the “external power feeding device,” which can transfer the electricity generated by the

fuel-cell stack, are utilized. Using this external power feeding device, we are conducting verification tests for V2H (Vehicle to Home) that feeds the electricity generated by an FCV to the home and V2L (Vehicle to Load) that provides additional charging to storage batteries installed at public facilities and the like. Honda is verifying the feasibility for peak shaving with the use of FCV and its practicality as an emergency power source in times of disaster. We are planning to conduct such verification tests in a much greater number of local communities in Japan and overseas. Furthermore, we will also enhance the promotion activities for popularizing hydrogen stations overseas.

Through the realization of “generate, use and get connected,” Honda will continue to promote utilization of hydrogen energy and effective utilization of renewable energy. By not just developing appealing mobility products starting with FCV but also making the most use of a wide range of environmental technologies, products and solutions, which go beyond the conventional boundary for automakers, we will strive toward realizing a sustainable society where people can enjoy life.

TOPICS

Focus on the popularization/promotion of hydrogen stations with an eye to the rollout of FCVs in the markets in Europe and the United States

The United States and key European countries where there are high needs for long-distance driving in addition to stringent environmental regulations are promising markets for FCVs that do not emit CO₂ and have long cruising ranges per charge. With an eye to the rollout of FCVs in these markets in the United States and Europe, Honda has long been focusing on the popularization/promotion of hydrogen stations. For example, in the United States, demonstration testing of solar hydrogen stations started in 2002 in Los Angeles, California. Moreover, in 2010, before any other company, we initiated an experiment on small/low-noise/low-cost stations of advanced type, which can be introduced to households, in the United States.

Meanwhile, in Europe, Honda has joined multiple projects for the popularization of FCVs/hydrogen supply infrastructure, such as “H₂ Mobility” projects in Germany and the UK and “HyFIVE (Hydrogen For Innovative Vehicles)” that is in progress in several locations in Europe including the UK. In particular, jointly with the UK government and local municipalities, we have installed and are operating a large-scale hydrogen station of water electrolysis

type based on photovoltaic power generation at a plant in the UK. This facility is the UK’s first hydrogen station that is capable of supplying hydrogen derived from renewable energy on a commercial scale.

Honda will continue to engage in the building of a hydrogen station network in Europe while coordinating efforts with local private sectors, and the world’s key automakers and hydrogen suppliers.



Photography courtesy of cwp

Perspective 2: From driving safety assistance to automated driving

“Automated driving” that opens up the future

The advent of the age of personal mobility that performs automated driving while assessing the surrounding traffic conditions means that the “accident-free” mobility society of which Honda dreams is getting closer to reality. While the age of automated driving brings utility that enables everyone to reach his/her destination safely, there is also a concern that the values Honda has put into mobility, such as the fun of driving and the sense of excitement when starting on a drive, may be lost. How is Honda assessing automated driving in the forthcoming age, and what kinds of values will it create as a result? Toshio Yokoyama, Senior Chief Engineer at Automobile R&D Center of Honda R&D Co., Ltd. explains.

Toshio Yokoyama

Senior Chief Engineer
Automobile R&D Center
Honda R&D Co., Ltd.



Toward a sustainable mobility society

Regarding the context in which so-called “automated driving” is drawing worldwide attention recently, I think that global issues can be divided into 2 major aspects, social and economic.

In the social aspect, there is an issue of increase in the number of traffic accidents worldwide in the last few years as a result of the progress of motorization in emerging countries. Meanwhile, in the developed countries, although the number of accidents is decreasing in absolute terms, the decreasing rate is leveling off, creating a situation in which no further advancement seems possible. In addition, approximately 1.2 million people are losing their lives from traffic accidents every year in the world, and approximately 90% of them are said to be attributable to drivers’ mistakes in operation.

Another factor to consider is that, in the developed countries, particularly in rural areas, there is high expectation for the realization of automated driving as a means to solve the issue of so-called “mobility poor” who are unable to have the freedom of mobility due to aging.

In the economic aspect, economic loss from traffic accidents in Japan amounts to 6.3 trillion yen*. Factoring



in the loss of time and energy consumption due to traffic congestion, the economic loss is much more enormous. Consequently, from the viewpoint of economy, and furthermore, from the viewpoint of ecology as well, we believe that automated driving will play a significant role.

On the basis of such assessment of issues, Honda held up an ideal of “no accidents with collision-free cars” and has been realizing numerous advanced driver-assistive safety technologies that contribute to “active safety,” “collision avoidance” and “passive safety.” In 2014, we coined the term “Honda SENSING”/“AcuraWatch” to collectively refer to key advanced driver-assistive safety technologies that would be installed in automobiles to be launched in the future, and we released the roadmap for safety technologies up to 2020 (p. 51). We included “Automated driving system” at the upper right of this roadmap, in order to clearly show our commitment to creating a new mobility value that will surpass “driver-assistive safety.”

* Cabinet Office – fiscal year ending March 2012: Investigative report on economic analysis of damage/loss from traffic accidents

Utilization of ASIMO's highly sophisticated robotics technologies

Aiming at the realization of automated driving, a race is on for the development of technologies that involves not only automakers but also other industrial sectors, such as IT and electronics. Each company has its own focus, but there is no doubt that the race will be fought in the 4 technological areas of automated driving called “core technologies.”

First, there is a “localization” technology that recognizes the current location of a vehicle with the use of

digital maps, GPS and so forth. Then there is a “driving road condition recognition” technology that recognizes other vehicles, pedestrians and others through the integration of information from multiple cameras, millimeter-wave radar, laser radar and other sources. The other two are a “path planning” technology that draws out the optimum path to a destination based on the result of recognition from the technologies mentioned above, and a “vehicle control” technology for the realization of safe and pleasant mobility. Depending on the degree of progress of these 4 technologies, driving road conditions and weather/traffic conditions to which the automated driving can be applied will be determined.

For the development of these technologies, Honda's biggest advantage is the accumulation of technologies developed for the bipedal robot “ASIMO.” For ASIMO that walks while recognizing its current location and the surrounding environment and autonomously avoiding desks, chairs and other obstacles, cutting-edge technologies in robotics that integrate highly sophisticated technologies, sensor technologies, mechatronics and other technologies are utilized. Staff members for the development of ASIMO are involved in the development of automated driving technologies, and these members are bringing their abilities into full play for further refining the technologies required for automated driving. For example, during automated highway driving, it is necessary not just to drive straight but also to perform freeway entry/exit, lane keeping/changing and other sophisticated maneuvers.

At the ITSWorld Congress held in Detroit, Michigan in the United States in September 2014, Honda carried out its own demonstrations of intelligent driver-assistive safety



technologies and automated driving technologies that we had developed so far. We showcased intelligent driver-assistive safety technologies, which combine “Honda SENSING”/“AcuraWatch” with “DSRC” (Dedicated Short Range Communications), and automated cruising, which includes freeway merging/exiting and lane changing. This is a declaration of Honda’s intention to put automated highway driving into practical use in the near future.

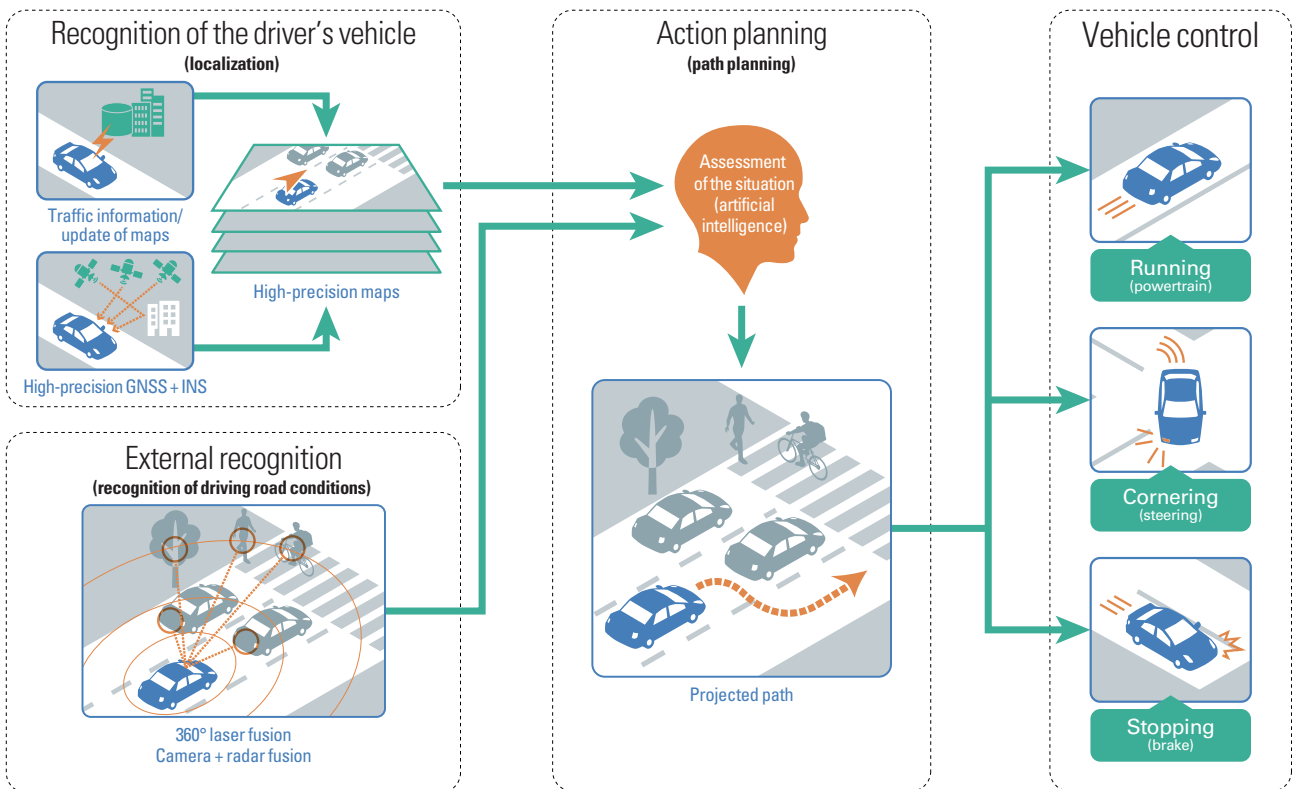
Active participation in the creation of maps and other projects that are based on public-private partnership

To realize automated driving on highways and open roads, it will become important from now on to engage in initiatives in what can be characterized as the area of partnership, with other companies in the industry, other industrial sectors, government agencies and other related parties.

Open roads are also used by pedestrians and cyclists. In addition, the complexity of the road environment cannot even be compared to the highways, due to the existence of intersections, traffic signals, and the inconsistent use of white lines to indicate lanes. To realize automated driving in such an environment, it is necessary to obtain information

on real-time maps and conditions of roads ahead from the outside through communications. At the same time, it is also necessary to put legal frameworks in place, in order to clarify where the responsibility lies in case of the occurrence of an accident after the realization of fully automated driving. In other words, for the realization of automated driving, we need to proceed with activities in both of the following areas: the “area of competition” in which we will refine core technologies on our own and compete with others in safety, recognition accuracy for driving road conditions, etc., and the “area of partnership” in which the social infrastructure, such as roads and digital maps, and the legal frameworks will be put in place. Research on the “dynamic map,” which is pursued in the “Innovation of Automated Driving for Universal Services (SIP-adus)” project under the Japanese Government’s SIP (cross-ministerial Strategic Innovation promotion Program), can be characterized as a typical example in the area of partnership. Honda will strive to realize automated driving in compliance with international standards through active participation in worldwide projects based on the public-private partnership, in addition to the pursuit of research and development on our own.

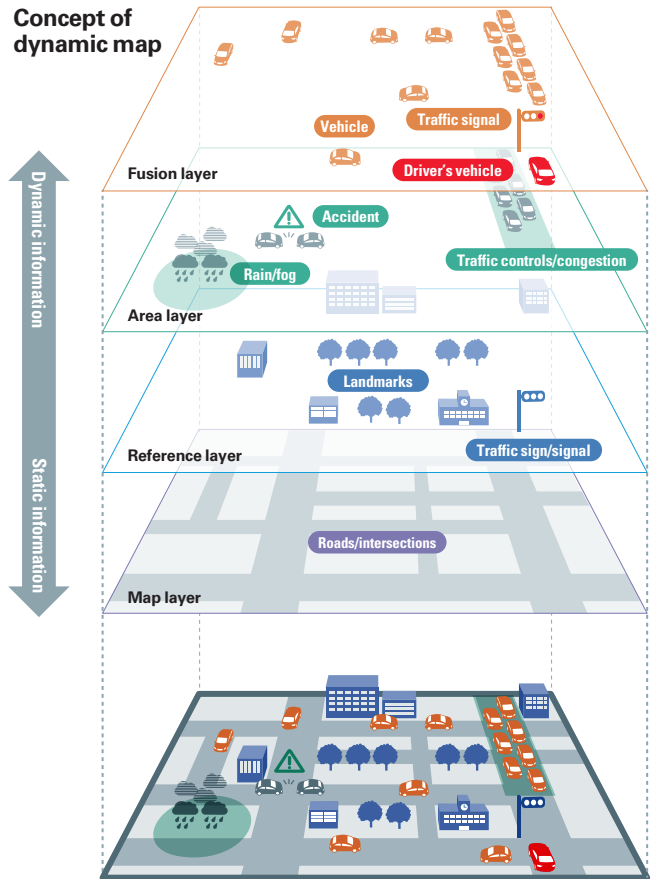
Example of the configuration of automated driving system



Bringing the joy of mobility that is uniquely Honda to automated driving as well

Currently, as future images of cars, various corporations/organizations including Honda are proposing their visions of mobile study/living/meeting/entertainment space, but what we would like to emphasize is that, even with the advent of the age of automated driving, Honda will continue to offer the values that drivers have expected from personal mobility – the fun of driving, a sense of excitement, or how to enjoy the driving itself without setting any destination.

Mobility with no traffic accidents, congestion or environmental pollution while providing “the joy and freedom of mobility” to enable anybody at any location to go anywhere he/she desires anytime, which raises positive impacts in social/economic/environmental aspects to the ultimate level – that is the automated driving system for which Honda strives.

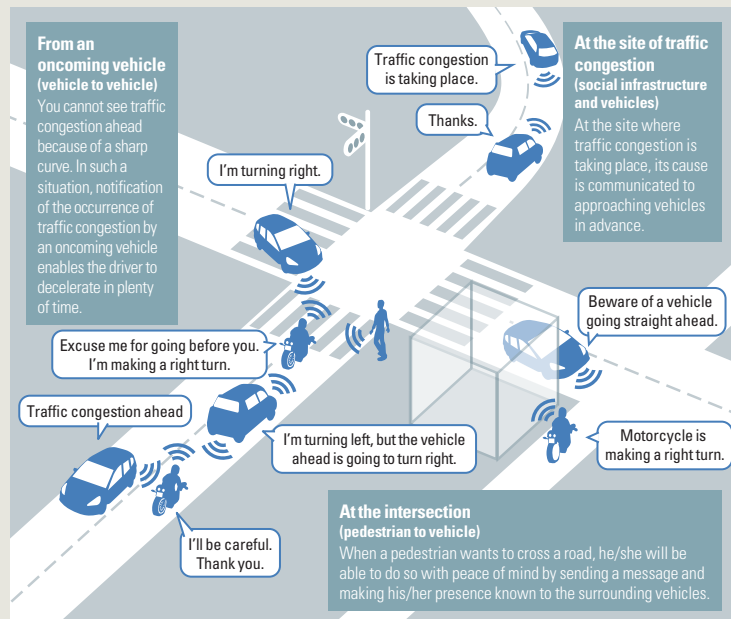


From static information such as maps and surrounding structures to dynamic information that includes weather such as rain and fog, traffic controls/congestion, location of driver's vehicle/other vehicles and traffic signals, information is shown with a layered structure and provided to each vehicle as an integrated digital map.

TOPICS

Realization of “omni-directional driving safety system” that coordinates with motorcycles, bicycles and pedestrians

At the “2014 ITS World Congress” in Detroit, in addition to automated highway driving, Honda also demonstrated an “omni-directional driving safety system,” which utilizes a technology called “V2X,” in an urban area. This system utilizes sensors installed on the vehicles, “DSRC” (Dedicated Short Range Communications) and other technologies. It exchanges information on locations, etc., with communication devices installed on motorcycles (V2M: Vehicle to Motorcycle) and bicycles (V2B: Vehicle to Bicycle), smartphones and other devices that pedestrians are carrying (V2P: Vehicle to Pedestrian). This system alerts the driver of the vehicle to the presence of others at an intersection with blind spots, for example, and applies the vehicle’s automatic brake when deceleration is required.



Honda Philosophy and sustainability

Honda's roots: Honda Philosophy

The Honda Philosophy, bequeathed to us by company founders Soichiro Honda and Takeo Fujisawa, is composed of Fundamental Beliefs (Respect for the Individual and the Three Joys), the Company Principle, and Management Policy. Our Philosophy forms the values shared by all Honda group companies and all of their associates, and is the basis for our corporate activities. Moving beyond words alone, Honda incorporates our Philosophy into our educational programs and gives it life throughout our decision-making in everyday business activities and management, so that every person in the company can responsibly continue putting the Philosophy into practice.

Sustainability at Honda

Honda advances its diverse business activities on the foundation of the Honda Philosophy. Within our activities, we place importance on the values espoused by that Philosophy, and strive to understand the impacts of our activities on our stakeholders, local communities, and the environment, by actively engaging in communication with customers, dealers, shareholders, investors, suppliers, associates, and other parties around the world. While working to minimize those negative impacts, we also aim to maximize our positive impacts by setting the themes that Honda should address from a medium- to long-term perspective. By putting those themes into practice, we seek to contribute to a sustainable society.

Honda has set Environment, Safety, Quality, and Society as its four key themes. As a mobility-related manufacturer expanding its business globally, Honda

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.

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.

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.

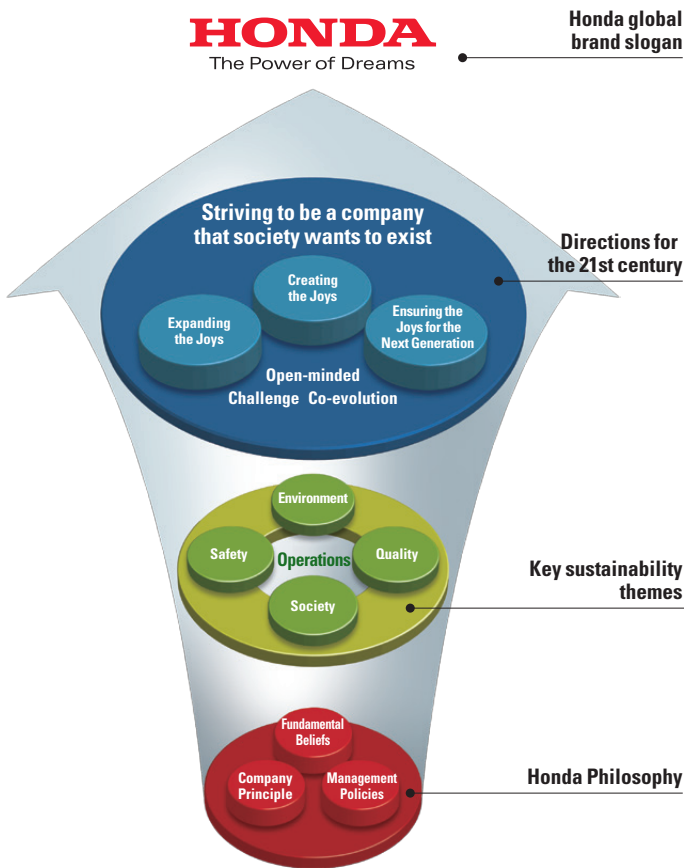
believes that we have a social responsibility to enhance quality and safety while minimizing impacts on the environment, and also to put into practice corporate activities that earn the trust of our various stakeholders in international society.

In order to achieve both the creation of growth opportunities and a sustainable society as we fulfill these responsibilities, Honda has set striving to be “a company that society wants to exist” as its direction for the 21st century, and will advance the initiatives we have named “Creating the Joys,” “Expanding the Joys,” and “Ensuring the Joys for the next generation.”

“Creating the Joys” refers to sketching our dreams, moving ahead of the times to create new value through unrestrained ideas, and enhancing the fundamental beliefs that we call The Three Joys. “Expanding the Joys” refers to achieving our dreams with ever more people, contributing to local communities, and spreading The Three Joys throughout the world. “Ensuring the Joys for the next

generation” refers to achieving the highest levels of environmental and safety performance aimed at the sustainable development of society, and carrying forward The Three Joys to future generations. Honda is engaging in these initiatives under the concept of “Open-minded, Challenge, Co-evolution” – that is, the concept of bringing into play our corporate culture of “taking up the challenge without fear of failure, free from the prejudice of preconceived ideas, and with a foundation of teamwork based on trust.”

Society’s expectations toward Honda continue to evolve with the times. As a responsible global company, we will undertake the resolution of problems while listening to the voices of our diverse stakeholders so as to meet their expectations and earn their trust.



Environment Honda provides mobility that makes use of fossil fuels and emits CO₂ that causes global warming. As such, we have a responsibility to actively contribute to solving the global environmental problems that are a pressing issue for international society. We have set a major goal of halving our CO₂ emissions by 2050 and are positioning climate change issues and energy issues as priorities among the most important issues that we must address. At the same time, we are also making efforts toward the improvement of resource efficiency.

Safety While the proliferation of mobility and the enhancement of transportation infrastructure make contributions to the advancement of society, these can also lead to social ills such as road congestion and traffic accidents. The needs of people with regard to safety are also growing. Against this background, Honda focuses on developing safety technology, on education related to traffic safety and driving, and on delivering information that supports safety, under the vision of “collision-free mobility society.”

Quality Amid the expansion of global parts procurement and the localization of manufacturing, it is vital that our development, procurement, production, and other departments come together as one to build more assured quality into our products, so that we can provide high-quality products and services that satisfy customers worldwide.

Society As the issues of social dimension are diverse, in order to contribute to the sustainability of the Earth and of society, we must understand the expectations and demands of society through communication with stakeholders and address a variety of issues. Toward that end, diverse human resources are needed to take up the challenge of solving these issues. Under our fundamental belief of respect for the individual, we aim to make optimal use of diverse human resources globally so as to draw out the maximum capabilities of each individual. At the same time, we foster mutual recognition of diverse values, mutual respect, and cooperation among these individuals as we strive to become a corporate group with the ability to resolve problems.

Honda Philosophy and sustainability

Sustainability management structure

Around the world, the growth potential of companies is evaluated increasingly not by short-term performance but from a medium- to long-term perspective. Adapting to this tide, Honda believes that as a part of our growth strategy we must strengthen corporate governance and activities related to environment and societal aspects that have the potential to affect our performance from short-, medium-, and long-term perspectives. We further believe that sustainability is a vital element of corporate strategy.

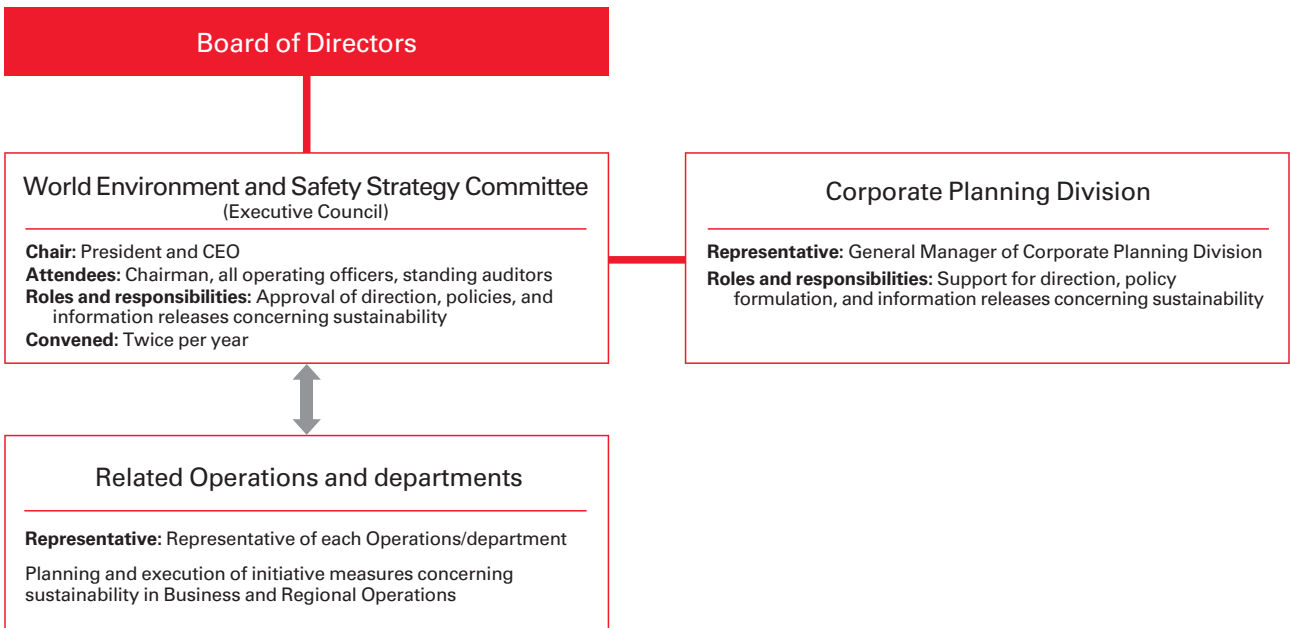
In FY2015, Honda moved its CSR management functions to the Corporate Planning Division. We now possess a structure for integrally advancing global growth

strategy and sustainability strategy under the direct control of the company President and CEO.

At the same time, we are expanding the themes deliberated by the World Environment and Safety Strategy Committee, a committee attended by all Executive Committee members to discuss strategy for the environment and safety, to also cover sustainability overall.

Honda possesses a structure to consider Honda's sustainability strategy from a broader perspective, perform decision-making from a longer-term perspective, and reflect these in our management strategy. The World Environment and Safety Strategy Committee, chaired by the company President and CEO, meets twice per year to debate and approve strategies concerning sustainability.

Sustainability management framework



Honda and our stakeholders

Our approach to stakeholder engagement

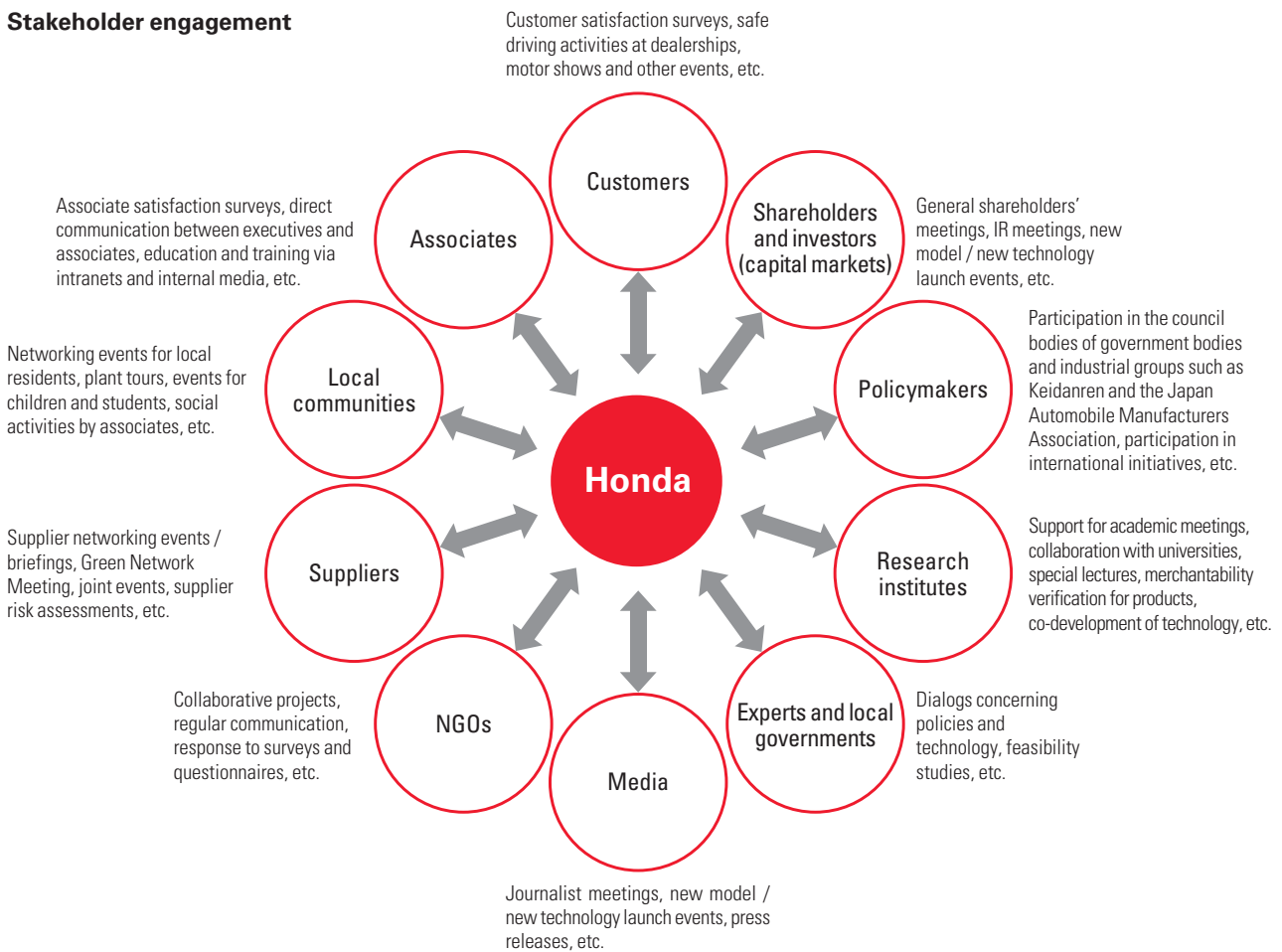
To be “a company that society wants to exist,” Honda must appropriately and accurately convey to society the sort of value that we seek to offer. Together with this, we must put into practice a communication cycle by which we engage in dialogs with diverse stakeholders to grasp and understand the demands and expectations placed on Honda, work these into concrete measures and finally listen to stakeholders’ evaluations of our activities. Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the degree of the impact of companies on society and of society on companies, in a process that continues to accelerate. While companies can connect an

emphasis on dialog with stakeholders to the expansion of business opportunities and the creation of fans, wrong responses can lead to major risks to reputation.

With this awareness in mind, Honda engages in dialogs with stakeholders through a variety of opportunities, with our sales departments and Customer Relations Center acting as points of contact for customers, our purchasing departments doing so for suppliers, and our operational sites establishing local community relations desks.

To further strengthen these initiatives, in FY2016 we are aiming to draw up policy and definitions related to stakeholder engagement. We will make clear the significance of engaging in dialogs with each stakeholder within the policy, and plan to globally share the results of the dialogs in later training and other activities.

Stakeholder engagement



Honda and our stakeholders

● The engagement feedback process

Among the information we gain through dialogs with stakeholders, information on important issues is shared by departments in charge and the Corporate Planning Division to discuss response measures.

With regard to response measures considered by departments, we hold discussions from a global perspective within the World Environment and Safety Strategy Committee. In FY2015, discussions based on the voices of stakeholders included innovation management, human resources development, and supply chain management from a global perspective.

Cooperation with external organizations

To carry out our responsibility as a global mobility-related manufacturer, Honda engages in dialogs with government, economic, and industry bodies, and further cooperates with external bodies through actions that include participation in the Ministry of Land, Infrastructure and Transport Study Group for Promotion of ASV (Advanced Safety Vehicle), as well as serving as chairman, committee head, and committee members within the Japan Automobile Manufacturers Association.

In addition, Honda personnel serve as technical committee chairs and other representatives in the international motorcycle and automobile industry bodies IMMA (The International Motorcycle Manufacturers

Association) and OICA (Organisation Internationale des Constructeurs d'Automobiles).

Furthermore, Honda cooperates with initiatives related to sustainability through membership in the WBCSD (World Business Council for Sustainable Development) and participation in its Sustainable Mobility Project 2.0.

In Japan, Honda performs political contributions in accordance with the Political Funds Control Act.

Outside evaluations

● Securing an information disclosure score of 100 on the CDP Global 500 Climate Change Report 2014

In October 2014, CDP* released the CDP Global 500 Climate Change Report 2014, the result of a survey on disclosure of global warming initiatives and greenhouse gas emissions levels by 500 major companies worldwide. Honda received a global top-level score of 100 for disclosure of information concerning climate change, leading to our inclusion for the fourth year straight in the Climate Disclosure Leadership Index (CDLI), a status conferred on companies that are leaders in information disclosure.



* CDP: An international non-profit organization that provides a global system for measuring, disclosing, managing, and sharing important environmental information from companies and cities.

Example of stakeholder engagement

Under the Corporate Governance Code set to take effect in June 2015, companies will be increasingly called upon to cooperate with stakeholders and to engage in more constructive dialogs, particularly with shareholders. As movements of capital become ever more globalized, companies including Honda are experiencing an increase in overseas shareholders, which means dialogs with diverse shareholders are growing in importance.

Honda has long engaged in global IR (investor relations) activities and has actively disclosed information about matters including financial status. In 2013, ahead of the announcement

Constructive dialogs with shareholders

of the Corporate Governance Code, Honda launched SR (shareholder relations) activities that extended the content of dialogs with shareholders to also cover CSR and risk management. Currently, Honda has over 20 discussions with shareholders scheduled in Japan and overseas. These provide venues for constructive dialogs on maximizing corporate value.

Dialogs such as these lead to the practice of a communication cycle by which we can explain our sustainability activities to a wide range of people and learn about stakeholders' expectations for Honda, enabling us to become "a company that society wants to exist."

Corporate governance

Basic approach

Honda strives to enhance corporate governance as one of the most important tasks for its management, based on Our Fundamental Beliefs, in order to strengthen the trust of our shareholders/investors, customers and society, to become “a company that society wants to exist.”

We are making efforts to release and disclose quarterly financial results and management policies in a timely and accurate manner, in order to win more trust and appreciation of shareholders/ investors, customers and society. We will continue to strive to improve the soundness and transparency of management.

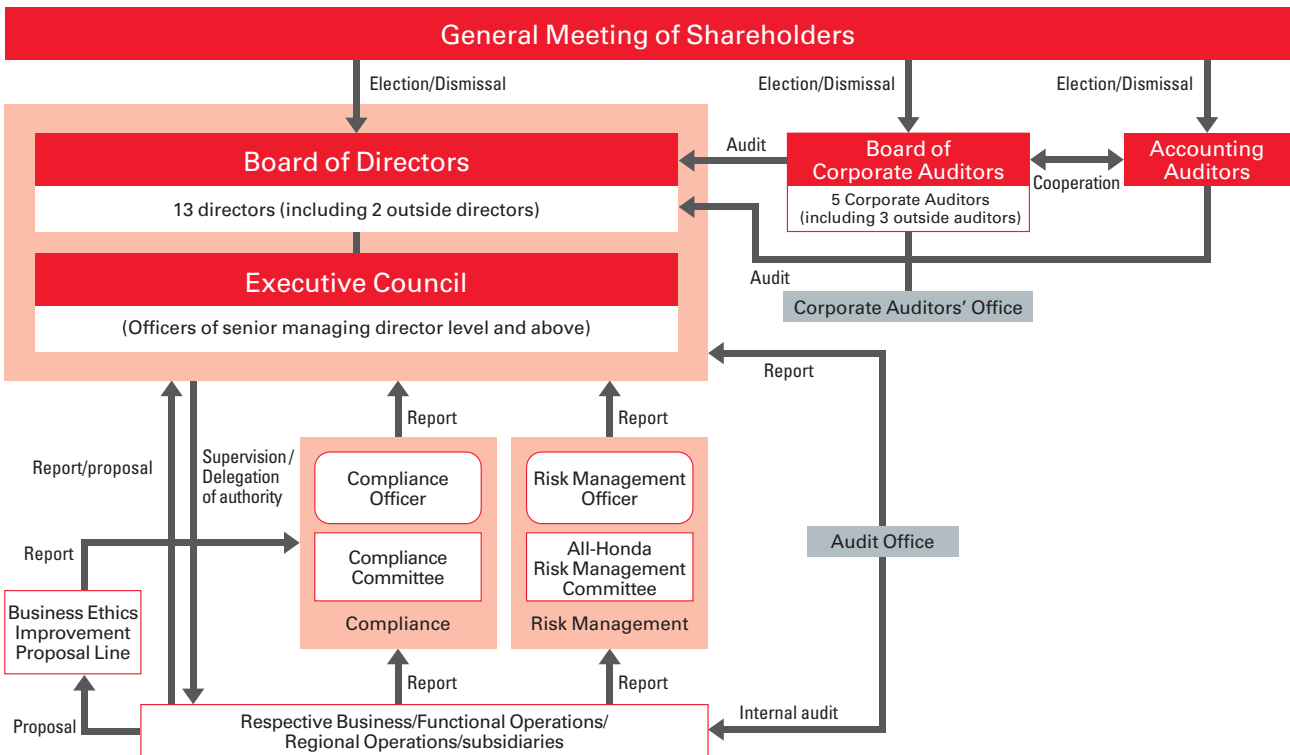
Corporate governance

Decision-making for the execution of business

In principle, Honda makes decisions with respect to important business matters on the basis of the resolutions approved by the Board of Directors, but in order to make quick business judgments, the board has established criteria for deliberation and delegated some of its authority to the Executive Council, which in turn delegates some of its authority to the Regional Operating Boards.

The Executive Council conducts preliminary deliberation on items that will be decided by the Board of Directors, and, within the limits of authority delegated to it by the Board of Directors, deliberates important management

Corporate governance structure



Overview of corporate governance (as of March 31, 2015)

Form of organization	Company with corporate auditors
Number of directors (also serving as executive officers)	13 (10)
Number of outside directors	2
Number of specified independent officers	1
Number of female directors	1

Number of Corporate Auditors	5
Number of outside auditors	3
Number of specified independent auditors	2
Term of directors	1 year
Operating Officer system	Adopted

Corporate governance

matters. Regional Operating Boards deliberate important management matters within their respective regions, within the limits of authority delegated to them by the Executive Council.

Each Corporate Auditor, through attendance at meetings of the Board of Directors, examination of status of Company assets and other activities, undertakes to audit the Directors in the conduct of their duties.

Board of Directors

The Board of Directors is composed of inside directors who have an in-depth understanding of the company's business activities and two outside directors who have objective, broad and highly sophisticated perspectives. The board is responsible for making decisions with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. Board decisions are made after deliberating such matters according to established criteria, assessing risks and giving such matters due consideration. The board is also responsible for supervising and monitoring the conduct of duties. Candidates for director are nominated by the Representative Director and then determined by the resolutions of the Board of Directors.

Status of the meetings of the Board of Directors (fiscal year ending March, 2015)

Number of meetings held (no. of times)	11
Attendance rate of directors (%)	100
Attendance rate of outside directors (%)	100
Attendance rate of Corporate Auditors (%)	98.2
Attendance rate of Outside Corporate Auditors (%)	97.0

Outside director

The Company appoints outside directors who can offer advice on its corporate activities from an objective and broad perspective based on their abundant experience and considerable knowledge. Of the two appointed, one is specified as an independent director as prescribed in a provision of the Tokyo Stock Exchange (TSE) and the name of that person was submitted to the TSE.

The Company provides outside directors with the meeting minutes of the Board of Directors and other information as the need arises.

● Execution of management (organizational management)

On the basis of Our Fundamental Beliefs and from a long-term perspective, to further develop Honda's Business Operations with strong ties to regions around the world, six Regional Operations are executing management.

Business Operations for motorcycles, automobiles and power products develop medium- to long-term plans by product and are coordinating efforts to pursue optimal global business operations smoothly. In addition, each of the Company's Functional Operations, including Business Management Operations, Business Support Operations, IT Operations, Purchasing Operations and Customer Service Operations, is providing support and coordinating efforts to increase the effectiveness and efficiency of the Honda Group as a whole.

R&D activities are conducted mainly by independent subsidiaries. These activities are carried out with Honda R&D Co., Ltd. at the center for products and Honda Engineering Co., Ltd. at the center for production technologies, in order to create distinctive and internationally competitive product groups through the application of advanced technology.

Honda appoints Operating Officers to Regional, Business and Functional Operations, R&D subsidiaries and other major organizational units. This management system facilitates the making of quick and appropriate management judgments at the regional and working levels.

● Audit organization

The Board of Corporate Auditors is composed of five Corporate Auditors (including three outside Corporate Auditors). Each Corporate Auditor, through attendance at meetings of the Board of Directors, examination of status of management/Company assets and other activities, audits the performance of directors in accordance with the auditing criteria for Corporate Auditors, auditing policies and division of duties, etc., determined by the Board of Corporate Auditors.

To provide timely and accurate reports to the Corporate Auditors, *Standards for Corporate Auditor Reports* has been established. Based on these standards, reports are made periodically to the Corporate Auditors on the status of the Business Operations of the Company and its subsidiaries, etc., the status of development and operation of internal control systems, and other matters. Also, whenever there is an item that has a major impact on the Company, a report on it is required. Moreover, the Corporate Auditors attend the meetings of the Executive Council and other important meetings. Candidates for Corporate Auditor are selected by decisions of the Board of Directors with the approval of the Board of Corporate Auditors.

Status of meetings of the Board of Corporate Auditors (fiscal year ending March, 2015)

Number of meetings held (no. of times)	10
Attendance rate of Corporate Auditors (%)	100
Attendance rate of outside Corporate Auditors (%)	100

Outside Corporate Auditors

The Company has appointed Outside Corporate Auditors who can conduct auditing activities from a broad and sophisticated perspective based on their abundant experience and considerable knowledge. Two of the three appointed are specified as independent directors as prescribed in a provision of the Tokyo Stock Exchange (TSE) and their names were submitted to the TSE. The Company provides outside Corporate Auditors with the meeting minutes of the Board of Directors and other information as the need arises.

● Training for officers

When a new officer takes a position, Honda provides him/her with a training program that focuses on corporate governance as the central theme, which includes outside training. The training program stresses the importance of receiving an explanation in the reports on operations written by employees, on the impact in terms of not just the financial aspect but also the environmental and social aspects.

From now on, we are planning on implementing a more systematic training program including training for outside directors.

Remuneration of directors

Remuneration of directors is paid from a maximum allocation for this purpose approved by the General Meeting of Shareholders based on the remuneration criteria approved by the Board of Directors. Directors' bonuses are paid from a maximum allocation for this purpose approved by the General Meeting of Shareholders and decided by the Board of Directors, based on the Company's performance during the applicable fiscal year, dividends paid to shareholders, criteria for associates' bonuses, and other considerations.

Total amount of executive remuneration and bonuses, total amount by type, and number of eligible directors (Units: Number of persons: millions of yen)

Category	Directors (including outside directors)		Corporate auditors (including outside corporate auditors)		Total (including outside executives)	
	Persons	Amount	Persons	Amount	Persons	Amount
Executive remuneration	15 (3)	594 (23)	5 (3)	181 (47)	20 (6)	775 (71)
Executive bonuses	13 (2)	252 (7)	–	–	13 (2)	252 (7)
Total	–	846 (30)	–	181 (47)	–	1,027 (78)

Annual total remuneration and bonuses of highest-paid individuals (Japan)

Annual total remuneration and bonuses of highest-paid individuals	140
Ratio to median annual total remuneration for all associates (%)	1,788

Rate of increase in annual total remuneration and bonuses of highest-paid individuals (Japan)

Rate of increase in annual total remuneration and bonuses of highest-paid individuals (%)	-6.6
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● Remuneration of Accounting Auditors

The Company has had its financial statements audited in accordance with the Company Law of Japan, the Financial Instruments and Exchange Act of Japan, the Securities Exchange Act of 1934 (United States) and the Exchange Act of 1933 (United States) by KPMG AZSA LLC. Within KPMG AZSA LLC, a total of 108 staff members conducted external audits of the company's financial statements. These accounting firm staff members are composed of three certified public accountants (Sawaharu Kanai, Hiroyuki Yamada and Tsutomu Ogawa) who are in overall charge of the external audits, and 105 professional staff members (including 39 certified public accountants, six accountants with U.S. public accountant certification, and 60 other staff members).

In deciding the amount of remuneration for services rendered by the accounting auditor, various factors are taken into consideration in discussions with the accounting firm, including the Company's size/characteristics, the time schedule for the audit and other matters. In addition, to preserve the independence of the accounting auditor, remuneration to be paid is consented to by the Board of Directors, with the prior approval of the Board of Corporate Auditors.

Compliance

Conduct Guidelines

In order to earn the trust of customers and society and grow sustainably, companies must comply with laws and regulations while going beyond those legal structures in putting ethical corporate conduct into practice.

Recognizing this, in 2003 Honda formulated The Honda Conduct Guidelines as the code of conduct for the Honda group, including overseas subsidiaries. Moreover, we work to impress our conduct guidelines onto each and every associate by means including distribution of leaflets, display of posters, and hosting of the information on our intranet.

Once per year, each of our departments and subsidiaries checks the status of activities to ensure awareness of the guidelines, and through the Compliance Committee reports to the Executive Council and the Board of Directors.



The Honda Conduct Guidelines

Compliance Committee

To strengthen compliance within our group, Honda has established a Compliance Committee headed by a Compliance Officer committed by the Board of Directors, and composed of directors and operating officers nominated by the Compliance Officer and the Executive Council. The Committee sets compliance policies and makes decisions on directions concerning important

matters of compliance, issues guidance on improvement to relevant departments, and performs oversight of appropriate management of the Business Ethics Improvement Proposal Line. For matters of particular importance, the Committee makes proposals to the Executive Council and issues reports to corporate auditors.

The Compliance Committee met five times in FY2015.

Business Ethics Improvement Proposal Line

In 2003, Honda established the Business Ethics Improvement Proposal Line as a mechanism for addressing issues involving corporate ethics in cases of actions that violate laws or internal rules. This allows the company to accept suggestions and provide consultation, from a fair and neutral standpoint, for associates who face hindrances in improving or resolving issues in the workplace, for reasons such as difficulties in consulting with superiors.

In addition to cases of clear violation of laws or internal rules, the Business Ethics Improvement Proposal Line provides consultation and responds to inquiries about the details of internal rules in the event that questionable actions have occurred, and also engages in fact checking related to such cases. Suggestions are accepted by email, letter, telephone, or FAX, from all subsidiaries in Japan and overseas as well as from the parent company. Anonymous suggestions are also accepted, for the protection of submitters.

In October 2013 Honda also added a point of contact within an external law office as a part of facilitating the submission of suggestions. In addition, we have added local points of contact for suggestions in all regions, and some subsidiaries have set up their own points of contact.

In FY2015, 352 suggestions and consultations were handled by the Business Ethics Improvement Proposal Line (including points of contact outside the company). Among these, 142 concerned the parent company and 192 concerned subsidiaries. Following investigations, disciplinary action was taken in one case involving the parent company and nine cases involving subsidiaries (including one case of disciplinary dismissal). None of the suggestions involved violation of the Honda Policy on the Prevention of Bribery.

Initiatives to prevent bribery

The Honda Conduct Guidelines require compliance with laws and regulations, and prohibit the bribing of politicians and civil servants, stating that Honda, as an independent private enterprise, will maintain sound relationships with political entities (political bodies and politicians) and government (government offices and their staffs), and will not offer to politicians or government office staff any gifts or entertainment that are in violation of law or that are in excess of business customs and general social norms, whether in Japan or overseas.

In 2014 we also established the Honda Policy on the Prevention of Bribery, which stipulates basic policy, and the Honda Guideline for the Prevention of Bribery, which stipulates compliance items and prohibited items with a focus on prevention of bribery.

Moreover, in addition to awareness-raising by integrating bribery prevention-related knowledge into our training programs for each level of the organization, we are also incorporating e-learning-based training for departments that face a higher risk of bribery. With regard to our subsidiaries, we are preparing training programs, matched to conditions in each company, aimed at raising awareness.

Initiatives for the prevention of anti-competitive behavior

As a company engaged in business globally, Honda takes great care in its daily business activities to avoid violating countries' laws concerning competition.

As a part of our measures to strengthen compliance, Honda incorporates programs on the topic of anti-competitive behavior in level-specific training at the time of personnel promotions, and in pre-assignment training for persons stationed overseas. Honda also places awareness-raising content concerning anti-competitive behavior on our intranet for associates.

Response to rules on conflict minerals

The U.S. Securities and Exchange Commission (SEC) has adopted a final rule for disclosure mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act

(the Dodd-Frank Act), requiring companies to disclose information concerning their usage of conflict minerals originating in the Democratic Republic of the Congo or adjoining countries. The purchase and usage of these minerals provides funding for armed groups and contributes to the abuse of human rights in the regions of conflict.

Honda is enacting initiatives aimed at resolving the conflict mineral issue, including the setting of policy to survey the supply chain through cooperation with domestic and international industry bodies. If the survey reveals minerals that present cause for concern, we will enact appropriate measures in cooperation with suppliers to promote responsible procurement. We also intend to request that suppliers make efforts toward sound procurement on the same level.

Compliance on early warning reports

In the U.S., Honda is required to submit early warning reports to the National Highway Traffic Safety Administration (NHTSA) under the US Transportation Recall Enhancement, Accountability and Documentation Act (TREAD Act). Early warning reports submitted by Honda's U.S. subsidiary American Honda Motor Inc. were found to have been inadequate over the past ten years, containing errors in the entry of data, misinterpretations of regulations, errors related to warranty claims, and other error in reporting. As a result, the company paid USD70 million in civil penalties under a Consent Order agreed to between the company and NHTSA.

Honda has taken measures to correct the errors already pointed out in order to fully comply with its early warning reporting obligations. The company has also implemented new training programs, revised in-house policies on reporting, and changed the assignment of personnel and organization structure, and is strengthening the monitoring system for the early warning reporting process.

Risk management

Establishing an effective risk management structure

To reinforce its group-wide crisis management structure, Honda has established the Global Crisis Management Policy that specifies the responsible officials of Regional Operations and the standards of conduct for the Emergency Headquarters. Honda has also established the Honda Global Risk Management Policy, which anticipates wide-ranging risks including natural disasters, and specifies the organizational structure for dealing with the risks.

The Honda Global Risk Management Policy was established in 2012, after the Great East Japan Earthquake, by completely revising the previous Honda Crisis Response Policy. At the same time, the BCP Policy was established with the purpose of guaranteeing business continuity of the Honda Group in case a crisis occurs. Since then, Honda has held Global Risk Management Committee meetings as necessary, conducting evaluations of the risks specified in the Honda Global Risk Management Policy, confirming and examining the response measures and the organizational structure in place, and reporting the results to the Risk Management Officer appointed by the Executive Council.

Since 2013, Honda has started identifying priority risks for each of its Operations by using a Risk Template, setting the goal of making these activities fully take root in daily operations by the end of fiscal year 2016.

Risk analysis

After experiencing the Great East Japan Earthquake and the major flooding in Thailand, Honda has since October 2013 begun identifying priority risks for each of its Operations by using a Risk Template. The purpose is to discover potential risks and establish the necessary countermeasures, thereby turning the risks into opportunities for growth.

As for specific procedures, regarding the 91 risk items

anticipated by the Honda Group, such as economic crisis, economic recession, and exchange rate and interest rate fluctuations, the newly set evaluation criteria are applied for calculation of the impact level and the frequency of occurrence to assess the order of priority for each risk, and rank each risk by selecting from among the 4 priority levels. The Executive Officer of each of the Regional and Business Operations chooses the priority risks for priority management in the next fiscal year from the list of risks, based on their own judgment, and reports the state of progress in priority risk management to the Global Risk Management Secretariat each year.

The fiscal year ending March 2015 was positioned as a trial period for conducting these activities. Honda will identify priority risks in this way each year, and plans to make the activities take root across the group by the end of the fiscal year ending March 2016 and establish the response structure to deal with priority risks in each of the Operations.

Business Continuity Planning (BCP)

In March 2013, Honda established its BCP Policy with the purpose of guaranteeing business continuity for the whole Honda Group in the event of crisis occurrence, such as a major earthquake.

Based on this Policy, earthquake-resistance construction work has been completed for all the operation bases in Japan, by assuming the risk of a Tokyo metropolitan earthquake with the epicenter nearby or a large-scale Nankai Trough earthquake. The process of establishing emergency communication networks and preparing stocks of disaster readiness supplies is now under way.

Through the group-wide disaster readiness drills that have been held twice every year, and the drills held once each year through the collaboration between Global Emergency Headquarters and the operation bases in each region, Honda plans to examine the effectiveness of, and the areas requiring improvements for, the new BCP in place.

Environment

Wind power facility built in Brazil – Generating electricity that is basically equivalent to Honda's current annual electricity requirement for automobile production in Brazil.



Basic approach

Honda Environment Statement/Honda Environmental and Safety Vision

Reducing environmental impact at every stage in the life cycle of our products and contributing to the realization of a sustainable society where people can enjoy life

Honda has actively endeavored to solve environmental problems since the 1960s. We developed the low-pollution CVCC engine that successfully reduced the emission of carbon monoxide, hydrocarbons and nitrogen oxide (NOx), becoming the world's first automaker to comply with the U.S. Clean Air Act in the 1970s – a regulation thought at the time to be the most stringent in the world.

In 1992, we released the Honda Environment Statement, which serves as a guideline for all environmental initiatives, to articulate the basic stance we had developed

until then to reduce environmental impact at every stage in the life cycle of our products, instead of limiting the scope to stages of design/development and production.

In addition, for Honda to promote the above-mentioned environmental initiatives further and continue to be a company that society wants to exist, we established the Honda Environmental and Safety Vision in 2010. Toward the realization of the joy and freedom of mobility and a sustainable society where people can enjoy life that is declared in this vision, each of Honda's global business sites is engaging in the reduction of all kinds of environmental impact from the aspects of both products and corporate activities, including greenhouse gas emissions, considered a cause of climate change, and the utilization of energy and resources.

Honda Environment Statement

As a responsible member of society whose task lies in the preservation of the global environment, the company will make every effort to contribute to human health and the preservation of the global environment in each phase of its corporate activity. Only in this way will we be able to count on a successful future not only for our company, but for the entire world.

We should pursue our daily business interests under the following principles:

1. We will make efforts to recycle materials and conserve resources and energy at every stage of our products' life cycle from research, design, production and sales, to services and disposal.
2. We will make every effort to minimize and find appropriate methods to dispose of waste and contaminants that are produced through the use of our products, and in every stage of the life cycle of these products.
3. As both a member of the company and of society, each associate will focus on the importance of making efforts to preserve human health and the global environment, and will do his or her part to ensure that the company as a whole acts responsibly.
4. We will consider the influence that our corporate activities have on the local environment and society, and endeavor to improve the social standing of the company.

Established and announced in June 1992

Honda Environmental and Safety Vision

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

Global environmental management

Environmental management promotion structure and management cycle

Enhancement of environmental management on a continuous basis through the implementation of PDCA cycle via the Meeting of the World Environment & Safety Strategy Committee

Recognizing that environmental issues such as climate change and energy/resource issues, which require global responses, are material issues that impact Honda's business operation, the Meeting of the World Environment & Safety Strategy Committee chaired by the company president and CEO and attended by the management have been meeting continuously twice a year since 1991. Mid/long-term environmental policies and plans at the global level are formulated at the meeting on the basis of company-wide direction and mid/long-term business plans, and all officers are involved in the committee's decisions.

Following the decisions made at the above meeting, the World's 6 Region Environmental Committee also meets twice every year. It is attended by the representatives of environmental divisions of regional operations. After the information sharing there, these divisions formulate and implement concrete action plans.

Regarding the progress of Honda's environmental initiatives and themes that are applicable worldwide, the Corporate Planning Division collects information from regional operations and reports it at the Meeting of the World Environment & Safety Strategy Committee. We are striving to enhance environmental management on a continuous basis through the reflection of the above information in the mid-term business plan and policy for the following term and the implementation of the PDCA cycle by each regional operation and environmental division.

Environmental management system

Promotion of continuous improvements of environmental initiatives at Honda business sites

As of March 2015, already existing Honda vehicle assembly and product assembly plants worldwide had acquired ISO 14001, an international certification for environmental management systems. We are proceeding with acquisition for the Saitama Factory's Yorii Plant that was completed in March 2013, and other newly built plants. At the same time, in compliance with EC761/2001, which is a regulation of the European Council of Ministers and European Commission, we have acquired the EU's Eco-Management Audit Scheme (EMAS) for all of our business sites in the EU. Therefore, the coverage of the environment management system is 100%.

Status of compliance with environmental regulations

Compliance with environmental regulations through the establishment of voluntary environmental standards that are more stringent than national and local regulations

In accordance with the Honda Environment Statement, Honda introduces environmental management systems at all business sites and in each division, promotes continuous efforts to improve environmental performance, and strives to comply with voluntary environmental standards that are more stringent than national and local regulations.

In the last 4 years, Honda has not committed any serious noncompliance with environmental laws and regulations or paid any fines/sanctions.

Material issues in the environmental dimension

Collection/analysis/evaluation of environmental issues

Identification of material issues through 4 processes

On the basis of two indices, “materiality in Honda’s business” and “materiality for stakeholders,” we have sorted various environmental issues into the “environmental materiality matrix” and identified material environmental issues. We also review environmental issues on a regular basis, and the most recent review was conducted in 2012.

● Environmental materiality matrix creation processes

1. Collection of issues

Although environmental issues pose risks that could seriously affect our business activities, they also present opportunities to create and expand new business – as long as we anticipate and appropriately respond to them. To grasp current and future risks/business opportunities, Honda collects information related to environmental issues from the perspectives of both materiality in business and materiality for stakeholders.

Information is collected using the functions of 6 regional operations and business operations for each of motorcycles, automobiles and power products, and with additional information collected by functional operations (related to production, management, etc.), worldwide information is accumulated.

2. Analysis of issues

Through discussions among divisions in the company (the executive officers and environmental divisions of regional operations and business operations) and dialogue with

stakeholders, we analyze the consistency between the issues and Honda’s corporate philosophy and the relationship between the issues and the Honda Environmental and Safety Vision. We then select environmental issues of high materiality.

In FY 2015, for the analysis of issues, we interviewed stakeholders in various regions, including customers, suppliers, investors, government officials, NGOs and scientists.

3. Evaluation of issues

We comprehensively evaluate the selected environmental issues based on evaluation criteria that include “causal proximity, urgency, impact and the timing of materialization,” “economic impact (financial impact on business),” “influence on Honda’s competitive strength,” “possibility for issues to become business opportunities and their contents,” “priority in relation to realizing the Honda Environmental and Safety Vision,” and “degree of social concern.” In particular, with regard to the “degree of social concern,” we evaluate the issues by also taking into account external ratings/indices, contents of discussions at the Climate Summits for “the 21st Conference of Parties to the United Nations Framework Convention on Climate Change (COP21),” WBCSD (World Business Council for Sustainable Development) and others.

4. Priority setting

On the basis of the evaluation of issues, we create an environmental materiality matrix and identify the issues considered material by both Honda and stakeholders as material environmental issues. At the same time, we establish concrete targets and indices while determining the priority for responding to material issues.

TOPICS | Endorsing CDP’s initiatives that call for leadership from the industry regarding climate change

In recent years, a tendency to call for more active leadership from the industry regarding climate change is gaining momentum worldwide.

Against that background, CDP, which surveys and discloses corporate responses to climate change and their long-term impact, announced 6 initiatives in September 2014.

Honda endorses 3 initiatives (establishment of GHG emissions reduction targets on scientific grounds to limit the global temperature rise to less than 2 degrees Celsius, responsible engagement with climate change policies, and disclosure of climate change information in a mainstream financial report), the most in the auto industry.

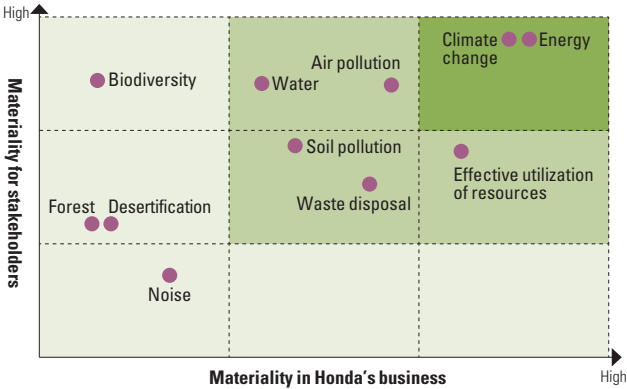
Material issues in the environmental dimension

Honda's material issues

With climate change, energy issues and effective utilization of resources recognized as the material issues

We will leverage our proprietary technologies and business activities to deal with climate change, energy issues, and effective utilization of resources, with an aim to realize a zero-impact society in the future.

Material issues in the environmental dimension



● Climate change issues

Through the initiatives that link business strategy with environmental strategy, Honda is proceeding with responses to climate change. With the vision of a zero-impact society, we will aim to cut total company CO₂ emissions in half by 2050. As an interim objective, we are currently working to achieve our 2020 Product CO₂ Emissions Reduction Targets to lower CO₂ emissions intensity from the use of motorcycles, automobiles, and power products worldwide by 30% from the 2000 base-year level. To achieve this objective, we will steadily lower CO₂ emissions by improving existing technologies while expanding our use of renewable energy and developing new zero-emission technologies for the future.

In pursuing the reduction of CO₂ emitted from our products, Honda is aware of reputational risk and penalty risk arising from fuel economy regulations for automobiles

in various countries of the world. For example, in the United States, with regard to GHG regulations for model years 2017 to 2025, a new agreement was reached on tougher fuel economy regulations to reduce the average fleet emissions in 2016 from 250 grams/mile (35.5 mpg) to 163 grams/mile (54.5 mpg), representing an annual reduction of approximately 4%. The EU has decided to require further reduction to 95 g/km or less by 2021. Japan has decided to toughen fuel economy standards to average fuel economy of 20.3 km/l by 2015 and to introduce tougher CAFE regulations in 2020. Automobiles account for approximately three quarters of Honda's sales revenue and more than 80% of the units sold overall are automobiles, so we believe the potential impact on business is extremely great. Accordingly, as an effort to mitigate risks, Honda has built a management system called "SED" in which products are developed jointly by the Sales (S), Engineering (E) and Development (D) functions.

Operations such as Honda R&D Co., Ltd., Automobile Operations and the Certification & Regulation Compliance Division coordinate research on trends in fuel economy regulations around the world and publish the results as regulatory information. Meetings are regularly held to provide a forum for sharing the contents and interpretation of new regulations and for discussing the responses to them. In addition, we have built an organizational structure for developing technologies that always anticipate future fuel economy regulations, through engagement with policy makers.

In recent years, stakeholders have become increasingly conscious of fuel efficiency, CO₂ emissions, and other environmental performance indices when they choose mobility products. Honda perceives such changes in consumer values and market needs as the matters to be focused on most, and we are actively expanding/offering our lineup of products powered by Earth Dreams Technology*. These initiatives are meeting customers' needs, generating additional profit.

* A collective term to refer to a group of innovative technologies that greatly enhances both driving performance and fuel economy, building on advancements in environmental performance to pursue a joy of driving unique to Honda

● **Energy issues**

We believe that global warming, resource depletion and other issues are compelling society, which is heavily dependent on fossil fuels, to face the energy risk. Energy issues have an extremely great business impact on the auto industry, and our concern is that, unless we proceed with energy diversification, such as the diversification of fossil fuels and the utilization of renewable energy, it will become difficult to sustain our business.

We are addressing energy issues by diversifying energy sources used in our products and business activities, with the aim of completely eliminating energy risk from heavy dependence on fossil fuels, etc. We have set an interim target for 2020 to establish technologies that diversify home energy sources and reduce CO₂ emissions from personal mobility and home living to zero. We are developing the Honda Smart Home System (HSHS) to help us realize this goal. To seize new business opportunities, we are advancing development of electric vehicles (EV) and fuel cell vehicles (FCV) and partnership with other

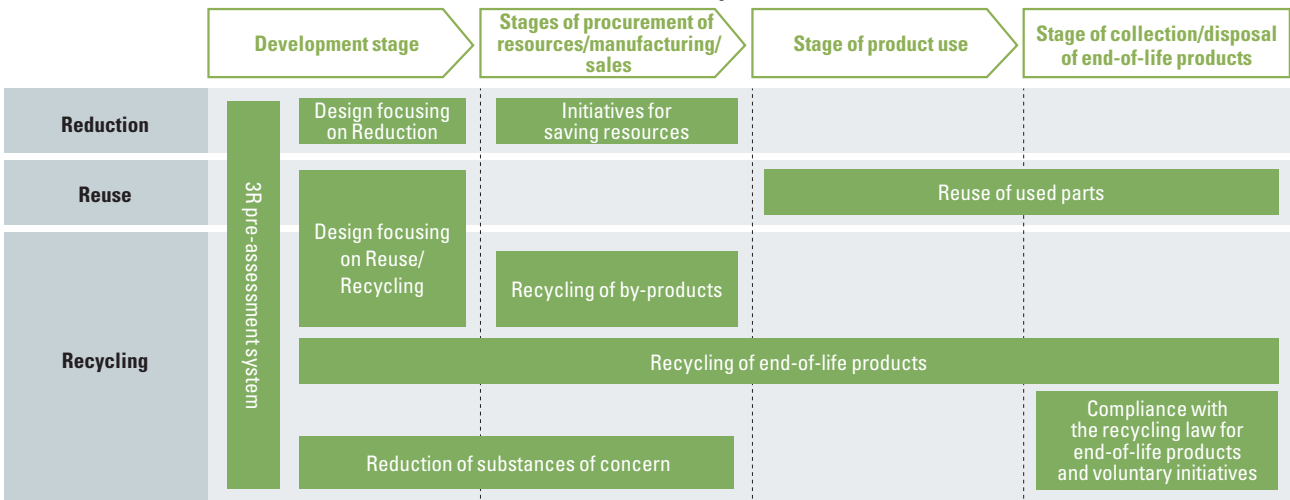
companies for the preparation of hydrogen infrastructure including hydrogen stations. We are also promoting energy diversification by actively introducing large-scale solar and wind power generation at our facilities, as we work toward ultimately reducing our energy risk to zero.

● **Effective utilization of resources**

The depletion and resulting difficulty of obtaining rare earth metals and other resources used in our products pose a huge risk to our business continuity in terms of the procurement of components and raw materials necessary for manufacturing.

Therefore, Honda considers the effective utilization of resources one of the material issues and is actively promoting 3R (Reduction/Reuse/Recycling) activities. Aiming at the elimination of risks related to resources and disposal that occur in various stages ranging from resource procurement to collection/disposal of end-of-life products, we are tackling this issue through cooperation/partnership with internal/external stakeholders.

Initiative for the elimination of risks related to resources and disposal



Initiatives related to products

Responses to climate change and energy issues

Establishment of Honda's own environmental performance standards to reduce CO₂ emissions during product use

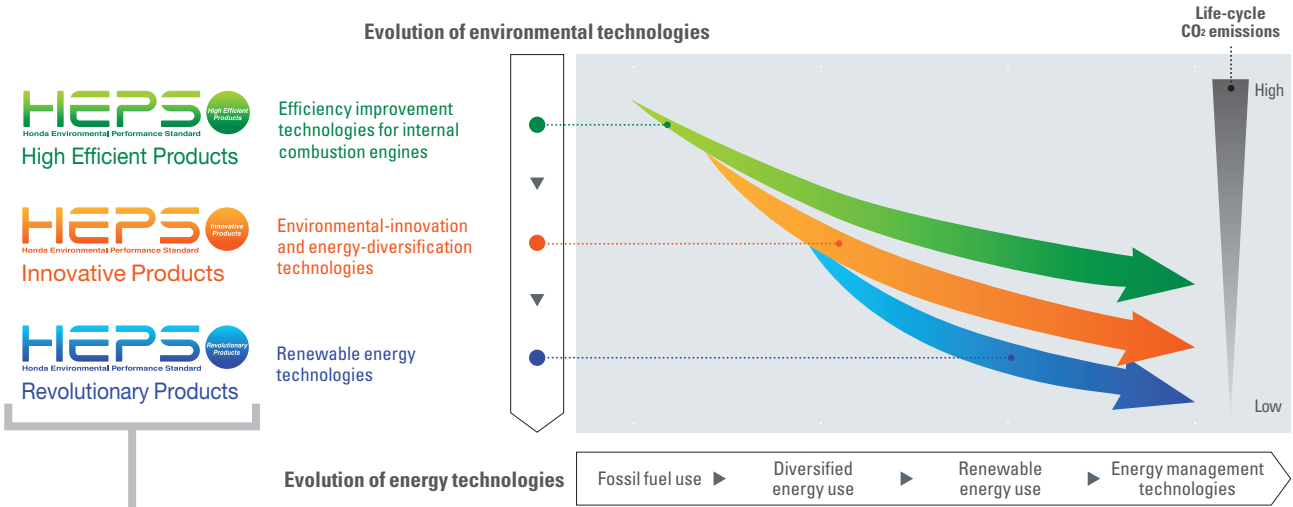
Emissions from "use of products" account for approximately 80% of CO₂ emissions from Honda's entire product life cycle.

Therefore, to ultimately realize zero product CO₂ emissions while expanding production/sales globally, Honda seeks to reduce CO₂ emission intensity of motorcycles, automobiles and power products 30% from 2000 levels by 2020, and we are engaging in 3 initiatives. Specifically, we have developed a scenario to guide us through steady reductions, ending with the complete

elimination of CO₂ emissions. To be phased in, are: 1) Reducing CO₂ emissions through efficiency improvements of internal combustion engines, 2) Reducing CO₂ emissions by introducing environmentally innovative technologies and diversifying energy sources, and 3) Eliminating CO₂ emissions through the use of renewable energy and total energy management.

In 2011, we established the Honda Environmental Performance Standards (HEPS), an independent product classification and certification system designed to shed light on how Honda products are contributing to achievement of the three initiatives outlined above. By making all Honda products compliant with one of the three standards, we will make steady progress toward realizing zero CO₂ emissions.

Product-based scenario addressing climate change and energy issues



• High Efficient Products

Products that emit less CO₂ emissions because of improved internal combustion engine efficiency. This category includes products that incorporate technologies for improving fuel combustion and transmission efficiency and reducing friction between engine parts. Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared to preceding models.

• Innovative Products

Products that emit less CO₂ because they use an environmentally innovative technology or an alternative energy source. This category includes motorcycles that incorporate Honda's patented Idling Stop System, automobiles that incorporate

hybrid technologies or direct injection engine technologies, and power products with electronic fuel injection (FI). Alternative-energy technologies include motorcycles and automobiles that can run on ethanol, and power products that can run on gaseous fuels. Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared to preceding models.

• Revolutionary Products

Products that reduce or eliminate CO₂ emissions by harnessing renewable energies or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies for using renewable energy.

Expansion of HEPS-compliant products to 275 models

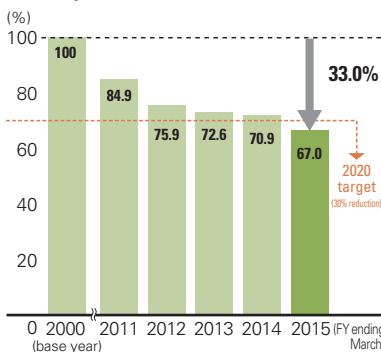
As a result of certification of products that were launched in FY 2015, 20 motorcycle models, seven automobile models, and three power product models – a total of 30 models – were HEPS-certified. Cumulatively, this brings the number of HEPS-compliant products to 123 motorcycle

models, 105 automobile models, and 47 power product models, or 275 models in total.

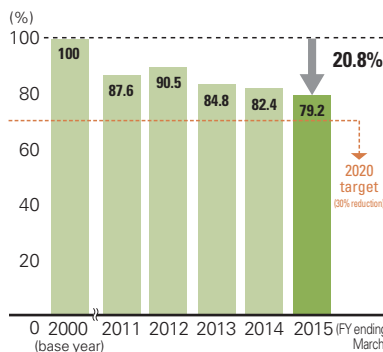
Scope of the above compilation includes Japan, China and various countries in North America, Europe, South America and Asia & Oceania, and it covers more than 90% of units sold by Honda worldwide for each of automobiles, motorcycles and power products.

Current status of achievement vs. 2020 Product CO₂ Emissions Intensity Reduction Targets

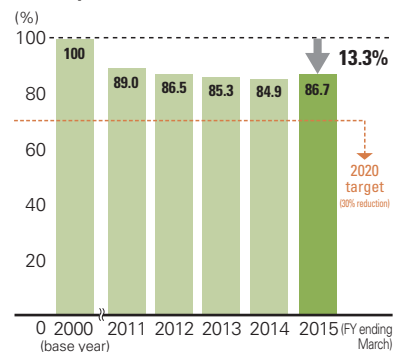
Motorcycles (g/km)



Automobiles (g/km)



Power products (kg/hour)

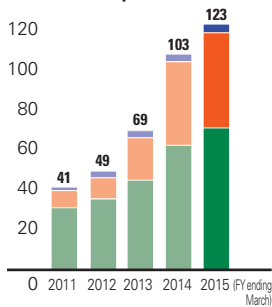


Global number of HEPS-compliant models

■ High Efficient Products ■ Innovative Products ■ Revolutionary Products

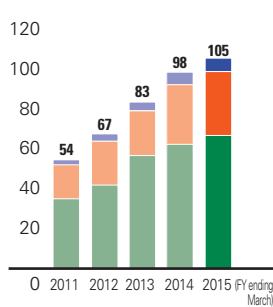
(Models)

Motorcycles



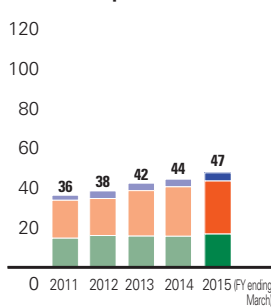
(Models)

Automobiles



(Models)

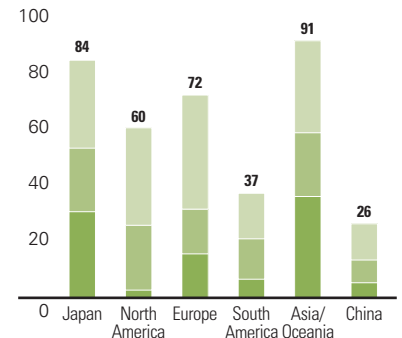
Power products



Number of HEPS-compliant models by region (FY 2015)

■ Motorcycles ■ Automobiles ■ Power products

(Models)



* Number of models for FY 2011 was calculated based on standards set in FY 2012.

TOPICS Launch of Legend that features 3-motor hybrid system

In February 2015, Honda began the sales of Legend in Japan. It features a 3-motor hybrid system "SPORT HYBRID SH-AWD."

The fifth-generation Legend features a total of three electric motors in the front/rear portions of the vehicle and a gasoline engine, and its hybrid system automatically selects the optimal drive system and the most energy-efficient driving mode to respond continuously to driver inputs and driving conditions. The twin rear motors provide drive and deceleration power to the rear wheels in any ratio, control the distribution of torque to the left and right drive wheels and deliver highly stable

handling and refined driving comfort. At the same time, the Legend offers outstanding fuel performance, 16.8 km/l as measured in JC08 mode.



Legend

Initiatives related to products

Effective utilization of resources

Promotion of 3Rs in the entire life cycle of products

With an aim to eliminate risks related to resources and disposal, Honda is promoting 3Rs by looking at the entire life cycle from the development of products to their disposal.

● Initiatives in the development stage

3R pre-assessment system

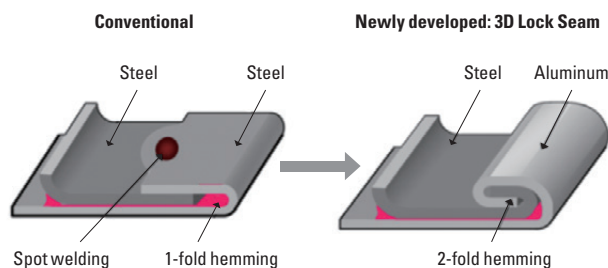
Honda introduced the 3R pre-assessment system, which assesses the 3R elements of each model to be newly developed in the stage of product development, for motorcycles in 1992 and for automobiles in 2001. We are striving to improve the level of 3R elements.

Design focusing on Reduction

We are making efforts for downsizing and weight reduction by considering alternative structures and materials for all components of each product, such as the body framework, engine and bolts. For example, for Legend we launched in February 2015, a technology developed by Honda that joins steel and aluminum ("3D Lock Seam") was introduced to use aluminum for all of the door skins. Compared to the conventional model, weight per vehicle was reduced by approximately 11kg solely on the basis of the application of the above technology to doors.

With regard to motorcycles, the VFR800F and VFR800X launched in 2014 were equipped with a type of generator

3D Lock Seam introduced into Legend



A technology that joins steel and aluminum was newly developed. Aluminum is now used for door skins that used to be made of steel, realizing weight reduction.

that does not use any rare earth metals (neodymium and dysprosium), which nonetheless performs as well as the conventional generator. Normally, a generator needs to be bigger when rare earth metals are not used, but we have downsized it instead by incorporating a new technology.

Design focusing on Reuse/Recycling

We are engaging in structural design that takes into account easier recycling and maintenance, use of easily recyclable materials and recycled resins, and display of contents of materials for resin/rubber components, etc. For automobiles, we use easily recyclable materials for a wide array of exterior/interior components, such as undercoat, inner weather strip and outer surface of instrument panels for Legend, and at the same time, we use recycled materials for air conditioner ducts. Furthermore, with due consideration to recycling, we display the contents of materials with regard to resins and rubbers as much as possible.

As a result of the activities mentioned above, with regard to the recyclable rate*1 for all new and redesigned vehicles sold in FY 2015, we are maintaining more than 90% for automobiles and more than 95% for motorcycles, with the rate of recoverability for used components/materials*2 of more than 95% for power products as well.

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

*2: Recyclable rate that includes the thermal energy recovered; In accordance with calculation methods of recyclable rate for cars in ISO22628 etc.

Recyclable rates of key components

	Recycling rate	Key product/ components
Motorcycles	More than 95%	NC750S • Rear fender • FI unit box
Automobiles	More than 90%	Legend • Air conditioner duct
Power products	More than 95% (rate of recoverability)	EU55is • Front cover • Maintenance cover • Air cleaner

Reduction of chemical substances

Honda is proceeding with the reduction of 4 types of heavy metals (lead, mercury, hexavalent chromium and cadmium) that are considered to have negative impacts on the environment. With regard to automobiles, for new and redesigned vehicles sold in FY 2015, components that do not use mercury were chosen for combination meters, which is not included in the scope of application defined by JAMA. We are striving to eliminate the use of mercury on a voluntary basis.

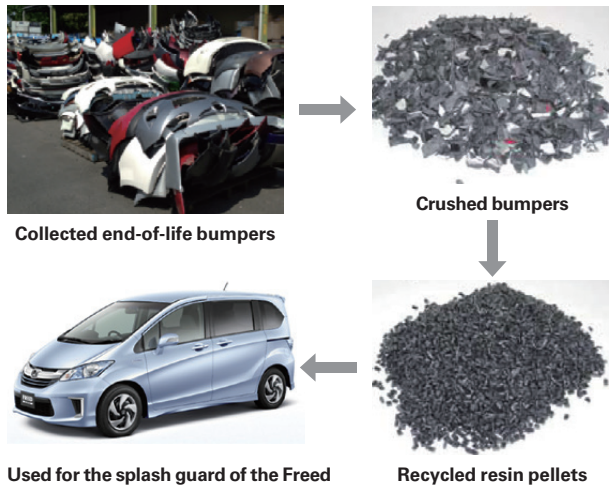
● **Initiatives in the stage of product use**

Recycling of end-of-life components

We collect and recycle end-of-life components generated from repair, replacement, etc., from the dealers nationwide. In FY 2015, we collected and recycled approximately 200,000 end-of-life oil filters and approximately 180,000 end-of-life bumpers. Collected bumpers are recycled and used for splash guards and other components of the Freed.

Honda will continue the recycling of end-of-life components, including the collection/recycling (remanufacturing) of end-of-life torque converters.

Flow of recycling for end-of-life bumpers



● **Initiatives in the disposal stage**

Initiative for automobiles

The Act on Recycling, etc., of End-of-Life Vehicles (automobile recycling law) requires automakers to collect and properly treat 3 items: fluorocarbons that are used as a cooling medium in the air conditioners and destroy the ozone layer and cause global warming when being vented to atmosphere, airbags that are explosive and difficult to dismantle, and shredder dust (Automobile Shredder Residue [ASR]) that remain after the useful substances have been recovered from the end-of-life vehicles.

In FY 2015, the number of Honda cars collected was approximately 460,000 for fluorocarbons (+4% from the previous FY), approximately 410,000 for airbags (+10% likewise) and approximately 510,000 for ASR (+3% likewise). Recycling rates for gas generators and ASR were 94% and 96.8% respectively, which satisfy the recycling rates specified by ordinance of the relevant ministry. The total cost required for recycling and related activities was 4.89 billion yen, and the total amount of recycling deposit, etc., received was 5.63 billion yen.

Initiative for motorcycles

Honda joined hands with other motorcycle manufacturers in Japan and participating motorcycle importers and started to implement the voluntary recycling of motorcycles in October 2014. With the cooperation of related dealers, various companies in the motorcycle industry started this scheme for providing a safety net for the treatment of end-of-life motorcycles, the world's first of its kind. End-of-life motorcycles are collected at the dealers and the designated points of collection for free, and they are properly recycled at recycling facilities.

Of end-of-life motorcycles collected at the designated points of collection, there were 3,880 Honda products in FY 2015, which accounted for 59.5% of all units collected. The recycling rate of Honda products* came to 97.1% on a weight basis (+0.6% from the previous FY), which achieved the target for the recycling rate of 95% by the fiscal year ending in March 2016 ahead of schedule.

* Calculation based on the actual results of treatment at the recycling facilities

Initiatives related to corporate activities

Responses to climate change and energy issues

Global implementation of a variety of energy conservation measures

With an aim to ultimately achieve zero CO₂ emissions and zero energy risk, Honda is focusing on the reduction of energy consumption and CO₂ emissions while expanding production/sales globally. Mid-term plans for operations-related environmental initiatives specify the reduction of CO₂ emissions intensity per unit of production*¹ by 10% by FY 2017 (baseline: FY 2009) as the target. In the future, we will aim at sustaining the reduction until the rate of reduction of energy consumption exceeds the rate of increase of energy use for the manufacturing of products.

Toward the realization of the above-mentioned target, when building or renovating our plants we aggressively introduce energy-saving technologies and know-how applied to our newest plants, such as the Saitama Factory's Yorii assembly plant that achieved a 30% reduction in per-unit energy use compared to other Honda plants*². To support energy-saving initiatives of various business sites that are operating globally, we have built a mechanism for promoting the information sharing among business sites and regions, and at the same time, we are enhancing the technical support from Japan.

Furthermore, Honda is actively introducing renewable energy. In FY 2015, we built a 27-MW wind power facility in South America and installed a 30-MW solar power generation system across China. In Japan, through the introduction of energy-efficient equipment and other means, we successfully reduced the cost by approximately 200 million yen for the fiscal year ending in March 2015 (reduction of approximately 100 million yen for the fiscal year ending in March 2014).

*¹: Intensity that is a weighted average calculated on the basis of CO₂ intensity and the units produced for each of motorcycles, automobiles and power products

*²: Comparison with Saitama Factory's Sayama assembly plant

Effective utilization of resources

Concentrating on the reduction of the volume of water resources used and waste

Honda is concentrating on the elimination of risks related to resources and disposal as well, and we are making efforts to reduce the volume of water resources used and of waste. For example, to minimize water use, various business sites are implementing initiatives based on regional circumstances, such as the utilization of recycled water and water conservation. On a global basis, we are also introducing a closed-loop system for recycling wastewater when called for.

At the same time, regarding the reduction of waste, we are striving to ramp up 3R efforts that include resource-use-reduction initiatives, such as the reduction of by-products through an increase in throughput yields. In Japan, revenue from the sale of valuable materials resulting from recyclable waste increased from approximately 3.8 billion yen for FY 2014 to approximately 3.9 billion yen for FY 2015, generating additional profit for us.

Biodiversity conservation

Promoting initiatives on a continuous basis in accordance with the Honda Biodiversity Guidelines

On the basis of recognition that our business activities can have an impact on biodiversity, Honda has long been putting a great deal of effort into activities that would lead to the conservation of biodiversity. We carried out tree-planting and water-recycling initiatives at our plants in the 1960s and launched the Community Forest program in 1976.

In 2011, we established the Honda Biodiversity Guidelines. As the basic statement, it stipulates as follows: "We recognize, under the Honda Environment Statement, that biodiversity conservation initiatives are an essential part of our commitment to the preservation of the global environment. We will continue to work toward harmony between this commitment and our activities."

We believe that minimizing the environmental impact resulting from the products we manufacture and our business activities represents the greatest contribution we can make to biodiversity conservation. The guidelines specify the priorities, including the development of environmental technology, initiatives based on corporate activities and initiatives for living in harmony with local communities, and we are actively promoting them.

TOPICS | Generating electricity necessary for annual local automobile production with wind power

Since Honda began its production activities in Brazil in 1976, we have been striving to minimize the environmental footprint of our production activities. To become the first automaker in Brazil to start a wind power generation business, Honda Energy do Brasil Ltda., Honda's power generation business subsidiary, was established in March 2013. The said company built its power generation facility equipped with nine wind turbine units in Rio Grande do Sul, the southernmost state in Brazil, and the facility began operation in November 2014.

Electricity to be annually generated by this wind power generation facility is approximately 95,000 MWh, basically equivalent to Honda's current annual electricity requirement for automobile production in Brazil (approximately 140,000 units). Honda is expecting to reduce CO₂ emissions by more than 2,200 tons annually. Through the utilization of renewable energy, Honda will continue to be proactive in conserving energy and reducing CO₂ emissions in production activities.



Honda Energy do Brasil Ltda., equipped with 9 wind power turbine units

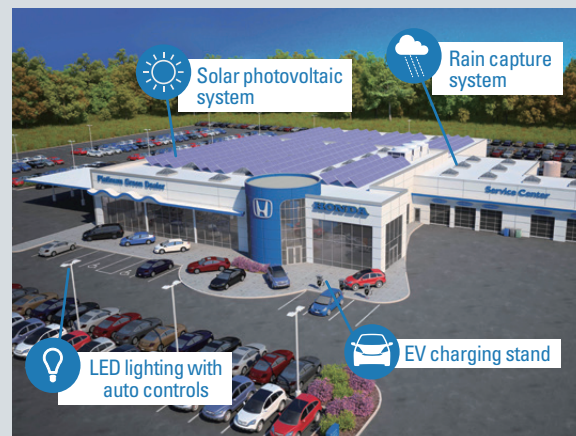
TOPICS | Promoting the Green Dealer Program with an aim to reduce environmental footprint of dealers

American Honda Motor Co., Inc., Honda's sales subsidiary in the United States, initiated the Green Dealer Program in 2012. This program certifies dealers that achieved the reduction of environmental footprint through the installation of solar photovoltaic systems, introduction of LED lighting, waste reduction, car washing with recycled water, etc., as Green Dealers. As of April 2014, of 293 dealers participating in the program, 67 dealers had been certified.



Greening of the rooftop of Rossi Honda of Vineland, New Jersey in U.S.

67 certified dealers consist of 41 "silver dealers" that reduced energy use by 10% or more, 17 "gold dealers" that reduced it by 30% or more and 9 "platinum dealers" that reduced it by 50% or more. The total volume of CO₂ emissions reduced by these dealers amounts to approximately 7,500 tons annually.



67 certified dealers	Silver dealer	Gold dealer	Platinum dealer
	41	17	9

Mid-term plans for environmental initiatives

Mid-term plans for product-related environmental initiatives (FY2015–FY2017) *Note: FY20xx indicates the fiscal year ending in March of that year

Direction of initiatives toward 2020		Mid-term plans for environmental initiatives (FY2015–2017) regarding the new products
Climate change and energy	Achieve global targets for reducing global CO ₂ emissions intensity, with an eye to early stabilization of total CO ₂ emissions and future reduction from the standpoint of product life cycle	<p>Achieve best-in-industry fuel efficiency and accelerate popularization and expansion</p> <p>Motorcycles : • Expand use of programmed fuel-injection system (PGM-FI) and low-friction engines, especially in commuter vehicles</p> <p>Automobiles : • Continue deployment of Earth Dreams Technology started in the previous 3-year mid-term • Phase in the global application of 2.0-liter, 1.5-liter, and 1.0-liter downsized/turbocharged direct-injection engines that realized class-leading power output and environmental performance</p> <p>Power products : • Expand application of small engines and make engines compatible with diverse types of fuels</p> <p>Establish and deploy next-generation electromotive technologies</p> <p>Motorcycles : • Market electric motorcycles that meet local needs in developed (Japan: leased) and emerging countries (China)</p> <p>Automobiles : • Expand lineup of models equipped with i-MMD, i-DCD hybrid systems • Introduce in Acura models the Sport Hybrid SH-AWD, a three-motor hybrid system with seven-speed DCT with built-in motor for the front wheels and independent motors for the left and right rear wheels • Release a production FCV model in Japan in 2015, and the U.S. and Europe thereafter, to advance the popularization of FCVs</p> <p>Power products : • Advance an electric robotic lawnmower for household use (Miimo) and expand lineup of electric products</p>
	Market new products to eliminate CO ₂ emissions from mobility and daily living	<ul style="list-style-type: none"> • Using demonstration test houses in Japan, verify the operation and practicality of technologies developed to realize zero-carbon mobility and living by 2020, in collaboration with entities in other business sectors (Japan) • Work with local governments in Japan to carry out demonstration testing of the MC-β micro EV with the aim of developing next-generation vehicles that minimize environmental impact while spreading the joy and freedom of mobility, and to offer each community development solutions that are suitable for each location (Japan)
Effective utilization of resources	Ramp up 3R efforts	<ul style="list-style-type: none"> • 3R pre-assessment system • Design that takes 3R elements into account • Reduction of chemical substances • Recycling of end-of-life components • Steadfast compliance with laws/regulations for the recycling of end-of-life products in various countries <p>Japan: Maintain an automobile shredder residue (ASR) recycling rate of more than 70%, and improve the motorcycle recycling rate to more than 95% by 2015</p>
Substances of concern	Reduce exhaust emissions	Make steady progress in reducing exhaust emissions to comply with tighter emission regulations in various countries
	Enhance the management of chemical substances used in products	<ul style="list-style-type: none"> • Continue to promote management of chemical substances used in products and employ alternatives to substances of very high concern • Continue to operate global management systems for chemical substances used in products to comply with applicable regulations on chemical substances in various countries

FY2015 results

Direction of initiatives toward 2020		Results of FY2015 initiatives
Climate change and energy	Achieve global targets for reducing global CO ₂ emissions intensity, with an eye to early stabilization of total CO ₂ emissions and future reduction from the standpoint of product life cycle	<p>Achieve best-in-industry fuel efficiency and accelerate popularization and expansion</p> <p>Motorcycles : Expanded the application of eSP, a next-generation global engine that delivers high environmental performance and is equipped with PGM-FI and low-friction technologies, especially to commuter vehicles • Introduced fuel-efficient commuter models, BeAT eSP, BeAT POP and Vario 125 eSP, into the Asian market • Introduced Tact/Tact Basic, 50cc liquid-cooled OHC single-cylinder models that are equipped with eSP, in Japan. Realized 80 km/l^{*1}, the highest fuel efficiency in 50cc scooter class^{*2}, curbing the fuel consumption further with the introduction of idling stop system^{*3}</p> <p>Automobiles : • Globally deployed gasoline vehicles and diesel engine vehicles equipped with Earth Dreams Technology, which had started in the previous 3-year mid-term (MOBILIO in India, Acura TLX in US, CR-V in China, etc.)</p> <p>Power products : Launched new models equipped with small engines in Japanese market • Electric-powered snow thrower (Yukios e!) • High-efficiency pumps (WL20X/30X) • 1-kW generator (EP1000) • Inverter equipped with FI (fuel injection) (EU55is)</p> <p>Establish and deploy next-generation electromotive technologies</p> <p>Motorcycles : Continued sales of Kushi, an electric bicycle for the Chinese market</p> <p>Automobiles : • Introduced Grace and Jade, models equipped with i-DCD system, into the Japanese market • Introduced in Acura models the Sport Hybrid SH-AWD, a three-motor hybrid system with seven-speed DCT, with built-in motor for the front wheels and independent motors for the left and right rear wheels • Unveiled, for the first time in the world, the Honda FCV CONCEPT, a concept car for an all-new fuel-cell vehicle (new FCV based on this concept model is scheduled to go on sale in Japan by the end of March, 2016)</p> <p>Power products : Introduced Miimo, an electric robotic lawnmower for household use that improved the finish of lawnmowing and usability for customers, into the European market</p>
	Market new products to eliminate CO ₂ emissions from mobility and daily living	<ul style="list-style-type: none"> • Began verification of the advanced lifestyle with information technologies, personal mobility and energy management technologies designed to realize comprehensive control over supply and demand of energy for houses, mobility products and community (Japan: Built a new demonstration test house in Saitama City jointly with Sekisui House, Ltd. and Toshiba Corporation; US: Built a new demonstration test house jointly with UC Davis) • Explored how to utilize the MC-β micro EV and its needs, on the basis of understanding of development solutions for each community and mobility-related issues (Conducted demonstration tests in partnership with Kumamoto Prefecture, Saitama City and Miyakojima City)
Effective utilization of resources	Ramp up 3R efforts	<ul style="list-style-type: none"> • Continued to utilize the 3R pre-assessment system • Continued to proceed with the design that takes 3R elements into account, reduction of chemical substances and recycling of end-of-life components • Steadily complied with laws/regulations for the recycling of end-of-life products in various countries <p>Japan: Automobile shredder residue (ASR) recycling rate of 96.8% and motorcycle recycling rate of 97.1% in 2015</p>
Substances of concern	Reduce exhaust emissions	Made progress in reducing exhaust emissions to comply with tighter emission regulations in various countries
	Enhance the management of chemical substances used in products	<ul style="list-style-type: none"> • Continued to manage chemical substances used in products and employ alternatives to substances of very high concern • Continued to operate global management systems for chemical substances used in products to comply with applicable regulations on chemical substances in various countries and reduce risks

*1: The figure recorded during a test ride at 30km/h on level ground/the figure reported to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

*2: Survey by Honda; As of January 2015

*3: Applied to Tact only; Not installed to Tact Basic

Mid-term plans for operations-related environmental initiatives (FY2015–FY2017)

Direction of initiatives toward 2020		Mid-term plans for environmental initiatives (FY2015–FY2017) regarding the corporate activities
Climate change and energy	Strengthen initiatives that span entire product life cycles	Corporate activities (global): Reduce CO ₂ emissions per unit of production* ¹ by 10% by FY2017 (baseline: FY2009)
		Purchasing area: • Promote measurement and reduction of supply chain GHG emissions in each region based on the Green Purchasing Guidelines
		Production area: • Disseminate advanced environmental technologies developed at the Yorii assembly plant in Japan, which began operations in 2013, to other production sites worldwide • Set benchmarks for energy use and achieve the benchmark level for energy efficiency
		Production area: Introduce and expand the scope of renewable energy systems • South America: Wind power generation system • China: Megawatt-scale solar photovoltaic system • Japan: Megawatt-scale solar photovoltaic system at new test course in Sakura, Tochigi Prefecture
		Transportation area: • Increase transportation efficiency in each region by implementing modal shifts, improving truck fuel efficiency, etc. • ISpread packaging specifications without exterior containers worldwide
		Sales and service, administration, product development areas: • Promote energy conservation by encouraging eco-etiquette and using facilities more efficiently
Recycling of resources/ water resources	Ramp up 3R efforts	Production area: • Enhance initiatives to reduce resource use, including the reduction of by-products by increasing throughput yields • Collaborate with suppliers to increase use of metal scraps • Maintain zero landfill waste performance (Japan and Europe)
	Minimize water use	Production area: • Reduce water use according to conditions in each region, for example by using recycled water and conserving water in production processes
Substances of concern	Reduce VOC* ² emissions from production processes	Production area: • Advance VOC emissions reduction technologies for coating processes and expand application to overseas production sites and motorcycle coating processes • Spread “Honda Smart Ecological Paint” introduced at the Yorii assembly plant in Japan to other new production sites worldwide
Biodiversity	Engage in conservation initiatives rooted in local communities, in accordance with the Honda Biodiversity Guidelines	Corporate initiatives: • Address the issues of hazardous substances and water use that lead to the destruction of ecosystems • Raise the awareness of parties involved, including the supply chain Collaboration with local communities: • Promote HondaWoods* ³ activities
Environmental management	Improve global/regional structures for promotion of environmental management and enhance environmental information disclosure	Strengthen autonomy and self-reliance of structure for promotion of environmental management in each region, and strengthen global collaboration
		Advance sustainability reporting that compiles information in each dimension of environment, society, and legal compliance

FY2015 results

Direction of initiatives toward 2020		Results of FY2015 initiatives	Challenges
Climate change and energy	Strengthen initiatives that span entire product life cycles	Corporate activities (global): Reduced CO ₂ emissions per unit of production by 9% in FY2015 (baseline: FY2009)	• Deterioration of structure as a result of decrease in units produced globally
		Purchasing area: Defined how to monitor GHG emissions in various regions of the world	
		Production area: • Disseminated advanced environmental technologies developed at the Yorii Plant in Japan, which began operations in 2013, to other production sites on a global basis • Established benchmarks for energy use and achieved the benchmark level for energy efficiency	• Wider dissemination to new plants • Identification of more inefficiencies through visualization
		Production area: Introduced renewable energy systems • South America: 27-MW wind power generation system • China: 30-MW solar photovoltaic system	• Promotion of introduction of renewable energy • Confirmation of measures and investment cost
		Transportation area: Increased transportation efficiency in each region by implementing modal shifts, improving truck fuel efficiency, etc.	• Study and implementation of measures that are appropriate for the mode of transportation in each region
		Sales and service, administration, product development areas: • Implemented eco-etiquette measures • Used facilities more efficiently	• Continuation of energy conservation activities
Recycling of resources/ water resources	Ramp up 3R efforts	Production area: • Collaborated with suppliers to increase use of metal scraps • Maintained zero landfill waste performance (Japan and Europe)	• Enhancement of initiatives to reduce resource use, including the reduction of by-products by increasing throughput yields
	Minimize water use	Recycling of end-of-life products: Steadily complied with laws/regulations for the recycling of end-of-life vehicles in various countries Production area: Reduce water use according to conditions in each region, for example by using recycled water and conserving water in production processes • India: Rainwater harvesting system	• Compliance with new regulations • Identification of regions/areas with anticipated risk of water shortage
Substances of concern	Reduce VOC* ² emissions from production processes	Production area: Spread “Honda Smart Ecological Paint” introduced at the new Yorii Plant in Japan to other new production sites worldwide	• Advancement of VOC emissions reduction technologies for coating processes and expansion of application to overseas production sites and motorcycle coating processes • Expansion of application to regions that have no regulations yet
Biodiversity	Engage in conservation initiatives rooted in local communities, in accordance with the Honda Biodiversity Guidelines	Corporate initiatives: • Addressed the issues of hazardous substances and water use that lead to the destruction of ecosystems • Raised the awareness of parties involved, including the supply chain	Collaboration with local communities: • Survey of the actual condition of biodiversity and ecosystems by each business site in Japan • Formulation of policy/operational procedures by business site, accumulation of know-how
Environmental management	Improve global/regional structures for promotion of environmental management and enhance environmental information disclosure	• Strengthened autonomy and self-reliance of structure for promotion of environmental management in each region, and strengthened global collaboration • Held a regional working level meeting	• Improvement of information sharing with regions
		• Published the global version of Honda Environmental Annual Report • Published regional environmental reports	• Improvement of information disclosure through the evolution into Sustainability Report

*1: CO₂ emissions per unit of production: Intensity was calculated by weighting the average reduction percentages for motorcycles, automobiles, and power products with the CO₂ emissions associated with their respective life cycles.

*2: VOC (Volatile Organic Compounds): Chemical substances that derive from organic solvents mostly contained in paints and thinners and which generate photochemical oxidants.

*3: HondaWoods: A new initiative that started in 2014 for the forests on Honda's business sites in Japan, for the purpose of making these forests coexist and co-prosper with local communities and become sustainable and resilient to changes

Environmental performance data

Honda GHG emissions in FY 2015

As a responsible company operating in the mobility industry, Honda believes in the importance of calculating and disclosing greenhouse gas (GHG) emissions in order to drive progress in initiatives to reduce global emissions.

As the first milestone in this endeavor, in August 2012, Honda became the world's first mobility company to disclose estimates of all GHG emissions from its entire value chain in conformity with the Greenhouse Gas Protocol (GHG Protocol)*, currently the world's most widely used GHG emissions accounting standard. We released estimates of emissions for FY 2012, not only from our own business activities (Scopes 1 and 2), but also from all upstream and downstream activities (Scope 3), extending from the procurement of raw materials to the transportation and customer use of Honda products, and ending with the treatment of end-of-life products.

Honda continues to calculate and report its emissions, and is making improvements to get a more accurate reading of emissions from our entire value chain. We are doing this in Scope 3 (other indirect emissions), for example, by widening the boundaries of data collection for categories that account for the largest proportion of estimated emissions, and by improving the accuracy of calculation methods.

The calculations for FY 2015 show that GHG emissions from Honda business activities were 5.24 million t-CO₂e, and total emissions from the value chain, including other indirect emissions, were 279.007 million t-CO₂e. We will continue to monitor and manage data and utilize them in the actual implementation of emissions reduction measures.

* Greenhouse Gas Protocol (GHG Protocol): Formulated primarily by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI)

Reducing GHG emissions from use of sold products

Scope 3, category 11 emissions (emissions from use of products sold to our customers), account for more than 80% of GHG emissions from Honda's entire value chain. This means finding ways to reduce emissions related to customer use of Honda products is of primary importance in reducing emissions from our value chain. To this end, we have established the target of reducing global average product CO₂ emissions intensity by 30% from 2000 levels by 2020, and are working to improve the fuel efficiency of our products.

For the foreseeable future, however, our production volume is likely to outpace expected improvements in fuel efficiency of our products, so even if we achieve this target, we still project an increase in Scope 3, category 11 emissions.

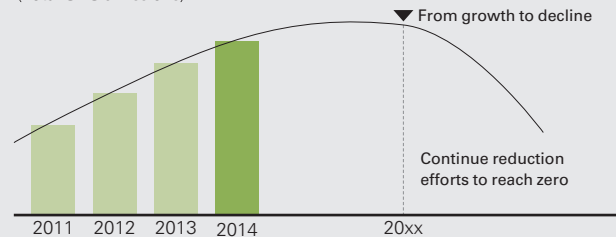
Nevertheless, we need to find ways to reverse this ascending curve at some point. What Honda is shooting for is to reduce total emissions from our products, even as production expands.

Reducing total GHG emissions

Honda's ultimate aim is to reach the point of having zero GHG emissions from its products and business activities. We have adopted a vision of the future that sees us shrinking environmental impact down to zero, and we will aim to cut Honda's total GHG emissions in half by 2050.

Honda's total GHG emissions: Conceptual projection

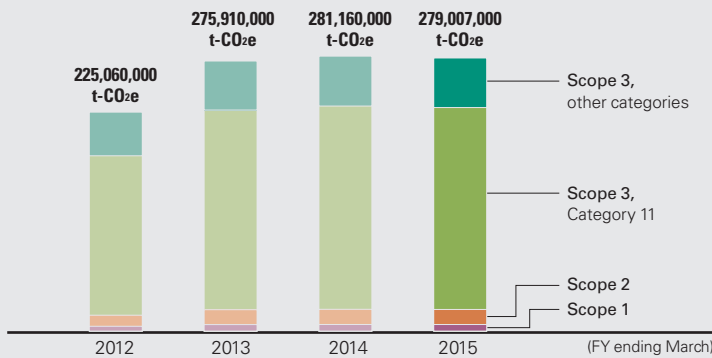
〈Total GHG emissions〉



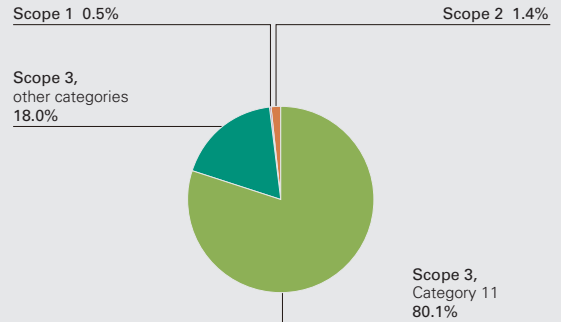
Honda's total GHG emissions

		FY ending March 2012	FY ending March 2013	FY ending March 2014	FY ending March 2015
GHG emissions from the entire Honda value chain (Scopes 1, 2, and 3)		225,060,000 t-CO ₂ e	275,910,000 t-CO ₂ e	281,160,000 t-CO ₂ e	279,007,000 t-CO ₂ e
Breakdown	Direct emissions from business activities (Scope 1)	1,240,000 t-CO ₂ e	1,410,000 t-CO ₂ e	1,410,000 t-CO ₂ e	1,376,000 t-CO ₂ e
	Indirect emissions from energy use (Scope 2)	2,960,000 t-CO ₂ e	3,540,000 t-CO ₂ e	3,800,000 t-CO ₂ e	3,864,000 t-CO ₂ e
	Emissions from Honda business activities (total of Scopes 1 and 2)	4,200,000 t-CO ₂ e	4,950,000 t-CO ₂ e	5,210,000 t-CO ₂ e	5,240,000 t-CO ₂ e
	Emissions from customer use of sold products (Scope 3, category 11)	195,880,000 t-CO ₂ e	225,950,000 t-CO ₂ e	228,140,000 t-CO ₂ e	223,542,000 t-CO ₂ e
	Other emissions (Scope 3, other categories)	24,980,000 t-CO ₂ e	45,010,000 t-CO ₂ e	47,810,000 t-CO ₂ e	50,230,000 t-CO ₂ e
	Other indirect emissions (total of Scope 3)	220,860,000 t-CO ₂ e	270,960,000 t-CO ₂ e	275,950,000 t-CO ₂ e	273,767,000 t-CO ₂ e

Total GHG emissions, FY ending March 2012 to FY ending March 2015



Breakdown of total FY ending March 2015 GHG emissions



- Scope 1: Direct GHG emissions from business activities, as defined by the GHG Protocol (examples: combustion of fuel oil at a manufacturing plant, emissions from work vehicles and company cars). The Scope 1 figures presented in this report include all GHGs emitted directly by Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies worldwide.
- Scope 2: Indirect GHG emissions from a company's use of energy, as defined by the GHG Protocol (examples: electrical energy used by a manufacturing plant or office). The Scope 2 figures presented in this report include all GHGs emitted directly by Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies worldwide.
- Scope 3: Other indirect GHG emissions not included in Scope 1 and Scope 2, as defined by the GHG Protocol. Scope 3 is systematically broken down into 15 categories (examples: category 11 includes emissions arising from the use of sold products; category 12 includes emissions arising from the end-of-life treatment of sold products).
- The category 11 figures presented in this report represent the cumulative amount of greenhouse gases that will have been emitted by products sold by Honda in the applicable fiscal year (automobiles, motorcycles, power products) as a result of their use by customers from the time they received those products until they dispose of them in the future. The "Scope 3, other categories" figures presented in this report are the sum of emissions from categories 1, 2, 3, 4, 5, 6, 7, 9, 10, 12, and 15. As per the GHG Protocol, Honda excludes categories 8, 13, and 14 from its calculations, as these categories are either not part of Honda business activities or emissions from these categories are accounted for in other categories.

Promoting lifecycle assessment (LCA)

We have been developing our own methods to reduce the environmental impacts of our business activities and across product life cycles, from production through disposal.

In March 2002, we built the Honda Life-Cycle Assessment (LCA) Data System, a system for quantitatively measuring CO₂ emissions from all business activities, and since then have been making focused efforts to meet reduction targets set for each business area – production, purchasing, sales and service, administration, transportation, and so forth.

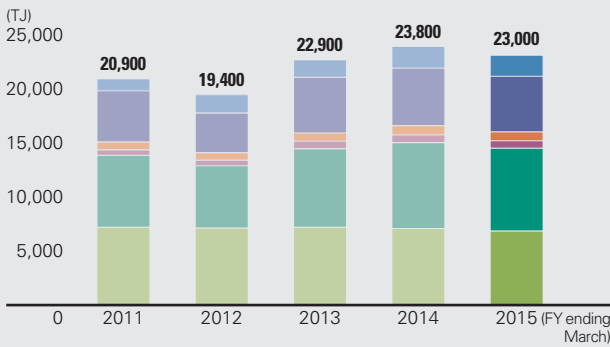
We are also calculating and assessing CO₂ emissions across product life cycles – from raw material procurement to product disposal for the entire vehicle – and making use of this information in our efforts to reduce CO₂ emissions for each model. This approach is also important when considering applications for the next-generation technologies that will become more diverse further in the future, so we will utilize the above information further, to develop low-carbon solutions at the development stage, for instance.

Environmental performance data

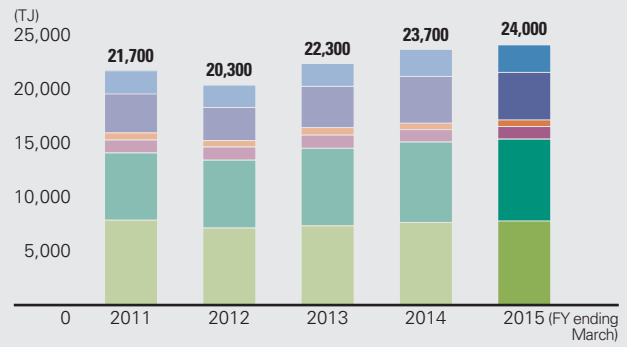
Japan North America South America Europe Asia/Oceania China

Energy consumption

Direct energy consumption



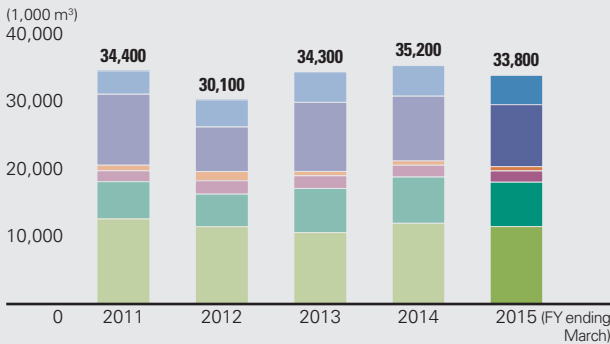
Indirect energy consumption



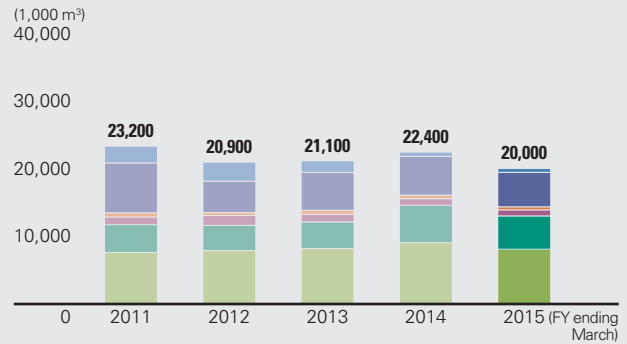
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
 • Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.
 • Calculations are based mainly on energy consumed by stationary sources.
 • A terajoule (TJ) is a unit of energy, "tera" meaning 10¹².

Water use/wastewater volume

Water use



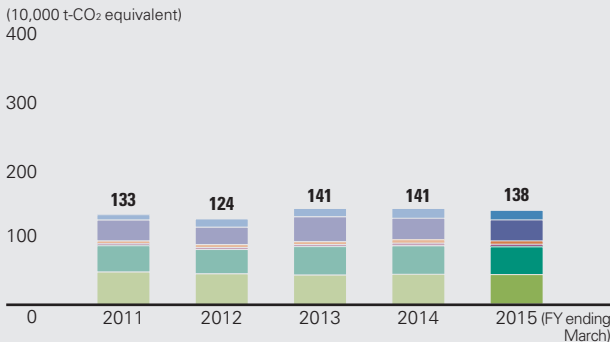
Wastewater volume



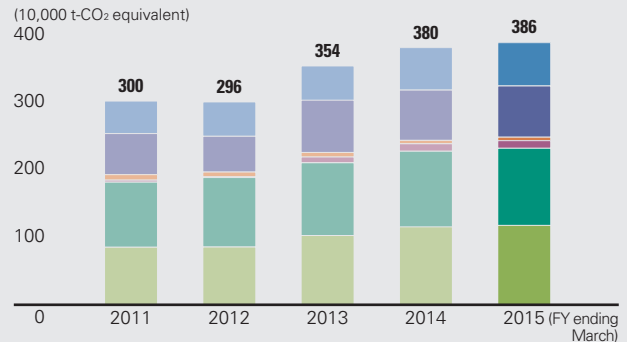
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group

GHG emissions

Direct emissions



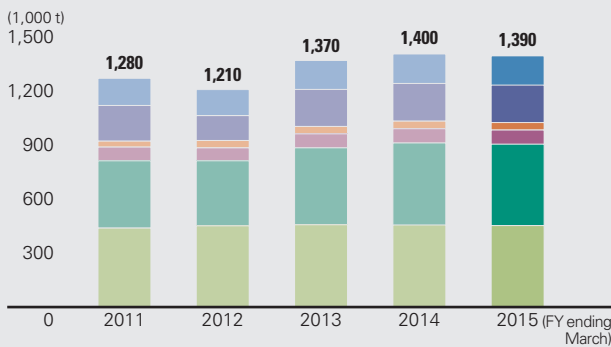
Indirect emissions



Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
 • Greenhouse gas emissions were calculated referring mainly to the WRI and WBCSD's 2004 "The Greenhouse Gas Protocol (Revised Edition)."
 • Calculations are based mainly on emissions from stationary sources.

Waste generated, landfilled

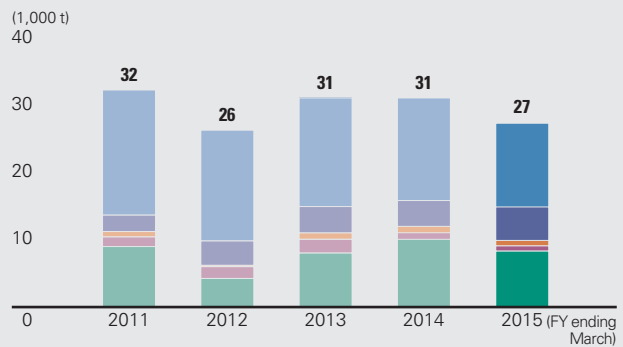
Total waste generated



Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group

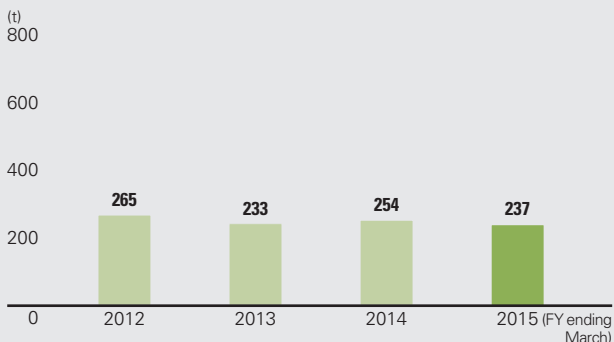
- Landfilled amounts for waste outside Japan also include other waste treatment methods.
- Figures for Japan indicate amounts actually brought to landfills.

Waste landfilled



Atmospheric pollutants

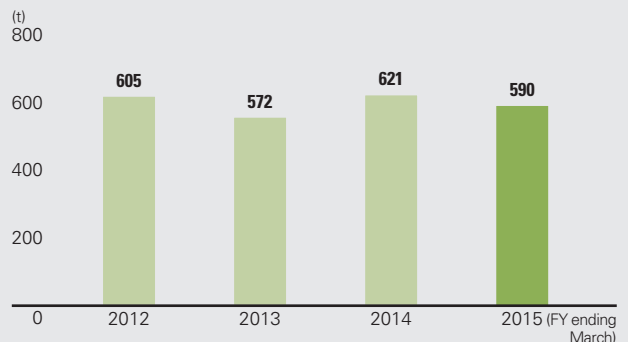
SOx emissions



Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group

- Calculations are based on fuel consumption.

NOx emissions



Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group

- Calculations are based on fuel consumption.

Supplementary information on environmental performance

- **Emissions of ozone-depleting substances (ODS):** In compliance with laws/regulations of various countries that were established on the basis of the Montreal Protocol, each of Honda's business sites has done away with the use of ozone-depleting substances (ODS).
- **Import/export of hazardous waste:** Honda does not import or export waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VII.
- **Water sources affected by withdrawal of water:** Honda selects areas where we can be in harmony with surrounding water resources as possible sites for our plants, and we build plants in compliance with the environmental assessment laws/regulations of various countries. Accordingly, there are no water sources that are significantly affected by the withdrawal of water.
- **Recycling/reuse of water:** Honda is working on the recycling and reuse of water in the manufacturing process. The volume of water recycled/reused annually amounts to approximately 8 million m³, which accounts for approximately 20% of all water use. In particular, we have introduced and are operating a closed-loop system for recycling wastewater, which is capable of reusing water almost 100%, at Honda Engineering Co., Ltd. (Japan), the second plant of Honda Automobile (Thailand) Co., Ltd. (Thailand) and the second plant of Guangqi Honda Automobile Co., Ltd. (China).

- **Water sources significantly affected by the discharges of water:** We are treating the wastewater and discharging the treated water in compliance with the laws/regulations of various countries.
- **Impacts of business activities on biodiversity:** Honda recognizes emissions of greenhouse gases (GHGs) and various other pollutants as two of the greatest impacts of business activities threatening biodiversity. Therefore, we established the Honda Biodiversity Guidelines and set priorities, in order to minimize these impacts systematically. Each of Honda's key business sites in Japan also conducts a survey on the actual conditions of biodiversity and is promoting various activities that are appropriate for the applicable species, such as thinning, pruning and eradication of non-native species. Moreover, we cooperate with "Monitoring Sites 1000" (a project for promoting the monitoring of survey sites of important ecosystems) implemented by the Japanese government, which is a member of the International Union for Conservation of Nature and Natural Resources (IUCN) that creates the Red List annually. For the above project, we continue to carry out fixed point observation and reporting on ecosystems. In addition, Honda has no operational sites in, or adjacent to, protected areas.
- **Environmental assessment of suppliers:** There are no significant negative environmental impacts in our supply chain.

Safety

Motorcycle units in operation (UIOs) are increasing in India. Staff members of dealers in India were trained in Japan and are now engaging in traffic safety education as instructors.



Basic approach

Basic policy

Toward the realization of “a collision-free mobile society”

As exemplified by the remark of our founder Soichiro Honda that “as long as we are handling a mode of transportation, we’re entrusted with human lives,” on the basis of the concept of safe coexistence, Honda is aiming at “a collision-free mobile society” where our customers, and everyone sharing the road can safely and confidently enjoy the freedom of mobility.

Honda has a long history of engagement in safety initiatives, dating to the 1960s. Back then, in the period of development of motorization in Japan when there was not even a clear concept of “driving safety,” Honda started driving safety promotion activities, the first of their kind for motorcycle/automobile manufacturers. Later, we developed various technologies including the driver-side SRS airbag, the world’s first pedestrian dummies, and the Advanced Compatibility Engineering Body Structure that helps to protect occupants of both vehicles in a collision. In 2000, we built the world’s first indoor, crash test facility, making it possible to conduct tests that better reflect real-world crash configurations.

Safety technologies developed in the manner described above have been aggressively applied to various products. As for pedestrian dummies, in order to enhance safety for the traffic society as a whole, their use is not limited to the development of Honda’s products. They are leased to other companies and research institutions, widely contributing to the studies on pedestrian protection.

Honda is actively working on traffic safety, with an eye to the actual conditions of accidents that exist in each period and region.

Global Safety Slogan

Safety for Everyone

Honda dreams of a collision-free mobile society where our customers, and everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

Direction of activities

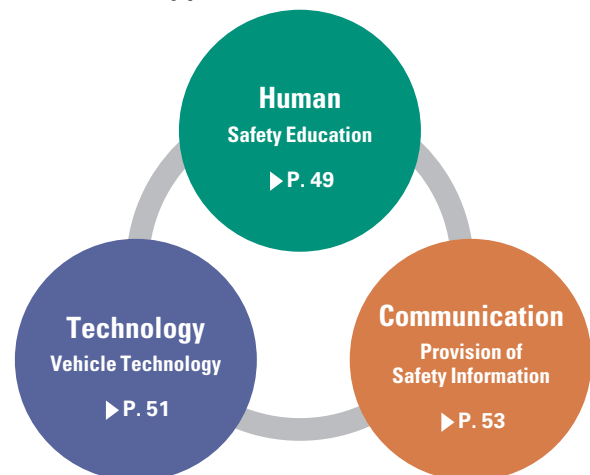
Effective safety promotion activities through the combination of 3 areas

Issues of traffic environment are diverse from region to region, such as traffic being too concentrated, or infrastructure needing to be developed to a sufficient degree. Against that background, Honda is effectively promoting activities in three areas, “Human (Safety Education),” “Technology (Vehicle Technology),” and “Communication (Provision of Safety Information),” by coordinating the three in accordance with the actual conditions of each region.

If we take Thailand for instance, traffic accidents involving motorcycles in particular have been increasing in recent years as a result of rapid development of motorization. Therefore, Honda first focused on the area of “Human (Safety Education)” that is highly effective under such conditions. In addition to Honda’s customers, younger people who will become drivers/riders in the future are included in the scope. We are implementing our own program in accordance with how local people think of the traffic environment and traffic safety in Thailand, utilizing the know-how we have accumulated over many years.

In addition to these activities, in the area of “Technology (Vehicle Technology),” we have developed the “LaneWatch™” system that effectively prevents the driver from failing to notice a motorcycle in the blind spot when an automobile changes lanes.

3 areas of safety promotion activities



Human (Safety Education)

Honda's approach

Promotion of "human resource development," "provision of opportunities" and "development of software"

In 1970, Honda established the Driving Safety Promotion Center. Since then, through cooperation with Honda Traffic Education Centers*, motorcycle/automobile/power product dealers, local corporations and schools, we have provided traffic safety education and training for drivers and riders to a total of more than 9 million customers.

Our activities are based on "to pass on safety education from person to person," which focuses on people, and "to provide participatory hands-on education," which can let people experience hazards in a safe environment, and we have three pillars for our activities. The first pillar is "human resource development," which nurtures instructors who will be responsible for traffic safety education. The second one is the "provision of opportunities," which provides people with opportunities to think and learn about traffic safety. The third one is the "development of software," which develops educational programs and equipment to help increase learning effectiveness.

With regard to overseas activities, since we started driving safety promotion activities in Brazil in 1972, we have carried out activities in 37 countries in the world including Japan, establishing Traffic Education Centers in various countries and cooperating with local dealers. Of those countries, emerging countries in particular contain areas where regulations, traffic rules and road infrastructure are not yet ideal, despite the fact that

motorization is rapidly progressing. An increase in fatal traffic accidents has become a social issue. Therefore, Honda is enhancing its activities while coordinating efforts with the applicable countries and the persons concerned in the local governments.

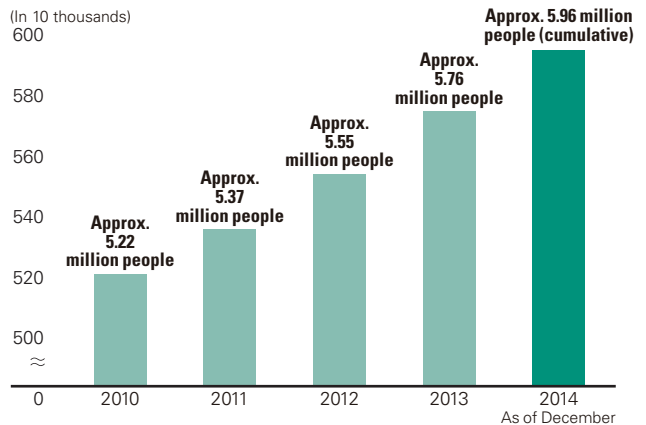
* Honda facilities where internal and external instructors on traffic safety are trained and driving safety education is provided to corporations, schools and individual customers

Review of activities in the fiscal year 2015

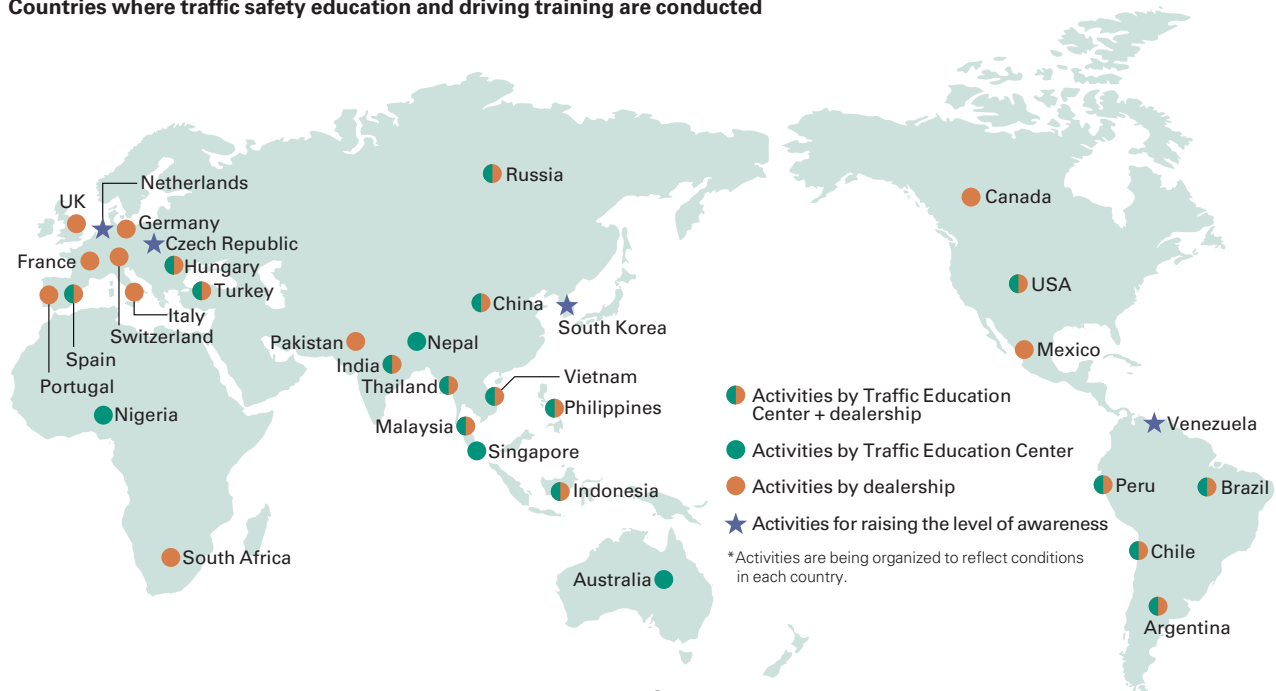
Implementation of driving safety promotion activities in various regions

As an initiative to provide our customers with the correct understanding of one of the latest safety technologies, we

Number of people participating in driving safety promotion activities in Japan (cumulative)



Countries where traffic safety education and driving training are conducted



held an event for test-driving a vehicle equipped with the “City-Brake Active System (CTBA).” This system has a function to prevent sudden acceleration in the case of the driver stepping on the gas pedal with an obstacle in front of the vehicle when the vehicle speed is 30km/h or less, in order to avoid/mitigate a collision with a vehicle in front.

In addition, we have developed the “Self-operated Vehicle Safe Driving Support Program,” which supports the assessment and training for sufferers of higher brain dysfunction and others who are rehabilitating to return to normal life and drive again. Aside from the preparation of a structure that can offer classes at the Traffic Education Centers nationwide, an initiative for providing total support

up to the return to driving through cooperation with local driving schools and medical institutions started and is still expanding now. Furthermore, based on an increasing need for the service to drive people that require care and assistance as the society continuous to age, we have also developed the “Safety Training Program for Drivers with Disabled Passengers” for service providers.

As for overseas cooperation, to increase the number of instructors who will conduct safety promotion activities at the dealers in India where motorcycle units in operation (UIOs) and accidents are increasing, we have implemented the training for instructors from India at Traffic Education Centers in Japan.

TOPICS

Promotion of a “One Dealer One School” program that teaches riding safety to young motorcyclists in Thailand

In Thailand where motorization got underway ahead of other ASEAN countries, the use of cars is rapidly spreading following the explosive popularization of motorcycles. In addition, motorcycle taxis with passengers onboard are very common, and frequent occurrence of traffic congestion and traffic accidents has become a serious social issue in urban areas.

Against this background, A. P. Honda Co., Ltd. (A. P. Honda), which is a motorcycle sales company established in Thailand in 1986, launched its riding safety program in 1989 and has been carrying out various activities such as hands-on training for riders and traffic safety education and awareness-raising activities for local residents while closely coordinating

efforts with local governments. At the same time, the company is fulfilling a role as a pioneer in the area of traffic safety education in this country by cooperating with police authorities for crash surveys and providing support for the traffic divisions of the police to hold motorcycle workshops. We also urge administrative agencies to improve the relevant legal system including mandatory helmet use and the establishment of a pre-licensing training system.

One of the activities on which the above-mentioned A. P. Honda is concentrating its efforts in recent years is the “One Dealer One School” program that was launched in 2011. In this program, each dealership supports one provincial vocational school by providing education and training on riding safety. The students that go to vocational schools are between 15 and 19 years of age, the typical age to start riding motorcycles. It is also the age range that suffers the most fatal crashes. Statistics also show that motorcycle crash rates are highest in rural areas where improvement or upgrading of roads happens more slowly than in urban areas. Therefore, A. P. Honda proposed to the Ministry of Education to start the program for students of local vocational schools to learn traffic safety and how to ride motorcycles safely through the utilization of the dealers nationwide. The program is currently implemented at all 314 vocational schools with automotive departments.



“Safe Riding Skills Contest” that is held at the training center as part of the “One Dealer One School” program

Message from A. P. Honda representative

A. P. Honda started an initiative to build training centers alongside the dealerships, and 9 centers nationwide are currently serving as the hubs of local riding safety education. In addition, we have provided automotive departments of vocational schools with motorcycles as teaching materials and dispatched technical instructors. Dealerships also hire some graduates of vocational schools, so the initiatives implemented so far have led to a relationship of trust.

Technology (Vehicle Technology)

Honda's approach

Development of advanced safety technologies with an eye to the realization of automated driving systems

Honda has been engaging in the development of safety technologies by attaching great importance to the actual traffic environment where diverse types of mobility intermingle and to the actual accidents in the real world, always setting lofty targets that easily meet regulations, and assuming a stance of "if there isn't one, make it."

We have been developing and commercializing safety technologies in succession. In 1998, Honda developed world first pedestrian dummies, and we built the world's first indoor, all-weather omni-directional crash test facility in 2000. In 2003, we developed the crash-compatibility body and the world's first Collision Mitigation Brake System (CMBS).

In 2014, we announced "Honda SENSING/AcuraWatch," a new advanced driver-assistive safety system. "Honda SENSING/AcuraWatch" is a general term for advanced safety technologies that will lead to automated driving technologies in the future, which assists the driver from normal driving to accident avoidance based on the information on the surroundings of the vehicle, through the use of sensors and other elements.

Honda will continue to proceed steadily with the development of technologies going forward as indicated in the roadmap for safety technologies for automobiles (see the diagram below), with an aim to realize "a collision-free society" where our customers, and everyone sharing the road, can enjoy their lives with peace of mind.

Review of activities in the fiscal year 2015

Application of advanced driver-assistive safety technologies to various models

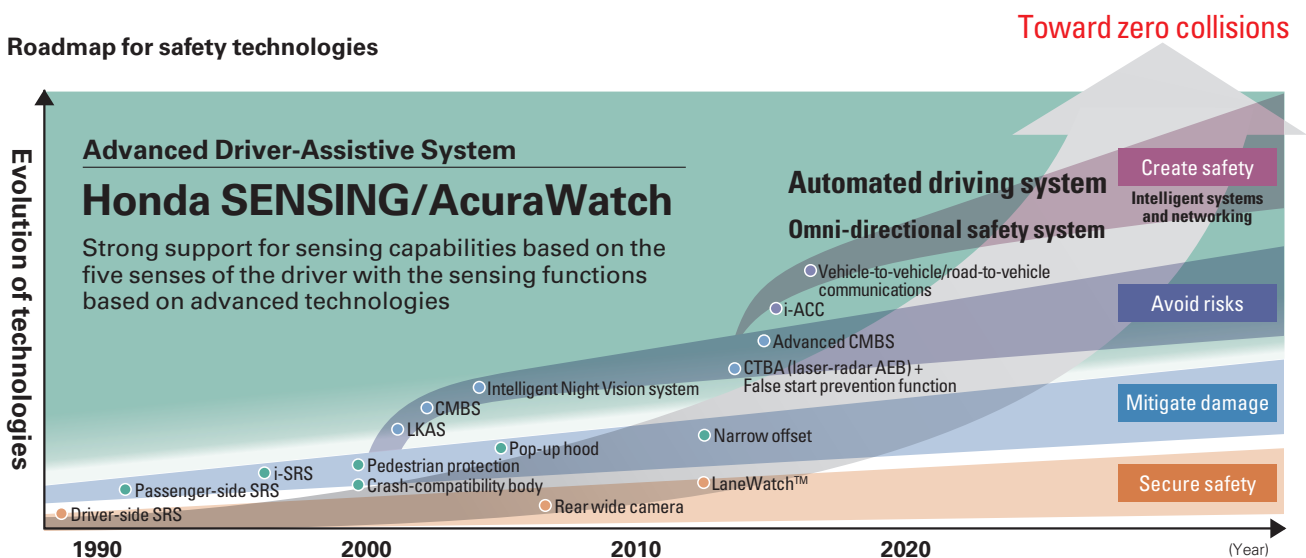
"Honda SENSING/AcuraWatch" was installed in Japan in a minivan Odyssey launched in January 2015 and in a February launch minivan Jade and a sedan Legend. In the U.S., it was installed in a sedan Acura TLX launched in August 2014 and an SUV CR-V launched in September of the same year. In Europe in February 2015, it was installed in CR-V.*1 Technologies that make up "Honda SENSING/AcuraWatch" include the world's first "Pedestrian Collision Mitigation Steering System" that detects pedestrians and adjusts the steering, and Road Departure Mitigation (RDM) System that adjusts the steering if the vehicle is likely to stray from a detected lane.

At the 21st "ITS*2 World Congress" held in Detroit, Michigan in the U.S. in September 2014, Honda demonstrated the latest connected-car technology (car technology based on Internet connection) and automated driving technologies.

*1: Technologies that are actually applied may vary depending on the models to which "Honda SENSING/AcuraWatch" is introduced.

*2: Intelligent Transport System.

Roadmap for safety technologies



TOPICS | Honda SENSING/AcuraWatch High-precision detection capability to support safe driving

Based on the findings that many of the traffic accidents involving automobiles are collisions with pedestrians and collisions with oncoming vehicles due to departure from the lane, Honda has built a system capable of high-precision recognition by combining two types of sensors with different characteristics, the millimeter-wave radar and the monocular camera. We also added new functions such as the world's first "Pedestrian Collision Mitigation Steering System."

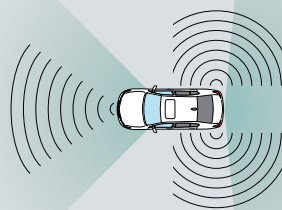
Front-end safety

Avoidance assistance

- Collision Mitigation Brake System (CMBS)
- Collision Mitigation Throttle Control
- Road Departure Mitigation (RDM)
- Pedestrian Collision Mitigation Steering System

Active safety (prevention of crashes)

- Adaptive Cruise Control (ACC) with Low-Speed Follow
- LKAS (Lane Keep Assist System)
- Lead Car Departure Notification System
- Traffic Sign Recognition System



Lateral safety

- Blind Spot Information System
- LaneWatch™

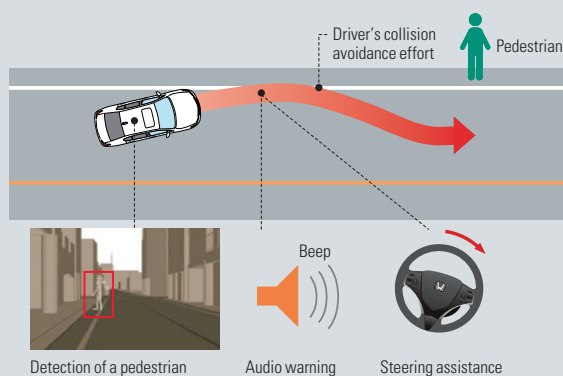
Rear-end safety

- Multi-view Camera System
- Wide-angle Rearview Camera System
- Parking Sensor System
- Cross Traffic Monitor

The world's first Pedestrian Collision Mitigation Steering System*

The millimeter-wave radar and monocular camera detect pedestrians and boundary line on the side strip of the road. When the system forecasts a collision with a pedestrian as a result of the vehicle straying from the lane toward the side strip, it provides audio and visual warnings and turns the steering wheel toward the other direction to facilitate the driver's collision avoidance effort.

* The system is not applied to some models.



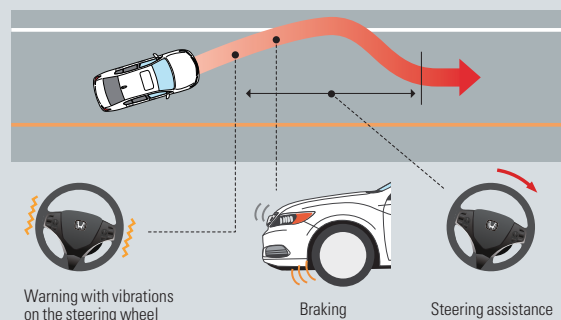
Message from the engineers

We established a technology that can provide assistance for avoidance by steering in case of emergency even under complicated circumstances like an urban area, through high-precision detection of lanes and pedestrians on the basis of integration of information recognized by radar and camera. A traffic accident puts whoever caused the accident as well as its victim(s) in tough situations. We developed this technology out of our desire to help prevent such heartbreaking traffic accidents.

Japan's first Road Departure Mitigation (RDM)

The monocular camera detects the lane boundaries, and if the vehicle is likely to stray from a detected lane, the system will give a visual warning on the display and vibrations on the steering wheel. In addition, the system will apply corrective steering input to bring the vehicle back in the lane. When the system forecasts that the vehicle is straying too far off, the system will apply braking force to prevent the vehicle from driving off the road.

* The system may not be able to effectively control the vehicle, depending on the driving and road conditions.



Message from the engineers

While a warning for the departure of vehicle from the road can draw a driver's attention most effectively if it can be issued as soon as possible, a too-frequent warning distracts the driver. Therefore, we realized a function that can effectively reduce accidents without distracting the drivers by actuating the function only when insufficient response with regard to driving operation is detected.

Communication (Provision of Safety Information)

Honda's approach

Providing wide-ranging risk prevention information through a telematics service

In 1998, Honda started to offer "Internavi," which is a car navigation system equipped with communication functions, and provides information on traffic congestion through the use of driving data gathered from Honda vehicles. In addition to the usefulness mentioned above, Honda started to offer weather information in 2004 and disaster information in 2007. By utilizing the telematics service that integrated communication and information, we have started to provide drivers with information that will help them drive more safely and comfortably.

One form of evolution from the above activities is the "Safety Map" in Japan. Emergency braking applied by cars, information on traffic accidents provided by the police and local governments, traffic information provided by local residents, and other relevant information is integrated and analyzed to generate maps, which tell people including residents and drivers in advance about places on the road that require special caution. We are pleased to note that many people are utilizing the maps.

In addition, we are currently focusing on building a system that will provide information on traffic conditions in surrounding areas and traffic accident risks on a real-time basis, through the integration of technologies of "Honda SENSING/AcuraWatch" with the telematics service and the connection with other vehicles equipped with sensors or GPS, and people in surrounding areas who are carrying smartphones, via wireless communication such as Wi-Fi. We are striving to realize "a collision-free mobile society" where everyone sharing the road can drive or walk with peace of mind.

Review of activities in the fiscal year 2015

Expansion of the scope of utilization/application of safety information

In January 2014, to protect drivers from whiteouts that severely reduce visibility due to blizzards and other weather conditions, Honda started to distribute information that forecasts whiteouts in Hokkaido. In December 2014, we extended this initiative to 10 other prefectures (Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima, Tochigi, Gunma and portions of Niigata and Nagano), and conducted a demonstration testing.

In December 2014, as an initiative to enhance the safety of the mobility society through the cooperation of public and private sectors, Honda participated in a demonstration test for a project that provides travelers with disaster information, which was implemented by the

Ministry of Land, Infrastructure, Transport and Tourism (MLIT). This is a project that provides useful information for evacuation according to the current location at the time of disasters, including tsunami and heavy rain, to people unfamiliar with the local geography, such as traveling drivers, through car navigation systems, smartphone applications, etc., The project test verifies the effectiveness for disaster damage mitigation.

In addition, in FY2015, traffic accident information newly provided by 9 prefectural police headquarters was reflected in the nationwide "Safety Map," which was made publicly available in September 2013.

* It is a project adopted by MLIT as a demonstration project enterprise for G-space City Construction for FY2015. The council for providing travelers with disaster information was held in Shizuoka Prefecture, which consists of Mizuho Information & Research Institute, Inc., Shizuoka Prefecture, Hyogo Earthquake Memorial 21st Century Research Institute (public interest incorporated foundation) and ITS Japan (specified non-profit corporation).

Example of weather forecast information



Example of notification on Internavi onboard



In a whiteout, cars may become unable to run because of sudden snowdrifts obstructing exhaust pipes and occupants may perish due to CO poisoning or engine stalls leading to freezing. Therefore, Honda provides a service that displays how poor the visibility is and the distance from an encounter on the Internavi or smartphone application and also alerts drivers with the use of sound, when the forecast is to encounter a blizzard within a 30-km range from the driving route.

Example of a traffic safety measure using the Safety Map



Honda has signed an agreement with Saitama Prefecture regarding the provision of road traffic data. Based on this agreement, Saitama Prefecture is continuously implementing traffic safety measures including the addition of road marking by fusing the Safety Map with on road traffic data within the prefecture.

Third-party evaluation regarding safety

Many of Honda's models have received high safety assessments from NCAPs*1 in various regions. In Japan, 4 models also received "ASV"*2, and 1 model received "ASV+":2, which is the highest rank, in the J-NCAP's preventive safety assessment. In the United States, multiple models received "TSP" or "TSP+" in the safety performance assessment by IIHS*3 (Insurance Institute for Highway Safety) as the cars that excel in safety.

- *1: NCAP: New Car Assessment Program: It is a program that tests and evaluates the safety performance of cars, which is performed by public organizations in various regions. Testing and evaluation methods are different for each region. Ratings range from 0★ to 5★ (5★+ is the highest rating in some regions).
- *2: ASV (ASV+): It stands for Advanced Safety Vehicle. Advanced safety performance, which includes the technology for automatic braking when a collision is not avoidable, is tested and evaluated. Two levels of ASV and ASV+ are used to assess the vehicles.
- *3: IIHS: Insurance Institute for Highway Safety: It conducts the car assessment that tests and evaluates the safety performance of various cars. It only awards TSP and TSP+ to the cars that achieved excellent test results. TSP stands for Top Safety Pick.

Major third-party evaluation programs

Country	Third-party evaluation	Model
Japan	JNCAP 5★	VEZEL*4 / Accord HYBRID*4 / N-WGN*4 / FIT*4 / CR-V*4
	ASV+	ODYSSEY*4
	ASV	FIT*4 / VEZEL*4 / N-BOX*4 / N-WGN*4
Europe	Euro NCAP 5★	CR-V*5 / CIVIC*6 / CR-Z*7 / JAZZ*8 / Accord*8
China	5★+	Accord*8
	C-NCAP 5★	FIT*4 / Accord*4 / JADE*4 / CR-V*6 / ELYSION*6 / CRIDER*6 / CIVIC*8 / FIT*8 / ODYSSEY*8 / SPIRIOR*8
South Korea	KNCAP 5★	Accord*8 / CR-V*9
US	NCAP 5★	Accord 4door*4 / Accord 2door*4 / Accord HYBRID*4 / CIVIC 4door*4 / CIVIC HYBRID*4 / FIT*4 / ODYSSEY*4 / Acura ILX*4 / Acura MDX*4 / Acura RDX*4
	IIHS TSP+	Acura TLX*4 / Acura RLX*4 / Acura MDX*4 / CR-V*4
	TSP	FIT*4 / CIVIC 2door*4 / CIVIC 4door*4 / Accord 2door*4 / Accord 4door*4 / ODYSSEY*4 / Acura TL*4
Australia	ANCAP 5★	CITY*4 / Accord*4 / ODYSSEY*4 / JAZZ*4
Southeast Asia	ASEAN NCAP AOP5★*10	CITY*6 / CIVIC*6 / CR-V*6 / JAZZ*6

*4: Assessment in 2014 *5: Assessment in 2013 *6: Assessment in 2012 *7: Assessment in 2010 *8: Assessment in 2009 *9: Assessment in 2008 *10: Protective performance for occupants (adults)

TOPICS

N-WGN (N Wagon) became the first mini-vehicle to receive the Five Star Award

A mini-vehicle N-WGN released in Japan in November 2013 pursued high safety performance through Honda's unique collision safety technology "G-CON" that utilizes a body structure which mitigates the damage to not just the occupants of the vehicle but also the other vehicle(s) and pedestrians. These technologies received high marks, and in the new overall evaluation for vehicle safety by JNCAP for FY 2014, N-WGN became the first mini-vehicle to earn the "Five Star Award," the program's highest rating.*



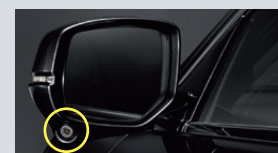
Logo for the Five Star Award received in the new overall evaluation for vehicle safety

* 1st as a mini-vehicle after FY 2012, when the new assessment criteria was introduced

TOPICS

"LaneWatch™" received the Safety Technology Award

At the first ASEAN NCAP Grand Prix Awards held in Malaysia in September 2014, the safety of "LaneWatch™" received high marks and won the "Safety Technology Award." "LaneWatch™" is a system that supplements the blind spots of door mirrors with the view from a camera and assists the driver's safety check by displaying the following vehicles on the navigation screen.



Camera installed in the door mirror on the passenger side



Display on the navigation screen

Quality

Quality inspection for finished vehicles at the Kumamoto Factory. The factory supplies a range of quality Honda motorcycles not only to Japan but to the world as well.



Our fundamental approach

Aiming for 120% product quality

Honda's Quality Cycle achieves high 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 high 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.

In order to realize the basic principles of "respect for the individual" and the "Three Joys" (the joy of buying, the joy of selling, the joy of creating), Honda works in partnership with dealers to increase customer satisfaction to allow them to continue handling products with confidence at every stage, from purchase to after sales service, maintaining provision of a high level of satisfaction to customers at all times.

Implementing the Global Honda Quality Standard (G-HQS)

Raising the quality of Honda brand products produced and sold worldwide

As Honda's production and parts and materials sourcing expand globally, shared global quality assurance rules are essential to ensure that all Honda facilities continue to generate 120% product quality.

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

As of March 2015, all 51 Honda production facilities around the world have attained ISO certification.

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, horizontal expansion of G-HQS between all factories can be devised, 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/TS 16949: An international quality management system standard for the automotive industry

Quality initiatives

Honda's Quality Cycle

Development of Honda's quality initiatives based on design and development expertise

By applying and reflecting design and development expertise at the design and development, production preparation, and production (mass production) stages, we are able to deliver enhanced quality through the creation of drawings designed to facilitate manufacturing, and develop manufacturing control techniques that limit process variability.

Initiatives in design and development and production

Aggressively ensuring quality in both design and manufacturing

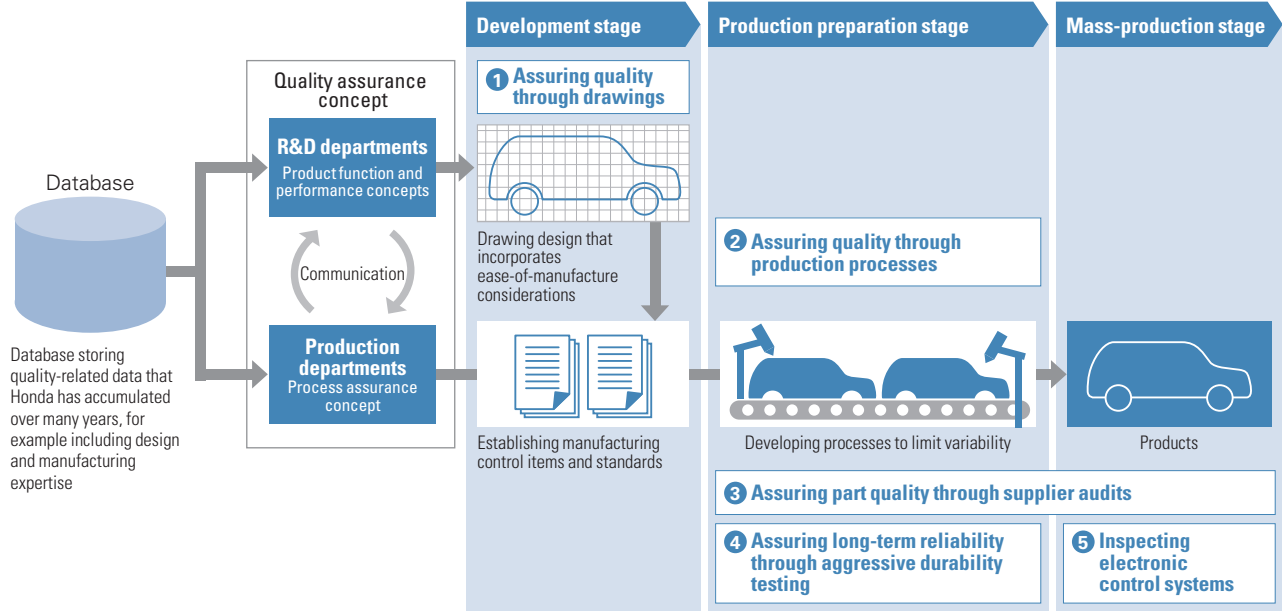
To ensure high quality, Honda conducts aggressive quality assurance activities from the dual perspectives of design

and manufacturing. For example, drawings for objects to be machine processed 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.

Honda's Quality Cycle



Processes that create new levels of enhanced quality (automobiles)



● 1. Assuring quality through drawings

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

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

● 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.

Quality initiatives

● 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 there are no quality issues.

We also disassemble vehicles used in the test drives into every single part 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.

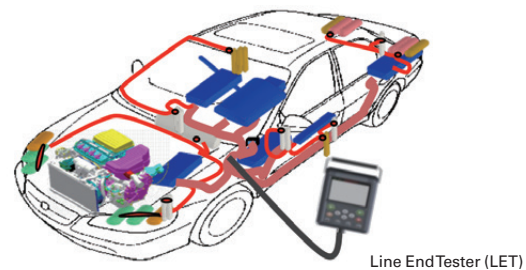


Verification of parts following durability testing

traditionally depended on the human senses of smell, sight, and hearing can now be performed quantitatively by means of communications with electronic control components, dramatically increasing the precision and efficiency with which inspections can be conducted.

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

Overview of the LET System



● 5. Using Line End Testers (LETs) to inspect electronic control systems

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

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

Although the LET was initially deployed to perform diagnostics of emissions purification systems and parts in order to comply with U.S. emissions regulations, Honda extended the capabilities of the 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

Initiatives in sales and service

Establishing Services Division with focus on enhancing customer satisfaction levels

Honda has established the Services Division in order to realize optimal service operations in markets worldwide. The division aims to expand customer joy worldwide through service and the priority goal of its activities is to be the truly exceptional No. 1 in customer satisfaction.

“Truly exceptional No. 1 in customer satisfaction” 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 memories, but also exceeds them. The experience of excitement through these services forges an emotional connection between customers and Honda, ensuring that the company will be recognized as a mobility manufacturer that customers retain as their first choice based on their high expectations.

To attain this goal, the Services Division has adopted three activity policies, which are offering service in a sincere, speedy, assured, affordable and convenient manner; developing an advanced service environment; and maximizing business efficiency and expanding business operations. They are also focused on creating an environment allowing regional dealers—Honda’s point of contact with customers—to address customer satisfaction enhancement more effectively and efficiently.

● Customer Relations Center

The Customer Relations Center in Japan 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 FY2015 it processed 274,791 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.



Sharing customer feedback among departments

Quality initiatives

Improving quality based on customer feedback

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. 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.

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.

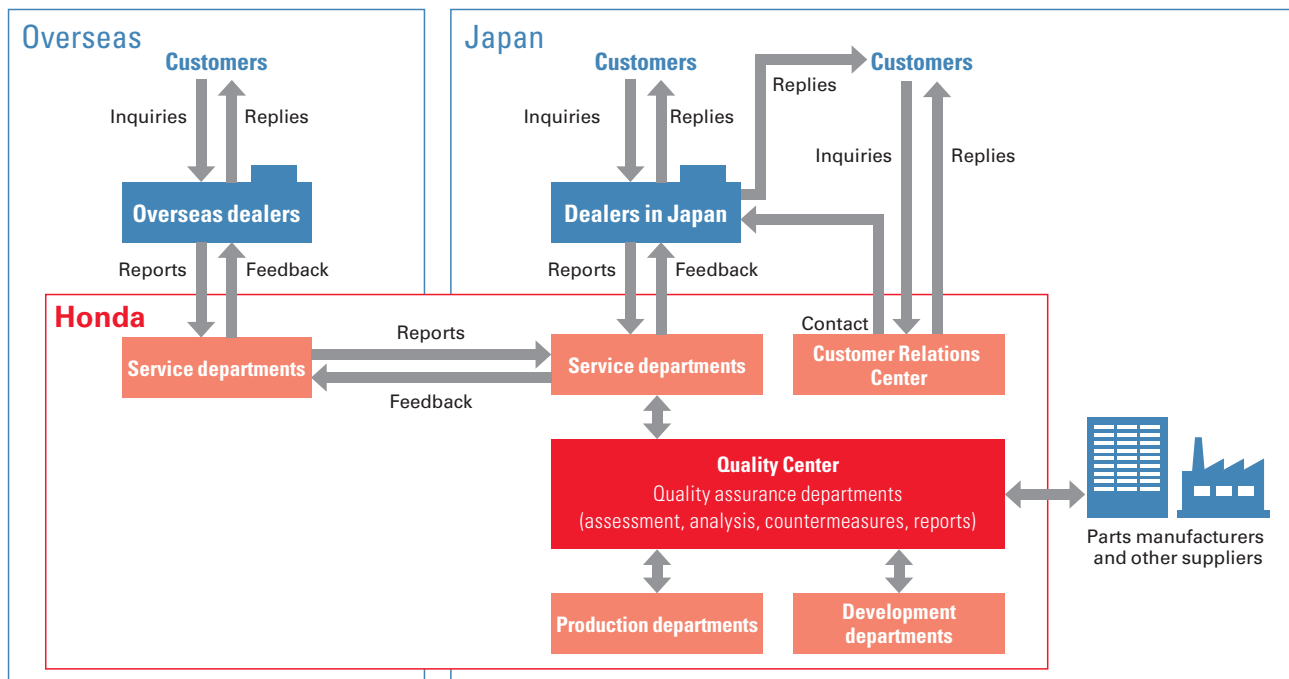


Quality Innovation Center Tochigi

Operations at Quality Innovation Center Tochigi (automobiles)

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,

Market quality enhancement system (automobiles)



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

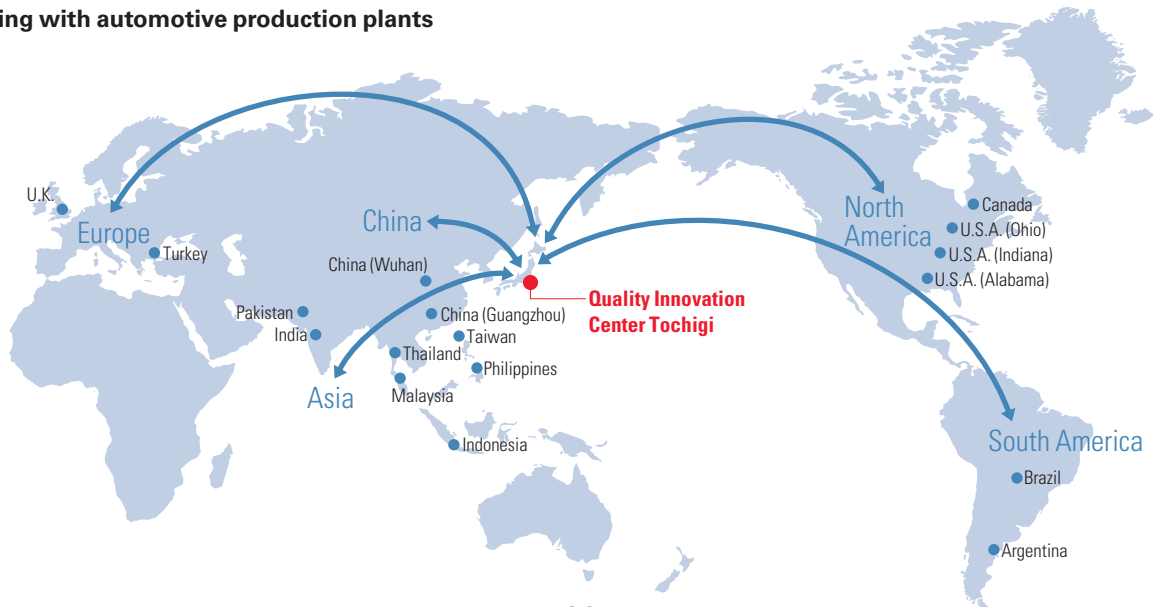
Overseas production plants play a central role in conducting the same type of quality enhancement activities as Quality Innovation Center Tochigi.

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.

Quality improvement operation process



Working with automotive production plants



Quality initiatives

Quality management education

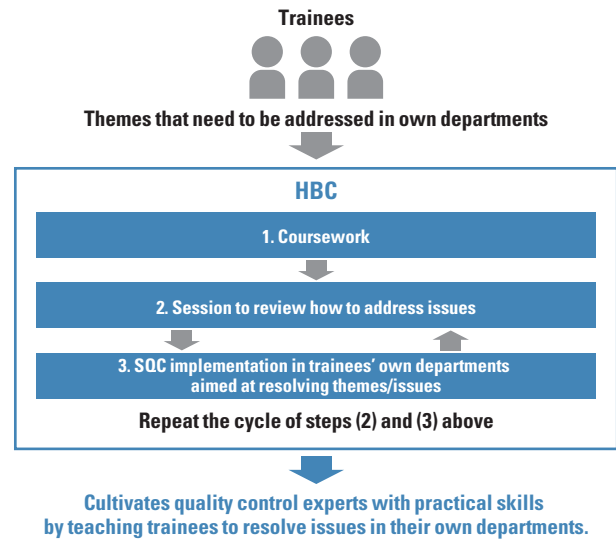
Implementing quality management education

Honda offers quality management training according to in-house qualifications and the level of quality control responsibilities with the aim of improving associates' quality assurance skills.

In Japan, Honda offers a training curriculum with four courses divided into basic training and specialized training.

As part of this, the Honda QC Basic Course (HBC) is open not only to Honda associates but also to suppliers, and focuses on training experts in all Honda quality management. Outside Japan, the QC Junior (QC J) Course and the QC Foreman (QC F) Course are offered as basic training.

Honda Basic Course Flow



Overseas quality control training



Training curricula content

Category	Course name	Course content	Period
Basic training	QC Junior (QC J) Course	Targets associates six months to one year after joining Honda to learn the basics of quality control techniques.	Total of 1 day
	QC Foreman (QC F) Course	Targets associates engaged in production and quality duties to learn the quality control techniques and approaches required for quality assurance activities.	Total of 2 days
Specialized training	Statistical Quality Control (SQC) Course	Targets associates whose principal responsibility is quality control and quality improvement activities to learn professional quality control techniques and approaches.	Total of 2 days
	Honda QC Basic Course (HBC)	Targets associates who are responsible for the core of quality control activities to learn skills that allow them to resolve difficult problems/issues with the aim of becoming quality control experts.	Total of 22 days

Handling quality issues

Global Quality Committee makes decisions on market actions including recalls

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 actions 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.

Number of recalls

Segment	Number of recalls
Automobiles	35
Motorcycles	10
Power Products	3
Total	48

* Number of recalls worldwide in FY2015

Independent evaluations of quality

Gained high rating in an Initial Quality Study conducted by an independent evaluation organization

Honda's design and development, production, and sales and service departments are working together to win the top ranking in the Initial Quality Study (IQS) for automobiles 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 2014 Initial Quality Study (IQS) for automobiles: J.D. Power Asia Pacific

< By brand and production facility >

Country	Brand and production facility	Ranking
US	Honda	No.8
	Acura	No.25
Japan	Honda	No.3

< By model segment >

Country	Segment	Model	Ranking
US	Compact Car	Civic	No.3
	Midsize Pickup	Ridgeline	No.1
	Compact Premium Car	Acura TL	No.2
		Acura ILX	No.3
Japan	Mini-vehicle	N-BOX	No.2
	Midsize Car	Vezele	No.3
China	Compact Upper	Fit	No.2
	Mid-Size Upper	Accord	No.2
	Midsize Car SUV	CR-V	No.3
	Large SUV	Crosstour	No.3
	Large MPV	Odyssey	No.1
India	Upper Compact Car	Brio	No.1
	Midsize Car	City	No.3
Thailand	Compact Car	Brio Amaze	No.1
	Entry Midsize Car	Jazz	No.2
		City	No.3
	Midsize Car	Civic	No.1
	Premium Midsize Car	Accord	No.1
	Midsize Car SUV	CR-V	No.1

* Includes top three vehicles in major markets from January to December 2014.

J.D. Power and Associates 2014 U.S.

Initial Quality Study SM (based on responses from more than 86,000 owners who purchased or leased a new vehicle as surveyed from February to May 2014)

J.D. Power and Associates 2014 Japan

Initial Quality Study SM (based on responses from more than 15,000 owners who purchased a new vehicle as surveyed from May to June 2014)

J.D. Power and Associates 2014 China

Initial Quality Study SM (based on responses from more than 21,000 owners who purchased a new vehicle as surveyed from April to August 2014)

J.D. Power and Associates 2014 India

Initial Quality Study SM (based on responses from more than 8,000 owners who purchased a new vehicle as surveyed from May to September 2014)

J.D. Power and Associates 2014 Thailand

Initial Quality Study SM (based on responses from more than 5,000 owners who purchased a new vehicle as surveyed from April to September 2014)

Human Resources

Global hires recruited directly from overseas as a part of initiatives to diversify human resources. (In entry-level training)



Basic approach

Basic policy for personnel management

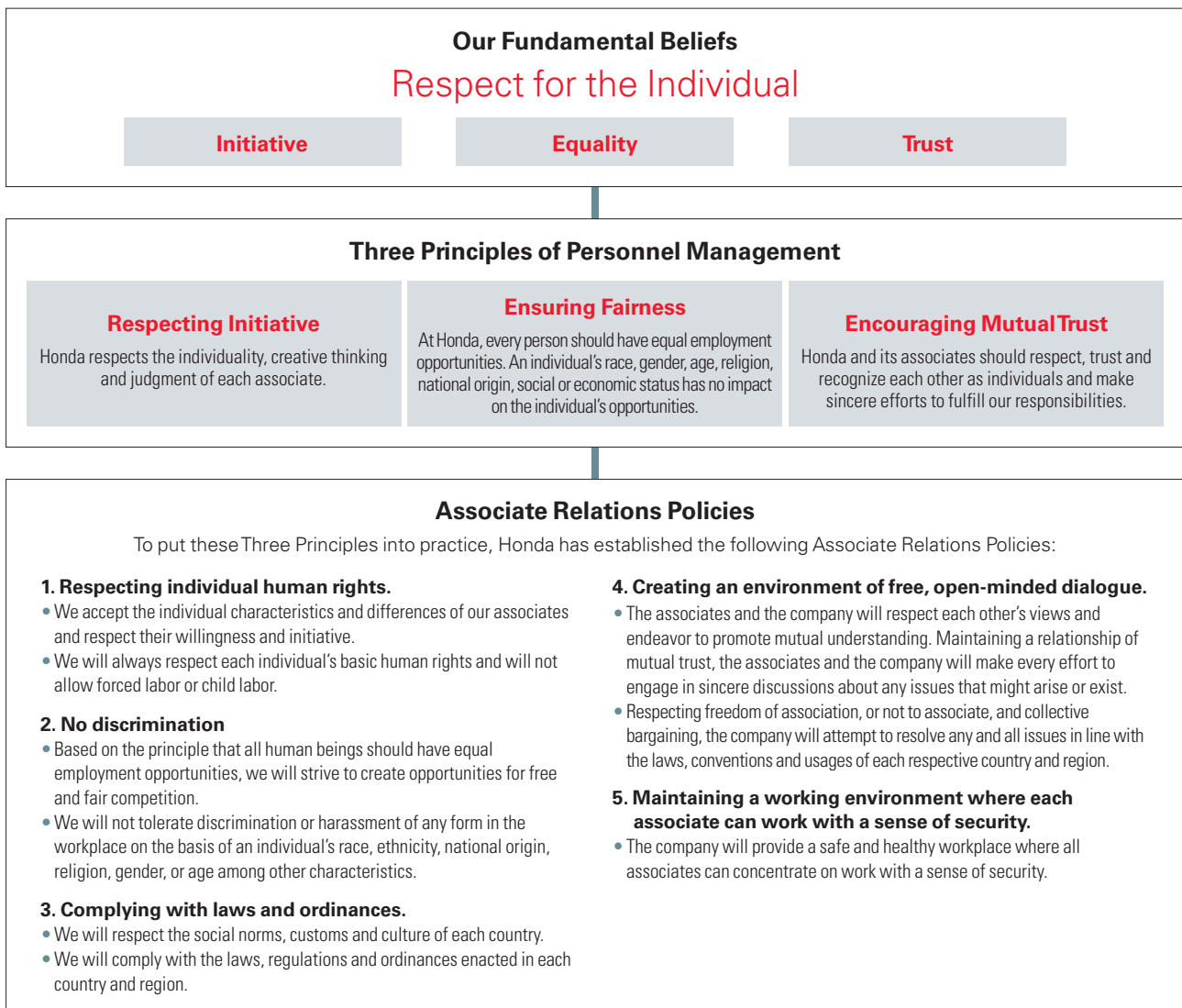
Managing human resources through thorough practice of the Three Principles based on our Fundamental Belief, Respect for the Individual

Honda believes that the Human Being is born as a free and unique individual with the capacity to think, reason and create – and the ability to dream. Our wish is to nurture and promote these characteristics in our company by respecting individual differences and trusting each other as equal partners.

From this standpoint, Honda sets forth Respect for the Individual consisting of the three elements of initiative, equality, and trust as one of our Fundamental Beliefs. We believe this spirit should permeate all our relationships, not only with those in the Honda Group, but also everyone in

all companies with which we do business. We follow the Three Principles of Respecting Initiative, Ensuring Fairness and Encouraging Mutual Trust when managing our human resources in areas such as recruitment, training, assignment and utilization, evaluation and treatment. Honda seeks to create an environment in which each associate’s ambitions and abilities can be developed, as well as a workplace where an individual’s potential can be actively exercised.

Under the circumstance that our business activities expand into various parts of the world, based on the Universal Declaration of Human Rights and other international standards, we have established Associate Relations Policies in March 2012 and apply them to our daily corporate actions, which put the Three Principles of Personnel Management into practice.



Global human resources management

HR* vision and strategy

Reinforcing human resources that support self-reliant operations in six global regions and enhance Honda's total strength

In accordance with our company principle that we are dedicated to supplying products of highest quality yet at a reasonable price for worldwide customer satisfaction maintaining a global viewpoint, Honda has been proactively developing business with a view to entering the global markets since its foundation. In regard to our expansion overseas, our business model has evolved from exporting to local production and then to local development. In recent years, our production and development functions are under reinforcement not only in developed countries but also in emerging countries where demand for motorization is growing. Honda is striving for autonomy of our regional operations in six regions worldwide.

In order to achieve this goal, Honda is pushing ahead with global human resources management that facilitates developing and assigning global personnel who plan, design and develop products acceptable to markets according to demand and who supply products of quality in

a stable manner.

To be more precise, regional operation bases used to be managed mainly by Japanese expatriates, however, this style of management is being replaced with management run by local associates who are the most familiar with the region. By assigning associates with experience in working for local and global operations to global functions, we try to diversify and localize our workforce with multi-national people in order to be able to address market changes promptly and flexibly.

Honda aims at establishment of an organization in which Honda can demonstrate our total strength by globally coordinating our operations.

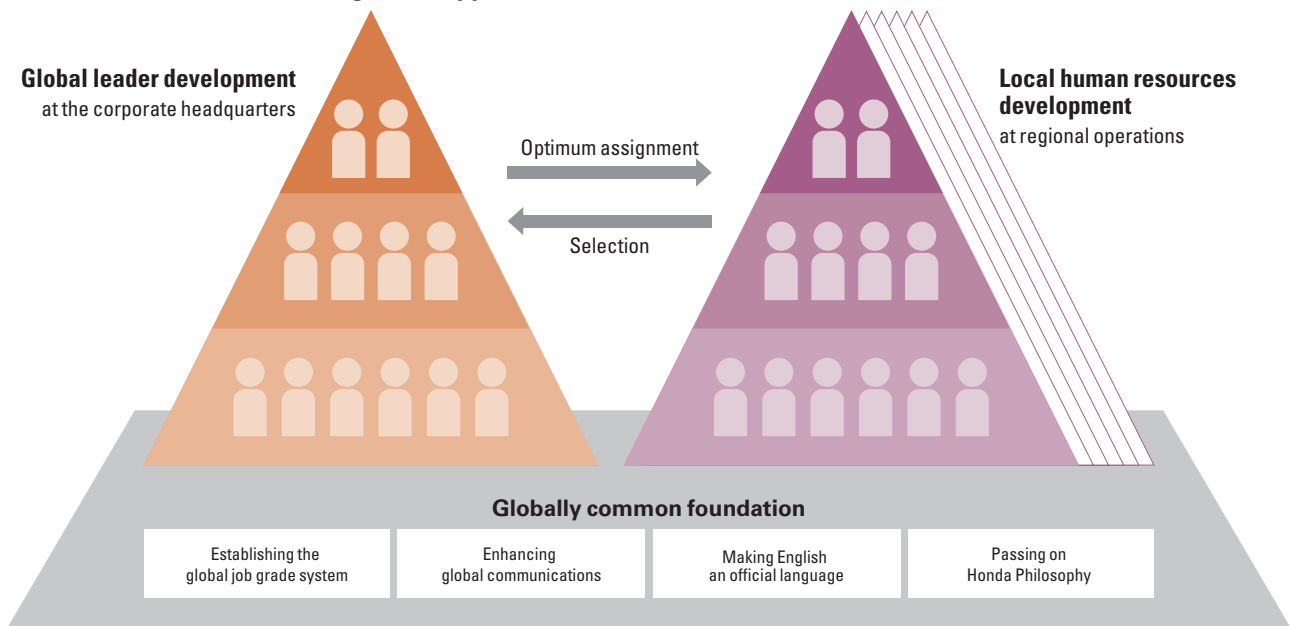
* HR stands for human resources.

Honda's approaches

Developing associates capable of addressing global challenges and assigning them to the most suitable positions in the world

Honda takes two approaches for supporting self-reliant operations in six global regions and developing and

Global human resources management approaches



assigning human resources to enhance Honda's total strength.

One approach is to develop and reinforce local human resources. Starting with the Honda Philosophy, Honda Core Values, and competency, Honda aims to share values as Honda Group associates and vitalize communication through creating a communication environment and making English its official language for working with overseas. We provide training programs tailored for each region based on its needs and conditions while offering at the global level shared training programs to develop global leaders.

Furthermore, in order for these global human resources to be able to play active roles worldwide, Honda has adopted a global job grade system (p. 69) in which managerial positions varying from one operation base to another in the world are defined by common grades across the group. We aim to realize ideal management-level assignment with the competent local personnel actively demonstrating their abilities in respond to the needs of global operation bases.

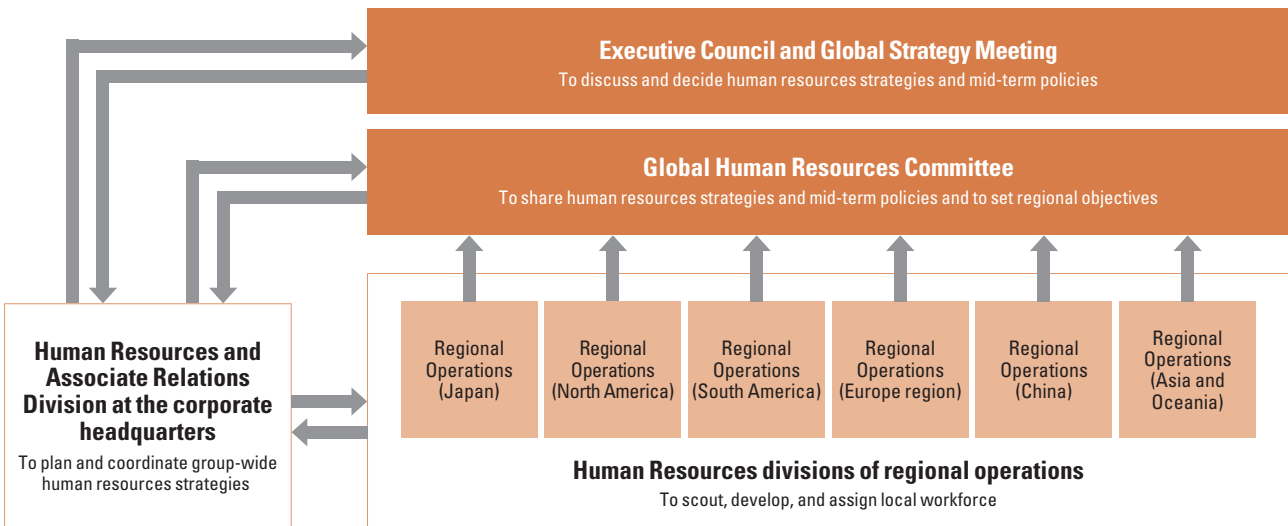
Human resource management system

Setting companywide and regional policies and objectives in two meeting structures

At Honda, the Human Resources and Associate Relations Division at the corporate headquarters draws up global human resources strategies from the mid- and long-term standpoint in coordination with operations in each region. Strategies proposed by the division are discussed by the management members annually in the Global Strategy Meeting.

Directions of personnel strategies deliberated in this meeting are broken down by theme for further discussion in the Global Human Resources Committee in which HR responsible associates from six regions meet once a year. Once companywide and regional plans and targets become concrete, activities are launched in the entire company.

Global HR management chart



Human resources management activities

Establishing a globally common foundation and developing human resources

An approach based on on-the-job training

Providing both on-the-job and off-the-job training to support associates' career development and abilities

Honda's approach to personnel education is based on on-the-job training: building specialized skills and professional capabilities through direct experience. In order to facilitate effective on-the-job training, Honda has established for every job description and area of expertise training programs with systemized contents and levels for the knowledge and skills required. These programs provide an opportunity to understand each associate's level of expertise and control capabilities, while serving as indicators to know if further development is needed. 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. These training programs are level-specific and include specialized training for each job description, entry-level training, basic training based on the Honda Philosophy, management training provided for acquisition of new qualifications, quality training, etc.

Principal off-the-job training programs

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

Training hours and cost per associate

	Annual training time (hour)	Annual training cost (yen)
Japan	22.3	Approx. 45,000
North America	6.1	Approx. 66,000
South America	10.7	Approx. 40,000
Asia and Oceania	8.9	Approx. 4,000
China	24.6	Approx. 10,500

Global leader development

Offering training programs to associates who will undertake global management of future generations

As part of efforts to develop global leaders, Honda provides training to associates chosen from operation bases all around the world including those in Japan who will undertake global management in the future.

The HEADS (Honda Executive Advanced Development School) program, a combination of the executive leadership training (off-the-job training) and an activity to draw up plans to resolve management issues in a cross-functional team was launched in 2012, in addition to the LDT (Leadership Development Training) program.

Establishing the global job grade system

Introducing globally common grades for assigning personnel to the most suitable positions globally

Besides providing training to develop global leaders who undertake global management, Honda introduced a global job grade system in 2011 for assigning its associates to the most suitable positions.

In this system, individual positions existing in each operation base of Honda such as development, production, and sales facilities are evaluated and weighed based on roles and responsibilities and defined by common grades to be used group-wide in order to facilitate transfer of associates to posts and locations in which they can demonstrate their abilities better beyond the limits of regions and operation. Honda has adopted this system to positions of department and division managers of the corporate headquarters and higher to proactively promote local associates. We will strive to assign and utilize the most appropriate human resources actively to operation bases in the world in line with our growth strategies through the Global Talent Board and Regional Talent Board that manage worldwide key posts and key talent.

Passing on the Honda Philosophy

Sharing a set of values among associates worldwide

It is important for progress of management localization to share business judgment and codes of practice. That is to say, to globally share a set of values such as the Honda Philosophy, Honda core values, and competency with local associates.

With this awareness in mind, Honda provides a training program to teach the Honda Philosophy as a part of level-specific training that takes place worldwide. While teaching business cases, company executives and regional top managements make efforts to introduce practical examples related to decision-making and business judgments for what to consider and how to evaluate based on the Honda Philosophy, so that the training will become more pragmatic.

Promoting use of English as an official language

Making English an official language for communication across regions

In order for the Honda Group to exercise its total strength while operation bases in regions operate autonomously, it is essential to create an environment where its associates in the six regions can communicate closely.

In an effort to achieve this, Honda is working on making English an official language by 2020 as a target. With the adoption of this initiative, when inter-regional communication takes place, information to be sent out will be in English. Documents to be used in meetings participated in by regional operation bases and communication for information-sharing will also be in English.

As a part of this initiative, we strive to reinforce training programs to improve associates' English levels in Japan. English proficiency will be required for associates to be promoted to managerial positions in the future.

TOPICS

Launching a human resources development program for the future of the US manufacturing industry

According to a study conducted by Deloitte, a US accounting firm, and the Manufacturing Institute, a US NPO, although the manufacturing industry in the United States will generate more than 3.4 million jobs within the next 10 years, 2 million of these jobs, approximately 60 percent, will be unfilled due to the talent shortage.

Taking these circumstances into consideration, Honda North America, Inc. announced in March 2015 that it will provide a new training program to develop the next generation workforce to be involved with cutting-edge technologies in the manufacturing industry. The initiative intends to create interest in manufacturing by providing educational and training opportunities to junior high, high school and college students as well as to offer continued learning opportunities to current production area associates at the Honda Group.

The program includes all sorts of educational projects tailored for each generation and takes place in Ohio where

Honda's production base is located. For example, Honda created a video game themed on making things (monozukuri) and a moving lab for junior high school students to learn while having fun. For high school students, Honda not only partners with local high schools to develop the curriculum required for manufacturing jobs but also funds science and engineering curriculums. Scholarships are provided by Honda to college students who pursue an associate degree in Manufacturing or Mechanical Engineering Technology, in addition to an opportunity to participate in the work-study pilot program which allows students to go to school while working at Honda.

These programs are also designed to be utilized by Honda suppliers for their human resources development.

Through these efforts, Honda strives to keep attracting people with willingness and skills and to contribute to the advancement of the manufacturing industry, the key to the US economy, by carrying out the continued activity.

Statistics on human resources

Employment situation

Consolidated number of employees

	FY2013	FY2014	FY2015
North America	41,260	44,608	48,024
South America	18,255	18,144	16,635
Europe	10,198	9,055	8,597
Asia and Oceania	54,013	47,067	50,649
China	–	13,332	15,037
Japan	66,612	66,355	65,788
(Total)	190,338	198,561	204,730

Number of employees by gender

	FY2013	FY2014	FY2015	
Japan	Male	44,695	46,478	44,363
	Female	3,173	3,385	3,326
	(Total)	47,868	49,863	47,689

Number of employees by employment contract and type

	FY2013	FY2014	FY2015	
Japan	Permanent	43,532	42,953	42,342
	Non-permanent	4,336	6,910	5,347
By type	Full-time	47,744	49,736	47,549
	Part-time	124	127	140

Number of new permanent employees

	FY2013	FY2014	FY2015	
Japan	683	726	719	
By gender	Male	595	621	636
	Female	88	105	83
North America	–	5,012	4,778	
South America	1,773	1,259	814	
Asia and Oceania	5,636	8,055	5,996	
China	2,018	2,955	2,190	

Attrition rate (%) (including compulsory retirees)

	FY2013	FY2014	FY2015	
Japan	2.1	1.8	1.8	
By gender	Male	2.0	1.7	1.8
	Female	2.9	3.1	2.5
North America	–	6.4	6.0	
South America	12.5	12.8	10.9	
Asia and Oceania	7.0	5.8	6.6	
China	3.6	4.2	2.4	

Percentage of associates from regional communities taking upper management positions

Region	Percentage of associates from local communities in the entire upper management positions
North America	59
South America	36
Europe	40
Asia and Oceania	38

Human rights

Human rights training for associates

The Three Principles of Personnel Management, Honda Conduct Guidelines and their basis, the Honda Philosophy, mention Honda's policy concerning human rights. Honda provides training on the Honda Philosophy all around the world to new employees with the aim of promoting awareness of its concept. All 812 associates newly hired in FY2015 in Japan have gone through this training. (406 hours of training in total.)

Note: With the exception of the item "Number of associates (consolidated)," HR data for Japan is tabulated from numbers for the companies below
Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Engineering Co., Ltd., Honda Racing Corporation, Honda Technical College, Honda Access Corporation

Promoting diversity

Fundamental approach to diversified workforce

Based on our fundamental belief of Respect for the Individual, Honda pushes forward with our policy on diversity, considering the promotion of diversity an activity to enhance our company's total strength, which is achieved by members of a diverse workforce fully exercising their abilities, while recognizing and respecting individual differences without regard for nationality, race, gender, age, educational background, with or without disabilities, etc.

By adding new business of jet airplanes and robots to our main business area of motorcycles, automobiles, and power products, Honda intends to have more encounters with new customers globally in the future by way of creating new products and technologies. We pursue diversification of our workforce in line with the diversified business development.

Expanding participation by women

Honda has been pursuing awareness-raising activities, through the likes of company magazines, lectures, and training sessions, since a 2008 decision to focus on expanding opportunities for participation by women in Japan. As a result, the proportion of female associates in the workforce has increased from 5.0% to 6.7% within the past 10 years.

However, women in management positions account for as little as 0.5%, highlighting the need for additional support for career development of female associates. As a part of this effort, in January 2015, Honda established the Diversity Promotion Office, an organization specialized in diversifying our workforce, where full-time career advisors help female associates and their supervisors to develop their careers.

As a management indicator for career development of female associates, Honda has also set targets to more than triple the number of women holding management positions in FY2015 by 2020, and more than 9 times the number in FY2015 by 2025. With the Diversity Promotion Office playing a central role in initiatives in the future to further support career development of each associate and to improve childcare support programs to gear up career development, Honda aims to achieve the targets.

Percentage of women in the Honda workplace: FY2015

	Proportion of women in the entire workforce	Proportion of women in management positions
Japan	6.8	0.6
North America	22.3	17.5
South America	11.6	3.0
Asia and Oceania	14.4	12.4
China	10.8	11.0

Base salary and proportion of total compensation for male and female in Japan

	Base salary (Female : Male)	Total compensation (Female : Male)
Management positions	1:1.005	1:1.012
General associates	1:1.202	1:1.202

* The same pay scale is applied to male and female associates. Gaps are due to differences in factors such as age distribution and proportion of male and female in pay grades.

Global employment

As a part of efforts to diversify our human resources, Honda has started a global employment program where some of the new graduates who join our company are hired directly from overseas labor markets. We especially put emphasis on hiring from labor markets in emerging countries where Honda plans to develop business further.

We strive to raise the total strength of our global workforce by developing these employees to be a core of our human resources who drive Honda's global business in the future.

Number of global hires

	FY2014	FY2015	FY2016 (Plan)
Number of hired people	15	15	17

Statistics on human resources

Employment of people with disabilities

Honda actively provides jobs to people with disabilities at its facilities in compliance with laws in each country where we do business. We strive to create an environment that allows associates with and without disabilities to work alongside one another, in addition to making adaptations to ensure that workplaces and opportunities are fully accessible.

We also offer employment at our affiliates in Japan, Honda Sun Co., Ltd., Honda R&D Sun Co., Ltd., and Kibounosato Honda Co., Ltd. Employment of individuals with disabilities at Honda Group companies in Japan in FY2015 stands at 2.28%, or 1,089 individuals, well above the legally mandated level of 2.0%.

Number of employees with disabilities and percentage of employment of individuals with disabilities in Japan

	FY2011	FY2012	FY2013	FY2014	FY2015
Number of employees*	1,036	1,052	1,066	1,084	1,089
Percentage of employment*	2.28	2.27	2.31	2.27	2.28

* 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 are current as of June 1 of each year.

Rehiring retirees

In Japan's super aging society in which people aged 65 years or older account for about 25 % of its population, we face challenges including stable employment of senior citizens and how to pass on their skills and knowhow.

Honda introduced a system in April 2003 to create opportunities for those associates who reach the retirement age of 60. Our proactive approach preceded the 2004 amendments of laws governing the employment of retired individuals. Honda instituted changes of the system in April 2010 in principle to offer all interested associates re-employment until the age of 65 in operations that utilize each individual's specialized knowledge.

As a result, currently about 75 % of all associates retired at the mandatory age of 60 are re-employed, drawing on their extensive experience and specialized knowledge to contribute actively in a variety of workplaces throughout the company.

Number of re-employed retirees in Japan

	FY2011	FY2012	FY2013	FY2014	FY2015
Number of re-employed retirees	415	452	434	567	622

Building healthy working environments

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

In Japan's increasingly aging society with a declining birthrate, establishing an environment where people can balance work, parenting, and nursing care is a social issue. Under such circumstances, Honda works actively to provide programs that help associates balance the demands of work, parenting and nursing care, and to gain understanding of these programs by sending information by the means of guidebooks and the corporate intranet.

In April 2014, we introduced a selection-based welfare program (Cafeteria Plan) giving associates the options of support for nursing care, as well as life events such as childbirth and childcare, including babysitter agent services and childcare item rental.

As a result of these initiatives, Honda has been certified as a company that supports child-raising by the Japanese Minister of Health, Labour and Welfare.

Number of associates who utilize child/nursing care support in Japan

	FY2011	FY2012	FY2013	FY2014	FY2015
Short working hours to facilitate childcare	82	108	171	153	172
Child care leave	250	297	314	305	392
Short working hours to facilitate nursing care	0	0	0	1	3
Nursing care leave	10	7	11	15	9

Reinstatement rate (%) in Japan after taking childcare leaves

	FY2011	FY2012	FY2013	FY2014	FY2015
Reinstatement rate	99.6	99.7	99.7	99.7	99.2

Optimizing work hours

Whereas workers working long hours and taking less paid days off are raised as social issues in Japan, Honda has always been an industry leader in introducing shorter workweeks. The company instituted a five-day workweek on alternating weeks in 1970, followed by a true five-day workweek in 1972. Other initiatives enjoyed by associates for more than 40 years include the banning of overtime on Wednesdays and Fridays and the introduction of a policy encouraging all associates—both labor and management—to use their allotted vacation time in full*.

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

As a result, total working hours averaged 1,890 per associate in FY 2015, and associates averaged 19.4 paid vacation days, putting Honda at the top level of the automobile industry in terms of reducing actual working hours.

* 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.

Total working hours per associate and average vacation days taken in Japan

	FY2011	FY2012	FY2013	FY2014	FY2015
Total working hours per associate	1,920	1,840	1,950	1,900	1,890
Average vacation days taken	17.8	19.9	18.7	19.2	19.4

Counseling hotlines for associates

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

Examples of counseling hotlines in Japan

Hotlines	Description
Counseling hotlines dedicated to balancing work parenting, and family life responsibilities	Honda created a counseling hotline at each worksite's general affairs department 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 associates themselves and from their supervisors.
Sexual harassment counselling hotline	Honda operates a sexual harassment counseling hotline for all associates in order to prevent sexual harassment and to facilitate the rapid and appropriate resolution of incidents.
Life planning seminar hotline	Honda offers life planning seminars to give associates an opportunity to start thinking about life purpose, health, and economic planning so that they will be able to lead a rich and fulfilling life after age 60. Seminars are also open to associates' spouses. In-house seminar instructors and a secretariat offer one-on-one counselling for associates who have participated in the seminar.

Evaluation and treatment

Personnel evaluation system

In accordance with Respecting Initiative and Ensuring Fairness coming from the Three Principles of Personnel Management, Honda has introduced to the regional operations in the six global regions human resources evaluation programs adopted to the needs and conditions of each region.

For example, in Japan Honda places emphasis on two-way communication with supervisors in associate development and evaluation, and all associates have at least three interviews with their supervisors each year. During the first interview in April, associates come out with a clear 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 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 development.

Percentage of associates going through the evaluation programs

Region	Percentage of associates to be targeted for the evaluation programs
Japan	100
North America	99.9
South America	100
Asia and Oceania	82
China	99.6

Statistics on human resources

Compensation and incentives

Based on the Three Principles of Personnel Management, Honda gives its associates equal opportunities to make the most of the individual's potential, and recognizes and respects their abilities and accomplishments equally at worksites regardless of personal factors. Our compensation and evaluation system is built in line with this basic approach in consideration of the needs and conditions of each region.

Performance of general employees at Honda in Japan is evaluated in two stages under this system: development of abilities and demonstration of abilities. In the former stage, Honda places emphasis more on how associates' abilities are evolved, whereas associates' demonstration of abilities and achievement are focused on in the latter stage. An annual salary system is applied to compensation for employees in management positions or higher. The higher their positions are, the more their accomplishments and company performance are taken into consideration.

Percentage of performance-based remuneration in Japan

Level	Proportion of performance-based remuneration in the entire compensation
Director, Operating Officer positions	44.9*
Management positions	37.3

* A certain amount of stock options is included in the remuneration for director and operating officer positions.

Establishment of good relationship with associates

Creating an environment of free, open-minded dialogue

In accordance with Mutual Trust coming from the Three Principles of Personnel Management Honda declares in the Associate Relations Policies that 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.

In line with the policies, Honda strives to maintain a good relationship and resolve issues that arise through dialogues with our employees.

Associate survey

Honda conducts an associate survey in all regions to solicit worker feedback for building a healthier work environment.

Taking place once every three years in Japan to coincide with the company's mid-term plan, the surveys include a variety of questions designed to gauge associate views on organizational culture, the company's personnel system, and management. Survey results are fed back to associates through in-house publications and are also incorporated into HR-related initiatives, such as management training and changes to the personnel system.

Results of associate surveys in Japan (Level of satisfaction: Working at Honda) (%)

	FY2011	FY2014
All	80.8	80.0
Male	81.0	80.2
Female	79.5	77.9
Percentage of respondents for all employees	95.1	94.3

Initiatives for occupational health and safety management

Occupational health and safety

As a company that holds Respect for the Individual as one of the fundamental beliefs, Honda has shared the value of "no safety, no production" within the group since its founding. Based on this value, Honda group companies in various parts of the world have established basic policies for occupational health and safety rooted in each region to carry out activities from the standpoint of preventing industrial accidents and their recurrence.

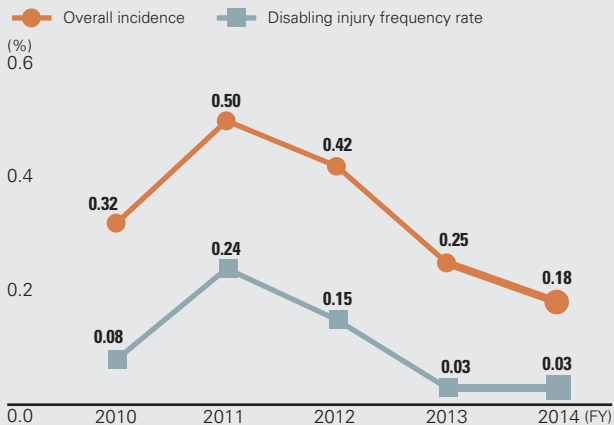
With our global mid-term policy in relation to workplace safety of nurturing a safety-first culture and building organizational infrastructure to instill safety assurance as part of our corporate foundations, Honda is pursuing the following key measures.

1. Development, purchase, production, sales, management and so on instigating area-specific initiatives aimed at totally eliminating industrial accidents
2. Building up safety support systems for global operations
3. Standardizing fire prevention management systems
4. Totally eliminating traffic accidents through strengthening of safe driving management and thorough implementation of awareness-raising activities (Japan)

During FY2015, a period in which we completed entrenching firmly measures for strengthening safety functions mainly for the high-risk production area, we established the foundation for stable implementation of our tripartite approach*. In FY2016, we will undertake reinforcement of occupational health and safety functions of each region to entrench our activities to prevent industrial accidents globally at a high rate.

* Tripartite approach: Consists of safety management structure with disciplinary, rule-making, and administrative roles.

Incidence of industrial accidents in Japan (overall incidence, disabling injury frequency rate)



Global administration for safety

Head offices in Honda regional companies are taking the lead in putting global control for safety in place.

For the production area, particularly, local offices are leading activities vigorously focusing on implementation of management system regarding occupational health and safety, diffusion and execution of risk assessment and establishment of explosion and fire prevention. We conduct occupational health and safety audits and reviews as needed to share recognition of health and safety management, while striving to improve the management system and develop human resources for safety control in each country and region.

Health management

Honda has adopted a policy of helping associates lead healthy, well-balanced lives. We carry out a variety of activities to support our associates staying in good health.

Health management efforts in Japan

Medical checkups	Honda has implemented a program of as-needed medical examinations for associates, such as checkups for leaving for business trips abroad or long-term assignments overseas, on top of checkups for new hires and regular checkups as required by law. Targeted checkups are offered to associates aged 35 or older instead of the statutory age of 40 or older. By starting the targeted checkups 5 years earlier than required by law, Honda aims to lay stress on early discovery of associates' health problems while giving them targeted health guidance to prevent adult-onset diseases.
Preventing musculoskeletal disorders*	Honda is incorporating the perspective of ergonomics into the creation of work environments in line with its concept of people-friendly production processes. This approach includes analysis of worker movements to ensure optimal work position and scope as well as installation of assistive devices and auxiliary lifts for work that involves lifting heavy objects. We also introduced a system in 2013 to scientifically analyze the actual burden applied to a human body. With analytical tools that we developed originally, Honda is working to improve the work environments where the burden imposed on associates is reduced.
Health guidance	In 2009 Honda began offering targeted health guidance in how to prevent adult-onset diseases based on results of associates' regular medical checkups, in addition to support for associate staying in good health with the help of the selection-based welfare program. Through these initiatives, we support at-risk associates to take the initiative to become healthier by giving advice on improving their life rhythm, nutrition guidance that proposes improvements in diet, and exercise instruction with a daily exercise regimen.
Health promoting events	Honda carries out awareness-raising activities for associates to get and stay healthy through initiatives including health promoting events such as a walking event conceived to spur associates to develop good exercise habits and to refresh themselves.
Prevention of danger of second-hand smoke	Honda is undertaking creating workplaces where there is no danger of second-hand smoke. Our activities in line with needs and conditions of our operation facilities include prohibiting smoking inside buildings, setting non-smoking hours, holding events to coincide with World No Tobacco Day, and making a given day of a month a no-smoking challenge day. We also carry out awareness-raising activities for smokers and extend support to associates who want to quit smoking.
Mental health care	Honda has put together a mental health team to station at its facilities in an effort to foster associates' mental health based on principal policies: education about prevention, improvement of workplace environment, stress checks, enhancement of counseling programs, and a system to help returning employees to the workplace. We also distribute leaflets and pamphlets to associates to facilitate understanding of mental health care.

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

Philanthropy

Beach Cleanup Project by volunteer associates of Honda Group launched in 2006 and implemented at more than 100 beaches.



Basic approach

Honda Philanthropy

Honda is involved in community initiatives through communication with the local community

Since the company's foundation, Honda has sought to contribute to society and customers 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.

And now, we undertake various philanthropic initiatives in the six regions of Honda's worldwide operations, aiming to share joy with people all around the world and to become a company society wants to exist. We also strive to support initiatives that reflect local circumstances in our corporate activities overseas. In order to be able to share joy, we at Honda will continue to pursue various philanthropic initiatives while communicating with customers and local residents.

Our basic approach

Honda is working on creation of a future society in which everyone can pursue their dreams in line with our basic principles and global directions that guide our philanthropic initiatives

Honda lays out basic principles and global directions that represent our basic approach toward social philanthropy. These clearly stated principles and directions demonstrate Honda's determination to actively take part in activities in the areas of educational initiatives, environmental initiatives, and traffic safety initiatives, to help create a future society in which everyone can pursue their dreams based on community initiatives.

Honda pursues a variety of activities in six regions, taking advantage of our unique management resources in line with these principles and directions.

Basic principles and directions of Honda philanthropy

Honda Philanthropy: Vision

Honda enriches the joy with people around the world through socially responsible activities in accordance with the Honda Philosophy of the 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



Japan

Co-existence with Local Community (Community Initiatives)

● Miyagi Pokerun to support reconstruction of the Tohoku Region

In the summer of 2014, Honda cooperated in the “Miyagi Pokerun”, an event to support reconstruction of the Tohoku Region. Miyagi Pokerun was an outdoor game in which participants traveled throughout Miyagi Prefecture by car, motorcycle, or public transportation and collected playing cards at 71 checkpoints to compete for scores of collected cards at the final goal point using a dedicated smartphone app. Checkpoints were normally located at reconstructed shopping arcades, roadside rest areas, and local fresh product markets so that participants could see the current status of reconstruction, interact with local people who lived and worked there, and experience Miyagi of today while having fun in the game.

As a special cooperative company, Honda developed and provided the dedicated app to the Pokerun in partnership with an ICT company located in the disaster-hit area. Incorporating cutting-edge telematics technology, this app used Honda’s Internavi route to propose participants’ routes to a checkpoint based on highly accurate traffic information adopted by Honda Internavi, as well as keeping travel records.

The morning following the Great Eastern Japan Earthquake, Honda quickly released information on passable roads based on driving data collected from Honda Internavi subscribers and visualized roads to the affected areas. For Miyagi Pokerun, we supported the disaster-stricken area to encourage new encounters of people there through the fun of mobility by taking part in offering opportunities to experience the roads of today in Miyagi.



Participants stopping by at a checkpoint by motorcycle.

Educational Initiatives

● TOMODACHI Honda Cultural Exchange Program

Honda is supporting the TOMODACHI Initiative being introduced by the Embassy of the United States and the U.S.-Japan Council Japan, a Public Interest Corporation (Koeki Zaidan Hojin). Honda is operating the TOMODACHI Honda Cultural Exchange Program during the three-year period between 2015 and 2017. In cooperation with

American Honda Motor Co., Inc., Honda develops detailed exchange programs to invite students from the disaster-affected region of Tohoku to give them an opportunity to experience the traditions and culture of the United States. Honda carries out activities to foster the young who will accept the challenge to build their dreams and strengthen hope for the future, with a global viewpoint and who will lead the reconstruction through this experience of the cultural exchange, making the world their stage.

Honda invited 20 high school students from Miyagi Prefecture to Los Angeles for about two weeks from December 26, 2014 to January 8, 2015, where they participated in America’s traditional Rose Parade event by playing music, a universal language. Students then took part in activities such as cultural exchanges with local high school and university students, home-stays and volunteer work before heading back to Japan with all kinds of discoveries made through this visit.



Students marching in the Rose Parade

● “Nature Wagon” nature class

Nature Wagon is a travelling environmental learning program using wagon type Honda vehicles filled with natural materials from the sea and mountains. Mainly consisting of former Honda associates, volunteer staff visit elementary schools, after-school day care centers and community centers to offer lectures on the mechanisms of nature and the importance of environment protection. Nature Wagon gives children opportunities to learn and think about nature and the environment on their own through lectures and craft-making using wood pieces and stones, supporting efforts to nourish their autonomy.

During FY2015, around 9,028 children participated in a total of 197 Nature Wagon sessions at five Honda facilities in Japan, with 2,257 former associates volunteering as staff.



Child having fun making crafts

● **Children’s Idea Contest**

In the Children’s Idea Contest, elementary school students create works depicting products they wish existed, taking the future as their theme. The program was launched in 2002 arising from the vision of enabling children to experience how fun it can be to pursue one’s dreams and how interesting it can be to make things. Approximately 30,000 children have participated so far in the program, which marked its 12th year in 2014.

On March 28 and 29, 2015, we held an international exchange event at Twin Ring Motegi in Tochigi Prefecture. Children who had participated in a similar contest in Thailand were invited to interact with children in Japan who had won grand and runner-up prizes to talk about their dreams for the future, show their creations, introduce each other’s cultures, etc.



Student presenting “Miracle☆Mute,” which received the Judges’ Special Award.

Environmental Initiatives

● **Honda Beach Cleanup Project**

The Honda Group volunteer associates and local residents work together to clean beaches throughout Japan using a simple, compact, lightweight and easy-to-operate towable Beach Cleaner* designed by Honda with a view to leave behind clean beaches that the next generation can walk on barefoot. Launched in May 2006, beach clean-up activities have been implemented at more than 100 beaches.

Waste on the beach includes a lot of non-biodegradable materials such as vinyl and plastic. They can hurt people and cause a negative impact on the ecosystem when birds and fish eat them by accident. In our beach clean-up activities, a towable Beach Cleaner efficiently collects smaller glass debris and plastic pieces buried in the sand on a beach where volunteers have cleared off visible bigger waste by hand. Honda also holds educational classes for children on a beach to help them to understand about the importance of preserving the environment. During FY 2015, the clean-up activities were carried out on a total of 25 occasions in 21 prefectures across Japan with participation of 1,693 Honda Group associates.



Waste collection using a Beach Cleaner

* Towable Beach Cleaner is Honda’s unique and efficient waste collecting system towed with an ATV (all-terrain vehicle), a suitable vehicle to run on the beach.

● **Watershed preservation in Japan**

Referred to as the “Green Dam,” forests store water over many years to help make affluent rivers as well as creating clean air. Additionally, they also bring all kinds of blessings to communities including stability of the ground to prevent natural disasters. In order to hand down this precious watershed to the future generations, Honda’s associates, their families and retirees continuously volunteer to carry out activities to preserve forests in areas nationwide around Honda facilities.

During FY 2015, a total of 12 preservation projects took place in forests at 8 locations nationwide. 439 volunteers in total took part in tree-planting, clearing of underbrush, removal of dead trees, thinning, pruning and other maintenance.



Clearing underbrush in Ashio, Tochigi Prefecture

Traffic Safety Initiatives

● **Traffic safety education program, AYATORII**

Honda is involved in a variety of activities for the purpose of providing safety for everyone. Among them, to protect children from traffic accidents is one of our main themes. To fulfil this objective, Honda has developed a traffic safety education program named AYATORII, which stands for Anzen (safety), Yasashiku (easily), Tokiakashi (explain), and Rika-I (understand).

The program is tailored for each age group of children from pre-school and school ages so that they acquire basic traffic safety during the important course of their growth. Children can learn the basics in a practical manner in group education in kindergarten, preschool, and elementary school.



Children in the AYATORII class

North/Central America

Educational Initiatives

● United States: Educational support through Eagle Rock School and Professional Development Center

Tucked in the mountains of Colorado, Eagle Rock School and Professional Development Center is widely known in the United States as a full-scholarship boarding high school that offers a second chance to students who couldn't adapt themselves to the regular high school education system.

Funded and founded by Honda, Eagle Rock School and Professional Development Center opened its doors in 1993 with a mission to help students understand the importance of receiving an education. The school provides a unique learning environment focusing on responsibility, trust, and proactive attitude.

Eagle Rock School has established an institution called the Professional Development Center to develop new approaches in teaching and strategies for addressing educational issues. The center is visited by educators from around the world, and at the same time, it provides support to principals and teachers of high schools in the US as well as serving as an advisor to high schools in California, New Mexico, and Minnesota.



One scene from a graduation ceremony at Eagle Rock School

Traffic Safety Initiatives

● Canada: Junior Red Riders Program

As many as 500 children aged from 6 to 12 years old have participated in the Junior Red Riders Program hosted by Honda of Canada Manufacturing. A recent session gathered 120 children and their families.

In the Junior Red Riders Program, Honda volunteer associates



Children in the program

teach young riders the fundamentals of motorcycle riding. Clad in Fox racing suits, children learn in this 4-hour long program how to ride correctly on motorcycles chosen among CRF 50, CRF 110, or CRF 125 depending on their ages, builds, and skills.

Environmental Initiatives

● United States: Waste collection on Recycle Day

Honda Manufacturing of Alabama, LLC (HMA) became the first zero-waste-to-landfill auto plant in North America when it began production in 2001. Now the plant is encouraging its associates to reduce the amount of household waste sent to landfills.

The Lincoln, Alabama plant holds Recycle Day annually in the fall. Honda associates and contractors collect household items—including tires, wood, batteries, paint and used oil—and then allow HMA's Facilities Department to sort and dispose of them. In 2014, a total of approximately 11,300 kg of items was collected, including 2,980 kg of metal, 2,230 kg of tires, 1,130 kg of electronics, etc. Yielding 7,030 kg more than the previous year, HMA's annual Recycle Day is another example of Honda's commitment to improving the environment.



Waste collected by Honda associates

South America

Educational Initiatives

● Brazil (Recife): Honda Social Project

Honda Social Project is an initiative to support the youth for the future and their job search activities by offering courses in automotive mechanics. Lasting about eight months, four months in the morning and four months full-day, this program consists of two modules, technical training and personal development. A total of 12 young people participated in this program in 2014.

Designed for young people who face difficulty in finding stable jobs, this program has had a total of 149 participants since its launch in 2007. This initiative has been well recognized by the local community and families for the fact that the participants completed the program with a clearer vision for life and ambitions to achieve objectives.

In addition to providing the training, Honda also has hired 85% of those trained. Many of them work at Honda dealers and some are even successful enough to hold a managerial position at motorcycle dealers. Former trainees who are not employed by Honda dealers continue their study in public and private colleges. One of them is living in Canada, participating in the Ciência sem Fronteiras (Science without Borders) Program sponsored by the Brazilian government.

The program also offers side activities such as “reading week” and “environmental week,” developing its activities besides technical training.



Young people receiving technical training on automotive mechanics

Community Initiatives

● Argentina: Partnership program with Garrahan Children's Hospital

From manufacturing to administrative, all of Honda's divisions in Argentina have worked in partnership with Garrahan Children's Hospital to roll out a recycle campaign,

contributing to environmental preservation. In 2014, 2,929 kg of paper was collected for recycling, representing 50 trees. In addition to that, 1,196 kg of plastic lids were collected, cutting CO₂ emissions by 2,153 kg.

Profits from recycling are used to run and maintain the “Garrahan House” that is established to support children receiving treatment at the hospital, as well as to purchase medical equipment, and to develop and train the medical staff.



Children at the hospital and Honda volunteers

Traffic Safety Initiatives

● Brazil: Traffic Educational Center

Honda provides training at the Traffic Educational Center in three Brazilian cities: Indaiatuba, Manaus, and Recife. The center offers five courses; Basic, Advanced, Off Road, ATV and Instructor Training. Each course consists of theoretical studies and practical exercises, in a proportion of 30% and 70% respectively.

In the centers, participants learn correct behavior as a rider, riding posture, riding skills, and knowledge on how to ride in actual traffic environments. The training is targeted at government agencies and motorcycle owners and riders with the aim of reducing the number of traffic accidents by improving motorcycle riding techniques.

Since the launch of the project in Indaiatuba in 1998, approximately 630,000 people were trained. In 2014, approximately 80,000 people took courses in 3 centers.

Programs offered by the Educational Center include lectures in regard to Harmony in Traffic with participation of 53,913 people in 2014, Clubinho Honda activities in Mirim attended by 1,920 children in 2014, and the Mobile Riding Unit which went to 12 states to support training initiatives in 2014. Traffic education is also available online through our Harmony in Traffic Portal.

Europe, Middle and Near East, and Africa

Educational Initiatives

● United Kingdom: New ASIMO demonstration

On October 24, 2014, Honda of the UK Manufacturing Ltd. (HUM) unveiled a new model of the more advanced and innovative mobility "ASIMO." Hundreds of associates visited one of the seven demonstrations.

As a part of its CSR activities HUM invited local students to the demonstrations, providing them with an opportunity to meet ASIMO. In addition to students from Wiltshire College and Stratford-upon-Avon College, children from St Mary's Catholic Primary School in Swindon also participated in this event.

Rachael Weaver, computing coordinator at the school, said: "The children have been so excited about meeting ASIMO. As part of our computing curriculum at St Mary's, the whole school has been learning how to program a computer, so I am sure this unique opportunity will inspire us even more to become programmers of the future."

Through this event, HUM made a donation to one of our important partners in charitable activities, the Motor and Allied Trades Benevolent Fund (BEN) that helps automotive workers and their families in troubled times. ASIMO demonstrations also provided a chance for associates to find out more about BEN. Five hundred pounds from associates' tickets sales proceeds were donated to this charitable organization.



ASIMO demonstration

Community Initiatives

● United Kingdom: Associate-led support for charitable organizations

Honda of the UK Manufacturing Ltd. (HUM) has launched a new associate-led CSR program from February 2014 to support local charitable organizations and community groups.

This quarterly program involves twelve charitable organizations. Associates are encouraged to choose organizations to support and vote using tokens. 700 pounds are donated to the organization that gets the most votes at the end of the voting period. Organizations voted second and third receive 500 and 250 pounds respectively.

The program is well accepted by many HUM associates with 85% of them participating in a vote, resulting in donation of the total amount of 4,500 pounds to 6 charitable organizations.

In February 2015, Parkinson's UK was selected by vote and its members of Swindon and District Branch were invited to the HUM plant. Upon receiving the donation, Parkinson's UK commented that it would be used for activities important in controlling Parkinson's disease symptoms.



Ballot box in the cafeteria

Asia and Oceania

Environmental Initiatives

● Vietnam: Eco Mileage Challenge

With an aim to bring awareness of the global environment, Honda Vietnam Co., Ltd. started in 2010 the Honda Eco Mileage Challenge, a competition to see which team can drive the farthest on one liter of gasoline in self-built vehicles with Honda engines (110cc).

A total of 129 teams from universities, automobile-related manufacturers and dealers in Vietnam competed in the 5th Eco Mileage Challenge in 2014. The winning team was able to drive 1,164.848 kilometers per liter.



Participant competing in his self-built vehicle

Traffic Safety Initiatives

● Thailand: Safety Thailand Program

In Thailand with its rapidly growing economy, traffic accidents are on the rise in connection with the steep increase in the number of vehicles. As fatalities from traffic accidents exceeded 14,000 in 2013, action must be taken without delay.

A.P. Honda Co., Ltd. continues to carry out the Safety Thailand Program since its start in 1989 to spread knowledge and skills of safe driving. The main activities include safe driving education at a facility established by the company. By 2014, a total of 23 million people participated in this program. From 2011, A.P. Honda is undergoing construction of a new "Traffic Education Center" in partnership with a vocational school so that Honda will be able to provide safety education in all provinces in Thailand.



Honda Riding Center offering safe driving education

Educational Initiatives

● Thailand: Youth camp for learning disaster prevention and traffic safety

In cooperation with the Thai government, Honda Automobile (Thailand) Co., Ltd. has organized a youth camp to help local high school students to learn disaster prevention and traffic safety since 2013.

A total of 100 students participated in the camp in August 2014, in which they had disaster prevention lectures followed by hands-on training on what to do in case of an earthquake or fire and how to give aid to injured people, under the direction of an expert. Some traffic safety sessions were also given by a Honda dealer employee.



Hands-on training in the camp

Community Initiatives

● Indonesia: Setting up free rest facilities for travelers returning home

P.T. Astra Honda Motor set up free-of-charge rest facilities at 24 locations across Indonesia for road travelers on the way to/from their hometowns during a major Islamic holiday period.

During the 7 days of operation, more than 14,000 people used the facilities which also offered maintenance services for their cars and motorcycles in addition to use of resting space and bathrooms.



Prayer chapel also available in the resting facility

China

Environmental Initiatives

● China (Inner Mongolia): Implementing a tree-planting project in Inner Mongolia

Started in 2000, Honda launched a tree-planting scheme known as the “Forest of Joy” Project in the Horquin Desert of the Inner Mongolia Autonomous Region. In 2007, 14 Honda joint ventures in China jointly financed a five-year project from 2008 to 2012 to plant 700,000 trees in an area of around 467 hectares near Youyi Dam in Xinghe County of Ulanqab, a prefecture-level city in Inner Mongolia. Representatives of associates from the 14 Honda joint ventures gathered in summer every year at the site to hold a tree-planting event. The completion event of Phase 1 was held in July 2012 with the participation of approximately 200 associates from all companies.

Subsequently, a new five-year project got underway in 2013 which involved afforestation of 467 hectares of land near the site of Phase 1. In 2014, through planting the seedlings with their own hands, about 150 associates of the 16 participating joint ventures joined the tree-planting event to learn about the importance of environmental conservation. During 2013-2014, about 310,000 trees were planted on an area of 200 hectares. The project has been advancing well according to the plan at a completion rate of 44%.



About 150 associates joined the tree-planting event

Educational Initiatives

● China (Guangzhou): Holding the Honda China Eco Mileage Challenge Fuel Economy Contest

In October 2014, the 8th Honda China Eco Mileage Challenge Fuel Economy Contest was held at the Guangdong International Circuit. In the contest, participants compete to see who can travel the farthest with only a small amount of energy.

A total of 150 teams took part in the contest in 2014. In the gasoline division, the Honda Group performed well, with Honda Automobile (China) Co., Ltd. (CHAC) coming in first with 3,779.638 km/l, setting a new Chinese record for the contest.

Among participating universities, the Tongji University team took the top spot with 1,807.653 km/l. Honda Motorcycle R&D China Co., Ltd. (HRCH) won the first place in the EV division.

While continuing to support young people as they take up technological challenges, Honda in China will help China address environmental issues and contribute to the development of a mobility society.

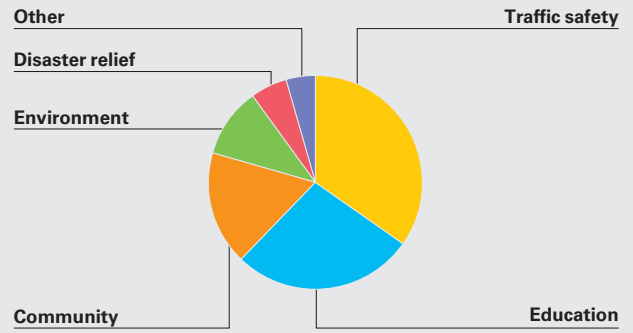


Scene from the Honda China Eco Mileage Challenge Fuel Economy Contest in October 2014

Philanthropy data

Philanthropy-related expenditure

	Expenditure (million yen)
Traffic safety	1,632
Education	1,292
Community	800
Environment	498
Disaster relief	264
Other	201
(Total)	4,687



Supply Chain

A tree planting activity at TS-TECH (THAILAND) CO., LTD., overseas subsidiary of Honda affiliate supplier.

Honda works in partnership with suppliers worldwide to promote sustainable initiatives at development and manufacturing sites. We aim to realize a supply chain which coexist with local communities as a company that society accepts, loves and wants to exist.

We strive to strengthen the supply chain in the areas of purchasing and transportation.



Our fundamental approach

Purchasing Belief and Three Purchasing Principles

To solidify relationships of trust with our suppliers

Honda's goal is to achieve a sustainable society across the supply chain. We implement initiatives with consideration for the environment, safety, human rights, compliance, social responsibility, etc. in partnership with our suppliers worldwide. As the foundation for this, we established our Purchasing Belief and Three Purchasing Principles, and we engage in businesses that are equal, fair, and highly transparent while constantly strengthening relationships of trust with our suppliers.

Purchasing Belief and Three Purchasing Principles

We do fair and equitable business with transparency based on the "Purchasing Belief" and the "Three Purchasing Principles."

Purchasing Belief

We sustain the procurement of good products at reasonable prices and in a timely manner

Three Purchasing Principles

1. Fair and open trade
2. Equal partnership
3. Respect for suppliers

1. Fair and open trade

We do business with suppliers who can satisfy the requirements of quality, quantity, price and timing and who can share the concept of sustainability with us, based on open competition

2. Equal partnership

We conduct business on an equal footing regardless of the business size of the supplier or their nationality and other factors

3. Respect for suppliers

We respect suppliers' management and dignity

Promoting sustainability

We published our Supplier CSR Guideline to share our approach to sustainability with suppliers worldwide and to promote our initiatives.

We published the guidelines in Japan in 2010, in North America in 2014, and in South America, Europe, Asia and Oceania, and China in 2015.

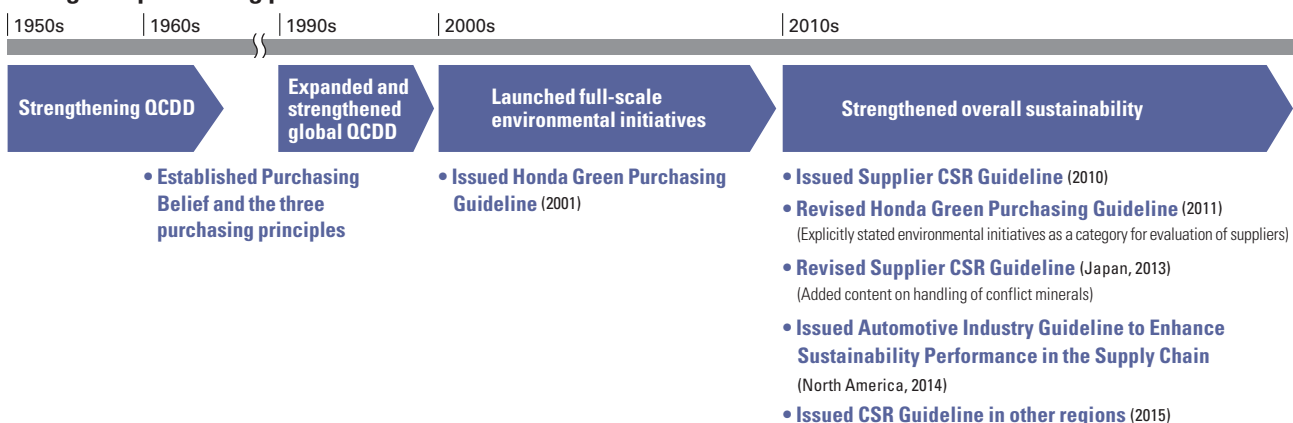
In addition, we are working across the entire supply chain, preparing check sheets for our suppliers to help assessing their own initiatives and promoting sustainability initiatives at sub-tier suppliers.

In the environment area, which we have always prioritized, in 2011 we revised the Honda Green Purchasing Guideline originally issued in 2001, and provided worldwide. In the revised guidelines we extended the scope for reducing environmental impact from during production to the entire life cycle of products.

When selecting suppliers for components and raw materials based on these sustainability policies, we look into their initiatives on QCDD*, human rights, labor, the environment, safety, compliance, risk, protection of information, etc., to determine the best supplier.

* QCDD: An acronym for Quality, Cost, Delivery, Development

Changes in purchasing practices



Global purchasing management

System for promoting purchasing activities

Strengthening the global management structure through coordination between Regional and Purchasing Operations

We manage its global business through an organization divided into six regions and established purchasing functions in each. Purchasing Operations, which supervises the global function overall, is located in Japan, providing cross-regional and cross-business coordination and plan sustainability policy and goals.

In addition, Meetings of the International Purchasing Conference, the Global Correlation Meeting, the Six Regional Environmental Purchasing Meeting, and other bodies are held regularly, and we implement the PDCA cycle on a global level by promoting collaboration between Purchasing Operations, and each regional and business operations.

● International Purchasing Conference

The International Purchasing Conference (IPC) is held in each region attended by the Chief Operating Officers of Regional and Purchasing Operations in order to strengthen the links between regional business direction and purchasing direction. In FY2015, the IPC was held in the U.S., Brazil, the U.K., Thailand, and China.

● Global Correlation Meeting

The Global Correlation Meeting is held once a year with management-level associates from Purchasing and each Regional Operations with the objectives of confirming, discussing, and examining Honda's medium- and long-term direction with regards to purchasing activities on a global level and the initiatives in each region. In FY2015, the Global Correlation Meeting was held in Tokyo to coordinate reinforcement of cost and quality competitiveness and the direction of sustainability initiatives.

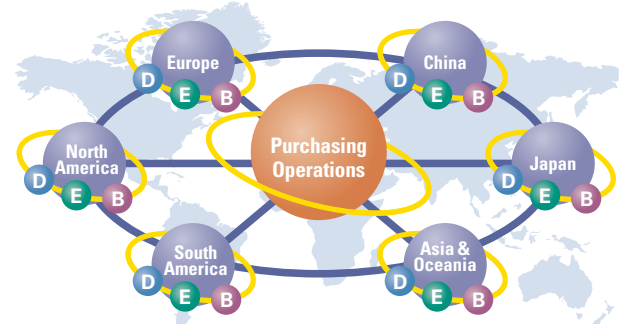
● Six Regional Environmental Purchasing Meeting

The Six Regional Environmental Purchasing Meeting has been held since 2011 in order to strengthen initiatives aimed at a low carbon society across the global supply chain.

This meeting is composed of working level staff from six regions. It discusses and coordinates policies and methods of reducing CO₂ together with suppliers in each region worldwide.

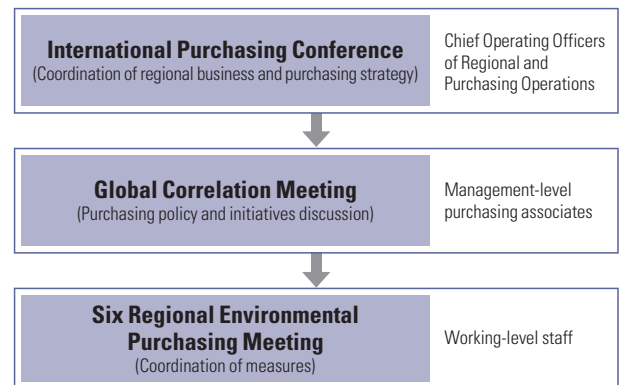
The meeting also shares outstanding actions from each region in efforts to upgrade the level of low carbon activities together with the suppliers.

Honda's global purchasing network

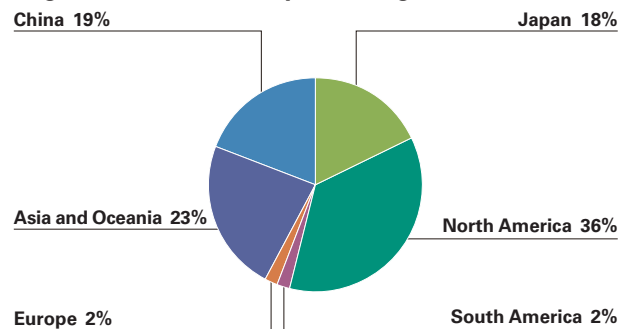


D : Development **E** : Engineering **B** : Buying

Global meeting structure



Regional distribution of purchasing volume



Instruction and training for associates

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

For example, in North America, we take up various topics through seminars, e-learning, and on-the-job training. In our Basic Training Course, we share our approach in such areas as the selection of suppliers and initiatives to strengthen QCDD. Instruction is also provided in Integrity Workshops on the important matters in building positive, long-term relationships with suppliers, including codes of conduct, legal compliance, and maintenance of confidentiality.

In this way, we have developed programs worldwide that incorporate the cultural and social background of each region in addition to basic knowledge about purchasing operations to provide instruction for associates.

Implementation of instruction for associates in each region

Region	No. of participants	participation rate (%)
Japan	Approx. 900	100%
North America	Approx. 380	100%
South America	Approx. 260	100%
Europe	Approx. 130	100%
Asia/Oceania	Approx. 1,500	100%
China	Approx. 660	100%

TOPICS

Holding the 4th Six Regional Environmental Purchasing Meeting in Ohio, U.S. to unify initiatives relating to suppliers worldwide

In order to reduce CO₂ across the global supply chain, it is essential to share our approach with every single one of the suppliers worldwide that support our production activities and to act together with the same methods and the same judgement criteria.

At the three previous Six Regional Environmental Purchasing Meetings, we unified our activities relating to suppliers worldwide, including the dissemination of Honda's environment policy and methods of promotion, on a global level.

At the 4th Six Regional Environmental Purchasing Meeting held in Ohio, U.S. in February 2015, we coordinated the setting of numerical targets based on the visualization of CO₂ emissions at each supplier through a global data management system and the means to achieve those targets.

Information was also shared on topics such as global trends on efficient use of water resources and reducing waste.

Through activities like this, we are definitely promoting reductions in environmental impact together with suppliers.



Global purchasing management

Dialogue with suppliers

Honda regularly holds conferences around the world to share our business directions and content with suppliers. In FY2015, we held conferences in 28 locations around the world, holding dialogues with senior management from more than 4,000 suppliers.

In Japan, we have held a Suppliers Conference once a year since 1974. Senior management from 308 suppliers attended the conference in January 2015. At the conference, the then President Takanobu Ito explained Honda's companywide policies and initiatives in motorcycle, automobile, and power products operations, and based on this, Naoto Matsui, Chief Operating Officer of Purchasing Operations, explained the purchasing direction.

In addition, Honda presents letters of appreciation as supplier awards at the conferences in each region to suppliers who have produced particularly outstanding results in the areas of cost, quality, development, delivery, etc.

We presented environmental awards in Japan to suppliers with outstanding initiatives in lowering greenhouse gas emissions and other environmental areas.

We presented Corporate Citizenship Awards in North America to suppliers with the most outstanding contributions to compliance, safety and health, community activities, the environment, diversity, human rights, and other social areas.



Presentation in Japan (NOK CORPORATION)



Presentation in North America (RainsvilleTechnology Inc.)

Strengthening initiatives with suppliers

Reducing environmental impact

Aiming to realize low carbon global supply chain

In the Honda Global Environmental Purchasing Vision, we have adopted the concept of coexisting in shared prosperity with local communities, reducing environmental impact together with our suppliers worldwide in our component procurement operations. Based on this vision, we formulated the Honda Green Purchasing Guideline, which forms our policy, and the Environmental Purchasing Grand Design, which shows the steps toward a low carbon society, which is our priority.

We share this guideline and the grand design with suppliers in each region and work to realize a low carbon supply chain.

Establishing a management system for CO2 data

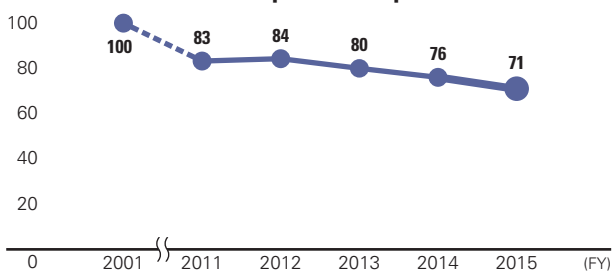
In order to increase the effectiveness of reductions in environmental impacts in the supply chain, Honda has been pursuing the establishment of a system for the integrated management of data on reductions in CO2 emissions at suppliers since FY2012, which commenced full-scale operation in FY2015.

We are using this system to share reduction targets and achievement status and to implement the PDCA cycle with suppliers worldwide.

At present, approximately 1,600 companies equating to more than 80% of purchasing value on the global level are using the system.

Going forward, we will comprehensively analyze data to assist in activities to reduce CO2 at suppliers.

Index of CO2 emissions per unit of production



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

Supporting reductions in CO2 at suppliers

Honda promotes activities in each region to get suppliers to visualize energy consumption and reduce CO2 emissions. For example, we established a system in Japan in FY2010 under which we visit the production sites of our suppliers and propose energy conservation measures using Honda's expertise.

In the Asia and Oceania region, which is leading our initiatives in regions outside of Japan, approximately 270 companies have introduced energy visualization to date through our briefing sessions and production site visits for suppliers. We began establishing support structures for our suppliers in FY2014 in other regions, and we are gradually commencing support through collaboration with third party organizations such as academic bodies and other methods.



Support for suppliers through site visits (Asia and Oceania region)

Measures to counter procurement risk

Focusing on reducing risks that impact on production and minimizing their impact

Honda views all phenomena that can impact production, such as natural disasters, fires, financial issues and labor problems at suppliers, as risks for the procurement of components and materials, and works to reduce them and to prevent the spread of any impact when they materialize. For example, we define all components and raw materials that are overly dependent on production at one facility as Mission-Critical Parts, and we implement inspections and countermeasures continually around the world.

We began operating a procurement risk management system with suppliers in Japan in December 2014. Through the operation of this system, we established structures to allow damage and the impact on production at suppliers to be identified within a few hours of the occurrence of a major disaster.

We also perform once-yearly evaluations based on supplier surveys in order to minimize financial risk. In addition, we check risk every month by referring to information from third-party organizations.

Strengthening initiatives with suppliers

Requiring legal compliance from suppliers

Honda seeks to strengthen sustainability, including compliance, throughout the supply chain. We conclude basic agreements on component procurement that specify safety, disaster prevention, environmental preservation, and protection of resources in addition to compliance with each country's laws and regulations in conducting business.

Chemical substance management

We issued the Honda Chemical Substance Management Standard, which aims to ensure that all the components that make up our products comply with laws and regulations and to reduce their impact on the global environment and ecosystem. We request suppliers around the world to establish a structure for managing chemical substances that meets the standard and to submit a conformity declaration to assure supply of components that meet the standard. We also use an industry standard management system for data on specific chemicals contained in components, which we evaluate prior to commencing mass production.

Response to conflict minerals

Surveying the use of conflict minerals at suppliers for all operations worldwide

The final rule for disclosure on conflict minerals adopted by the U.S. Securities and Exchange Commission (SEC) mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act requires corporations to confirm that the purchase and use of conflict minerals from the Democratic Republic of the Congo and adjoining countries are contributing neither to the funding of armed groups nor to the abuse of human rights in that region. Corporations are required to submit reports to the SEC disclosing information on the use of conflict minerals.

Honda has been pursuing initiatives on conflict minerals at the global level to take responsible action

against human rights problems.

Since 2013, we have surveyed the use of conflict minerals at our suppliers worldwide and have received responses from more than 6,000 suppliers. In addition to reporting survey results to the SEC, we have published them on our website. In the event that we determine from the survey that there are any minerals of concern, we take appropriate measures in partnership with our suppliers. In addition, Honda asks its suppliers to cooperate in making the same level of effort regarding the issue of conflict minerals in procurement.

Honda also actively engages in activities in cooperation with industry bodies. In North America, we participate in the Conflict-Free Sourcing Initiative (CFSI) as a member of the Automotive Industry Action Group (AIAG)* to support third-party audits of conflict minerals smelters.

We are responding to the problem of conflict minerals on a global level through these initiatives.

* Honda North America, Inc., a Honda subsidiary in the U.S., has joined the Automotive Industry Action Group (AIAG), and AIAG is a partner association of CFSI (an organization that supports conflict mineral supply chain surveys).

Provision of training to suppliers in partnership with industry

Participating in four work groups of AIAG

Honda North America Inc., Honda's U.S. subsidiary, participates in four of the work groups established by AIAG to strengthen sustainability in the supply chain: the Conflict Minerals Work Group, the Working Conditions Work Group, the GHG Work Group, and the Chemical Management Work Group. The Working Conditions Work Group, which Honda co-chairs, promotes training for suppliers. Since 2012, following upon its initiative in North America, the Work Group has been offering training sessions on corporate ethics, environmental regulations, the working environment, human rights, and other topics for tier 1 and sub tier suppliers in China and Mexico. We are striving to strengthen sustainability across the entire supply chain through this kind of collaborative capacity building between the automobile industry and its suppliers.

Initiatives in transportation

Increasing transportation efficiency

Reducing CO₂ emissions by increasing transportation efficiency

To fulfill our responsibilities as a high-volume shipper under Japanese regulations, we are working to improve efficiency in the transportation of finished vehicles and equipment, service parts, and parts shipped between factories, and, as a part of this effort, to pick up parts from suppliers. As a result, in fiscal 2015 the transportation of automobiles, motorcycles, power products, and service parts generated 95,911 t-CO₂ emissions.

We achieved our target, a 1% reduction in per-unit CO₂ emissions from fiscal 2014 in the transportation of vehicles and component parts sets and the picking up of parts. CO₂ emissions from service parts transportation were reduced by 55% from fiscal 2001, exceeding our 52% reduction target. We also achieved a 2,480-t-CO₂ reduction at warehouses, a 51% reduction from fiscal 2001.

● Picking up parts from suppliers

Many of the parts that make up Honda products are sourced from suppliers. The conventional method of gathering these parts has been to have each supplier ship its parts to Honda production facilities. In fiscal 2014 we started to travel to suppliers across Japan to pick up the parts as part of our efforts to reduce CO₂ emissions from our overall supply chain. We will continue to improve transportation efficiency by working closely with our suppliers.

● Initiatives for transport of finished automobiles

As a result of implementing modal shifts*, fiscal 2015 saw a coastal shipping utilization rate of 68% for the transportation of finished automobiles. Switching from truck to rail transport for certain finished automobiles from the Suzuka Factory to Niigata region contributed to further reductions in CO₂ emissions. Focusing on long-distance destinations, we will work to expand these modal shifts through converting to ship and rail transportation.

* Modal shift refers to replacing transportation by automobile and aircraft with transportation by rail and shipping. Shipping services that enable the transportation of large volumes of freight at a time to reduce transportation costs, energy use, and CO₂ emissions per unit of product, so are arguably a method of transportation with low environmental impacts.

● Initiatives for transport of finished motorcycles

In the transportation of finished motorcycles, we have been working with our logistics partners to reorganize shipping zones and change shipment frequency according to market conditions. The result has been a major improvement in the loading efficiency of each truck, as well as reductions in total distance traveled and CO₂ emissions.

In addition, we have expanded our shipping policy to new models, to land imported cars at Tokyo and Kobe ports which are closer to major markets in Kanto and Kansai regions, resulting in reducing CO₂ emissions from trucking.

In April 2014, we consolidated the storage capabilities in Kumamoto region into a few closely located warehouses. This cut down on truck transport distance between warehouses, resulting in a decrease in CO₂ emissions. We will continue to apply this strategy as we build warehouses in other regions in the future.

TOPICS Adopting coastal transportation as the optimum method in Brazil

Every year Moto Honda da Amazonia Ltda. (HDA), a Honda motorcycle production and sales subsidiary in Brazil, procures 390,000 tons of components used at its plant in Manaus from suppliers. It also ships 1.1 million motorcycles produced at the plant nationwide.

HDA has endeavored to create environmental management in order to optimize logistics operations and

reduce environmental impact. In 2012, it began using coastal transport for moving domestic freight taking advantage of Brazil's geography, which is ideal for marine transport. As a result, HDA has reduced CO₂ emissions in the transportation of one motorcycle by an average of 12.5 kg and now transports 24% of all its motorcycles by coastal transport.

GRI Index

	Indicators	Page	
Strategy and Analysis	G4-1 Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	3,4	
	G4-2 Provide a description of key impacts, risks, and opportunities.	3,4,9-18,33	
Organizational Profile	G4-3 Report the name of the organization.	101	
	G4-4 Report the primary brands, products, and services.	102	
	G4-5 Report the location of the organization's headquarters.	101	
	G4-6 Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	102	
	G4-7 Report the nature of ownership and legal form.	101	
	G4-8 Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	102	
	G4-9 Report the scale of the organization.	101 Form20F (8,26-28)	
	G4-10 a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	71	
	G4-11 Report the percentage of total employees covered by collective bargaining agreements.	Form20F (68)	
	G4-12 Describe the organization's supply chain.	87-94	
	G4-13 Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	N/A	
	G4-14 Report whether and how the precautionary approach or principle is addressed by the organization.	27-28	
	G4-15 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	4,21,32,93	
	G4-16 List memberships of associations (such as industry associations) and national or international advocacy organizations.	21,93	
	Identified Material Aspects and Boundaries	G4-17 a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Form20F (26-27)
		G4-18 a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	17,18,31
G4-19 List all the material Aspects identified in the process for defining report content.		17,18,33,34	
G4-20 For each material Aspect, report the Aspect Boundary within the organization.		1	
G4-21 For each material Aspect, report the Aspect Boundary outside the organization.		1	
G4-22 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.		N/A	
G4-23 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		1	
Stakeholder Engagement		G4-24 Provide a list of stakeholder groups engaged by the organization.	20,21
	G4-25 Report the basis for identification and selection of stakeholders with whom to engage.	20,21	
	G4-26 Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	20,21	
	G4-27 Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	20,21	
	Report Profile	G4-28 Reporting period (such as fiscal or calendar year) for information provided.	1
G4-29 Date of most recent previous report (if any).		1	
G4-30 Reporting cycle (such as annual, biennial).		1	
G4-31 Provide the contact point for questions regarding the report or its contents.		1	
G4-32 a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.		-	

	Indicators	Page
Report Profile	G4-33 a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	100
Governance	G4-34 Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	19,22
	G4-35 Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	19,22
	G4-36 Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	19,22
	G4-37 Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	19
	G4-38 Report the composition of the highest governance body and its committees.	22-24
	G4-39 Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	22-24
	G4-40 Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	22-24
	G4-41 Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	22-24
	G4-42 Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	19,22-24
	G4-43 Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	19
	G4-44 a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	19,22-24
	G4-45 a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	19-21
	G4-46 Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	19
	G4-47 Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	19
	G4-48 Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	19
	G4-49 Report the process for communicating critical concerns to the highest governance body.	19
	G4-50 Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	26
	G4-51 a. Report the remuneration policies for the highest governance body and senior executive. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	24
	G4-52 Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	24
	G4-53 Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	-
G4-54 Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-	
G4-55 Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-	

	Indicators	Page
Ethics and Integrity	G4-56 Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	17,18,25
	G4-57 Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	25,26
	G4-58 Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	25,74
Disclosures on Management Approach	G4-DMA a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	3,4,17,18
Economic		
Economic Performance	G4-EC1 Direct economic value generated and distributed	86,101
	G4-EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change	32,33,34
	G4-EC3 Coverage of the organization's defined benefit plan obligations	Form20F (44)
	G4-EC4 Financial assistance received from government	-
Market Presence	G4-EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-
	G4-EC6 Proportion of senior management hired from the local community at significant locations of operation	71
Indirect Economic Impacts	G4-EC7 Development and impact of infrastructure investments and services supported	9-12,53
	G4-EC8 Significant indirect economic impacts, including the extent of impacts	-
Procurement Practices	G4-EC9 Proportion of spending on local suppliers at significant locations of operation	89
Environmental		
Materials	G4-EN1 Materials used by weight or volume	-
	G4-EN2 Percentage of materials used that are recycled input materials	-
Energy	G4-EN3 Energy consumption within the organization	45
	G4-EN4 Energy consumption outside of the organization	45
	G4-EN5 Energy intensity	-
	G4-EN6 Reduction of energy consumption	44,45
	G4-EN7 Reductions in energy requirements of products and services	35,36,40,44
Water	G4-EN8 Total water withdrawal by source	45
	G4-EN9 Water sources significantly affected by withdrawal of water	46
	G4-EN10 Percentage and total volume of water recycled and reused	46
Biodiversity	G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	46
	G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	46
	G4-EN13 Habitats protected or restored	46
	G4-EN14 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	46
Emissions	G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)	43,44
	G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)	43,44
	G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)	43,44
	G4-EN18 Greenhouse gas (GHG) emissions intensity	41
	G4-EN19 Reduction of greenhouse gas (GHG) emissions	40
	G4-EN20 Emissions of ozone-depleting substances (ODS)	46
	G4-EN21 NOx, SOx, and other significant air emissions	46
Effluents and Waste	G4-EN22 Total water discharge by quality and destination	46
	G4-EN23 Total weight of waste by type and disposal method	46
	G4-EN24 Total number and volume of significant spills	31
	G4-EN25 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	46
	G4-EN26 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	46

	Indicators		Page
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	35-42
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	37,38
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	31
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	42-44
Overall	G4-EN31	Total environmental protection expenditures and investments by type	38
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	88
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	46
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	31
Social: Labor practices and decent work			
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	71
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	73-76
	G4-LA3	Return to work and retention rates after parental leave, by gender	73
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	-
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Form20F (68)
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	75,76
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	-
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	75,76
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	69
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	67-70,73
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	74
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	22,71
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	72
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	88
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	-
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	-
Social: Human Rights			
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	71
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	-
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	-
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	-
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	-
Security Practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	71
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	-

	Indicators	Page
Supplier Human Rights Assessment	G4-HR10 Percentage of new suppliers that were screened using human rights criteria	88
	G4-HR11 Significant actual and potential negative human rights impacts in the supply chain and actions taken	93
Human Rights Grievance Mechanisms	G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	-
Social: Society		
Local Communities	G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs	49,50,53,77-86
	G4-SO2 Operations with significant actual or potential negative impacts on local communities	-
Anti-corruption	G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	26
	G4-SO4 Communication and training on anti-corruption policies and procedures	26
	G4-SO5 Confirmed incidents of corruption and actions taken	N/A
Public Policy	G4-SO6 Total value of political contributions by country and recipient/beneficiary	-
Anti-competitive Behavior	G4-SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	N/A
Compliance	G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	26
Supplier Assessment for Impacts on Society	G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society	88
	G4-SO10 Significant actual and potential negative impacts on society in the supply chain and actions taken	-
Grievance Mechanisms for Impacts on Society	G4-SO11 Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	-
Social: Product Responsibility		
Customer Health and Safety	G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	54
	G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	5-6,64
Product and Service Labeling	G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	35-36
	G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	N/A
	G4-PR5 Results of surveys measuring customer satisfaction	60-62,64
Marketing Communications	G4-PR6 Sale of banned or disputed products	5,6,64
	G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	N/A
Customer Privacy	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	28
Compliance	G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	26

N/A: No significant cases of any relevance

Third-Party Verification



To disclose environmental impact data in a more transparent and reliable manner to our diverse stakeholders, Honda obtained third-party verification of the following information from Bureau Veritas Japan Co., Ltd.*1.

(Organizational scope of verification)

Environmental impact data from Honda Motor Co., Ltd., and 456 consolidated and affiliated companies in Japan and overseas.

Environmental impact data verified :

Energy consumption, greenhouse gas emissions, water use, wastewater volume, waste generated, waste recycled, waste directly landfilled, waste sold for reuse*2, atmospheric pollutant emissions (NOx, SOx), VOC emissions*2, PRTR emissions*2, CO2 emissions from product use (scope 3, category 11)*3

**Honda Sustainability Report 2015
Independent Verification Report**

To: Honda Motor Co., Ltd.

June 23, 2015

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Honda Motor Co., Ltd. (Honda) to conduct an independent verification of its environmental data selected for inclusion in the Honda Sustainability Report 2015 (the Report), issued under the responsibility of Honda. The aim of this verification is to consider the accuracy of environmental data detailed in the Report and to provide verification opinion based on objective evidence.

1. Verification Outline

1) Environmental impact data generated through business operations in FY2014 (April 1, 2014 through March 31, 2015)

Scope of Verification	Site Visited	Verification Methodology
Environmental impact data generated through business operations of Honda Group's 457 companies including Honda and its consolidated subsidiaries and affiliates (*1)	- Honda's Head Office - Aoyama Building - Honda Kumamoto Factory - Honda Engineering Co., Ltd. - Honda of Canada Manufacturing - MOTO Honda DA AMAZONIA LTDA.	- Review of documentary evidence produced by Honda's head office and the sites visited - Interviews with relevant personnel of Honda's head office and the sites visited - Site inspection and review of data monitoring procedures - Comparison between the reported data and supporting documentary evidence

(*1) Environmental impact data verified are Energy consumption, Greenhouse gas emissions, Water consumption / drainage, Waste generated / Landfill waste, VOC, Chemical substances and NOx / SOx.

2) CO₂ emissions generated through the use of products sold by Honda in FY2014 (April 1, 2014 through March 31, 2015)

Scope of Verification	Verification Methodology
The amount of CO ₂ emissions through the lifetime use of automobiles, motorcycles and power products (*2)	- Review of documentary evidence produced by Honda's head office - Interviews with relevant personnel of Honda - Comparison between the reported data and supporting documentary evidence

(*2) more than 90% of worldwide sales as stated by Honda

This verification was conducted using Bureau Veritas' standard procedures and guidelines for external verification of non-financial reporting, based on current best practice. Bureau Veritas refers to the International Standard on Assurance Engagements (ISAE) 3000 in providing a limited assurance for the scope of work stated herein.

2. Findings

1) Environmental impact data generated through business operations in FY2014

- According to the environmental impact data that Bureau Veritas verified, the information stated in the Report is consistent with the data collected and consolidated by Honda's head office.
- No significant errors were detected in the environmental data reported by sites that were not corrected to Honda's head office.

2) CO₂ emissions generated through the use of products sold by Honda in FY2014

There is no evidence that the CO₂ emissions reported by Honda:

- is not materially correct and is not a fair representation of the CO₂ emissions data and related information.
- is not prepared in accordance with the methodology for calculating CO₂ emissions established and implemented by Honda.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all our staff maintain high standards in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest. Bureau Veritas activities for Honda are for social reporting verification only and we believe our verification assignment did not raise any conflicts of interest.

GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: Honda Motor Co., Ltd.

June 23, 2015

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by Honda Motor Co., Ltd. (Honda) to conduct verification to a limited level of assurance of the greenhouse gas (GHG) emissions reported in the Honda Sustainability Report 2015 for the period of April 1, 2014 through March 31, 2015.

1. Scope of Verification

Honda requested Bureau Veritas to verify the accuracy of the following GHG information, to a limited level of assurance:

- Scope 1 and Scope 2 GHG emissions:
 - GHG emissions through business operations of Honda Group's 457 companies including Honda and its consolidated subsidiaries and affiliates
- Category 11 of Scope 3 GHG emissions according to the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard":
 - CO₂ emissions through the lifetime use of automobiles, motorcycles and power products sold by Honda (more than 90% of worldwide sales as stated by Honda)

2. Methodology

Bureau Veritas conducted the verification in accordance with the requirements of the international standard ISO 14064-3:2006; Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

As part of Bureau Veritas' assurance, the following activities were undertaken:

- Interviews with relevant personnel of Honda responsible for the identification and calculation of GHG emissions;
- Review of Honda's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of a sample of source data to check accuracy of quantified GHG emissions.

3. Conclusion

Based on the verification work and processes followed, there is no evidence to suggest that the GHG emissions assertions shown below:

- are not materially correct and are not a fair representation of the GHG emissions, as per the scope of work;
- are not prepared in accordance with the methodology for calculating GHG emissions established and implemented by Honda.

Verified greenhouse gas emissions		
Scope 1	Scope 2	Scope 3 Category 11
1,376,000 t-CO ₂ e	3,864,000 t-CO ₂ e	223,542,000 t-CO ₂ e

[Statement of independence, impartiality and competence]

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 150 years history in providing independent assurance services. No member of the verification team has a business relationship with Honda, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes.

*1 Bureau Veritas Japan Co., Ltd., frequently conducts internal protocol reviews for Honda to ensure that its operations comply with the latest best practices as well as various published standards, including ISO 14064-3, an international standard on greenhouse gas emissions; AA1000, a standard used for auditing of nonfinancial information; the Global Reporting Initiative's G4 sustainability reporting guidelines; and International Standard on Assurance Engagement (ISAE) 3000.

*2 Data from Japan only

*3 Scope 3, category 11 calculations cover the emissions of about 90% of all motorcycles, automobiles, and power products sold worldwide under the Honda brand name. These emissions are calculated using the following formula for each model and adding the results: CO₂ emissions × Annual distance traveled (for power equipment: annual usage in hours) × Product lifetime in years × Annual unit sales

Honda Overview

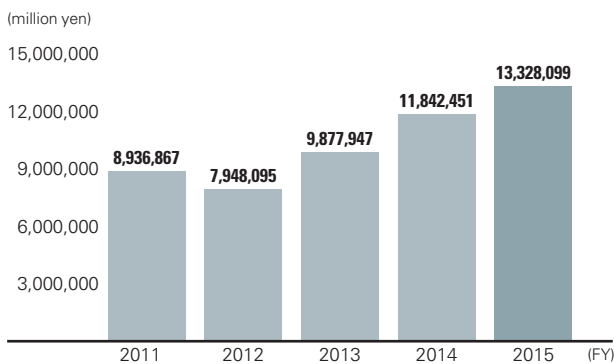
Company overview

Company Name Honda Motor Co., Ltd.
Head Office 2-1-1, Minami-Aoyama, Minato-ku, Tokyo 107-8556, Japan
 Tel: +81-(0)3-3423-1111 (main)
Established September 1948

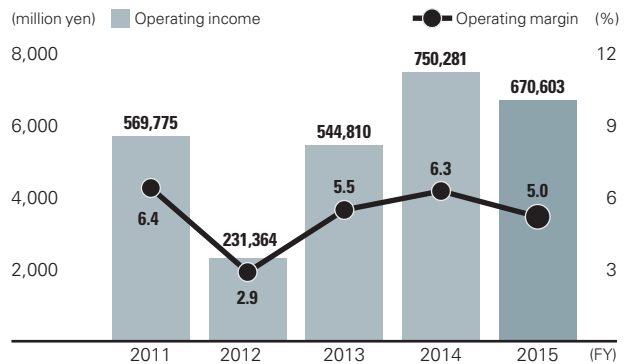
President, CEO & Representative Director Takahiro Hachigo
 (assumption in June, 2015)

Capital 86,067 million yen (as of March 31, 2015)
Number of employment 204,730 (consolidated basis),
 22,954 (nonconsolidated basis)
 (as of March 31, 2015)

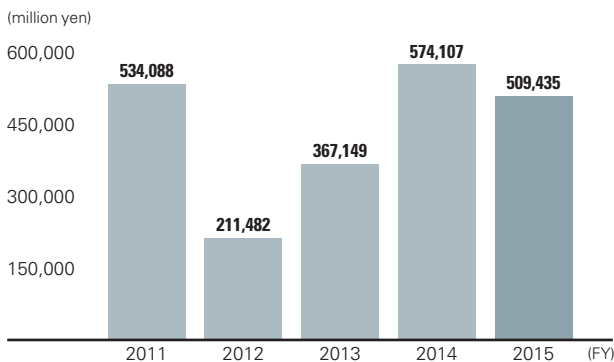
Net sales and other operating revenue



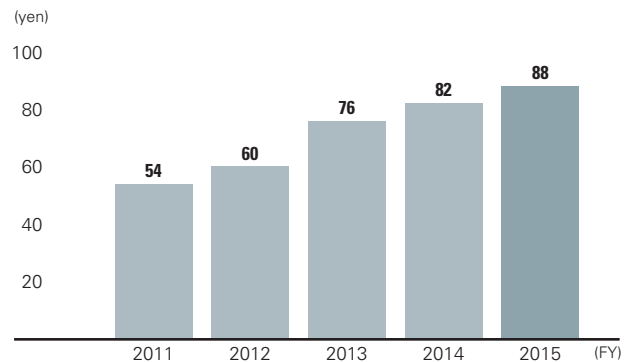
Operating income/Operating margin



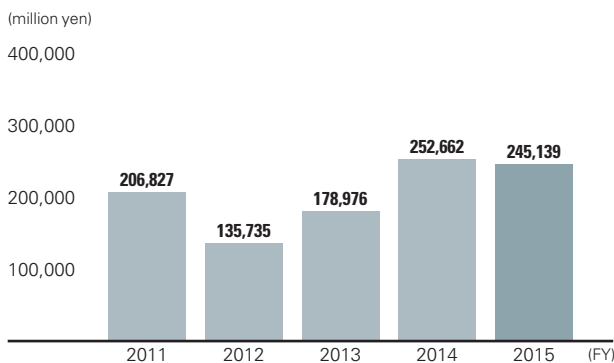
Net income attributable to Honda Motor Co., Ltd. Profit for the Year attributable to Owners of the Parent



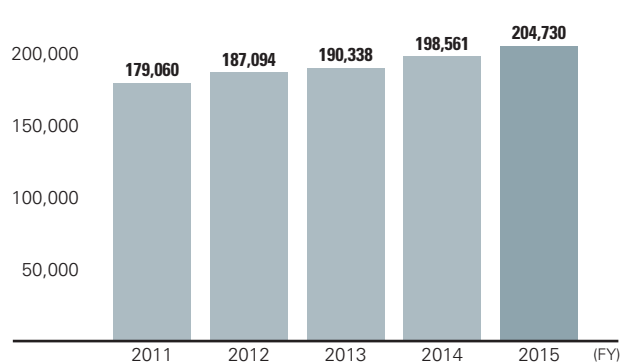
Dividend per share



Income tax



Number of employment



* Data collected in accordance with the criterion of USGAAP until FY2014 and IFRS in FY2015.

Principal businesses

Motorcycles

After World War II, the use of auxiliary engines mounted on bicycles spread quickly in Japan, making it easier for people to move around and transport goods. This was the starting point of manufacturing for Honda. Ever since, Honda has given shape to wide-ranging joys and the fun of riding on two wheels, through such products as the Super Cub, which went on to become the standard in commuter models, and the Dream CB750 Four, which triggered an unprecedented sports bike boom across Japan. Making motorcycles with the basic goal of bringing joy and satisfaction to people serves as the starting point of Honda.



CBR250R

Automobiles

“We will redraw the map of automobile manufacturing.” With this commitment, Honda launched the T360 mini truck in 1963 to become the last major domestic automaker to enter the Japanese automotive market. A second model, the S500 sports car, then followed in the T360’s footsteps to form a pair of vehicles equipped with Japan’s first DOHC automobile engine and to make Honda’s debut with a full complement of our distinctive innovation. Then in 1964, Honda took up the challenge of Formula One with the intent of honing Honda’s leading edge technology at the pinnacle of racing. Ever since, Honda’s automobile business has been filled with a challenging spirit and new value creation in every area including technology development and manufacturing.



Grace Hybrid

Power products

Honda Power Products operations started with the desire to apply engine technologies in ways useful for people’s daily lives and work situations. Beginning in 1953 with a general-purpose engine developed for agricultural equipment, the power products business has now passed its 60th year of offering an ever-expanding set of products including generators, tillers, snow throwers, and outboard engines. Through products familiar in daily life such as a household gas engine cogeneration unit, Honda continues to offer new values in the area of energy savings or energy generation.



HRG465 Lawnmowers

Honda Group unit sales (January – December 2014)

Motorcycles

17,670,000 units

Automobiles

4,447,000 units

Power products

5,934,000 units

	China	Japan	North America
Motorcycles	1,360,000 units	205,000 units	294,000 units
Automobiles	796,000 units	849,000 units	1,789,000 units
Power products	530,000 units	330,000 units	2,652,000 units
	Europe/Middle East/Africa	Asia & Oceania	South America
Motorcycles	316,000 units	14,040,000 units	1,455,000 units
Automobiles	238,000 units	620,000 units	155,000 units
Power products	1,188,000 units	1,101,000 units	133,000 units



Honda Motor Co., Ltd.

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Tokyo 107-8556, Japan
Published in June 2015