Delivering Products to Customers, Taking Considerations to Environmental Conservation at Every Stage

Honda is striving to reduce its environmental impacts at every stage of its activities, including the transportation of products to destinations, the marketing of products to customers, and the administration of its operations.

For example, at the transportation stage, we have reduced CO₂ emissions and the use of packaging materials by improving the efficiency of our distribution system.

At the marketing stage, we have launched the “Green Dealer Project” to encourage our dealers to contribute to environmental conservation, thereby pleasing our customers and local communities.

Furthermore, we are introducing environmental management systems to encourage our indirect departments, such as our offices, to all become involved in environmental activities.
Pursuit of Highly Efficient, Environment-Friendly Transportation

Honda has been improving transportation efficiency by expanding the areas to which products are delivered by ship as well as by promoting joint transportation by multiple manufacturers. Also, we are implementing diversified measures for green logistics, including the introduction of ISO 14001-certified environmental management systems to associated transportation companies.

Transportation-related targets:
- To introduce environmental management systems to associated transportation companies
- To improve transportation efficiency

Efforts made for improving transportation efficiency:

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<tr>
<td>Upsizing of transportation vehicles</td>
<td>Switching to transportation by ship for the delivery of automobiles to the Hokkaido and Tohoku regions</td>
<td>Joint transportation with other companies (by ship and truck); Export of products from the ports nearest to the factories</td>
<td>Further implementation of measures to reduce CO₂ emissions and the promotion of efforts to acquire ISO 14001 certification</td>
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Optimization of transportation logistics:

1. Improvement of transportation efficiency by reforming the entire transportation system
   - For the transportation of products, Honda has been improving efficiency by reducing the emission of CO₂ and other gases, reducing waste generated in the transportation activities by using recyclable packaging materials, and introducing environmental management systems. Recently, as one of the most important themes for transportation, we have been maximizing transportation efficiency by using different transportation methods in combination, taking into consideration their various advantages and disadvantages. For example, a ship can carry a large amount of products at one time and thereby the CO₂ emission per product can be kept to a low level. However, it takes more time to deliver products by ship. On the other hand, while a truck discharges more CO₂ per product, it requires less time for delivery and is suitable for sending products to multiple destinations. Transportation efficiency can be improved by optimally combining different transportation methods based on such characteristics as these.

2. Reduction of energy loss through the optimization of transportation methods
   - In the past, products destined for Hokkaido were all shipped to Tomakomai Port and then delivered to each destination within Hokkaido by truck. Now, however, products destined for the eastern parts of Hokkaido are shipped to Kushiro Port to shorten the delivery distances by truck.
   - At the same time, we are aggressively promoting joint transportation by ship and truck with other companies. For example, we transport our own products to their destination, and then transport the products of another company on the return trip. At

Honda, as mentioned above, transportation efficiency has been improved by the shift to railways and ships and by mixed modes (optimal combination of transportation by truck with other transportation methods). Energy loss in transportation can be reduced by eliminating relay points. In the past, products were delivered from factories to dealers via sales offices. However, Honda is now promoting the direct shipping of products from factories to dealers to improve energy efficiency in transportation.

3. Cooperation with transportation companies to reduce environmental impact
   - Honda asks its associated transportation companies to promote environmental activities and to acquire ISO 14001 certification for their environmental management systems. In addition, we are replacing our trucks with low-emission vehicles and conducting surveys on diesel particulate filters (DPFs) and low-sulfur fuels. In cooperation with the transportation companies, we will continuously improve such activities to further reduce the environmental impact caused by the transportation of our products.
Reduction of Waste Generated in Transportation to Promote Resource Saving

Honda is reducing the use of packaging materials by encouraging the use of returnable containers in addition to the use of simple packages, review of packaging materials, and alteration of packaging specifications. Also for products exported overseas, we are aggressively introducing returnable containers, not only to the shipment from Japan but also to transportation between overseas areas.

Efforts to reduce packaging materials (Japan)

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<th>1999</th>
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<tr>
<td>Introduction of returnable containers to the transportation of repair bumpers (PP returnable plastic cardboard containers)</td>
<td>Shift to simple packaging (from individual packaging to the use of reinforced bubble wraps)</td>
<td>Use of returnable containers in a greater number of parts</td>
<td>Further reduction of packaging materials</td>
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The Hissone Plant producing outboard engines started the use of returnable containers for the domestic transportation of its products.

Efforts to reduce packaging materials (Overseas)

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<th>1993</th>
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<tbody>
<tr>
<td>Starting the use of returnable external cases</td>
<td>Starting the use of returnable internal cases: for the export of parts to the U.K.</td>
<td>Promoting the reuse of packaging materials in KD (knock-down)* part-importing countries</td>
<td>Development and application of new returnable internal cases for the export of parts to the U.K.</td>
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</tbody>
</table>

* KD shipments: export of knock-down (KD) parts for local assembly

Reduction of packaging materials (in domestic transportation)

Shift from the use of both cardboard and bubble wraps (vinyl packaging material encapsulating air bubbles) to the use of bubble wraps only.

Transportation using returnable containers

Dealing with packaging materials in transportation container delivery, unpacking, and loading into a transportation container.

Recycling and reuse of waste packaging materials

For the reuse of waste packaging materials, we are also working to recycle vinyl and film materials, which account for a major part of packaging materials used for transportation.

All of the shrink-wrap films used instead of ropes to bundle the packages to be sent to and within Japan are collected and recycled.

Moreover, for protecting the hoods and trunks of the automobiles to be sent from factories to customers, we have developed and are now using recyclable water-soluble films, which can be attached to the hoods and trunks without adhesives.

As another example of the careful measures that we are taking to promote recycling, we have discontinued the use of adhesive labels for vinyl bags. In the past, we printed the necessary information on the labels, which prevented the recycling of the vinyl bags, but now the information is printed directly onto the bags.
Advanced Dealer Activities to Please Customers and Local Communities and to Win Their Trust

Honda is implementing its unique environmental management system and the Green Dealer certification system to further sophisticate its environmental activities in its sales and service segments. Honda dealers are promoting steady environment conservation activities by continuously implementing improvement measures to become advanced dealers who can please their customers and local communities.

**Environmental targets for dealers**
- Introduction of environmental management systems
- Promotion of proper disposal of end-of-life products

### Introduction of environmental management systems to Honda's automobile dealers

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<tr>
<td>Launching the Green Dealer Project</td>
<td>Acquisition of ISO 14001 certification by each company in the Honda Primo, Clio, and Verno channels (see page 55)</td>
<td>Starting the unique Green Dealer certification system based on the know-how accumulated through the acquisition of ISO 14001 certification</td>
<td>Continuous improvement</td>
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**Green dealer expansion concept**

### Continuous improvement

**First step**
- Number of dealers certified in fiscal 2000: 1,693

**Second step**
- Number of dealers certified in fiscal 2001: 561
- Number of dealers certified in fiscal 2002: 1,024

### Flow of the Green Dealer certification system

1. From the acquisition of ISO 14001 certification to the implementation of the unique environmental management system

Honda has been promoting the acquisition of ISO 14001, which is the international standard for environmental management systems, to improve the environmental activities in its sales and service stages. In August 1999, the Planning Management Block, the Service Division of Japan, and the six service centers around the country received this certification for the first time in the automobile service industry in Japan. Honda Dealers have also been making aggressive efforts. In November 1999, Honda Clio Kyoto Co., Ltd. became Japan’s first automobile dealer to acquire this certification. This was followed by Honda Verno Aichi Co., Ltd. in December and Honda Primo Tokyo Minami Co., Ltd. in January 2000. Based on the know-how accumulated through the activities necessary to obtain ISO 14001 certification, Honda has started the

2. Two-step improvement of environmental conservation activities

Honda dealers who have achieved compliance with relevant laws and environmental improvement are certified as “Good Green Dealers” (Step 1) and then certified as a “Best Green Dealer” if they meet the stringent criteria for further improved environmental efficiency. The certified dealers play their roles as advanced Honda dealers who contribute to environmental conservation and please customers and local communities. They continuously try to improve their activities based on the PDCA (Plan, Do, Check, and Act) cycle. Honda also publishes various manuals and posters to make people more aware of the environment and thereby supports Honda dealers in obtaining Green Dealer certification. As of the end of March 2002, 2,254 dealers were certified as Good Green Dealers and 1,024 as Best Green Dealers.

3. Proper disposal of end-of-life products and CFC-12

Honda urges its dealers to issue manifests (to manage end-of-life vehicles) and is taking measures for the proper disposal of end-of-life parts and other materials. For example, we have aggressively exploited the CFC-12 recovery and destruction system which is used in automotive air-conditioning systems, established by the Japan Automobile Manufacturers Association and local governments, and completed a nationwide promotion in October 1998. Also for air bag inflators, we are cooperating with other manufacturers in the inflator recovery and disposal system examinations promoted by
Examples of measures taken by “Green Dealers”

Honda Verno Shin Tokyo Co., Ltd.
- Introduces two “Eco-Ice” ice-heat accumulating air conditioners (each equivalent to a 13-hp unit).

Honda Verno Aichi Co., Ltd.
- Countermeasures against oil emissions: As a precaution against oil emissions, displays the wastewater flow by arrows.

Honda Verno Aichi Co., Ltd.
- Drastic waste sorting: Waste is sorted clearly for both employees and customers to recognize the distinguished waste.

Honda CLIO Kyoto Co., Ltd.
- “Environmental corner”: Installed to make customers more aware of the environment.

Honda PRIMO Tokyo-Minami Co., Ltd.
- “Eco-Ice” effectively air-conditions the extensive void space by using electricity in midnight, which reduces the generation of CO₂.

Honda CLIO Shin Kanagawa Co., Ltd.
- Neighborhood cleanup: All employees are engaged in neighborhood cleanup activities.

Honda CLIO Minami-Sapporo Co., Ltd.
- Drastic energy savings: Time in which electricity can be used is indicated on the lighting switches for energy saving.

Honda is promoting energy saving and pollution prevention measures in order to control and reduce the environmental impacts of its sales activities. For example, we have created a special environmental account book for our dealers to encourage them to control their energy consumption to attain their energy saving goals. In addition, we are introducing energy saving devices such as “Eco-Ice,” which is an ice-heat accumulating air-conditioning system.

Honda also adopts a wide variety of environmental pollution prevention measures, including the proper disposal of waste parts and oil treated by Honda dealers. To prevent pollution as far as possible, some of the “Best Green Dealer” certified dealers have created risk control manuals as a precaution against the emission of waste oil. Honda collects such initiatives and introduces them in its environmental manuals or through its information magazine, GD Press, to promote information sharing among dealers.

Aggressive contribution to society to become dealers that are admired by local communities

In order to expand its environmental conservation activities, Honda believes it necessary for the sales activities of Honda dealers, who have direct contact with customers, to be understood and recognized by the customers. We therefore ask our dealers to contribute to local communities, starting from activities that can be easily undertaken. For example, some are engaged in cleanup activities not only in and around their companies but also in the entire local community. Others are dispatching environmental information, including how to protect the environment by installing “environmental corners” within their stores to make local customers visiting the stores more aware of the importance of their environment. Also, the experimental “Eco Wagon” mobile seminars that enabled children to enjoy crafting and experience the natural environment, were highly evaluated by participants. Honda intends to continue these activities and obtain even greater support from local people to expand its environmental conservation activities.

Activities targeting the dealers of Honda motorcycles and power products

Honda is expanding the Green Dealer system to the dealers of motorcycles and power products in addition to automobile dealers. For the dealers of Honda motorcycles, we will promote the Green Dealer system for the proper disposal of wasted motorcycles and parts and for the aggressive reduction of environmental impacts caused by their sales activities in line with the development of Honda Dream Shops. Honda Dream Shops are new style shops dealing with sports bikes and we are planning to establish 200 shops all over Japan by fiscal 2005. Also for dealers of Honda power products, we will establish a Green Dealer certification system in or after fiscal 2002 and encourage more dealers to participate in the system.
Full Consideration for the Environment in All Daily Business Activities

Honda also gives full consideration to environmental conservation at its offices and believes that it is most important to indirectly improve the environment by encouraging its factories, suppliers, and even its customers to contribute to environmental conservation by demonstrating good examples in its business activities conducted at its offices, including sales activities.

Environmental conservation objectives for our offices
- Establishment and continuous improvement of environmental management systems

Introduction of environmental management systems to office buildings

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First-step measures
- Energy and resource saving
- Waste sorting

Second-step measures
- Indirectly improving the environment by: encouraging customers, suppliers, and factories to contribute to environmental conservation by making proposals, giving instructions, or conducting sales activities

Environmental measures at offices: acquisition of ISO 14001 by the Head Office and regional offices
Honda is implementing measures to give full consideration to the environment at its offices. For example, our Head Office in the Aoyama Building started to implement measures to reduce the environmental impact of its activities at the end of 1998 and obtained ISO 14001 certification during 1999. Subsequently, our six regional offices also obtained this certification in 2001. At the Aoyama Building, three years from the start of activities to obtain ISO 14001 certification, employees now conduct activities to reduce their direct environmental impact as a part of their daily business activities. The Head Office is planning to add more environmental aspects to its daily operations.

Waste sorting and recycling for resource saving
Each Honda office is also promoting the reduction of waste and resource saving. For example, at the Aoyama Building, employees sort their waste into 14 types, installing boxes to collect each one.

Indirectly improving the environment by making proposals, giving instructions, or conducting sales activities

Introducing low-emission vehicles as company-owned cars as part of environmental conservation activities
As a part of the measures to reduce the environmental impact caused by corporate activities, Honda is introducing or replacing existing vehicles for its own use with government-certified low-emission vehicles, including those emitting extremely small amounts of harmful substances.