

Honda Philosophy and CSR

Honda Philosophy and founders' messages

The Honda Philosophy is the origin of Honda's CSR activities. This corporate philosophy was established based on the words of Honda's two founders, Soichiro Honda and Takeo Fujisawa. The Honda Philosophy and the founders' messages on which it is based encapsulate the essence of Honda's current approach to corporate social responsibility. It all began with the philosophy of doing our utmost in pursuit of our dreams to inspire joy in customers and society.



▶ The Honda Philosophy, where it all began

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

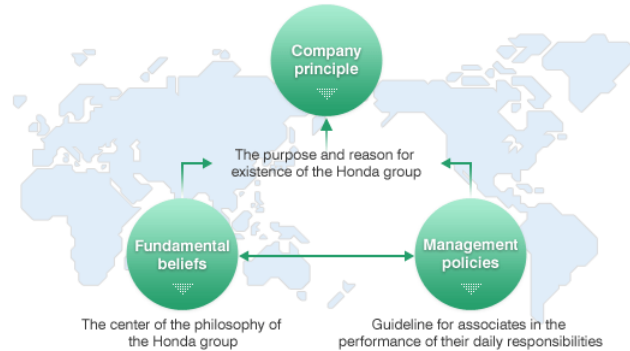


Honda's Roots, "Honda Philosophy"

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

It comprises a set of values that are shared by all Group companies and their employees, where everyone at Honda work to realize this philosophy and regard it as not only words, but as the foundation of their actions and decisions. Specifically, it consists of fundamental beliefs in terms of respect for the individual and the Three Joys, the company principle, and management policies.

Honda Philosophy



Company principle

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

Fundamental beliefs

Respect for the individual

Initiative

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

Equality

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

Trust

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

The Three Joys

The joy of buying

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

The joy of selling

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

The joy of creating

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

Management policies

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

Founders' messages

The Honda Philosophy is based on numerous words left by Honda's two founders, Soichiro Honda and Takeo Fujisawa.

This section introduces some of the messages that these two founders left for Honda's associates.

Our products should deliver three joys **Soichiro Honda**

Our company philosophy is founded on the Three Joys—the Joy of Creating, the Joy of Selling, and the Joy of Buying—because our products should be a joy to engineer, market, and purchase.

First, the joy of creating is a prerogative reserved for the engineers. Just as the Creator of this universe brought forth all things in the natural world with infinite inspiration and inestimable joy, engineers experience the unique joy of creating products that improve the quality of life and society. Nothing makes engineers happier than for the quality of their products to be recognized. As an engineer myself, I constantly strive to build well-designed, superior products.

Secondly, our products should be a joy to sell. We are a manufacturing company. Our products only reach our customers through collaborations with dealerships and the efforts of their staff. Needless to say, those who sell our motorcycles are happy when we offer affordable high-quality machines with superior performance. Such vehicles are always going to be welcomed—always, no exception. Products that sell well generate better income for the dealerships and instill pride and joy in those who sell them. We fail as manufacturers if our products don't deliver this joy to those who sell.

The third joy is the joy of customers. They are our ultimate judges as they, not the manufacturer nor the dealerships, are most familiar, through their daily use, with the true value of our products. When people say "I'm so glad I bought this," it is the highest honor bestowed on the product. I am convinced that our products are so good they advertise themselves. I am secretly proud to know our customers are happy when they buy our brand.

These three kinds of joys embody our company philosophy. All my energy is devoted to realizing these joys. I count on all of you to remain true to these values every day in your work, without ever compromising them. I also respectfully ask our dealerships for continued cooperation based on your full understanding of this belief of mine.

(1951 Honda Monthly (No. 4) Dec. "The Three Joys")



No company can survive without putting the joy of customers first **Takeo Fujisawa**

Our company's Three Principles were the joy of creating (experienced by the manufacturer), the joy of selling (experienced by distributors and retailers), and the joy of buying (experienced by the customer), but I realized that this formulation suffers from a great error. Our company is destined to fail unless we change the order. The joy of the customer should be No. 1. It is only by means of the customer's joy that the joy of selling can be realized. And the joy of creating exists as the reward for those two joys. This is the proper order.

Joy of buying: It is only when something prompts joy upon its purchase that it can be said to be a truly successful product. It is the obligation and responsibility of all manufacturing workers to create such products. The only condition that must be fulfilled for a company to exist as a going concern is that it continue to inspire satisfaction and trust on the part of customers. It goes without saying that even an exceptional product will not come across as a good product if it is sold at a high price.

Joy of selling: Unless retailers and distributors are enriched by selling the product, it stands to reason that the joy of selling it will lose its intensity, and they will direct their efforts toward other companies' products. Our business must put in place policies to ensure the continuation of the joy of selling on the part of dealers and take absolute responsibility for the success of the same. All advertising, sales, parts, and service personnel must fulfill the responsibilities of their positions, searching out customer dissatisfaction and customer wishes. If they fail to continually play the role of leaders by acting as customers' representatives and providing accurate reports to the manufacturer, we will be unable to create products.

(1955 Honda Company News (No. 18) After receiving lecture on S.P.B.)



The greatest form of respect is letting people give their ideas form **Takeo Fujisawa**

Often when people visit they comment, "Your young guys really work hard. When you step inside the Honda headquarters or a factory, you can really sense that everyone is pulling together. It's a great atmosphere. What's your secret?" Well, of course, there's no secret. Everyone is just doing their jobs. But still, comments like that sure do make me smile. And another thing that makes me happy is when I hear someone in Honda say something like "I like the way in this company they let you give your ideas form." The boss once wrote in the company newsletter, "Invention is the wisdom born of desperation." In our production and in administration, we're all faced with tough challenges all the time, being asked to do the impossible. And if we worked the way we did two or three years ago, we've never get it done in time. It's because we're forced to find ways to do things faster that we discover better ways to do things. And that's why we're constantly coming up with improvements and inventions big and small throughout the company. "We want to respect human beings' rights. What deserves our respect the most is human being's ideas. So the best way we can respect human beings' rights is by letting them give form to their ideas." That's what the boss believes. When visitors sense a strength within Honda, it's because they're seeing groups and individuals throwing themselves into their work, working to honor that respect.

(1958 Honda Company News (No. 27) Thoughts of the Senior Managing Director)



International viewpoint **Soichiro Honda**

Working from an international viewpoint is first among our company principles. But what does this mean? It doesn't just mean making the best products in the world. It means we must not limit our thinking to what Japanese can relate to. We need to go beyond national borders, beyond the limits of race and ethnicity. Our conduct must be based on a rationale that rings true for all peoples everywhere. That's what I mean by "international viewpoint." And it's important. Even when we go to a distant place where we don't speak the language, we can feel proud not only as Japanese but as citizens of the world. And that's what being human is about. Seeing each other as equals. That's what I mean by "international viewpoint". Give it some thought.
(1960 Tape "A Message to Employees: Tales of Europe [Suzuka Factory]")

By carrying the torch with our own hands, we win trust **Takeo Fujisawa**

While some other manufacturers have been having an easy time making profits in Japan, we've been fighting to succeed in exporting, and have built bridges to over 100 countries. It hasn't been easy. But as a result of this effort, Honda motorcycles are now appreciated worldwide and we have won customer trust. Three years on, that trust has further solidified. When buyers who visit Japan looking for Honda bikes can't find any, they turn to other sources, and the second leading manufacturer has an easy time exporting.

And you know, these days everyone's talking about the reorganization of the industry. I don't know who started this, but I talked to the boss about it recently and we agreed it could only mean merger, being bought out, or becoming a subcontractor, and we're not interested in any of those options. What's so great about the idea of reorganization? The companies that favor it are the companies that can't stand on their own feet—the companies who aren't capable of exporting. People assume that if a company reaches a certain size, it should be able to export, but that's just not the case. Nobody outside of Japan is impressed with companies just because they happen to be large. And outside of Japan nobody's impressed with this talk of reorganization. Meanwhile, Honda has been carrying the torch by itself and exported some 80 billion yen of product. Everyone saw us as the latecomers to the industry, but we've come from nowhere to reach the top. I think that should be a source of satisfaction and pride for us all.

(1967 Honda Company News (Special Edition) "Beliefs of Honda as a growing comprehensive automobile manufacturer")



A contemporary hero is someone who brings the most happiness to the most people in society **Soichiro Honda**

Some people might think that business management is about devoting yourself to making money, but this is not true. What's more important is the kinds of preparations you can make in the near future for the coming era. I think these preparations determine whether or not you're running the company well. Honda overcame difficulties in pursuing the combustion principle that started with our participation in the TT Race, and finally succeeded, passing on our achievements in the next era. So we didn't waste all our hard work and the difficulties we faced were not for nothing. They say, "No pain, no gain" and "No pleasure without pain," right? As for the matter of fulfilling your social responsibility, I think it's a question that corporations naturally have to address. An automaker should develop cars that do not cause pollution, as part of its responsibilities as a member of society. It's something you do as a matter of course. But in the real world, we often come across people trying to avoid doing what they should. I suspect that such unreasonable and unnatural behavior turns into a cause of conflict in many cases. I hope Honda will continue to be a company properly fulfilling its social responsibilities and that each Honda associate will be a person fulfilling all the responsibilities required of him or her as a member of society. If we can keep up this effort, I believe we'll be able to achieve lasting growth as individuals and as a company. We talk of heroes, but I think contemporary heroes are a different breed from heroes in the old days. I believe a contemporary hero is someone who brings the most happiness to the most people in society. Anyhow, regardless of the age you live in, respect for the individual is something that should always be the top priority.

(1973 Honda Company News (No. 134) "Special Event for Honda's 25th Anniversary: Discussion with President: Point of Origin of the 25 years")

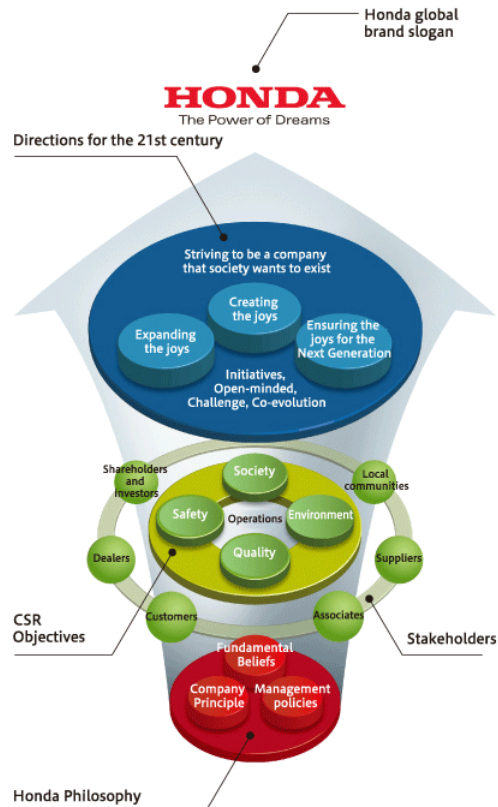


CSR initiatives based on the Honda Philosophy

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

"Creating the Joys" means continuing to dream and create new value ahead of the times with free-spirited thinking to enhance The Three Joys." Expanding the Joys" means realizing dreams with more people and contributing to local society to expand The Three Joys around the world. "Ensuring the joys for the next generation" means working toward the sustainable development of society and achieving the highest level of environmental and safety performance to ensure The Three Joys for the next generation.

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



The approach to CSR behind our products and services

Honda strives to be a company society wants to exist by working consistently to help make dreams reality. This section provides some specific examples of how this same philosophy is reflected in our products and services.