

**HONDA**

Honda

SUSTAINABILITY

REPORT

2016



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## Editorial Policy



### About this report

As a company aiming to realize a sustainable society, Honda has identified the Environment, Safety, Quality and Society as important themes and has been carrying out wide-ranging activities accordingly. To enable our stakeholders to have a systematic understanding of these activities, we started publishing the *Honda Sustainability Report* from FY2016. This year's report describes the status of our initiatives for each theme during FY2016.

### Organizations covered

This report covers the entire Honda Group, which includes Honda Motor Co., Ltd., 368 consolidated subsidiaries and 83 affiliate companies subject to equity method accounting (total of 451 companies). Sections that do not cover the entire Honda Group are indicated as such with a reference to the specific scope.

### Period covered

This report focuses primarily on the activities undertaken during FY2016 (April 1, 2015 – March 31, 2016), and also includes past background information and activities conducted up to the time of publication, as well as other matters including future outlook and plans.

### Guidelines

This report has been developed in accordance with the "Comprehensive" option of the Global Reporting Initiative (GRI) G4 guidelines. For details, please refer to the GRI Content Index on pages 94-101.

\*The guideline referenced in calculations and/or the basis for calculations is shown in the corresponding sections.

### Disclaimer

This report contains past and current factual data of Honda Motor Co., Ltd. as well as plans and outlook and future projections based on its management policies and management strategies as of the date of publication. These future projections are assumptions or decisions derived from the information available at the time this report was produced. Please note that the results of future business activities and events may vary depending on changes in conditions and circumstances. This report may also contain corrections, restatement or significant changes to information provided in previous reports.

### Assurance

Honda obtained the independent practitioner's assurance of the environmental data for the year ended March 31, 2016. For more details, please refer to the Independent Practitioner's Assurance section on page 102 of the report. Data indicated with  received the independent practitioner's assurance.

### Date of publication

Publication of this report: June 2016  
 Planned publication of next report: June 2017  
 Honda releases a Sustainability Report every year.

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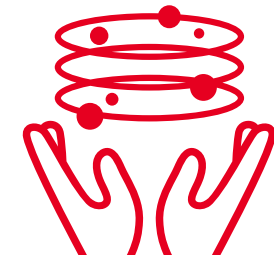
### Published by

Corporate Planning Division, Honda Motor Co., Ltd.

### Cover page pictogram

The design of the pictogram on the cover page symbolizes Honda's concept of sustainability.

- Three Ellipses = "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation" (⇒ P.13)
- Six Precise Circles = Motorcycles, Automobiles, Power products and New Businesses for the future (⇒ P.04)
- Supporting Hands = The desire of stakeholders who empathize with Honda's initiatives (⇒ P.15)

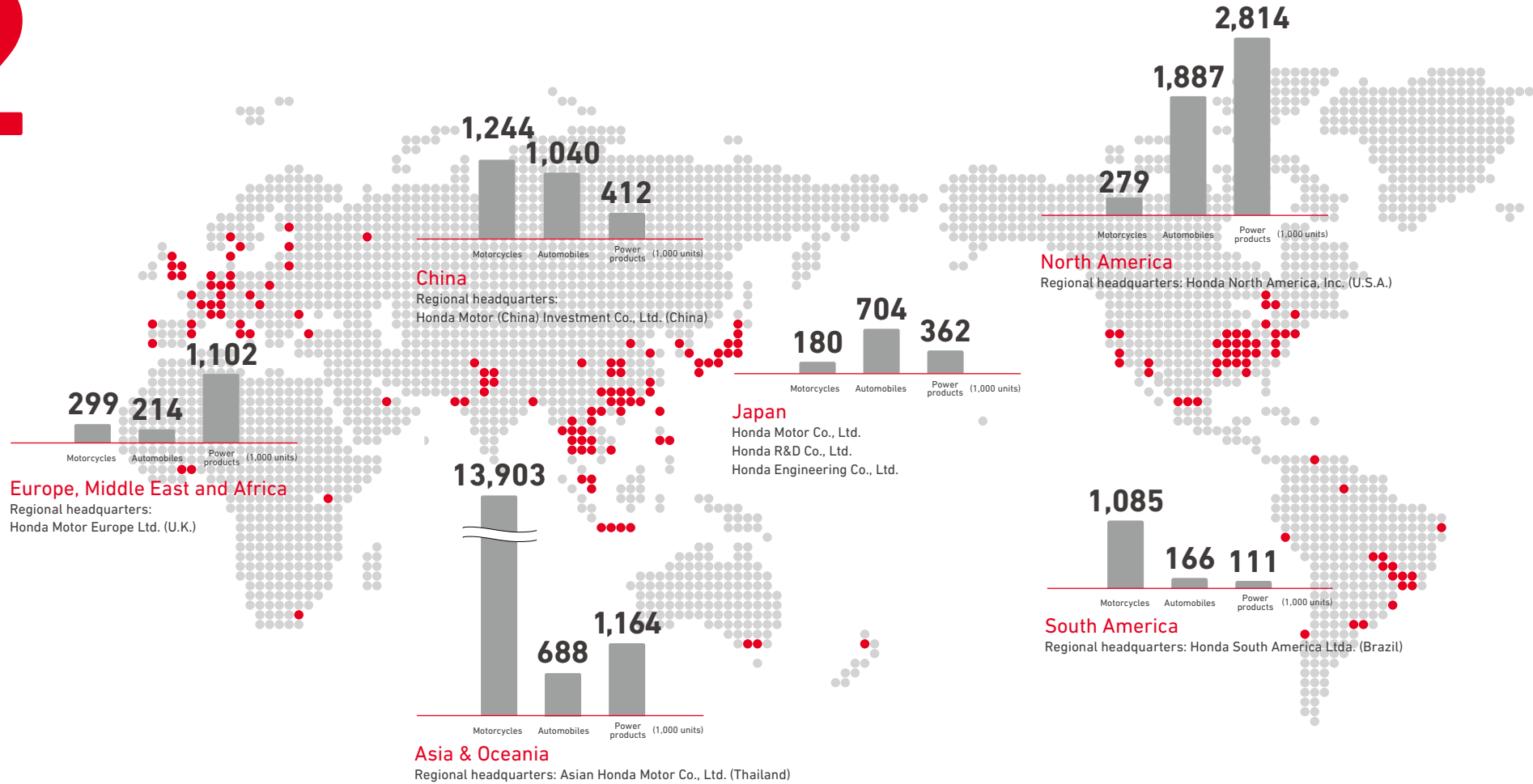


**Overview of Honda**

Unit sales and principal operation bases

Joy of mobility to **27,000,000** people transcending national borders

**2**



Company name: Honda Motor Co., Ltd.  
 Established: September 1948  
 President, CEO & Representative Director: Takahiro Hachigo  
 Capital: 86,067 million yen (as of March 31, 2016)

\*The graphs show unit sales (retail) of motorcycles, automobiles and power products (in units of 1,000) in each of the six regions. [April 2015 to March 2016]  
 The symbol ● represents the approximate locations of Honda Group companies.

## Overview of Honda

### Honda's Business Domains

## Principal Businesses

### Motorcycles

After World War II, the application of auxiliary engines to bicycles, which made it easier for people to move around and transport goods, spread quickly in Japan. The Honda Super Cub, introduced in Japan in 1958 to provide even greater convenience for people's mobility, now has been sold in a total of more than 160 countries, becoming the most popular two-wheeler in the world.

With a desire to bring the convenience and fun of motorcycles to as many people as possible, we expanded our motorcycle business into overseas markets, and under our approach of "building products close to our customers," started manufacturing operations rooted in each country and region. These local operations became the foundation of our global growth. In September 2014, our cumulative global production of motorcycles reached 300 million units.

From the globally popular to the ultimate racer replica RC213V-S, dual-purpose CRF1000L Africa Twin, the NM4 developed under "neo-futuristic" and "cool" design concepts, and the EV-Cub Concept, an environmentally responsible motorcycle for use in everyday life to offer a new solution for environmental issues, Honda manufactures a broad range of products based on unconventional ideas to deliver the joy of motorcycles to the next generations.



EV-Cub Concept

### Automobiles

"We will redraw the map of the automobile industry." With this commitment, Honda extended our business from motorcycles to automobiles and became the last major domestic automaker in Japan to enter the market with the launch of the T360 mini truck and the S500 sports car in 1963. These models were the first four-wheel vehicles in Japan to be equipped with a DOHC engine. Honda's automobile business has always been driven by this challenging spirit and new value creation both in terms of advanced technology and production processes. Our efforts led to the introduction in 1973 of the Civic adapted with a CVCC engine, the world's first engine to fully comply with the U.S. The Clean Air Act ("Muskie Act"). In 1989, we rolled out a vehicle equipped with a VTEC engine that combines low fuel consumption and high output at an advanced level.

Currently, we pursue the joy of driving through original technologies and ideas by the adoption of "Earth Dreams Technology" which is not only the further evolution of internal-combustion engines but also increasing the number of models adopting electromotive technology through our high-efficiency, high-output motor hybrid system.

For the future of the mobile society, our introduction of the CLARITY FUEL CELL, a new fuel cell vehicle that emits only water, represents our renewed determination to realize a sustainable society and continue to provide new value toward this goal.



CLARITY FUEL CELL

### Power products

To help people in their work and daily lives, our power products business started in 1953 with the release of a general-purpose engine for agricultural equipment.

For more than 60 years, we have been offering a diverse range of products from tillers to generators, snow throwers, outboard engines and lawnmowers, all available in an extensive lineup and offering excellent fuel efficiency and reliability. On a cumulative basis, we have produced 120 million units of these products, which have been purchased and used by customers in a total of more than 150 countries. Further, through products used in people's daily lives, such as a household gas engine cogeneration unit, we continue to offer new value in areas related to energy savings and energy generation.

In November 2015, we initiated lease sales of the Honda Walking Assist Device, an assistive device for use in the training of walking, to institutional customers in Japan. The device has been developed based on the theory of human walking, which we have accumulated through the research and development of our ASIMO humanoid robot.

Looking ahead, we will continue to deliver products useful in everyday life to people across the world and spread the joy of helping others by maximizing and pursuing the potential of mobility.



YUKIOS e electric-powered blade snow thrower



Honda Walking Assist Device

## Creating New Businesses

### Aircraft and aircraft engines

In 1986, Honda took on the bold challenge to develop an entirely new aircraft with the aim of extending Honda mobility to the skies. With deliveries beginning in December 2015, the world's most advanced light jet – the HondaJet – became a reality for customers around the world.

The HondaJet, powered by HF120 turbofan engines, is the fastest, highest-flying, quietest and most fuel-efficient jet in its class\*. The HondaJet incorporates many technological innovations in aviation design, including the unique Over-The-Wing Engine Mount (OTWEM) configuration that dramatically improves performance and fuel efficiency by reducing aerodynamic drag, the natural laminar flow nose and wing, and composite fuselage. We have delivered the HondaJet in the U.S., Mexico and Europe. The HondaJet is offered for sale in North America, South America and Europe.

The HF120 is a lightweight, compact, high-efficiency and high-performance turbofan engine with high thrust, developed jointly with General Electric (GE). With its superior performance, we aim to expand sales of the engine to other aircraft manufacturers appealing its superiority.

\*Survey by Honda Motor Co., Ltd.



HondaJet



HF120 turbofan engine

# 3

## Message from the President and CEO

In pursuit of a sustainable society in which people can follow their dreams, we continue to create and offer new value through innovation and challenge in ways unique to Honda.

*T. Hachigo*

President, CEO and  
Representative Director



## Message from the President and CEO

### Contributing to the Realization of a Sustainable Society, by Creating new Value in Ways Unique to Honda

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

Honda seeks to realize a sustainable society through a multitude of corporate activities that are tied to our business operations. We have continued to challenge to this end, with "Environment," "Safety," "Quality" and "Society" as the key themes of our initiatives. In addition, to show Honda's vision for a sustainable society of the future, we formulated the Honda Environmental and Safety Vision in 2011: "Realizing the joy and freedom of mobility and a sustainable society where people can enjoy life."

To deliver attractive products and services that are uniquely Honda and bring joy to customers worldwide across all its business domains of motorcycles, automobiles and power products, Honda intends to promote a range of initiatives, aiming to be a "company that society wants to exist."

### Playing a Leading Role in Reducing CO<sub>2</sub> Emissions to Resolve Climate Change

In each of its business domains of motorcycles, automobiles and power products, Honda has been making efforts in its entire supply chain to achieve the goal of cutting total CO<sub>2</sub> emissions in half for the Honda Group by 2050 compared with a base year of 2000.

In the area of our automobile operations, we will promote the adoption of electric-powered technologies and increase the use of vehicles with low environmental impact, such as hybrid vehicles, plug-in hybrid vehicles, electric vehicles and fuel cell vehicles (FCVs). Our specific goal is to increase the ratio of vehicles adopting electric-powered technologies in our total automobile sales to two-thirds by 2030.

In March 2016, we made great progress in this area as we began selling the CLARITY FUEL CELL, an FCV that has undergone a full model change. Honda envisions a society in which FCVs serve at the core of its energy system, where mobility helps to supply energy. This means creating a highly efficient, sustainable, smart society, in which FCVs "generate" low-carbon green energy in an efficient way; "use" this energy while transporting it; and "get connected" to society through the energy it transports. (For details, please refer to the "Special Feature" section of this report on pages 08–11.)

In partnership with General Motors (GM), we are also developing a next-generation fuel cell system, which we plan to commercialize in 2020.

In our motorcycle business operations, we are currently working toward the mass production of the EV-Cub electric-powered motorcycle. The plan is to start sales in Japan in around two years and ultimately expand sales in the ASEAN region.

Our efforts in power product operations include the electrification of lawn mowers and other work equipment, and expanding our lineup of automatic work equipment beyond the existing, robotic lawn mower Miimo.

In December 2015 the Paris Agreement was adopted in the 21st Session of the Conference of Parties to the United Nations Framework Convention on Climate Change (COP21). One of the goals set within the agreement is to "hold the increase in the global average temperature to well below 2°C above pre-industrial levels." As one of the world's largest powertrain\* manufacturers, producing more than 27 million units of motorcycles, automobiles and power products annually, Honda is thoroughly aware of our social responsibility to contribute to the realization of this goal. Based on this, in 2014 we committed to the initiative "Adopt a science-based emissions reduction target."

\*Collective term used to refer to power sources and power transmission devices, including engines, clutches and transmissions

## Message from the President and CEO

### Aiming to Realize a “Collision-Free Mobile Society,” While Taking On New Challenges to Expand the Potential of Mobility

Honda has created a roadmap to promote safety technology and to put automated highway driving into practical use by around 2020. Based on this advanced automated driving system, we aim to achieve a collision-free mobile society. Moreover, advances in “collision-free”-enabling equipment and systems, as well as their increasingly sophisticated interaction with communication tools, will also serve to enhance the diversity of mobility value. To make vehicles more convenient and more safe, we are advancing collaborations both in and outside Japan.

During FY2016, we successfully started deliveries of the HondaJet. We intend to develop this business with a long term perspective, as the HondaJet represents one of the dreams of Honda that has been long held since our foundation. We have made another step forward with the start of lease sales of the Honda Walking Assist Device, an assistive device for gait training, to institutional customers in Japan. We believe that the product has great potential to further increase the joy of mobility.

### Expanding the Potential in People’s Daily Lives to Create Better Lifestyles

As a mobility company, Honda remains loyal to our origins and takes on challenges as captured by our global brand slogan, “The Power of Dreams,” aiming to share joy and inspiration with people around the world. Our aspirations are to enhance the potential of individual customers and create better lifestyles by providing products and services that are unique to Honda, and to contribute to the realization of a sustainable society as Team Honda – the product of Honda and all its stakeholders coming together. We hope to become a company capable of creating new, diverse value that will allow us to fulfill these aspirations.

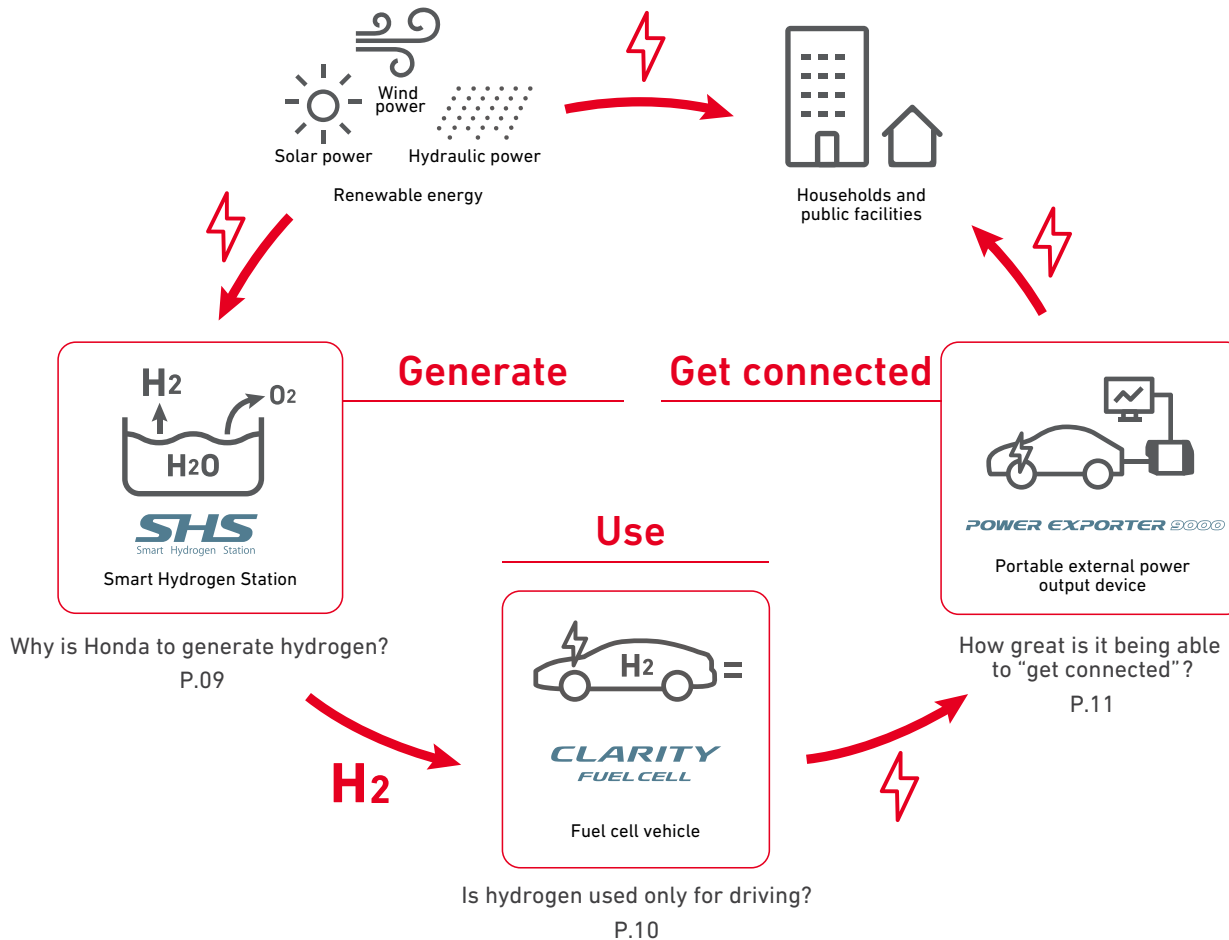
I would very much appreciate your continued support for our endeavors.



# 4

## Hydrogen for a New Tomorrow

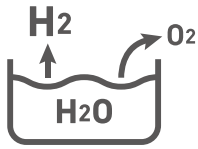
– Honda’s Initiatives for Realizing “the Joy and Freedom of Mobility” and “a Sustainable Society Where People Can Enjoy Life” –



As well as improving the fuel efficiency of gasoline cars, Honda has been promoting research and development of various types of environmentally conscious vehicles, including hybrid vehicles, plug-in hybrid vehicles and electric vehicles (EVs). Honda has focused on the development of fuel cell vehicles (FCVs) since the late 1980s as the ultimate eco-friendly car positioned at the pinnacle of these vehicles.

Hydrogen is a clean energy source that does not emit any CO<sub>2</sub> or harmful exhaust gas when used as a fuel. Its suitability as a vehicle fuel comes from the fact that it can be produced using a number of different methods and is relatively easy to transport and store. Hydrogen FCVs also offer the same levels of performance as gasoline cars in terms of cruising range and refueling time.

In addition to the advantage of “using” hydrogen energy, Honda has been pursuing the potential of using hydrogen energy to “generate” and “get connected.” Under the key concepts “generate,” “use” and “get connected,” we envision a society where mobility does not just consume energy, but where mobility is leveraged to support its energy supply. This special feature highlights Honda’s efforts in realizing “the joy and freedom of mobility” and “a sustainable society where people can enjoy life” through the utilization of hydrogen energy.



## “Generate” Hydrogen Using Renewable Energy



### Why Does Honda Generate Hydrogen on its Own?

Honda “generates” hydrogen by electrolyzing water (water electrolysis) because our aim is to realize a zero CO<sub>2</sub> emissions society.

Hydrogen can be produced from various sources, including fossil fuels and biomass, as well as by water electrolysis. Of these, water electrolysis using renewable energy is the only option that does not generate CO<sub>2</sub> as a by-product. We believed that the development of FCVs would be meaningless if we generate CO<sub>2</sub> in the process of producing hydrogen.

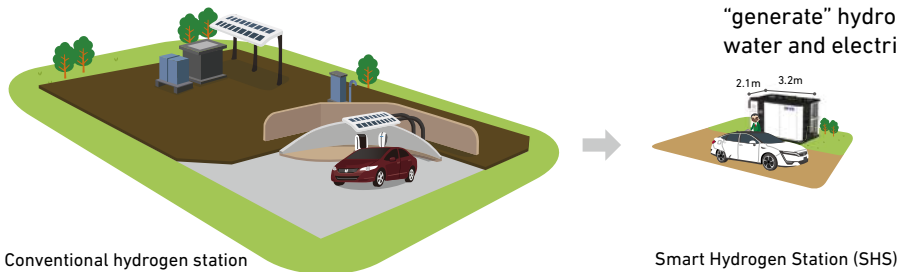
As a result, we started our own research and development into how to “generate” hydrogen through water electrolysis in 2001.

### Honda’s Original, Compact Hydrogen Station

In 2010, Honda successfully developed the Power Creator, an original, very small high-differential pressure electrolysis system. The system’s compact size has been made possible by the use of a world-first technology that is unique to Honda.

Conventionally, hydrogen produced must subsequently be compressed for high pressure storage using a compressor, a process that causes considerable energy loss. In addition, a large space is also required by law when producing high pressure hydrogen. In the Power Creator, hydrogen is compressed as it is produced, eliminating the need for a compressor and reducing energy loss.

In partnership with Iwatani Corporation, Honda has developed the original Smart Hydrogen Station (SHS), a packaged hydrogen station incorporating vehicle filling equipment with the Power Creator at its core. SHS, with its drastically smaller space requirements and shorter installation time, offers a greater opportunity to spread the use of hydrogen energy. We can now “generate” hydrogen in a considerably easier manner, using only water and electricity.



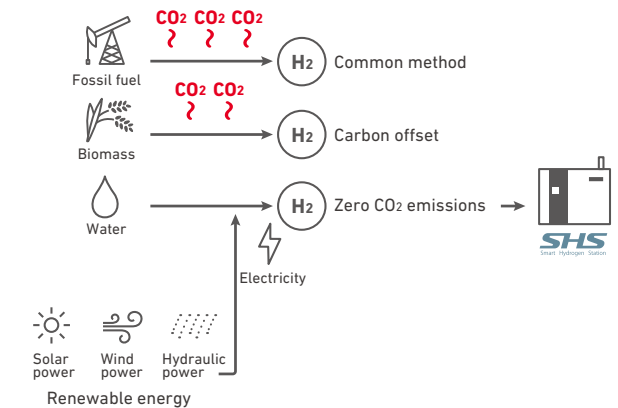
Conventional hydrogen station

Smart Hydrogen Station (SHS)

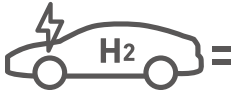
### Generating hydrogen

– How to generate a zero CO<sub>2</sub> emissions hydrogen –

Image of hydrogen production



Zero CO<sub>2</sub> emissions hydrogen is generated through water electrolysis using electricity from renewable energy.



## “Use” Hydrogen – People as Carriers of Hydrogen



### Using Green Energy to Realize an Age in Which Both People and Energy Move Freely

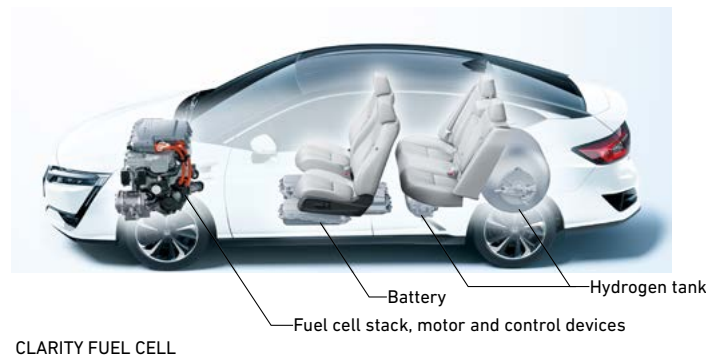
Being able to go anywhere is the value Honda has sought through our vehicles. This value, conventionally offered by gasoline cars, is successfully passed to FCVs, which use hydrogen as an energy source without emitting any CO<sub>2</sub>. In addition, FCVs play a key role in our concept, “generate,” “use” and “get connected” with energy, as they simultaneously carry both people and energy in the form of hydrogen.

Hydrogen can be stored for a long period of time and converted into electric energy for “use” at any given time. One advantage of hydrogen is that it can carry a greater amount of energy than batteries that store energy in the form of electricity.

Honda believes that the time will come with the spread of FCVs in the future when individual drivers freely carry around clean energy and “use” it at any given time and any given place.

### Expectations of the Car Become the Expectations of the FCV

In marketing FCVs, Honda took the lead among other automakers in Japan and worldwide with the release of the FCX in 2002 and the FCX Clarity in 2008. The CLARITY FUEL CELL, which was rolled out in March 2016, is the world’s first production model where the fuel cell stack, motor and control devices all fit in the front engine compartment. This configuration allows the use of a larger hydrogen tank, enabling the vehicle to carry more hydrogen. The model also offers a larger interior space than any other FCVs, which can comfortably accommodate five adults.

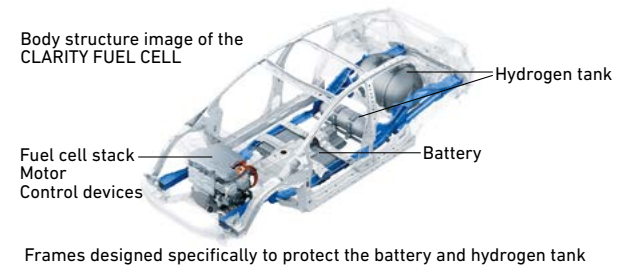


### Correct Use to Ensure the Safety of Hydrogen – Honda’s Safety Measures –

We now know FCVs can offer value as a vehicle equivalent to gasoline cars. How safe then is hydrogen fuel compared to gasoline and other fuels?

Hydrogen is light and quickly rises up and disperses when accidentally leaked into the atmosphere. Such characteristics are said to make hydrogen safer than gasoline and liquefied petroleum (LP) gas, which are heavier than air and tend to accumulate in low places.

Through the design of the car chassis, which is based on a full understanding of these characteristics, Honda achieves both practicality and safety by employing a structure that does not leak hydrogen and can detect, stop and discharge immediately any leak that may rarely occur.





## “Get connected” from Various Vehicles to Various Equipment

### Great Potential Offered through the Ability to “Get connected”

FCVs are also “power sources on wheels.” Because they can “get connected” with all kinds of electrical equipment, wherever the destination, they enable the user to enjoy life and leisure with electricity even in places without access to a power grid. They also operate very quietly.

Honda believes that, just like when cell phones freed us from telephone lines, cutting free from power grids has the potential to make a significant contribution to society.

### Leveraging the Accumulated Technologies of 50 Years of Experience in Manufacturing Generators

As a device for “getting connected,” Honda has developed the Power Exporter 9000, a portable external power output device.

While FCVs provide DC power, most of the equipment that will be connected to FCVs run on AC. As a result, it is necessary to convert from DC to AC, but if this process generates significant levels of noise or variations in voltage or frequency, equipment will either not operate or become damaged.

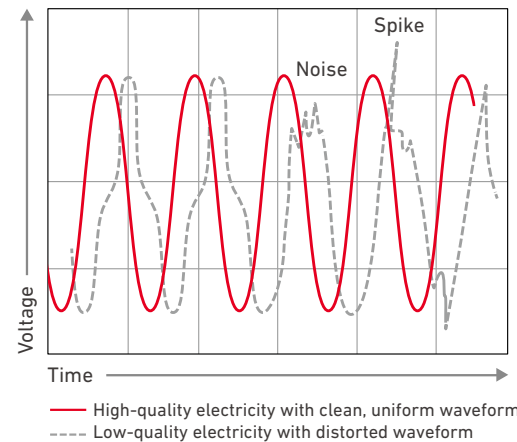
As a manufacturer of power generators for 50 years, Honda has leveraged its considerable experience in connecting electrical equipment with generators to realize the conversion of DC to high-quality electricity that is equivalent to commercial power fed through power grids. Consequently, Honda’s Power Exporter 9000 can feed power to many different types of equipment, even medical equipment.

In a future society where FCVs, EVs and other electric-powered

vehicles become prevalent, we assume there will be many opportunities to connect these vehicles to a wide variety of electric equipment. In reality, however, voltage varies among automakers and vehicle models. Featuring a capability to connect to FCVs and EVs of other automakers, Honda’s Power Exporter 9000 is the world’s first device\* to “get connected,” enabling different vehicles to connect to varying equipment irrespective of manufacturer.

\*Survey by Honda Motor Co., Ltd.

Image of electric current



### High-Quality Electricity Suitable for Operating Medical Equipment – Joint Demonstration Testing with Tottori University Hospital, Japan –

In August 2015, Honda and Tottori University Hospital, Japan, jointly conducted a test to verify the supply of power from the Power Exporter 9000 to various types of medical equipment. The results confirmed that electricity fed from the Power Exporter 9000 showed a uniform waveform equal to or exceeding that of commercial power and that the medical equipment that received power from the feeder functioned properly. As seen from this example, the supply of high-quality electricity translates into significant social value for its utilization during routine operations, as well as providing a power source for operating medical and other equipment in the event of a disaster.



Power Exporter 9000 operating in the hospital's Emergency & Critical Care Medical Center

## Honda Philosophy and Sustainability

# 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 Policies. 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.

## 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.

# 5

**Honda Philosophy and Sustainability**

# Sustainability at Honda

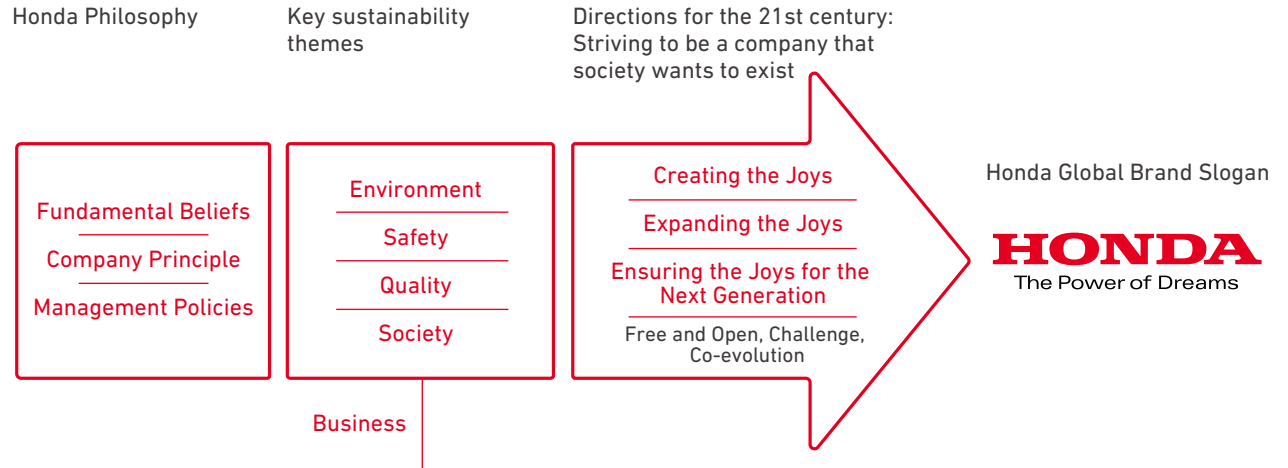
Honda has set Environment, Safety, Quality and Society as four key themes in order to contribute to the realization of a sustainable society. As a mobility-related manufacturer expanding business globally, Honda believes that we have a social responsibility to enhance quality and safety while minimizing 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 our direction for the 21st century and will advance the initiatives we have named in “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 “Free and Open, 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** The mobility that Honda sells throughout the world contributes to climate change through CO<sub>2</sub> emissions. As such, we have a responsibility to actively contribute to solving the global environmental problems that constitute a pressing issue for international society. We aim to halve our total CO<sub>2</sub> emissions by 2050 compared with 2000 levels and are positioning climate change issues, energy issues and the effective utilization of resources as important issues.

**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. Against this backdrop, 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 a “collision-free mobile society.”

**Quality** “We have to aim for 120% product quality. It is unacceptable if even 1% of our products are defective.” These words of founder Soichiro Honda defined the company’s fundamental approach to quality, or more specifically, what it means to strive to be a company society wants to exist. Based on this philosophy, we have created the Honda Quality Cycle that continuously enhances quality at every stage, encompassing design, development, production, sales and after-sales service, in order to realize products of the highest quality.

**Society** In order to contribute to the sustainability of the Earth and of society, we must understand the expectations and demands of society 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 issues.

**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.

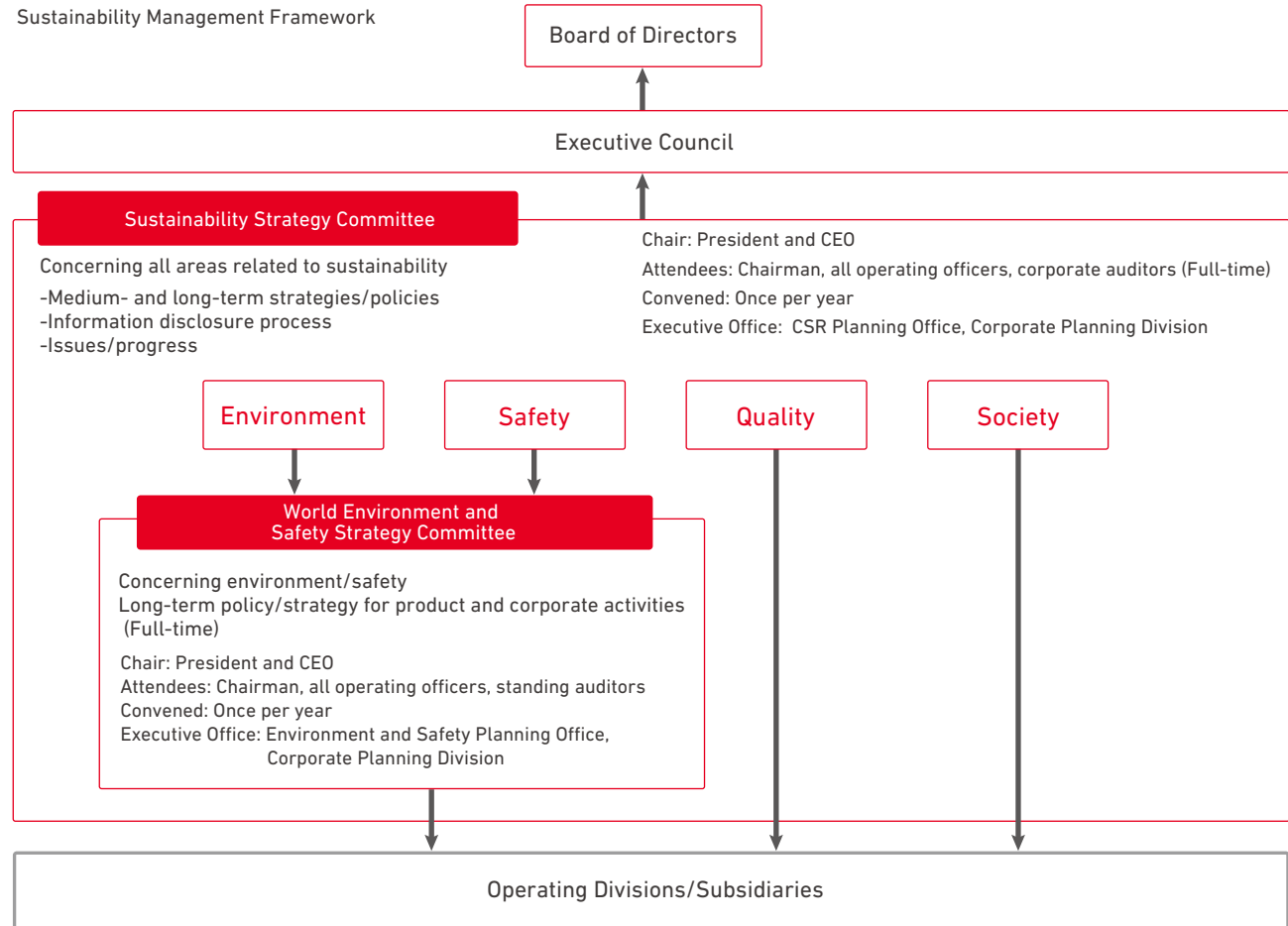
Accordingly, Honda believes that we must strengthen corporate governance and activities related to environmental and societal aspects that have the potential to affect our performance from the short-, medium- and long-term perspectives. We further believe that sustainability is one of the vital elements of corporate strategy.

For this reason, in 2015 we initiated the Sustainability Strategy Committee, chaired by the company President and CEO, as a platform to discuss and assess policy and initiatives related to sustainability activities.

Through this Committee, we compare the challenges in realizing the long-term vision of the company against the expectations and demands of stakeholders identified through dialogue, and deliberate on material issues at the management level.

In addition, in the areas of environment and safety, as with the Sustainability Strategy Committee, we deliberate over the long-term direction of initiatives in the areas of products and corporate activities through the World Environment and Safety Strategy Committee, also chaired by the company President and CEO.

Honda determines long-term strategies through the Executive Council and Board of Directors, taking into consideration the key challenges examined at these meetings, which are implemented as strategies and measures for operating divisions and subsidiaries.



## 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 value that we seek to offer. Together with this, we must put into practice a communication cycle in which we engage in dialogue with diverse stakeholders to grasp and understand the demands and expectations placed on Honda, translate these into concrete measures and finally listen to stakeholders’ evaluations of our activities.

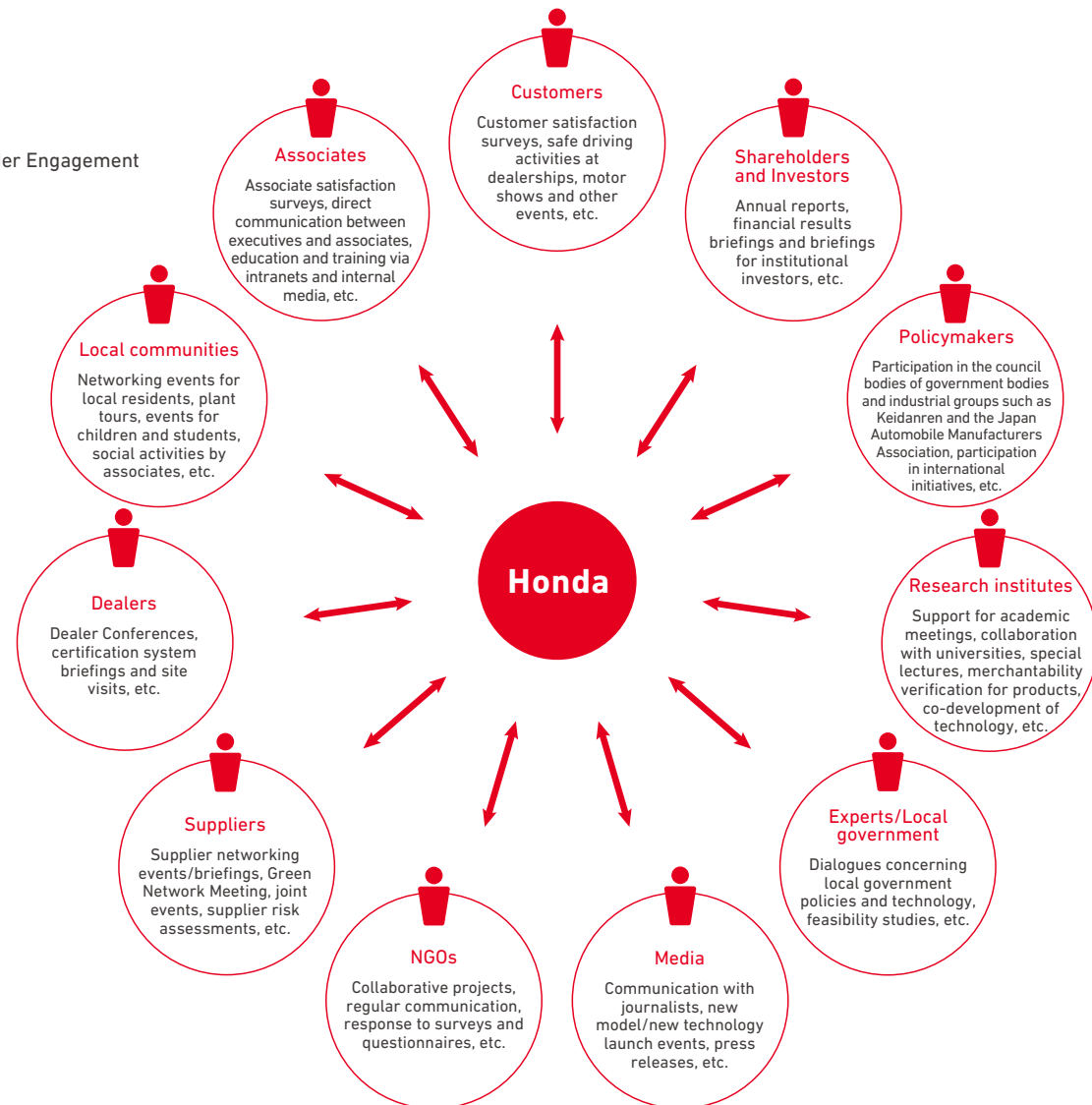
Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, we believe that stakeholder dialogue is a beneficial tool that enables us to expand business opportunities and increase the company’s customer base, while also giving us an understanding of changes and risks in the social environment.

Based on this understanding, the different divisions at Honda conduct dialogues globally, through a variety of opportunities, with the stakeholders engaged in Honda’s business: those stakeholders that either are impacted by Honda’s business activities, or whose activities that impact Honda’s business activities.

As an example, through dialogues with non-governmental organizations (NGOs) and institutional investors, we determined the necessity to further strengthen our initiatives to combat climate change, as well as the dissemination of the content of these initiatives.

To this end, we set a target of halving total CO<sub>2</sub> emissions by 2050 compared with 2000 levels. In an effort to achieve this goal, we will work to innovate and expand the application of zero CO<sub>2</sub> emissions vehicles such as fuel cell vehicles, as well as to actively promote electric-powered technologies in motorcycles, automobiles and power products. At the same time, we are committed to actively disseminating information regarding these initiatives to stakeholders.

### Stakeholder Engagement





## Honda and Our Stakeholders

# Cooperation with External Organizations

To carry out our responsibility as a global mobility-related manufacturer, Honda engages in dialogues with government, economic and industry bodies, and also cooperates with external bodies, for example, through participation Study Group for Promotion of ASV (Advanced Safety Vehicles) in Ministry of Land, Infrastructure, Transport and Tourism, and serving as chairman, committee head and committee member 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 The International Motorcycle Manufacturers Association (IMMA) and Organisation Internationale des Constructeurs d'Automobiles (OICA). Furthermore, Honda cooperates with initiatives related to sustainability through membership in the World Business Council for Sustainable Development (WBCSD) and participation in its Sustainable Mobility Project 2.0.

At Honda, we make optimal decisions locally for each region in terms of business execution in each region based on global shared rules. Political contributions are made following necessary internal procedure based on the laws and regulations of respective countries.

## External Evaluations

### Securing an Information Disclosure Score of 100 on the CDP Japan 500 Climate Change Report 2015

In November 2015, CDP\* released the CDP Japan 500 Climate Change Report 2015, the result of a survey on disclosure of climate change 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 fifth consecutive year 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



### Honda Added to the Dow Jones Sustainability Asia/Pacific Index

Honda was selected for the first time as a member of the Dow Jones Sustainability Asia/Pacific Index after being ranked in the top two for the Automobile sector for the Asia Pacific region in the Dow Jones Sustainability Indices ("DJSI"), one of the key benchmarks for socially responsible investing.

The DJSI are investment indices developed and offered cooperatively by U.S.-based S&P Dow Jones Indices and Switzerland-based RobecoSAM, which evaluate the sustainability of the world's leading companies from three perspectives in terms of economic, environmental and social criteria and select companies that demonstrate overall excellence for inclusion in the indices.



### Honda Received Bronze Class Rating and Selected as Industry Mover in RobecoSAM Sustainability Index

Honda was selected for the first time with a Bronze Class rating in the Automobiles sector of the Sustainability Award 2016 issued by RobecoSAM. Honda was also selected as an Industry Mover, an award given to companies that have made marked improvements in the sector. RobecoSAM evaluates sustainability of over 2,000 companies worldwide in terms of economic, environmental and social criteria. Companies deemed to be particularly outstanding in each sector are rated in categories of Gold Class, Silver Class and Bronze Class each year.



## Honda and Our Stakeholders

### T O P I C S

#### Demonstration Experiments to Spread the Use of Long-Tail Engine Sets for Small Boats in Collaboration with JICA

In India, although the number of people living in poverty is gradually declining as a result of strong economic growth, economic disparity is becoming a real social issue. In particular, in the fisheries industry there is now a huge difference in fish hauls between fishermen with power-driven vessels and those operating with rowboats, which is one factor behind the economic disparity. On the other hand, the increase in mid-sized fishing vessels that use trawlers has led to the problem of a significant decline in coastal fishing resources. As a result of these circumstances, coastal fishing in small boats using simple power-driven vessels is gaining attention as a sustainable way to fish from the perspectives of redressing economic disparity and preserving resources.

Honda participates in the Japan International Cooperation Agency's (JICA's) "Collaboration Program with the Private Sector for Disseminating Japanese Technology" and since October 2015 has been implementing activities to spread the use of long-tail engine sets for small boats for small-scale fishermen in the state of Tamil Nadu in the southern part of India. Honda's general-purpose engine has been installed on small non-powered boats used by local fishermen, some of whom have been recruited as monitors, as part of a demonstration experiment to bring simple motorization at a moderate price. Through these activities, Honda aims to meet specific local needs while spreading the use of the boats with a minimal financial burden by proposing a purchasing method that makes use of micro-financing (a small-scale loan system). In addition, a specialist in the fisheries industry has been sent from Japan to provide guidance on fishing methods appropriate to the area and on fishery management. Through collaboration with NGOs, the fisheries union and the state government, we are encouraging these grassroots activities aimed at driving sustainable growth and to reflect the concept in policy.

The demonstration experiments were planned and proposed by Honda, with project costs of approximately 20 million yen received as a project commissioned by JICA.



Test run in a boat equipped with a GX engine



Providing guidance on fishing methods and fishery management

### T O P I C S

#### Constructive Dialogues with Shareholders

Under a set of new codes and revised Company Law of Japan as represented by the Corporate Governance Code that took effect in June 2015 in Japan, companies will be increasingly called upon to cooperate with stakeholders and to engage in more constructive dialogues, particularly with shareholders. As the movement of capital becomes ever more globalized, Honda is experiencing an increase in the number of overseas shareholders, which means dialogues with diverse shareholders are growing in importance.

Honda has long engaged in dialogues with investors through its global Investor Relations (IR) activities, in order to actively disclose information regarding matters such as its current financial status. Now, Honda has linked Shareholder Relations (SR) activities as with IR activities in its dialogues with shareholders, which have links with IR activities. Specifically, we exchange opinions with institutional investors as our shareholders, regularly conduct shareholder surveys, and introduce Honda's strategies and initiatives through presentations at the General Meeting of Shareholders and tours of its plants. These serve as constructive opportunities to contribute to the advancement of corporate value.

Dialogues 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

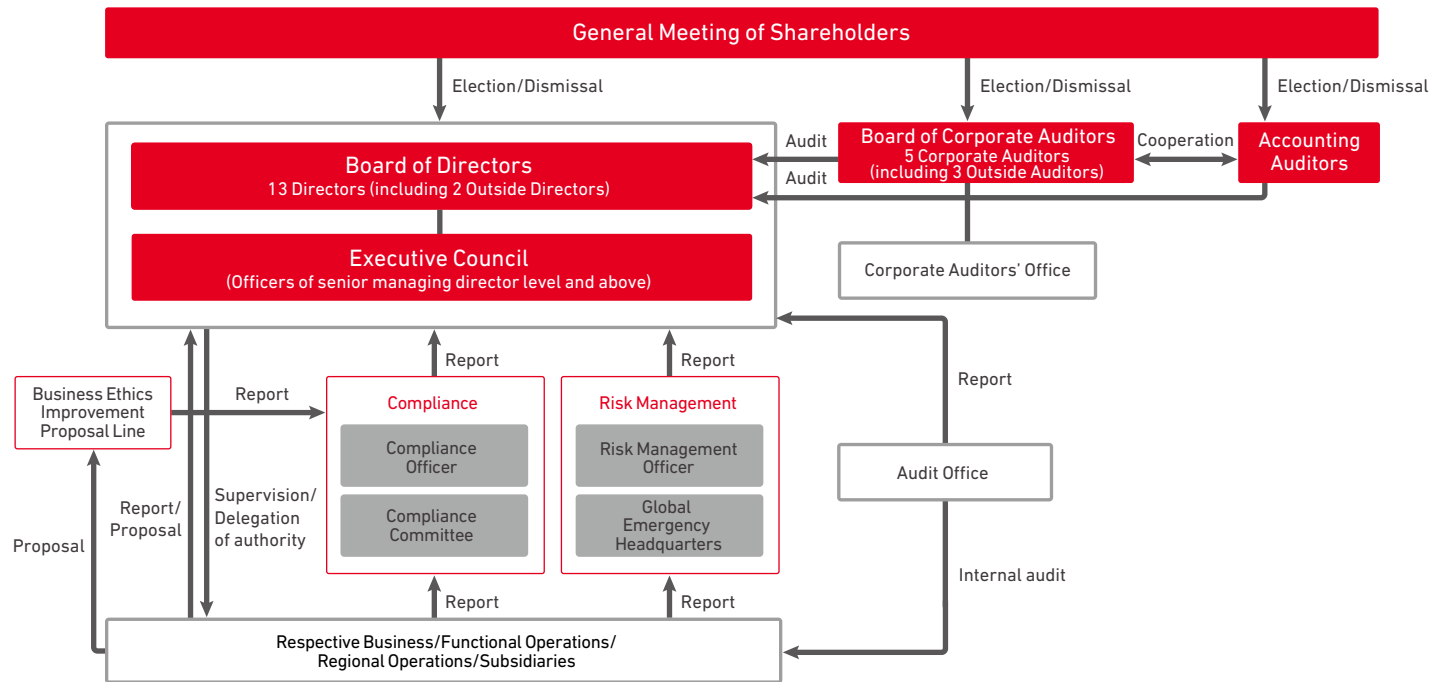
Based on our Fundamental Beliefs, Honda strives to enhance corporate governance in order to further strengthen the trust of our shareholders/investors, customers and society; encourage timely, decisive and risk-considered decision-making; seek sustainable growth and the enhancement of corporate value over the medium to long term; and in order that we become “a company that society wants to exist.” As such, it is one of the most important management issues.

We are making efforts to appropriately disclose corporate information including the release and disclosure of quarterly financial results and management policies in a timely and accurate manner to bolster trust and appreciation from shareholders/investors and society. Going forward, we will continue to strive to ensure the transparency of our management.

Please refer to “Honda Corporate Governance Basic Policies” and Corporate Governance Report\* for Honda’s basic policy, structure and composition of members related to corporate governance, policy on the appointment of directors, an outline of self-assessment findings made by the Board of Directors and philosophy on remuneration for Executive Officers.

\*<http://world.honda.com/investors/policy/governance/>

Corporate Governance Structure (as of June 30, 2016)



Overview of corporate governance (as of June 30, 2016)

Form of organization Company with board of corporate auditors

- Number of Directors (also serving as Operating Officers)..... **13 (10)**
  - Number of Outside Directors ..... **2**
  - Number of Specified Independent Directors ..... **2**
  - Number of Female Directors..... **1**
- Term of Directors..... **1 year**
- Number of Corporate Auditors ..... **5**
  - Number of Outside Corporate Auditors ..... **3**
  - Number of Specified Independent Auditors..... **3**
  - Number of Female Corporate Auditors..... **1**

**Corporate Governance**

# Corporate Governance

## Executive Decision-Making Process

In principle, Honda makes decisions with respect to important business matters on the basis of resolutions approved by the Board of Directors. In order to make quick business decisions, 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 on important management matters. Regional Operating Boards deliberate on important management matters within their respective regions, within the limits of authority delegated to them by the Executive Council.

Corporate Auditors, through attendance at meetings of the Board of Directors, examination of the status of Company assets and other activities, undertake to audit the Directors on the performance of their duties.

## Board of Directors

The Board of Directors is comprised of 11 inside directors and two outside directors.

Candidates for Director are exceptional people who are familiar with corporate management and the Company's business, and who have superior character and insight. Gender, nationality and other attributes are of no consequence. Candidates are nominated by the Board of Directors.

In order to respond to the mandate of the shareholders to achieve sustainable growth and enhance the corporate value of the Company over the medium to long term, the duties of the Board of Directors include making decisions concerning key Company matters such as its basic management policies and supervision and monitoring of operations.

In addition, the Board of Directors discuss and make decisions concerning matters specified in the regulations of the Board of Directors, as well as matters set forth in the articles of incorporation and applicable laws. All other matters are delegated to the Representative Directors or the Executive Directors.

Status of the meetings of the Board of Directors (fiscal year ended March 2016)

• Number of meetings held (no. of times).....	10
• Attendance rate of Directors (%).....	98.5
Attendance rate of Outside Directors (%) .....	95.0
• Attendance rate of Corporate Auditors (%).....	94.0
Attendance rate of Outside Corporate Auditors (%) .....	90.0

## Outside Directors

Honda selects Outside Directors who are capable of overseeing management from a standpoint that is independent from the Company, and of providing advice on the Company's business activities based on their experience and deep insight. The two Outside Directors are specified as independent directors as prescribed in a provision of the Tokyo Stock Exchange (TSE); the names of those persons have been submitted to the TSE.

To allow effective discussions at each board meeting, we distribute materials relating to the agenda and expected resolutions for board meetings to the Outside Directors and Outside Corporate Auditors in advance of the meeting date, and to provide sufficient information, for example, by providing prior explanations.

## Business Execution Management (Organizational Management)

On the basis of our Fundamental Beliefs and from a long-term perspective, to support business expansion six Regional

Operations functions have been established; they are responsible for management of the business in their respective regions. The Business Operations for motorcycles, automobiles and power products develop medium- to long-term plans for their respective products and coordinate efforts with the six Regional Operations functions to optimize and enable smooth global business operations. In addition, each of the Company's Functional Operations, including Business Management Operations, Business Support Operations, IT Operations, Production Operations, Purchasing Operations and Customer First 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. and its subsidiaries for products and Honda Engineering Co., Ltd. and its subsidiaries for production technologies in order to create distinctive and internationally competitive products through the application of advanced technology.

In order to facilitate quick and appropriate management decisions at the regional and working levels, Honda appoints Operating Officers responsible for business execution in their respective fields of Regional, Business and Functional Operations, R&D subsidiaries and other major organizational units.

## Corporate Governance

### Audit Organization

The Board of Corporate Auditors is comprised of five Corporate Auditors (including three Outside Corporate Auditors). Each Corporate Auditor, through attendance at meetings of the Board of Directors, the Executive Council and other important meetings, 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., as determined by the Board of Corporate Auditors.

To provide timely and accurate reports to the Corporate Auditors, Standards for Corporate Auditor Reports have 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, the status of development and operation of internal control systems, and other matters. Also, reporting is required whenever there is an item that has a major impact on the Company. Candidates for Corporate Auditor are selected by the Board of Directors with the approval of the Board of Corporate Auditors.

In addition to the above, the Audit Office, which was organized to directly report to the President and CEO, conducts internal audits of each department of the Company. It also provides supervision and guidance to internal audit departments in major subsidiaries, as well as directly auditing subsidiaries when necessary.

Status of meetings of the Board of Corporate Auditors  
(fiscal year ending March, 2016)

- 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 experience and knowledge. All three are specified as independent auditors as prescribed in a provision of the Tokyo Stock Exchange (TSE) and their names

have been submitted to the TSE. The Company provides Outside Corporate Auditors with the minutes of meetings of the Board of Directors and other information as necessary.

### 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, including 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 financial performance but also environmental and social aspects.

From now on, we are planning to implement 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.

Please refer to Article 12\* of the "Honda Corporate Governance Basic Policies" concerning the policy for determining remuneration for Directors.

\* <http://world.honda.com/investors/policy/governance/>

### 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 90 staff members conducted external audits of the Company's financial statements. These accounting firm staff members are composed of 3 certified public accountants (Hiroshi Miura, Hiroyuki Yamada and Tsutomu Ogawa), who are in overall charge of the Outside Audits, and 87 professional staff members (including 30 certified public accountants, 3 accountants with U.S. public accountant certification and 54 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.

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	18 (2)	695 (23)	7 (5)	181 (47)	25 (7)	876 (71)
Executive bonuses	14 (2)	251 (6)	— (—)	— (—)	14 (2)	251 (6)
Total	—	947 (30)	—	181 (47)	—	1,128 (77)

This amount includes remuneration paid to four Directors and two Corporate Auditors who retired during the fiscal year.

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

Annual total remuneration and bonuses of highest-paid individuals	114
Ratio to median annual total remuneration for all associates (%)	1,431

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 (%)	81
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**Compliance**

# Honda Code of Conduct

In order to earn the trust of customers and society and grow sustainably, companies must not only comply with laws and regulations but go beyond those legal structures by practicing ethical corporate conduct.

Recognizing this, in 2003 Honda formulated the Honda Conduct Guidelines for the Honda Group, which have been shared throughout the Group, including subsidiaries in Japan and overseas.

In light of the rising importance of legal compliance for Honda as we expand business operations globally, which includes responding to the enactment of laws such as competition laws in each region of the world, the Honda Conduct Guidelines were revised on April 1, 2016, outlining the behaviors to be practiced by people working at Honda around the world. The guidelines were renamed the Honda Code of Conduct at the same time.

We work to impress the Honda Code of Conduct on each and every associate through actions such as the distribution of leaflets, posting of information on our intranet and through training. Once per year, each of our departments and subsidiaries checks the status of activities to ensure awareness of the Code, and, through the Compliance Committee, reports to the Executive Council and the Board of Directors.

# Compliance Committee

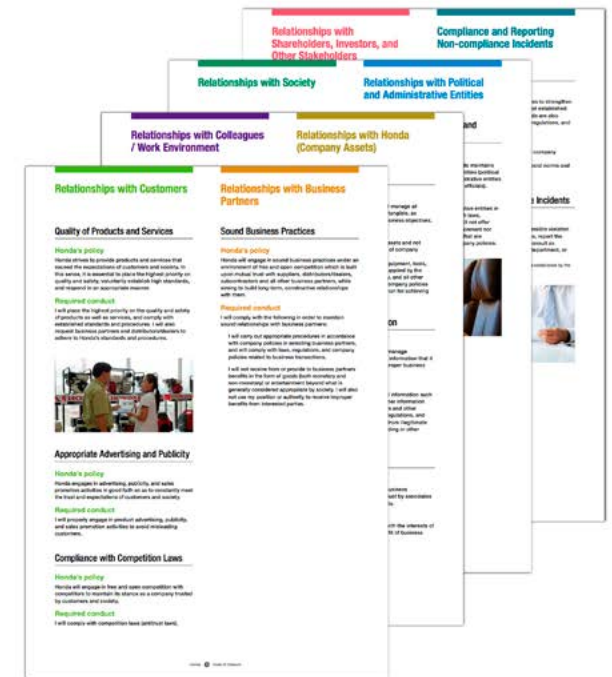
To strengthen compliance within our Group, Honda has established a Compliance Committee, headed by a Compliance Officer designated by the Board of Directors, and composed of operating officers appointed by the Executive Council. The Committee sets compliance policies and makes decisions on any follow-up policies regarding important compliance matters, issues guidance on improvement to relevant departments and

performs oversight to ensure the 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 the Corporate Auditors.

The Compliance Committee met eight times in FY2016 to deliberate on the establishment and operating status of an internal control system and formulation of the Honda Code of Conduct, among other things. There were no major violations of laws or regulations in FY2016.



Honda Code of Conduct



**Compliance**

## 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 barriers 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 when 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 to facilitate the submission of suggestions. In addition, we have added local points of contact for suggestions in all Regional Operations and some subsidiaries have set up their own points of contact.

In FY2016, 390 suggestions and consultations were handled by the Business Ethics Improvement Proposal Line (including points of contact outside the company). Among these, 161 concerned the parent company and 197 concerned subsidiaries. Following investigations, disciplinary action was taken in seven cases involving subsidiaries, while there were no cases requiring disciplinary action involving the parent company. No suggestions involved violations of the Honda Policy on the Prevention of Bribery.

In order to raise internal awareness of the points of contact, Honda provides notice on our intranet, distributes information cards the size of business cards to all associates, including fixed term employees and temporary workers, and displays information posters in each workplace. These tools also make it clear that the associates submitting suggestions will be

protected at the same time. In addition, Honda observes how points of contact are recognized through associate surveys conducted once every three years for all associates.

## Initiatives to Prevent Bribery

The Honda Code of Conduct requires compliance with laws and regulations and prohibits the bribing of politicians and civil servants. The Honda Code of Conduct, revised in 2016, states that “as an independent corporate entity, Honda maintains appropriate relationships with political entities (political organizations and politicians) and administrative entities (governmental agencies and government officials)” and “will interact with political and administrative entities in an appropriate manner in compliance with laws, regulations and company policies and will not offer politicians or government officials entertainment or gifts (both monetary and non-monetary) that are prohibited by laws, regulations and company policies.”

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.

In addition to raising awareness 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 management and departments that face a higher risk of bribery. With regard to our subsidiaries, we have launched 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 our daily business activities to comply with competition

laws in the countries where we operate.

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 publishes awareness-raising content concerning anti-competitive behavior on our intranet for associates.

## Rules on Conflict Minerals

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.

## Honda’s Policy regarding Conflict Minerals

Honda’s policy is to aim to be free from conflict minerals which contribute to the funding of armed groups or human rights infringement. To achieve this goal and to help resolve the global problem of conflict minerals, we are actively engaged with domestic and international industry organizations and request cooperation from our suppliers.

## Risk Management

# Establishing an Effective Risk Management Structure

Honda formulated the Honda Global Risk Management Policy in June 2015, with its applicability extended to Group subsidiaries, with the aim of driving the sustainable development of corporate activities and stabilizing management by anticipating risk and responding swiftly. The regulations are based on the Honda Philosophy.

In order to address business-related risk, as well as risks related to disasters that have the potential to impact operations on a global scale, the Honda Global Risk Management Policy details roles for each organizational rank. At the same time, each organization is responsible for promoting its own independent risk management activities. In addition, we have taken measures to support implementation throughout Honda, including Group companies, centered around a Risk Management Officer appointed by the Board of Directors. As well as evaluating potential risk in terms of impact and frequency, we set up a Global Emergency Headquarters to provide a response to incidents proportionate to the anticipated magnitude of impact.

Since 2013, Honda has begun identifying priority risks for each of its Operations using a Risk Template, setting the goal of making these activities fully take root by the end of FY2017.

## Risk Analysis

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

As for specific procedures, for the 91 risk items identified by the Honda Group, such as economic crisis, economic recession and exchange rate and interest rate fluctuations, newly established evaluation criteria are applied to assess the potential magnitude

of impact and the frequency of occurrence with each risk assigned into one of five risk categories.

From the prioritized risks identified, the Executive Officer of each of the Regional and Business Operations chooses the risks most relevant to its operations that are to be prioritized for management in the next fiscal year. In addition, information regarding risk management measures is shared among members of management every year with monitoring of progress.

Honda developed and implemented these activities at 51 subsidiaries in Japan in FY2016. Honda will identify priority risks in this way each year and plans to embed this approach across the Group on a global basis by the end of FY2017, as well as establishing a 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 entire Honda Group in the event a crisis occurs, such as a major earthquake.

Based on this policy, earthquake-resistance construction work and the introduction of satellite phones has been completed for all operations in Japan, based on the assumption of a large scale earthquake with its epicenter in the Tokyo metropolitan or Nankai Trough areas. In addition, changes are being made to further improve the functioning of our Global Emergency Headquarters. Honda also conducts disaster drills at each operation site, with a total of 49 such drills being implemented throughout FY2016.

In addition, Honda examines the BCP formulated at each of its Operations from a company-wide perspective, and collects information to be used in the development of policies and manuals.

## Information Management

To ensure the protection of the personal information of our customers, associates and others, the proper handling of company

information, and in response to the increase in the handling of high-level, confidential information globally such as 3D data, Honda formulated the Global Confidentiality Policy (GCP) in FY2015 and created a committee to promote regional information management with the Director in charge of information management as its chairman. This enables measures such as regulations to be established and monitoring of the status of confidential information management promoting information management on a global scale.

Honda formulated and put into practice the Global Privacy Policy (GPP) in April 2015 as an appendix to the GCP. In December 2015, an Electronic Conferencing Policy was approved at a Confidentiality Committee meeting that included Honda Group companies from overseas, which was subsequently implemented globally in April 2016.

In Japan, we promote initiatives to strengthen information management throughout the year, led by the Japan Confidentiality Committee.

### Protection of Personal Information

In Japan, persons handling information, a manager and a management representative are appointed for information management in each department where the personal information protection policy applies. All of these people attend training programs on the handling of personal information. Also, personal information is stored with rigorous security, including in databases, access-restricted electronic vaults or cabinets with locks. The databases are examined at least once each year, and any unnecessary personal information is deleted. In November 2015, Honda formulated a new Specific Personal Information Management Policy in response to the enactment of the Japanese "My Number Act."

In FY2016, no complaints were filed with Honda globally concerning any leak of personal information.



# 6-1

PERFORMANCE  
REPORT  
Environment

# 30%

We are aiming to reduce the CO<sub>2</sub> emissions intensity of motorcycles, automobiles and power products by 30% compared with 2000 levels by 2020, and are engaging in three initiatives to achieve this.



# environment

## Basic Approach

# Honda's Environment Statement/Honda Environmental and Safety Vision

Ever since the 1960s, Honda has actively endeavored to solve environmental problems. We developed the low-pollution CVCC engine that successfully reduced carbon monoxide, hydrocarbon and nitrogen oxide (NOx) emissions, while we were the world's first automaker to comply with U.S. The 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, in order to articulate the basic stance we had developed until then to reduce environmental impact at every stage in the life cycle of our products, rather than limiting the scope to the design/development and production stages.

In addition, for Honda to further promote the above-mentioned environmental initiatives and continue to be a company that society wants to exist, we established the Honda Environmental and Safety Vision in 2010. Aimed at the realization of the joy and freedom of mobility and a sustainable society where people can enjoy life as is declared in this vision, each of Honda's global business sites is engaging in the reduction of all kinds of environmental impacts from the aspects of both production-based and corporate activities, beginning with greenhouse gas emissions, which are considered to be a cause of climate change, and energy and resource use.

## Honda's Environment Statement

As a responsible member of society whose task lies in the preservation of the global environment, the company will make efforts 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 world.

We should pursue our daily business under the following principles:

1. We will make efforts to recycle materials and conserve 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 employee 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 regional 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 Management

# Environmental Management Promotion Structure and Management Cycle

Recognizing that environmental issues such as climate change and energy/resource issues, which require global responses, are material issues that impact Honda's business operations, the Environmental Committee was established in 1991, chaired by the President and CEO and comprised of members of company management. In 1995, the Committee became the World Environmental Committee and assumed responsibility for discussing and formulating plans for environmental protection activities worldwide. Since then, it has continued to meet every year as the World Environment and Safety Strategy Committee.

Medium- and long-term environmental policies and plans at the global level are formulated at this committee meeting on the basis of company-wide direction and medium- and long-term business plans. All Committee members are involved in the meeting's decision-making.

Following the decisions made at the above meeting, the World's Six Region Environmental Committee, made up of the environmental divisions of each regional headquarters, also meets every year. Once the information sharing process at these meetings is over, these divisions formulate concrete action plans, and then implement policy.

In terms of the progress of Honda's environmental initiatives and the themes applicable worldwide, the Corporate Planning Division collects information from Regional Operations and reports it at the Meeting of the World Environment and Safety Strategy Committee. We are striving to continuously enhance environmental management through the reflection of the above information in the medium-term business plan and policy for the following term and the implementation of the plan-do-check-action (PDCA) cycle by each Regional Operation and environmental division.

# Environmental Management System

As of March 2016, Honda's existing global vehicle assembly and product assembly plants had acquired ISO 14001, an international certification for environmental management systems. We are in the process of obtaining certification for newly built plants. At the same time, in compliance with EC761/2001, a regulation of the European Council of Ministers and European Commission, we have acquired the EU's Eco-Management Audit Scheme (EMAS) and ISO 50001 for some business sites in the EU. Therefore, coverage of environmental management systems is virtually 100%.

# Current Status of Compliance with Environmental Regulations

In accordance with the Honda's Environment Statement, we have introduced environmental management systems at all business sites and in each division, and, as well as promoting continuous efforts to improve environmental performance, we strive to comply with our own voluntary environmental standards, which are more stringent from an environmental perspective than any national or local regulations.

In the last four years, Honda has not committed any serious noncompliance with environmental laws and regulations, paid any fines/sanctions, or recorded any major chemical releases.

In addition, no environment-related complaints were received through the official complaint resolution program.

# Environmental Accounting

## Environmental Accounting in Japan

To facilitate efficient environmental management, Honda tabulates the cost reduction and profit attributable to our environmental protection activities, thus working to keep abreast of their economic impact.

Going forward, we are committed the continuing improvement of the accuracy of this data, which we see as an indicator of corporate value, and as a tool for making environment-related management decisions.

Economic benefits (Effect on revenue and expenses)

		FY2016 (million yen)
Income from sale of valuable waste materials		1,579
Cost reductions from saved energy	Installed technologies	142
	Behavioral changes, etc.	58
Total		1,779

## Global Management

Cost of environmental conservation activities and investments in fiscal 2016

Category	Major activities and investments	Investments (million yen)	Expenditures (million yen)
Business area costs	Pollution prevention costs Air, water, and soil pollution prevention	316	197
	Global environmental conservation costs Global warming mitigation, ozone depletion prevention, and other conservation activities	1,397	61
	Recycling costs Waste processing, treatment, reduction, elimination, and recycling	139	281
Upstream/downstream costs	Collection, recycling, resale, and proper disposal of products manufactured and sold Industry organization and other membership fees	475	324
Management costs	Installation, operation, and acquisition of certification for environmental management systems Environmental impact monitoring and measurement Management and training of associates and organizations responsible for environmental conservation (expenses for environment-related communications activities)	166	1,689
Research and development costs	Research, development, planning, and design for impact reductions across product life cycles (R&D costs for advanced eco-cars, including EVs and PHVs)	2,263	283,638
Local conservation costs	Environmental improvement measures, including ecosystem protection, cleanups, green space development, and natural landscape conservation Local conservation and communication activities (beach cleanups and watershed conservation activities)	52	392
Environmental damage costs	Remediation of polluted soil	0	11
<b>Total</b>		<b>4,808</b>	<b>286,593</b>

\* Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Engineering Co., Ltd., and Honda Access Corporation \* Accounting period: April 1, 2015, to March 31, 2016 \* Some figures are estimated values. \* Guidelines, guidebooks, and other environmental accounting publications by Japan's Ministry of the Environment were used as references. \* Figures were calculated on a cash-flow basis with depreciation and amortization expenses excluded.

## Material Issues in the Environmental Dimension

### Collection/Analysis/Evaluation of Environmental Issues

On the basis of two indices, “materiality for Honda’s business” and “materiality for stakeholders,” we have sorted various environmental issues into an environmental materiality matrix and thus identified environmental issues that are material to our company. We also review environmental issues on a regular basis, with the most recent review conducted in 2015.

#### Environmental Materiality Matrix Creation Processes

##### Gathering of issues

While certain environmental issues can be risks that have the potential to seriously affect our business activities, they can also present opportunities to create and expand new business – as long as we anticipate and appropriately respond to them. In order 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.

Collection of information through the six Regional Operations and Business Operations for each of motorcycles, automobiles and power products, Combined with additional information collected by Functional Operations (related to production, management, etc.), meaning we accumulate information with a global coverage.

##### Analysis of issues

Discussions among divisions in the company (the executive officers and environmental divisions of Regional Operations and Business Operations) and dialogue with stakeholders enables us to cross-reference the environmental issues we gather with both Honda’s Fundamental Beliefs and the Honda Environmental and Safety Vision, thus enabling us to select those environmental issues of high importance.

In 2015, in the process of analyzing these issues, we engaged in dialogue with stakeholders in all regions, including customers, business partners, government officials and NGOs.

##### Evaluating the issues

We comprehensively evaluate the environmental issues we select based on evaluation criteria that include “causal proximity, urgency, impact and likelihood of occurrence”; “economic impact (financial impact on business)”; “influence on Honda’s competitive strength”; “possibility for issues to become business opportunities, and contents thereof”; “level of 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), World Business Council for Sustainable Development (WBCSD) and others.

##### Determining the order of priority

Based on the evaluation of the issues, we create an environmental materiality matrix and identify the issues considered material by both Honda and stakeholders as environmental material issues. As we determine the order of priority for responding to the issues, we simultaneously establish concrete targets and indicators.



**Material Issues in the Environmental Dimension**

# Honda's Material Issues

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

## Triple ZERO

Honda has introduced the Triple ZERO concept to unify its three "zeroing" efforts addressing "the climate change issues," "the energy issues" and "the effective utilization of resources." We are striving to realize a society with an environmental impact of zero by engaging in our business activities based on this approach.

### Zeroing CO2 emissions using renewable energy

To address "the climate change issues," we are striving to eliminate CO2 emissions in products and business activities in the future by utilizing renewable energy.

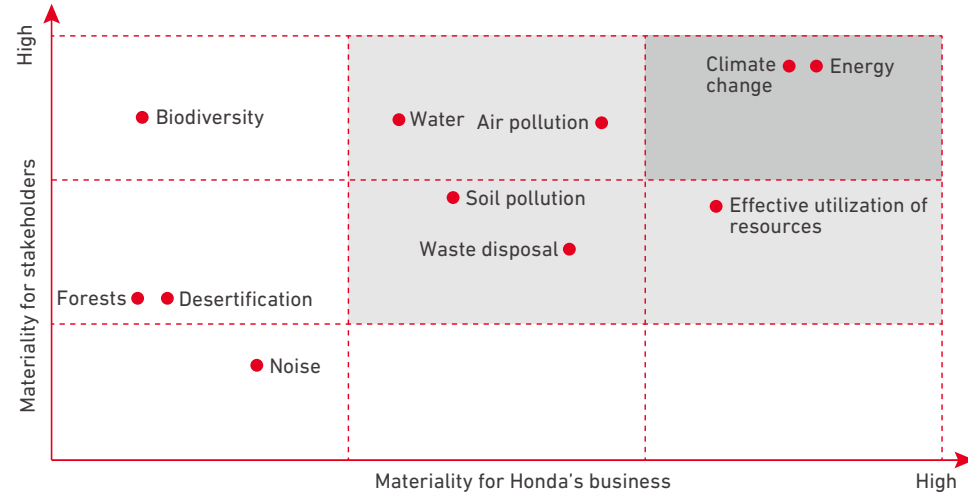
### Zeroing energy risks

To address "the energy issues," we are striving to eliminate energy risks in the future, such as those caused by a dependence on fossil fuels.

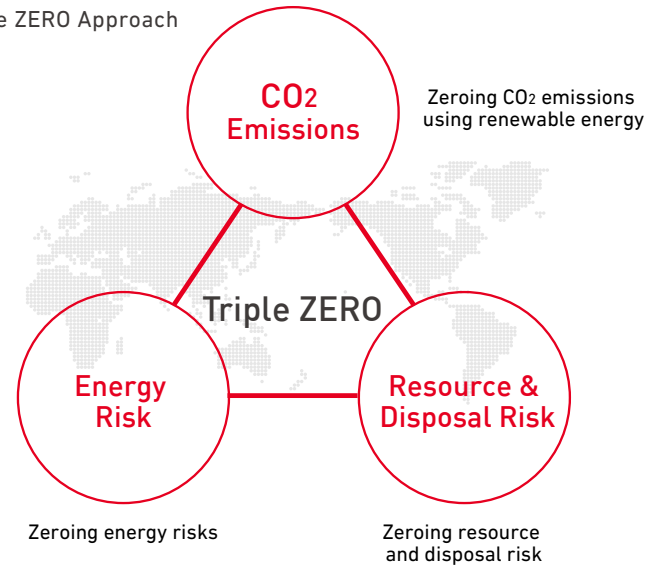
### Zeroing resource and disposal risk

To address the need for "the effective utilization of resources," we are striving to eliminate risks across the entire product life cycle, from the resource procurement stage to the used product recovery and disposal stages.

Material Issues in the Environmental Dimension



Triple ZERO Approach



## Material Issues in the Environmental Dimension

### Climate Change Issues

Honda is moving forward with our response to climate change through initiatives that link our business strategy with our environmental strategy. With the vision of a zero impact society, we will work toward our aim to cut total company CO<sub>2</sub> emissions in half by 2050 compared with 2000 levels. As an interim objective, we are currently working to achieve our 2020 Product CO<sub>2</sub> Emissions Reduction Targets to lower CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> emitted from our products, Honda is aware of reputational risk and potential penalties arising from failure to comply with vehicle fuel economy regulations around the world. For example, in the United States, with regard to greenhouse gas (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 g/mile (35.5 mpg) to 163 g/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 an average fuel economy of 16.8 km/L by 2015 and to introduce tougher CAFE regulations in 2020. Automobiles account for approximately three quarters of Honda's sales revenue, so we believe the potential impact on business is very significant. 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.

In addition, 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, while the Certification & Regulation Compliance

Division publishes the results as regulatory information. Regular meetings are held to provide a forum for sharing the contents and interpretation of new regulations, as well as for discussing the responses to them. Also, 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, CO<sub>2</sub> emissions and other environmental performance indices when choosing mobility products. Honda recognizes these changes in consumer values and market demands as critical matters to focus on, and we are actively expanding the lineup of products that we offer powered by Earth Dreams Technology.\* Through these initiatives, we are meeting customers' needs and 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 climate change, resource depletion and other issues are compelling society, which is heavily dependent on fossil fuels, to face up to energy risks. Energy issues have a very significant business impact on the mobility business sector, and our concern is that unless we proceed with energy diversification, for example, through the utilization of renewable energy, it will become difficult to sustain our business.

We are addressing energy issues by diversifying the 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 CO<sub>2</sub> 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 pushing forward with the

development of electric vehicles (EV) and fuel cell vehicles (FCV) and entering into partnerships with other companies for the preparation of a hydrogen infrastructure involving the likes of hydrogen stations.

Although FCVs do not emit CO<sub>2</sub> while being driven, CO<sub>2</sub> is given off during the production of the hydrogen they use as fuel.

To resolve this issue, Honda is working to develop a system that will produce zero CO<sub>2</sub> emissions, from when the hydrogen is produced to when the vehicle is used.

We are focusing on the potential for manufacturing hydrogen without emitting CO<sub>2</sub> by using power from renewable energy to electrolyze water, and are currently demonstrating the Smart Hydrogen Station (SHS) as a hydrogen production, storage and filling system that uses this approach.

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.



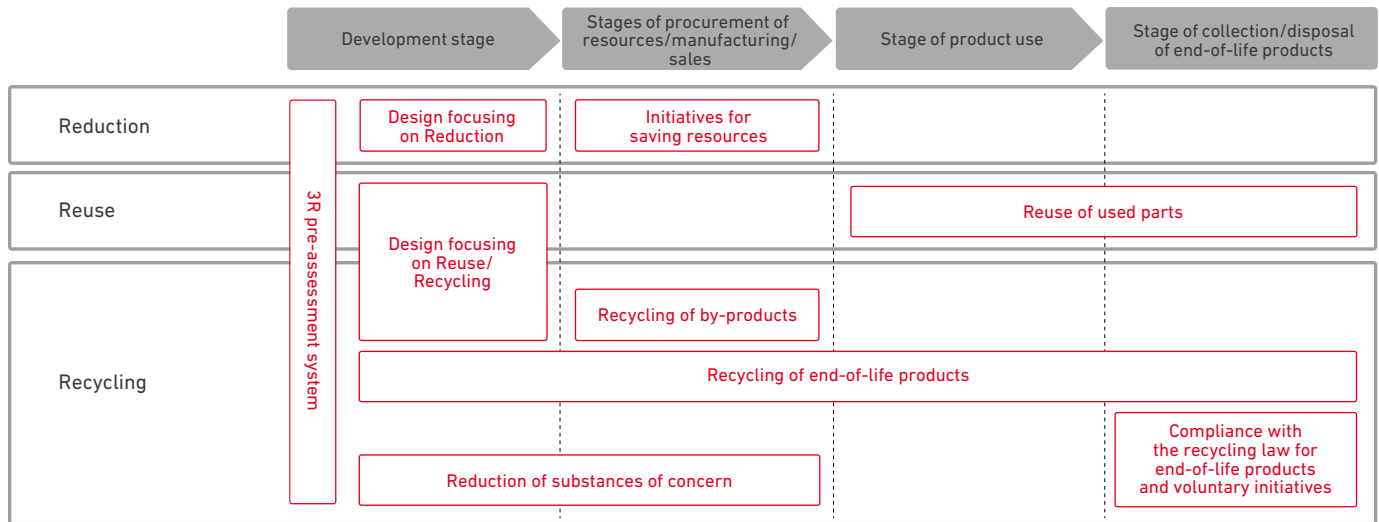
## Material Issues in the Environmental Dimension

### Effective Utilization of Resources

The depletion and resulting difficulty of obtaining rare earth metals and other resources used in our products poses a significant 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



## Material Issues in the Environmental Dimension

### T O P I C S

#### Initiatives for Developing Hydrogen Fueling Infrastructure

To power FCVs with zero carbon energy, Honda has been experimentally producing hydrogen using renewable energy since 2001. In 2010, we launched a demonstration project using our unique high-pressure water electrolysis system in Los Angeles, California. This technology subsequently evolved into the Smart Hydrogen Station (SHS), the world's first system to combine the functionality for producing, storing and supplying hydrogen in a single package. In 2014, we launched a project with Iwatani Corporation to demonstrate SHS in the cities of Saitama and Kitakyushu.

In 2015, the Japanese government launched a program to install hydrogen fueling stations based on renewable energy in an effort to realize a low-carbon hydrogen mobility system with the use of FCVs. In 2015 and 2016, the SHS platform was selected by Miyagi Prefecture, Saitama Prefecture, the city of Kobe, Tokushima Prefecture, and Kumamoto Prefecture.

Meanwhile, Honda has been marketing FCVs and supporting the development of hydrogen refueling infrastructure in the United States. In November 2014, we extended USD13.8 million in funding to FirstElement Fuel to create a network of 19 public hydrogen fueling stations in California. The company also received a grant of about USD27 million from the California Energy Commission at the beginning of 2014. Thanks to the funding from the state government and financial support from Honda, the company now expects to be able to build at least 31 stations in its network, supporting drivers of Honda CLARITY FUEL CELL vehicles and fuel cell vehicles from other automakers. In this way, Honda is working with government and private-sector partners to develop hydrogen fueling infrastructure to realize a renewable energy fueled mobility future.



SHS



Public hydrogen fueling station in California, U.S.

### T O P I C S

#### Initiative for Vehicle Electrification by Promoting EV Charging Stations

To accelerate Honda's efforts to achieve a goal of two-thirds hybrids, plug-in hybrids, and zero emission vehicles by around 2030, American Honda Motor Co., Inc. installed 60 new EVs charging stations on its Torrance, California campus.

EV Workplace Charging increases the electric driving range of electric vehicles by allowing associates to leave work with a fully charged vehicle battery, which leads to dramatically increased customer satisfaction with plug-in electric vehicles and increased environmental benefit through increased use of the vehicles.

To prepare for the anticipated steep rise in EVs on campus, American Honda is prepared to increase the number of charging stations as needed.

To support the local community in conjunction with the project, Honda is also installing a publicly-accessible DC Fast charger on its campus, which will enable Torrance residents to rapidly refuel EVs equipped with DC charging capabilities when it opens.

Funding for the project was provided, in part, by a California Energy Commission grant.



EV Charging Stations at American Honda Motor Co. Inc.

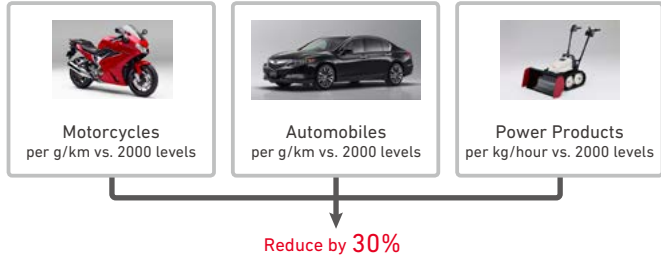


**Product Initiatives**



# Responses to Climate Change and Energy Issues

Goal to reduce CO2 emissions intensity in products by 2020



- Global average CO2 emissions from Honda products  
 - Scope of compilation includes Japan, China, North America, Europe, Asia & Oceania and South America and it covers more than 90% of units sold by Honda worldwide for each of motorcycles, automobiles and power products.

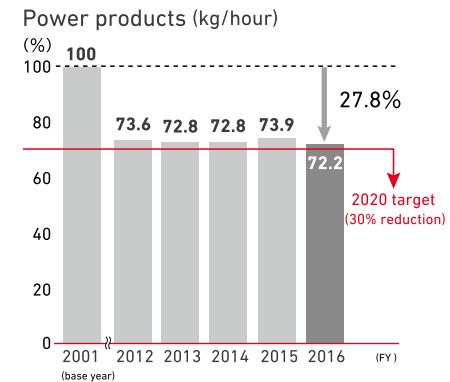
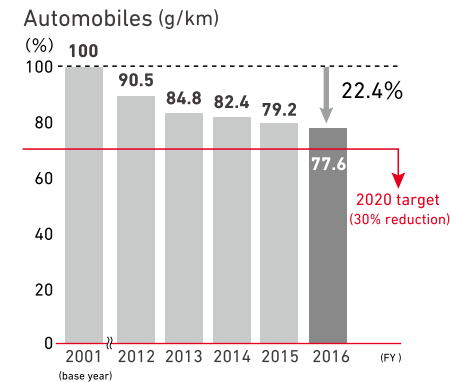
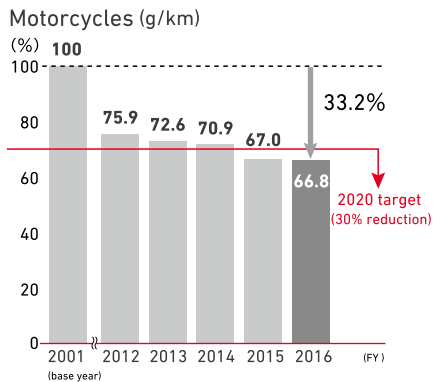
Emissions from “use of products” account for approximately 80% of CO2 emissions from Honda’s entire product life cycle.

Therefore, to ultimately realize zero CO2 emissions while expanding production/sales globally, Honda has formulated and is promoting initiatives under a goal to reduce CO2 emissions intensity of motorcycles, automobiles and power products by 30% from 2000 levels by 2020.

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

In addition, there were no violations in product and service information or labeling in general.

Current status of achievement vs. 2020 product CO2 emissions intensity reduction targets



\*CO2 emissions were calculated using average usage time and required output for each engine up until FY2015. In order to ensure greater precision in these calculations, Honda has used usage time and required output in consideration of the users of each product since FY2016, with all previous years retroactively restated with this as the base year.

**T O P I C S**

**Honda Adds Hybrid Models to Odyssey and Odyssey Absolute**

In February 2016, Honda launched hybrid models of the Odyssey and Odyssey Absolute, its luxury minivan line that is highly regarded for features such as an expansive interior, distinctive styling and a stable, comfortable ride. The models, which are the first of the line to feature our innovative Sport Hybrid i-MMD<sup>\*1</sup> system, deliver class-leading<sup>\*2</sup> fuel efficiency of 26.0 km/L (JC08 mode)<sup>\*3</sup>. Aggressive enhancements to the system to maximize its efficiency and a newly developed motor that is about 23% smaller and lighter than previous models thanks to improvements in its winding design and construction combine to yield higher torque and output. Furthermore, engineers were able to maintain the core Odyssey features of a large interior and excellent ease of use while offering exceptional fuel efficiency and a polished, powerful ride by locating the vehicle’s compact lithium-ion battery underneath the first-row seats.



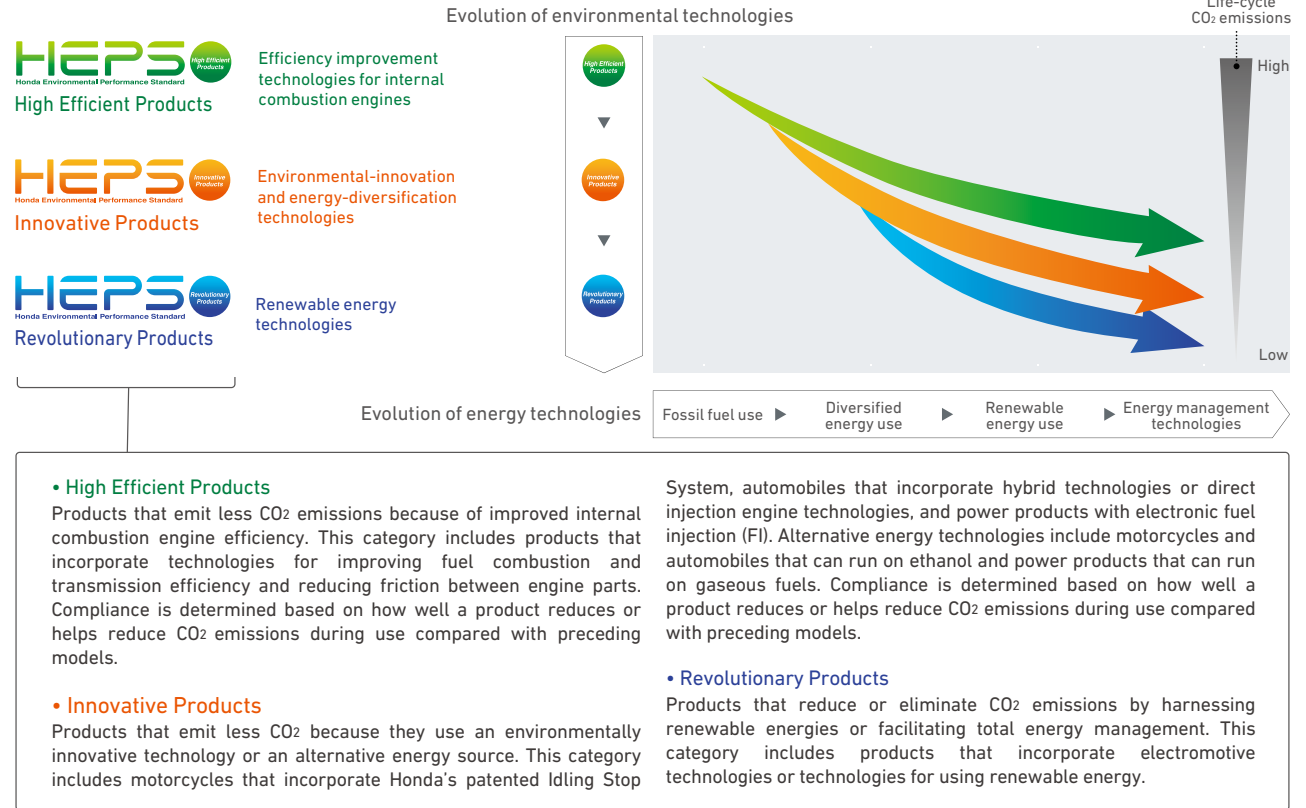
<sup>\*1</sup> i-MMD: Intelligent Multi-Mode Drive  
<sup>\*2</sup> According to a Honda study of 7/8-seat minivans with a 1.8 L or larger engine and total height of at least 1,600 mm (as of February 2016)  
<sup>\*3</sup> Fuel efficiency as reviewed by the Ministry of Land, Infrastructure, Transport and Tourism for HYBRID, HYBRID Advanced package and HYBRID EX package models (excluding HYBRID EX package [7-seat] and HYBRID Advanced package [7-seat] models equipped with a rear entertainment system)

**Product Initiatives**

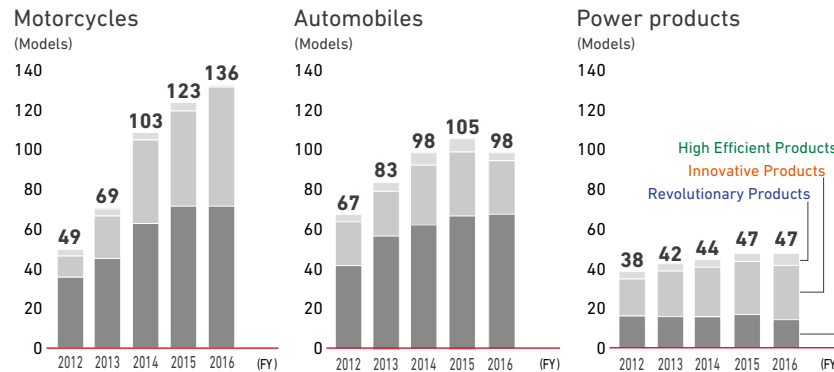
**Three Initiatives to Achieve Environmental Performance Targets**

Honda seeks to reduce the CO<sub>2</sub> emissions intensity of motorcycles, automobiles and power products by 30% from 2000 levels by 2020 and has engaged in three initiatives to achieve this. Specifically, these are: 1) reducing CO<sub>2</sub> emissions through efficiency improvements of internal combustion engines, 2) reducing CO<sub>2</sub> emissions by introducing environmentally innovative technologies and diversifying energy sources, and 3) eliminating CO<sub>2</sub> emissions through the use of renewable energy and total energy management. By implementing these in phases, we will steadily reduce and ultimately eliminate CO<sub>2</sub> emissions. In 2011, we established the Honda Environmental Performance Standards (HEPS), an independent product classification and certification system designed to identify 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 CO<sub>2</sub> emissions.

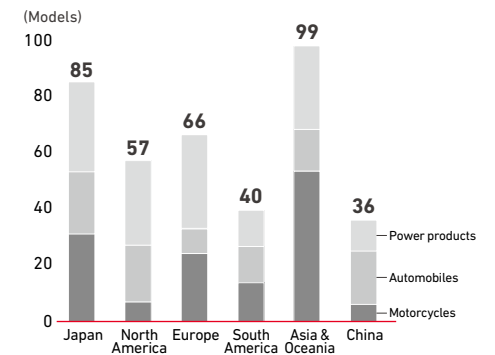
As a result of certification of products that were launched in FY2016, 42 motorcycle models, 10 automobile models and 9 power product models – a total of 61 models – were HEPS-certified. Cumulatively, this brings the number of HEPS-compliant products to 136 motorcycle models, 98 automobile models and 47 power product models, or 281 models in total.



Global number of HEPS-compliant models



Number of HEPS-compliant models by region (FY 2016)



## Product Initiatives

# Effective Utilization of Resources

With the aim of eliminating risks related to resources and disposal, Honda is promoting the 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 in downsizing and weight reduction by considering alternative structures and materials for all components in each product, such as the body framework, engine and bolts.

For example, we used thinner structural bumpers in the N-WGN, which was launched in FY2014, as part of a reduction-



Expanding use in Japan starting with the N-WGN



Rolling out the new design out globally starting with the 16M Civic

oriented design geared toward creating a lighter product. The availability of materials with higher rigidity and fluidity along with advances in manufacturing technologies allowed us to reduce the weight of the previous design by approximately 20%, which had an average thickness of 3.0 mm, by using less resin in bumper production.

In Japan, we are progressively expanding the use of these enhanced structural bumpers in new models launched after the N-WGN. Overseas, we have begun rolling it out globally with the 16M Civic. We expect to further reduce material use by applying the new design worldwide.

#### 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 inner weather-stripping and the outer surface of instrument panels, and at the same time have enabled the use of recycled materials for air conditioner ducts. In addition, we label resin and rubber parts with their constituent materials wherever possible to facilitate recycling.

As a result of the activities mentioned above, with regard to the recyclable rate<sup>\*1</sup> for all new and redesigned vehicles sold in FY2016, we are maintaining more than 90% for automobiles and more than 95% for motorcycles, as well as a recoverability rate of more than 95% for components/ materials<sup>\*2</sup> used in power products.

\*1 Index based on "Definition of Recyclable Rate for New Vehicles and Guidelines on Calculation Method" issued by Japan 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.

#### Reduction of chemical substances

Honda is moving ahead with the reduction of four types of heavy metals (lead, mercury, hexavalent chromium and cadmium) that are considered to have negative impacts on the environment. With regard to automobiles in Japan, for new and redesigned vehicles sold in FY 2016, components that do not use mercury were chosen for combination meters. We are striving to eliminate the use of mercury on a voluntary basis.



## Product Initiatives

### Initiatives at the Product Use Stage

#### Recycling of end-of-life components

We collect and recycle end-of-life components generated from repair, replacement, etc., from dealers nationwide. In FY2016, we collected and recycled approximately 160,000 end-of-life bumpers. Collected bumpers are recycled and used for splash guards and other components of the Freed model.

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

Flow of recycling for end-of-life bumpers



Collected end-of-life bumpers



Crushed bumpers



Recycled resin pellets



Used for the splash guard of the Freed

### 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 three items: fluorocarbons that are used as a cooling medium in the air conditioners and destroy the ozone layer and cause climate change 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 FY2016, the number of Honda automobiles collected was approximately 450,000 for fluorocarbons (-2.0% from the previous fiscal year), approximately 410,000 for airbags (+0.4%) and approximately 490,000 for ASR (-2.6%). Recycling rates for gas generators and ASR were 93.2% and 97.2%, respectively, which satisfy the recycling rates specified by ordinance of the relevant ministry. The total cost required for recycling and related activities was 4.83 billion yen, and the total amount of recycling deposit, etc., received was 5.59 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 free of charge and are properly recycled at recycling facilities.

Regarding end-of-life motorcycles collected at designated points of collection, there were 1,040 Honda products in FY2016, which accounted for 61.9% of all units collected. The recycling rate of Honda products\* came to 96.3% on a weight basis, enabling us to achieve the target recycling rate of 95% by FY2016.

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



## Corporate Activities Initiatives

# Responses to Climate Change and Energy Issues

With the aim of ultimately achieving zero CO<sub>2</sub> emissions and zero energy risk, Honda is focusing on the reduction of energy consumption and CO<sub>2</sub> emissions while expanding production/sales globally. Mid-term plans for operations related environmental initiatives specify the reduction of CO<sub>2</sub> emissions intensity per unit of production<sup>\*1</sup> by 10% by FY2017 (baseline: FY2009) 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 the energy-saving technologies and know-how that is 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<sup>\*2</sup>. To support the energy-saving initiatives of various business sites operating around the world, we have built a mechanism for promoting information sharing among business sites and regions, and at the same time, we are enhancing technical support from Japan.

In addition, Honda is actively introducing renewable energy. In FY2015, we started operation of a 27 MW wind power facility in South America. In China, we made progress on installing solar power generation systems at Honda facilities, bringing total capacity installed by FY2016 to 38 MW. We are also working to use renewable energy in other regions as appropriate in light of local conditions.

\*1 Intensity that is a weighted average calculated on the basis of CO<sub>2</sub> 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

Honda is also focusing on the elimination of risks related to resources and disposal, and we are making efforts to reduce the volume of water resources used and waste generated. 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.

We are also working to recycle and reuse water in manufacturing processes, which utilize about 4.8 million cubic meters of water each year, or about 20% of all water use by Honda. This ongoing effort includes installing full recycling systems that allow reuse of almost 100% of all water at Honda Engineering Co., Ltd. (Japan), the No. 2 Plant at Honda Automobile (Thailand) Co., Ltd. (Thailand) and the No. 2 Plant at Guangqi Honda Automobile Co., Ltd. (China).

Since Honda seeks out communities where harmonious coexistence with nearby water sources is viable as potential plant locations, and builds plants in compliance with host countries' environmental assessment laws and regulations, no water sources are significantly impacted by our water use. In addition, no water sources are affected by wastewater from Honda facilities since we treat wastewater and discharge treated water in accordance with applicable laws and regulations.

Regarding the reduction of waste, we are stepping up 3R efforts that include resource use-reduction initiatives, such as the reduction of by-products through an increase in throughput yields.

Honda does not import or export waste deemed hazardous under the terms of Basel Convention Annex I, II, III, or VII. In addition, we are striving to eliminate all use of ozone-depleting substances (ODSs) at business sites in accordance with the Montreal Protocol and local laws and regulations in the countries in which we operate, and there are no major emissions from any of our operations.

# Biodiversity Conservation

Recognizing that our business activities can have an impact on biodiversity, Honda has long been putting a great deal of effort into activities that have led 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's 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.

Honda recognizes the emissions of GHGs and various other pollutants as two of the greatest impacts of business activities that threaten biodiversity. Consequently, we have set priorities under the Guidelines and are working systematically to minimize both impacts. 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 as a member of the International Union for Conservation of Nature and Natural Resources (IUCN), which creates an annual Red List. For the above project, we continue to carry out fixed-point observation and reporting on ecosystems.



## Corporate Activities Initiatives

### T O P I C S

#### The Introduction of a Zero-Liquid-Discharge System at a Motorcycle Plant in India

Honda Motorcycles and Scooter India Pvt. Ltd. (HMSI) has introduced a zero-liquid-discharge (ZLD) system that completely eliminates wastewater by reusing all water at its Manesar Plant.

ZLD systems eliminate wastewater discharged by incorporating advanced technologies, such as electrochemical pre-processing and reverse osmosis into wastewater treatment. The installation has made it possible to reuse all of the facility's wastewater, which was previously discharged into public sewers after suitable treatment. With thanks to the ZLD system installed in 2015, the Manesar Plant is now capable of saving 210,000 tons of water per year.

The Pollution Control Board in Haryana State, where the Manesar Plant is located, has issued a certificate to the facility in recognition of the technology used in the new ZLD system. To strengthen its environmental initiatives, HMSI installed the ZLD system in the energy-saving building that conserves electricity relying on natural lighting and nighttime LED lighting as well as using natural ventilation systems.



Zero-liquid-discharge system



Natural lighting

### T O P I C S

#### Working to Install Solar Power Systems at All Business Sites in China

Since we began automobile production in China in 1999, Honda has worked to reduce the environmental impact of these operations. As part of that effort, we are installing solar power systems at business sites across the country.

The effort began in 2010 with the installation of a 0.1 MW system at the No. 2 Plant operated by Dongfeng Honda Automobile Co., Ltd. in Wuhan and has since expanded nationwide.

To date, systems have been installed at 10 sites, and during FY 2016 a 17.0 MW system was installed at the ZengCheng Plant operated by Guangqi Honda Automobile Co., Ltd. To date, we have installed a total of 38.15 MW of generating capacity under this program.

Honda Auto Parts Manufacturing Co., Ltd., where a 10.7 MW solar power system was installed during the previous fiscal year, helped slash emissions by 10,400 t-CO<sub>2</sub> by generating 11,015 MWh of electricity that was sold back to the grid to offset power purchases.



ZengCheng Plant  
(Guangqi Honda Automobile Co., Ltd.)



Honda Auto Parts Manufacturing  
Co., Ltd.





## Mid-Term Plans for Environmental Initiatives

### Direction of Initiatives toward 2020

Climate change and energy	Product life-cycle standpoint	Products
Achieve global targets for reducing global CO <sub>2</sub> emissions intensity with a focus on early stabilization of total CO <sub>2</sub> emissions and future reduction from the standpoint of the product life cycle		
Strengthen initiatives from a product lifecycle perspective	Corporate activities	Corporate activities
Achieve global targets for reducing global CO <sub>2</sub> emissions intensity with a focus on early stabilization of total CO <sub>2</sub> emissions and future reduction from the standpoint of the product life cycle		

### Mid-Term Plans for Environmental Initiatives (FY2015–FY2017)

<b>Achieve best-in-industry fuel efficiency and accelerate popularization and expansion</b>	
<b>Motorcycles</b>	-Expand use of programmed fuel-injection system (PGM-FI) and low-friction engines, especially in commuter vehicles
<b>Automobiles</b>	-Continue deployment of Earth Dreams Technology started in the previous three-year mid-term period -Phase in the global application of 2.0L, 1.5L and 1.0L downsized/turbocharged direct-injection engines that realized class-leading power output and environmental performance
<b>Power products</b>	-Expand application of small engines and make engines compatible with diverse types of fuels
<b>Establish and deploy next-generation electric powered technologies</b>	
<b>Motorcycles</b>	-Market electric motorcycles that meet local needs in developed (Japan: leased) and emerging countries (China)
<b>Automobiles</b>	-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 a 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
<b>Power products</b>	-Advance an electric robotic lawnmower for household use (Miimo) and expand lineup of electric products
<b>Corporate activities</b>	-(Global): Reduce CO <sub>2</sub> emissions per unit of production <sup>13</sup> by 10% by FY2017 (baseline: FY2009)
<b>Purchasing area</b>	-Promote measurement and reduction of supply chain GHG emissions in each region based on the Green Purchasing Guidelines
<b>Production area</b>	-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 -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
<b>Transportation area</b>	-Increase transportation efficiency in each region by implementing modal shifts, improving truck fuel efficiency, etc. -Spread packaging specifications without exterior containers worldwide
<b>Sales and service, administration, product development areas</b>	-Promote energy conservation by encouraging eco-etiquette and using facilities more efficiently

### Results of FY2016 Initiatives

<b>Achieve best-in-industry fuel efficiency and accelerate popularization and expansion</b>	
<b>Motorcycles</b>	Expanded the application of eSP <sup>1</sup> , a next-generation global engine that delivers high environmental performance and is equipped with PGM-FI and low-friction technologies, especially to commuter vehicles -In the Japanese market, introduced Giorno scooter with a liquid-cooled, 4-stroke, OHC, single cylinder 50 cc engine "eSP", which realizes outstanding fuel efficiency and environmental performance through the use of low friction technology, PGM-FI and an idling stop system
<b>Automobiles</b>	Continuously developed Earth Dreams Technology -In the Japanese market, launched Step Wagon and Step Wagon Spada with newly developed direct-injection 1.5L VTEC TURBO in April, which realizes class-leading <sup>2</sup> fuel efficiency of 17.0km/L <sup>3</sup> -In the North American market, launched Civic Sedan with the region's first 1.5L in-line 4-cylinder DOHC direct-injection turbo engine and 2.0L in-line 4-cylinder DOHC i-VTEC engine, with both engines realizing powerful performance and exceptional fuel efficiency
<b>Power products</b>	Expanded application of small engines and made engines compatible with diverse types of fuel -Launched WX10T and WX15T engine-driven water pumps designed for applications such as sprinkler systems, irrigation and discharging water in July, which contribute to improvement <sup>4</sup> in pump head and discharge capacity and better fuel efficiency compared with conventional models by approximately 10% <sup>4</sup> by employing a high-efficiency impeller and a new pump shape -Launched 4-stroke outboard engine BF100 (100 horsepower) and the BF80 (80 horsepower) in December, with both models realizing exceptional environmental performance and class-leading <sup>5</sup> fuel efficiency by employing lean burn control and programmed fuel injection (PGM-FI) <sup>6</sup> -Newly employed load following power generation control mechanism in the gas engine co-generation unit for the home MCHP1.0K3 and the MCHP1.0R1 unit with self-sustaining functionality, thereby reducing surplus power and increasing in-house power generation time through the variable control of power generated between 0.7-1.0kW in line with the power consumed in the home
<b>Establish and deploy for next-generation electric powered technologies</b>	
<b>Motorcycles</b>	-Launched EV-Cub Concept, a motor-equipped Super Cub, which has been described as the origin of Honda, at the 44th Tokyo Motor Show 2015, with the aim to launch the EV-Cub in Japan two years in the future
<b>Automobiles</b>	-Expand lineup of models equipped with i-MMD, i-DCD hybrid systems: -In the Japanese market, newly added a hybrid model equipped with a Sports Hybrid i-MMD <sup>7</sup> to the Odyssey series that achieves 26.0km/L (JC08 mode) <sup>8</sup> , which is class-leading fuel efficiency <sup>9</sup> -Popularization of FCVs: -In the Japanese market, launched FCV CLARITY FUEL CELL, which is the world's first <sup>10</sup> 5-seater among sedan type FCVs and boasts an industry-leading <sup>10</sup> cruising range of approximately 750km <sup>11</sup>
<b>Power products</b>	Developed initiatives to reduce CO <sub>2</sub> -Started sales of a portable external power output device, the Power Exporter 9000. In combination with the Power Exporter 9000, the new FCV CLARITY FUEL CELL can function as a "power source on wheels" that is capable of supplying approximately seven-days' worth <sup>12</sup> of electricity for an average household. In addition to FCVs (Clarity), the Power Exporter 9000 can be used for EVs and PHEVs that comply with the V2L standard
<b>Corporate activities</b>	-(Global): Reduce CO <sub>2</sub> emissions per unit of production by 16% by FY2016 (baseline: FY2009)
<b>Purchasing area</b>	-Worked with suppliers to visualize energy consumption and reduce CO <sub>2</sub> emissions -Presented awards for environmental initiatives in each region and enhanced interest in reducing environmental load among many more suppliers worldwide
<b>Production area</b>	-Disseminated advanced environmental technologies on a global basis, ensured efficient management of energy during non-operating times, upgraded equipment such as by shifting to motors controlled by inverters, reused exhaust energy and installed renewable energy equipment in line with location requirements in each region, etc.
<b>Transportation area</b>	-Reduced CO <sub>2</sub> emissions by making a modal shift, changing from gasoline to natural gas trucks and ensuring efficient container transport, and reduced waste in packaging materials by innovating packaging and packing
<b>Sales and service, administration, product development areas</b>	-Shifted to LED lighting, used natural sunlight, saved energy by improving operations, for example, for air conditioning equipment and improved data center cooling efficiency

<sup>1</sup>: Generic name for an engine for scooters that employs advanced technology such as low fuel consumption technology and an ACG starter and boasts enhanced environmental performance and engine performance.  
<sup>2</sup>: Survey by Honda; As of April 2015  
<sup>3</sup>: Value taken from a Ministry of Land, Infrastructure, Transport and Tourism review  
<sup>4</sup>: Compared with previous Honda models  
<sup>5</sup>: For 100 horsepower and 80 horsepower engines; Survey by Honda (As of November 30, 2015)  
<sup>6</sup>: PGM-FI is a registered trademark of Honda  
<sup>7</sup>: Abbreviation of Intelligent Multi-Mode Drive

<sup>8</sup>: Value taken from a Ministry of Land, Infrastructure, Transport and Tourism review  
<sup>9</sup>: Survey by Honda; As of February 2016  
<sup>10</sup>: Survey by Honda; As of February 2016  
<sup>11</sup>: Measured internally by Honda while driving in JC08 mode  
<sup>12</sup>: Calculated using the average power consumption for a day in an average household in Japan (based on a survey by The Federation of Electric Power Companies in Japan)  
<sup>13</sup>: CO<sub>2</sub> emissions per unit of production: Intensity was calculated by weighting the average reduction percentages for motorcycles, automobiles and power products with the CO<sub>2</sub> emissions associated with their respective life cycles.

## Mid-Term Plans for Environmental Initiatives

Direction of Initiatives toward 2020		Mid-Term Plans for Environmental Initiatives (FY2015–FY2017)		Results of FY2016 Initiatives	
Climate change and energy	Market new products to eliminate CO <sub>2</sub> emissions from mobility and daily living	Products	<ul style="list-style-type: none"> <li>-Using demonstration test houses in Japan, verify the daily operation and practicality of technologies developed to realize zero-carbon mobility and daily living by 2020 in collaboration with entities in other business sectors (Japan)</li> <li>-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)</li> </ul>		<ul style="list-style-type: none"> <li>-Honda started installing the package-type Smart Hydrogen Station (SHS) that generates and stores hydrogen and is capable of producing and supplying high-pressure hydrogen gas with no CO<sub>2</sub> emissions from power such as renewable energy without the use of a compressor by employing Honda's original high-pressure water electrolysis system Power Creator. Launched the FCV CLARITY FUEL CELL in which hydrogen is combined with oxygen in the fuel cell to induce a chemical reaction and generate electricity to turn the motor. No CO<sub>2</sub> is emitted during this process with only water discharged, making it an extremely clean energy source. This product is being sold together with the V2L compatible portable external power output device Power Exporter 9000, which converts electricity from vehicles equipped with an external power supply function to electric power for the home for use as an emergency power source in a disaster and in various places at ordinary times such as outdoor events</li> </ul>
Effectively utilize resources	Increase 3R efforts	Products	<ul style="list-style-type: none"> <li>-3R pre-assessment system</li> <li>-Design for 3R (Reduce, Reuse, Recycle)</li> <li>-Reduction of chemical substances</li> <li>-Recycling of end-of-life components</li> <li>-Steadfast compliance with laws/regulations for the recycling of end-of-life products in various countries</li> <li>-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</li> </ul>		<ul style="list-style-type: none"> <li>-Continued to utilize the 3R pre-assessment system</li> <li>-Continued to design for 3R and reduction of chemical substances</li> <li>-Collected and recycled end-of-life products including bumpers</li> <li>-Steadily complied with laws/regulations for the recycling of end-of-life products in various countries</li> <li>-Japan: Automobile shredder residue (ASR) recycling rate of 97.2% and motorcycle recycling rate of 96.3%</li> </ul>
	Minimize water use	Corporate activities	<p><b>Production area</b></p> <ul style="list-style-type: none"> <li>-Enhance initiatives to reduce resource use, including the reduction of by-products by increasing throughput yields</li> <li>-Collaborate with suppliers to increase use of metal scrap</li> <li>-Maintain zero landfill waste performance (Japan and Europe)</li> </ul>	<p><b>Production area</b></p> <ul style="list-style-type: none"> <li>-Implemented measures to improve yield such as the tailored blank production method and laser blanking</li> <li>-Collaborated with suppliers to increase use of metal scrap</li> <li>-Maintained zero landfill waste performance (Japan and Europe)</li> </ul>	
Reduce exhaust emissions	Reduce exhaust emissions	Products	<ul style="list-style-type: none"> <li>-Reduce water use according to conditions in each region, for example, by using recycled water and conserving water in production processes</li> </ul>	<p><b>Production area</b></p> <ul style="list-style-type: none"> <li>-Reduce water use according to conditions in each region, for example, by using recycled water and conserving water in production processes</li> </ul>	<ul style="list-style-type: none"> <li>-Reduced water consumption in line with the circumstances of each region, which included using water efficiently in production processes and using recycled water</li> <li>-Used smart shower testers, encouraged use of rainwater and installed zero water discharge systems</li> </ul>
	Enhance the management of chemical substances used in products	Products	<ul style="list-style-type: none"> <li>-Make steady progress in reducing exhaust emissions to comply with tighter emission regulations in various countries</li> </ul>		<ul style="list-style-type: none"> <li>-Made progress in reducing exhaust emissions to comply with tighter emission regulations in various countries</li> </ul>
	Reduce VOC <sup>14</sup> emissions from production processes	Corporate activities	<p><b>Production area</b></p> <ul style="list-style-type: none"> <li>-Continue to promote management of chemical substances used in products and employ alternatives to substances of very high concern</li> <li>-Continue to operate global management systems for chemical substances used in products to comply with applicable regulations on chemical substances in various countries</li> <li>-Advance VOC emissions reduction technologies for paint processes and expand application to overseas production sites and motorcycle paint processes</li> <li>-Spread "Honda Smart Ecological Paint" introduced at the Yorii assembly plant in Japan to other new production sites worldwide</li> </ul>	<p><b>Production area</b></p> <ul style="list-style-type: none"> <li>-Spread "Honda Smart Ecological Paint" introduced at the Yorii assembly plant in Japan to other new production sites worldwide</li> </ul>	
Biodiversity	Engage in conservation initiatives rooted in local communities in accordance with the Honda Biodiversity Guidelines	Corporate activities	<p><b>Corporate initiatives</b></p> <ul style="list-style-type: none"> <li>-Address the issues of hazardous substances and water use that lead to the destruction of ecosystems</li> <li>-Raise the awareness of parties involved, including the supply chain</li> </ul>	<p><b>Corporate initiatives</b></p> <ul style="list-style-type: none"> <li>-Promote HondaWoods<sup>15</sup> activities</li> </ul>	<ul style="list-style-type: none"> <li>-Complied with regulations in each region concerning harmful substances and water use that impact the ecosystem</li> </ul>
		<p><b>Collaboration with local communities</b></p> <ul style="list-style-type: none"> <li>-Promote HondaWoods<sup>15</sup> activities</li> </ul>	<p><b>Collaboration with local communities</b></p> <ul style="list-style-type: none"> <li>-Promoted HondaWoods activities</li> <li>-Breakdown of HondaWoods</li> <li>Japan: Deployed at 14 sites</li> </ul>		
Environmental management	Improve global/regional structures for promotion of environmental management and enhance environmental information disclosure	Corporate activities	<ul style="list-style-type: none"> <li>-Strengthen autonomy and self-reliance of structures for promotion of environmental management in each region, and strengthen global collaboration</li> </ul>		<ul style="list-style-type: none"> <li>-Strengthened autonomy and self-reliance of structure for promotion of environmental management in each region and strengthened global collaboration</li> <li>-Held a regional working level meeting</li> </ul>
		<ul style="list-style-type: none"> <li>-Advance sustainability reporting that compiles information in each dimension of the environment, society and legal compliance</li> </ul>		<ul style="list-style-type: none"> <li>-Disseminated environmental information concerning each region on the internet and Issued environmental report, etc.</li> </ul>	

<sup>14</sup>: VOC (Volatile Organic Compounds): Chemical substances that derive from organic solvents mostly contained in paints and thinners and which generate photochemical oxidants

<sup>15</sup>: HondaWoods: A new initiative that started in 2014 for the forests on Honda's business sites in Japan in order for these forests to coexist and co-prosper with local communities and become sustainable and resilient to changes





**Environmental Data**

**Honda GHG Emissions in FY2016**

As a responsible company operating in the mobility industry, Honda believes in the importance of calculating and disclosing 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 FY2012 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 FY2016 show that GHG emissions from Honda business activities were 5.14 million t-CO<sub>2</sub>e, and total emissions from the value chain, including other indirect emissions, were 285.10 million t-CO<sub>2</sub>e. We will continue to monitor and manage data and utilize them in the actual implementation of emissions reduction measures.

\*Development of the GHG Protocol was led by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

**Reducing GHG Emissions from Use of Sold Products**

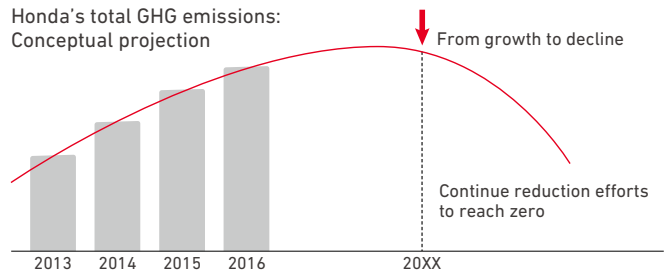
Scope 3, category 11 emissions (emissions from use of products sold to our customers) account for more than 81% of GHG emissions from Honda's entire value chain. This means finding ways to reduce emissions related to customer use of Honda products is of primary importance in reducing emissions from our value chain. To this end, we have established the target of reducing global average product CO<sub>2</sub> 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.



**Promoting Life-Cycle 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 CO<sub>2</sub> emissions from all business activities, and since then we have been making focused efforts to meet reduction targets set for each business area including production, purchasing, sales and service, administration and transportation.

We are also calculating and assessing CO<sub>2</sub> 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 CO<sub>2</sub> 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, and so we will utilize the above information further to develop low-carbon solutions at the development stage, for instance.



**Environmental Data**

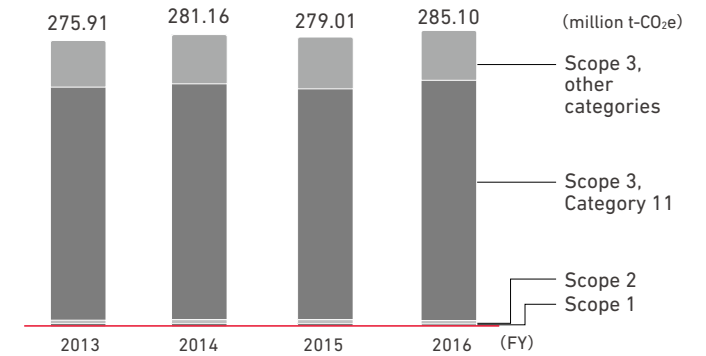
Honda's total GHG emissions

		(million t-CO <sub>2</sub> e)			
		FY2013	FY2014	FY2015	FY2016
GHG emissions from the entire Honda value chain (Scopes 1, 2, and 3)		275.91	281.16	279.01	285.10
Breakdown	Direct emissions from business activities (Scope 1)	1.41	1.41	1.38	1.33 <input checked="" type="checkbox"/>
	Indirect emissions from energy use (Scope 2)	3.54	3.80	3.86	3.81 <input checked="" type="checkbox"/>
	<b>Emissions from Honda business activities (total of Scopes 1 and 2)</b>	<b>4.95</b>	<b>5.21</b>	<b>5.24</b>	<b>5.14</b>
	Emissions from customer use of sold products (Scope 3, category 11)	225.95	228.14	223.54	231.77 <input checked="" type="checkbox"/>
	Other emissions (Scope 3, other categories)	45.01	47.81	50.23	48.19
	<b>Other indirect emissions (total of Scope 3)</b>	<b>270.96</b>	<b>275.95</b>	<b>273.77</b>	<b>279.96</b>

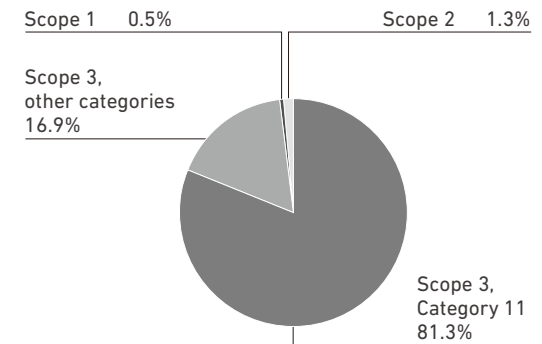
- Scope 1: Direct GHG emissions from business activities, as defined by the GHG Protocol (examples: combustion of fuel oil at a manufacturing plant, emissions from work vehicles and company cars). The Scope 1 figures presented in this report include all GHGs emitted directly by Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies worldwide. Honda uses the latest emission factors in each region, using the emission factor for GHG Emissions Accounting, Reporting and Disclosure System based on the Act on Promotion of Climate Change Countermeasures (after H22.3 revision) in Japan and using emission factors from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories in each region except Japan. Figures for climate change potential coefficient are derived from the IPCC's Fourth Assessment Report (2007).
- 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. Honda uses the latest emission factors in each region, adjusted emission factors from respective electrical power suppliers in Japan and emission factors from the IEA's Emissions from Fuel Combustion in each region except Japan. This corresponds to the GHG Protocol's standard market-based method.
- 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 "Scope 3, category 11" figures presented in this report represent the cumulative amount of GHGs 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. Calculations cover the emission of approximately 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: CO<sub>2</sub> emissions intensity x Annual distance traveled (for power products: annual usage in hours) x Product lifetime in years x Annual unit sales.
  - CO<sub>2</sub> emission factor: Referring to the greenhouse gas calculation guidelines that public authorities issued. If there are no appropriate guidelines, reference from the ones of Japanese.
  - Annual mileage / Lifetime years of use: Referring to IEA estimation model "SMP Model" etc.
- 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.

Data indicated with  received the independent practitioner's assurance.

Total GHG emissions, FY ended March 2013 to FY ended March 2016



Breakdown of total FY2016 GHG emissions

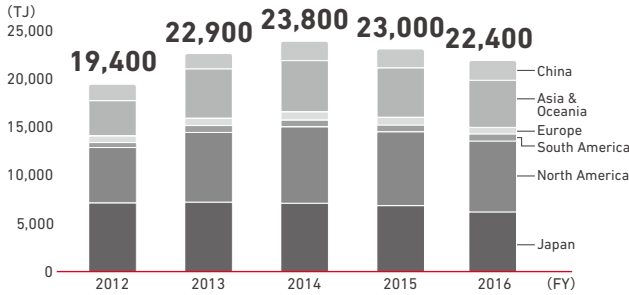


**Environmental Data**



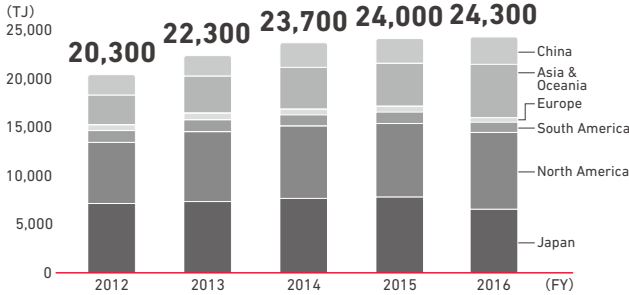
**Energy consumption**

Direct energy consumption



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies).  
 Calculation method: Consumption amount = Σ (Fuel consumption x unit calorific value)  
 Unit calorific value:  
 Japan: Unit calorific value from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures  
 Regions outside of Japan: Derived from 2006 IPCC Guidelines for National Greenhouse Gas Inventories  
 \*Calculations are mainly based on energy consumed by stationary sources.  
 \*A terajoule (TJ) is a unit of energy, "tera" meaning 10<sup>12</sup>.  
 \*Expressed in three significant digits

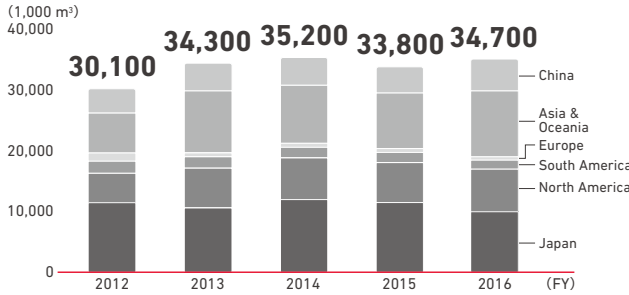
Indirect energy consumption



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies).  
 Calculation method: Consumption amount = Σ (Purchased electricity consumption etc<sup>1</sup> x unit calorific value)  
 Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.  
 \*1: Other  
 Japan: Unit calorific value from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures.  
 Regions outside of Japan: 2006 IPCC Guidelines for National Greenhouse Gas Inventories  
 \*Expressed in three significant digits

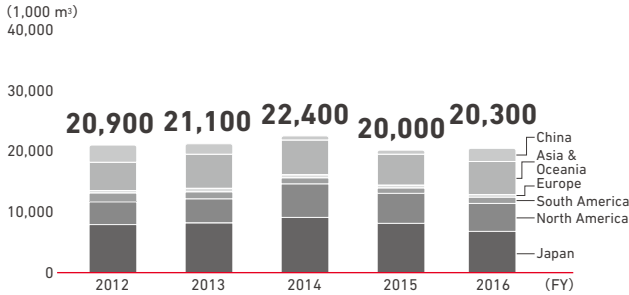
**Water use/wastewater volume**

Water use volume (Amount of water intake)



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies).  
 Calculation method: Volume amount = Σ (Purchased from the water facilities + Groundwater intake + Rainwater utilization amount + Surface such as rivers water intake)  
 \*Expressed in three significant digits

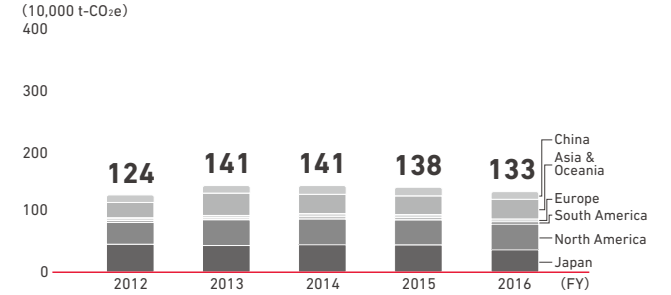
Wastewater volume



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies).  
 Calculation method: Volume amount = Σ (Wastewater processed by other companies + Discharge directly into public waters)  
 \*Figures include some estimated values.  
 \*Expressed in three significant digits

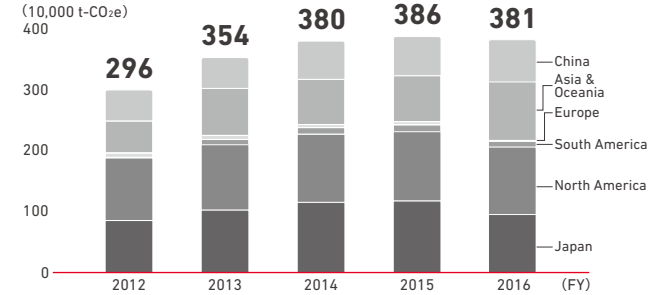
**GHG emissions**

Direct emissions



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies).  
 Calculation method: Emissions amount = Σ [Volume of fuel usage x CO₂ emission factor] + CO₂ emissions from non-energy sources + Σ [Volume of non-CO₂ GHG emissions x Global warming factors]  
 Emission factor:  
 Japan: Emission factors from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures (after H22.3 revision)  
 Regions outside of Japan: Emission factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories.  
 Figures for global warming potential coefficient: The IPCC's Fourth Assessment Report (2007)  
 \*Figures of GHG emissions from non-energy sources include some estimated values.  
 \*Calculations are mainly based on emissions from stationary sources.  
 \*Expressed in three significant digits

Indirect emissions



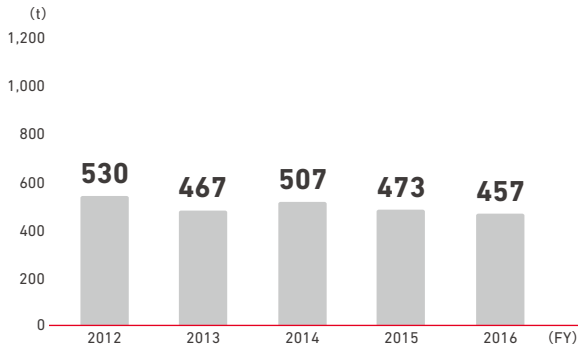
Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies).  
 Calculation method: Emissions amount = Σ (Purchased electricity consumption etc<sup>1</sup> x emission factor)  
 Emission factor: The latest emission factors in each region.  
 Japan: Adjusted emission factors from respective electrical power suppliers  
 Regions outside of Japan: Emission factors from the IEA's Emissions from Fuel Combustion.  
 \*1: Other includes the steam and hot water, the emission factors is quoted from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures.  
 This corresponds to the GHG Protocol's standard market-based method.  
 \*Expressed in three significant digits

Data indicated with  received the independent practitioner's assurance.

**Environmental Data**

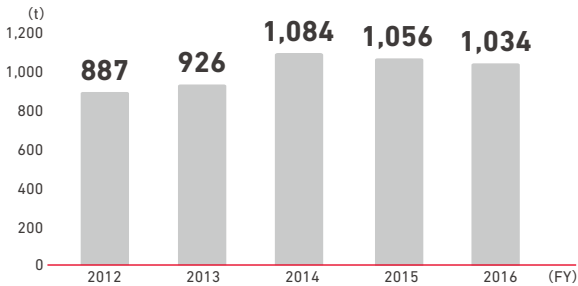
Atmospheric pollutants

SOx emissions



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies).  
 Calculation method: Emissions amount =  $\Sigma$  (Fuel consumption x Density x Sulfur content x 64/32)  
 \*Calculations are based on fuel consumption.  
 Density: Derived from the translation coefficient list in Statistics Information by Petroleum Association of Japan  
 Sulfur content: Derived from Act on the Quality Control of Gasoline and Other Fuels or the standard of LP gas (JIS K 2240).  
 Amount of SOx emissions is recalculated by revising the calculation method in the past five years.

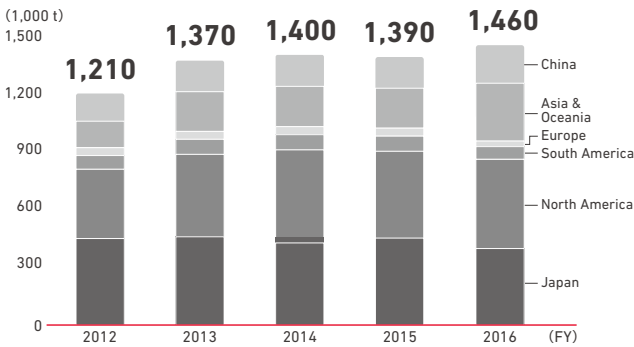
NOx emissions



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies).  
 Calculation method: Emissions amount =  $\Sigma$  (Fuel consumption x Emission factor for each fuel)  
 \*Calculations are based on fuel consumption.  
 Emission factor for each fuel: Derived from NOx emissions calculation table (combustion facilities that do not measure the amount of exhaust gas, etc.) on Environmental  
 Amount of NOx emissions is recalculated by expanding the fuel coverage in the past five years.

Waste Generated

Waste Generated



Companies covered: All consolidated subsidiaries and affiliated companies of the Honda Group (excluding relatively small-scale companies).  
 Calculation method: Emissions amount =  $\Sigma$  (Industrial waste + general administrative waste +valuable resources emission)  
 \*However, regions outside of Japan are beyond the scope of data for general administrative waste except harmful waste (depending on regulations in respective countries).  
 \*Expressed in three significant digits

Data indicated with  received the independent practitioner's assurance.



# 6-2

PERFORMANCE REPORT  
Safety

6.14 million people

Honda has provided road safety and driving education activities for over six million people in Japan. These activities are now being actively expanded worldwide.



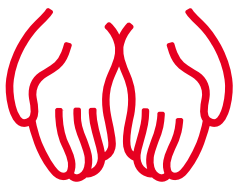
## Basic Approach

# Toward 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 are entrusted with human lives,” Honda is, on the basis of the concept of safe coexistence, aiming at “a collision-free mobile society,” where our customers and indeed everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

Honda has a long history of engagement in safety initiatives dating back 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 as 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 only limited to the development of Honda’s products. They are also leased to other companies and research institutions, widely contributing to the studies on pedestrian protection. Honda is actively working on traffic safety, giving attention to the actual conditions of traffic issues that exist in each period and regions.



# safety

## Direction of Activities

Issues concerning the traffic environment are diverse and vary from region to region, such as the over-concentration of traffic or poor infrastructure. Against this backdrop, Honda is promoting activities in three areas: “Human (Safety Education),” “Technology (Vehicle Technologies)” and “Communication (Telecommunication Networks).” The three are coordinated in line with the actual conditions existing in each region.

If we take Thailand, for example, traffic accidents involving motorcycles in particular have been increasing in recent years as a result of rapid development of motorization. In response, Honda began by focusing on the area of “Human (Safety Education),” which is highly effective in 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.

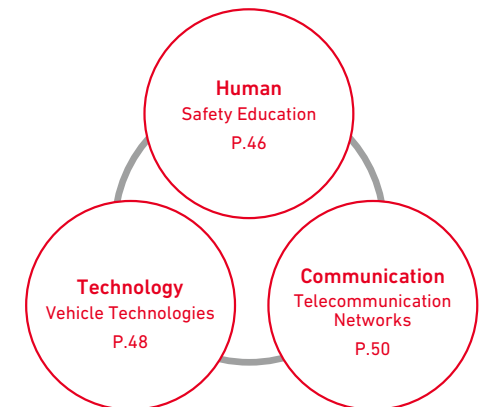
In addition to these activities, in the area of “Technology (Vehicle Technology),” we have developed the “LaneWatch™” system that is effective in preventing incidents where the driver fails to notice a motorcycle in the blind spot when an automobile changes lanes.

### 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.

Three areas of safety promotion activities



## Safety Initiatives

# Human (Safety Education)

## Honda's Approach

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 more than six million customers in Japan.

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," in which people can experience hazards in a safe environment.

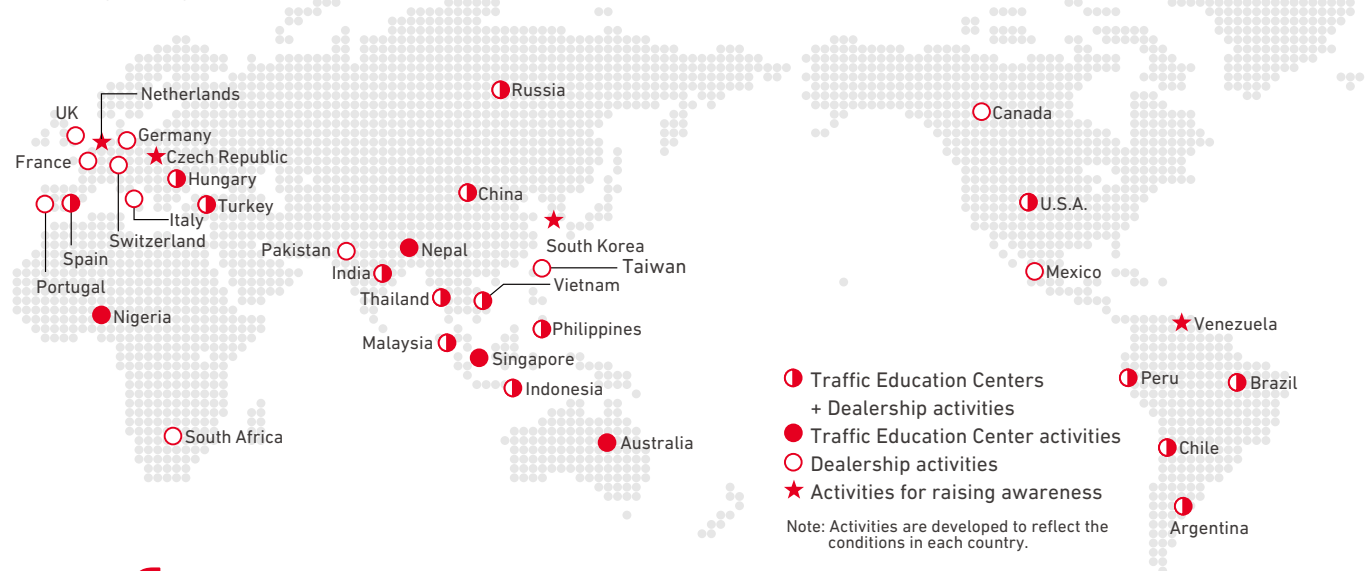
Our activities based on three pillars. The first pillar is "Instructor Training," which nurtures instructors who will be responsible for traffic safety education. The second is "Opportunity Creation," which provides people with

opportunities to think and learn about traffic safety. The third is "Software Development," in which educational programs and equipment are developed 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 36 countries throughout 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 the number of fatal traffic accidents has become a social issue. Therefore, Honda is strengthening its activities in coordination with the applicable countries and the relevant people in 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

Countries where traffic safety education and driving training are conducted

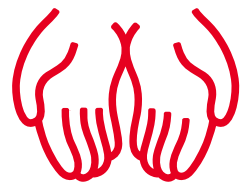


## FY2016 Activities

More than 50% of traffic fatalities in Japan involve persons 65 years of age or older. Of these, nearly half (48.5%) involve pedestrians. Honda has created and promotes training programs to help reduce accidents involving elderly pedestrians. Because these accidents often occur when an elderly person crosses the road, the programs include the use of videos to simulate road crossings to make people aware of the discrepancies between the thinking and actual behavior of elderly people.



Conducting a safety program for elderly pedestrians



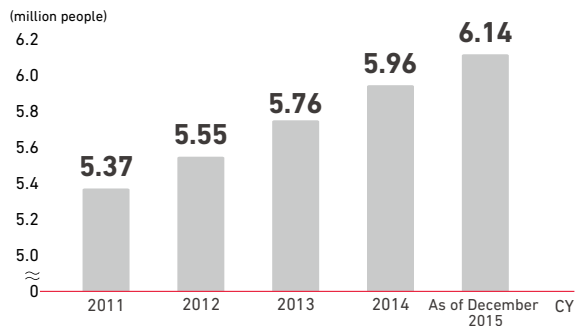
## Safety Initiatives

In addition, we are also strengthening our cooperation with automobile dealers named Honda Cars in Japan, which is our sales organization that is the main point of contact with local communities and customers, and supporting traffic safety activities at all related companies. As part of these activities we work closely with local communities, including “Ayatorii Hiyoko” visits to local kindergartens and nursery schools to conduct safety education programs for preschoolers.

To assist drivers, Honda Cars staff have installed in their tablet devices the Safety Driving Guide booklet given to customers when their vehicle is delivered, so they can also provide safety advice at other times.

Overseas, Honda plans to enhance the quality of training activities to help improve the level of local instructors in subsidiaries and affiliated companies, especially in Asian countries.

Participation in traffic safety promotion activities in Japan (total)



## T O P I C S

### Start of New Traffic Safety Promotion Activities in Taiwan and India

With the continuing advancement of motorization, Honda has taken on a new commitment to communicate the importance of traffic safety. With the growing popularity of medium and large motorcycles in Taiwan, Honda Taiwan Motor Co., Ltd., began the sale of large motorcycles in April 2015. At the same time, a system for traffic safety training was developed within dealerships. From March 2015, we began training instructors from the Taiwan subsidiary and local dealerships at our Traffic Education Centers in Japan. In September, top dealers and all sales and service staff took part in a two-day safe-driving training course to raise awareness of the importance of traffic safety. From October, riding safety events were held in the areas around local dealers. Then in December, the first Honda Safety Taiwan Motorcyclist School was opened. With activities aimed at customers as well as the media, the school was warmly welcomed into the country. We anticipate expanding activities with instructors, such as providing advice when the motorcycle is initially delivered, and holding regularly scheduled safety training sessions, as well as events intended to highlight both safety and the fun of riding.

In India, our automobile production and sales company, Honda Cars India Ltd., began traffic safety promotion activities in December 2014. This involves a wide range of activities, including the School College Contact Program (SCCP), the Traffic Safety Zone program at dealers, contests using Facebook, a college student traffic safety ambassador program, and the distribution of comic books and pamphlets introducing traffic safety. SCCP is a program intended to help students understand the importance of traffic safety, with the aim of developing drivers and other road users who understand traffic safety rules. Students were encouraged to take part in activities undertaken by our dealer partners in schools and colleges, including traffic safety seminars, painting and quiz contests. Regional winners of these contests then took part in a nationwide event held in September 2015.

To increase customer interest in traffic safety and create an exhibition where people really learn, the Traffic Safety Zone at dealers shows videos to highlight traffic safety and the safety equipment fitted in Honda cars, and has an area set up with model cars for hands-on learning of traffic safety rules.



Honda Safety Taiwan Motorcyclist School at a Taiwan subsidiary

Road Safety College Ambassador Program



**Safety Initiatives**

# Technology (Vehicle Technologies)

## Honda's Approach

Honda has engaged in the development of safety technology placing an emphasis on real-life traffic environments – where multiple forms of mobility, such as motorcycles and automobiles, mix – and the realities of crashes in the real world, with high-minded objectives that go beyond meeting regulatory requirements and the attitude that “if something doesn’t exist, we will make it.”

We have been developing and commercializing safety technologies one after the other. In 1998, Honda developed the world’s first pedestrian dummies, while 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-assistance 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 collision avoidance based on information on the surroundings of the vehicle, collected through the use of sensors and other elements.

Honda will steadily continue to develop technologies as indicated in the roadmap for safety technologies for automobiles (see the diagram below), with an aim to realize “a collision-free mobile society” where anybody using the road can do so in safety.

## FY2016 Activities

In 2015, Honda and Acura cars equipped with the “Honda Sensing/AcuraWatch” advanced safe-driving support system were released in Japan, the United States and Europe. In addition, the number of models offering this system was increased, with installations also getting underway in other regions.

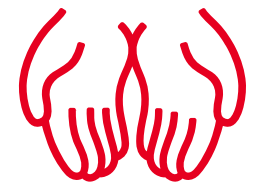
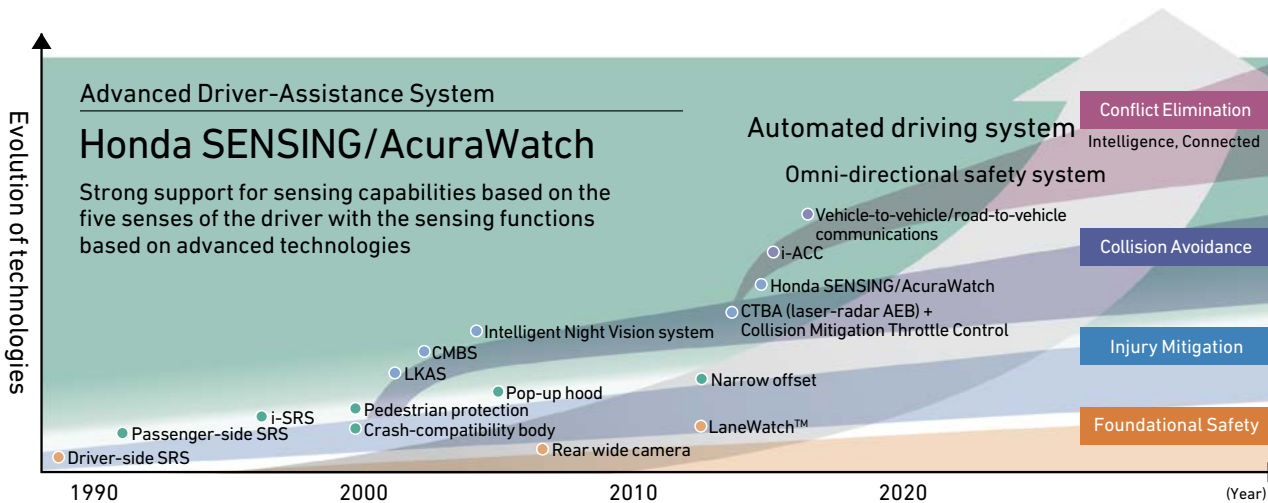
Models equipped with the system include the StepWGN, Vezel, Freed, Accord and CLARITY FUEL CELL in Japan; the full Acura lineup, Civic, Accord, Pilot and Ridgeline in the United States; the Acura TLX, MDX, RDX, Accord and Civic in China; and the Accord in Thailand markets\*.

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.

\*The technologies available in “Honda Sensing/AcuraWatch” models may vary depending on the vehicle.

Roadmap for safety technologies

Toward zero collisions



**Safety Initiatives**

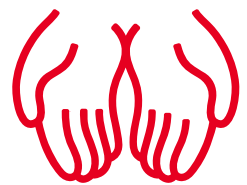
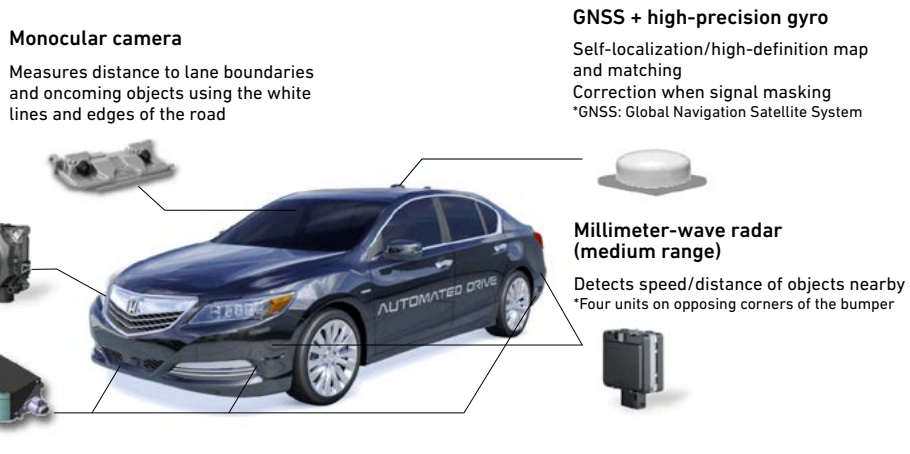
T O P I C S

**Conducting Demonstrations of Automated Highway Driving**

In October and November 2015, Honda demonstrated its automated driving technologies on an 8 km stretch of the Bayshore Route of the Shuto Expressway in Tokyo running from Toyosu to Kasai.

The vehicle used for the demonstration was a Legend (Acura RLX in the U.S. market) equipped with a stereo camera, six millimeter-wave radar units and six laser rangefinders to recognize the lane in which it is traveling as well as obstacles around the vehicle, including other cars. In addition, a Global Navigation Satellite System (GNSS) also detects the position of the car with all data fed into a computer to calculate a safe travel route and operate the vehicle. During the demonstration the driver did not operate the vehicle, which was able to merge at interchanges, adapt its speed, keep its lane and change lanes, all at highway speeds.

Honda continues to conduct research and development of self-driving functions and aims for the actual application of these technologies on the highway by 2020.



## Safety Initiatives

# Communication (Telecommunication Networks)

## Honda's Approach

In 1998, Honda started to offer "Internavi," a car navigation system equipped with communication functions that 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 more comfortably.

One form of progress from these initiatives 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 by integrating the "Honda SENSING/AcuraWatch" technologies with the telematics service, and, using wireless communication such as Wi-Fi, connecting with both other vehicles equipped with sensors or GPS, and people in surrounding areas who are carrying smartphones. We are striving to realize "a collision-free mobile society" where everyone sharing the road can drive or walk with peace of mind.

## FY2016 Activities

Establishing a consortium for the utilization of Cooperative-Intelligent Transportation Systems (C-ITS) applications in powered two-wheelers (PTWs)

Honda, Yamaha Motor Co. Ltd. and BMW Motorrad are now collaborating to enhance C-ITS applications in PTWs and are working together to establish a consortium named the Connected Motorcycle Consortium.

ITS technologies are expected to generate particular safety benefits in regard to PTWs. However, due to the limited space available, electronic systems have to be smaller and be resilient to water, dust and vibration.

ITS systems designed for cars cannot simply be transferred to motorcycles.

Since motorcycles exhibit different driving dynamics, software development and algorithms need to consider special requirements.

In order to solve these problems inherent in motorcycles and to speed up more motorcycle-specific safety developments, we intend to cooperate to promote a successful implementation of C-ITS in motorcycles and scooters.

The three companies have already gained experience of connected vehicle technologies in several European field tests.

In view of the challenges experienced in these real world tests, the three manufacturers are now joining forces to evaluate the principles of C-ITS to enhance motorcycle safety.

In order to accelerate this process, the three manufacturers will begin their cooperation in the field of C-ITS now.

Joining a trial service of the D-Call Net automatic emergency notification system

Honda is working together with the certified nonprofit organization Emergency Medical Network of Helicopter and Hospital (HEM-

Net), and Japan Mayday Service Co., Ltd. in launching a new trial service named D-Call Net in November 2015.

The D-Call Net system utilizes data from vehicles when a traffic accident occurs, and by making use of a newly developed probability estimation algorithm for deaths and serious injuries, it estimates the probability of deaths and serious injuries of vehicle occupants.

By reporting accidents to base hospitals with air ambulances, it quickly performs the decision to dispatch air and ground ambulances with a swiftness that will improve the ratio of lives saved after traffic accidents.

Since June 2013, the Honda Accord has been equipped with a Honda-brand navigation system with a D-Call Net function that is capable of connecting to Bluetooth-compatible mobile phones. By 2017 it is expected that the number of vehicles compatible with D-Call Net will increase to approximately 400,000 in Japan.

Looking ahead to full-scale implementation in 2018, Honda is coordinating with other vehicle manufacturers to expand the range of supported vehicles, and we will contribute to promote the spread of D-Call Net and improve the survival rate in traffic issues.



The three companies made a joint announcement at the ITS World Congress, held in Bordeaux, France (center: Tetsuo Suzuki, Honda Executive Officer).

## Third-Party Evaluation

# Honda's Approach

Many of Honda's models have achieved high safety assessments from NCAP<sup>\*1</sup> in various regions. In Japan, four models also achieved "ASV"<sup>\*2</sup> and one model achieved "ASV+":<sup>2</sup>, which is the highest rank, in the J-NCAP's preventive safety assessment. In the U.S., multiple models achieved "TSP" or "TSP+" in the safety performance assessment by IIHS<sup>\*3</sup> as the cars that excel in safety.

\*1 NCAP: New Car Assessment Program: This 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+): This refers to 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: This refers to the Insurance Institute for Highway Safety, which conducts the car assessment that tests and evaluates the safety performance of various cars. IIHS only awards TSP and TSP+ to vehicles that achieved excellent test results. TSP refers to Top Safety Pick.

## T O P I C S

### Earning 2015 TOP SAFETY PICK+ Rating across Acura entire model line from Insurance Institute for Highway Safety (IIHS)

Acura has become the first luxury brand to earn a 2015 TOP SAFETY PICK+ rating for its entire model line from the IIHS.

All Acura models aim at a high level of safety performance, utilizing air bags and the next-generation ACE body to protect vehicle occupants and reduce the aggressivity against opposite vehicles. They are equipped with technologies such as AcuraWatch to help avoid collisions under normal driving conditions as well.



Acura model

## T O P I C S

### The Jazz awarded with Euro NCAP's Best in Class Supermini

The Jazz achieved a five-star safety rating from Euro NCAP in November 2015. Euro NCAP is the only automobile safety assessment program that performs public collision tests, evaluating safety with a variety of tests such as offset frontal collisions, and rates vehicles on a five-star system.

All grades of the Jazz are equipped as standard with Honda's City-Brake Active system, which helps to avoid and mitigate collisions with a vehicle in front of the car.



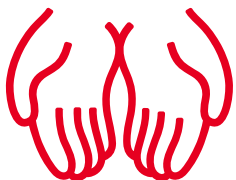
Jazz model

Results of key third-party evaluations (tests conducted in 2015)

Country / Region	Third-party evaluation		Model
Japan	JNCAP	5★	JADE HYBRID/Step WGN
		ASV+	JADE/Step WGN/FIT/F <sup>4</sup> / N-ONE <sup>4</sup>
Europe	Euro NCAP	5★	JAZZ/HR-V
China	C-NCAP	5★	VEZEL
U.S.A.	NCAP	5★	HR-V FWD / HR-V AWD/Pilot FWD/Pilot AWD/CR-V FWD/CR-V AWD/Acura ILX FWD/Acura RDX FWD/Acura RDX AWD
		TSP+	Acura RLX / Acura ILX / Acura MDX / Acura RDX / CIVIC 2Dr / CIVIC 4Dr / Accord 2Dr / Accord 4Dr / CR-V / Pilot
	IIHS	TSP	ODYSSEY
Australia	ANCAP	5★	HR-V
Southeast Asia	ASEAN NCAP	5★ <sup>*5</sup>	HR-V

\*4 Retested in response to change to evaluation standards

\*5 Protection performance for passengers (adults)



# safety



120%

Aiming for 120% product quality

**6-3** PERFORMANCE REPORT  
Quality

## Basic Approach

# Aiming to Bring Reassurance and Satisfaction to Customers

“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%.” These words of founder Soichiro Honda define the company’s fundamental approach to quality, or more specifically, 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 on safety and offering a new level of outstanding quality, Honda has created a quality cycle that continuously enhances quality at every stage encompassing 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, ensuring that a high level of satisfaction is provided to customers at all times.



## Global Management

# Quality Management System and Quality Enhancement Promotion System

## Raising the Quality of Honda Brand Products Produced and Sold Worldwide

As Honda’s production and parts and materials sourcing expand globally, a shared global quality management system is essential to ensure that all Honda facilities continue to generate 120% product quality. The Global Honda Quality Standard (G-HQS) established in April 2005 serves as the foundation of this.

Based on ISO 9001<sup>\*1</sup> and ISO/TS 16949<sup>\*2</sup> criteria to which Honda production facilities in Japan and around the world have been or are to be certified, G-HQS represents 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 2016, 54 Honda facilities around the world have acquired 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, we can ensure the expansion of quality assurance system among all factories, contributing to quality assurance not only in production activities but also in distribution and service.

In order to ensure the strengthening of quality under this quality management system, Honda sets challenges based on quality targets established in company-wide policy, which are then modified to reflect the challenges found in different regions with countermeasures formulated for them. The management of this initiative and information-sharing are conducted regularly at the Global Quality Committee (held three times in FY2016), chaired by the chief quality officer and attended by persons responsible for departments involved in quality

from the headquarters and regions. Measures conducted on a continuous basis are also reflected in G-HQS.

\*1 An international quality control and quality assurance standard

\*2 An international quality management system standard for the automotive industry

## T O P I C S

### Promoting Quality Initiatives in Response to Multiple Recalls of Fit Hybrid and Vezel Hybrid in Japan

In order to restore the trust from customers and society that was lost following the recalls of the Fit Hybrid and Vezel Hybrid in Japan, Honda has actively promoted company-wide initiatives to strengthen quality, centering on a review of the product development system. Going forward, we will strengthen our rules in order to ensure that all related operations continue working together worldwide so that these initiatives are more than just transient measures.

Concrete initiatives to improve quality, centering on a review of the development system

- Enhance evaluation system
- Establish an integrated vehicle control development department
- Strengthen verification content of actual vehicle testing etc.

#### Ongoing process

Reflect in G-HQS to ensure continuous initiatives



Verification of actual vehicles at a test course simulating an intersection

**Quality Initiatives**



# Honda's Quality Cycle

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

Post-sale, swift improvements are being made to product quality based on an analysis of customer feedback; these improvements are reflected in our know-how for the next round of design and development.

Honda's Quality Cycle



**Quality Initiatives**

# Initiatives in Design / Development and Production

To ensure high quality, Honda conducts comprehensive quality assurance activities from the dual perspectives of design and manufacturing. For example, drawings for objects that will 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 drawings 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 consider not only function and performance but also the ease of manufacture and minimization of variations when designing drawing. For their part, production departments implement manufacturing controls to keep variability within applicable standards based on drawings and develop production processes so that all workers can continue to achieve a consistent level of quality.

## 1. Assuring quality through drawings

Honda's R&D departments create drawing that take ease of manufacture into consideration 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.

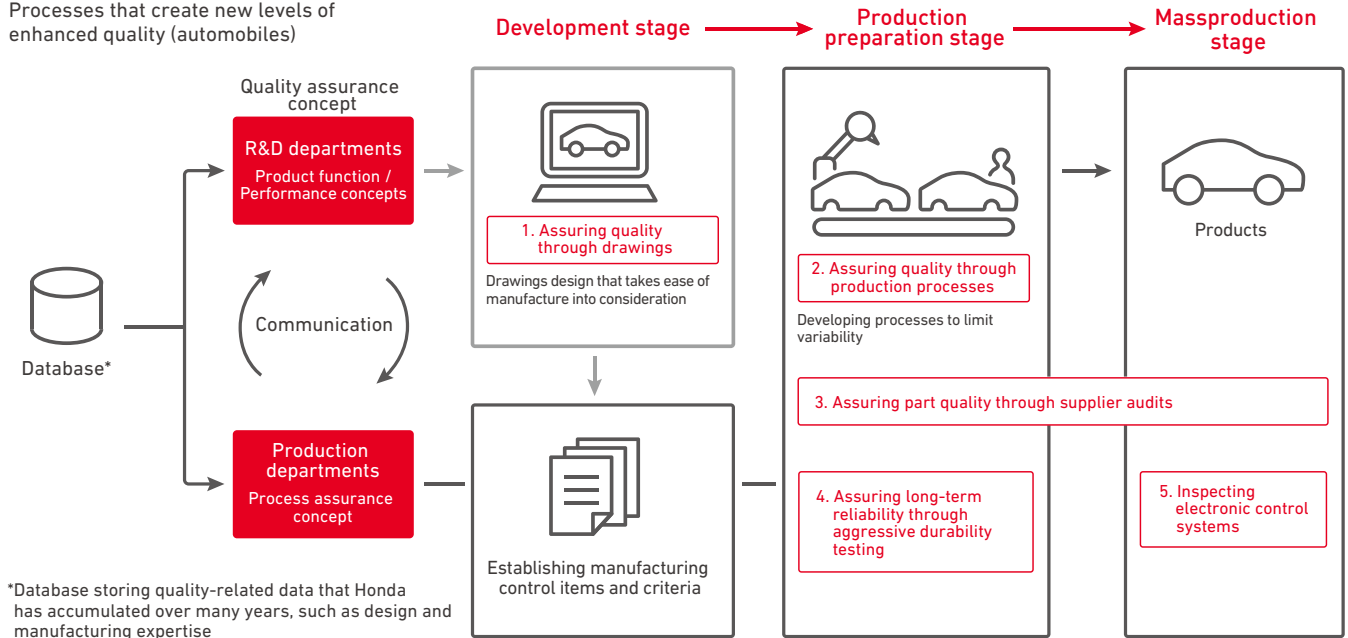
Specifically, engineers utilize a database of measures and techniques previously used to prevent market quality issues and other information as they communicate closely with manufacturing departments during the initial development stage. Product function, performance and quality assurance initiatives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

## 2. Assuring quality through production processes

As well as design drawings, Honda's production departments establish manufacturing control items and criteria for each part, process, and operation to prevent product quality issues. Engineers use these manufacturing control items and criteria 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.



Processes that create new levels of enhanced quality (automobiles)



\*Database storing quality-related data that Honda has accumulated over many years, such as design and manufacturing expertise



**Quality Initiatives**

**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 massproduction 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 identify opportunities for quality improvement.

**4. Assuring long-term reliability through meticulous durability testing**

Honda subjects new and redesigned models to a rigorous regimen of long-distance durability testing before beginning mass production 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 reliability.

01 Verification of parts following durability testing  
02 Inspection using LET (Line End Tester) system

**quality**

**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. This has created a need for efficient inspection methods to assure the quality of these components.

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

Although the LET system was initially deployed to perform diagnostics of emissions cleaning 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 operations. Thanks to these innovations, inspections that have traditionally depended on the human senses of smell, sight and hearing can now be performed quantitatively through 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.



## Quality Initiatives

# Initiatives in Sales and Service

Honda has established Customer First Operations to realize optimal service operations in markets worldwide. The division aims to “create and expand customer joy worldwide through service,” and the priority goal of its activities is to be “No. 1 in customer satisfaction by an overwhelming margin.”

“No. 1 in customer satisfaction by an overwhelming margin” refers to the creation of customer joy and excitement by not only providing services that meet expectations while they own a Honda product but also by providing value that exceeds those expectations. By creating an exciting experience through these services, Honda aims to become a mobility manufacturer that customers continue to choose.

To attain this goal, Customer First Operations has adopted three policies, which are offering service in a friendly, timely, reliable, affordable and convenient manner; developing an advanced service environment; and maximizing business efficiency and expanding business operations. They are also working on the creation of 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 FY2016 it processed 275,491 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.



Information exchange at Kumamoto Factory among associates in charge of quality

## Customer Satisfaction Survey

In FY2016, Honda conducted a customer satisfaction survey in 21 countries for customers who had received after-sales service from a dealer in order to ascertain levels of customer satisfaction in the service domain. The survey method involved a design enabling minute measurements of satisfaction for each part of the service process at a dealer, with the survey findings used to provide guidelines for each dealer. While comparing these guidelines with actual practices at dealers, efforts are being made to make improvements toward better service quality by implementing a plan-do-check-act (PDCA) cycle.

In addition, once a year we conduct a survey comparing Honda with other manufacturers and brands that are the benchmarks in other countries, with the results used as a reference as we work to maintain and improve customer satisfaction at a world-class level.



**Quality Initiatives**

# Improving Quality Based on Customer Feedback

Honda has established a Quality Center to bring together the various components of our organization concerned with product market quality information to enhance the functions of “preventing quality issues” and “quickly detecting and resolving quality issues when they occur” on a global scale. The facility gathers quality-related data from dealers in Japan and overseas through service departments and customer consultation centers. Measures and policies for preventing quality issues are then developed based on the issues identified from this data, and are provided as feedback to design, production and the design/production sections for suppliers (parts procurement), etc.

From FY2017, Honda has undertaken restructuring of its organization that includes the integration of service sections and the quality assurance section of Automobile Operations to form Customer First Operations, thereby establishing a structure that enhances the link between service and quality assurance and further strengthens the flow of customer feedback.

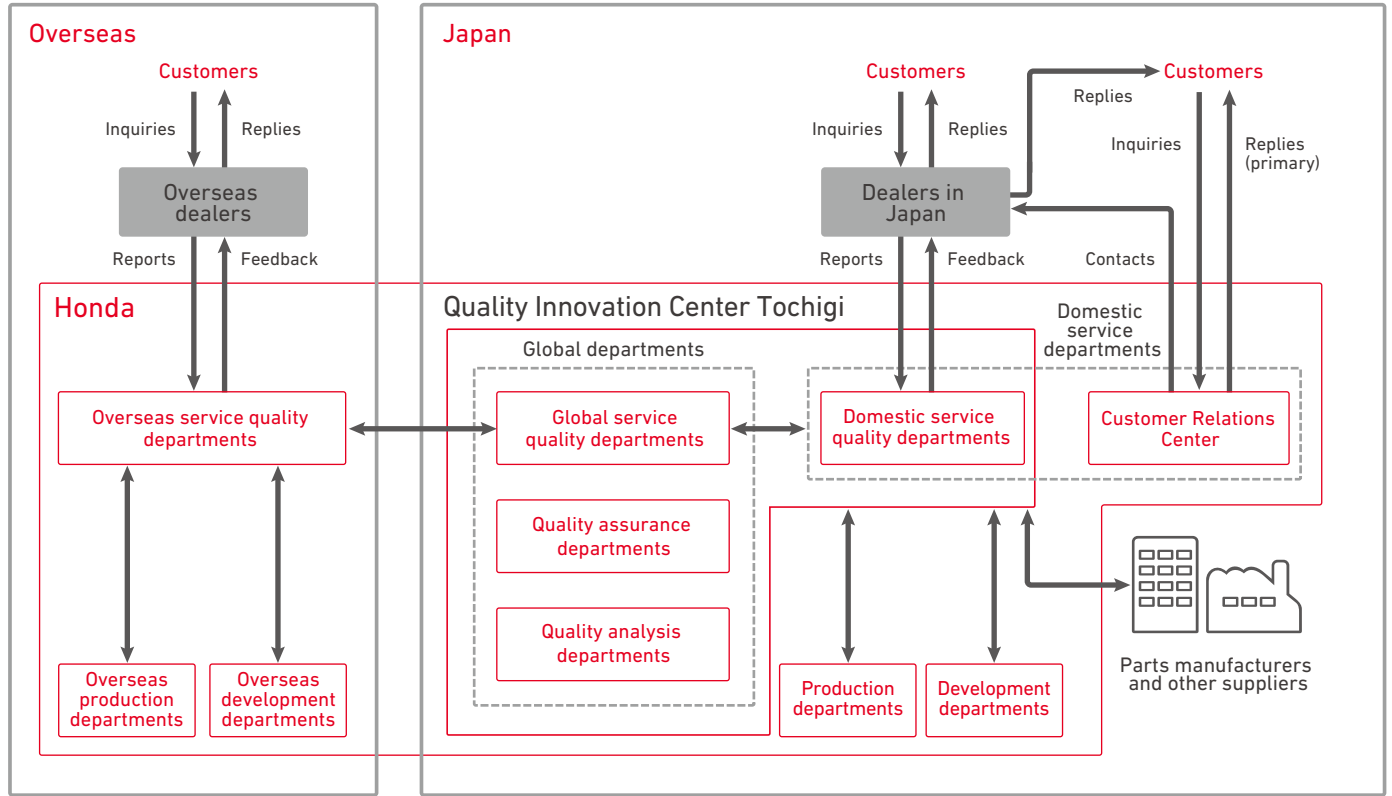
When a quality issue does occur, we move quickly to resolve it, for example, by working closely with R&D and production departments to investigate and address the cause, assisting affected customers and taking action to prevent a recurrence.

### Quality Innovation Center Tochigi

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

In particular, locating quality and service departments in a single facility allows for effective analysis and development of countermeasures thanks to the ability to share information quickly.

Market quality enhancement system (automobiles)



Quality Innovation Center Tochigi, Japan



## Quality Initiatives

### Operations at Quality Innovation Center Tochigi

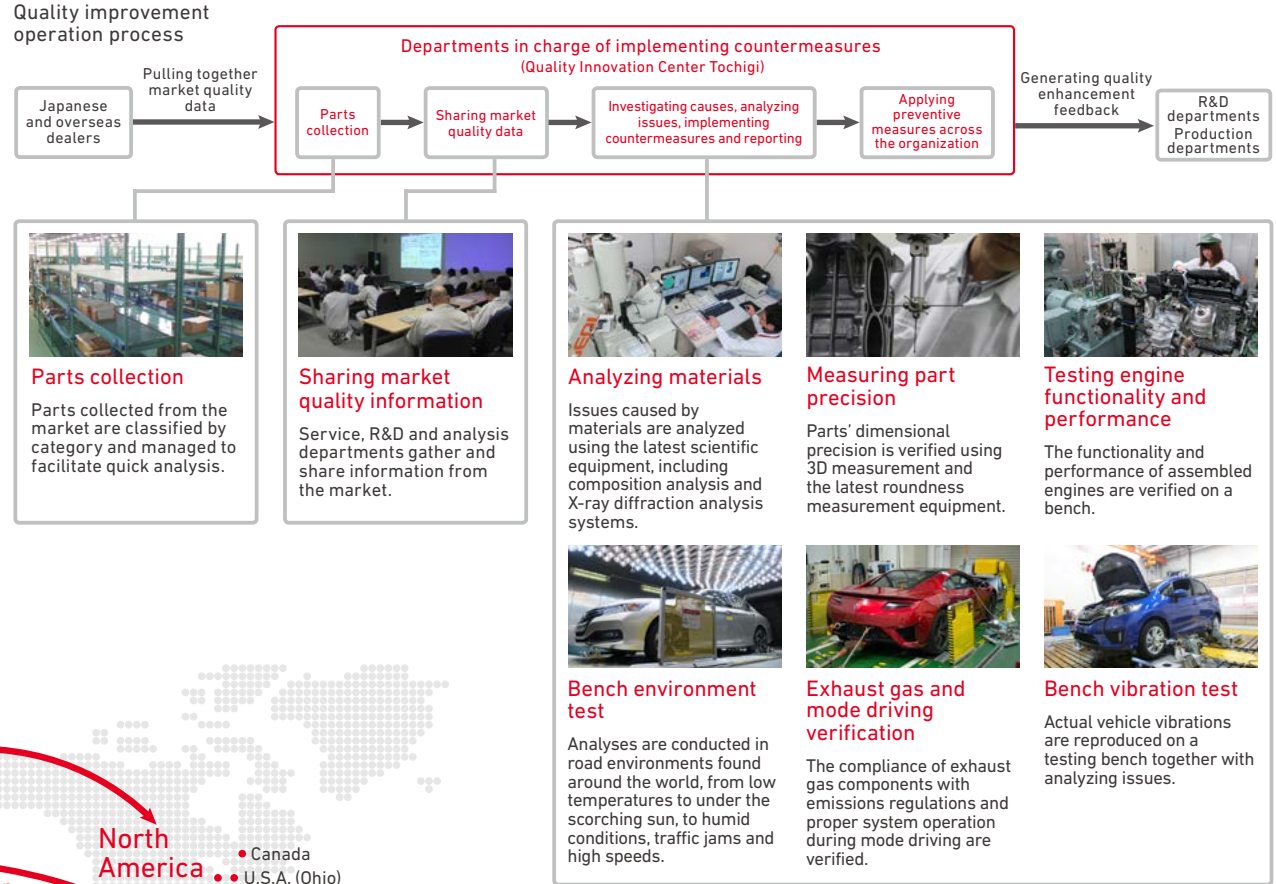
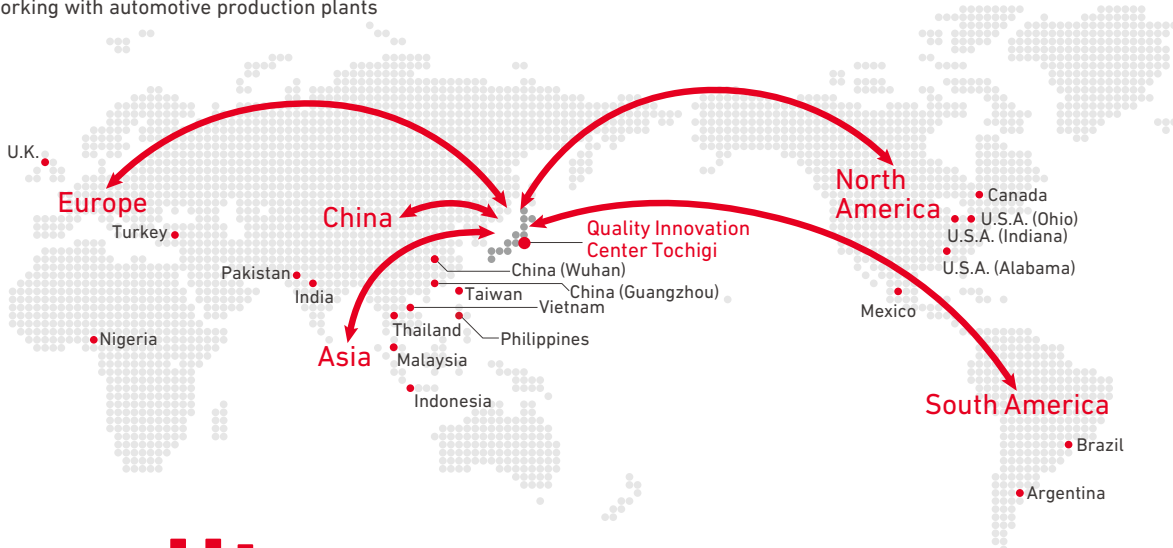
Quality enhancement operations at Quality Innovation Center Tochigi, Japan, consist of pulling together market quality data and sharing information about collected parts and market quality issues. Personnel analyze collected parts, investigate causes and develop countermeasures and improvements in a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

Specialized teams with extensive product knowledge are able to obtain detailed data using a range of analytical equipment. The operational process is configured to facilitate objective and 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 reports the results back to the overseas facility.

Working with automotive production plants



**Quality Initiatives**

# Quality Management Education

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

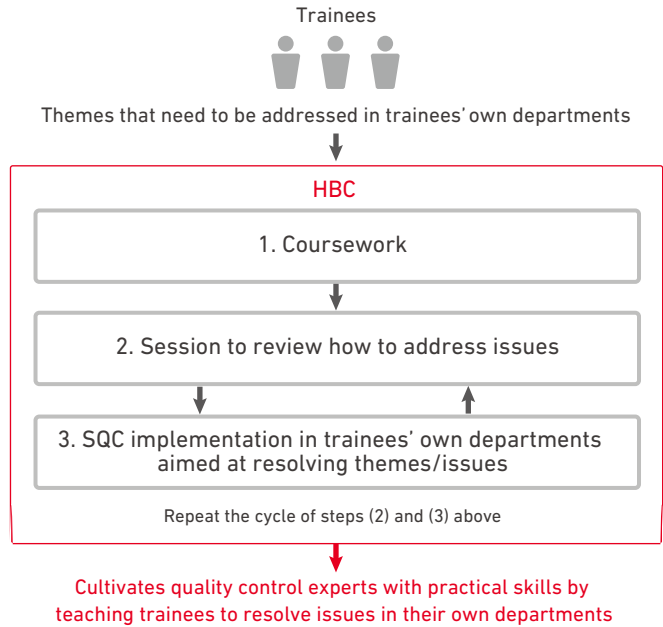
In Japan, Honda offers a training curriculum with four courses divided into basic training and specialized training.

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 aspects of Honda quality management. Outside Japan, the QC Junior (QC J) Course and the QC Foreman (QC F) Course are offered as basic 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

Honda Basic Course (HBC) Flow



Providing education on quality control in Japan



## Quality Initiatives

# Handling of Quality Issues When They Occur

When we determine that an issue occurs with a product that requires market action, we quickly report the issue to government 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.

### <Airbag recalls>

The repeated recalls for the airbags have caused our customers great inconvenience and concern. Honda has always placed top priority on customer safety and peace of mind and responded with this in mind.

In light of agreed upon revisions to the consent order between the National Highway Traffic Safety Administration (NHTSA) and Takata in May 2016, Honda has decided to replace serially all Takata ammonium-nitrate based driver and passenger front airbag inflators that do not contain desiccant.

Honda will continue to make its utmost efforts to ensure the sufficient supply of replacement inflators to customers and take other necessary measures as quickly as possible.

Number of recalls

Segment	Number of recalls
Automobiles	86
Motorcycles	26
Power Products	10
Total	122

\*Number of recalls worldwide in FY2016

## Third-Party Evaluation

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 results of the quality cycle.

Results of the 2015 Initial Quality Study (IQS) for automobiles:  
J.D. Power Asia Pacific

Country	Brand	Ranking
U.S.A.	Honda	No.14
	Acura	No.26
Japan	Honda	No.4

Country	Segment	Model	Ranking
U.S.A.	Small Premium	Acura ILX	No.2
Japan	Minivan	Freed	No.2
China	Compact SUV	Vezel	No.2
	Large MPV	Odyssey	No.2
India	Upper Compact	Brio	No.1
	Entry Midsize	Amaze	No.3
	Midsize	City	No.1
Thailand	MUV/MPV	Mobilio	No.2
	Entry Midsize	Jazz	No.2
		City	No.3
	Midsize	Civic	No.1
	Full-size SUV	CR-V	No.1

\*Includes top three vehicles in major markets from January to December 2015



Sources:

J.D. Power and Associates 2015 U.S.

Initial Quality Study SM (based on responses from more than 84,000 owners who purchased or leased a new vehicle as surveyed from February to May 2015)

J.D. Power Asia Pacific 2015 Japan

Initial Quality Study SM (based on responses from more than 18,000 owners who purchased a new vehicle as surveyed from May to June 2015)

J.D. Power Asia Pacific 2015 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 2015)

J.D. Power Asia Pacific 2015 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 2015)

J.D. Power Asia Pacific 2015 Thailand

Initial Quality Study SM (based on responses from more than 4,000 owners who purchased a new vehicle as surveyed from April to September 2015)

# 6-4

## PERFORMANCE REPORT

### Human Resources

3 times (2020)
   
 9 times (2025)

Target number of women in management (compared with year 2014, Japan)



# human resources

## Basic Approach

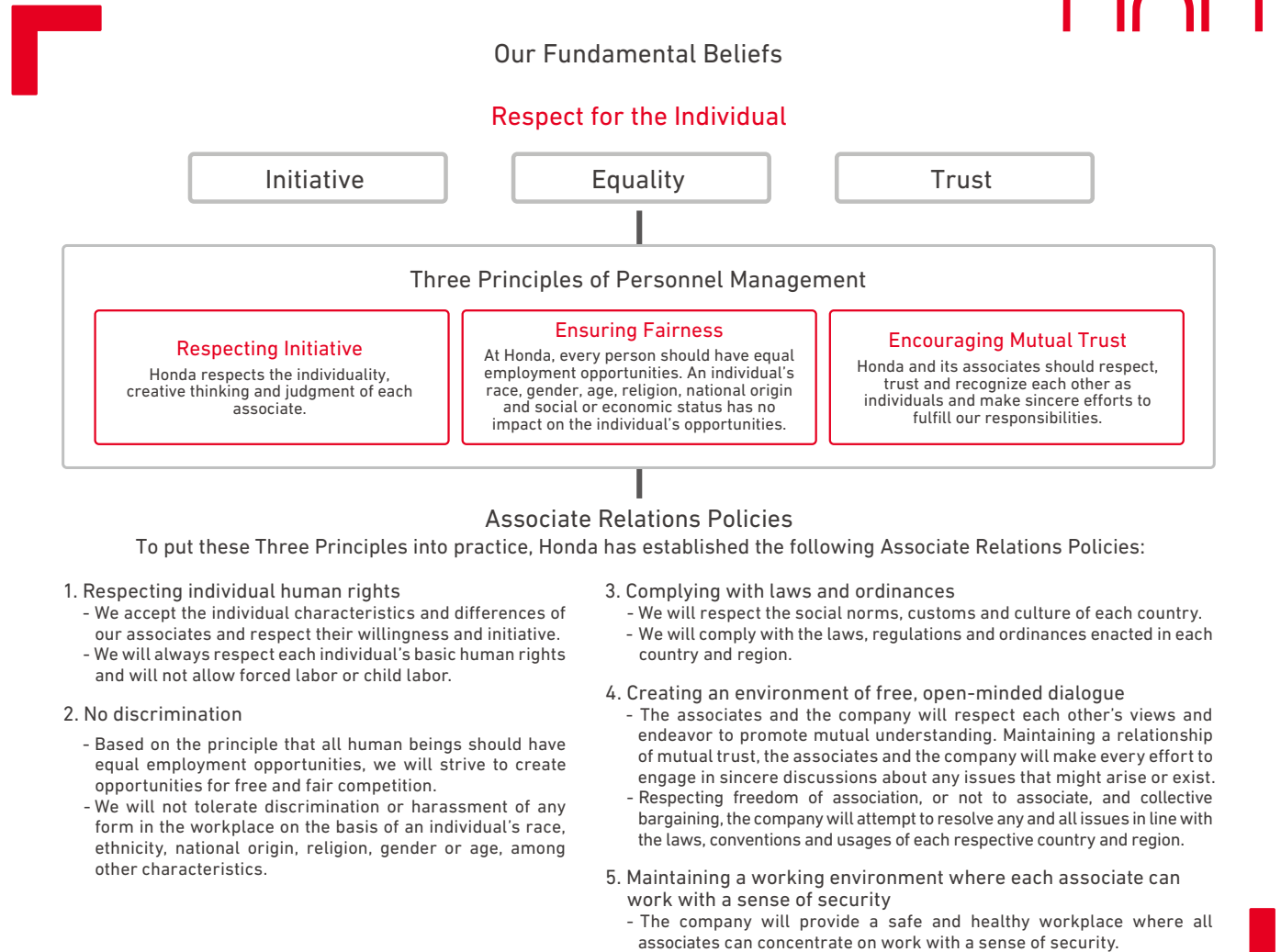
# Basic Policy for Personnel Management

Honda believes that human beings are born as free and unique individuals 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 adopts 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 with everyone in all companies with which we do business. We follow the Three Principles of Personnel Management, specifically 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.

As our business activities expand into various parts of the world, based on the Universal Declaration of Human Rights and other international standards, we established Associate Relations Policies in March 2012 that are applied to our daily corporate actions, putting the Three Principles of Personnel Management into practice.

Honda works to understand current conditions by conducting an assessment as to whether management operates in line with the Associate Relations Policies at each Group company and to respond appropriately in case any concerns are raised. In FY2016, there were no incidents identified.





## Global Management

# Human Resources Vision and Strategies

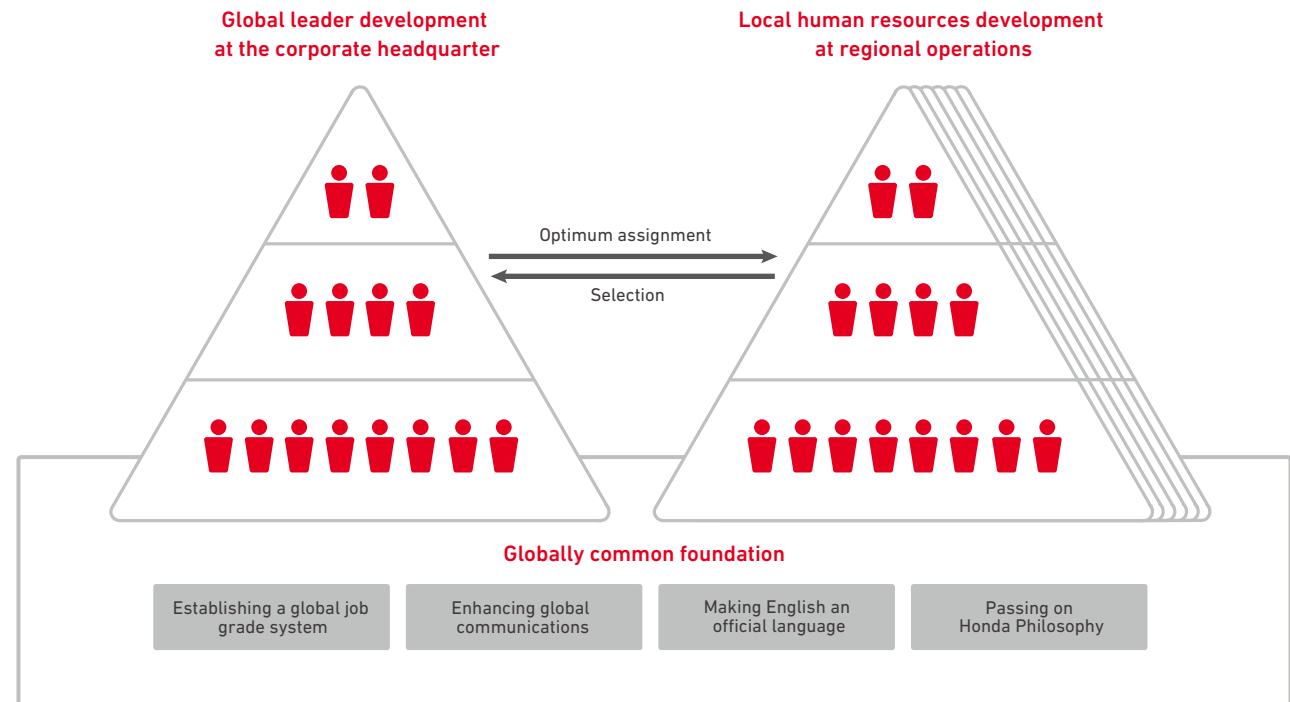
In accordance with our company principle that we are dedicated to, maintaining a global viewpoint, supplying products of the highest quality at a reasonable price for worldwide customer satisfaction, Honda has been proactively developing business with a view to entering the global markets since its foundation. 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 being strengthened 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 around the world.

In order to achieve this goal, Honda is pushing ahead with a Global Human Resources Management Approach that facilitates developing and assigning global personnel who plan, design and develop products that reflect market demand and who deliver quality products 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 by an approach where management is run by local associates, who are 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 multinational people in order to be able to address market changes promptly and flexibly.

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

Global human resources management approaches



## Global Management

# Honda's Approaches

Honda takes two approaches to supporting self-reliant operations in six global regions and developing and 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 with Honda Group associates and vitalize communication by creating a communication environment and making English our official language for working with overseas business operations. 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 (page 66) in which managerial positions varying from one operation base to another are defined by common grades across the group. We aim to realize ideal management-level assignments with the competent local personnel actively demonstrating their abilities in response to the needs of global operation bases.

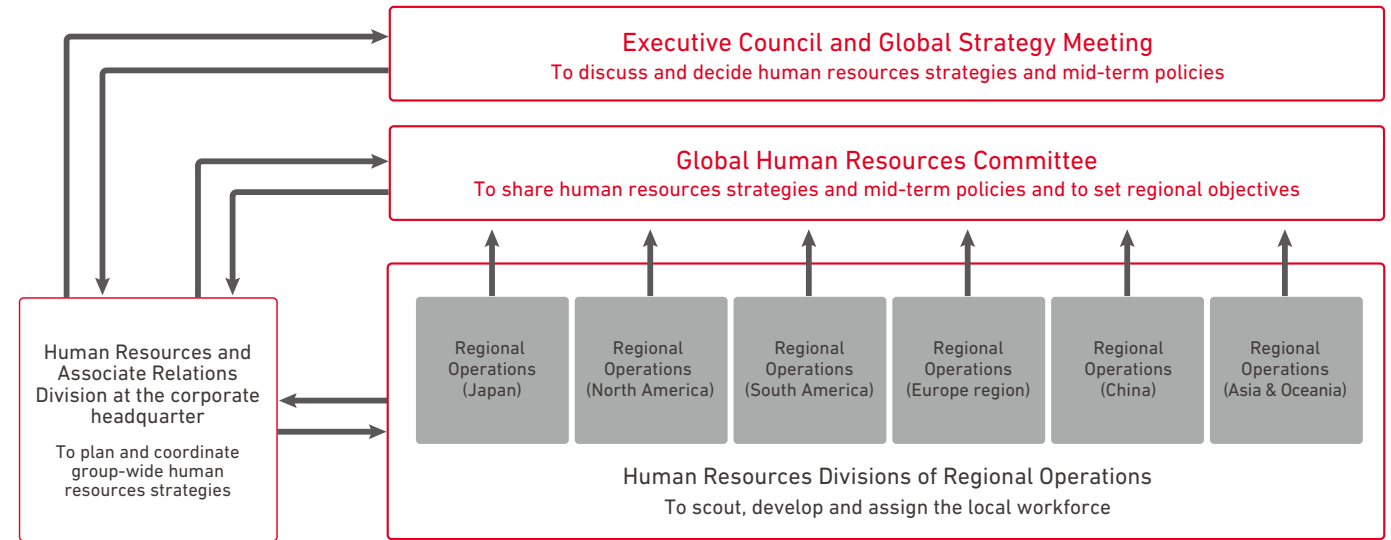
## Human Resources Management Structure

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

The directions for personnel strategies deliberated in this meeting are broken down by theme for further discussion in

the Global Human Resources Committee, in which associates responsible for human resources from six regions meet once a year. Once company-wide and regional plans and targets become concrete, activities are launched throughout the company.

Global HR\* management



\*Human Resources



## Human Resources Initiatives

### An Approach Based on On-the-Job Training

Honda's approach to personnel education is built around on-the-job training (OJT), specifically, building specialized skills and professional capabilities through direct experience. In order to facilitate effective OJT, 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 OJT training programs, Honda also offers off-the-job training (Off-JT) designed to provide associates with 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 and other training.

#### Principal Off-JT 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	22.9	53,500
North America	9.1	28,400
South America	11.2	14,700
Asia & Oceania	5.6	4,300
China	33.5	11,600

Note: Information on the Europe is to be confirmed

### Global Leader Development

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

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

### Establishing the Global Job Grade System

Besides providing training to develop global leaders who undertake global management functions, Honda introduced the 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 the transfer of associates to posts and locations in which they can demonstrate their abilities better beyond the limits of regions and operations. Honda has adopted this system for the positions of department and division managers of the corporate headquarters and higher in order to proactively promote local associates. We will strive to assign the most appropriate human resources actively to operation bases in the world and utilize them in line with our growth strategies through the Global Talent Board and Regional Talent Board that manages key posts and key talent around the world.



## Human Resources Initiatives

# Passing on the Honda Philosophy

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 pass on the Honda Philosophy as a part of level-specific training that takes place worldwide. To make the programs as practical as possible, company executives and regional management pick business examples and introduce ones that demonstrate decision-making or managerial judgment that puts into practice the concept of “what to think and do based on the Honda Philosophy.”

# Promoting Use of English as an Official Language

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 to make English an official language by 2020. With the adoption of this initiative, whenever interregional communication takes place, any information to be sent out will be sent in English. Documents to be used in meetings that involve regional operation bases along with any communication for information-sharing will also be in English.

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

## T O P I C S

### Launching a Human Resources Development Program for the Future of the U.S. Manufacturing Industry

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

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 to 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 curricula. 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 U.S. economy, by carrying out the continued activity.



## Statistics on Human Resources



### Employment Situation

#### Consolidated number of associates

	FY2014	FY2015	FY2016
Japan	66,355	65,788	64,975
North America	44,608	48,024	50,624
South America	18,144	16,635	16,297
Europe	9,055	8,597	8,111
Asia & Oceania	47,067	50,649	52,364
China	13,332	15,037	16,028
Total	198,561	204,730	208,399

#### Number of associates by gender

		FY2014	FY2015	FY2016
Japan		49,863	47,689	46,715
	Male	46,478	44,363	43,674
	Female	3,385	3,326	3,041

Note: With the exception of the item "Consolidated number of Associates," HR data for Japan is tabulated from numbers for the following companies: Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Engineering Co., Ltd., Honda Racing Corporation, Honda Technical College, Honda Access Corporation

#### Number of new permanent associates

		FY2014	FY2015	FY2016
Japan		726	719	762
	Male	621	636	660
	Female	105	83	102
North America		5,012	4,778	4,051
	Male	–	–	3,008
	Female	–	–	1,043
South America		1,259	814	767
	Male	1,102	649	679
	Female	157	165	88
Europe		–	–	340
	Male	–	–	258
	Female	–	–	82
Asia & Oceania		8,138	4,720	3,174
	Male	7,261	4,252	2,795
	Female	877	468	379
China		2,955	2,190	1,721
	Male	2,714	1,962	1,541
	Female	241	228	180

#### Attrition rate (%) (including compulsory retirees)

		FY2014	FY2015	FY2016
Japan		1.8	1.8	1.9
	Male	1.7	1.8	1.9
	Female	3.1	2.5	2.1
North America		6.4	6.0	7.8
South America		12.8	10.9	12.0
Europe		–	–	8.2
Asia & Oceania		5.8	6.6	4.0
China		4.2	2.4	4.4

#### Percentage of associates from local communities taking upper management positions

Percentage of associates from local communities in entire upper management positions	
North America	57
South America	39
Europe	48
Asia & Oceania	38

Note: Only data from regions outside Japan have been included since the headquarters is in Japan.

#### Number of associates by employment contract and type

		FY2014	FY2015	FY2016
Japan	By contract			
	Permanent	42,953	42,342	41,622
	Non-permanent	6,910	5,347	5,093
By type	Full-time	49,736	47,549	46,608
	Part-time	127	140	107

## Statistics on Human Resources



### Human Rights

#### Human rights training for associates

The Three Principles of Personnel Management, Honda Code of Conduct 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 associates, with the aim of promoting awareness of the Honda Philosophy concept. All 762 associates newly hired in FY2016 in Japan have gone through this training (22.9 hours of training in total).

### 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 as 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 regardless of nationality, race, gender, age, educational background, with or without disabilities and other aspects.

By adding of the HondaJet and ASIMO humanoid robot to our principal businesses 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 the diversification of our workforce in line with the diversification of our business.

#### Action plan based on the Act of Promotion of Women's Participation and Advancement in the Workplace

Based on our aim of becoming a truly global company, we have positioned the diversification of human resources in support of this goal as an important management challenge. In Japan, we

perceive the expansion of women's roles as a key issue, and we are working on three pillars to promote this concept: "Build awareness and foster an appropriate work climate," "Support career building with a focus on the individual" and "Create an environment that enables career building among women."

#### Honda's Action Plan

1. Period of plan  
April 1, 2016 to March 31, 2018
2. Issues at Honda
  - (1) Low percentage of women in management
  - (2) Although the rate of competition for employment is equal among men and women, there are fewer female associates
3. Targets
  - (1) At least triple the number of women holding management positions by 2020 and realize at least nine times the number by 2025 compared with FY2015
  - (2) Increase the ratio of new recruits who are women to at least 20% by 2020
4. Details of initiatives and period of implementation
  - <Initiative 1> Foster awareness of the need to embrace diversity
    - Continuously disseminate information from top management regarding initiatives aimed at expanding participation of women (January 2015~)
    - Conduct rank-based training concerning expansion of participation of women in management positions (September 2015~)
  - <Initiative 2> Nurture female associates and accelerate their utilization
    - Formulate a career (development) plan (April 2015~)
    - Conduct interviews regarding career path through career advisors (October 2015~)
    - Conduct training on career/leader development for female associates (October 2016~)
    - Implement program supporting career reinstatement following maternity leave (July 2016~)
  - <Initiative 3> Create an environment enabling women to build a career
    - Introduce a system of working at home for people engaged in childcare and nursing care (October 2016~)
    - Extend the period of short working hours until the fourth year at elementary school (October 2015~)
    - Establish company nurseries (April 2017~)
  - <Initiative 4> Strengthen the employment of women
    - Conduct focused publicity for female science and engineering students (March 2015~)
    - Participate in events promoting selection in science and engineering for high school students (March 2015~)
    - Increase the number of points of contact with female associates and hold tours of business sites (March 2016~)

#### Expanding participation of women

Honda has been pursuing awareness-raising activities through such means as company magazines, lectures and training sessions since 2008 based on the 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 7.0% within the past 10 years.

However, women in management positions account for as little as 0.7%, 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 at least triple the number of women holding management positions in FY2015 by 2020, as well as realize at least nine times the number in FY2015 by 2025. By linking the Diversity Promotion Office with each domain to implement initiatives in the future to further support the career development of each associate and to improve childcare support programs to gear up career development, Honda aims to achieve the targets.

In addition, we welcome the provisions of the Women's Empowerment Principles (WEPs).

#### Percentage of women in the Honda workplace: FY2016

	Ratio of women in the entire workforce	Ratio of women in management positions
Japan	7.0	0.7
North America	22.7	16.2
South America	11.5	8.6
Europe	17.8	10.6
Asia & Oceania	12.6	10.5
China	10.6	10.8

#### Base salary and ratio of total compensation for males and females in Japan

	Base salary (Female : Male)	Total compensation (Female : Male)
Management positions	1:1.06	1:1.08
General associates	1:1.23	1:1.38

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

## Statistics on Human Resources



### 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 further develop business.

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

Number of global hires

	FY2015	FY2016	FY2017 (Forecast)
Number of people hired	15	18	15

### 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, specifically 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 FY2016 stands at 2.30%, or 1,094 individuals, which is well above the legally mandated level of 2.0%.

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

	FY2012	FY2013	FY2014	FY2015	FY2016
Number of associates*	1,052	1,066	1,084	1,089	1,094
Percentage of employment*	2.27	2.31	2.27	2.28	2.30

\*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 associates with disabilities 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 the stable employment of senior citizens and how to pass on their skills and experience.

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 the Act on Stabilization of Employment of Elderly Persons. 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 65.7% 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

	FY2012	FY2013	FY2014	FY2015	FY2016
Number of re-employed retirees	452	434	567	622	711

### 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 child care, including babysitter agent services and child care items 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

	FY2012	FY2013	FY2014	FY2015	FY2016
Short working hours to facilitate child care	108	171	153	172	182
Child care leave	297	314	305	392	397
Short working hours to facilitate nursing care	0	0	1	3	3
Nursing care leave	7	11	15	9	11

Reinstatement rate (%) in Japan after taking child care leave

	FY2012	FY2013	FY2014	FY2015	FY2016
Reinstatement rate	99.7	99.7	99.7	99.2	98.3

### Optimizing work hours

While cases of workers working long hours and taking few 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 1,964 per associate in FY2016, and associates averaged 18.4 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

	FY2012	FY2013	FY2014	FY2015	FY2016
Total working hours per associate	1,840	1,950	1,900	1,890	1,964
Average vacation days taken	19.9	18.7	19.2	19.4	18.4

## Statistics on Human Resources

### 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 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 counseling 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 counseling for associates who have participated in the seminar.

### Evaluation and Treatment

#### Personnel evaluation system

In accordance with Respecting Initiative and Ensuring Fairness based on the Three Principles of Personnel Management, Honda has introduced to Regional Operations in the six 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

Percentage of associates to be targeted for the evaluation programs	
North America	98.4
South America	100.0
Europe	100.0
Asia & Oceania	99.9
China	99.7

### Compensation and incentives

Based on the Three Principles of Personnel Management, Honda gives its associates equal opportunities to make the most of their individual 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 associates 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 evolve, whereas associates' demonstration of abilities and achievement are focused on in the latter stage. An annual salary system is applied to compensation for associates 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	Director, Operating Officer positions
Management positions	28.0*
Proportion of performance-based remuneration in the entire compensation	37.3

\*A certain level of stock options is included in remuneration for director and operating officer positions

### Establishing a Good Relationship with Associates

#### Creating an environment of free and open dialogue

In accordance with Encouraging Mutual Trust based on the Three

Principles of Personnel Management, Honda declares in the Associate Relations Policies that associates and the company will respect each other's views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, 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 associates. In addition, an appropriate notification period is set in advance in case of the implementation of important corporate measures that have a marked impact on associates.

#### 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



## Statistics on Human Resources

### Initiatives for Occupational Health and Safety Management

#### Occupational health and safety

As a company that holds “Respect for the Individual” as one of our Fundamental Beliefs, “no safety no production” has been a slogan shared throughout the Honda Group since its founding. Based on this value, Honda Group companies in all parts of the world have established basic policies for occupational health and safety, now strongly ingrained in each region, and promote activities aimed at preventing industrial accidents and any recurrence thereof.

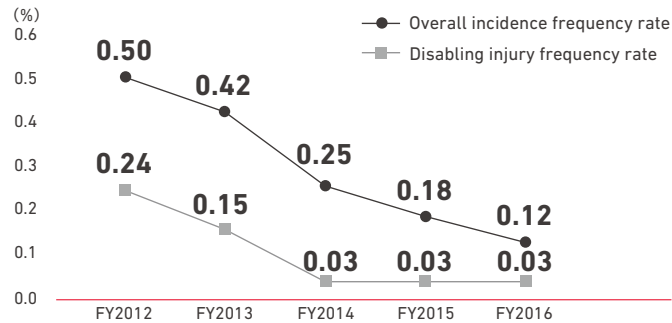
With our global mid-term workplace safety policy of nurturing a safety-first culture and building organizational infrastructure that instills safety assurance as part of our corporate foundations, Honda is pursuing the following key measures.

1. Development, purchasing, production, sales, management, etc., 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 by strengthening safe driving management and implementing awareness-raising activities (Japan)

In FY2016, we undertook initiatives to share information on our policy for occupational health and safety worldwide, firmly entrenched high-level activities to prevent workplace accidents globally and established the foundation for the stable implementation of our three-pronged approach\*. In FY2017, we will promote the reinforcement of a framework to create a safety support system and reduce risk of serious accident worldwide.

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

Incidence of industrial accidents in Japan



#### Global administration for safety

Head offices in each region are taking the lead in implementing global controls for safety.

For production activities, in particular, local offices are leading activities strongly focusing on implementation of an occupational health and safety management system, diffusion and execution of risk assessment and the establishment of explosion and fire prevention measures. 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, as well as develop human resources for safety control in each country and region.

#### Further supporting associates' good health from the perspective of health management

The Honda Group hopes that all of its associates around the world remain healthy in the same way we strive for safety on a global basis. We believe in continuously seeking to maintain and improve the health of our associates.

In addition to complying with laws and regulations, we examine and promote ideas for activities aimed at enabling the joy of being healthy into the future.

#### Health management efforts in Japan

Medical checkups	Beginning with new hire medical checkups, regular health checkups and specific examinations necessary for certain lines of work, and including checkups for business trips abroad or long-term assignments overseas, Honda has implemented a program of as-needed medical examinations for associates. Targeted checkups are offered to associates aged 35 or older instead of the statutory age of 40 or older with the aim of early detection and early response to illness.
Health guidance	In light of results of checkups, we provide health guidance, nutrition guidance and exercise instruction to improve lifestyle habits in order to prevent adult-onset diseases and severe illness.
Activities to maintain and promote health	Honda carries out activities for associates to get and stay healthy through initiatives including health-promoting events such as a walking event or measuring physical fitness to spur associates to develop good exercise habits. We have also introduced a selection-based welfare program so that associates can voluntarily seek to promote their own health.
Preventing danger from second-hand smoke	Honda is working to ensure that our workplaces are free from the danger of second-hand smoke inhalation. Our activities, which are tailored to the 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 allocating a given day each month as a no-smoking challenge day. We also carry out educational activities for smokers and extend support to associates who smoke but wish to quit.
Mental health care	Honda is working to promote our associates' mental well-being. To this end, we have put together mental health promotion teams in each of our facilities. Our mental health initiatives are underpinned by the key policies as follows: “preventative education,” “improving working environments,” “checking stress levels,” “enhancing counseling programs” and support for those returning to the workplace after taking time off. We also distribute leaflets and pamphlets to associates aimed at facilitating an understanding of mental health care.

1.25 million

Number of seedlings planted since 2000 in an afforestation project in Mongolia, China

**6-5** PERFORMANCE REPORT  
Social Activity



# social activity

## Basic Approach

# Honda Social Activity

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.

Currently, we undertake various social activities 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 social activities while communicating with customers and local residents.

## Basic Approach

Honda establishes basic principles and global directions that represent our basic approach toward social activities. 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



## Regional Activities

## ASIMO Special Class

The ASIMO Special Class, launched in June 2011, introduces the performance and functions of the ASIMO humanoid robot to children in Iwate, Miyagi and Fukushima prefectures, the areas affected by the Great East Japan Earthquake, in order to highlight the importance of having a dream and taking on new challenges. From the launch through to December 2015, classes were held 68 times for 111 schools, with nearly 19,000 children participating. Honda plans to expand the range of activities in the future in cooperation with the boards of education in other affected prefectures. In April 2015, an additional special class and demonstration was held at the Iwanuma Civic Center, Iwanuma, Miyagi Prefecture, to coincide with the first flight of the HondaJet in Japan. In cooperation with local governments, some 200 children and parents from the cities of Natori, Iwanuma and Watari were invited. The children who took part in the class later went to the airport, where they were involved in a HondaJet demonstration flight and ground event.

## Contributing to society with the Honda C-card

Honda issues the Honda C-card to provide optimal service for its domestic customers. In addition to its credit card function, the Honda C-card provides a cash-back points system, members-only preferential service and a charity (social contribution) function for donations to the Red Cross and UNICEF, all services that began in October 1995. As of March 31, 2016, some 730,000



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cards have been issued.

The Honda C-card charity award ceremony was held at the Japanese Red Cross Society and Japan Committee for UNICEF in June 2016. With this charity, Honda donates\* a fixed percentage of total Honda C-card use for the year to the Red Cross and UNICEF. This was the 21st time the donation was made, with a cumulative total of approximately 876 million yen being donated so far.

\*Customers bear no burden for these donations.



03

## Developing the Next Generation

## The TOMODACHI Honda Cultural Exchange Program

As part of its support for reconstruction following the Great East Japan Earthquake, Honda provides assistance to the TOMODACHI Honda Cultural Exchange Program, sponsored by U.S. Embassy and U.S.-Japan Council, to help develop the next generation of young people. The program trains young people to take leadership for their own development. Bringing together high school students from the affected areas in cultural exchanges with students from the United States provides them with a global perspective of the future so that they can use their hopes and dreams to boldly take on any challenges they encounter and make the world their stage. In keeping with the spirit of the TOMODACHI Initiative, in conjunction with American Honda Motor Co., Inc., Honda will provide students with the opportunity to experience U.S. traditions and culture from 2015 through to 2017. Following on the first program in Miyagi Prefecture, in 2015 the second program brought together 20 high school students from Iwate Prefecture and the United States to deepen U.S.-Japan friendship around a shared focus on music.



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## Nature Wagon, a delivery-style environment education program

The Nature Wagon is a station wagon containing natural materials from the sea and mountains that delivers environment training programs to elementary schools. A volunteer staff largely made up of Honda retirees teaches various crafts using wood from forest thinning, stone and other natural materials, providing students with an opportunity to think about the importance of environmental conservation and to experience the fun of making things. In FY2016, five domestic offices hosted activities around 200 times, with nearly 8,000 students participating and 2,500 Honda retirees assisting as staff.

## Children's Idea Contest

The concept behind the Children's Idea Contest is to enable children to experience the importance and joy of creation, and help them grow socially, giving shape to their ideas through the act of drawing their dreams and taking on new challenges. In 2015, the contest was held for the 13th time, with a cumulative total of 30,654 groups of children participating. In addition, Thai children who had taken part in a similar contest in Thailand were invited to join an international exchange event held at the Twin Ring Motegi racetrack in Tochigi Prefecture. Together with Japanese children, they talked about their future dreams and country's culture, introduced each other's work and engaged in a variety of other exchanges.

- 01 ASIMO Special Class
- 02 The HondaJet, Honda's light business jet, and its pilot after landing in Sendai, Miyagi Prefecture
- 03 The Japan Committee for UNICEF Executive Director Hayami (right) presents a letter of appreciation to Honda Sales Department General Manager Iwasaki (left).
- 04 The TOMODACHI Honda Cultural Exchange Program
- 05 There's always a line to cut wood at the Nature Wagon saw booth.
- 06 At the Children's Idea Contest a child demonstrates the "sunflower badge that anybody can move."

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## Japan



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## Global Environment

## Honda Beach Cleanup Project

Honda is carrying out the Honda Beach Cleanup Project based on the desire to ensure that the next generation will be able to experience the enjoyment of walking barefoot on sandy beaches. Vinyl bags, plastic and other garbage not only causes injuries but also poses the risk of having adverse effects on the ecosystem, such as their accidental ingestion by birds and fish. During the cleanup activities large garbage is picked up by hand, with smaller items then efficiently recovered by Honda's proprietary towed Beach Cleaner\*. Environmental learning classes for children are also held, stressing the importance of environmental conservation. Cleanup activities were held 28 times in 2015, with 2,327 associates from 301 Group companies taking part, together with local people. These activities, which began in 2006, have now been carried out on more than 100 sandy beaches.

At Honda South America Ltda. (Brazil), cleanup activities were held on Futuro Beach, Fortaleza City, in spring 2015. Through such efforts, Honda is working to create an opportunity for people to learn about the importance of environmental conservation and not throwing trash on beaches.

\*Honda's exclusive system for the efficient collection of garbage uses an all-terrain vehicle (ATV) that is ideal for driving on sand, towing a cleaner unit.

## Conservation activities for "Forest Watersheds"

Forests are also known as "green dams," places that store water over long periods of time and not only support good water flow in rivers but also create clean air. They also play a role in preventing disasters by stabilizing the ground and providing other benefits in

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the surrounding area. To help ensure this important water source continues into the future, Honda associates and their families from business sites around the country, along with retirees, volunteer for ongoing forest conservation activities. In FY2016, 14 conservation activities were conducted in eight locations around Japan. A total of 300 participants took part in the planting, weeding and thinning of seedlings, splitting the jobs between them.

## Traffic Safety

## Activities to promote traffic safety for persons with disabilities

Honda is working for the safety of all people through a variety of initiatives. In addition to the dissemination of traffic safety education for people at all stages of life, from infants to the elderly, in recent years we have supported traffic safety activities aimed at people with physical disabilities.

Specifically, we expanded our activities to assist people with disabilities with higher cerebral functions for whom driving a car can help with their social reintegration. This includes software to support the evaluation of driving abilities to help rehabilitation (started in 2012, at 106 facilities), and a self-operated safe driving program (started in 2013, introduced at 16 facilities and 126 participants).

In addition, with the continuing aging of society, an increasing number of the elderly are transported by car to hospitals and day care centers. We are working to ensure the safety and security of the car users when they are being picked up and dropped off.

- 07 Picking up small trash using Honda's proprietary beach cleaner
- 08 Honda Beach cleanup activity in Brazil
- 09 Forest watershed conservation activity in Kosuge, Yamanashi Prefecture
- 10 Software to support the evaluation of driving abilities

## North and Central America



### Regional Activities

#### Positive youth development using minibikes

The U.S. National Youth Project Using Minibikes (NYPUM) began in 1969 as an innovative way to engage youth and promote positive youth development using minibikes. Through exciting and challenging activities, the program guides and supports young people to make good decisions and become self-regulated.

American Honda Motor Co., Inc. has supported these activities since NYPUM's founding in 1969. In this time about 29,000 minibikes have been donated along with providing funding. More than 30 programs have been carried out, engaging 293,500 young people aged 10 to 17.

#### Developing the Next Generation

#### Supporting the expansion of education opportunities and research into new education methods at Eagle Rock School

Located in the mountains of the U.S. state of Colorado, the Eagle Rock School and Professional Development Center is a nationally recognized, tuition-free, residential high school that offers a second chance to students who have not been able to succeed in a traditional high school setting.

Founded and funded solely by Honda, Eagle Rock School opened its doors in 1993 with a mission to help the most disengaged students find their way back to an appreciation of education. Today, Eagle Rock provides a unique learning environment and

supports the lives of young people by promoting community and integrity along with support for daily living.

In addition, Eagle Rock's Professional Development Center (PDC) works with educators from around the world who come to observe new approaches in teaching and discuss strategies for addressing some of education's challenging issues.

### Global Environment

#### Supporting sea turtle protection activities

Every year from May to October, loggerhead turtles, which were once considered to be endangered, come ashore on four beaches in the U.S. state of South Carolina to lay their eggs. Nearly 500 turtle nests are found each year within the 12 miles of beachfront in four state parks. Each sea turtle will lay an average of 180 eggs. Protecting these fragile nests takes a team of volunteers and park rangers who survey the coastline daily for threats from the elements and tourist traffic.

Honda of South Carolina Mfg., Inc has participated in sea turtle conservation activities over the years, donating multi-purpose four-wheel-drive vehicles to the South Carolina Department of Parks, Recreation & Tourism. "There is no way for a park ranger to adequately cover miles of beach without some type of motorized vehicle," says regional chief Ray Stevens. "Honda's multi-purpose four-wheel-drive vehicles help us to preserve and protect one of nature's most remarkable creatures, which captures the hearts of the hundreds of thousands of people that visit the park each year."

### Traffic Safety

#### Driving technology research program aims to eliminate fatal traffic accidents among teens

Since 2001, in the U.S. there have been over 100,000 deaths of 16-24 year olds when young people are driving. Among teenagers, fatal traffic accidents claim 67 lives a week, nine per day, or one every two hours (according to the National Highway Traffic Safety Association (NHTSA)).

The American Honda Foundation provided funding to the Clemson University Foundation in support of its Driving SCIENCE-Saving Teenage Lives program, a driving technology research program aimed at eradicating fatal traffic accidents among teenagers. The long-term goal of the program is to protect the life of every teenager by providing teachers with activities that address science, technology, engineering and math (STEM) standards in a way that helps students understand the STEM behind driving safety, giving them scientifically based tools for driving safety. These projects are offered free of charge and provided online to Driving SCIENCE teachers and the greater education community. More than 35,000 students are targeted to experience the science and math of safe driving during the grant period.



- 01 Children who participated in a positive youth development support project using minibikes
- 02 Developing lectures for the Eagle Rock School with a focus on dreams as well as learning
- 03 Staff in the state-funded nature park conduct protection activities for sea turtles
- 04 Members of the education community learn the science and math of safe driving

## South America



### Regional Activities

#### Argentina: Education activities for the next generation responsible for a sustainable future

For the third consecutive year, Honda Motor de Argentina S.A. held workshops for schoolchildren from the first to sixth grades at schools in the areas where business sites are located. Through games, theater performances and other fun activities led by professional actors and volunteer Honda associates, the children deepened their understanding of both environmental conservation and traffic safety.

#### Brazil: Community mobilization project

In partnership with the city of Xangri-lá, Honda sponsored a community mobilization project to turn local residents' dreams into reality by building a public square in just a few days. Under the guidance of an NGO run by architects and urban planners, 250 local people and 13 Honda associates volunteered to work together to create the desired public square – truly the realization of a dream.

### Developing the Next Generation

#### Brazil: Honda Social Project

The Honda Social Project is an initiative to provide young people who are finding it difficult to get a regular job with vocational training to become an automobile mechanic. The training runs for six hours a day for approximately eight months for over 800 hours in total. A total of 16 young people participated in 2015, with the number expected to grow to 30 for 2016. Since the project began in 2007, 165 people have participated in the initiative, which is earning high praise from families and the local community.



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Honda has employed 85% of the young people who completed the training, with many working at local dealerships. Many of those not working at dealerships are continuing their studies at public and private colleges.



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### Global Environment

#### Brazil: Honda Beach Cleanup 2015 activities

The same as Japan, Honda has been carrying out the Honda Beach Cleanup Project in Brazil since 2011, using Honda's proprietary towed Beach Cleaner to collect garbage from beaches. At the same time, to ensure that beautiful sandy beaches where people can walk barefoot will continue for the next generation, Clubinho Honda activities help to show why it is important not to leave trash on the beach. In addition, they teach the importance of pedestrians and the riders of bicycles, cars and motorcycles to show consideration for each other.

### Traffic Safety

#### Brazil: Training at Traffic Educational Center

Honda is providing safe driving education activities at the Traffic Educational Center in the three Brazilian cities of Indaiatuba, Manaus and Recife. Participants include people from governmental agencies, motorcycle owners and riders who learn about correct behavior as a rider, riding posture and riding skills in an actual traffic environment.

Since the project first began in Indaiatuba in 1998, some 657,000 people have taken part, including approximately 12,045



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in 2015. In addition to discussions on "Harmony in Traffic," other programs including Clubinho Honda and mobile traffic safety education activities have been implemented.

In addition the Harmony Traffic website has been set up, as well as traffic safety education programs via YouTube and Facebook. In 2015, these portals attracted 770,000 visitors.

- 01 Learning about environment protection and traffic safety through games and theater (Argentina)
- 02 Local people and Honda associate volunteers complete a public square. (Brazil)
- 03 Young people receive car maintenance training at Honda. (Brazil)
- 04 Clubinho Honda activities (Brazil)
- 05 Participants celebrate completing motorcycle safety training. (Brazil)

## Europe, Middle East and Africa



- 01 Award ceremony for the customer social activity winner (Spain)
- 02 Young people learn about manufacturing on a plant tour (United Kingdom)
- 03 Recognition for significantly reducing water usage (United Kingdom)

### Regional Activities

#### Spain: Call to customers for social activity ideas

Honda Motors Europe España (HME-ES) launched "Your Project, Our Project," a customer-focused CSR initiative calling for ideas for social activities for Honda to support, with the winning project made reality with a €25,000 grant.

The winning idea from Padrino Tecnológico aims to improve the mobility of students with disabilities and students at special schools through the donation of wheelchairs and walkers. Using the money provided by Honda, six walkers and five wheelchairs will be donated to 11 different centers for children with disabilities.

### Developing the Next Generation

#### United Kingdom: An opportunity to understand manufacturing through plant tours

Honda of the UK Manufacturing Ltd. (HUM) has been working to stimulate interest in engineering among young people at a time in the UK where there is a labor shortage in the science, technology, engineering and mathematics (STEM) fields.

Honda provided students of local schools with the opportunity for direct contact with Honda manufacturing, with plant tours where associates explained the steps of the production line, vehicle manufacturing and assembly. A total of 17 tours were conducted in 2015, with more than 300 students participating.

#### Nigeria: Local students invited on plant tour

In March 2015, Honda Manufacturing Nigeria Ltd. (HMN) invited some 60 students attending local schools to take part in a plant tour. Divided into elementary and high school groups, associates showed students the steps of the production process from unpacking parts through to final product inspection. Straightforward explanations were given about the kind of work the various departments handle. The students received small mementos at the end of the tour, and everyone left in a very happy mood.

### Global Environment

#### United Kingdom: Introduction of new filtration technology significantly reduces water consumption

HUM has been working to reduce water consumption in its painting process, which requires a large volume of water with low mineral content. However, the water quality where HUM is located is high in mineral content, requiring an intensive purifying process, so that the efficiency rate of water usage was only 50-55%.

To improve efficiency, a new filtration system using a reverse osmosis membrane was introduced, which reduced the number of steps required to perform the purification process. As a result, the efficiency rate rose to 75%, reducing water use by 3,059 tons per month. In addition, the water savings meant the cost of implementing the new system was recovered in the just three and a half months.

As a result of this initiative, HUM was awarded the GE Return on Environment Award 2015.



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## Asia & Oceania

### Regional Activities

#### India: Vocational training center for women opens

Honda Motorcycle & Scooter India Pvt. Ltd. (HMSI) successfully opened a vocational training and livelihood center for women in Gurgaon City and Gujarat State. This initiative, which began at the Indian Central Reserve Police base camp in Kadarpur, Gurgaon City, is expected to provide vocational training for nearly 600 women each year. Women learn sewing and hairdressing skills, and making stuffed toys, candles and incense, with graduates being awarded diplomas certified by the National Skills Development Center. HMSI also opened a second center in Ahmedabad, Gujarat State.

#### India: Clean drinking water for rural areas

HMSI established sustainable clean drinking water facilities in rural communities in the States of Haryana, Rajasthan, Karnataka and Gujarat. The water purification facilities installed in 30 villages filter impurities from the water and provide clean drinking water free of charge. As a result of this initiative, a reduction in the occurrence of water-borne diseases has already been confirmed.

### Developing the Next Generation

#### Vietnam: Scholarship program celebrates 10th anniversary

The Honda Foundation and Honda Vietnam in collaboration with the National Institute for Science and Technology Policy and Strategy Studies of the Ministry of Science & Technology and eight universities in Vietnam celebrated the 10th anniversary



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of the Honda Y-E-S (Young Engineers and Scientists') Award in 2015, with scholarships aimed at developing future leaders in the science and technology fields.

### Global Environment

#### Taiwan: River cleanup event

For the past five years, Taiwan Honda Co. Ltd. (HTW) has organized an annual river cleanup in collaboration with the Department of Environmental Protection in Taipei City. In 2015, 2,600 volunteers from Honda associates collected more than 10,000 kilograms of garbage from 15 river locations.

### Traffic Safety

#### India: Motorcycle rider training for women

HMSI launched the Dream Riding motorcycle rider education program for women in Delhi. The program is a unique commitment to support women who want to become independent, whereby by learning safe riding they also gain the freedom of mobility.

Open to all women over 18 years of age, more than 2,500 women signed up for the free course, an unprecedented response from women in India who seek independence.

Training was conducted by 28 experienced female instructors at Honda at Honda's traffic training parks.

#### Thailand: Honda Dream Road safe driving campaign launched

Honda Automobile (Thailand) Co., Ltd. (HATC), in collaboration with the Thai Department of Disaster Prevention and Mitigation, offered Honda Dream Road safe driving training programs at Honda dealerships and service centers nationwide. The program provides training on safe driving guidelines and will be extended to university students in the future.

- 01 Women learn sewing at a vocational training facility. (India)
- 02 Water purification facility in a rural village (India)
- 03 Women learn safe motorcycle operation. (India)



## China

### Regional Activities

#### Honda racing wheelchairs donated to Chinese Paralympic athletes

Honda Motor (China) Investment Co., Ltd. (HMCI), together with Honda Sun Co., Ltd., the Honda Technical Research Institute and Yachiyo Industry Co., Ltd., donated their jointly developed racing wheelchair to three Chinese Paralympic athletes through the China Administration of Sports for Persons with Disabilities (CASPD). The Honda racing wheelchair is a top-level product made using state-of-the-art carbon technology and a design focused on rider safety in its absorption of road surface vibrations, steering stability and ride comfort, as well excellent acceleration and top speed. To help athletes realize their dreams, and further open the possibilities for people with disabilities, HMCI will donate three racing wheelchairs each year for three years from 2015.

### Developing the Next Generation

#### Holding the Honda China Eco Mileage Challenge

In October 2015, the 9th Honda China Eco Mileage Challenge was held at the Guangdong International Circuit. Some 150 teams took part in this competition to see how far a vehicle can

travel using the least amount of energy. In the gasoline division, Honda Group company Dongfeng Honda Automobile (Wuhan) Co., Ltd. (WDHAC) was first with 2,734.96 km/L. In the university division, Hunan University won with 1,208.47 km/L. Honda in China will continue to support technology challenges by young people to contribute to the development of a mobile society while addressing China's environmental issues.

### Global Environment

#### Inner Mongolia afforestation project

In 2000, Honda launched a tree-planting scheme in the Horquin Desert area of Inner Mongolia called the "Forest of Joy" project. In 2007, 14 affiliate companies within China jointly financed a five-year project from 2008 to 2012 to plant 700,000 trees on approximately 467 ha of land near the Youyi Dam in Xinghe County of Ulanqab in the Inner Mongolia Autonomous Region. Each summer, associates representing the 14 participating companies gathered at the site for a joint tree-planting event. The first phase, in which approximately 200 associates from all companies participated, was completed in July of 2012.

From 2013, a new five-year plan to plant an additional 467 ha close to the first phase was begun. In 2015, about 150 associates from 16 affiliate companies took part in the tree-planting event and while planting seedlings with their own hands learned more about the importance of protecting the natural environment.

The area afforested in the three years from 2013 to 2015 is about 307 ha (with some 480,000 trees planted), meaning the project is about 66% complete.

- 01 Racing wheelchair being donated in Beijing in November 2015
- 02 Honda China Eco Mileage Challenge held in October 2015
- 03 About 150 associates participated in the tree-planting event.



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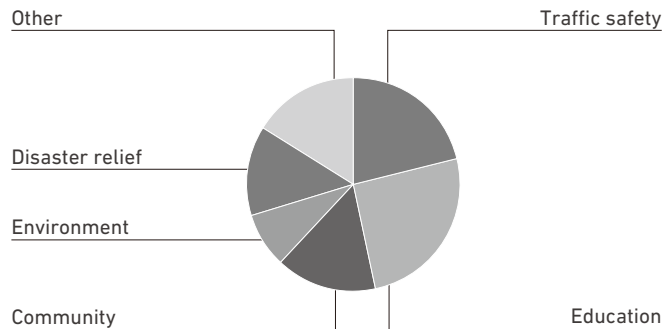


## Social Activity Data

### Expenditure related to social activities

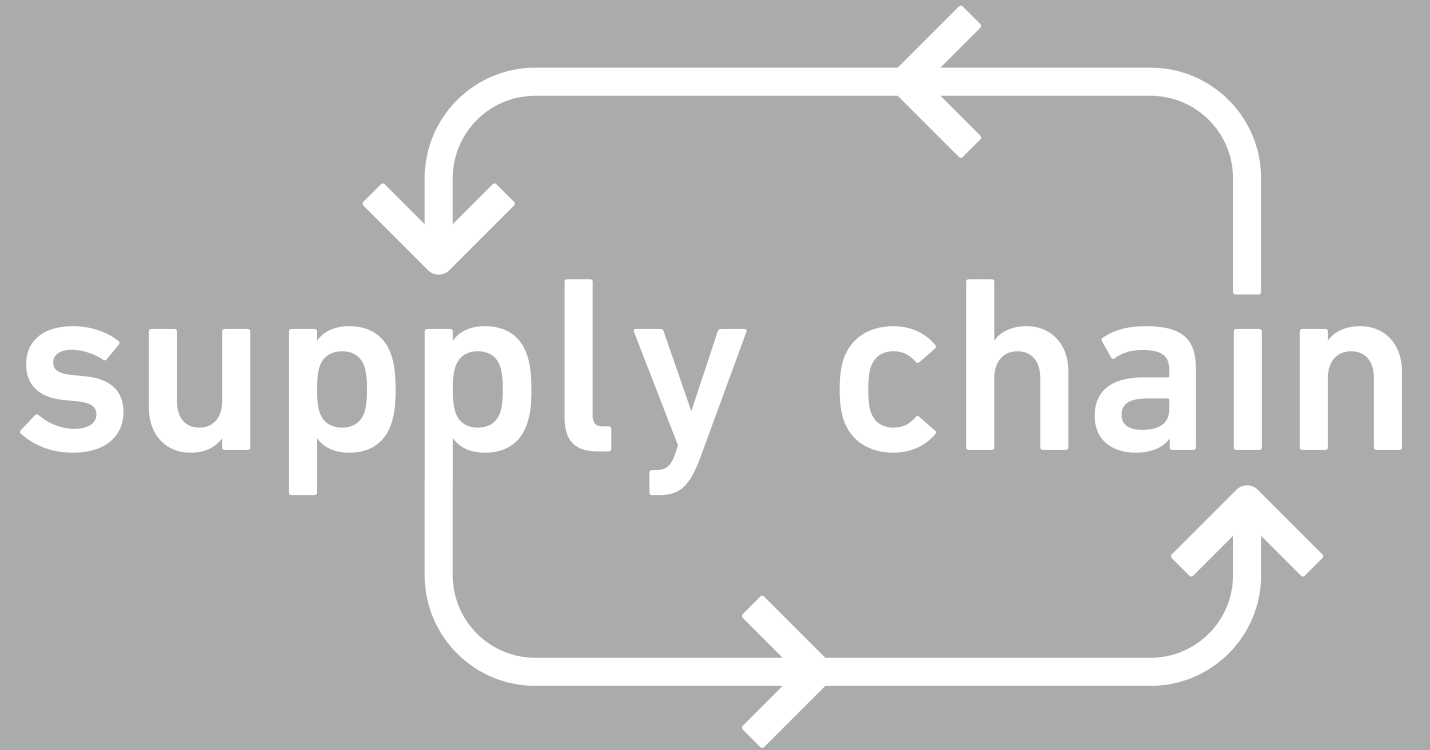
Expenditure (million yen)

Traffic safety	1,385
Education	1,654
Community	985
Environment	540
Disaster relief	869
Other	1,043
(Total)	6,476



28

Units of packaging materials used in the assembly of completed vehicles and equipments at our plants around the world (compared with year 2000)



6-6

PERFORMANCE  
REPORT  
Supply Chain

## Basic Approach

# Strengthening Supply Chain Sustainability

In order to provide customers with a timely, stable supply of better products and services, it is necessary to put significant effort into developing and optimizing supply chains with suppliers around the world while also taking into account environmental and human rights issues.

Companies within the automobile industry, which is a broad-based industry supported by many suppliers, must pursue the reduction of not only their own environmental impacts but also those of suppliers throughout their entire supply chain.

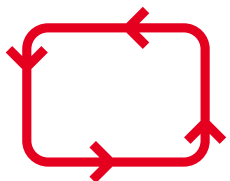
In addition, as awareness of compliance and human rights issues grows worldwide, companies are being asked to verify working conditions and legal compliance not only for themselves but also for their suppliers, as well as to make efforts to take corrective action if required.

Accurately grasping such global social issues while maintaining high product quality and improving operational efficiency leads to the development of a sustainable supply chain.

At Honda, through our efforts to actively promote sustainable initiatives at our development and manufacturing facilities in cooperation with all our suppliers around the world, we are seeking to be a company that society wants to exist, that is liked by and has strong roots in local communities, and to realize a supply chain where we can co-exist with and provide mutual benefit for us and those local communities.

We are striving to strengthen supply chain sustainability in the areas of purchasing and transportation.

Overview of supply chain



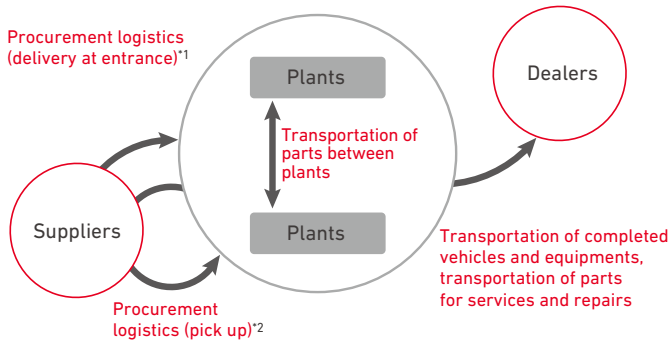
# supply chain

**Basic Approach to Transportation**

## Reducing Both Costs and Environmental Impact

At Honda, many parts that are used in our products are sourced from suppliers and transported to our plants. Then, they are incorporated into our products, and the completed models are sent directly from the plants to dealers. In addition to this, parts are also transported between plants, and parts for services and repairs are sent to dealers. As such, due to the extremely large volume of transportation that takes place throughout the manufacturing process here at Honda, improvements in transport efficiency are essential from a cost-reduction standpoint. Furthermore, beyond cost-reduction, such improvements also simultaneously reduce our environmental impact. Through the dual methods of reduction of transport-related CO<sub>2</sub> emissions and reduction of waste packaging materials, we are working to increase our level of cooperation with both our suppliers and dealers to achieve a high level of transport efficiency throughout our entire supply chain.

Overview of Honda transportation



\*1 A transportation operator retained by the supplier delivers sourced parts to the entrance of Honda's plants.  
 \*2 A transportation operator retained by Honda makes the rounds of parts manufacturing subcontractors and picks up the sourced parts.

**Transportation Initiatives**

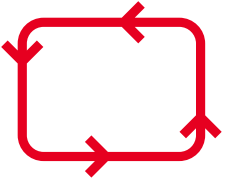
## Reducing CO<sub>2</sub> Emissions

To fulfill our responsibilities as a high-volume shipper under the Amended Energy Conservation Act in Japan, we at Honda are working to improve transportation efficiency in the shipping of completed vehicles and equipments, parts shipped between plants, parts for services and repairs and parts collected from suppliers. As a result, in FY2016 the transportation of automobiles, motorcycles, power products and service parts generated 70,275 t-CO<sub>2</sub> emissions. For FY2016 we achieved our planned target, a 2% reduction in CO<sub>2</sub> emissions per ton-kilometer compared with FY2014 levels for the transportation of completed vehicles, parts transported between plants and parts picked up from suppliers.

A reduction in total CO<sub>2</sub> emissions for the transportation of service parts was in line with the target which was 57% reduction compared with FY2001 levels.

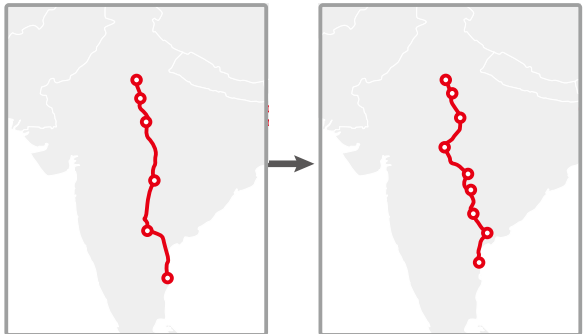
**Expanding Modal Shifts**

Honda is working to expand its implementation of modal shifts replacing trucks with ship and/or rail transport, particularly for long-distance shipments. In India, to both transport the growing number of automobiles being sold in recent years and to avoid issues arising from harsh road conditions, we are moving forward with a modal shift from trucks to rail. We initially began shipping by rail from the plant in Delhi to the southeastern part of the country. This initiative in India reduced annual emissions by 3,373 t-CO<sub>2</sub> while also reducing costs. Going forward, in addition to expanding this modal shift to areas beyond the southeast, we will seek further reductions in CO<sub>2</sub> emissions by making efforts to increase transportation efficiency.



Rail transportation in India

Transportation between Delhi and Chennai, India  
 Reduction from 2,336 km by road to 2,168 km by rail



**Transportation Initiatives**

**Efficient Use of Shipping Containers**

The initiative of round-trip use of shipping containers, in which trucks used to transport containers of imported parts from port to plant are sent back to port with containers packed with parts for export rather than empty, is now fully operational in Japan. Reducing the frequency with which empty containers are carried between port and plant leads to a considerable reduction in the number of trucks used and distance traveled. More and more local governments are promoting this effort in response to societal need as a means of alleviating road congestion near ports and helping to solve the shipping industry's shortage of drivers.

By expanding the round-trip use of containers, Honda

seeks to cut costs as well as reduce CO2 emissions. For FY2016, these efforts resulted in a 591 ton reduction in CO2 emissions.

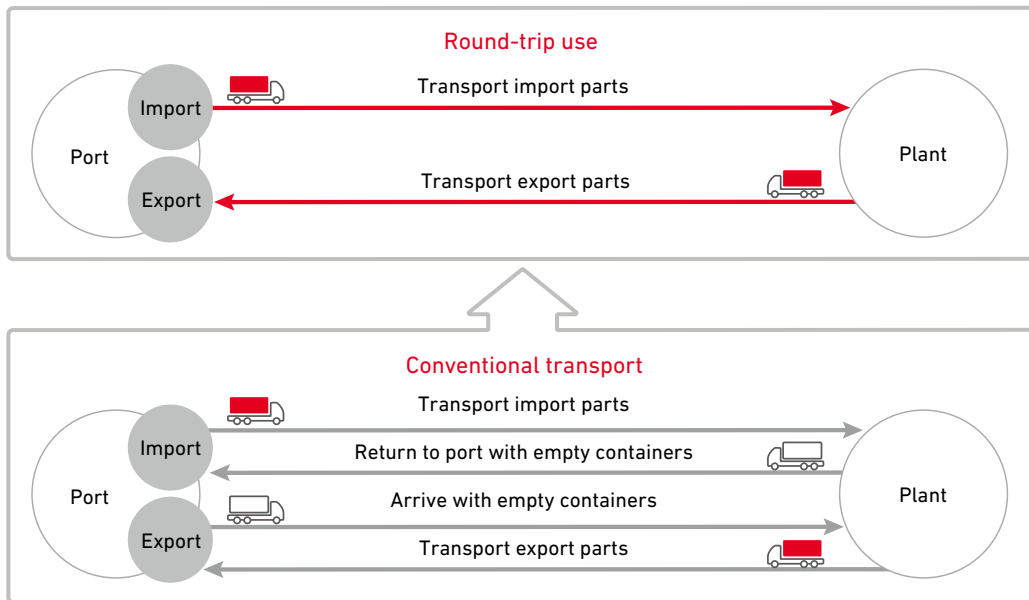
In addition, we launched an initiative in 2015 to implement the round-trip use of containers together with Group companies and others in the Saitama area in Japan. For example, a container used to transport parts imported by Honda, is moved from our plant to another company in the vicinity, where it is filled with parts for export before returning to port. This makes it possible to reduce CO2 emissions on an even broader scale.

Honda will continue pursuing initiatives that promote more efficient use of shipping containers.

**Transportation Using Natural Gas Trucks**

At A.P. Honda Co., Ltd., a motorcycle distributor in Thailand, the supplier who delivers completed vehicles to dealers switched its trucks from diesel fuel to a natural gas. Natural gas vehicles produce lower CO2 emissions than those powered by gasoline or diesel. By the end of 2015, 120 of its 250 transport trucks had been converted to the new system, resulting in a 630 ton reduction in CO2 emissions.

Efficient use of shipping containers



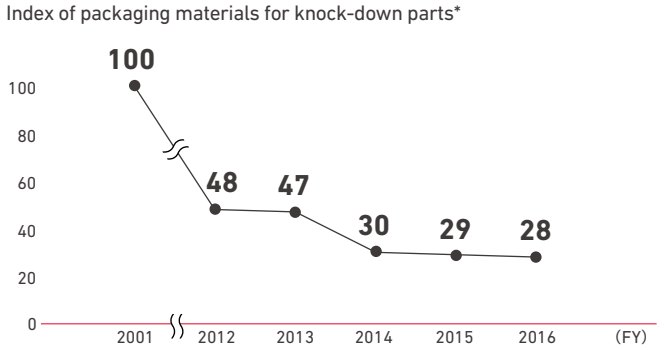
Natural gas trucks used for transporting motorcycles in Thailand

**Transportation Initiatives**

# Reducing Waste from Packaging Materials

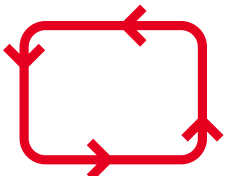
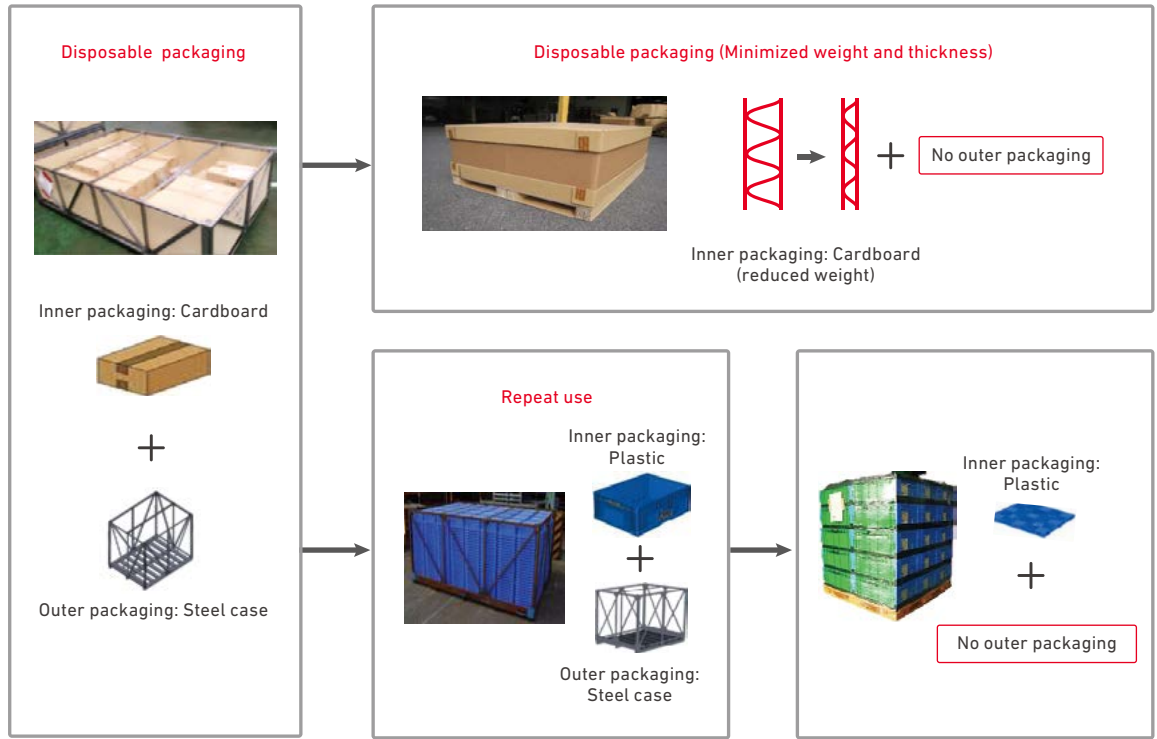
## Updating of Packaging Specifications

Like CO<sub>2</sub> emissions reduction, reducing waste from packaging materials is another environmental challenge in the transportation area. Honda is working to reduce waste from packaging materials by simplifying packaging, rethinking the materials used and changing specifications. For example, disposable transport packaging that uses cardboard boxes and steel frames is being switched over to reusable plastic containers to eliminate the use of steel. These initiatives began with products bound for Europe and are expanding to those bound for North America.



\*Parts to be used in the assembly of completed vehicles or equipment at our plants around the world.

Image of updating of packaging specifications





**Basic Approach to Purchasing**

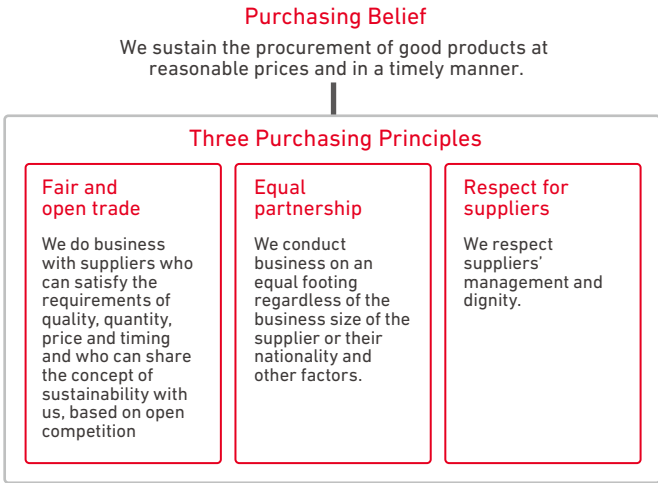
# Purchasing Belief and Three Purchasing Principles

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 and social responsibility, among others, in partnership with our suppliers worldwide. Based on the Honda Philosophy, we established the Purchasing Belief and Three Purchasing Principles and engage in business that is fair and equitable with transparency.

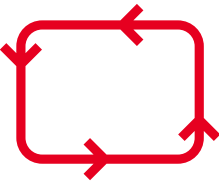
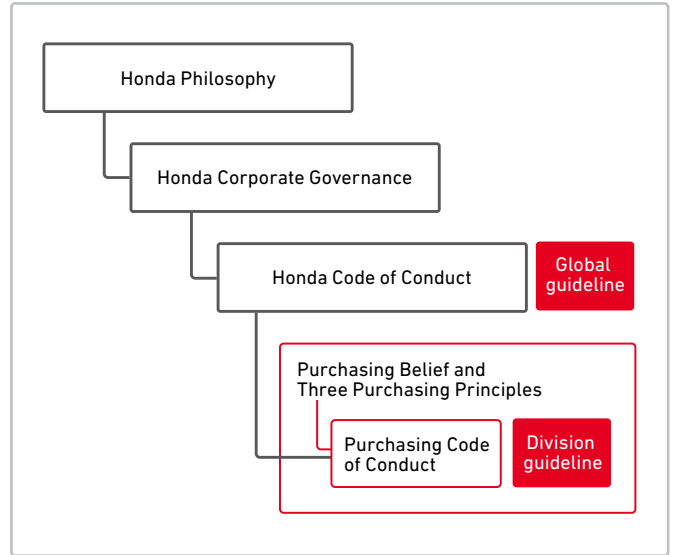
We defined points of concern we should follow, in particular, as the Purchasing Code of Conduct, and by following this Code, we enhance trust with related divisions and business partners as well as build sound relationships with suppliers.

Purchasing Belief and Three Purchasing Principles

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



Positioning of Purchasing Code of Conduct



# supply chain

**Global Management**

## Establishment of Guidelines

We published the Supplier CSR Guidelines\*1 to share our approach to sustainability with suppliers worldwide and to promote our initiatives. Through the Guidelines, we seek to prevent compliance violations and other issues in advance.

If a supplier fails to follow the Guidelines, we immediately receive a report from the supplier and work to prevent a recurrence by requesting them to analyze the cause and draw up the corrective action plan.

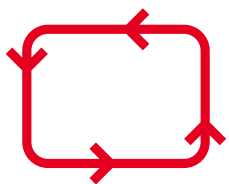
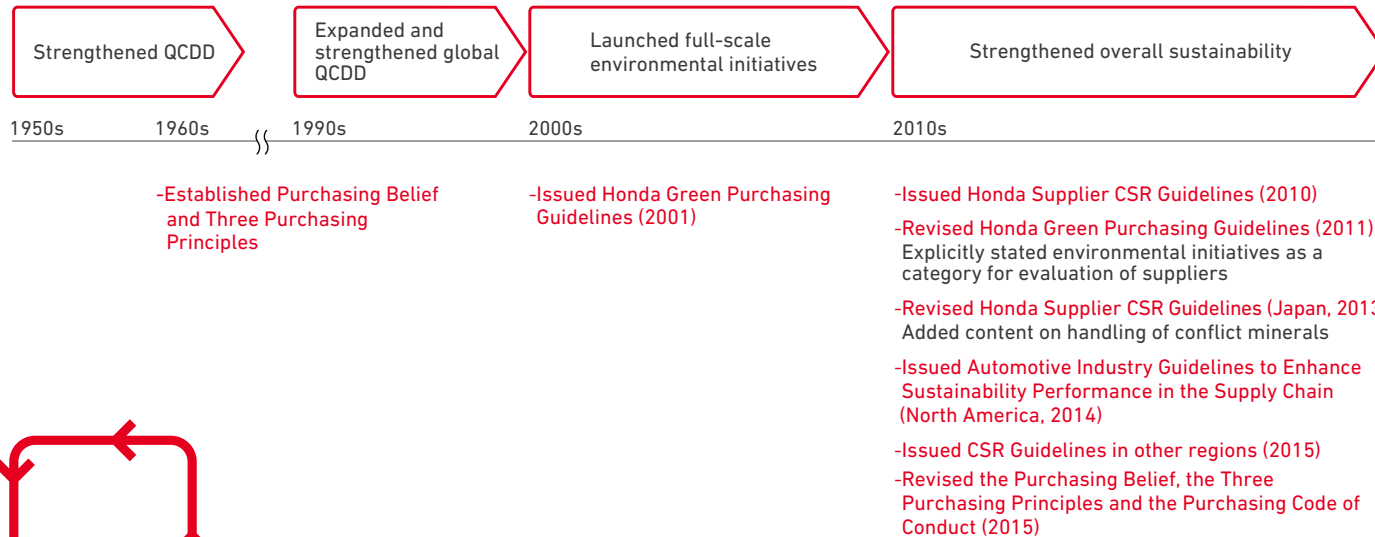
If the corrective action plan received from the supplier is determined to be inappropriate, we consider our future business relations with them, taking into account the social impact of the problem.

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

When selecting suppliers for components and raw materials based on these sustainability policies, we confirm their initiatives on QCDD\*2, human rights, labor, environment, safety, compliance, risk, protection of information and other aspects to determine the best and most sustainable supplier.

\*1 <http://world.honda.com/sustainability/supply-chain/pdf/csr-guideline.pdf>  
 \*2 QCDD: An acronym for Quality, Cost, Delivery, Development

Changes in purchasing practices



**Global Management**

# Purchasing System

We conduct business in six regions worldwide and have respectively established purchasing functions. In line with our corporate philosophy of “building products close to the customer,” each region is encouraged to source locally. The rate of local procurement in the U.S., our largest production base, reaches 80% for major global models.

Purchasing Operations, which supervise the global function overall, are located in Japan, providing cross-regional and cross-business coordination and planning sustainability policies and goals.

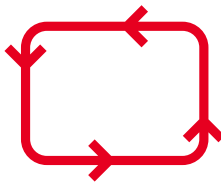
In addition, Meetings of the International Purchasing Conference, the Global Correlation Meeting, the Six Region Environmental Purchasing Meeting and other gatherings are held regularly, and we implement the PDCA cycle on a global scale by promoting collaboration between Purchasing Operations and each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

## International Purchasing Conference

The International Purchasing Conference (IPC), attended by the Chief Operating Officers of Regional and Purchasing Operations, is held in each region in order to strengthen the links between regional business direction and purchasing direction. In FY2016, the IPC was held in the U.S., Mexico, Brazil, Turkey, Thailand, China and Japan.

## Global Correlation Meeting

The Global Correlation Meeting is held once a year with management-level associates from purchasing and each Regional Operation with the objectives of confirming, discussing and examining Honda’s medium- and long-term direction with regard to purchasing activities on a global level and the initiatives in each region. In FY2016, the Global Correlation Meeting was held in Tokyo to coordinate the direction of sustainability initiatives.



# supply chain

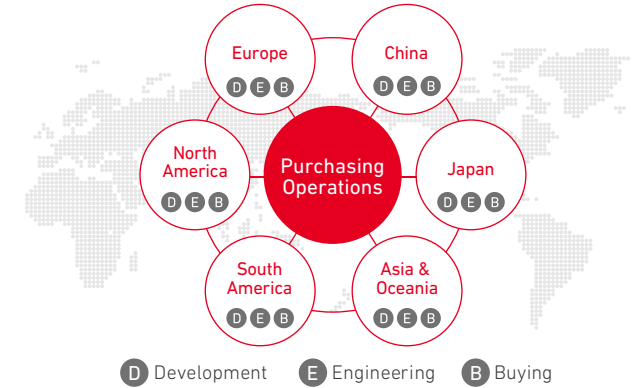
## Six Region Environmental Purchasing Meeting

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

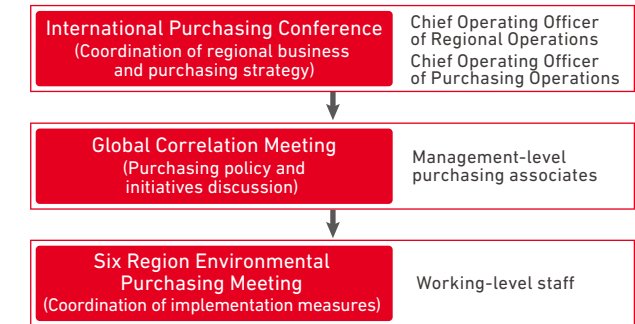
This meeting is composed of working level staff from six regions. It discusses and coordinates policies and methods of reducing CO2 together with suppliers in each region worldwide.

Beginning from FY2017, we plan to add human rights and compliance initiatives and transform the meeting into the Six Region Sustainability Purchasing Meeting.

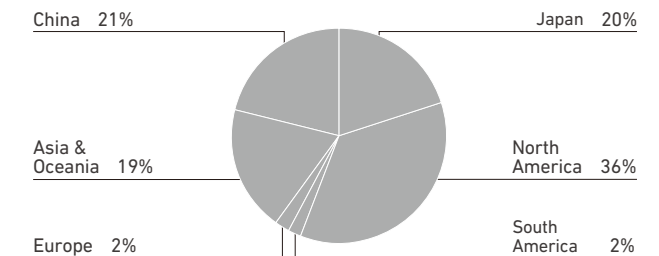
Honda's global purchasing network



Global meeting structure



Regional distribution of purchasing volume



## Purchasing Initiatives

# Reducing Environmental Impact

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 Guidelines, 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 the guidelines and the grand design with suppliers in each region and work to realize a low carbon supply chain.

## Operating a Management System for CO<sub>2</sub> 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 CO<sub>2</sub> emissions at suppliers since FY2012, which commenced full-scale operation in FY2015.

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

At present, approximately 1,700 companies equating to more than 80% of purchasing value on a global level are using the system.

Going forward, we will comprehensively analyze data to assist in activities to reduce CO<sub>2</sub> at suppliers.

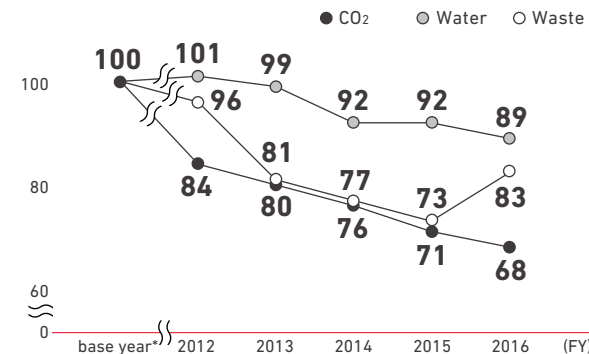
## Supporting Reductions in CO<sub>2</sub> at Suppliers

Honda promotes the Energy Conservation Caravan activity together with our suppliers in an effort to reduce CO<sub>2</sub> emissions in each region.

In order to propose energy conservation measures using Honda's expertise and to support the establishment of the management structure at each supplier, in 2009 we launched the Energy Conservation Caravan activity by visiting supplier production sites in Japan. We are currently expanding this program to other regions.

We also began efforts in Japan to analyze CO<sub>2</sub> data from suppliers and provide each with individualized feedback, noting areas of weakness and progress in achieving reductions. This program will be expanded to other regions.

Performance of reducing environmental impact  
 Index of CO<sub>2</sub> emission/water use/waste generation per unit of production



\*CO<sub>2</sub>: FY2001  
 Water/Waste: FY2009

Scope of data: all consolidated tier1 suppliers in Japan

# Chemical Substance Management

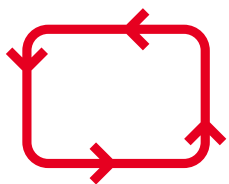
We issued the Honda Chemical Substance Management Standard, which aims to ensure that all the components that make up our products comply with laws and regulations and to reduce their impact on the global environment and ecosystem. We request suppliers around the world to establish a structure for managing 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.

# Measures to Counter Procurement Risk

Honda views all phenomena that can impact production, such as natural disasters, fires, financial issues and labor issues within the supply chain, 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 all ow damage and the impact on production at suppliers to be identified in a short time after 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.



# supply chain

## Purchasing Initiatives

### 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 along with compliance with each country's laws and regulations in conducting business.

In 2015 we also added provisions concerning bribery prevention to basic agreements and are working to strengthen our worldwide efforts to prevent bribery.

### Response to Conflict Minerals

In order to take responsible action against human rights issues, Honda has shared the Honda Supplier CSR Guidelines with its suppliers that summarize what is expected of them with regard to CSR activities, including how to deal with conflict minerals, and is encouraging procurement in line with the guidelines.

Since 2013, we have surveyed our suppliers worldwide concerning the use of conflict minerals. This fiscal year, we received responses from more than 6,000 suppliers. In addition to reporting survey results to the U.S. Securities and Exchange Commission (SEC), we also make them publicly available on our website\*.

In the event that the survey reveals any minerals of concern, regardless of source country, we work together with our suppliers to take appropriate measures. We are also working to improve the accuracy of our survey, requesting further investigation when survey responses are insufficient.

\*<http://world.honda.com/investors/library/>

### 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.

Our Building Business Relations training emphasizes the importance of our code of conduct, legal compliance and confidentiality in developing positive long-term relationships with suppliers.

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 all purchasing associates.

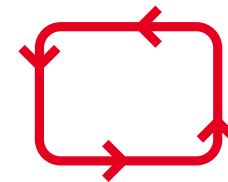
### Collaboration with Industry Groups and Suppliers

Honda North America Inc., Honda's U.S. subsidiary, participates in four of the work groups established by the Automotive Industry Action Group (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.

In March 2016, Honda convened a Sustainability Briefing Session, where it shared current social trends and provided feedback on the results of inspections at business partners in accordance with the Honda Supplier CSR Guidelines.

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.



**Purchasing Initiatives**

## Dialogue with Suppliers

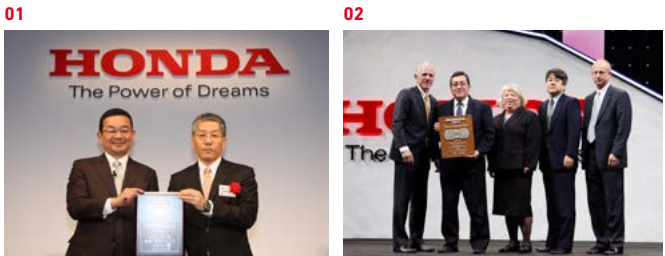
Honda regularly holds conferences around the world to share with suppliers the direction of our business and the substance of our initiatives. In FY2016, meetings were held in 30 locations around the world.

In Japan, we have held annual Suppliers Conferences since 1974. Senior management from 325 suppliers attended the conference held in January 2016. At the conference, Honda explained both company-wide policies and purchasing policies for the motorcycle, automobile and power products businesses.

At regional conferences, we presented Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDD. We also presented Environmental Awards to suppliers in each region who have made outstanding efforts in environmental areas such as reducing greenhouse gas emissions.

In the North American region, we presented the Corporate Citizenship Award to suppliers who made the greatest contributions in social areas such as compliance, safety and health, community activities, the environment, diversity and human rights.

- 01 Award presentation to Keihin Corp. in Japan
- 02 Award presentation to Delphi Delco Electronics De Mexico S De RL De CV



T O P I C S

### Standardizing Environmental Award Selection Criteria for the Asia & Oceania Region

In FY2016, we established an Environmental Award at each production site in the Asia & Oceania region. In order to ensure a fair evaluation, we standardized the selection flow and criteria across all 17 motorcycle, automobile and power products sites in the region.

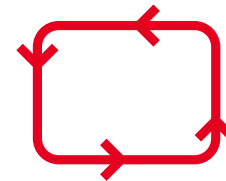
First, we selected candidates based on CO<sub>2</sub> emissions data for each supplier as collected in the global management data system.

Next, we visited suppliers to confirm the accuracy of the data provided and to perform an on-site inspection of emissions reduction efforts before determining the winning supplier for each production site.

Award-winning supplier initiatives, as well as additional outstanding initiatives that were confirmed at other locations, are shared and rolled out throughout the Asia & Oceania region.



Confirming data at a supplier site



## GRI Content Index



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## General Standard Disclosures

		Page Number (or link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation of Omission(s)	Descriptions
Strategy and Analysis	G4-1	5,6,7				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.
	G4-2	13,23,27,28,29,30,45,53,63,74,84				Provide a description of key impacts, risks, and opportunities.
Organizational Profile	G4-3	3				Report the name of the organization.
	G4-4	3,4				Report the primary brands, products, and services.
	G4-5	2,3				Report the location of the organization's headquarters.
	G4-6	3				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.
	G4-7	3				Report the nature of ownership and legal form.
	G4-8	3				Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).
	G4-9	3,103 2016 Form20F 28,29				Report the scale of the organization.
	G4-10	68				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).
	G4-11	2016 Form20F 76,77				Report the percentage of total employees covered by collective bargaining agreements.
	G4-12	84,90				Describe the organization's supply chain.
	G4-13	2				Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.
	G4-14	2				Report whether and how the precautionary approach or principle is addressed by the organization.
	G4-15	16				List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.
	G4-16	16,92				List memberships of associations (such as industry associations) and national or international advocacy organizations.
	Identified Material Aspects and Boundaries	G4-17	2016 Form20F 28,29			
G4-18		13,14				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.
G4-19		13,14,28				List all the material Aspects identified in the process for defining report content.
G4-20		2,3,13,14,28				For each material Aspect, report the Aspect Boundary within the organization.
G4-21		2,3,13,14,28				For each material Aspect, report the Aspect Boundary outside the organization.
G4-22		2				Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.
G4-23		2				Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.
Stakeholder Engagement	G4-24	15				Provide a list of stakeholder groups engaged by the organization.
	G4-25	15				Report the basis for identification and selection of stakeholders with whom to engage.
	G4-26	15				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.
	G4-27	15				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.
Report Profile	G4-28	2				Reporting period (such as fiscal or calendar year) for information provided.
	G4-29	2				Date of most recent previous report (if any).
	G4-30	2				Reporting cycle (such as annual, biennial).

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	Page Number (or link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation of Omission(s)	Descriptions	
Report Profile	G4-31	2			Provide the contact point for questions regarding the report or its contents.	
	G4-32	2,94,95,96,97,98,99,100,101			a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured.	
	G4-33	102			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.	
Governance	G4-34	14,18,19,20			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.	
	G4-35	14			Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	
	G4-36	14			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.	
	G4-37	14			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.	
	G4-38	18,19,20			Report the composition of the highest governance body and its committees.	
	G4-39	18,19,20			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).	
	G4-40	18,19,20 Honda Corporate Governance Basic Policies <a href="http://world.honda.com/investors/policy/governance/">http://world.honda.com/investors/policy/governance/</a>			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.	
	G4-41	18,19,20 Honda Corporate Governance Basic Policies <a href="http://world.honda.com/investors/policy/governance/">http://world.honda.com/investors/policy/governance/</a>			Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	
	G4-42	14			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.	
	G4-43	14			Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	
	G4-44	14			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.	
	G4-45	14			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.	
	G4-46	14			Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	
	G4-47	14			Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	
	G4-48	14			Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	
	G4-49	14,18			Report the process for communicating critical concerns to the highest governance body.	
	G4-50	-	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	This information is subject to specific confidentiality constraints.	This information is confidential.	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.
	G4-51	20 Honda Corporate Governance Basic Policies <a href="http://world.honda.com/investors/policy/governance/">http://world.honda.com/investors/policy/governance/</a>				a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.
	G4-52	20 Honda Corporate Governance Basic Policies <a href="http://world.honda.com/investors/policy/governance/">http://world.honda.com/investors/policy/governance/</a>				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.



## GRI Content Index

		Page Number (or link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation of Omission(s)	Descriptions
Governance	<a href="#">G4-53</a>	20	Honda Corporate Governance Basic Policies <a href="http://world.honda.com/investors/policy/governance/">http://world.honda.com/investors/policy/governance/</a>			Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.
	<a href="#">G4-54</a>	20				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.
	<a href="#">G4-55</a>	20				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.
Ethics and Integrity	<a href="#">G4-56</a>	12,13,21				Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.
	<a href="#">G4-57</a>	22				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.
	<a href="#">G4-58</a>	22,71				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.

## GRI Content Index

### Specific Standard Disclosures

Material Aspects	DMA and Indicators	Page Number (or link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation of Omission(s)	Descriptions
<b>Category: Economic</b>						
Economic Performance	<b>G4-DMA</b>	15,27,28,74				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.
	<b>G4-EC1</b>	82,103				Direct economic value generated and distributed
	<b>G4-EC2</b>	29,32				Financial implications and other risks and opportunities for the organization's activities due to climate change
	<b>G4-EC3</b>	2016 Form20F F41,F42, F43,F44,F45				Coverage of the organization's defined benefit plan obligations
Market Presence	<b>G4-EC4</b>	17,31				Financial assistance received from government
	<b>G4-DMA</b>	63, 64, 74				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.
	<b>G4-EC5</b>	-	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	This information is currently unavailable.	We are improving our data collection so as to be able to disclose more fully in regions where this is possible from our 2018 Sustainability Report.	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation
Indirect Economic Impacts	<b>G4-EC6</b>	68				Proportion of senior management hired from the local community at significant locations of operation
	<b>G4-DMA</b>	74				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.
	<b>G4-EC7</b>	31				Development and impact of infrastructure investments and services supported
Procurement Practices	<b>G4-EC8</b>	3,76,77,78,79,80,81,90				Significant indirect economic impacts, including the extent of impacts
	<b>G4-DMA</b>	84,88,90				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.
	<b>G4-EC9</b>	90				Proportion of spending on local suppliers at significant locations of operation
<b>Category: Environment</b>						
Materials	<b>G4-DMA</b>	25,26,27,28,29,30,38,39				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.
	<b>G4-EN1</b>	-	Materials used by weight or volume	This information is currently unavailable.	We are improving our data collection so as to be able to disclose more fully in regions where this is possible from our 2019 Sustainability Report.	Materials used by weight or volume
	<b>G4-EN2</b>	-	Percentage of materials used that are recycled input materials	This information is currently unavailable.	We are improving our data collection so as to be able to disclose more fully in regions where this is possible from our 2019 Sustainability Report.	Percentage of materials used that are recycled input materials
Energy	<b>G4-DMA</b>	25,26,27,28,29,30,38,39				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.
	<b>G4-EN3</b>	42				Energy consumption within the organization
	<b>G4-EN4</b>	42				Energy consumption outside of the organization
	<b>G4-EN5</b>	-	Energy intensity	This information is currently unavailable.	We are proceeding with ascertaining per unit energy consumption by business content for motorcycles, automobiles, and power products with the aim of disclosure in the 2019 Sustainability Report.	Energy intensity
	<b>G4-EN6</b>	42				Reduction of energy consumption
	<b>G4-EN7</b>	32,33,37,41				Reductions in energy requirements of products and services

## GRI Content Index

Material Aspects	DMA and Indicators	Page Number (or link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation of Omission(s)	Descriptions
<b>Category: Environment</b>						
Water	G4-DMA	25,26,27,28,29,30,38,39				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.
	G4-EN8	42				Total water withdrawal by source
	G4-EN9	36				Water sources significantly affected by withdrawal of water
	G4-EN10	36				Percentage and total volume of water recycled and reused
Biodiversity	G4-DMA	25,26,27,28,29,30,38,39				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.
	G4-EN11	36				Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
	G4-EN12	36				Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
	G4-EN13	-	Habitats protected or restored	This information is currently unavailable.	We will consider improving our information disclosure using GRI Guidelines with a view to completing this by the time we publish our 2019 Sustainability Report.	Habitats protected or restored
Emissions	G4-EN14	36				Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk
	G4-DMA	25,26,27,28,29,30,38,39				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.
	G4-EN15	41				Direct greenhouse gas (GHG) emissions (Scope 1)
	G4-EN16	41				Energy indirect greenhouse gas (GHG) emissions (Scope 2)
	G4-EN17	41				Other indirect greenhouse gas (GHG) emissions (Scope 3)
	G4-EN18	38				Greenhouse gas (GHG) emissions intensity
	G4-EN19	41,42				Reduction of greenhouse gas (GHG) emissions
	G4-EN20	36				Emissions of ozone-depleting substances (ODS)
Effluents and Waste	G4-EN21	43				NOx, SOx, and other significant air emissions
	G4-DMA	25,26,27,28,29,30,38,39				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.
	G4-EN22	42				Total water discharge by quality and destination
	G4-EN23	43				Total weight of waste by type and disposal method
	G4-EN24	26				Total number and volume of significant spills
	G4-EN25	36				Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally
Products and Services	G4-EN26	36				Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff
	G4-DMA	25,26,27,28,29,30,38,39				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.
	G4-EN27	30,31,32,33				Extent of impact mitigation of environmental impacts of products and services
Compliance	G4-EN28	34,35				Percentage of products sold and their packaging materials that are reclaimed by category
	G4-DMA	25,26,27,28,29,30,38,39				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.
Transport	G4-EN29	26				Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
	G4-DMA	25,26,27,28,29,30,38,39,85				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.
Overall	G4-EN30	38,41,85,86,87				Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce
	G4-DMA	25,26,27,28,29,30,38,39				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.
	G4-EN31	26,35				Total environmental protection expenditures and investments by type

**GRI Content Index**

Material Aspects	DMA and Indicators	Page Number (or link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation of Omission(s)	Descriptions
<b>Category: Environment</b>						
Supplier Environmental Assessment	G4-DMA	84,88				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.
	G4-EN32	90				Percentage of new suppliers that were screened using environmental criteria
	G4-EN33	89,91,92				Significant actual and potential negative environmental impacts in the supply chain and actions taken
Environmental Grievance Mechanisms	G4-DMA	25,26				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.
	G4-EN34	26				Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms
<b>Category: Social</b>						
<b>Sub-Category: Labor Practices and Decent Work</b>						
Employment	G4-DMA	63,64,65				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.
	G4-LA1	68				Total number and rates of new employee hires and employee turnover by age group, gender, and region
	G4-LA2	71				Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation
	G4-LA3	70				Return to work and retention rates after parental leave, by gender
Labor/ Management Relations	G4-DMA	63,64,65				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.
	G4-LA4	71				Minimum notice periods regarding operational changes, including whether these are specified in collective agreements
Occupational Health and Safety	G4-DMA	63,64,65				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.
	G4-LA5	2016 Form20F 76,77				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
	G4-LA6	72				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
	G4-LA7	72				Workers with high incidence or high risk of diseases related to their occupation
	G4-LA8	72				Health and safety topics covered in formal agreements with trade unions
Training and Education	G4-DMA	63,64,65				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.
	G4-LA9	66				Average hours of training per year per employee by gender, and by employee category
	G4-LA10	64,65,66,67,70				Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
	G4-LA11	71				Percentage of employees receiving regular performance and career development reviews, by gender and by employee category
Diversity and Equal Opportunity	G4-DMA	63,69				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.
	G4-LA12	18,68,69,70				Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
Equal Remuneration for Women and Men	G4-DMA	63,64,65				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.
	G4-LA13	69				Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation
Supplier Assessment for Labor Practices	G4-DMA	84,88				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.
	G4-LA14	89				Percentage of new suppliers that were screened using labor practices criteria
	G4-LA15	89,91,92				Significant actual and potential negative impacts for labor practices in the supply chain and actions taken
Labor Practices Grievance Mechanisms	G4-DMA	21,22				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.
	G4-LA16	22				Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms
<b>Sub-Category: Human Rights</b>						
Investment	G4-DMA	63,64,65,88,89				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.

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Material Aspects	DMA and Indicators	Page Number (or link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation of Omission(s)	Descriptions
Sub-Category: Human Rights						
Investment	G4-HR1	89				Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
	G4-HR2	69				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
Non-discrimination	G4-DMA	21,22,63				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.
	G4-HR3	22				Total number of incidents of discrimination and corrective actions taken
Freedom of Association and Collective Bargaining	G4-DMA	63,84,88				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.
	G4-HR4	71,89,91,92				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-DMA	63,84,88				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.
	G4-HR5	89				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-DMA	63,84				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.
	G4-HR6	89				Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor
Security Practices	G4-DMA	63				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.
	G4-HR7	68				Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations
Indigenous Rights	G4-DMA	63				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.
	G4-HR8	-	Total number of incidents of violations involving rights of indigenous peoples and actions taken	This indicator is not applicable.	This aspect is not reported because priority is given to other human rights issues.	Total number of incidents of violations involving rights of indigenous peoples and actions taken
Assessment	G4-DMA	63				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.
	G4-HR9	69				Total number and percentage of operations that have been subject to human rights reviews or impact assessments
Supplier Human Rights Assessment	G4-DMA	63,84,88				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.
	G4-HR10	89				Percentage of new suppliers that were screened using human rights criteria
	G4-HR11	89,91,92				Significant actual and potential negative human rights impacts in the supply chain and actions taken
Human Rights Grievance Mechanisms	G4-DMA	21,22				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.
	G4-HR12	22				Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms
Sub-Category: Society						
Local Communities	G4-DMA	15,25,74				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.
	G4-S01	15,75,76,77,78,79,80,81,82				Percentage of operations with implemented local community engagement, impact assessments, and development programs
	G4-S02	25				Operations with significant actual and potential negative impacts on local communities
Anti-corruption	G4-DMA	21,22				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.
	G4-S03	22				Total number and percentage of operations assessed for risks related to corruption and the significant risks identified
	G4-S04	22				Communication and training on anti-corruption policies and procedures
	G4-S05	22				Confirmed incidents of corruption and actions taken

## GRI Content Index

Material Aspects	DMA and Indicators	Page Number (or link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation of Omission(s)	Descriptions
Sub-Category: Society						
Public Policy	G4-DMA	15,16				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.
	G4-S06	16				Total value of political contributions by country and recipient/beneficiary
Anti-competitive Behavior	G4-DMA	22				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.
	G4-S07	21,22				Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes
Compliance	G4-DMA	21				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.
	G4-S08	21				Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
Supplier Assessment for Impacts on Society	G4-DMA	84,88				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.
	G4-S09	89,90				Percentage of new suppliers that were screened using criteria for impacts on society
	G4-S010	89,91,92				Significant actual and potential negative impacts on society in the supply chain and actions taken
Grievance Mechanisms for Impacts on Society	G4-DMA	21,22				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.
	G4-S011	22				Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms
Sub-Category: Product Responsibility						
Customer Health and Safety	G4-DMA	45,46,47,48,50,51,53				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.
	G4-PR1	51				Percentage of significant product and service categories for which health and safety impacts are assessed for improvement
	G4-PR2	61				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
Product and Service Labeling	G4-DMA	25,26,27,28,29,30,38,39				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.
	G4-PR3	33				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
	G4-PR4	32				Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes
	G4-PR5	57,61				Results of surveys measuring customer satisfaction
Marketing Communications	G4-DMA	22,53				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.
	G4-PR6	-	Sale of banned or disputed products	This indicator is not applicable.	Group sells its products and services to consumers in approximately 150 countries worldwide, excluding markets where they are prohibited.	Sale of banned or disputed products
	G4-PR7	21,22				Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes
Customer Privacy	G4-DMA	12,13,14,23				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.
	G4-PR8	23				Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data
Compliance	G4-DMA	12,13,14,21,22				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.
	G4-PR9	21,22				Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

## Assurance

To disclose environmental data in a more transparent and reliable manner to our diverse stakeholders, Honda obtained the independent practitioner's assurance of the environmental data indicated with  for the year ended March 31, 2016 in the Japanese version of this report by Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd., a subsidiary of Deloitte Touche Tohmatsu LLC, which is a member firm of Deloitte Touche Tohmatsu Limited.

### Scope of Assurance

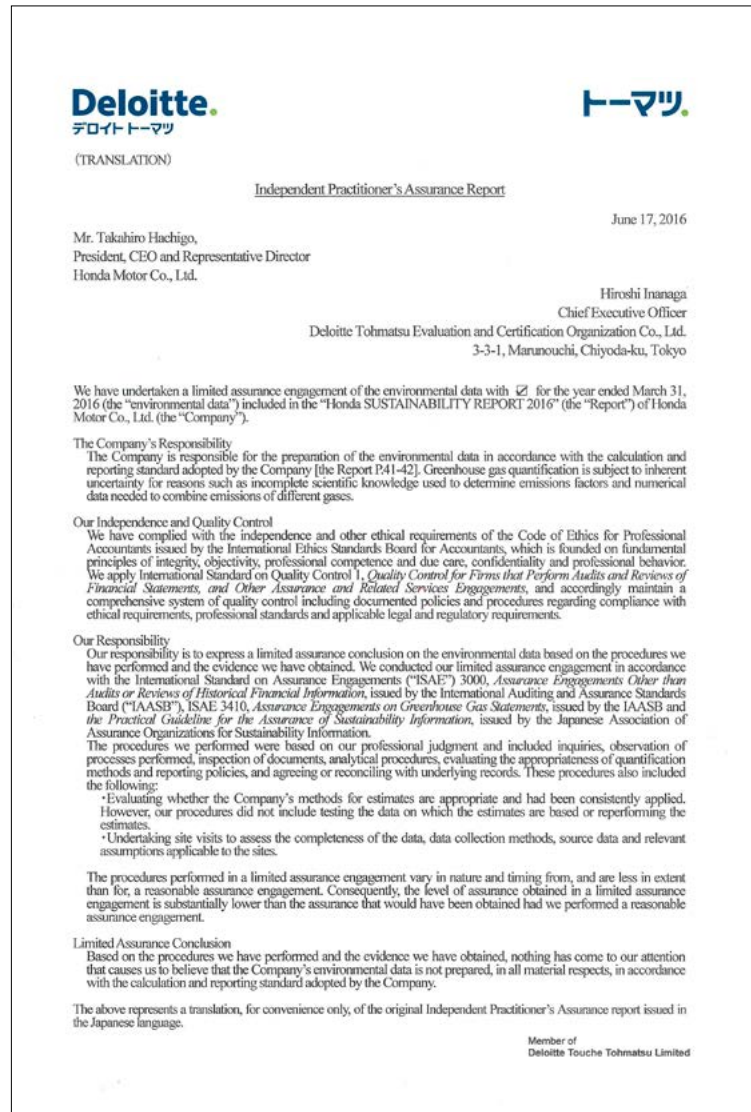
Environmental data for the year ended March 31, 2016 from Honda Motor Co., Ltd. and 451 consolidated and affiliated companies in Japan and overseas (pages 41–43).

Environmental data assured:

Direct emissions from business activities (Scope 1), Indirect emissions from energy use (Scope 2) and Emissions from customer use of sold products (Scope 3, category 11) out of Honda's total GHG emissions Energy consumption (Direct energy consumption, Indirect energy consumption), Water use, Wastewater volume, Greenhouse gas emissions (Direct emissions, Indirect emissions), Atmospheric pollutants (SO<sub>x</sub> emissions, NO<sub>x</sub> emissions), Waste generated

# 8

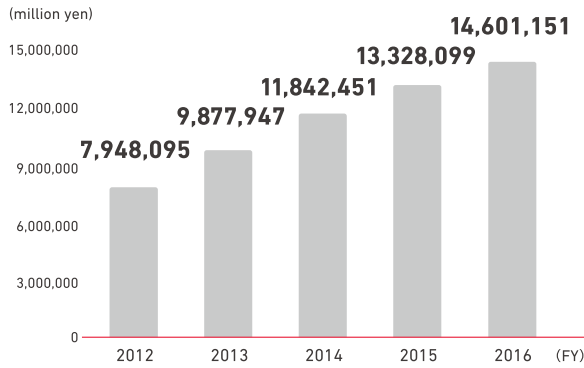
# assurance



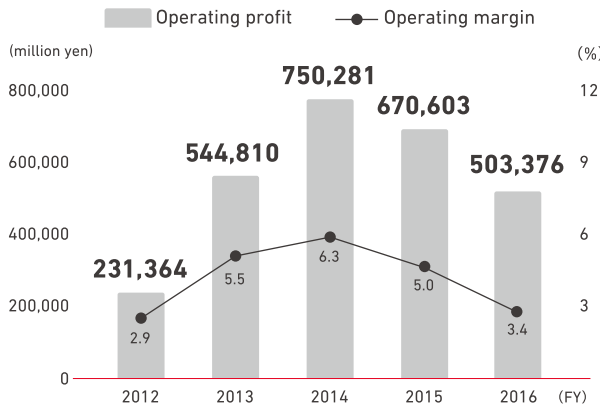
**Financial Data**



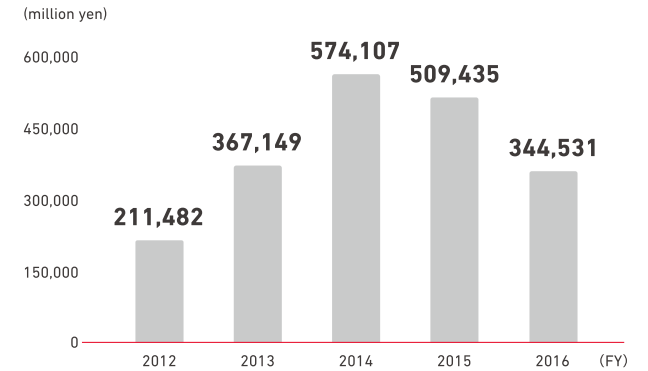
Sales revenue



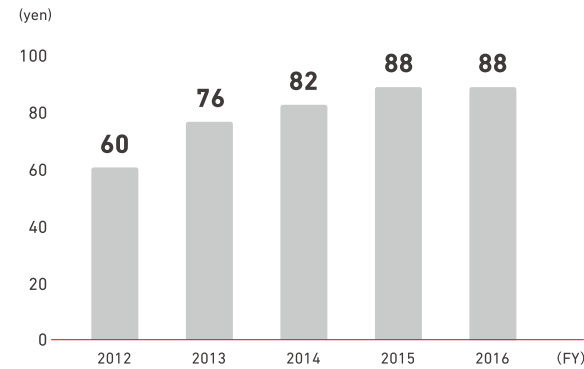
Operating profit/Operating margin



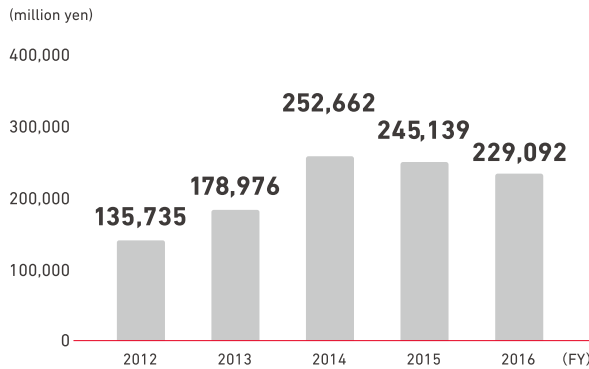
Profit for the year attributable to owners of the parent



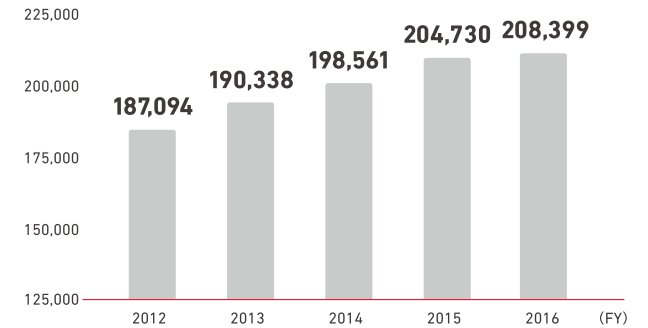
Dividend per share



Income tax expense



Number of employees



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





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