

Striving to be a company society wants to exist

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# CSR Report 2013



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## Publishing Policy

### About the Honda Corporate Report

Honda is involved in a variety of corporate social responsibility (CSR) activities to fulfill its goal of being a company that stakeholders worldwide want to exist. We offer reports on these activities in each of the five categories listed below.

#### Honda Corporate Reporting Map <http://world.honda.com/CSR/library/>

Honda's myriad efforts to be a company society wants to exist are reported in five major categories: Investor Relations, Corporate Social Responsibility, Safety, Philanthropy, and Environment. By engaging our stakeholders in clear, active communication, we hope to increase their understanding and appreciation of who we are and what we do. As always, we look forward to hearing from you about how we can be a better company.



### Media used to report CSR information

CSR information for FY2013 is available on this website and in the Honda CSR Report 2013 PDF edition. The web edition provides detailed reporting about the company's latest activities, while the PDF edition presents information in the form of an annual report. It is our hope that this website and the Honda CSR Report 2013 PDF edition will deepen stakeholders' understanding of Honda's CSR activities.

### Scope, Period

#### Scope

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

#### Period

This report primarily covers activities from April 1, 2012 to March 31, 2013. Some historical background of these activities and references to events up to the time of publication, as well as forecasts and plans, may also be included.

#### Disclaimer

In addition to factual information regarding the past and present status of Honda Motor Co., Ltd., this report contains plans, perspectives, and forecasts based on corporate philosophy and management strategies as of the date of publication. Future forecasts represent assumptions or judgments based on information available at the time indicated. The results of future business activities and future events may differ from forecasts due to changes in the conditions on which they were based.

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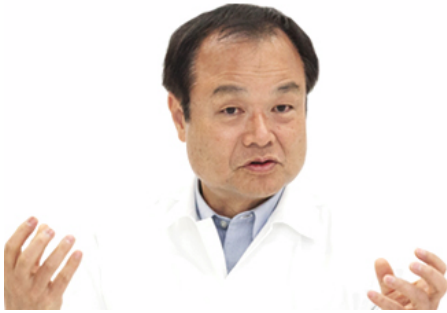
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Honda Motor Co., Ltd.

## Message from the President and CEO



**We will continue to be a company society wants to exist by providing products that make customers happy around the world more quickly than any other manufacturer.**

A handwritten signature in black ink that reads "Takanobu Ito".

Takanobu Ito  
President, Chief Executive Officer and  
Representative Director

## Expanding joy by realizing true globalization

Honda has finally achieved business performance on par with pre-Lehman Shock levels after overcoming repeated trials such as the Great East Japan Earthquake and flooding in Thailand. As global competition continues to intensify, I intend to pursue aggressive development of our businesses in an effort to lay the groundwork for Honda's future growth and development. To that end, I feel a pressing need to transition to a new global operations framework that can continuously create competitive products that anticipate our customers' needs in every region, even as the global economy and market structure undergo major transformations. We will pursue initiatives to realize true globalization so that we can deliver the best products and services with an optimal sense of timing to customers worldwide by carrying out reforms to create a business structure unique to Honda, thereby ensuring the independence of our businesses in all regions, including Japan, and making the most effective possible use of regional resources on a global basis. Having done so, in FY2017 we will further expand the joy we bring to more than 39 million customers worldwide through our motorcycle, automobile, and power products.

## New environmental and safety challenges

On July 9, 2013, the Yorii Plant at our Saitama Factory began operations as the newest automobile plant in Japan. The facility is home to production lines that operate at a maximum level of efficiency while achieving an exceptional level of environment friendliness, and it will play an extremely important role in bringing the technologies developed there to our global operations. Like the Yorii Plant, the neighboring Ogawa Plant has been given important responsibility not only for producing next-generation, environmentally friendly engines, but also for serving as a base from which to disseminate environmentally friendly facilities and manufacturing technologies to the world.



At Honda, we like to say that the appeal of high-quality products transcends national borders. In the future, we will similarly assert that the same applies to exceptional technologies, and I look forward to building a high-efficient, low-carbon Honda that is truly strong on the global stage, starting on the production floor.

One of the most symbolic of the environmental initiatives undertaken at the Yorii Plant can be found on its roof, the entire area of which is covered with solar panels. The power generated by those panels is used at the plant, but the 2.6 MW installation, the largest in the automotive industry, was designed to produce enough electricity to sell back to the grid. The plant also employs painting technology that is the first of its kind in the industry, which it has deployed to facilitate environmentally friendly manufacturing. Using the more advanced paint materials, it eliminates a middle coating process to realize a 3-coat/2-bake painting process that can be used for any exterior paint color. As a result of these innovations, the plant has succeeded in slashing overall CO<sub>2</sub> emissions per vehicle by 35%, making it the world's most environmentally advanced manufacturing facility. We have already made the decision to apply these initiatives to a new plant in Mexico, which is slated to begin operations in the spring of 2014. Going forward, we will continue to pursue the evolution of manufacturing by speedily applying concrete technologies across borders to our operations worldwide.

Alongside the environment, Honda treats safety as a key priority. Our founders' strong commitment to safety forms the basis of this focus. We have actively undertaken safety initiatives leading the industry in terms of both products and services, such as traffic safety initiatives and developing first airbag system in Japan, in keeping with our philosophy of pursuing the safety of everyone who participates in our transportation-oriented society, a priority captured in one of our founder's pronouncement that "the means of transportation must respect human life." Based on this stance toward safety, Honda recently adopted "Safety for Everyone" as its global safety slogan. As we accelerate our environmental initiatives under the global environmental slogan of "Blue Skies for Our Children," which was adopted in 2011, we will also deepen our safety initiatives in an effort to realize a safe and secure transportation-oriented society and, by extension, an accident-free, mobility-based society.

**Pursuing the “cycle of joy” in order to become a company society wants to exist**

Consider the LP gas generator that Honda developed in the aftermath of the 2011 earthquake. The device was commercialized in just three months thanks to the passion and enthusiasm of associates who felt driven to help out by making use of the LP gas that was widely used by homes in disaster-stricken areas. Honda has historically pursued a program of corporate activities based on its fundamental beliefs of Respect for the Individual and the Three Joys. In short, creating exceptional products while respecting and affirming one another so as to delight the customers who use them gives us joy and fuels our dedication to embrace new challenges. We believe that this cycle is important, and we have pursued locally rooted activities that seek to share joy with residents around the world. No matter how convenient our lives become as infrastructure and communications capabilities are developed, customers' desire to travel freely remains unchanged. Personal mobility makes it possible for customers to go where they wish to go, and to travel to meet the people they wish to meet. We will continue to provide good products to customers with speed, affordability and low CO<sub>2</sub> emissions, expanding rich, satisfying, and enjoyable lifestyles that are characterized by personal mobility while emphasizing the environmental and safety issues. We at Honda will continue to act as a company society wants to exist by creating exciting products that resonate in the hearts of customers and all stakeholders in accordance with the people-oriented approach to manufacturing that lies at our very origins.

Takanobu Ito  
President, Chief Executive Officer and  
Representative Director  
July 2013

## 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**

#### **Founders' messages**

#### **CSR initiatives based on the Honda Philosophy**

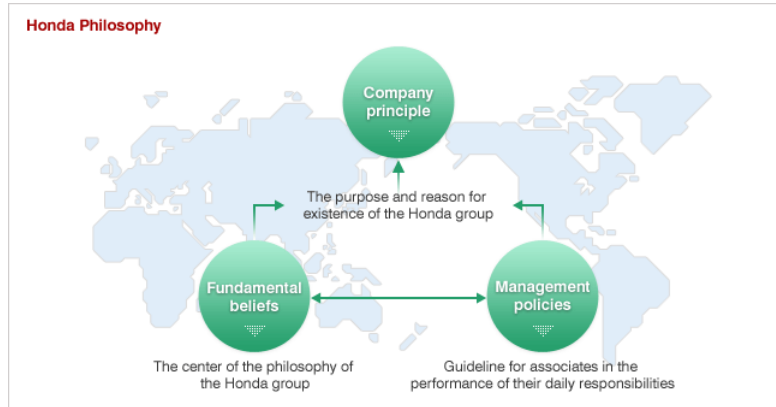
For the direction of the 21st century, Honda has established a corporate vision of striving to be a company that society wants to exist based on the Honda philosophy.



## Honda's Roots, "Honda Philosophy"

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

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



### Company principle

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

### Fundamental beliefs

#### Respect for the individual

##### Initiative

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

##### Equality

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

##### Trust

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

#### The Three Joys

##### The joy of buying

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

##### The joy of selling

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

##### The joy of creating

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

### Management policies

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

## 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")

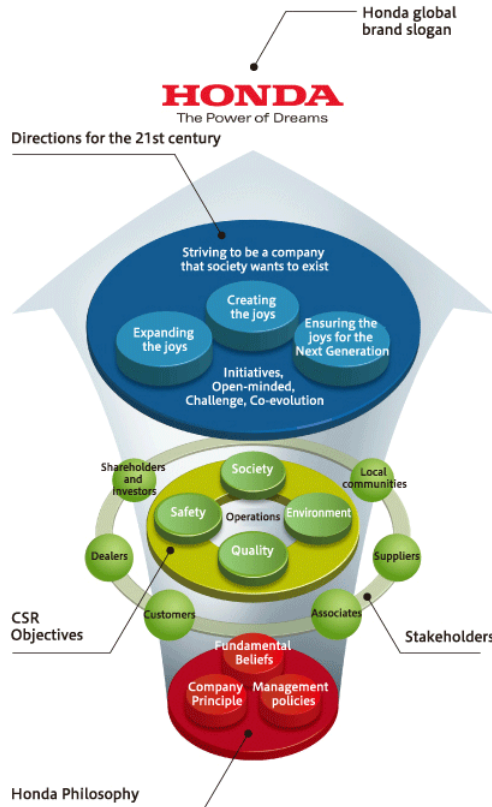


## CSR initiatives based on the Honda Philosophy

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.



Feature 1

## A global "mother plant" designed to be people- and Earth-friendly

The much-anticipated beginning of operations at the Yorii Plant at Honda's Saitama Factory

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CONTENTS 02

Triple Zero:  
Toward a zero-impact society

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Our flagship plant,  
featuring advanced production  
and environmental technologies

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CONTENTS 03

CONTENTS 04

Producing  
the world's eco-friendliest products  
at the world's friendliest plant

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Coexisting with  
nearby communities  
and the natural environment

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Feature 2

## Passing on Honda's genes to the N

Supporting Japanese society with joy and richness

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The Honda Philosophy  
as expressed in the  
N series

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Supporting customers  
who require nursing  
care

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N-One:  
Unprecedented quality  
in a mini-vehicle

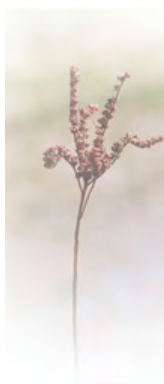
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## A global "mother plant" designed to be people- and Earth-friendly

Feature 1

The much-anticipated beginning of operations at the Yorii Plant at Honda's Saitama Factory



On July 9, 2013, the Yorii Plant at Saitama Factory began operations as Honda's newest production facility in Japan, joining the five factories and seven plants that the company already operates in the country. As Honda's eighth plant dedicated to producing completed automobiles, the Yorii Plant will play a leading international role as the company's "mother plant" through the development of highly efficient production capabilities that use state-of-the-art technology.

## Realizing Honda's environmental and safety vision

Honda recognizes that addressing the three issue areas of climate change and energy, resources, and biodiversity will be critical to its ability to realize its environmental and safety vision, which is based on "the Joy and Freedom of Mobility" and "a Sustainable Society Where People Can Enjoy Life." We sort out the factors that define the impact of our corporate activities and the use of our products on the global environment in terms of these issue areas.

Throughout every stage of the product life cycle, we strive to minimize use of newly extracted fossil energy and other resources as well as all other environmental impacts, starting with greenhouse gas emissions. Going forward, we will work to eliminate all greenhouse gases that are emitted through use of Honda products in mobility and daily life.

In the production domain—one of seven domains that characterize Honda's corporate activities—we are focusing our attention on the pursuit of green factories based on the ideal of "producing the world's eco-friendliest products at the world's friendliest plant." The newly operational Yorii Plant at our Saitama Factory is poised to become a leader in that effort as it implements new advances in manufacturing.



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Triple Zero:  
Toward a zero-impact society



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Our flagship plant,  
featuring advanced production  
and environmental technologies



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Producing  
the world's eco-friendliest products  
at the world's friendliest plant



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Coexisting with  
nearby communities  
and the natural environment



# Triple Zero: Toward a zero-impact society



## Our vision of zero CO<sub>2</sub> emissions, energy issues, and waste

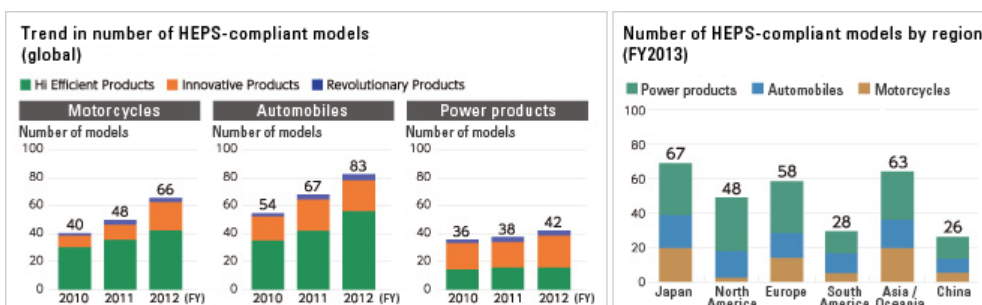
Honda recognizes climate change and energy issues, resource issues, and biodiversity as environmental issues that demand action. Triple Zero is our vision of how these problems can be addressed in the future. A Triple Zero society can be

realized by eliminating CO<sub>2</sub> emissions with in-house renewable energy to address climate change, eliminating energy risk to address energy issues, and eliminating waste through aggressive pursuit of the 3Rs to address resource issues. Honda also recognizes the theme of coexistence with local communities as typified by the conservation of biodiversity in the process by which this Triple Zero program is implemented.

We will address climate change by striving to eliminate CO<sub>2</sub> emissions across every stage from the generation of electricity to the operation of vehicles by achieving an optimal mix of in-house renewable energy technologies such as solar power and bioethanol. We will also address energy issues by striving to eliminate energy risk through the development of management technologies such as the Honda Smart Home System (HSHS), which implements home production and home consumption of energy, and through the skillful use of energy. As an example of a specific step we're taking to address resource issues, we're striving to expand the scope of our reduce-reuse-recycle program in an effort to recycle all waste products from our plants.

## HEPS, Honda's proprietary environmental performance standard

To provide products that conform to our Triple Zero policy, we categorize and certify products as described below by comparing CO<sub>2</sub> emissions throughout the life cycle with previous models to assess how much emissions have been reduced. Products categorized as Hi Efficient Products (with internal combustion engines that operate at increased levels of efficiency), Innovative Products (which incorporate innovative environmental technologies and features to accommodate energy diversification), and Revolutionary Products (which use renewable energy such as hydrogen or solar power) are certified under the Honda Environmental Performance Standard (HEPS).



Number of HEPS-compliant models by region in FY2013

# Reducing environmental impact

## in all seven business domains

Early on, we began working to reduce the environmental impact of our corporate activities based on our desire to lower not only CO<sub>2</sub> emissions from product use, but also environmental impacts across entire product life cycle. We divide those corporate activities into seven domains: Product Development, Purchasing, Production, Transportation, Sales and Service, Product Recycling (3Rs), and Administration. We believe that the effort to estimate environmental impact factors in each domain and to lower them in conjunction with the environmental impacts associated with use of our products is a key part of realizing Honda's Environmental and Safety Vision, the successful implementation of which will help us gain recognition as a company society wants to exist.

### **Disclosing Scope 3 greenhouse gas emissions in the value chain**

Honda has calculated greenhouse gas emissions from the procurement of raw materials to the production and the sales, and from customer use of Honda products, all the way to the end-of-life treatment of sold products in conformity with the Greenhouse Gas Protocol, a series of guidelines outlining how to calculate greenhouse gas emissions that is widely used worldwide. Our attempt marks the first time for an automaker to actively disclose all greenhouse gas emissions in the 15 categories of Scope 3 as defined by the Protocol. This initiative led to Honda's being recognized as an outstanding disclosure company at the CDP 2012 Japan Conference, which was organized by the Carbon Disclosure Project (CDP), a not-for-profit organization. According to the CDP 2012 survey results, Honda's score makes it No. 3 among automakers worldwide, No. 1 among Japanese automakers, and No. 2 among all Japanese companies. Moreover, for the second consecutive year, Honda was also listed as one of only 51 companies in the CDP's "Carbon Disclosure Leadership Index" (CDLI), which features companies that have demonstrated leadership in carbon disclosure. In this way, Honda's carbon performance and disclosure practices have earned outside recognition.

\*GHG Protocol: A calculation standard developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). The Protocol augments traditional Scope 1 (direct emissions from operations that are owned or controlled by the reporting company) and Scope 2 (indirect emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company) with Scope 3 (covering emissions from sources other than corporate activities, for example raw material extraction, procurement, and transport as well as product use and disposal).

## Our flagship plant, featuring advanced production and environmental technologies

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### A “mother plant” capable of **high-efficiency production**

The Yorii Plant, which was designed to produce compact automobiles, began operations on July 9, 2013. By embracing the challenge of pursuing manufacturing in an environmentally friendly way, for example with high-efficiency production lines, the facility, which will serve as the “mother plant” for the new Fit series, which will be manufactured worldwide, will play the role of deploying those technologies at the other

plants in Honda’s six world regions as the leader in advanced production technology. The start of operations at the Yorii Plant brings to three the number of facilities operating at the Saitama Factory, which is also home to the Ogawa Plant, which produces engines, and the Sayama Plant, which performs multi-model, mixed production. The Ogawa Plant has begun supplying engines to the Yorii Plant, which is a particularly important part of Honda’s drive to establish a high-efficiency production system.



**Ko Katayama**

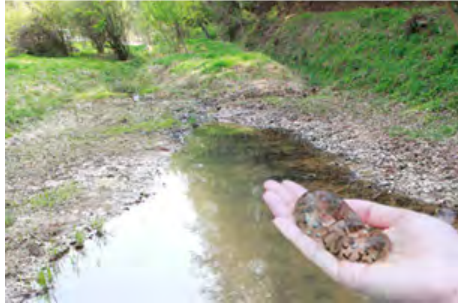
Executive in Charge of Production Strategy  
for Automobile Operations

Head of Supply Chain Management  
Supervisory Unit in Automobile Production  
for Automobile Operations



The building's megasolar power generation facility (top)

Eggs of *Hynobius tokyoensis*, a species of salamander that lives in a biotope on the plant's premises (bottom)



## At the forefront of environmentally friendly manufacturing

At the Yorii Plant, we're pursuing the kind of environmental initiatives that are only possible when starting up a new facility from scratch. As a result, we were able to achieve a life cycle recycling rate of greater than 98% for the building. We've also been able to lower CO<sub>2</sub> emissions dramatically compared to previous facilities through careful management of solar power and air-conditioning systems, waste heat use, and other aspects of operations.

In addition to aggressively streamlining production and practicing environmentally friendly manufacturing at the plant, we plan to engage in a variety of community service activities in keeping with our local focus. We've installed biotopes of about total 16,000 square meters in forestland that stretches across some 280,000 square meters, or approximately 30% of the plant's premises. The area is designed to help protect rare species such as the salamander *Hynobius tokyoensis* and the fish *Lefua echigonia*. The biotopes not only will be used for normal plant tours, but also will be open for use by the community as a place where local residents and children can learn about the environment and experience nature.

## Overcoming numerous changes

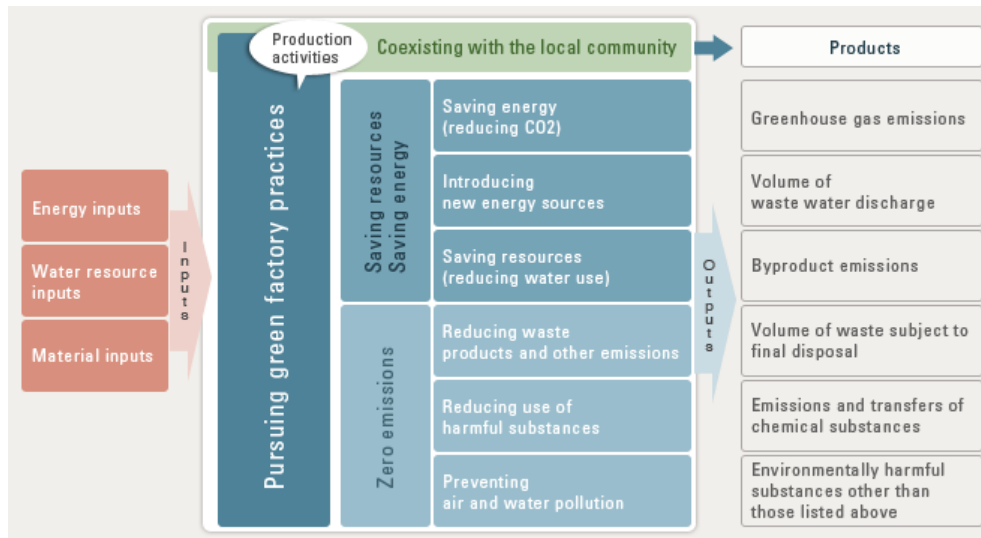
Planning the Yorii Plant was by no means a smooth process. Until the Lehman Shock of 2008, we planned to manufacture mid-size and larger automobiles with next-generation environmental technologies in a manner that would fulfill the expectations of Saitama Prefecture, the town of Yorii, and local residents. However, subsequent major changes in the business environment forced the plan to be delayed twice, once in December 2008 and then again in March 2009. Then the much-awaited restart of construction was announced in September 2010, but we changed directions based on social changes, specifically a downsizing trend accompanied by growth in demand for compact vehicles in emerging markets.

World affairs and the business environment will keep changing, but we look forward to continuing to advance a diverse range of technologies as we strive to inspire high expectations on the part of customers worldwide while aggressively managing manufacturing and upstream processes.

# Producing the world's eco-friendliest products at the world's friendliest plant

## Production domain initiatives based on a green factory plan

To develop a people- and Earth-friendly plant of which the local community can be proud, we're pursuing green factories in our production domain as a way to work toward saving energy and resources and achieving zero emissions. Going forward, we will continue to strive to produce the world's eco-friendliest products at the world's friendliest plant—a plant of which the local community can be proud.



Pursuing green factory practices by working to save energy and resources and achieve zero emissions

## The Yorii Plant's vision of what it means to be a leading environmentally friendly plant

The Yorii Plant, which began operations in July 2013, is a leading environmentally friendly plant based on Honda's Triple Zero philosophy. It is a recycling-oriented facility with an extremely small environmental footprint, and it strives to achieve a high level of resource and environmental efficiency as part of a larger effort to operate quietly and with a high level of transparency so as to inspire pride on the part of the local community.

The Yorii Plant is based on the concept of communicating the ideas of new value, creativity, and evolution to the world. By adopting a flexible approach to the market environment and supplying affordable products with world-class quality in a timely manner, the plant will implement high-efficiency, low-cost operations with a small footprint. It will also disseminate leading environmental technologies to the world by maximizing resource

and energy efficiency and establishing low-carbon production technologies designed to halve CO<sub>2</sub> emissions. Finally, the plant will seek to effect innovation in manufacturing by empowering individual employees to play leading roles based on the keyword "3S+C," obtained by adding the "C" of communication to the three Ss of simplicity, shuchu (concentration), and speed.

**Major environmental initiatives of the Yorii Plant at the Saitama Factory (construction-related)**

<b>Zero CO<sub>2</sub> emissions using original renewable energy</b>	<ul style="list-style-type: none"> <li>• 2.5 MW megasolar power generation installation on the assembly and inspection building</li> <li>• Environmentally friendly LNG-based cogeneration</li> </ul>
<b>Zero energy risk</b>	<ul style="list-style-type: none"> <li>• Energy Center that implements a high-efficiency energy supply system and heat utilization through visualization and a waste-heat cascade</li> <li>• Reduction of environmental impacts with airtight, super-insulated energy-saving buildings and displacement air-conditioning</li> </ul>
<b>Zero waste</b>	<ul style="list-style-type: none"> <li>• Welcome Center built using materials produced in Saitama Prefecture</li> <li>• Plant built using recyclable construction materials</li> <li>• Processing of cafeteria waste oil for use as biofuel</li> </ul>
<b>Coexisting with the local community</b>	<ul style="list-style-type: none"> <li>• Afforestation of the plant's outer periphery, site, and wall surfaces in a way that does not interfere with movements of wildlife</li> <li>• Installation of biotopes of a total of about 16,000 m<sup>2</sup> in area on the east and west sides of the site</li> </ul>

## Honda low-carbon production technology introduced in Yorii

The Yorii Plant, which uses production lines characterized by the coexistence of work robots with human workers, has introduced a variety of innovative technologies in the pursuit of automation and efficient manufacturing. One such technology, Honda Smart Ecological Paint (Honda S.E. Paint), a short-process, advanced paint, has dramatically improved painting efficiency.



Testing of Honda S.E. Paint

Honda S.E. Paint eliminates a middle coating process from a commonly used 4-coat/3-bake auto body painting process to realize a 3-coat/2-bake water-based painting process. Conventionally, eliminating the middle coating process would have restricted the paint colors that can be used; however, Honda overcame this challenge by developing a highly-functional material for the color base coat used in the final coating process. This material used for the color base coat makes it possible to use any exterior paint color, which is an automobile industry first for a 3-coat/2-bake process\*.

Moreover, in addition to the Honda S.E. Paint, Honda also will introduce a wall-mounted paint robot system with a built-in quick load / quick wash paint tank. This will lead to a significant improvement in painting efficiency, reduction of the amount of paint materials and a 40% reduction in the number of processes compared to a conventional painting process. As a result, the amount of CO<sub>2</sub> emitted during the painting process will be reduced by 40%.

\* Honda's internal research

## Coexisting with **nearby communities** and the natural environment

### Honda Biodiversity Guidelines

#### Basic Statement

We recognize, under the Honda Environment Statement, that biodiversity conservation initiatives are an essential part of our commitment to the preservation of the global environment. We will continue to work toward harmony between this commitment and our activities.

#### Priority Activities

##### 1 Development of Environmental Technology

We will contribute to the conservation of biodiversity by developing and disseminating technologies for fuel-efficient vehicles, next-generation cars, and energy-production and other technologies for the reduction of environmental impacts.

##### 2 Initiatives Based on Corporate Activities

We will work to reduce environmental impacts and ensure the effective use of resources through efficiency improvements.

##### 3 Cooperation with Communities

We will implement community-based activities in cooperation with stakeholders, using expertise accumulated by Honda through its initiatives to protect ecosystems, such as the Community Forests and Hello Woods initiatives.

##### 4 Disclosure and Sharing of Information

We will share information with society by disclosing the outcomes of our activities.

Established in May 2011

## From Community Forests to the Hello Woods program

Honda has a tradition of paying attention to the issue of biodiversity, which may be affected by its corporate activities. We began efforts to protect the environment and coexist with local communities from an early stage in our history, including starting to plant trees at plants and recycle and reuse industrial water in the 1960s and launching the Community Forests program in 1976. Hello Woods, which opened at Twin Ring Motegi in 2000, implements a natural environment with an appropriate level of human care and maintenance based on the theme of recreating a traditional Japanese satoyama, or village forest. We also formulated the Honda Biodiversity Guidelines in 2011 based on our past approach to the conservation of biodiversity and associated activities, and we have begun biodiversity conservation initiatives at five worksites in Japan.

# The Yorii Plant biotopes

## as village forests

Biotopes of a total of about 16,000 square meters have been installed on the east and west sides of the Yorii Plant. These biotopes are the product of planning that took into account the need to avoid dividing valuable wetlands at the nearby Ogawa Plant and interrupting the lives of its wildlife. By conserving the valuable ecosystems that existed in the planned site for the Yorii Plant so that the natural environment that characterized the area in the past could be passed down intact to the next generation, the plant is striving to become a facility in which the local community can take pride.

The biotopes drew on Honda's Hello Woods initiative. In an effort to ensure that the company can coexist with people, nature, and local residents, and to avoid too much human interference in the biotopes, only the minimum necessary amount of management was practiced during its first three years so as to allow nature to take its course. More active management began after that initial period.

Furthermore, the plant is working to conserve a more diverse natural environment by restoring rundown satoyama village forests through active management. Illustrating the transition from the Community Forests effort undertaken in the past at worksites in Japan to a more evolved biotope program, the environmental initiatives at the Yorii Plant are a first step to realizing Honda's goal of Triple Zero and coexistence with local communities.



The biotope on the east side of the Yorii Plant

### Rare plant and animal species living at the Yorii Plant

Harvest mouse, forest green tree frog, giant purple butterfly, *Luciola cruciata*, *Hynobius tokyoensis*, *Lefua echigonia*, Chinese ground orchid, *Lycoris sanguinea*, *Scirpus fuirenooides* Maxim, *Cephalanthera longibracteata*, calanthe, bur reed, *Monotropa uniflora*, *Penthorum chinense*

## As a partner in environmental assessment

Coexistence with the environment is considered to be an important aspect of corporate activities in the 21st century, and companies are under pressure to practice environmental management from the standpoint of CSR. For companies, the environmental assessment approach has become increasingly important. Environmental assessment is significant as a way to check environmental protection, exchange information with local communities, engage in planning that takes into account environmental concerns, and communicate information about an organization's stance on the environment to outside stakeholders.

Efforts to address environmental concerns along these lines were made in the environmental assessment carried out at Honda's Yorii Plant.

Part of the process of checking environmental protection involves making an evaluation from the environmental standpoints of lifestyle and nature. Various aspects of the process pose compliance challenges due to the ambiguity of the evaluation criteria for the natural environment, the difficulty of making quantitative projections and evaluations, and the irreversibility of certain impacts. The Yorii Plant worked to accommodate the views of the governor of Saitama Prefecture in conducting its environmental assessment.



**Osamu Kajitani**  
Senior Executive Director  
Polytech ADD, Inc.

Following its submission of a study plan in 2006, the plant has sought the views of local residents and the prefecture's governor at every stage in its effort to exchange information with the local community. The plant again sought input with the start of construction in 2007 and the submission of a post-study in 2010, and it plans to do so again following the planned submission of another post-study in 2015.

In its effort to conduct planning that takes into account environmental concerns, the plant has considered impacts on animal and plant life and local ecosystems in keeping with the views of the governor of Saitama Prefecture. Based on a wide-area ecological network, officials worked during the planning phase to avoid cutting in half nearby forestland and ultimately ended up deciding to conserve and create biotopes on the east and west sides of the plant's site. In this way, it became possible to conserve plant and animal species.

The plant has also worked to communicate information about its stance on the environment to outside stakeholders by publishing study plans, preparatory documents, and post-study documents and by utilizing state-of-the-art technologies in partnership with experts.



Feature 2

## Passing on Honda's genes to the N

Supporting Japanese society with joy and richness

### Benefits of the N:

The joy of mobility and a rich, sustainable society

Honda launched its first mass-produced mini passenger vehicle, the N360, in 1967 with the goal of introducing a car perfectly suited to the Japanese consumer as conceived by founder Soichiro Honda. The vehicle, which had been designed to offer strong appeal in the three key areas of interior comfort, power, and price, enjoyed explosive popularity in Japan during a time of high economic growth. In this way, Honda was able to bring the joy of car ownership to many customers.

More than forty years later, Honda returned to its roots to design a mini passenger vehicle that would be ideal for the Japan of today, and the result was the N series, a line of three new mini passenger vehicles that have inherited the DNA of the N360. All have enjoyed strong support from customers, with the N Box series posting the highest sales figures of any new mini-vehicle during the first half of 2012. The N Box and N Box+ won a 2012 Good Design Award, and the N Box+ was chosen as the 2012-2013 Japan Automotive Hall of Fame Car of the Year.

Many years ago, the N360 brought a large amount of joy to Japan. Today, Honda is seeking to become a company that society wants to exist by delivering the value Japanese consumers demand in the form of the N series, a new line of vehicles that have inherited the N360's DNA.



01

The Honda Philosophy as expressed in the N series



02

Supporting customers who require nursing care



03

N-One: Unprecedented quality in a mini-vehicle





## The Honda Philosophy as expressed in the N series



A newspaper ad from 1966, when the N360's pricing was announced, promoting the car's interior comfort, which was made possible by designing the cabin first

a car with a comfortable cabin space, different from other mini-vehicles that compelled customers to endure discomfort. By minimizing space required for mechanical components such as engine room, Honda engineers were able to maximize seating space for passengers. This approach was to become part of the M/M concept (man maximum, machine minimum) that forms the basis of Honda's approach to the manufacture of automobiles.

Concerning power, Soichiro said, "The many mini-vehicles that have been made to date are by no means well suited to Japan's roads. This is because they lack power, which is the primary determinant of consumers' emotional reaction to cars. A lack of power means these cars won't accelerate. They can't be driven quickly, and the resulting inability to pass could cause many traffic accidents" (Honda Company News, No. 41, as published in March 1959). Soichiro required the N360 to have a powerful engine. As a result, the vehicle delivered so much power that journalists participating in a test-drive event remarked with interest that it "accelerates as if it were a sports car."

When the N360 was priced at ¥313,000—tens of thousands of yen cheaper than competitors' offerings—some employees at the time questioned whether it needed to be sold so cheaply. But Soichiro wanted sold so cheaply. But Soichiro wanted to make the N360 "the highest-performance, most affordable compact car in the world" so that it would become the "second Cub," referring to Honda's popular motorbike (from a lecture given in November 1947). His dream was to fill the world with this vehicle into which he had poured himself, so drastic pricing was set.

## The founder's passion for the N360, the ancestor of the N series

Honda's first mass-produced passenger vehicle, the N360, was launched in March 1967. The car embodied the passion for the ideal car of founder Soichiro Honda.

Soichiro placed particularly high importance on interior comfort, power, and price.

At the time, he said of interior comfort, "Cars can be made smaller, but not the people who use them. It would be difficult to make only cars small" (Honda Company News, No. 28, as published in February 1958). Honda started with the cabin when it designed the N360 with the goal of creating

Today, Honda Philosophy is founded on the Three Joys (the joy of buying, the joy of selling and the joy of creating). Soichiro placed particular weight on the joy of buying. The pursuit of interior comfort, power, and price as described above was undertaken in order to deliver this joy of buying. As a result, the N360 became the top-selling mini-vehicle just two months after its launch. Honda began exporting the car in volume in 1968, and cumulative production units of the N series had passed the 1 million mark by 1970. The vehicle, which redrew the map of the mini-vehicle industry, brought the joy of buying to a large number of customers, just as Soichiro Honda had intended.

The N series is back after more than forty years, having inherited the DNA of the N360. Through it, our founder's dream of bringing joy to customers lives on, uninterrupted.



The 13th Tokyo Motor Show (1966), where the N360 attracted attention

## Bringing customers joy of car ownership again in the mini-vehicle category, where Honda's roots lie

Honda launched the N360 in 1967 during Japan's period of high economic growth in an effort to create the ultimate citizen's car. It is significant for Honda that the company's first mass-produced passenger vehicle was a mini-vehicle. As is apparent from the fact that Honda's history began with the production of auxiliary engines for bicycles, Honda's roots stretch back to basic, daily mobility. What we at Honda are trying to do today has not changed at all from the time of our company's founding: to manufacture products that meet customer needs.

Following the Lehman Shock, the trend in the automotive market quickly shifted to small, mini-vehicles. Although large vehicles make a larger contribution to the bottom line from a purely profit-oriented perspective, Honda's commitment to being a company that society wants to exist requires it to reliably deliver products that are good for customers. The N series was created through a sustained research effort that sought to get back to Honda's roots—meeting customers' needs. That overriding goal encompasses everything that employees involved with the N series think about on a daily basis.



Sho Minekawa  
Chief Operating Officer,  
Regional Sales  
Operations (Japan)

The N series incorporates the message that we wish customers to experience again the joy of car ownership that characterized the era of the N360. But this wish goes further than mere nostalgia, and it goes further than low cost and good fuel economy. The N series expresses the joy of car ownership for a new era in a way that is uniquely Honda.

What does being a Honda-style mini-vehicle mean? It can only mean a completely new type of mini-vehicle that offers value not found in competing products. That's why we redesigned the N series' platform and engine to maximize the technology and brand strength of Honda. Thanks to technologies such as a center-tank layout and new engine, this new vehicle is extremely efficient. Functional beauty born of the pursuit of maximum efficiency: We believe that's what being uniquely Honda means for the N series.



## Supporting customers who require nursing care

### Taking a hard look at Japanese **consumers, communities, and lifestyles**

What sort of value do today's Japanese consumers demand in a mini-vehicle? Cars are used in various applications, including leisure activities, shopping, and raising children, but nursing care has also emerged as an important social issue.



Artist's conception of a wheelchair being loaded into an N Box+ wheelchair-accessible model (with G/L package)

Nursing care has ceased being exceptional and become a normal stage of life. If only consumers could continue to use their car when they begin to use a wheelchair, instead of being forced to purchase an expensive, specially designed vehicle. If only there were a reasonably priced vehicle that could serve those nursing care needs while also doing double duty for shopping and hobby-related activities. Honda's answer to the expectations of customers with these needs is the N Box+.

The N Box+ was developed based on wheelchair-accessible vehicle specifications so that nursing care could become a more familiar part of customers' lives. We used a vehicle body designed specifically to accommodate wheelchair-accessible vehicle specifications—one that is normally used for special models only—as the base for all series vehicles. In this way, the Multiuse Body was created based on Honda's uniquely unconventional approach.

### Making **wheelchair-accessible cars** a more familiar part of customers' lives



N Box+ ramp and center-tank layout (artist's conception)

The most striking feature of the N Box+, which was developed based on an unconventional approach that draws on wheelchair-accessible vehicle specifications, is its sloped floor, a feature that to date has only been used in wheelchair-accessible vehicles. By sloping the low floor and combining with an aluminum slope, the vehicle delivers a new level of

convenience for not only nursing care, but also normal use and leisure activities.

This sloped floor was made possible by the N Box+'s center-tank layout, which moves the

fuel tank from underneath the rear seats and cargo area to a new position underneath the front seats. Engineers also drew on the design of the sloped floor used in wheelchair-accessible versions of the Zest and Freed. This approach allowed layout issues in the form of questions about where to position various components to be clarified quickly and resolved through an intensive focus on the design process.

Adopting this sloped floor in all series models eliminated the need to design a special body for wheelchair-accessible models, dramatically lowering costs. As a result, we are able to offer a wheelchair-accessible vehicle to customers who require it at a reasonable price.

## Providing a spacious and comfortable interior for nursing care and leisure alike

Honda's M/M concept has been inherited as part of an uninterrupted legacy that began during the era of the N360. This basic concept of maximizing space for people and minimizing space for mechanical components underlies Honda's overall approach to automobile manufacturing, and it lives on in the N Box+.



Artist's conception of a passenger in a wheelchair in a wheelchair-accessible N Box+

Even when used as a wheelchair-accessible vehicle, the N Box+ features a high ceiling in the passenger space, while the rear seats can be stowed flat in the floor so that there is no feeling of crowding. A detachable handrail ensures occupants' time in the vehicle is a pleasant one.

Additionally, a bed large enough to accommodate a 190-centimeter person can be made by folding the rear seats down and reclining the front seat backs. We worked to achieve the optimum shape for the seats to support the body while driving and to provide a flat feel when used as a bed. The result is a contour that fits the shape of the back naturally and smoothly.

In this way, the N Box+ was born of an unconventional approach that led to a multiuse body instead of a special body engineered specifically for wheelchair-accessible models. The result not only makes nursing care a more familiar part of customers' lives, but also dramatically expands the potential ways in which the car can be used.

### Honda's technical skill and dealer initiatives bring customer joy to fruition

At the Takino Branch of Honda Cars Nishiwaki, a dealer in the city of Kato in Hyogo Prefecture, President Hiroko Maruoka, who inherited the business from her father, strives to develop long-term relationships with customers by consistently exciting and inspiring them. We asked Ms. Kurosaki, a longstanding customer of the dealer, about her experience there.

Ms. Kurosaki, who has been a customer of the dealer for 30 years, purchased an N Box+ for her mother-in-law, who uses a wheelchair.



Ms. Kurosaki, who purchased an N Box+ at the Takino Branch of Honda Cars Nishiwaki

"My mother-in-law loves the car," she explains. "It's easy to get into and out of, and visibility from the back seat is good. We chose it because the fit and finish doesn't make you feel like you're driving a mini-vehicle." Honda's accumulated technical skill and the relationships dealers have built with customers complement one another. The slow, steady efforts of both parties have brought customer joy to fruition.



Unprecedented quality for a mini-vehicle:

## N-One

### Carrying on the N360's DNA in true form

The N-One is the third model in the N series, after the N Box and N Box+. It takes its design motif from the N360 and carries on its DNA in true form.



N-One with the G/L package (FF)

With the debut of the inexpensive N360, many consumers experienced the joy of car ownership for the first time during Japan's high-growth years. Subsequently, Honda sought to identify what kinds of joy could be realized through car ownership in contemporary Japan. The result of this process was an effort to invest our expertise and technology into every aspect of the mini-vehicle—design, driving performance, safety, and ease of use—so that it would embody our approach to quality.

The N-One is the result of an effort to create a new, basic vehicle for the future in Japan as a car loved by the customers over the long term. This is a vehicle that gives shape to Honda's approach to quality.

### Delivering unprecedented quality with Honda technology



Forms that inspire fondness over the long term comprise a universal style that complements every scene and lifestyle in Japan. We gave the N-One a trapezoidal form that reflects the care given to its air resistance and pursued stability by positioning the tires as far out into the corners of the body as possible.

N-One's "eye," a symbol of Honda's commitment to quality

friendly design, which evokes a person's eyes, are the headlights, round LED position lamps, and turn signals. The design crystallizes a variety of functions and ideas.

The headlights give character to the N-One's endearing front look. Behind the

The projector-type headlights illuminate more of the road surface with greater uniformity than standard lamps. Design features that limit leakage of the light upwards increase nighttime safety by limiting glare for oncoming drivers.



The headlight design crystallizes various functions and ideas (artist's conception).

## Giving customers a level of safety that is unprecedented for a mini-vehicle



Emergency Stop Signal: The hazard lamps automatically start flashing quickly in the event of abrupt braking.

The N-One is the first mini-vehicle\* to include an Emergency Stop Signal function as standard equipment, reflecting Honda's desire to reduce the number of rear-end accidents. When the system determines that the brakes have been applied abruptly while driving, it starts lighting brake lamps and blinks quickly hazard lamps automatically to alert the drivers of trailing vehicles.

The N-One also comes standard with a VSA (Vehicle Stability Assist) system that controls side slip and a Hill Start Assist function that temporarily prevents the vehicle from rolling backward for about 1 second when starting on an upward incline. Additionally, all models include airbags for front-end collisions, and some include side curtain airbags that include the rear seats or side airbags for the front seats to provide protection in the event of a side collision. Furthermore, the driver and passenger seats incorporate a cervical impact-absorbing structure that is designed to prevent whiplash in the event of a low-speed, rear-end collision.

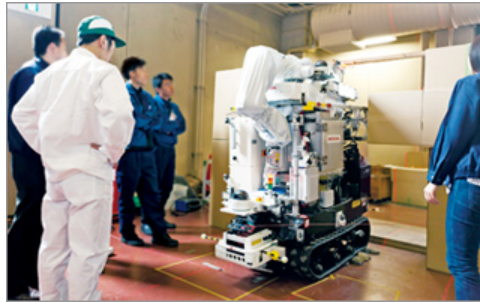
\*Mini-vehicle box-style wagon class (as of November 2012, according to research by Honda)

## CSR History

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

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

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



### Technology is for people Bringing ASIMO technology to the Fukushima Daiichi Nuclear Power Plant

Honda has been conducting robot research for more than a quarter of a century. This section introduces the thinking of some of our developers as well as the current state of Honda Robotics as we accelerate an effort to embrace new challenges in the aftermath of the recent earthquake.



### History of the development of safety technologies at Honda

As a company that creates products to which people entrust their lives, Honda puts customer safety first. This approach reflects Honda founder Soichiro Honda's beliefs concerning safety. This section introduces the history of Honda's research into safety, which has remained true to the founder's philosophy while generating numerous proprietary Honda technologies that are the first of their kind in the world.

## Technology is for people Bringing ASIMO technology to the Fukushima Daiichi Nuclear Power Plant



### High-Access Survey Robot begins working at TEPCO Fukushima Daiichi Nuclear Power Station

Honda Motor Co., Ltd. and the National Institute of Advanced Industrial Science and Technology (AIST) have jointly developed a remotely controlled survey robot that will conduct on-site surveys on the first floor of a nuclear reactor building at Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power Company, Inc. (TEPCO) and help discern structures in high and/or narrow areas. This newly-developed survey robot began working inside the reactor building on June 18, 2013. The survey robot was developed to support the actual needs based on information provided by TEPCO concerning conditions inside the reactor building. AIST developed the high-area accessible crawler work platform and Honda developed the survey-performing robot arm, which is installed on the top of the platform.

In developing the survey-performing robot arm, Honda applied the following technologies which were developed originally for ASIMO, Honda's humanoid robot:

- Technologies that enable 3D display of structures surrounding the subject of the survey using a 3D point cloud (a group of vertices in a coordinated system)
- A control system that enables simultaneous control of multiple joints
- Control technologies which enable the robot arm to absorb the impact when it makes physical contact with surrounding structures

With these technologies, the newly developed robot arm that can easily approach hard-to-see objects that are behind other objects in a structurally-complex environment in the reactor building by applying simultaneous control on multiple joints. When approaching the objects, the robot uses a zoom camera, laser range finder and dosimeter located at the tip of the arm to confirm detailed images, collect 3D data and identify the source of radiation.

For the high-area accessible crawler work platform applying a structure with a low center of gravity that enhanced the stability of the robot, AIST applied its various remote control technologies and ingeniously positioned camera, lights, laser marker and other devices, enabling it to be remotely controlled via 400-meter fiber-optic wired LAN and wireless LAN. Moreover, Honda and AIST jointly developed an intuitive remote-control interface. Using this interface, the operator can control the robot from a remote location such as the Main Anti-earthquake Building and allow the robot to maneuver in dark and narrow places in the reactor building. Once the robot reaches a target spot, the mast can be extended to survey areas as high as seven meters without hitting the robot arm against surrounding structures.

### Technology is for people

While making progress in the development of ASIMO, a humanoid robot that can be helpful to people while co-existing with people in their daily lives, Honda also has been studying and researching the possibility of using humanoid robots at disaster sites. Following the development of this survey-performing robot arm, Honda will accelerate the development of humanoid robots also designed for use in response to disasters, including the prevention and mitigation of damage caused by a disaster.

In reaction to the Great East Japan Earthquake, AIST has been supporting recovery efforts in various forms including surveying the situation of underground seawater seepage in areas affected by the tsunami, leading the Kesenuma Kizuna Project, conducting and supporting radiation measurement and decontamination, and volume reduction of plant-based radioactive cesium. AIST will continue utilizing mostly its robotic technologies to contribute to the efforts to decommission the TEPCO Fukushima Daiichi Nuclear Power Station.



The High-Access Survey Robot was shipped to TEPCO's Fukushima Revitalization Headquarters on March 25, 2013



During trials in an environment designed to simulate the nuclear plant

▶ We sought technologies capable of playing a useful role in the field

▶ Honda Robotics

## We sought technologies capable of playing a useful role in the field



### What can we do to make life better right now?

The robotics research program at Honda was launched with the basic aim of designing robots to perform useful tasks that make our lives easier. As a provider of mobility solutions, Honda is dedicated to improving our understanding of human functioning and behavior. Given that we supply machinery that people use, it is important that we have a proper understanding of how people think and operate. This is the fundamental principle that underpins the robotics development program.

ASIMO was originally conceived as a communications robot that operates in conjunction with humans, and this remains our research focus in the future. The March 2011 earthquake prompted a change of direction in robotics research at Honda, by illustrating the need for working robots capable of performing tasks in dangerous places on behalf of people. The concept of the working robot is based on the older P1 through P3 models, predecessors to the modern-day ASIMO. We gained a great many new insights during the development of a working robot for use at the Fukushima Daiichi Nuclear Power Station, particularly with respect to identifying key functional requirements and tailoring the available technology to suit those requirements. Rather than concentrating on pure robots research, we are now more committed to working towards the ultimate objective of producing robots that are genuinely useful to society, and naturally this includes the ASIMO.

To this end, we have begun development of a Humanoid Disaster-relief Robot for use at nuclear power stations and industrial sites. The humanoid robot is primarily designed for initial emergency response procedures in the event of an industrial accident, but will also be capable of conducting general workplace safety patrols and inspections at other times.

As part of our research, we visited a number of nuclear and coal-fired power stations and industrial factories and facilities, where we found very many cramped and confined spaces such as narrow stairwells and areas crowded with pipes and conduits. Such spaces can only be traversed by a humanoid robot that walks on two legs like a human. In this way, the recent earthquake has shown us a whole new area of potential for the disaster response robot.

The robot development program will now focus not only on what the robots of the future might do, but how robots can be used right now to meet the needs and expectations of wider society. Honda Robotics is committed to the development of technology and products that satisfy customer expectations. Our mission is to imagine a world in which robots work side by side with humans, while at the same time exploring potential applications of robotics technology in the present day.



Satoshi Shigemi  
Robot development supervisor  
Fundamental Technology  
Research Center  
Honda R&D Co., Ltd.



From the left, P1, announced in 1993; P2, announced in 1996; and P3, announced in 1997



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

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



Honda Robotics logo mark

## New ASIMO

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

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

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



The new ASIMO was announced in 2011

## Principal technological improvements in the new ASIMO

### ○ Intelligence capabilities

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

### ○ Physical capabilities

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

## Task-performing capabilities

Honda has developed a highly functional compact multi-fingered hand, which has a tactile sensor and a force sensor imbedded on the palm and in each finger, respectively, and which acts to control each finger independently. Combined with the object recognition technology based on visual and tactile senses, this multi-fingered hand enables the all-new ASIMO to perform tasks with dexterity, such as picking up a glass bottle and twisting off the cap, or holding a soft paper cup to pour a liquid without squishing it. Moreover, ASIMO is now capable of making sign language expressions which require the complex movement of fingers.

### High-Access Survey Robot

This robot assesses structures and measures radiation doses in high locations inside the completely dark nuclear power plant by using the camera, dosimeter, and lighting installed on the end of its arm. It incorporates various technologies developed as part of Honda's ASIMO project, including an arm that uses ASIMO's multi-joint simultaneous control system and posture-stabilizing control technology, a camera that uses 3D point cloud (a group of vertices in a coordinate system) technology from robot development to enable 3D displays, and a stage engineered to be as small as possible to allow the unit to survey high, confined spaces. It is distinguished by its ability to approach target objects in narrow, equipment-filled locations and to be controlled from a remote location with a low radiation dosage.

The unit was shipped to TEPCO's Fukushima Revitalization Headquarters on March 25, 2013, and began operation in June.



The High-Access Survey Robot, which was shipped to TEPCO's Fukushima Revitalization Headquarters on March 25, 2013

### Walking Assist Device with Stride Management System

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

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

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

Honda is currently providing the Walking Assist Device for use in an experiment being carried out by the National Center for Geriatrics and Gerontology (located in Obu-shi, Aichi Prefecture) to verify its effectiveness in preventing the need for nursing care. Hiroyuki Shimada, manager of the Department for Research and Development to Support Independent Life of Elderly and the individual responsible for the experiment, explained, "This is the first time in the world that research is being conducted into devices like this one that can help people with weakened legs walk. If the results can be scientifically verified, we should see this device used by local governments in the future in programs to prevent the need for nursing care." In this way, work is underway to commercialize the device.



The Walking Assist Device with Stride Management System was announced in 2008

## Walking Assist Device with Bodyweight Support System

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

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

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



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

## U3-X/UNI-CUB

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

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

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

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

\*According to Honda research.



The U3-X was announced in 2009



The UNI-CUB was announced in 2012

## History of Honda safety technologies



Honda began offering a two-point seatbelt, the first of its kind to be available on a domestically produced vehicle, in 1964. In the years since, we have commercialized a series of domestic Japanese and world firsts in safety technology, including an SRS airbag system (1987), 4WS (1987), and pedestrian test dummies (1998). Driving this effort to develop safety technologies is a desire to create an accident-free society in which not only drivers of cars and motorcycles, but all people who use our roads are safe. Today, Honda continues to focus on safety initiatives based on its commitment and strong beliefs in the area of safety.

[▶ Honda technologies that were the first of their kind](#)

[▶ Safety technology timeline](#)

## Honda technologies that were the first of their kind

### Our founders' thoughts on safety, which have been passed down to the present day

When Honda founders Soichiro Honda and Takeo Fujisawa first met, the former said to the latter, "The means of transportation must respect human life." He also said, "I want to make valuing human life the top priority—and the very foundation—of this company." Soichiro Honda also spoke to associates in 1984 of the importance of "being aware of what it means to be a company that makes products to which people entrust their lives" as the origin of Honda. "I want to get back to our roots and reassess whether we're truly, ultimately thinking about this in every aspect of our operations," he said. "I want to change how we think, from top management down to the designer drafting drawings." Soichiro Honda's philosophy concerning safety can be summed up as the idea that a company that makes products to which people entrust their lives must give top priority to the safety of its customers. Soichiro Honda's approach has been passed down to today's Honda developers, who give top priority to customer safety while respecting "going to the actual place," "knowing the actual situation," and "being realistic" above all else. They do not base decisions on regulations. If something is lacking, they create it. The cumulative effect of this approach has been to create numerous proprietary Honda technologies that are the first of their kind. This section draws from initiatives undertaken as part of the company's safety research to introduce some of the technologies Honda has led the world in developing.



Research and development in the 1960s



Soichiro Honda inspecting a vehicle about to be test-driven on a research test course in the 1960s

#### 1980s

#### Pursuing the ultimate in reliability : Airbags

Honda began conducting research into airbags as early as 1971, well before the technology began to attract interest in Japan. After 16 years of effort, we completed the first airbag system to be used on a domestically produced vehicle. The reason Honda spent so much time on researching an unprecedented airbag system was its belief that a safety system cannot be permitted to malfunction. We set ourselves the task of achieving a failure rate of one in a million—in other words, of achieving a success rate of 99.99999%, as close as you get to zero failures in the world of engineering. Through the steady accumulation of technologies that resulted from this approach, Honda achieved the ultimate level of reliability. The first airbag system to be incorporated into a domestically produced vehicle was introduced on the 1987 Legend and saw rapid adoption and widespread use, starting in the mid-1990s.



Honda equipped the 1987 Legend with the first airbag system to be used on any domestically produced vehicle

#### 1980s

#### Giving cars the agility of an animal : SH-4WD

Cars change their direction of movement by changing the orientation of their front wheels, but they would be able to turn even more rationally if they could also change the orientation of their rear wheels. This is the mechanism used by the 4 Wheel Steering (4WS) system, which employs all four tires to turn. In 1987, Honda succeeded in commercializing the theory behind 4WS on a commercially available vehicle. In addition to improving the car's turning performance, 4WS made a significant contribution to safety, for example by making it possible for the vehicle to respond immediately to evasive action taken by drivers attempting to avoid a hazard. Then in 2004, we developed Super Handling All-Wheel-Drive, or SH-AWD, the world's first 4WD mechanism to enable independent control of traction at all four wheels. SH-AWD technology was inspired by the way animals forcibly kick their rear outside leg to turn with greater agility while running. This innovation further boosted vehicle turning performance and safety.

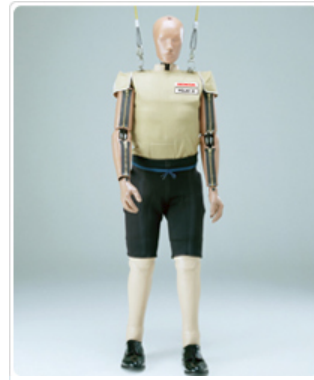


Artist's conception of SH-4WD

**1990s**  
**Creating something new : Pedestrian test dummies**

In 1988, Honda embarked on a program of research into how to protect pedestrians. It became clear to researchers that they needed a full-body model of a pedestrian in order to properly assess accident mechanisms. However, at the time, tools for this type of research were lacking. Deciding that they had no choice but to create the necessary tools themselves, Honda's engineers developed a life-size pedestrian test dummy known as POLAR. In 1998, we announced the first-generation POLAR I, which was designed to reproduce the movements of a pedestrian's head when struck by a car. In 2000, we developed POLAR II, which was capable of evaluating injuries to the knee and leg. Then in 2008, we announced the third, and current, generation of the technology, which can evaluate lower back and thigh injuries with a high degree of precision.

Honda's developers have but one hope: that the "counter-vehicle" technologies analyzed with POLAR test dummies will be put to good use in the research and development not only of Honda vehicles, but of all vehicles that share our roads, thereby gradually improving the safety of the most vulnerable users of those roads.



The POLAR III third-generation pedestrian test dummy, which embodies the hopes of its developers

**2000s**  
**Implementing Honda's absolute standards :  
Indoor omnidirectional Real World Crash Test Facility**

Honda decided to build a large-scale, indoor collision testing facility at the research center in order to allow all engineers involved in developing cars to view the reality of collision accidents that occur in the real world between cars and between cars and pedestrians. An indoor facility was chosen out of consideration for workers, but designers realized that presence of structural support columns inside the building would impose constraints on the range of tests that could be carried out. When they pursued the ideal of an expansive, column-free indoor space that would facilitate the reproduction of a variety of collisions, they ended up creating a facility of unprecedented characteristics. Although the construction process was faced with challenges at every step due to the unique nature of the project, the construction company prevailed by dint of sheer hard work and technological creativity, and the world's first indoor testing facility capable of simulating car-to-car collisions under real-world conditions from every angle was completed in April 2000. Honda has since continued to pursue this type of collision safety research. This effort is reflected in the realization of our proprietary compatibility body, which is designed to deliver a higher level of self-protection performance for protecting vehicle occupants during a collision while simultaneously reducing the impact on other vehicles.



Honda's indoor omnidirectional Real World Crash Test Facility, which rivals Tokyo Dome in area, provides a total of 40,000 square meters of floor space

**2000s**  
**Searching for the optimal timing for driver assistance :  
Collision Mitigation Brake System**

The Collision Mitigation Brake System (CMBS), which debuted in 2003, is another first-of-its-kind function born of Honda's desire to eliminate automobile accidents. All drivers are prone to occasionally lose their focus on the road in front of them due to inattention. When unexpected movement of a preceding vehicle coincides with such an instant of inattention so that the driver realizes what's happening a moment too late, a rear-end collision can result. At such times, CMBS serves as the driver's assistant by helping the car avoid the hazard. Millimeter-wave radar, which works well in all weather conditions, detects information such as the distance to obstructions in front of the vehicle as well as the difference in speed between the car and obstructions over a distance of about 100 meters. When the system determines that the vehicle is at increased risk of a collision, it communicates this hazard to the driver by means of an audio tone and dashboard display. If it further determines that it will be difficult to avoid the hazard, it slows the vehicle by automatically applying the brakes. To make it easier to avoid hazards, the driver must be warned as soon as possible. However, the sooner a warning is issued, the larger the prediction range becomes, increasing the frequency at which warnings perceived by the driver as unnecessary are issued. We formulated the optimal timing for such assistance by driving test vehicles in a variety of environments, including in urban areas and on expressways, for extended periods of time.



CMBS assists in safe driving, never taking a break or looking anywhere but the road ahead while the car is being driven

**2000s**  
**Importance of notifying drivers with an audio warning and highlighting : Intelligent night vision system**

Honda's intelligent night vision system, which was completed in 2004, was the first system of its kind in the world to display difficult-to-see pedestrians in front of the vehicle with video and alert the driver with an audio warning and a highlighted display. Honda began developing the system around 1996. At the time, video from infrared cameras, which provided visibility of several hundred meters even in complete darkness, offered an impressive new capability. However, simply displaying video of difficult-to-see pedestrians was not a solution since such an approach required the driver to continuously monitor the video, keeping his or her eyes focused on the dashboard too much and outside the vehicle too little. Honda therefore began developing technology for detecting pedestrians, but no similar technology was available at the time. In such situations, Honda's engineers are inclined to make whatever doesn't already exist themselves. After about 10 years of development work, they were able to provide functionality for alerting the driver to pedestrians shown on a video display with an audio warning and highlighting. By instantly alerting drivers to the presence of pedestrians but not requiring them to pay attention to the video all the time, the system allows them to focus their attention on what's happening in front of the vehicle, only looking at the video when necessary.



Viewed with naked eye



Viewed with Intelligent Night Vision System

**2000s**  
**Reducing rider injury : Motorcycle airbag system**

Honda developed the world's first airbag system to be included on mass-produced motorcycles in 2005 and began mass-producing and selling the system in 2006. The research project for the system, which cushions the impact if the rider is thrown forward in the event of a frontal collision, began in 1989. Although the conventional wisdom at the time was that motorcycles could not be equipped with airbags, some thought that the possibility could not be dismissed so easily. Although an airbag system for motorcycles could use the same basic components and airbag materials as an automobile SRS airbag system, project engineers had to grapple with the fundamental difficulty of figuring out how to use the airbags effectively. The current airbag system, which has been designed based on numerous anticipated accident types so as to reduce rider injury, was completed after 16 years of trial and error.



Honda's motorcycle airbag system, the first of its kind

## Safety technology timeline



Honda continues to enhance safety technologies while assessing real-world conditions in an effort to assure safety for everyone in our mobility-oriented society. This section introduces some of the history behind the evolution of those safety technologies in the form of a timeline.

### 1960s

【Automobiles】

- 1964 (First in a domestically produced vehicle) Honda introduces the two-point seatbelt (S600).
- 1967 Honda introduces a car with a monocoque body (N360).
- 1968 Honda introduces a car with disc brakes (S800M).



Two-point seatbelt (1968: S600)

### 1970s

【Automobiles】

- 1971 Honda begins research into radar, including car-to-car range control.
- 1976 Honda introduces the three-point ELR seatbelt (Accord).
- 1979 Honda introduces a car with halogen headlights (Civic).



Halogen headlights (1979: Civic)

### 1980s

【Automobiles】

- 1981 (First in the world) Honda introduces the Electro Gyroator, a car navigation system.
- 1982 (First in a domestically produced vehicle) Honda introduces an anti-lock braking system for automobiles (Prelude).
- 1986 Honda begins research into automated driving.
- 1987 (First in the world) Honda introduces the Honda 4WS, a wheel angle-based automobile steering system (Prelude).  
(First in a domestically produced vehicle) Honda introduces an SRS airbag system for the driver's seat (Legend).



Electro Gyroator (1981)



Honda 4WS (1987: Prelude)

# 1990s

## 【Automobiles】

1990 (First in a domestically produced vehicle)

Honda introduces an SRS airbag system for the passenger's seat with a proprietary top-mounted design (Legend).

(First in a domestically produced vehicle)

Honda introduces a seatbelt pre-tensioner (Legend).

1993 Honda introduces omnidirectional collision-safe bodies (Accord, Ascot, Rafaga).

1995 Honda introduces a series of ASV-1 advanced safety research vehicles to study automatic braking.

1996 Honda introduces the Active Torque Transfer System (ATTS) (Prelude).

Honda conducts public testing of its automated driving system.

1997 Honda introduces Vehicle Stability Assist (VSA) (Accord, Torneo).

Honda announces the Honda Intelligent Driver Support System (HiDS), which provides assistance on expressways.

Honda introduces pre-tensioner ELR seatbelts with load limiters (Accord, Torneo).

1998 Honda introduces a body designed to reduce pedestrian injury in the event of a collision (HR-V).

(First in the world) Honda introduces the i-SRS airbag system (Legend).

(First in the world) Honda introduces the i-side airbag system with passenger's seat occupant posture detection functionality (Legend).

(First in the world) Honda introduces the POLAR I pedestrian test dummy.



i-SRS airbag system (1998: Legend)

## 【Motorcycles】

1995 (First in the world) Honda introduces the M.A.-C. ABS braking system for small motorcycles.

(First in the world) Honda introduces the T.R.-C. ABS braking system for large motorcycles.

# 2000s

## 【Automobiles】

- 2000 Honda begins testing of its HiDS expressway driving assist system on public roads.  
Honda introduces a series of ASV-2 advanced safety research vehicles to study a collision speed reduction system.  
(First in the world) Honda constructs the indoor omnidirectional Real World Crash Test Facility.  
Honda introduces the POLAR II second-generation pedestrian test dummy.
- 2002 Honda introduces the HiDS expressway driving assist system (Accord).  
Honda introduces a side curtain airbag system (Accord).
- 2003 Honda introduces the Adaptive Front-lighting System (AFS) (Step WGN).  
(First in the world) Honda introduces the Collision Mitigation Brake System (CMBS), with E-Pretensioner (Inspire).  
Honda introduces a compatibility body (Life).
- 2004 (First in the world) Honda introduces an intelligent night vision system with driver alert functionality (Legend).  
(First in the world) Honda introduces the Super Handling All-Wheel-Drive (SH-AWD) system (Legend).
- 2005 Honda introduces its ASV-3 advanced safety research vehicle to study vehicle/vehicle communications.
- 2008 Honda introduces a multi-view camera system.  
Honda introduces a series of ASV-4 advanced safety research vehicles to study vehicle/vehicle as well as road/vehicle communications.  
Honda introduces the Driving Safety Support System (DSSS).  
(First in the world) Honda introduces the i-SRS airbag system (continuously-staged inflation type).  
Honda introduces a pop-up hood system (Legend).  
Honda introduces the POLAR III third-generation pedestrian test dummy.



Collision testing with POLAR II at Honda's indoor omnidirectional Real World Crash Test Facility



ASV-4 advanced safety research vehicles (2008)

## 【Motorcycles】

- 2000 Honda expands its ASV-2 advanced safety vehicle research project to include motorcycles.
- 2005 (First in the world) Honda introduces an airbag system for motorcycles.  
Honda completes its ASV-3 advanced safety research vehicle (featuring conspicuity enhancement designs and other enhancements).
- 2008 Honda conducts trial testing of its ASV-4 research vehicles on public roads.  
(First in the world) Honda introduces Combined ABS, a new electronically controlled braking system for super-sports models.

## Communication with society



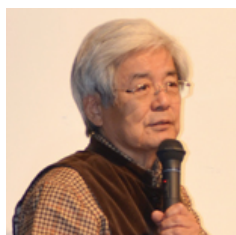
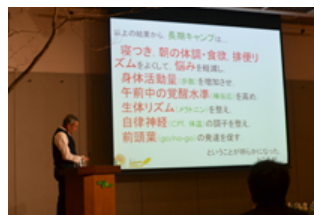
Twin Ring Motegi (located in the town of Motegi in Tochigi Prefecture) has various types of racetracks. Here Honda is creating a venue to facilitate rich relationships linking people, nature, and mobility at Hello Woods, a facility that invites visitors to experience nature. We are also using this potential-rich place to hold a dialog with experts, NPOs, and other outside stakeholders to identify how Honda can contribute to the formation of a rich, sustainable society.

### Hello Woods Symposium

We have held a variety of programs with the theme of "Healthy Forests and Healthy Kids" at Hello Woods, which includes a restored satoyama village forest on an expansive, 42-hectare site. The Hello Woods Symposium was launched in 2010 to commemorate the 10th anniversary of the founding of Hello Woods. Guests representing a variety of perspectives, including officials from government agencies and local governments as well as researchers and representatives of NPOs, are invited to exchange views on forests, children, and related topics.

#### "Linking Healthy Forests and Healthy Kids" Symposium 2013

On March 3, 2013, the third Hello Woods Symposium, entitled "Linking Healthy Forests and Healthy Kids," was held at Hotel Twin Ring at Twin Rink Motegi. Professor Emeritus Takeshi Yoro of the University of Tokyo gave a keynote address entitled "Raising Them Right: Healthy Forests and Healthy Kids." Observing that working with children is the same as working with nature, Professor Yoro noted that parents must be careful not to interfere too much or too little with their children and that, as when managing a forest, it is necessary to provide an appropriate amount of attention when needed. He also told participants that adults too must interact with nature and learn from it. Later, Professor Yoro joined Research & Development Division Manager Takashi Sugiyama of Hello Woods research partner Fumakilla Limited as a panelist at a "forest roundtable" entitled "Linking Healthy Forests and Healthy Kids," which was the event's main program. Other panelists included Takanobu Ito (President, CEO, and Representative Director of Honda Motor Co., Ltd.) and Ryuichiro Sakino (Forest Producer, Hello Woods). The panel explored environmental conservation and the raising of the next generation in a discussion around the keyword "insects" while exchanging stories about their own experiences.



Professor Takeshi Yoro: "I would like to show children how an appreciation of natural beauty enriches human life."



Mr. Takashi Sugiyama: "I would like to continue to pursue joint research into artificial sap in the forests of Hello Woods."



President Takanobu Ito: "Hello Woods is Honda's proving ground for having a racetrack coexist with a village forest."



Mr. Ryuichiro Sakino: "I'd like the programs children participate in to evolve so that the kids themselves think about them and make decisions about how to run them."

#### Hello Woods Symposium 2012/2010



The Hello Woods Symposium has been held since 2010. In 2010, it was held at Hotel Twin Ring to commemorate the 10th anniversary of the founding of Hello Woods. In 2012, the second symposium was held in Honda's Aoyama Building. This section introduces those events.

## Hello Woods Symposium 2012/2010

### Hello Woods Symposium 2012: Healthy Forests and Healthy Kids

On March 1 and 2, 2012, a symposium was held at Honda's Aoyama Headquarters Building. Both days of the event began with a talk by Hello Woods Forest Producer Ryuichiro Sakino on some of the initiatives being carried out at the facility. The first day's theme was "Healthy Forests." Associate Professor Yoshihisa Suyama of the Graduate School of Agricultural Science and Faculty of Agriculture at Tohoku University gave a keynote entitled "Forests as Seen from the Perspective of Genes." Then a panel discussion was held with Professor Ken Takada of the Department of Sociology at Tsuru University acting as moderator. Professor Suyama and Mr. Sakino were joined as panelists by Daizaburo Kuroda (Senior Councilor, Ministry of the Environment and Advisor to the COP10 Promotional Committee), Tatsuhiro Ohkubo (Professor, Department of Forest Science, Faculty of Agriculture, Utsunomiya University), and Shuhei Tomimura (Director, Forest Revitalization Systems Corp.). In addition to reviewing an introduction to Hello Woods data, the group discussed the future of forests from a variety of perspectives. The second day's theme was "Healthy Kids." The keynote, entitled "Current State of Today's Children and Related Initiatives," was given by Associate Professor Shingo Noi of the Faculty of Education at Saitama University. Another panel discussion was held with Naoki Nishida (Professor, Department of Early Childhood Education, Sakushin Gakuin University Women's College) serving as moderator as Kazunari Fujiwara (Supervisor for Youth Education, Sports and Youth Bureau, Ministry of Education, Culture, Sports, Science and Technology), Hatsuo Sato (Director, National Outfitters Training School), Tatsuro Ise (Representative, Tokushima Outdoor Activity Education Center), and Tomoko Sudo (School Nurse, Hekizan Elementary School) joined Professor Noi and Mr. Sakino as panelists. Participants analyzed the Hello Woods children's camp program and held a lively discussion about what is needed to ensure children are healthy. (All participants' titles are current as of March 2012.)



Honda President Takanobu Ito greets participants by encouraging them to discover new ways to take advantage of satoyama village forests



The second day's panel discussion on the theme of "Healthy Kids"

### Hello Woods 10th Anniversary Commemorative Symposium (2010)

On October 30, 2010, the Hello Woods 10th Anniversary Commemorative Symposium was held at Hotel Twin Ring. Itaru Ohno, Twin Ring Motegi's first general manager, greeted participants and attendees by noting, "Mobilityland does more than just hold races. We're also pursuing programs to foster development of the next generation by giving children the experience of driving vehicles with their own hands and feet and interacting with and discovering authentic nature." Next, Takanobu Ito (President, CEO, and Representative Director of Honda Motor Co., Ltd.) declared, "Honda supports the activities of Hello Woods as it works to develop 'Forests that keep people healthy.'" The program continued with a presentation by Hello Woods Forest Producer Ryuichiro Sakino looking back on 10 years of activities at the facility, followed by a keynote and then a panel discussion. The keynote by Minoru Taketazu (a veterinarian, photographer, and essayist) compared human child-rearing with the rearing of offspring by wild animals. Dr. Taketazu noted, "It's natural in the world of wild animals that rearing offspring is hard labor. This isn't an area where you want to skimp on how much time you spend." The theme of the panel discussion was "Healthy Kids and Healthy Forests: Sustainable Forest Development." Dr. Taketazu was joined by Mayor Tatsuya Koguchi of the Town of Motegi, Professor Tatsuhiro Ohkubo of the Faculty of Agriculture Department of Forest Science at Utsunomiya University, and Associate Professor Shingo Noi of the Faculty of Education at Saitama University as panelists. Mayor Koguchi noted that he would like to introduce a system that requires city residents to do work in the mountains, while Professor Ohkubo suggested that the outstanding characteristics of the Japanese satoyama village forest should be communicated to the world as a model for a sustainable society. Associate Professor Noi noted that it is necessary for adults to be healthy in order for children to be healthy, and Dr. Taketazu observed that people are becoming weaker in today's society, which has adopted an excessive focus on hygienic management.



From the left, Itaru Ohno, Takanobu Ito, and Ryuichi Sakino



From the left, Minoru Taketazu, Tatsuya Koguchi, Tatsuhiro Ohkubo, and Shingo Noi

## Customers



### Honda's approach to customer satisfaction

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

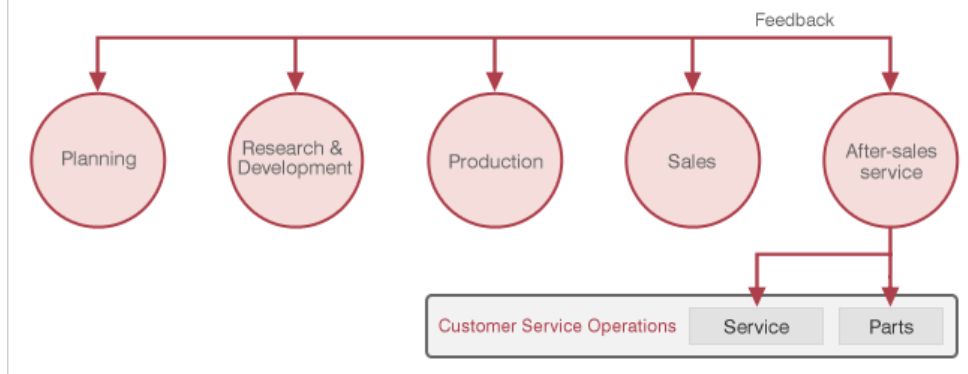
### Systems and objectives designed to enhance worldwide customer satisfaction

In order to "Provide good products to our customers with speed, affordability and low CO<sub>2</sub> emissions." as stated in Honda's 2020 vision, the Customer Service Operations is striving to realize optimal service operations in markets worldwide to pursue the priority goal of creating and expanding customer joy worldwide through service. In order to achieve this, we set our goals to be No. 1 in customer satisfaction by an overwhelming advantage.

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

To attain this goal, Customer Service Operations has adopted an activity policy of offering service in a friendly, timely, reliable, affordability, and convenient manner; developing an advanced service environment, and maximizing business efficiency and expanding business operations. It also holds regular meetings and other events designed to enhance cooperation with each region while focusing on creating an environment in which dealers—Honda's point of contact with customers—can address customer satisfaction enhancement more effectively and efficiently.

#### The Role of Customer Service Operations



#### Enhancing customer satisfaction



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

#### Implementing customer satisfaction



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

#### Maintenance support initiatives



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

## Enhancing customer satisfaction

### Conducting customer satisfaction surveys

Aiming to establish lifelong relationships with satisfied customers, Honda takes a proactive approach to conducting customer satisfaction surveys in all product segments: motorcycles, automobiles, and power products. Carefully analyzed survey results are fed back to the departments involved and dealerships in the form of practical suggestions for improvement and put to use in day-to-day activities.

In Honda's overseas automobile operations, for example, survey results are used to compile a Customer Satisfaction Index (CSI) for each product and region. In Japan, an initial questionnaire is distributed to purchasers of new automobiles, and, since FY2004, a questionnaire has also been distributed to purchasers of pre-owned automobiles. In FY2008, a survey was introduced to query customers whose automobiles will soon be due for the periodic automobile inspection required by the Japanese government.

### Earning a No. 1 rank in customer satisfaction surveys around the world

In its overseas automobile business, Honda's activities focus on the "3Ps" in order to meet diverse customer expectations.

These initiatives involve increasing the quality of service provided to customers by looking at things from the customer's point of view and identifying and resolving local issues in each of the three points of contact between Honda and its customers: "Premises/Process," "People," and "Product."

#### Customer satisfaction initiatives and the 3Ps

- **Voice-of-the-Customer programs at dealerships**  
Gathering customer feedback and bringing it to bear on operations
- **Process efficiency improvement programs**  
Improving work efficiency by eliminating wasteful operations at individual dealerships
- **Single repair programs**  
Ensuring that most customer issues are properly solved with a single repair

- **Development of a comprehensive dealership training system**  
Strengthening training programs to enhance human resources and skill levels



- **Pre-emptive prevention, mis-delivery prevention, and expansion prevention**  
Boosting product service quality

We've pursued these activities in earnest for several years at sites worldwide, with the result that service quality has improved measurably. According to customer satisfaction surveys by an outside organization, Guangqi Honda and Dongfeng Honda ranked No. 1 and No. 2 in the Chinese market in 2011 and 2012, respectively.

Going forward, we will not rest on these laurels, but will rather further enhance our activities in an effort to continue to inspire customer joy worldwide, for example by introducing new surveys that focus on the satisfaction of individual customers and accelerating the global application of activities to emerging nations. In this way, we will strive to delight customers worldwide by providing services that exceed their expectations.

\*J.D. Power and Associates 2011-2012 China Customer Satisfaction Index Study SM (based on responses from 14,657 owners of 68 brands who purchased a new vehicle as surveyed from May 2011 to February 2012 and received after service at the store of purchase within six month of purchase)



Guangqi Honda and Dongfeng Honda captured the top two places in customer satisfaction surveys by J.D. Power and Associates in China in 2011 and 2012.

## Customer Relations Center

The Customer Relations Center has a very straightforward slogan: "For the customer." Its mission is to handle inquiries from Honda customers politely, clearly, and quickly, delivering the same high quality in Honda communications as is found in Honda products. The Center also responds to survey requests from the Japanese government and inquiries from consumer advocacy organizations.

The Center receives feedback in the form of customer questions, suggestions, requests and complaints 365 days a year, and during FY2013 it processed 252,319 inquiries. To ensure that this valuable information is put to good use in Honda's operations, the facility shares it in a timely manner with the company's R&D, manufacturing, service, and sales departments in compliance with laws and regulations as well as Honda's own policies concerning the handling of personal information. A system is also in place to allow directors and other associates appropriate access to this information.



Sharing customer feedback among departments

## Implementing customer satisfaction

### Motorcycle initiatives

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

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

Against this backdrop, Honda has developed word-less service information (in the form of a pair of leaflets) for customers in emerging nations as well as picture-based training materials as part of an effort to value customer in these markets.

The leaflets, which comprise maintenance and repair editions, are designed so that they can be easily understood, even by customers who cannot read, so that they can enjoy their motorcycle with peace of mind over the long term. In fiscal 2013, Honda Manufacturing (Nigeria) distributed a hanging, laminated chart that could be displayed even where there were no walls. In addition to arranging for it to be hung at motorcycle taxi stations for viewing by motorcycle taxi drivers, a key customer group, the company sent the charts to repair shops.

The picture-based training materials consist of a careful compilation of the minimum necessary work procedures so that instructors can offer training anywhere even electricity infrastructure is poor in the field.

Honda Manufacturing (Nigeria) includes a leaflet with each motorcycle sold. Working with associations of local repair shops, the company has also held 45 training tours during 2012, reaching a total of 1,830 mechanics so far. During 2013, it plans to continue the program, offering 30 tours for 1,200 mechanics.

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

They also help make ownership more economical by improving fuel economy, lowering CO2 emissions, and lengthening the motorcycle service life. Going forward, Honda will strive to improve customer satisfaction by providing higher-quality service to offer peace of mind and trustworthiness to customers worldwide.



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



Picture-based training



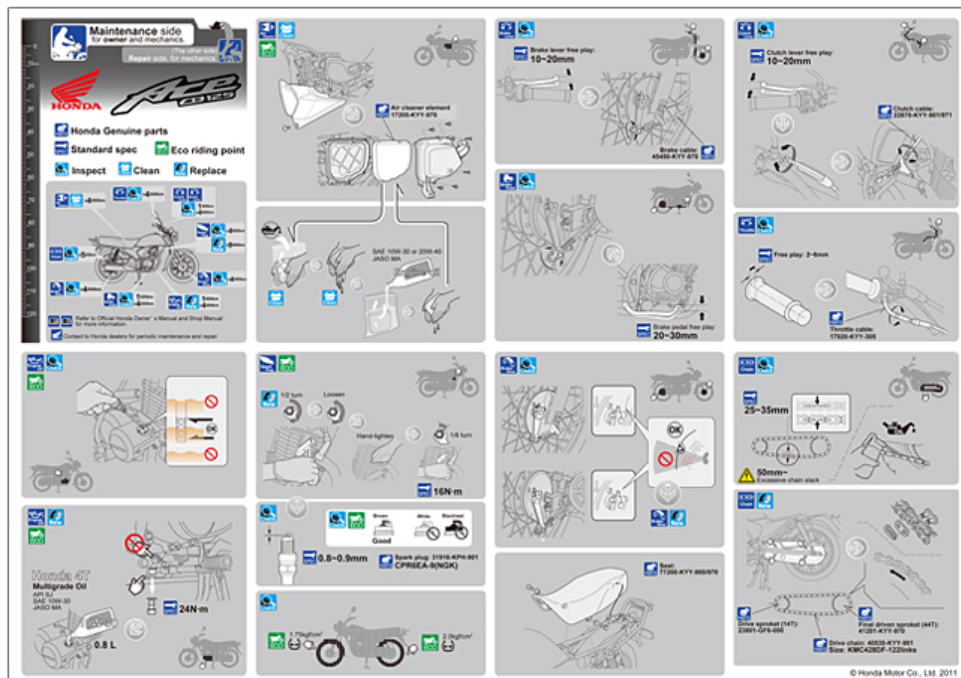
Checking training materials on an actual motorcycle



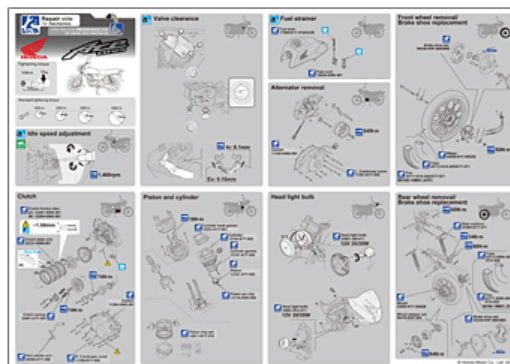
A motorcycle taxi rider looks at a hanging chart



Example of how hanging charts are being used in repair shops



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



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

## Automobile initiatives

### Japan: Ensuring motorists can drive Honda vehicles safely

Highly skilled service personnel with extensive knowledge of Honda vehicles provide high-quality after-sales service at Honda Cars and Honda Auto Terrace, Honda's automobile dealerships, where they make use of proprietary tools developed by Honda, electronic diagnostic devices, and other systems along with extensive vehicle quality information gathered from dealerships across Japan.

As of December 2012, about 1.4 million customers had taken advantage of bundled services including regular inspections and oil changes, and more than half of all new vehicle purchases included Honda's extended warranty, helping the company achieve a high level of customer satisfaction.

Dealers work hard to ensure that customers can enjoy their Honda vehicles with confidence and peace of mind under the best possible conditions by offering a wide range of services to provide a pleasant ownership experience, including by enhancing Honda's menu of car maintenance services, a reasonably priced selection of ways to refresh vehicles inside and out.



Honda Maintenance Station

### Japan: Customer support via the Honda C-card

Honda offers the Honda C-card to provide an optimal level of service to customers at all times. As of March 2013, the card, which combines a point-based cash rewards program, preferred service for members, a charitable donation program, and other benefits with basic credit card functionality, had been issued to a total of some 2.83 million members since the start of service in October 1995. Additional "Honda C-card Members" services were added in October 2006, including the ability to reference a vehicle's maintenance history and the ability for cardholders to notify Honda of their address changes 24 hours a day. We've also added a Honda C-card without credit card functionality as an additional choice for customers.



Honda C-card

## Donating funds based on Honda C-card usage

Each year since its introduction in 1995, Honda has donated a fixed percentage of customers' Honda C-card usage to the Japanese Red Cross Society and the Japan Committee for UNICEF. In 2012, these donations totaled ¥793 million.



Left: General Manager Kato of Marketing Operations (left) receives Donation Certificate Appreciation from Executive Director Ken Hayamizu of the Japan Committee for UNICEF (right) at a charitable donation presentation ceremony

Right: General Manager Kato of Marketing Operations (right) receives Donation Certificate Appreciation from the Vice President Otsuka (left) of Japanese Red Cross Society

## Increasing service staff members' technical skills

### A unique service education system

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



Training in classroom session and practice

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

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

\*1 Trainer program: A program that builds on HAST training in order to offer trainer education to exceptional staff at the prefectural and corporate levels.

\*2 Service engineer certification: A series of service engineer certifications (grades 1 through 3) reflecting level of training have been established under the HAST Program and the BP Training Program.

### Giving service personnel a chance to hone their skills at the Honda Automobile Service Skill Competition

Honda holds the Honda Automobile Service Skill Competition to provide an opportunity for service personnel from across Japan to put their service skills, knowledge, and hospitality to the test at a venue designed to stimulate participants to hone their skills while fostering the development of the next generation of service professionals.

The competition consists of three events: the Service Engineer Course, where individuals compete to gauge the precision with which they can diagnose malfunctions and replace parts; the Corporate Team Course, where teams of three compete in a simulated customer service from reception to delivery as well as malfunction diagnosis; and the Reception Staff Course, where participants compete in a role-playing format that tests their ability to serve customers as reception staff. A maintenance contest where participants compete to see who can disassemble, measure, and assemble functional parts with the greatest speed and precision is held at the same time. Through the Service Skill Competition, Honda is striving to train its service personnel to a higher level.

Through their participation in an event that allows them to exhibit the skills they have developed through their daily work, service personnel both increase their awareness of the importance of building skills and help improve service quality at Honda.



Participants compete at the Corporate Team Course of the Service Skill Competition

## Overseas: Products that bind customers to Honda

Honda strives to deliver an optimal level of service to customers worldwide based on its philosophy of creating and expanding customer joy worldwide through service. The company shares advanced service activities and approaches from different countries with personnel worldwide through Customer Service Operations in Japan as it works to expand its program of initiatives in ways designed to complement each country's market characteristics.

To provide a pleasant ownership experience for customers, Honda dealers offer a range of regular inspection packages with various payment and service options as well as extended warranties designed to ensure customers are able to enjoy their products over the long term. These products continue to evolve on a daily basis in each market in response to customer needs, which are diversifying worldwide. As of January 2013, they were being offered by dealers in more than 30 countries.

Going forward, we will strive to expand customer joy to include all countries as we create strong bonds linking customers and Honda in markets worldwide by bringing these activities to emerging markets.

### Power product initiatives

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

In emerging nations, where demand is growing rapidly, products are carried by businesses other than Honda dealers, making it necessary to provide appropriate service information to general retailers. Even as we've been building a service network linking Honda stores, we've also enabled the direct distribution of the minimum amount of service information needed by general retailers and customers via the Internet. Specifically, we improved our engine information website to add consumer products information.

We also asked for local feedback about the types and categories of service information that should be provided, and we selected, compiled, and otherwise prepared information based on that input. As a result, we began offering service information for generators and outboard engines in addition to engine information in fall 2010.

As of March 2013, this information was available in 43 countries, and it was being accessed about 13,000 times each month. Additionally, the website incorporates a mechanism for soliciting market feedback about needs related to information dissemination, site content, and product serviceability. These questionnaires make it easy for customers to submit requests and opinions to Honda.



Power products service information website



Service information at an African dealership workshop

#### Expanding an initiative to reduce complaints

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

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

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

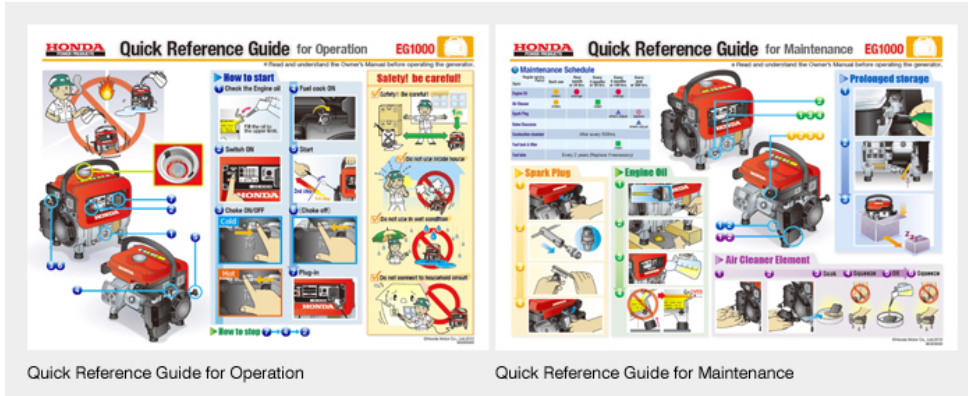
Customer complaints that go beyond the regional level and have the potential to impact the power products business as a whole are identified and shared along with information about effective countermeasures among facilities worldwide.

## Including a quick reference guide in product packaging

In order for customers to be able to use the products they purchase in their original condition as long as possible, it is critical that they operate them properly and inspect them regularly. Honda Siel Power Products in India packages a quick reference guide with generators sold in emerging nations. Designed so that they will be available for use whenever they are needed.

These guides incorporate following characteristics:

1. Operating instructions on the front and a description of how to perform a regular inspection on the back,
2. Illustration-based explanations,
3. All on a color-printed A4-size sheet (designed so that it can be reproduced clearly as a black-and-white copy), and
4. Uses paper that will not tear even if it gets wet.



## Maintenance support initiatives

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

Honda recognizes the need to minimize the environmental impact of industrial waste such as the used tires and oil and scrap cars that are generated as part of its after-sales business activities. Emissions of volatile organic compounds (VOCs) during painting work are one such area since atmospheric emissions of compounds such as toluene and xylene from paint act as photochemical oxidants to cause photochemical smog. These compounds also cause acid rain, contributing to the destruction of forestland and interfering with absorption of CO<sub>2</sub> to accelerate global warming.

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

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

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

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



Training in how to use water-based paint

## Quality Initiatives



### Aiming for 120% products quality

"We have to aim for 120% product quality. If 99% of the products we make are perfect, that would seem like a pretty good record. However, the customers who become the owners of the remaining 1% will surely consider their products 100% defective. It is unacceptable that even one customer in a thousand—even one customer in ten thousand—should receive a defective product. That's why we have to aim for 120%." When founder Soichiro Honda said this he defined the company's fundamental approach to quality: what it means to strive to be a company society wants to exist. Determined to meet or exceed the expectations of customers, Honda is taking new initiatives to reach ever-higher product quality standards. That is who we are.

To strengthen customer trust by offering products founded in safety and offering a new level of outstanding quality, Honda has created a quality cycle that continuously enhances quality at every stage: design, development, production, sales and after-sales service.

### Implementing the Global Honda Quality Standard (G-HQS)

As Honda's production and parts and materials sourcing expand globally, a shared global quality assurance standard is essential to ensuring that all Honda facilities continue to support 120% product quality.

To address this need, Honda established the Global Honda Quality Standard (G-HQS) in April 2005. Based on the ISO 9001\*<sup>1</sup> and ISO/TS 16949\*<sup>2</sup> standards under which Honda facilities in Japan and around the world have been or are to be certified, the G-HQS serves to communicate the considerable knowledge Honda has gathered in producing quality products and help prevent issues from recurring. It will continue to conform to ISO certification standards.

As of March 2012, all 46 Honda production facilities around the world have attained ISO certification.

The G-HQS is designed to enhance the quality of Honda-brand products manufactured and sold worldwide. By ensuring that all facilities comply with these standards, we can better facilitate the interoperation of quality assurance systems at different worksites, contributing to quality assurance not only in production activities, but also in distribution and service.

\*1 ISO 9001: An international quality control and quality assurance standard

\*2 ISO/TS16949: An international quality management system standard for the automotive industry

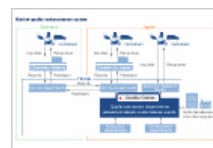
### Honda's quality cycle



By applying design and development expertise to design and development, production preparations, and production (mass

production) in order to allow the creation of drawings designed to facilitate manufacturing and develop manufacturing control techniques that limit process variability, we are able to deliver a new level of outstanding quality.

### System to enhance products quality



We established a Quality Center to bring together the various components of our organization that are concerned with products quality data,

allowing us to enhance our worldwide ability to both prevent quality issues and quickly detect and resolve them when they occur.

### Handling quality issues



When we determine that product issues require action, we quickly report the issue to governmental authorities in accordance with

individual countries' regulations.

### Quality management education



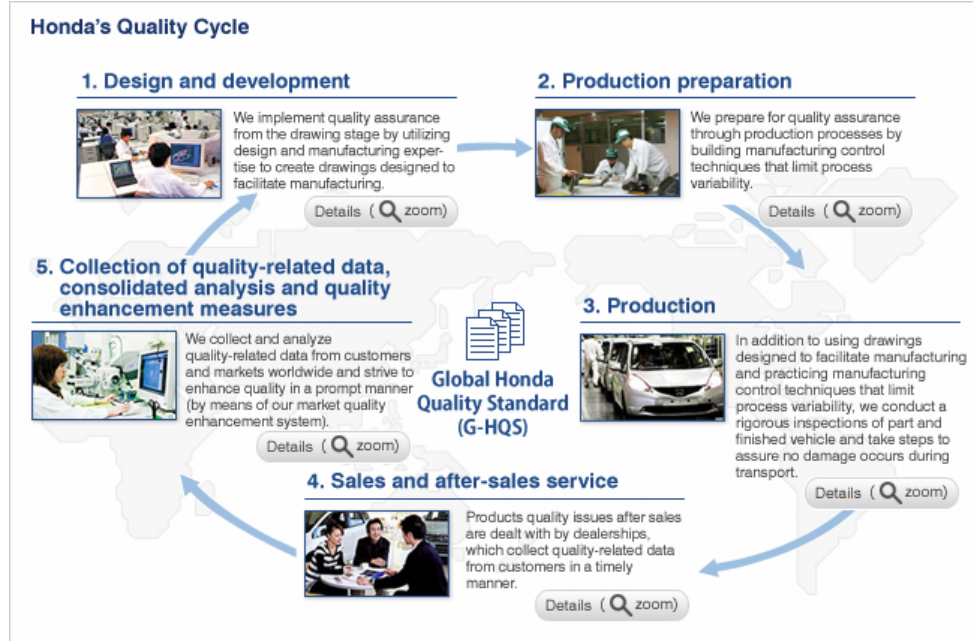
In Japan, Honda offers a training curriculum divided into four courses according to in-house qualifications and the extent of individual workers' quality control responsibilities in order to

improve associates' quality assurance skills.

## Honda's quality cycle

### Honda's quality initiatives for delivering new levels of outstanding quality

By applying design and development expertise to design and development, production preparations, and production (mass production) in order to allow the creation of drawings designed to facilitate manufacturing and develop manufacturing control techniques that limit process variability, we are able to deliver a new level of enhanced quality.



### Independent Initial Quality Study

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

#### Results of the 2012 Initial Quality Study (IQS) for automobiles: J.D. Power and Associates, J.D. Power Asia Pacific

By brand and production facility

Country	Brand and production facility	Ranking
U.S.	Honda	No.5
	Acura	No.6
	Suzuka Factory Line 3	Platinum Award
	Honda of America Mfg., Inc. Line 1	Silver Award

By model segment

Country	Segment	Model	Ranking
U.S.	Sub Compact Car	Fit	No.2
	Compact Car	Civic	No.3
	Midsize Car	Accord	No.2 (tie)
	Compact Crossover / SUV	CR-V	No.1
	Midsize Crossover / SUV	Crosstour	No.2
		Pilot	No.3 (tie)
	Midsize Pickup	Ridgeline	No.2
	MiniVan	Odyssey	No.2
	Entry Premium Car	Acura TL	No.2
Entry Premium Crossover / SUV	Acura RDX	No.2	
Japan	Minivan	Freed	No.1
China	Midsize Car	Civic	No.1
		City Fenghan	No.2
	Upper Premium Midsize Car	Accord	No.2
	MPV	Odyssey	No.2
India	Premium Compact Car	Brio	No.1
		Jazz	No.2
	Midsize Car	City	No.1
Thailand	Compact Car	Brio	No.1
	Entry Midsize Car	Jazz	No.1
	Midsize Car	Civic	No.2

\*Includes top three vehicles in major markets from January to December 2012.

J.D. Power and Associates 2012 U.S. Initial Quality Study SM (based on responses from more than 74,000 owners who purchased or leased a new vehicle as surveyed from February to May 2012)

J.D. Power and Associates 2012 Japan Initial Quality Study SM (based on responses from more than 10,700 owners who purchased a new vehicle as surveyed from May to June 2012)

J.D. Power and Associates 2012 China Initial Quality Study SM (based on responses from more than 20,600 owners who purchased a new vehicle as surveyed from April to August 2012)

J.D. Power and Associates 2012 India Initial Quality Study SM (based on responses from more than 8,600 owners who purchased a new vehicle as surveyed from May to September 2012)

J.D. Power and Associates 2012 Thailand Initial Quality Study SM (based on responses from more than 4,600 owners who purchased a new vehicle as surveyed from April to September 2012)

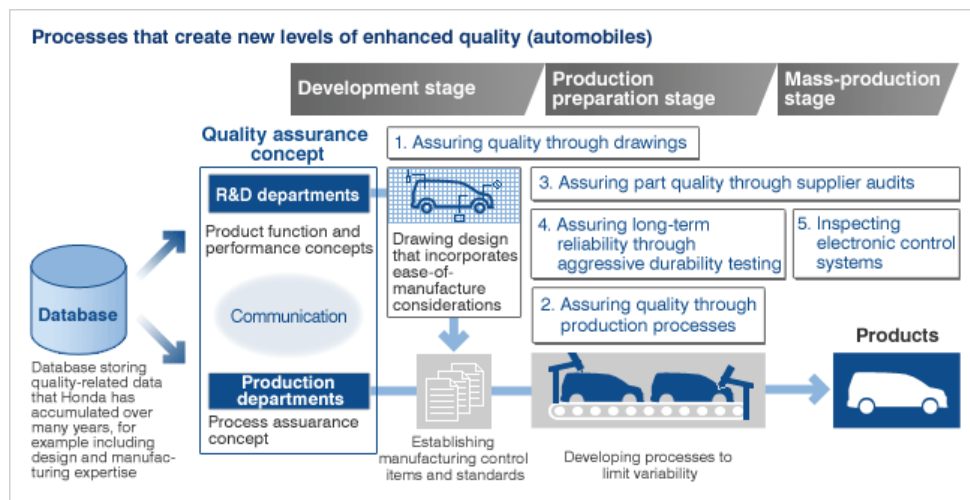
## Activities for incomparable quality

### Aggressively ensuring quality in both design and manufacturing

Working in partnership with suppliers, Honda is involved in a companywide effort to deliver products with a new level of enhanced quality.

To ensure high quality, Honda conducts aggressive quality assurance activities from the dual perspectives of design and manufacturing. For example, drawings for objects being machined include finished dimensions. Even when the same worker uses the same materials, equipment, and procedures to produce an item to the dimensions specified on the relevant drawing as part of a given production process, there are inevitably small variations in the item's finished dimensions. To address this fact, R&D departments go beyond considerations of function and performance to design drawings to yield maximum ease of manufacture and limit process variability. For their part, production departments implement manufacturing control to keep variability within applicable standards based on drawings and to develop production processes so that all workers can continue to achieve a consistent level of quality.

In this way, we implement quality assurance from the dual perspectives of design and manufacturing in order to improve customer satisfaction.



#### 1. Assuring quality through drawings

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

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

#### 2. Assuring quality through production processes

Honda's production departments establish manufacturing control items and standards for each part, process, and work task based on designers' intentions in order to prevent product quality issues. Engineers then use these manufacturing control items and standards to verify manufacturing variability as they work to prevent quality issues. Furthermore, Honda develops processes that limit variability by soliciting suggestions for enhancement from the sites where work is actually performed and determining manufacturing control methods for each process.

#### 3. Assuring part quality through supplier audits

Assuring the quality of procured parts is an important element in delivering high-quality products.

Honda visits its suppliers' manufacturing facilities to conduct quality audits based on the "Three Reality Principle," which emphasizes "going to the actual place," "knowing the actual situation," and "being realistic."

These audit activities are conducted for both the production preparation and mass-production stages of supplier operations. Experts in the development and production of individual parts visit manufacturing facilities and conduct audits of suppliers' quality systems and their implementation.

Honda then works to improve part quality through activities that emphasize communication with suppliers, for example by sharing audit results and cooperating to discover measures for improving quality.

#### 4. Assuring long-term reliability through aggressive durability testing

Honda subjects new and redesigned models to a rigorous regimen of long-distance durability testing before beginning mass production in order to verify that no quality issues exist.

We also disassemble vehicles used in the test drives one part at a time and verify that there are no quality issues through a process consisting of several thousand checks. By accumulating data on the issues discovered through these test drives and detailed inspections as well as associated countermeasures, we are able to ensure a high level of quality and function reliability.



Verification of a durability test vehicle

#### 5. Using second-generation line end testers (LETs) to inspect electronic control systems

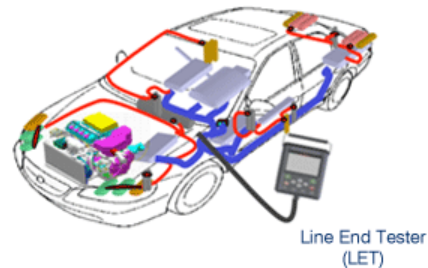
Use of electronic control systems in vehicles has grown dramatically in recent years as part of an effort to achieve more environmentally friendly designs and improve driver and passenger convenience and comfort, creating a need for efficient inspection methods to assure the quality of these components.

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

Although the LET was initially deployed to perform diagnostics of emissions purification systems and parts in order to comply with U.S. emissions regulations, Honda extended the capabilities of the second generation of the device to accommodate the recent evolution of electronic control systems, allowing its use in shipping quality inspections of all electronic control systems, from switches and instruments to air conditioner, audio, engine, and transmission operation. Thanks to these innovations, inspections that have traditionally depended on the human senses of smell, sight, and hearing can now be performed quantitatively by means of communications with electronic control components, dramatically increasing the precision and efficiency with which inspections can be conducted.

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

##### Overview of the LET system

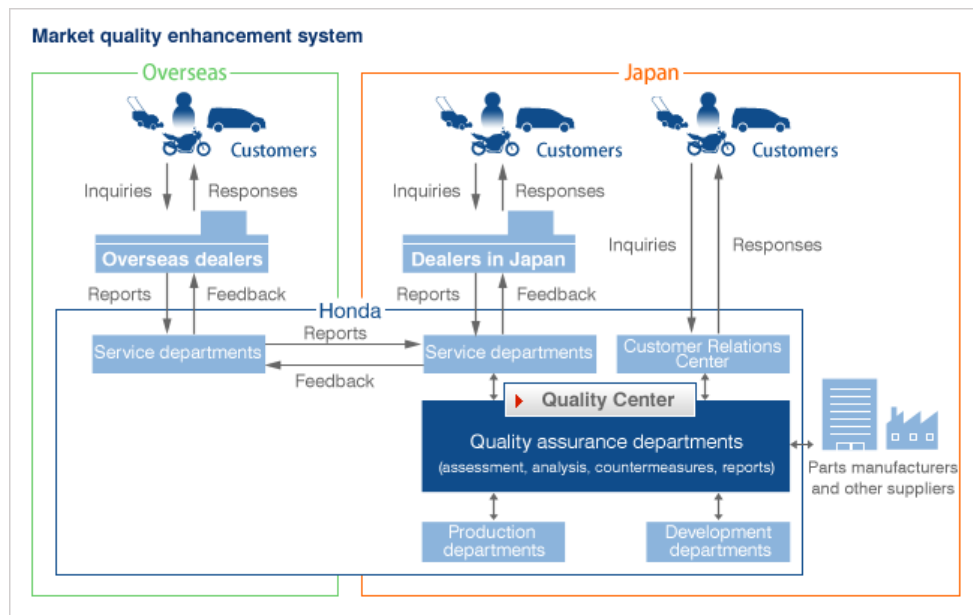


## System to enhance Products quality

### Building a rapid market quality enhancement system around a Quality Center that centralizes customer feedback

We have established a Quality Center to bring together the various components of our organization concerned with products quality data, allowing us to enhance our worldwide ability to both prevent quality issues and quickly detect and resolve them when they occur. The facility gathers quality-related data from dealers in Japan and overseas through service departments and the Customer Relations Center. Measures and policies for preventing quality issues are then developed based on the issues identified from this data and provided as feedback to R&D and production departments responsible for operations including product design, manufacture, and part supplier relations.

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



## Quality Innovation Center Tochigi

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

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



Quality Innovation Center Tochigi

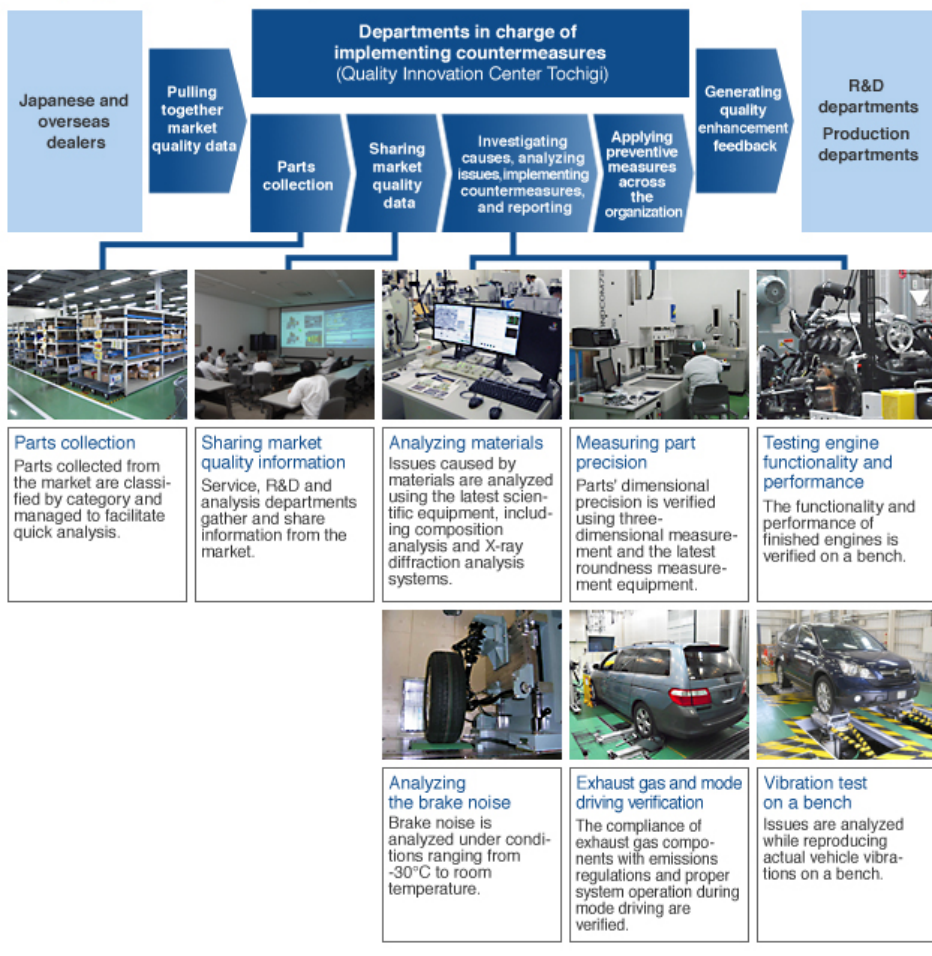
In particular, the colocation of quality and service departments facilitates effective analysis and countermeasures thanks to the ability to share information quickly.

### Operations at Quality Innovation Center Tochigi

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

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

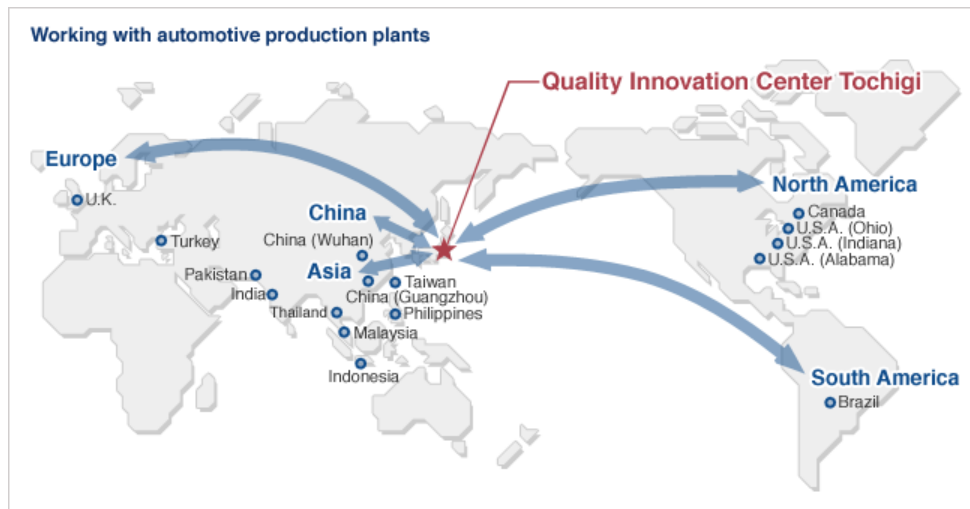
#### Quality improvement operational process



## Analysis in partnership with overseas entities

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

When plants encounter a particularly difficult market quality issue and request assistance, the Center investigates and analyzes the issue and then reports the results back to the overseas facility.



## Handling quality issues

### Recall system and other measures

When we determine that product issue requires action, we quickly report the issue to governmental authorities in accordance with individual countries' regulations and contact owners by means of direct mail from dealers or by telephone to provide information about how they can receive free repairs. Associated information is also provided on Honda's website and through the news media as necessary.

A Global Quality Committee is quickly convened in accordance with Honda global rules, and decisions concerning market measures are made by its chairperson in consultation with overseas members including experts from departments involved with quality issues who are capable of making objective decisions.

### Compliance with Japan's Consumer Products Safety Law

The Consumer Products Safety Law was amended in May 2007 to more strongly protect consumers from defects that could be life-threatening or cause personal injury. The amendment brought into force new regulations governing the manufacture and sale of certain goods. It mandates the compilation and publication of information relating to accidents associated with products and other measures designed to protect the rights of consumers. It also compels manufacturers and importers of specified products to report any serious accidents to Japan's Ministry of Economy, Trade and Industry. As a manufacturer offering consumer goods for sale, Honda is, of course, in full compliance with this law, gathering information via our own systems, which were established to help ensure the safety of our customers, and submitting reports to the designated authorities in a timely and precise manner, as required.

## Quality management education

### Implementing quality management education

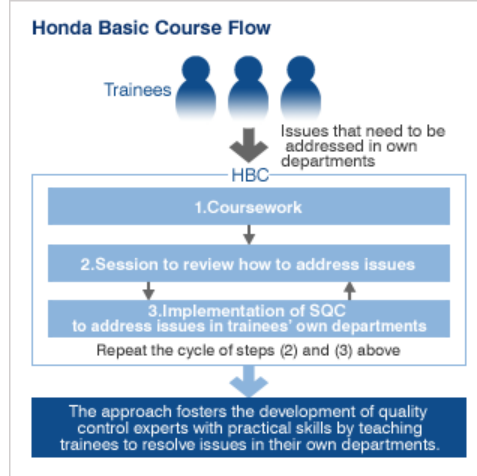
In Japan, Honda offers a training curriculum divided into four courses according to in-house qualifications and the extent of individual workers' quality control responsibilities in order to improve associates' quality assurance skills.

The Honda QC Basic Course (HBC), which was first offered in 1971, provides an example of how Honda is working to train its personnel to be leaders in improving quality, for example by opening the course to suppliers in addition to associates. Similar curricula for providing necessary training have been put in place at overseas production facilities.

The following diagram indicates the objective, duration, and number of trainees for each fiscal 2013 course:



Overseas quality control training



### Quality control education objectives and number of participating trainees

	Objective	Period	No. of FY2013 trainees
<b>QC Junior (QCJ) Course</b>	Students study how to put into practice the basic approach and methods (in the form of quality control techniques) for satisfying customers by manufacturing better products faster and more reasonable, and providing better service.	Total of 1 day	305 participants
<b>QC Foreman (QCF) Course (Intermediate)</b>	Students study how to put into practice the quality control techniques and approaches needed in quality assurance activities in manufacturing.	Total of 2 days	627 participants
<b>QC Foreman (QCF) Course (Advanced)</b>	Students study how to put into practice the expert techniques and approaches needed to work in quality-related operations.	Total of 3 days	162 participants
<b>Honda QC Basic Course (HBC)</b>	Students become quality control experts capable of resolving difficult problems and achieving tasks by studying the approaches and techniques of statistical quality control (SQC*)	Total of 22 days	59 participants

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

## Environmental Initiatives



Honda takes a six-region approach to pursuing its business activities worldwide, and we are involved in a variety of initiatives to reduce our environmental footprint globally based on a consideration of how those activities impact the environment.

Driven by our philosophy of building products close to the customer, Honda has manufacturing operations in 6 regions worldwide.

In 2010, we established a new set of CO2 emission reduction targets for our products, aiming by 2020 to provide “good products to customers with speed, affordability, and low CO2 emissions.” As we seek to realize the Honda Environmental and Safety Vision—to realize the joy and freedom of mobility and a sustainable society where people can enjoy life—based on these targets, we are accelerating global efforts to address climate change, energy issues, and other environmental challenges. And amidst increasing global pressure on companies to disclose their environmental impacts, we are actively working to disclose the environmental performance and initiatives of each region, the highlights of which are compiled yearly in regional environmental reports.

## CSR reporting of environmental initiatives

Environmental initiatives is available on environmental initiative website.



Honda's approach to safety

In April 2013, Honda adopted "Safety for Everyone" as its global safety slogan in order to further the Honda Environmental and Safety Vision comprised of "Realizing the joy and freedom of mobility and a sustainable society where people can enjoy life." To achieve these goals, we have identified three key components: 1) human; that is safety education; 2) vehicle technologies to ensure safety and 3) communication on safety information. We advance these concepts and at the same time step up collaboration between the three areas to realize an accident-free, mobility-based society.

Honda's Approach to Safety

Honda Environmental and Safety Vision

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

Honda's ultimate objective for safety

Realizing "a mobile society with zero collisions" through safe coexistence  
Toward a safe coexistence that will enhance occupant safety while protecting other parties.

Honda Global Safety Slogan

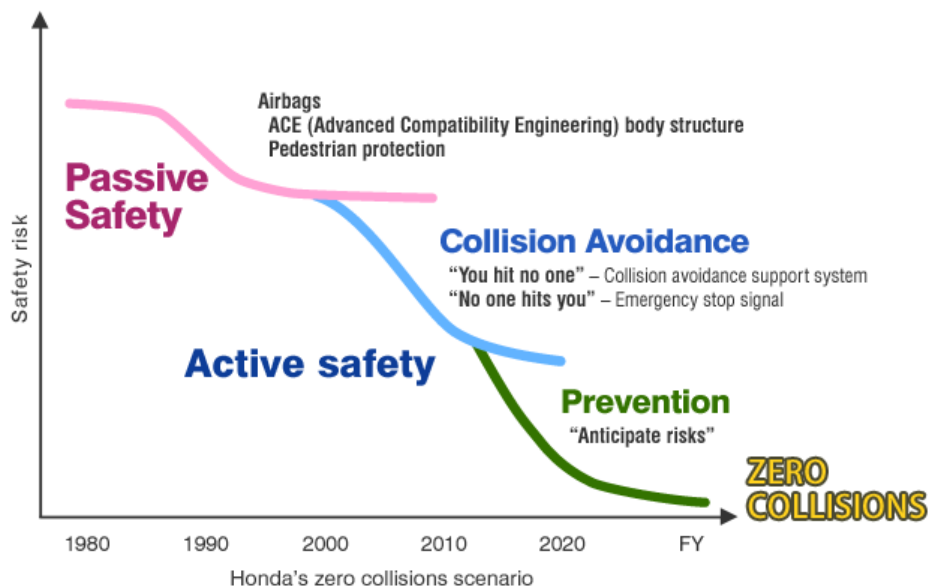
Safety for Everyone

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.

We are dedicated to identifying and implementing safety improvements through vehicle technologies, safety education and communication networks that can connect everyone sharing the road.

Honda's zero collisions scenario

To achieve collision-free mobile society, Honda has devised what we call our "collision-free scenario." To do this we combine a "passive safety" component (air bags, pedestrian test dummies, etc.) and an "active safety" component (technology to avoid hitting or being hit by other vehicles), and popularize these with as many customers as we can. We are taking the lead in anticipating collision before they happen; that is steering clear of risk before it can develop into an accident. Our goal is an accident-free society.



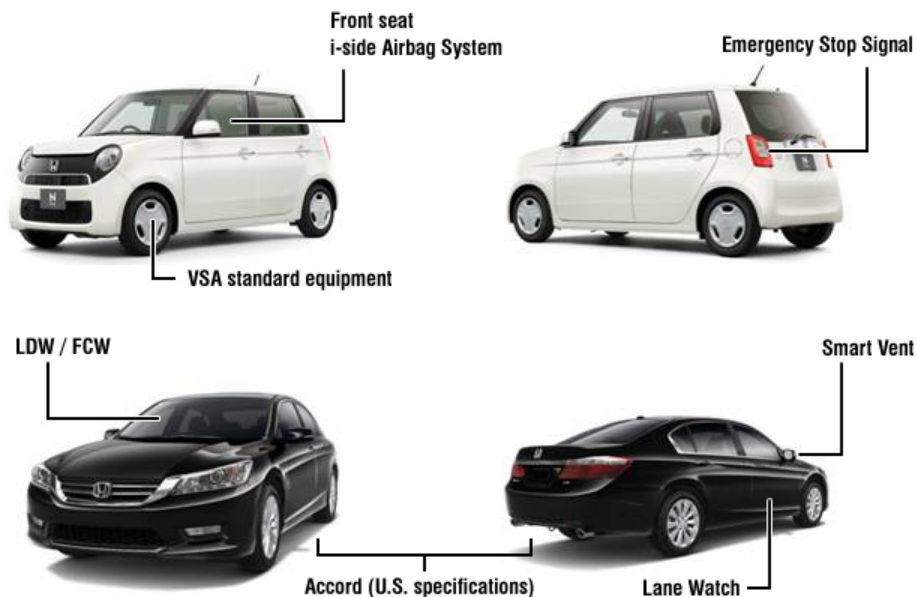
## Safety topics

### FY2013 commercialized technologies

In FY2013, Honda brought nine new types of technology to the market. In addition to our proactive work on introducing advanced safety equipment, we loaded our N-ONE light vehicle with VSA\* for the first time as a standard equipment system, in order to bring this technology to as many of our customers as possible.

\*VSA: A system designed to ensure vehicle stability when the vehicle is driving straight, turning, or stopping, by controlling sideslipping.

New technologies	Cars loaded with the noted technology	
Emergency Stop Signal	N-ONE	Japan
Front seat i-side Airbag System (continuously-staged inflation type)		
SAFETY MAP	-	
FCW Detects possible collision with vehicle in front and sounds alarm	Honda Accord	U.S.
LDW Lane departure warning		
Lane Watch Passenger door mirror blind spot displayed on a monitor to reduce incidence of blind spot oversights		
Smart Vent Front seat i-side Airbag protects occupants in side collision and also reduces the impact of airbag deployment		
LKAS Helps driver to stay in the center of the lane	Acura RLX	
ACC-LSF This system operates the vehicle instead of the driver in heavy traffic (acceleration, deceleration, stopping). In contrast to high-speed ACC, it has the additional features of stopping, maintaining a stop, and starting to move the vehicle.		



## **| Making traffic safety initiatives an integral part of local communities**

Honda has established Regional Traffic Safety Blocks in our Kumamoto, Tochigi, Saitama, Hamamatsu, and Suzuka worksites to facilitate the spread of traffic safety training in a coordinated effort with local communities. This initiative hit the five-year mark in 2012. Honda now has more than 12,000 instructors who lead community-based initiatives. Drawing on Honda's know-how, these instructors reached 341 cities, towns, and villages around the country and approximately 640,000 people on the subject of safety. These initiatives are steadily growing all around Japan: as of the end of FY2013, the total number reached was 810,000. Excluding the three Tohoku Prefectures, where they were temporarily suspended due to the impact of the Great East Japan Earthquake, these projects have taken root in 44 prefectures. The Honda Partnership Instructor Program, which is comprised of employees from Honda-affiliated companies, added a third crop of instructors to this initiative. Each location is working to further popularize these initiatives in local areas.

In addition, we are working to re-structure our Plant Instructor Program at worksites around the country, a move intended to reinforce and revitalize traffic safety initiatives at our worksites and in the communities. Amidst this background, we held the Safety Japan Instructor Competition in September 2012, for the first time in four years. Prior to the competition, we also held the "1st Safe Driving Global Meeting," attended by supervisors from nine different countries around the world responsible for driving safety promotion. With the objective of revitalizing those promotion initiatives at each location, the participants reaffirmed the shared philosophy and the future direction of common measures.



Traffic safety class by training officers of Tsuyama City, Okayama Prefecture ("Ayatorii")

\*"Ayatorii" is Honda's traffic safety training program for children. The purpose of the program is to teach children safety in a gentle way that they can understand easily.

## **| Creating and disseminating the expertise required by society**

Honda's rehabilitation-use driving competence evaluation software released in 2012 supports assessment and training for individuals in rehabilitation for higher brain dysfunction with simulation technology. It is currently used in 31 locations around the country. In a new initiative, Honda has developed safe driving programs together with our Group companies to ensure greater freedom of movement as well as safety and peace of mind for persons with physical disabilities as well as drivers working in the social welfare field, with the cooperation of social welfare facilities and organizations. Adopted by Honda's Traffic Education Centers, together with the driving competence evaluation software, the Program has been extremely useful in helping persons with disabilities to recover their driving skills. We offer the Safe Driving Program for Disabled Drivers for persons with physical disabilities, and the Safe Driving Program for Care Drivers for persons engaged in transporting persons with disabilities as part of nursing care services.

In addition, for persons with leg disabilities capable of driving with both arms, Honda has developed a hand-operated driving assistance system for simplified four-wheel drive simulator Honda Safety Navi. Through such safe driving training initiatives, Honda works to support people with physical disabilities to be able to drive.

In addition, in recent years there is greater demand for more traffic safety training for high school students, who tend to have more accidents. Through our traffic safety training, Honda stresses the importance of social rules and etiquette—as well as ethics including considerateness of others—to foster individuals with greater humanity and to protect these precious young lives. In FY2013, we launched a new traffic safety program for high school students with the understanding and cooperation of related governmental organizations in Kumamoto Prefecture. High school students participating in this program learn not only about how to properly ride bicycles and motorcycles, but are also exposed to dangers in a safe way so that they learn why something is dangerous and what they need to do to avoid it. In this way we teach them to notice potential dangers on their own and to take safety precautions, so that they can avoid causing accidents and also avoid being involved in accidents. They are also taught to be able to have correct attitude; that is not only to have better safety awareness but also the ethics not to harm others. A total of 13,000 high school students have taken part in this training, and we plan to expand the program to 23 prefectures around the country including Hyogo Prefecture and Osaka Prefecture. Our goal for the future is to have some of the high school students who participated in this program become instructors, developing the program into a self-led initiative spearheaded by the schools and students themselves.



Social Welfare Safe Driving Program: Safe Driving Program for Disabled Drivers



Social Welfare Safe Driving Program: Safe Driving Program for Care Drivers

## Third Party Evaluation

### Models earned the highest scores in FY2013 third-party evaluations (as of end of March 2013)

Many models have received the highest score from third party evaluations worldwide in FY2013. Some of the highest score include receiving Top Safety Pick + by IIHS in U.S., five stars from ASEAN-NCAP in Southeast Asia, and the first ever five star from C-NCAP (2012 governing regulations) in China.

Country	Third Party Evaluation		List of Models
Japan	J-NCAP	6☆	CR-V / Fit / Zest / Odyssey / Freed / Stream / Elysion
Europe	EURO-NCAP	5☆	Jazz / CR-Z / Civic / Insight / Accord
China	C-NCAP (2012 governing regulations)	5☆	CR-V
	C-NCAP (2009 governing regulations)	5☆+	Accord 4door
		5☆	Civic 4door / Fit / Odyssey / Spirior
South Korea	K-NCAP	5☆	Accord* / CR-V*
U.S	US-NCAP	5☆	Accord 4door / Accord 2door / Civic 4door / Civic Hybrid / Odyssey / Acura ILX 4door / Acura ILX Hybrid
	IIHS	TSP+	Accord 4door / Accord 2door / Civic 4door / Civic 2door / Acura TL
		TSP	Honda: Crosstour / CR-V / CR-Z / Fit / Insight / Odyssey / Pilot / Ridgeline / Acura: ILX / Acura MDX / Acura RDX / Acura RL / Acura TSX
Australia	A-NCAP	5☆	CR-V / Civic (Hatch) / Civic (Sedan) / CR-Z / Jazz / City / Insight
South America	LATIN-NCAP	4☆	City
Southeast Asia	ASEAN-NCAP	5☆	City

\* Accord (09YMY) obtained the highest scores on front/offset/side collision and on protection of the neck region.

\* CR-V (08MY) obtained the highest scores on front/offset/side collision, pedestrian protection, and rollover.



U.S. New IIHS standard Acura TL is the first to earn the TSP+ award. Accord and Civic subsequently win the award.



Southeast Asia ASEAN-NCAP launched. City is the first to earn five stars.



China: First C-NCAP (2012 governing regulations) announcement CR-V earns the highest score (five stars)

## Local Communities

### Honda Philanthropy

Since the company's foundation, Honda has sought to contribute to society by creating quality products and technologies while coexisting harmoniously with the communities that host its operations. In the 1960s, while the company was still in a period of early growth, Honda began to launch philanthropic initiatives designed to strengthen ties with local communities.

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

We at Honda will continue to act as a company society wants to exist by pursuing various philanthropic initiatives.



### Our fundamental approach

Honda has pursued a variety of group-wide philanthropic activities in order to pass down a rich natural environment and a safe transportation-oriented society to the next generation. The basic principles and global directions that guide Honda's philanthropic initiatives serve as the foundation for these efforts. Going forward, Honda will continue to take advantage of its unique management resources as part of an active, group-wide effort to help create a future society in which all people can pursue their dreams through not only community initiatives, but also educational, environment and traffic safety initiatives.

#### Honda philanthropy: Vision

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

#### Honda philanthropy: Basic principles

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



Areas of philanthropic initiatives

#### 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

Since its founding, Honda has sought to coexist with the local community by blending in with the regions in which it conducts business. This philosophy is embodied in our basic principles, and it drives us to pursue a variety of activities that are carefully matched to the characteristics of each local community in partnership with domestic worksites, dealerships, group companies, and facilities worldwide.

## Honda Beach Clean-up activities Environment

Honda pursues environmental conservation activities worldwide in order to pass down the Earth's beautiful environment to the next generation. One such effort is our beach clean-up activities, which draw on Honda's technologies and manpower.

Associates clean beaches using a simple, compact, lightweight, and easy-to-operate towable Beach Cleaner designed by Honda out of a desire to leave the next generation beaches clean enough to walk on barefoot.

Under the beach clean-up initiative, which was begun in 2006, Honda associates have participated in more than 270 cleanup activities at more than 100 beaches across Japan.

During FY2013, more than 4,000 associates participated in these activities.

Also, we've worked to clean beaches in Miyagi Prefecture following the Great East Japan Earthquake in an effort to return them to their state before the disaster.

Going forward, Honda will continue to pursue beach clean-up activities as part of its corporate citizenship program in partnership with group company associates and local residents.



Associates clean up Maebara Beach in the city of Kamogawa, Chiba Prefecture, in September 2012.



Volunteers offer an environmental education program for local children at Futami Seaside Park in the city of Iyo, Ehime Prefecture, in June 2012.



Before the Clean-up



After the Clean-up

## Contributing to society with Honda technology: Debut of the new device, Beach Monpal

During FY2014, the Beach Monpal debuted as a new device to be used during Honda's beach clean-up activities. Based on the Monpal, a commercially available electric cart that does not require a driver's license to operate, and modified so that it could be driven on the beach, the vehicle was developed to allow more people to directly experience the fun of using a Beach Cleaner. The all-terrain vehicles (ATVs) that has been used previously in Honda's beach clean-up activities require special training to operate for that use. However, anybody can easily use the Beach Monpal without special training. The development of the new vehicle has also made possible the expansion of the area in which beach clean-up activities can be undertaken since it can be used where the previous ATV-towed cleaner could not go, for example on beaches wet from the surf and into every nook and cranny.

At the same time, our beach clean-up activities value the fact that the process of picking up trash with one's own hands gives participants a deeply-rooted sense of the importance of keeping beaches clean. For this reason, the development team believes that beach clean-up activities should not be left entirely to machines. The fundamental approach of having all participants work together should remain a constant from past efforts.

Honda's beach clean-up activities originated in a desire to keep beaches beautiful. This initiative, in which Honda's technology complements people's own abilities, will continue to evolve over time in the service of our wish that the idea that beaches should be clean enough to walk on barefoot becomes the most natural one in the world.



Volunteers clean Tsukihama Beach in the city of Higashimatsushima, Miyagi Prefecture, which was affected by the Great East Japan Earthquake.



The development team checks the vehicle's operation on a sand beach.

### Young engineers involved in developing the beach cleaner



"The team was enthusiastic about creating a great solution, and our ideas took shape one after the next. I look forward to doing work I can take pride in because the things we create with our own technology play a positive role in the world." (Right: Nagai)

"Materials and tools don't necessarily perform the way you want them to out in the field at the beach, so you have to pool the team's brainpower to solve each problem. But that's the best part of this job." (Left: Yamazaki)

## Watershed preservations in Japan

Environment

The water we use is carried by rivers from the mountains to the sea. Forests near river headwaters create not only clean water and rich ocean environments, but also clean air. Additionally, they help prevent natural disasters. In an effort to expand the scope of efforts to develop forests near villages that began in the 1970s to include areas throughout Japan, Honda is working to maintain forests in a healthy state at eight sites around the country, with a focus on forests near watersheds that provide valuable water to areas near Honda worksites. Core participation comes from volunteer staff consisting of associates and their families along with retired associates, and activities include not only tree-planting, but also clearing underbrush, thinning, and other conservation activities. During FY2013, about 420 volunteers participated in a total of 15 projects at 6 worksites.



July 2012: Watershed forest conservation activities in the town of Ashio, Tochigi Prefecture

## Dream Hands

Education

Dream Hands refers to creative crafts made from cardboard, glue, and paper clips. In the program, which is offered in communities near Honda worksites, current and retired associates volunteer to help children make these crafts based on a desire to have them experience the fun and joy of making something with their own hands while at the same time communicating the fun of manufacturing to the next generation. During FY2013, some 9,200 people participated at 200 such events at 8 worksites.



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

## Nature Wagon

Education

Nature Wagon is a traveling environmental learning program that brings a van filled with natural objects and materials from the ocean and mountains to elementary schools, community centers, and similar facilities. A volunteer staff consisting of retired Honda associates conducts lectures on natural mechanisms and the importance of conserving the environment for children, leads children in making crafts with wood and stones while teaching them various techniques, and otherwise helps them gain new awareness of—and think in new ways about—nature and the environment. During FY2013, a total of 8,800 children participated in 195 Nature Wagon sessions conducted by 5 Honda worksites.



Volunteers support children at the Forest Dreams Workshop.

## Children's Idea Contest

Education

In the Children's Idea Contest, elementary school students create works depicting products they wish existed, taking the future as their theme. The program was launched in 2002 based on a desire to have children experience how fun it can be to pursue one's dreams and how interesting it can be to manufacture things. More than 28,000 children have participated so far in the program, which marks its 10th year in 2012.

In late March 2013, we held an international exchange event at Twin Ring Motegi. Children who had participated in a similar contest in Thailand were invited to interact with children in Japan who had won grand and runner-up prizes.



Children present the Emogura vehicle for Ecodomo, which won the Special Judge's Prize at the 10th Final Judging Session.

## Traffic safety education and promotion activities

Traffic safety

For more information about Honda's traffic safety education and promotion activities, see below.

## Community initiatives (local communities)

Community

Honda dealers and other group companies are involved in a variety of community initiatives as corporate citizens.

### Honda Cars Tokushima holds a regular blood drive every fall and spring

Honda Cars Tokushima holds a regular blood drive twice a year. Because blood drive vehicles only visit certain locations in Tokushima Prefecture such as department stores in front of train stations, people have few opportunities to donate blood. Consequently, this activity has gained popularity because it allows people not only to contribute to society in a familiar location, but also to manage their own health, and the number of participants has been increasing with each passing year. Blood drive vehicles are parked so that they are visible from the road, ensuring that people can see them as they go by. The company actively promotes the program, for example by creating flyers and posting them ahead of time at the dealership and enclosing them with mailings to customers and business partners.



Blood drive organized by Honda Cars Tokushima

For more information about activities undertaken by group companies, please see below.

## North/Central America

### USA: Sea turtle conservation program Environment

American Honda Motor has been supporting a sea turtle conservation program at the Gladys Porter Zoo. The program, a joint effort by the U.S Fish and Wildlife Service and the Mexican government, seeks to monitor and conserve the habitat of the Kemp's Ridley sea turtle, an endangered species. Project members use ATVs to patrol more than 100 miles of shoreline on South Padre Island in Texas and in the Mexican state of Tamaulipas. Since 1978, more than 70,000 turtles have laid their eggs in the area. More than 4.5 million eggs have hatched, and those hatchlings set out for the Gulf of Mexico. Honda has provided ATVs and otherwise cooperated with the program since 1978, and it plans to continue supporting it in the future.



Volunteers use ATVs to conserve the sea turtle population.

### USA (Ohio): Supporting the National Robotics Challenge Education

Held in Marion, Ohio, the National Robotics Challenge is an educational program dedicated to cultivating the ability to think and use technology to solve problems as well as leadership skills through the process of creating a robot and giving a presentation about it.

Teams from across the Midwest, particularly Ohio, participate in the program, which has been held every year since 1986. In 2012, more than 300 middle school, high school, and college students participated in the event. Honda of America Manufacturing is a supporter of the program, and about 25 associates served as judges on the day of the event. The company also held an exhibit on the role of robots at Honda's production facilities and ASIMO. Going forward, Honda of America Manufacturing plans to continue to support the National Robotics Challenge as a way to contribute to the development of the robotics field.



The National Robotics Challenge in Marion, Ohio

### USA: Offering a course on how to drive ATVs safely for the Boy Scouts Traffic safety

American Honda Motor loans all-terrain vehicles (ATVs) to the Boy Scouts of America and supports courses on how to operate the vehicles safely. The company has been offering the course since 2009, and more than 2,000 people attend every year. The course is designed to give participants an understanding of how to operate an ATV safely while taking environmental concerns into account and to let them experience the joy of driving an ATV. Going forward, the company plans to continue to support the Boy Scouts of America.



Volunteers teach participants from the Boy Scouts of America how to operate an ATV safely.

### USA (Alabama): Conducting community service activities on Martin Luther King, Jr. Day Community

Martin Luther King, Jr. Day is celebrated in the U.S. on the third Monday of January, which falls close to his birthday, and communities typically hold a variety of events to mark the occasion. Honda Manufacturing of Alabama has been working with Hands On Birmingham to conduct community service activities on this day since 2012. This year, the second year of the initiative, 85 associates participated as volunteers at Downey Park in Birmingham, Jefferson County, Alabama, where they cleaned up the area, painted swing sets, repaved the basketball court, and made other improvements. Honda Manufacturing of Alabama plans to continue this initiative in the future.



Community service activities held on Martin Luther King, Jr. Day in January 2013

## South America

### Brazil: Pursuing environmental projects in the community

Environment

Honda South America has been participating in the Eco Vida ("Eco Life") project since 2000. The effort aims to increase environmental awareness among the people living in and around the Amazon basin and to raise awareness of the importance of natural resources and environmental protection so that a better Earth can be left to the next generation. Local residents gather in schools to participate in a variety of environment-related recreational activities, including races using traditional wooden canoes. In 2012, associates visited communities along the Manacapuru River in Brazil's Amazonas state, where they participated in environmental protection- and sustainability-themed activities.



Participants hold a race using traditional wooden boats fitted with engines.

### Brazil: Holding a junior orchestra in Paraisópolis

Education

Honda South America has held a music-related project in Paraisópolis, the second-largest favela (shanty town) in São Paulo, since March 2011. The project aims to teach young people how to play wind and string instruments as well as choral singing techniques while increasing their joy and motivation through exposure to classical music. In 2012, 90 students participated in activities held four times a week in the neighborhood.



Young people from the Paraisópolis neighborhood of São Paulo play in a junior orchestra.

### Brazil: Pursuing a traffic safety initiative targeting elementary school students

Traffic safety

Honda South America offers a traffic safety education program for elementary school students. The activity begins with associates volunteering to explain traffic rules and manners using models. Then, participants actually experience how to conduct themselves in an area that recreates city streets. In 2012, the company held the activity 25 times and gave students 38,800 sets of learning materials (including a pamphlet and traffic safety game). Going forward, the company will continue to work to promote traffic safety education for children.



Students learn about traffic safety in a miniature city that recreates actual city streets.

### Argentina: Chain of Help

Community

In Argentina, Honda South America conducts an activity known as Chain of Help at kindergartens and other facilities attended by associates' children with the goal of fostering Honda associates' sense of solidarity and aiding in the growth of their children. Some 150 associates and 180 kindergarten students participated on the day of the program, which was launched in 2012. Associates' families participated in a "morning circus" featuring magic and games in a decorated room as well as experimental workshops, surprise games, and other activities. The program also provides school learning materials and children's books. Going forward, the company plans to hold the event once every year.



Associates' families participate in the Chain of Help program.

## Europe, Middle and Near East, and Africa

### Spain: Repairing a shelter for poor children

Community

Each year, associates at Honda Automóviles España spend the anniversary of the company's founding by making repairs to a home for disadvantaged children. On this year's anniversary in March 2012, all 65 of the company's associates completed repairs to a children's home in Barcelona in order to help disadvantaged children aged 3 to 16. Associates came together to make various improvements at the facility, including by painting children's rooms, the dining room, the building's outside walls, and benches; cleaning up the facility's park; and setting up a new television and furniture in its rec room. Activities carried out on the anniversary of the company's founding are based on Honda's vision of "Striving to Be a Company Society Wants to Exist." They not only bring joy to the children's home, but also provide a valuable opportunity for all associates to contribute to their local community through their own actions.



Associates make repairs at a children's home.

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

Community

In May 2012, Honda Poland joined with members of Honda's VFR Motorcycle Club to host an event on Children's Day to cheer up sick children. The event, which the company has been holding since 2009, was motivated by a desire to help the children forget their illness for a short period of time by assisting in a children's health program run by the VFR Club. At the event, seriously ill children played together and had fun at a variety of Honda booths, where they practiced on a riding trainer (a motorcycle traffic safety device), competed for prizes, and rode motorcycles decorated with manga characters.



Children enjoy rides on motorcycles at the event in May 2012.

## Asia and Oceania

### Taiwan: Cleaning up rivers Environment

In September 2012, Honda Taiwan held a series of river cleanup activities across the country. Under the initiative, the company worked with various local environmental protection groups to clean up 23 rivers nationwide. A total of more than 1,000 associates, dealer staff members, and customers collected more than 13 tons of trash. Participants also tested water quality, observed plant and animal life, and carried out other related tasks, deepening our understanding of the rivers' ecosphere. The company will continue this activity on a regular basis in order to pass on rich natural beauty and clean water to the next generation.



Volunteers clean up a river in Taiwan in September 2012.

### Thailand: Eco Mileage Challenge Education

In December 2012, the Honda Eco Mileage Challenge, an event that is organized by AP Honda, was held at the Thailand Circuit in the Thai province of Nakhon Pathom. Participants in the event, which aims to improve and promote the technology used in the new PGM FI engine (which uses electronically controlled fuel injection) and to prevent global warming through energy conservation, compete to see which team can drive the farthest on one liter of gasoline. A total of 472 teams competed in the event, which was the 15th of its kind. The winning team was able to drive 1,165 kilometers per liter using a Wave110-i engine. AP Honda will continue to hold the event in the future.



Teams compete in the Eco Mileage Challenge in Thailand in December 2012.

### Taiwan: Offering plant tours for elementary school students Education

Honda Taiwan has offered plant tours for elementary school students regularly since 2004. In 2012, the company held tours for local elementary school students in April and for Japanese elementary school students in September. About 20 students participated in each of the two tours, where they observed with interest how Honda products are manufactured.



Local elementary school students tour the plant in April 2012.

### Thailand: Volunteering to make improvements at a school Community

In March 2013, Honda Automobile Thailand conducted a volunteer activity to make improvements to outdoor facilities at Wat Tham Mai School in the province of Ayutthaya. The aims of the initiative, which was part of the Honda School Environment Volunteer program, included raising associates' awareness and building a good relationship with the local community. Some 300 Honda volunteers joined 120 teachers, students, and local residents to form a total workforce of 420 people. Participants planted trees and grass, maintained a pétanque terrain, paved walkways with bricks, and painted playground equipment, fences, and a flagpole.



Volunteers' activities included planting trees with children.

## China

## China (Inner Mongolia): Holding a tree-planting project in Inner Mongolia

Environment

Honda has been pursuing a tree-planting project known as the Joyful Forest Project in Hebei Province and in the Horqin Desert in the Inner Mongolia Autonomous Region since 2000. During Phase 1 of the tree-planting project, which took place during the five-year period from 2008 to 2012, volunteers planted 700,000 seedlings on about 467 hectares in the area near Youyi Dam in Xinghe County of Ulanqab, a prefecture-level city in Inner Mongolia. In July 2012, the final activity of Phase 1 of the project was held in Inner Mongolia with 200 participants, including 160 associates of 14 Honda joint ventures in China, 30 members of the media, and representatives of Tongji University, which won Honda's China Eco Mileage Challenge in 2011. A new five-year joint tree-planting project will begin in 2013. The number of participating joint ventures has increased from 14 to 16, and Honda will provide a total of RMB 20 million in funds from 2013 to 2017 to plant trees on about 69.4 hectares of land along National Highway 110.



Associates dig dirt to build an embankment and carefully plant seedlings one at a time.



A field before the tree-planting project (2007)



The same field after the project (2012)

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

Education

In November 2012, the 6th Honda China Eco Mileage Challenge Fuel Economy Contest was held by Honda's China Headquarters at the Guangdong International Circuit. Participants in the contest compete to see whose team can travel the farthest on 1 liter of gasoline at the event, which aims to provide an opportunity to affirm the importance of using energy resources effectively, raise awareness of the need to conserve the environment, and experience the joy of manufacturing. Starting in 2011, the contest has included an electric vehicle division in which teams compete to see which can travel the greatest distance during a fixed amount of time using batteries as the only power source.

A total of 128 teams entered the 2012 contest. The gasoline division was won by Donfeng Honda (WDHAC), whose team posted the second-highest distance ever at 1,917 kilometers per liter.

Honda in China will continue to support young people as they strive to improve technology in the future. The company plans to take advantage of this contest to promote technology in the country, where hybrid and electric vehicles are expected to enjoy widespread use in the coming years.



The WDHAC team is recognized as the event's overall winner.



The vehicle used by Beijing Information Science & Technology University won the Technical Award and the Design Award.

## Corporate Governance

Honda considers the enhancement of its corporate governance structures to be a key management issue and engages in a program of associated initiatives in keeping with its fundamental beliefs in order to increase the level of trust of shareholders, investors, customers, and the general public so that it can be a company society wants to exist.

### **Honda's approach to corporate governance**

This section introduces Honda's basic approach to corporate governance and the structures through which it pursues that approach.

### **Risk Management**

We are involved in a number of initiatives related to risk management, including putting in place risk management structures and reviewing our information management rules.

### **Compliance**

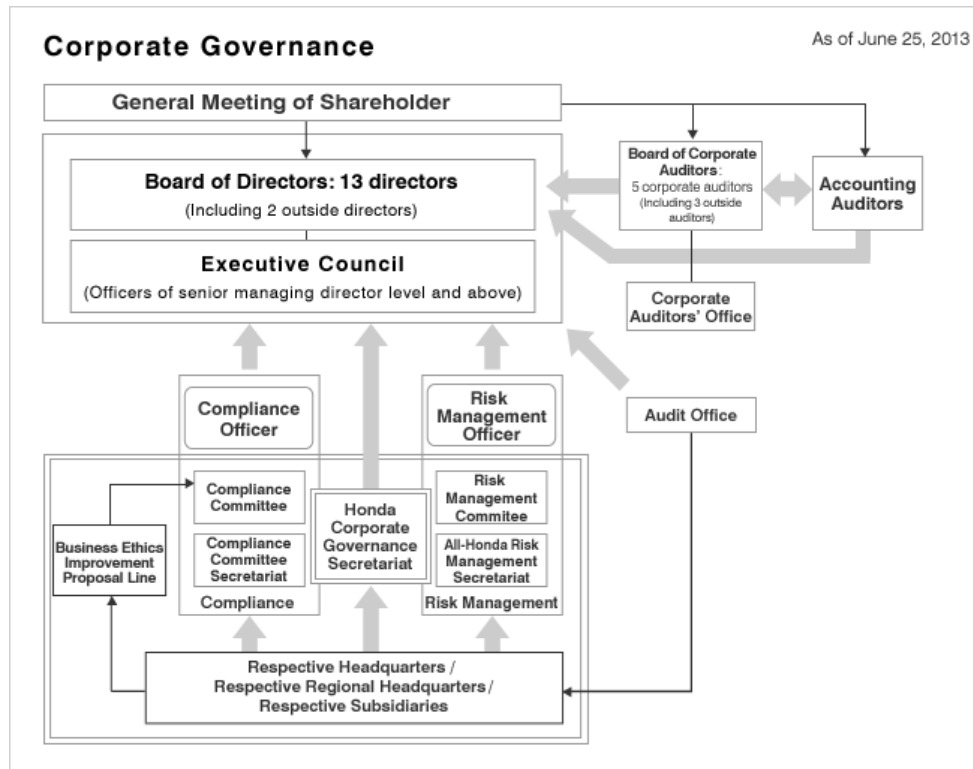
We have put in place a series of compliance-related structures, including a series of Honda Conduct Guidelines and a Compliance Committee.

## Honda's approach to corporate governance

### Basic stance on corporate governance

Honda considers the enhancement of its corporate governance structures to be a key management issue and engages in a program of associated initiatives in keeping with its fundamental beliefs in order to increase the level of trust of shareholders, investors, customers, and the general public so that it can be a company that the society wants it to exist, and achieve its goal of continually increasing its corporate value over time. Going forward, we will continue to strive to realize robust and highly transparent management, including through the timely and accurate release and disclosure of quarterly financial results and management policies, in order to increase the level of trust and understanding of shareholders and investors, customers, and the general public.

### Corporate Governance Structure



## Risk Management

### Streamlining the risk management structure

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

In order to further reinforce our risk management structure, we established the Risk Management Committee to handle all types of risk, ranging from natural disasters to the risk inherent in business. In addition, we solidified our structure to enable more effective identification of risk and necessary countermeasures that became apparent after the Great East Japan Earthquake. Thus, we thoroughly revised the Honda Crisis Response Rules and renamed it the Honda Risk Management Rules.

Furthermore, we formulated a Business Continuity Policy (BCP) with the objective of ensuring continuity of operations throughout the Honda Group in times of crisis.



Honda Risk Management Rules

### Information management

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

Our measures taken to further strengthen information management in FY2013 included the revision of the Honda Security Policy (HSP), the information management rules of Honda.



Honda Security Policy (HSP)

## Compliance

### Honda Conduct Guideline

We are pursuing locally oriented corporate activities on a global scale through autonomous actions of all Honda employees in accordance with a set of action guidelines that are shared throughout the Group. Effective April 1, 2013, we revised those guidelines to make them easier to understand and read based on our understanding of the increasing importance of sharing The Honda Conduct Guideline globally in order to enhance our global operations.



Honda Conduct Guideline

### The Compliance Committee

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



## Suppliers

### Fundamental approach to suppliers

A single Honda automobile is made of 20,000 to 30,000 parts. Manufacturing our automobiles and other products depends on close cooperation with business partners who supply the necessary parts and materials.

In striving for growth through long-term relationships, Honda's purchasing division takes care to provide equal opportunity to any supplier who seeks to do business with us. We choose suppliers via fair processes while respecting their independence and treating them as equals.

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

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### Purchasing guidelines and the three purchasing principles

#### Our purchasing guidelines

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

#### Our three purchasing principles

##### 1. Procurement based on free competition

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

##### 2. Equal treatment of all suppliers

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

##### 3. Respect for the independence of suppliers

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

### Implementing the 2020 Vision of providing good products that maximize the joy of customers with speed, affordability and low CO<sub>2</sub> emissions

Honda has adopted "Best possible QCDDE\*": Sensing worldwide, acting worldwide, creating worldwide" as its purchasing policy to help achieve its 2020 Vision. We are communicating closely with business partners around the world to implement this policy in order to achieve our goal of providing customers with good products that maximize the joy of customers with speed, affordability and low CO<sub>2</sub> emissions.

\*QCDDE: Quality, Cost, Delivery, Development, and Environment

We choose suppliers via fair processes while respecting their independence and treating them as equals. We select optimal vendors for parts and raw materials from multiple candidates based on an evaluation of such factors as technical capability; quality, cost, and delivery (QCD); financial position; and compliance, environmental conservation, and information security initiatives.

### Bringing CSR to suppliers

We have a well-established history of working with suppliers to implement CSR policies founded on the Honda Philosophy by pursuing safety, disaster prevention, compliance, environmental protection, and QCD-related measures. In 2010, we issued a series of Supplier CSR Guidelines that clearly define our standards in areas such as human rights and labor in order to augment those initiatives and encourage suppliers to undertake active CSR programs based on a shared understanding of their significance. At the same time, we issued a CSR Checklist for suppliers to use in the in-house application of their initiatives as well as in their secondary application to upstream suppliers.

Furthermore, we issued a revised guideline in 2013 adding our standards on conflict minerals\*.

\*Conflict materials: Minerals that originated in the Democratic Republic of the Congo or adjoining countries which are thought to be contributing to the funding of armed groups or to the abuse of human rights in that region.

**▶ Enhancing partnerships**

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

**▶ Strengthening compliance with purchasing policies**

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

**▶ Human rights and environmental considerations**

We are involved in a range of initiatives based on the Honda Philosophy that seek to ensure that the autonomy and human rights of all employees and business partners are respected. We are also striving to reduce environmental impacts throughout the supply chain.

## Enhancing partnerships

### Holding Suppliers Conference

Honda holds Suppliers Conference in order to share business directions and purchasing policies with them.

At one such meeting in January 2013 attended by the top management of 323 suppliers, President Takanobu Ito outlined Honda's companywide policies, and Naoto Matsui, Chief Operating Officer of Purchasing Operations, discussed the company's purchasing policies.

Honda also presented letters of appreciation in recognition of its gratitude to suppliers who made outstanding contributions to the company's business throughout the year in cost, quality, development, parts, and environmental categories.

The event provided an opportunity for Honda and its suppliers to strengthen their partnership and reaffirm their understanding of the need to work together closely to achieve Honda's 2013 business objectives.



President Tsuguo Kimura of F-Tech Inc. (right) accepts cost, development, and environmental awards from Honda President Takanobu Ito.

## Human rights and environmental considerations

### Initiatives regarding the issue of conflict minerals

The U.S. Securities and Exchange Commission (SEC) has adopted a final rule for disclosure mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) that requires publicly listed companies to disclose their usage of conflict minerals, so as to confirm that the purchase and usage of such minerals that originated in the Democratic Republic of the Congo or adjoining countries are contributing neither to the funding of armed groups nor to the abuse of human rights in that region.

Honda has adopted concrete measures in relation to conflict minerals, including a policy of monitoring supply chains, in collaboration with domestic and international industry organizations. In the event that there are concerns regarding any particular minerals, Honda will take steps to avoid the use of such minerals.

In addition, Honda seeks the cooperation of its business partners in this regard, asking them to make the same level of effort regarding the issue of conflict minerals.

### Procuring environmentally responsible materials and parts

#### Striving to build a low-carbon global supply chain

As part of its effort to build a low-carbon global supply chain consisting of competitive suppliers so that it can create the optimal QCDDE sought by customers worldwide, Honda has created an Environmental Grand Design and is taking the following three steps:

1. Disseminating Honda's environmental initiatives
2. Promoting the preparation to manage CO<sub>2</sub> emissions reduction
3. Reducing CO<sub>2</sub> emissions

We have also issued the Honda Green Purchasing Guidelines to suppliers of parts and raw materials to explain Honda's efforts to reduce environmental impacts throughout the product life cycle. We also hold supplier briefings to explain the standards and methods by which emissions are calculated in line with the Guidelines as well as our reduction plans, and we use the PDCA cycle to pursue reductions.

We also hold supplier briefings to explain the standards and methods by which emissions are calculated in line with the Guidelines as well as our reduction plans, and we use the PDCA cycle to pursue reductions.



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

#### Headquarters launching reform of parts distribution

In procured part logistics, an area where we have traditionally depended on suppliers, Honda is working to build a logistics network capable of collecting parts locally and shipping them efficiently in order to reduce CO<sub>2</sub> emissions. The effort was launched in conjunction with certain suppliers in November 2011, and during fiscal 2013 we increased the number of participating suppliers and began transporting parts by rail. Going forward, we will continue to pursue this approach to reducing logistics-linked CO<sub>2</sub> emissions in partnership with suppliers.

## Strengthening compliance with purchasing policies

### Instruction and training for associates

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



Standards of Purchasing Staff Behavior published on the intranet

### Taking an aggressive approach to ensuring legal compliance by suppliers

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

# Associates



## Fundamental personnel policy

Honda is proud of the spirit of independence, fairness, and trust that emerges from our basic principle of respect for the individual. We believe this spirit should permeate all our relationships, not only with those in the Honda Group, but also everyone in all companies with which we do business. Honda also believes that human beings are born to think, create, and express their individuality, thus realizing their hopes and dreams. We strive to attract individuals who share this belief and who will respect one another's individuality. We seek to foster an atmosphere of mutual trust and fairness in which our associates are able to realize their potential and share in the joy of creating new value for society. Our goal is to maintain organizational structures and personnel policies in areas such as recruitment, training, evaluation, and assignments that foster a free and open atmosphere, encouraging each associate to face new challenges and achieve new successes. We seek to create an environment in which each person's ambitions, abilities, and potential can be fully developed.

### Three principles of personnel management

#### 1. Respecting independence

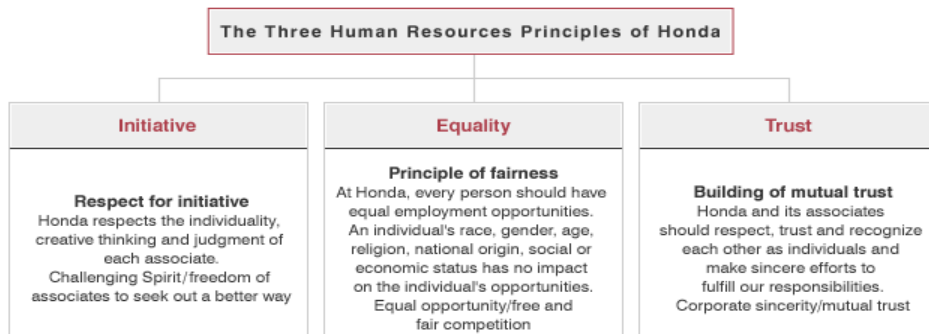
Honda expects associates to express their individuality and independence. As our founder said, "He who knows best should speak up, and he who can do best should act." In that spirit, today's associates are encouraged to think for themselves, take action, and accept responsibility. As reflected in our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

#### 2. Ensuring fairness

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

#### 3. Fostering mutual trust

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



### Associate Relations Policies

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

#### 1. Respecting individual human rights.

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

## 2. No discriminations

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

## 3. Complying with laws and ordinances.

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

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

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

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

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

### Promoting diversity

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

### Building healthy working environments

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

### Communication with labor unions

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

### Developing abilities and human resources

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

### Initiatives for occupational health and safety

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

### Keeping everyone healthy

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

## Promoting diversity

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

### Expanding opportunity for participation by women

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

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

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

### Employment of people with disabilities

Honda provides jobs to people with disabilities at its facilities in Japan in an effort to expand their employment opportunities. We also offer employment at affiliates Honda Sun, Honda Sun R&D, and Kibounosato Honda. We strive to create an environment that allows associates with and without disabilities to work alongside one another and to make adaptations to ensure that workplaces and opportunities are fully accessible.

Employment of individuals with disabilities\* at Honda factories in Japan in FY2013 stands at some 2.31%, or 1,066 individuals, well above the legally mandated level of 1.8%.

#### Designated affiliates

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

#### Employment of individuals with disabilities



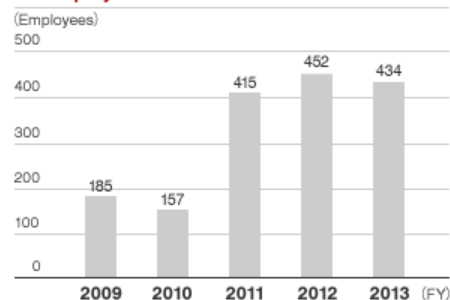
\*Laws governing the employment of people with disabilities stipulate that employment of one individual with a serious disability is equivalent to employing two less severely disabled individuals for purposes of calculating the number of disabled employees and percentage of employment. Data depicted in the graph is current as of June 1 of each year.

### Rehiring retirees

In view of dwindling birth rates, the need to reinforce the social insurance system in Japan, and the importance of passing on the technical expertise crucial to the functioning of the workplace, Honda introduced a series of policies in April 2003 to create opportunities for those associates who reach the retirement age of 60. Our proactive approach preceded the introduction of laws governing the employment of retired individuals.

Acting to provide greater peace of mind and assurance in the years after age 60 and to create an environment in which associates can make the most of skills gained over a lifetime, Honda instituted changes in April 2010 to create a new re-employment program designed in principle to offer re-employment in operations that take advantage of each individual's specialized knowledge to all interested associates until the age of 65. About 60% of all associates faced with mandatory retirement at age 60 have expressed an interest in re-employment, which allows them to draw on their extensive experience and specialized knowledge to contribute actively in a variety of workplaces throughout the company.

#### Re-employment of retirees



## Building healthy working environments

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

### Optimizing work hours

Honda has always been an industry leader in introducing shorter workweeks. The company instituted a five-day workweek in alternating weeks in 1970, followed by a true five-day workweek in 1972. Other initiatives enjoyed by associates for more than 30 years include the banning of overtime on Wednesdays and some Fridays and the introduction of a policy encouraging all associates—both labor and management—to use their allotted vacation time in full\*.

As a result, total working hours averaged 1,947 per associate in 2012, and associates averaged 18.7 paid vacation days, putting Honda at the top level of the automobile industry in terms of reducing actual working hours.

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

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

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

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

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

Additionally, in 2008 we began offering temporary childcare for preschoolers whose parents had to work on holidays in all worksites. As a result of these initiatives, Honda has been certified as a company that supports child-raising by the Minister of Health, Labour and Welfare.

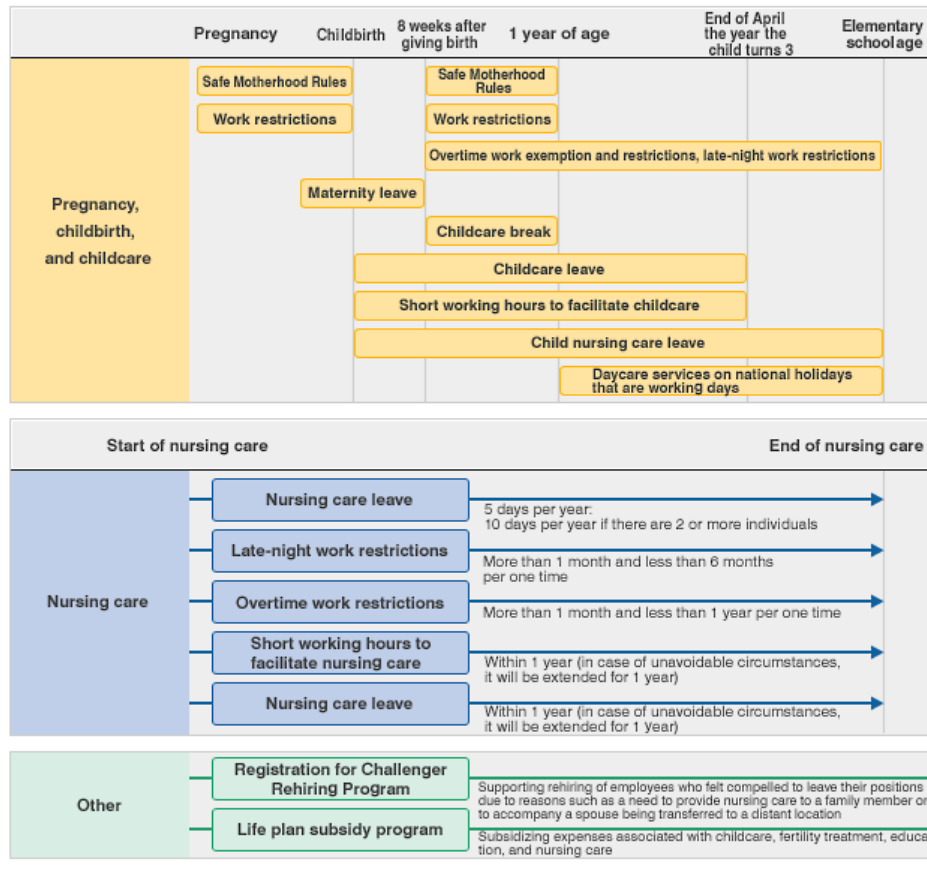


Temporary childcare is offered to associates working on holidays



Kurumin Certification Mark

## Programs that help associates balance work and family life



## Counseling hotlines

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

### Counseling hotlines dedicated to balancing work, parenting, and family life responsibilities

Honda created a counseling hotline at each worksite's general affairs department in January 2010 in order to accommodate counseling requests from associates striving to balance work and family responsibilities and to promote awareness and utilization of the company's support programs. Each hotline is staffed by a pair of male and female counselors who field counseling requests from both targeted associate groups and supervisors.



A poster promoting the counseling hotlines

### Sexual harassment counseling hotline

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

### Life planning seminar hotline

Honda offers life planning seminars to give associates and their spouses an opportunity to start thinking about purpose, health, and economic planning so that they will be able to lead a rich and fulfilling life after age 60. In FY2013, we progressively lowered the target age to accommodate an increase in the gap in public pension coverage by offering the seminar for 54-year-old as well as 55-year-old regular employees.

Additionally, in-house seminar instructors and a secretariat offer one-on-one counseling for associates who have participated in the seminar.

## Communication with labor unions

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

### Building good labor relations

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

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

### Associate awareness survey

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

An associate awareness survey was scheduled to be conducted in 2013, and we did so in March. Going forward, we plan to summarize the results and identify issues.

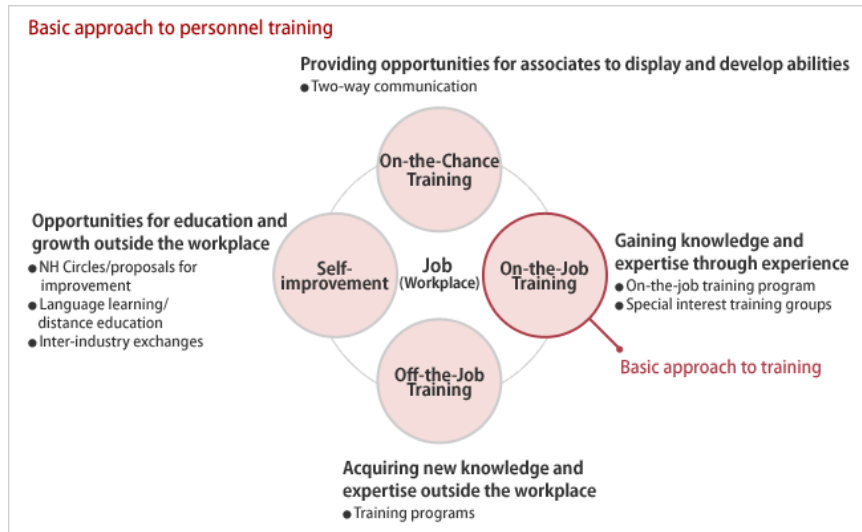


Awareness survey results distributed to associates in 2010 (left)  
Management guide incorporating issues raised by the associate awareness survey (right)

## Developing abilities and human resources

### An approach based on on-the-job training

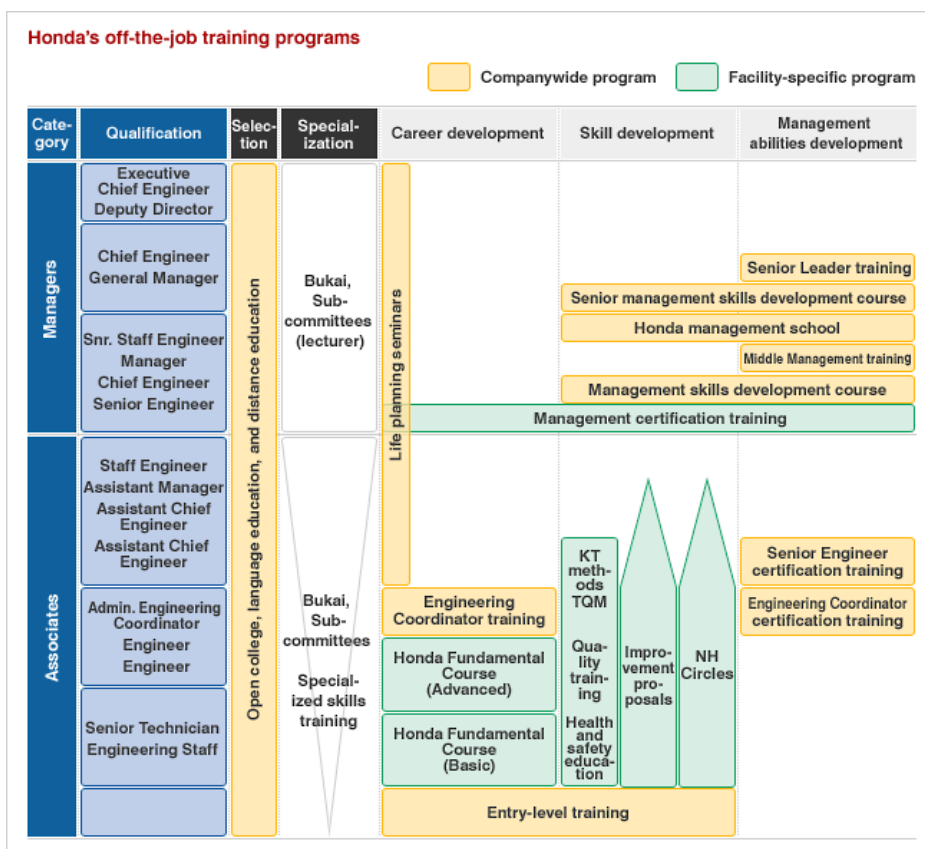
Honda's approach to personnel education is based on on-the-job training: building specialized skills and professional capabilities through direct experience. Honda has established on-the-job training programs for each job description, setting qualitative and quantitative targets for the knowledge and skills to be acquired. These programs provide with an opportunity for associates to acquire specialized skills and managerial capabilities while helping supervisors assess and foster the aptitude of the associates they manage. To supplement these on-the-job training programs, Honda also offers off-the-job training designed to provide associates an opportunity to enhance their careers by developing new specialized skills or management capabilities. To support associates who wish to take the initiative to learn new skills, acquire knowledge, and cultivate themselves in order to fully realize their own potential, Honda offers opportunities for language learning, distance education, and inter-industry exchanges.



### Principal off-the-job training programs

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

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



## Respecting associates' opinions and independence

Honda fosters each associate's drive and independence, and the company has put in place a number of systems to harness those capabilities to contribute to its ongoing reorganization and growth.

### Associate development and evaluation through two-way communication

Reflecting Honda's emphasis on two-way communication with supervisors in associate development and evaluation, all associates have at least three interviews with their supervisors each year. During the first interview in April, associates describe the future in their own words (including aspirations, personal objectives, etc.) and clarify their vision for the future and their direction going forward through their supervisor's advice. They then work out their individual role based on the organization's business goals for the fiscal year in question.

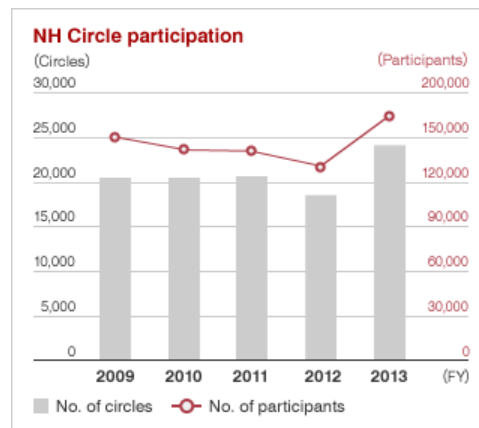
During interviews in June and December, supervisors evaluate associate performance during the preceding six months, explain the reasoning behind their judgments, and share an assessment of each associate's strengths and weaknesses. By facilitating a discussion of subjects such as future objectives and career directions, the interviews pave the way for associates' skill improvement.

### NH Circle

In NH Circle activities, associates take the initiative to get together to discover ways to improve their work, their workplace and their company. The abbreviation "NH" stands for "Now, Next and New Honda." It's all about taking new steps now toward creating the next great Honda improvement.

Based on the principle of respect for the individual, and cherishing independence, fairness and trust, the activity seeks to create dynamic, forward-looking workplaces where individuality is respected; tap the unlimited potential of each and every associate by encouraging them to make the most of their abilities; and contribute to the overall health of the company and its continued development. Together with Regional Contests that are held in six regions worldwide, a World Convention featuring circles selected from each of the Regional Contests provides a venue for participants to showcase the results of their activities, raise mutual awareness, and exchange views and ideas. The scope of the program's activities has expanded each year since its launch in 1973. During FY2013, a total of 171,200 associates and employees participated in 22,960 circles in 32 countries worldwide, including at suppliers, affiliates, and dealers.

Associates presented the results of their activities in 2012 at a Japan Regional Contest held on November 3 at the Saitama Factory. A total of 252 associates representing 42 circles that had won their district contests gathered to participate in the event. Then from December 4 to 6, a total of 480 associates representing 78 circles in 17 countries participated in the World Convention at North American subsidiary Honda of America Manufacturing in Ohio.



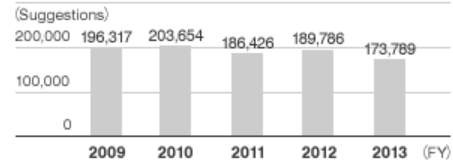
An NH circle's presentation

## Improvement suggestion system

Honda has a system for encouraging all associates to make proposals as to how the company's operations could be improved, whether in large ways or small. Launched in 1953, this initiative is one way Honda seeks to encourage a spirit of independence and innovation, fostering the growth and refinement of skills and capabilities. Each year, some 170,000 suggestions are received, of which about 90% are implemented.

During FY2013, more than 170,000 improvement suggestions were received from Honda worksites. Of these, 8 proposals chosen to receive the President's Award and 14 proposals similarly chosen to receive the Excellence Award were announced and recognized at the Improvement Suggestion No. 1 Convention, which was held at the Tochigi Factory.

### Suggestions for improvement received\*



\*Number of suggestions tallied from August to the following July of each year since awards are presented during ceremonies commemorating the anniversary of the company's founding in September



Award winners of the Improvement Suggestion No. 1 Convention present their theme to company executives (at their workstation at the Tochigi Factory).

## Initiatives for occupational health and safety

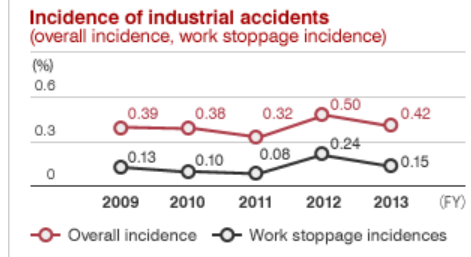
### Honda's approach to occupational health and safety

"No safety, no production": that's Honda's policy. Respect for the individual is one of the basic tenets of the Honda philosophy. Along with workplace safety and traffic safety, Honda considers ensuring the mental and physical health of associates to be one of its most important responsibilities. Besides making these views explicit in its basic policy on occupational health and safety, Honda engages in initiatives designed to ensure that its workplaces are among the safest and most comfortable in the industry.

### Creating safer workplaces

In addition to implementing an Occupational Health and Safety Management System to help prevent occupational accidents, Honda is involved in activities including practicing risk assessment, enhancing health and safety education, and raising associates' safety awareness. These activities, which are carried out in accordance with our policy of putting in place a safety culture by raising awareness and establishing technologies to enhance safety, focus on measures to reassess and spread new awareness of basic safe conduct, strengthen activities conceived to lower work risks, aggressively prevent recurrence of serious accidents and develop associated mechanisms, and develop the habit of lowering risk through training and classes. By revitalizing a program of thoughtful suggestions to address near-misses in a way that increases individual associates' safety consciousness, particularly by reviewing basic safe conduct with regard to accidents resembling those that occur in everyday life, which increased in 2011, we were able to cut the number of such accidents in half from the previous year. During FY2014, we will continue to implement activities to prevent accidents and strengthen the company's safety functions by reviewing its tripartite approach\* and enhancing educational offerings.

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



## Keeping everyone healthy

### Approach to associate health

Honda has embraced a policy of helping associates lead healthy, well-balanced lives.

As a company, we work to discover health problems early on through medical checkups and to treat them appropriately. Associates whose checkup indicates a health issue are given individual guidance and counseling.

For their part, associates strive continuously to adopt healthy lifestyle habits by paying close attention to their own physical and emotional health and actively taking advantage of opportunities to exercise and improve their health.

### Medical checkups

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

### Mental health initiatives

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

The company, its associates, and its managers all play a role in helping to create an environment where all associates can take pride in their work, approach their jobs with enthusiasm and passion, and maintain an energetic outlook by valuing individual diversity and communication.

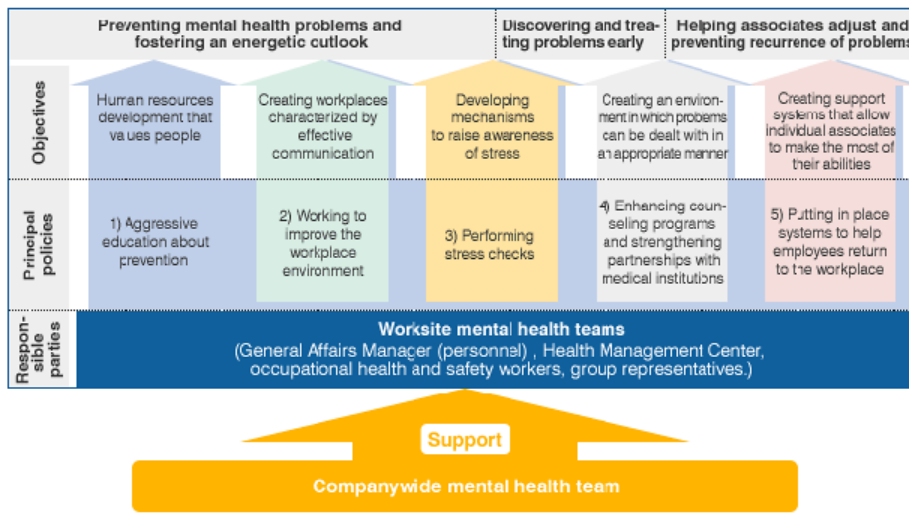


Leaflets and pamphlets distributed to associates

In October 2009, we distributed leaflets and pamphlets to associates in an effort to help create a work environment conducive to both physical and mental health.

#### Overview of companywide mental health policies and programs

Creating an environment where all associates can take pride in their work, approach their jobs with enthusiasm and passion, and maintain an energetic outlook.  
Honda's fundamental policy of respect for the individual



## Preventing musculoskeletal disorders\*

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

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



Class held at the Tochigi Factory

## Total Health Promotion Plan (THP)

In 1988, as part of a health and welfare program designed to help associates enjoy healthy and satisfying lives, Honda established a THP Committee and formulated a Total Health Promotion Plan offering ongoing, systematic support to encourage associates to maintain and improve their health. Consisting of a series of companywide policies based on raising awareness and motivating associates to take the initiative to live healthily, the plan encourages associates to prevent adult-onset diseases, track their physical fitness, participate in "Try Walk" events, and quit smoking. We also offer instruction in exercise and nutrition and related training programs and are currently working to improve exercise habits, increase physical fitness, and enrich no-smoking activities in response to the aging of society.

### Guidance for preventing adult-onset diseases

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

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

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



A walking event for associates at the Saitama Factory and their families



Measuring associates' physical fitness

### No-smoking activities

In 2011, we shifted the focus of these activities from the segregation of smoking to its prohibition and are working to achieve the companywide goals of eliminating the dangers of second-hand smoke and dramatically reducing the percentage of associates who smoke. We are also strengthening educational activities, for example by hosting information exchanges with other companies on measures to prohibit smoking and holding educational events to coincide with World No Tobacco Day.



Educational event on World No Tobacco Day



Information exchange with other companies

## Shareholders and Investors

### Honda's history on stock exchanges

Established in 1948, Honda Motor Co., Ltd. was listed on the Tokyo over-the-counter stock market in 1954. After being listed on the Tokyo Stock Exchange in 1957, the company was listed on all national exchanges in Japan. Overseas, American Honda Motor Co., Inc. issued American Depositary Receipts in 1962, and in 1977 was listed on the New York Stock Exchange. As Honda's overseas development proceeded, Honda affiliates were listed on major exchanges worldwide: in 1981 on the London Stock Exchange, in 1983 on the Swiss Stock Exchange, and in 1985 on the Paris Stock Exchange (now known as Euronext Paris).

As stock exchanges and investors worldwide embraced increasingly "borderless" financial transactions, we withdrew from the Swiss Stock Exchange and Euronext Paris in 2007. The same year in Japan, we also withdrew from stock exchanges in Nagoya, Fukuoka, and Sapporo. In 2013, we withdrew from the London Stock Exchange.

### Protecting the rights of shareholders and investors

#### Our fundamental approach to investor relations

Our investor relations activities for shareholders and investors have two focuses: ensuring timeliness, accuracy, and fairness, and communicating the true state of the company's operations in a straightforward manner. In order to help our shareholders and the broader investor community reach an even deeper appreciation of Honda's activities, we are proactive in providing forums for communication. To ensure that our communications are not unilateral, we work hard to remain attuned to the voice of the market. We also work to promote close dialogue, maximum understanding and mutual communication in our relations with shareholders and investors through general shareholders' meetings, investor seminars and other activities. By continuing to build and maintain an atmosphere of trust and respect, we hope to receive a fair recognition of our corporate value by the market.

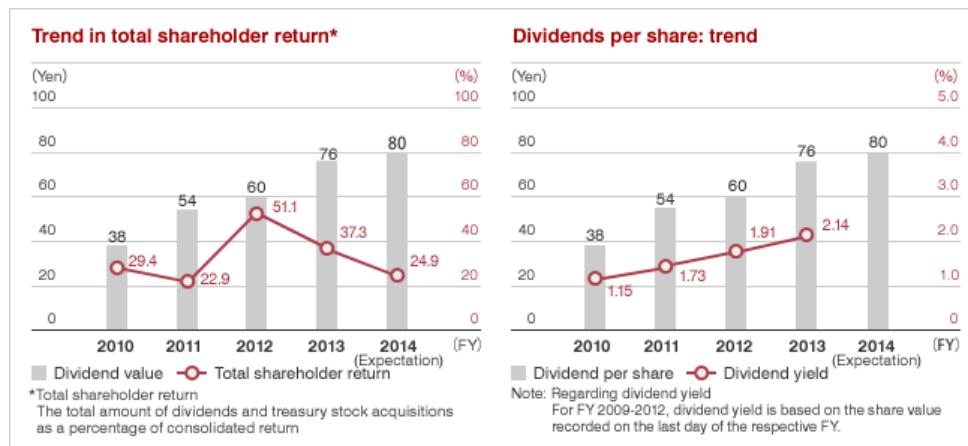
### Profit distribution policy

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

With respect to the redistribution of corporate profits to shareholders—one of the company's most important responsibilities— Honda's basic policy for dividends is to make distributions after taking into account our long-term consolidated earnings performance. Honda will also acquire its own shares at optimal times with the goal of improving the efficiency and dynamism of the company's capital structure.

The present goal is to maintain a shareholder return ratio (dividends + share buyback) of approximately 30%.

With regard to capital reserves, Honda aims to strengthen its balance sheet by working on improving its financial performance. The company plans to do this by stepping up its investments in R&D and operational expansion, both of which are essential for future growth.



## IR communication

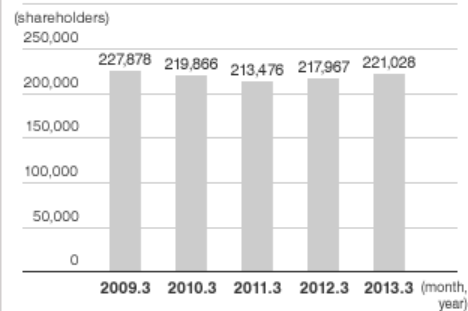
### Implementing timely and appropriate IR initiatives

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

To fulfill these objectives, in addition to an annual report, we publish reports and a shareholders' bulletin on a quarterly basis. We hold quarterly meetings with analysts and institutional investors. For our institutional investors in North America, Europe, and Asia we offer biannual corporate briefings at which we present our financial performance and business

strategy in order to deepen their understanding of Honda as a company. These publications and material from briefings and financial results meetings can be found at the IR section of the Honda website (<http://world.honda.com/investors>), which also includes information for our shareholders provided as and when required.

**Number of Honda shareholders**



### Communicating with shareholders

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

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

We also hold inspection visits, including invitations to races in which Honda is participating (Suzuka WTCC Japan Round, Motegi Super GT) and tours of manufacturing plants. By inviting shareholders to see for themselves where and how Honda products are created, we hope to give them a better understanding of what goes on at the company and to create a sense of familiarity with the company and its products.



Shareholders participate in a tour of the Saitama Factory (November 2012)

## Disaster relief aid

Honda offers relief aid to help stricken areas recover from natural disasters.

### Overview of disaster relief aid

#### Relief aid in response to an earthquake that occurred in Sichuan Province, China, on April 20, 2013

**【Description】**

Relief funds and supplies

**【Value】**

Total of RMB 10 million (about ¥160 million at the rate of RMB 1 = ¥16) from Honda Motor Company, Limited, and Honda Group companies in China

#### Relief aid in response to heavy rains in and around Manila, Philippines, in August 2012

**【Description】**

Relief funds

**【Recipient】**

A charity organization operated by two major television stations in the Philippines, via local Honda Group companies

**【Value】**

Total of ¥3 million from the Honda Group  
¥1 million from Honda Motor Company, Limited, and PHP 1 million (equivalent to about ¥2 million at the rate of PHP 1 = ¥2) from the Honda Group in the Philippines

#### Relief aid in response to heavy rains in northern Kyushu in July 2012

**【Description】**

Relief funds and aid with a total value of about ¥5 million, including 25 pressure washers

**【Recipients】**

Relief funds: Central Community Chest of Japan

Pressure washers (WS1010): Kumamoto Prefecture (10 units), Oita Prefecture (10 units), Fukuoka Prefecture (5 units)

### Relief activities in response to the Great East Japan Earthquake

#### Special classes by ASIMO

Honda holds special classes taught by ASIMO as part of its recovery aid in an effort to teach children in Iwate, Miyagi, and Fukushima prefectures the importance of keeping one's dreams alive and not giving up.

The classes introduced the story of how robot developers strived to achieve their dreams through a process of trial and effort, ultimately creating ASIMO and enabling its technology to be applied in Honda products.

The events also featured a series of participatory demonstrations in which ASIMO kicked balls and children moved their bodies together with ASIMO. Participating children listened intently to the classes while occasionally smiling broadly. We held a total of 49 special classes over the period from June 2011 until the end of 2012 (at 82 schools, including kindergartens and elementary and middle schools), and the program resonated with the public. We will continue the program in 2013.



ASIMO and associate staff members teaching a special class in a disaster-stricken area

#### Honda beach-cleaning activities in disaster-stricken areas

On March 18, 2012, Honda held a beach-cleaning activity at Tsukihama Beach in the city of Higashimatsushima in Miyagi Prefecture, which was affected by the Great East Japan Earthquake. A total of more than 60 participants including local government and residents as well as volunteers from the Miyagi Honda-kai, which is made up of 19 Honda Cars companies, and Keihin Corporation worked together to clean the beach in an effort to return it to its pre-disaster beauty. During 2012, a total of four cleaning sessions were held at Tsukihama Beach and Ohama Beach. Going forward, Honda plans to continue to join forces with local governments and residents to conduct beach-cleaning activities in disaster-stricken areas under the philosophy of ensuring that future generations can enjoy sand beaches that are clean enough for people to walk barefoot.



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

## **Selling fruit from Fukushima, a fruit paradise**

Honda holds internal company sales of fruit as a way to aid farmers in Fukushima Prefecture, who have suffered from public doubts about the safety of their products in the aftermath of an accident at a nuclear power plant in the prefecture. We held 17 such events at various worksites in FY2013, up from 7 in FY2012, allowing us to bring fruit from Fukushima Prefecture to a larger number of associates. Purchasers recalled purchasing peaches at similar sales last year, described how they had been looking forward to an opportunity to do the same this year, expressed gratitude at being able to support disaster-stricken areas in this way, and encouraged farmers in the prefecture to persevere. We plan to continue working with JA while monitoring the economic impact of safety-related concerns in FY2014.



An internal fruit sale at the Headquarters Aoyama Building

## **Supporting handiwork by residents of disaster-stricken areas**

Since 2012, Honda has been supporting handiwork such as cloth sandals and woven yoga mats made by residents of disaster-stricken areas. Associates collect T-shirts and polo shirts for use as "raw materials" and send them to those areas, where they are put to use in making products. To date, we have provided more than 7,000 T-shirts and polo shirts. We also support the entire process, from production to sale, by periodically selling cloth sandals made from the T-shirts and polo shirts that associates provide. To date, 350 pairs of cloth sandals have been sold at the company. The footwear is popular with associates, who have praised it for its unique design and comfort. This activity presents an excellent opportunity to build links between residents of disaster-stricken areas and associates. Going forward, we will continue to collect and provide materials and to cooperate in selling the resulting products at company worksites.



Associates collect T-shirts at the company



Sandals are made by hand, one pair at a time



Each pair of sandals is made from about three T-shirts



The final product: A pair of cloth sandals

## **Disaster relief aid: Associate-led volunteer aid programs**

Since April 2012, Honda has supported associates' activities, for example by helping defray transportation expenses for associate-led volunteer efforts in response to disasters such as the Great East Japan Earthquake and heavy rains in northern Kyushu during the summer of 2012. This program supports such efforts based on our belief in, and respect for, the ability of individual-led activities to meet fine-grained needs on an ongoing basis, providing a useful supplement to company-led disaster relief aid.

### **Examples of activities supported by this program**

The Handiwork Aid Project delivers mashikoyaki-style earthenware dishes, a famous product of Tochigi Prefecture, to temporary housing and other facilities. Associates at the Tochigi R&D Center and other worksites took the initiative to launch the project in March 2011.



At an earthenware sale at a recovery-oriented shopping area in the city of Kesennuma in Miyagi Prefecture

# Company Overview

Company Name ■ Honda Motor Co., Ltd.

Head Office ■ 1-1, 2-chome, Minami-Aoyama, Minato-ku, Tokyo 107-8556, Japan  
Tel : +81-(0)3-3423-1111

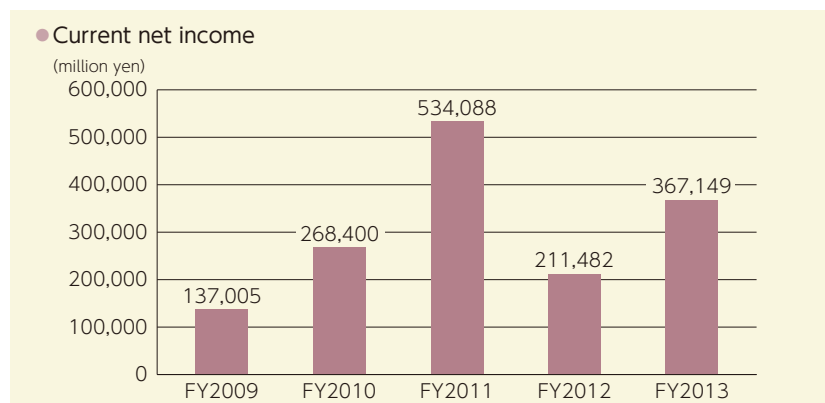
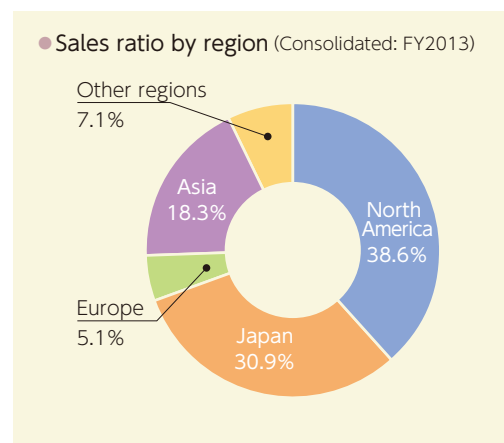
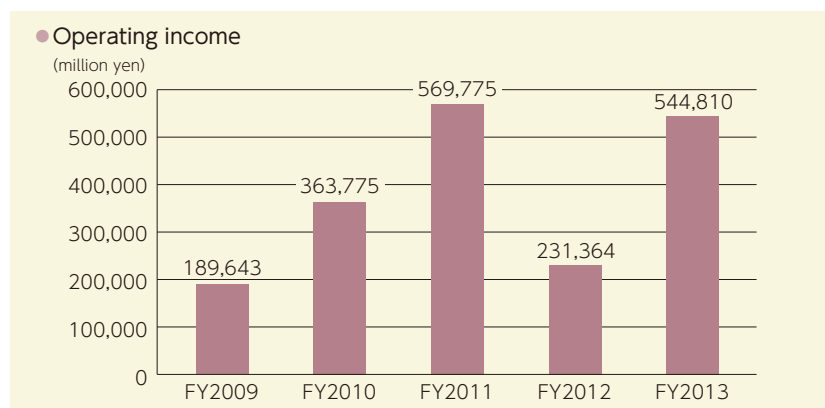
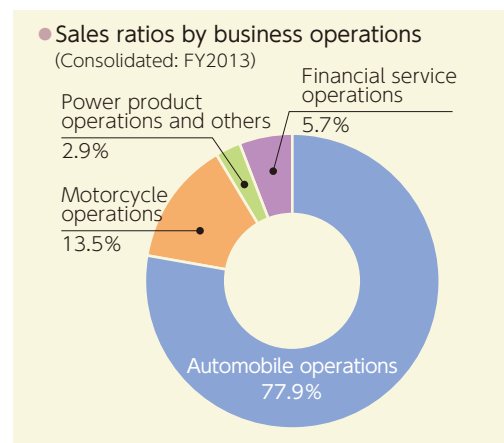
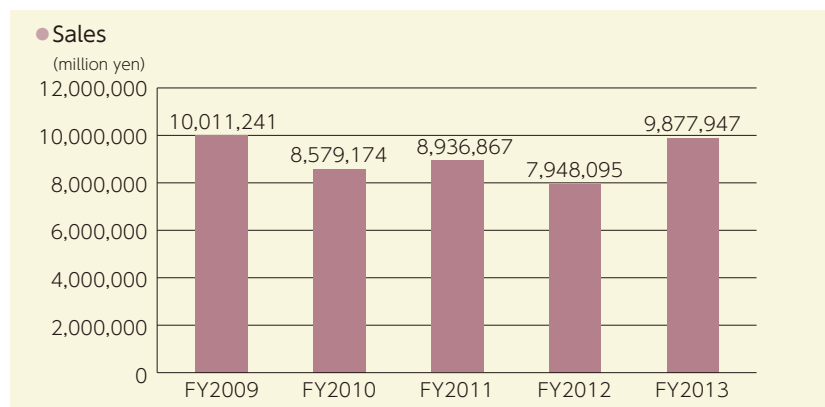
Established ■ September 1948

President & CEO ■ Takanobu Ito

Capital ■ ¥86 billion (as of march 2013)

Business ■ Motorcycles, automobiles, financial services, power products and other businesses

## Major financial highlights (consolidated)





CSRReport 2013

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