Honda Environmental Annual Report 2006

Commitment to the future

Honda Environmental Information Disclosure

Honda discloses environmental information on the Environment page of its Web site (http://world.honda.com/environment/) and through the *Honda Environmental Annual Report*.

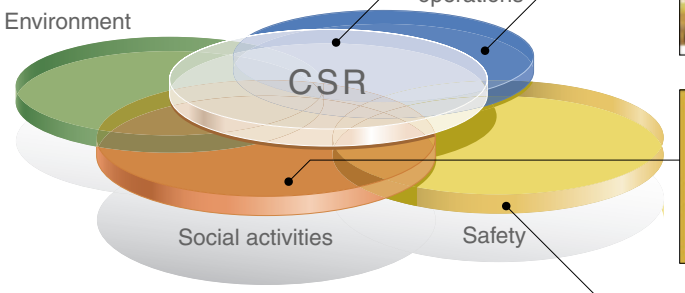
The *Honda Environmental Annual Report* appropriately introduces and explains Honda's commitment to environmental activities in all aspects, including Honda's basic policy toward the environment, the environmental conservation activities conducted by Honda operations, and the future direction of Honda's environmental activities, while focusing on accurately communicating the progress that Honda has made in its environmental activities.

We see the *Honda Environmental Annual Report* as an integral part of our Plan, Do, Check, and Act (PDCA) Process, relating to our environmental commitment made over the entire report year. We would like the readers of this annual report to evaluate our environmental commitment. We will utilize the report as a means of promoting communication with all consumers and further improving our environmental activities.

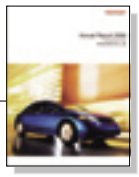
This report has been complied on the basis of Honda guidelines.

Other Information Disclosure

In addition to the *Honda Environmental Annual Report*, Honda publishes both hardcopy and online versions of the reports shown to the right to disclose major activities it conducted in the reporting year.



CSR report
This report, scheduled to be published in October 2006, outlines Honda's policy about CSR and the Company's major achievements in and before fiscal 2005 in the areas of business, the environment, society, and safety.
http://www.world.honda.com/csr/



Annual report
This report, scheduled to be published in early August 2006, outlines Honda's business performance in fiscal 2005 and future measures.
http://www.world.honda.com/investors/annualreport/2006/

Annual report on Honda's social activities
This report, scheduled to be published in September 2006, outlines Honda's policy about social activities and major achievements in fiscal 2005.
http://www.world.honda.com/community/

Report on Honda's activities to promote driving safety
This report (available only in Japanese) outlines Honda's policy about activities to promote driving safety and major achievements in fiscal 2005.

Please evaluate Honda's environmental commitment based on these reports. We will utilize them as a means to promote communication with all consumers and to further improve our environmental activities in all domains.

Honda discloses relevant information on its Web pages shown to the right.

Honda's Major Information Webpage

[Corporate information]
http://www.world.honda.com/profile/

[Environment]
http://www.world.honda.com/environment/

[CSR]
http://www.world.honda.com/csr/

[Social activities]
http://www.world.honda.com/community/

[Investor relations]
http://www.world.honda.com/investors/

[Safety]
http://www.world.honda.com/safety/

Segments Covered by the Report

Period covered	Fiscal 2005 (from April 1, 2005, to March 31, 2006) * The report, however, sometimes refers to activities conducted in fiscal 2006 as well.
Areas covered	Mainly Japan and some overseas areas
Organizations covered	For environmental conservation activities conducted in fiscal 2005, the report focuses on the activities of Honda Motor Co., Ltd., and covers the activities of Honda's major domestic subsidiaries shown below: Honda R&D Co., Ltd. Honda Engineering Co., Ltd. Honda Motorcycle Japan Co., Ltd. Honda Access Corporation In "Global Environmental Data (Production Domain)," the report covers a total of 72 Honda companies, which include both domestic and overseas companies that assemble final products (vehicles), such as Honda Motor Co., Ltd., and major parts companies. For details, please refer to page 84.

Environmental Mark

This mark symbolizes the wind blowing gently on the beautiful green earth, clear water that gives the essence of life, and the perpetually shining sun. Honda uniformly uses this environmental mark across the world to show its commitment to the conservation of the global environment.

CONTENTS

Striving to Become a Company That Society Wants to Exist

Honda's Dynamically Growing Business

Thanks to the support of many people, Honda's business operations are prospering as of last year. In fiscal 2005, Honda achieved record unit sales of motorcycles, automobiles, and power equipment and provided its customers worldwide with more than 20 million Honda products. We also achieved record net sales for the sixth consecutive fiscal year.

I believe we were able to achieve these results because we worked toward the enhancement of global competitiveness and successfully established an advanced manufacturing system in Japan to support our business on a global scale.

We have set the following three objectives as pillars to ensure further progress:

- to further develop our advanced manufacturing systems;
- to strengthen the company's infrastructure for growth overseas;
- and to emphasize and strongly implement measures to reduce the environmental impact of our business operations.

Further Improving Environmental Technology by Strengthening the Product Creation Capability at the Source and Spot

Environmental problems are no longer limited to issues of local pollution, which have collectively caused global warming. It has been reported that CO_2 emissions from vehicles account for approximately 22 percent of all CO_2 emissions from the burning of fossil fuel, and these emissions have increased every year. To address this trend, companies that conduct business on a global scale must make concerted efforts to implement global measures to reduce their environmental impact. To do so, they need strong determination as well as the appropriate technology and skills. The starting point in implementing environmental measures should be the building of an advanced R&D and production system.

To strengthen the source of product creation, Honda has entirely reorganized its R&D system, which is the foundation for its manufacturing, so that each Honda engineer will become highly motivated in their work, leading to further advances in Honda's environmental technology. At the same time, we will establish a new domestic manufacturing facility to build a highly efficient, high-quality production system and share these advances with our plants around the world. Through these measures, we will further strengthen our capability of product creation at the source and spot.

The FCX Concept and HES system

To Become a Company That Society Wants to Exist

We will continue to take on the challenge of creating new value for our customers and society, properly acknowledging social problems that change continuously over time. To create a sustainable society, we will set higher goals and act ambitiously to help address these problems.

Honda will work to provide joy and excitement to people so that they, will value Honda as a company. Honda's goal is to become a company that people throughout the world will want to exist.

As a means to demonstrate its commitment to be such a company, Honda has set voluntary targets for reduction in CO_2 output from its products and production activities around the world. Honda is the first company in the auto industry to announce such an ambitious target.

We have set the 2010 CO_2 reduction target as our corporate goal. I strongly hope that this target will serve as an important step for the present and future society and contribute to greater global movement toward reductions in greenhouse gas emissions.

Takeo Fukui
President and C.E.O.

To Manufacture Products with the Highest Environmental Performance at Manufacturing Plants with the Lowest Environmental Impact

In Publishing the *Honda Environmental Annual Report 2006*

Motoatsu Shiraishi
Director in charge of environment
Senior Managing and Representative Director

Honda's Response to Environmental Problems

Vehicles support social systems and provide mobility and comfort to people around the world. As such, the use of vehicles has widely expanded. As a result, however, vehicles have introduced new environmental challenges, including air and noise pollution, creation of waste, and the disposal of products at the end of their life cycle.

Honda has long been involved in environmental conservation activities. In 1992, we created the Honda Environment Statement, which identified environmental conservation as one of our important corporate themes and clarified Honda's view on the subject. Subsequently, in 1999, we set a time frame and numerical targets to lower the exhaust emissions and improve the fuel economy of our products. Since that time, we have reported annually on our progress toward these goals, ultimately reaching our targets in fiscal 2005.

To Lead the World in the Prevention of Global Warming by Enhancing Measures

Since the 1990s, global warming has become an issue of increasing social concern. As a company that provides mobility, Honda needs to urgently address this issue as its top priority, adopting a global viewpoint to implement measures against global warming, which goes beyond regional boundaries.

As a company that conducts business throughout the world, Honda is well aware of its responsibility to contribute to the prevention of global warming, and it aims to be a company that leads the world in solving this problem.

Future Challenges

Honda strives to become a company that manufactures products with the highest environmental performance at manufacturing plants with the lowest environmental impact. We will continue our endeavors to attain this goal.

To this end, we have established new voluntary CO_2 reduction targets for 2010 that build on the targets set and achieved in the 1999 to 2005 time frame. Based on these targets, we will continue to strive to reduce CO_2 emissions on a global scale.

Specifically, we will target a 10 percent reduction in product CO_2 emissions in each of our product categories by 2010, compared with 2000 levels. We will also target a 10 percent reduction in CO_2 emissions from automobile manufacturing and a 20 percent reduction for motorcycle and power equipment manufacturing.

Further, Honda will pursue higher efficiency in internal-combustion engines, which are today's mainstream engine technology and as such represent the greatest near-term opportunity for reducing our environmental impact on a global scale.

In addition, we will not hesitate to take on the following challenges.

- To develop a new hybrid vehicle that has higher fuel economy at a significantly reduced cost
- To develop a new clean diesel engine and to commercialize this high-efficiency technology within three years
- To adopt electronically controlled fuel injection systems (PGM-FI) for most of Honda's worldwide motorcycle fleet by the end of 2010
- To accelerate the development of Honda fuel cell vehicle technology as the ultimate vehicle that does not emit CO_2
- To mass-produce a solar energy system in order to provide technology that generates energy without emitting CO_2

Honda wishes to remain an environmentally advanced company and will aggressively implement the measures described above as a leading company in the field of mobility.

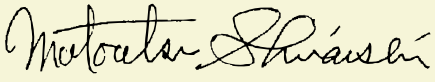
In Publishing the *Honda Environmental Annual Report 2006*

This annual report summarizes our activities each fiscal year and is published to keep the public informed of our efforts.

In this report, as in the last annual report, we have included a section that introduces our next-generation technologies, and worked to make this new report more understandable for readers.

Once you have read this report, we would greatly appreciate your frank comments in order to help us continue to improve our efforts in the future.

Motoatsu Shiraishi
Director in charge of environment
Senior Managing and Representative Director



Honda Environment Statement

Under the slogan “Blue Skies for Our Children,” Honda has long been committed to environmental activities. In the 1990s, we improved our organizational structure step by step and created the Honda Environment Statement to clearly define our approach toward environmental issues. Since then, Honda has been improving its environmental conservation activities, regarding them as one of our most important corporate themes.

Looking toward the future, Honda has established its 2010 vision, based on a corporate culture of “freedom and openness, challenge and cooperation.” As mentioned in our vision statement, in order to make a “commitment for the future,” we will strengthen our measures to achieve the challenging environmental improvement goals that we have established. Through these activities, our goal is to become a company that society wants to exist.

Honda Environment Statement

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

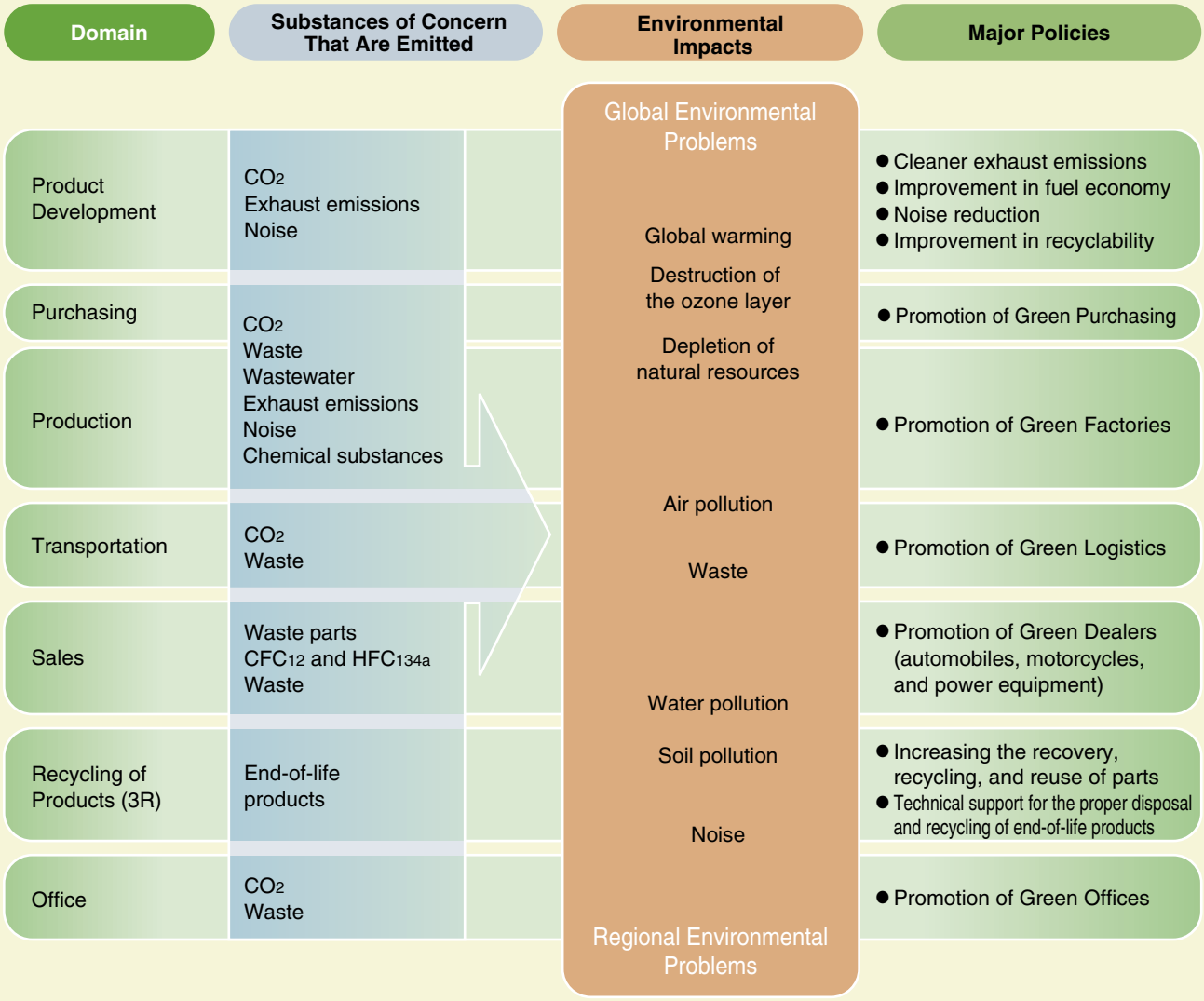
We should pursue our daily business interests under the following principles:

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

Established and announced in June 1992

Assessment of Our Policy on the Environmental Load Generated by Our Corporate Activities

Honda is aware of its corporate responsibility for the environmental load generated by all of its corporate activities and the use of its products and embraces a comprehensive uncompromising commitment to reduce this impact to preserve the global environment. To achieve this, it is essential to establish directions for specifically defined issues and set targets for action based on the impacts of our corporate activities and the use of our products on the global environment. Recognizing this, our approach is to define specific goals toward which we will work in an effort to resolve the issues that have been identified by using our life cycle assessment system (LCA), which assesses and analyzes the measurable environmental impact as of today.



Past Steps

Targets for Products and Production Activities in 2005

Upholding the slogan **"Blue Skies for Our Children,"** Honda has been implementing aggressive measures to solve environmental problems since the 1960s, when pollution concerns began to grow. We established a department to research countermeasures against air pollution in 1966, soon after starting the manufacturing of automobiles. Based on research conducted by this group , we developed the CVCC engine (1972) and became the first company in the world to meet the requirements of the U.S. Clean Air Act, which was thought to be very difficult to comply with at that time.

Since then, Honda has been actively taking on the challenge of solving environmental problems based on the belief that **problems caused by technologies should be solved by technologies**.

In the 1990s, we improved our organizational structure step by step and created the Honda Environment Statement to clearly define our approach towards environmental issues.

Since then, Honda has been improving its environmental conservation activities consistent with the statement used as action guidelines.

In 1999, we set out specific environmental targets, focusing on cleaner exhaust emissions and higher fuel economy, and have since been implementing measures to achieve these targets by the end of fiscal 2005.

Specific Targets to Be Achieved by the End of Fiscal 2005 in Products and Production Activities

Automobiles	Exhaust emissions (HC, NOx):	Reduce total emissions from new automobiles by approximately 75% (compared with fiscal 1995)[1]
	Fuel economy:	Improve average fuel economy by approximately 25% (compared with fiscal 1995)[1]
Motorcycles	Exhaust emissions (HC):	Reduce total emissions from new automobiles to approximately one-third (compared with fiscal 1995)[2]
	Fuel economy:	Improve average fuel economy by approximately 30% (compared with fiscal 1995)[2]
Power Equipment	Exhaust emissions (HC, NOx):	Reduce average emissions by approximately 30% (compared with fiscal 1995)[3]
	Fuel economy:	Improve average fuel economy by 30% (compared with fiscal 1995)[3]
Production	Energy saving:	Reduce unit energy consumption by 15% (compared with fiscal 1990)[4]
	Waste:	Achieve zero landfill disposal[4]

1. Target in Japan
2. Target in Japan, the United States, Europe, and Thailand
3. Target in the world
4. Target to be achieved in Japan by fiscal 2001, which was announced in 1998
   A new target is currently being pursued, which is to reduce unit energy consumption by 30% by fiscal 2010 (compared with fiscal 1990).

Automobiles

In order to achieve the cleaner exhaust emissions and higher fuel economy targets it announced for automobiles in 1999, Honda implemented measures to develop next-generation engines and to replace existing engines with newly-developed ones.

In 2000, we equipped the Honda Stream with a compact, lightweight and high-performance next-generation 2.0-liter i-VTEC engine, and in 2001, equipped the Honda Fit with a 1.3-liter i-DSI ("*intelligent*" Dual Sequential Injection) engine. Subsequently, we have equipped automobiles with a variety of displacements of Honda i-series engines. Finally, in September 2005, with the introduction of an all-new Civic, we completed our goal of equipping virtually all Honda automobiles with next-generation engine technology, regardless of their displacement.* Through these measures, we achieved a higher fuel economy target in 2001 and cleaner exhaust emissions target in 2003, both earlier than initially planned.

Also, application of next-generation engine technology enabled us to achieve the following targets.

* Excluding some models

- **To fulfill the fiscal 2010 fuel economy standards of Japan in all weight categories**
  Achieved in fiscal 2004
- **To achieve clean performance in exhaust emissions not more than 50% of the 2000 exhaust emissions regulation standards**
  Achieved in fiscal 2002

2.0 litter i-VTEC engine (2000)

1.3 litter i-DSI engine (2001)

1.8 litter i-VTEC engine (2005)

To reduce the average emissions of HC and NOx by approx. 75%, respectively (compared with fiscal 1995)
Achieved in fiscal 2003

To improve the average fuel economy by approx. 25% (compared with fiscal 1995)
Achieved in fiscal 2001

Motorcycles

To achieve the cleaner emissions and higher fuel economy targets it announced for motorcycles in 1999, Honda began as early as 1997 to take measures to discontinue the use of 2-stroke engines by the end of fiscal 2002. These simply structured 2-stroke engines had been adopted mainly in small motorcycles because of their superior output. Our goal was to replace them with more environment-friendly 4-stroke engine technology.

In 1998, Honda unveiled the VFR, an environmentally-conscious model fitted with a programmed fuel injection (PGM-FI) system; a three-way catalytic converter system that uses an O_2 sensor, called the Honda Evolutional Catalyzing System 3 (HECS3); and a secondary air introduction system. Since then, we have actively introduced these environmental technologies to other models. In 1999, we released the CB400SF and GIORNO Crea simultaneously. We equipped the CB400SF with a valve pausing mechanism called HYPERVTEC, enabling it to be used as a sports bike while also achieving higher fuel economy. We also equipped the GIORNO Crea with an "idle-stop" mechanism that shuts off the engine when the rider comes to a stop and restarts the engine when the rider applies the throttle. Starting with the Pantheon 125/150, released in Europe in 2003, Honda has been introducing PGM-FI technology to smaller models, including the Wave (released in Thailand in 2003) , and the Smart DioZ4, the world's first FI system-equipped 50cc scooter. In addition, we have made technological advancements in the reduction of mechanical resistance inside the engine and researched the combustion mechanism and electronically controlled belt conveyors. We then adopted these newly-developed technologies for new models. As a result, Honda was the first to market with models that meet the Euro3 emissions standards in Europe, the fifth emissions standards in Thailand, and the 2007 emissions standards in Japan. In Japan, Honda achieved emissions levels that were half of the 2007 regulatory requirements. Accordingly, we achieved our targets for cleaner exhaust emissions and higher fuel economy in fiscal 2000 and fiscal 2003, respectively, both earlier than initially planned.

VFR, developed in consideration of environmental performance (1998)

GIORNO Crea, equipped with an idling-stop mechanism (1999)

Smart DioZ4, a 50-cc scooter equipped with the PGM-FI system (2004)

To reduce total HC emissions from new motorcycles to approximately one-third (compared with fiscal 1995)
Achieved in fiscal 2000

To improve average fuel economy by approximately 30% (compared with fiscal 1995)
Achieved in fiscal 2003

Power Equipment

To achieve the targets it announced in 1999 for cleaner exhaust emissions and higher fuel economy in its power equipment products, Honda implemented measures to discontinue the use of 2-stroke engines, replace SV engines with OHV engines, and vigorously apply electronically-controlled systems to power equipment.

To achieve cleaner exhaust emissions, we changed the shape of the combustion chamber, improved the oil control mechanism, and reduced the quenching area for engines to meet the emissions standards of the U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) while maintaining a high level of product performance. We also made substantial improvements by applying computer controlled technologies to a variety of products, including the expansion of the inverter generator series, equipped with an eco-throttle function, and the introduction of the world's first[1] hybrid snow blower, the Snowra i HS 1390i, in 2001. In 2002, we were able to attain excellent output performance, high fuel economy and cleaner exhaust emissions with the GX25, a 4-stroke, 360-degree inclinable engine with almost the same weight as a similar-sized 2-stroke engine. In 2005, we released the iGX440, a single-cylinder, general-purpose engine, adopting the world's first[1] technology to electronically control the engine speed (STR[2] GOVENOR). This marks the beginning of the environmentally-friendly, next-generation general-purpose engine series we will provide to our customers worldwide.

Through these measures, Honda achieved its target for cleaner exhaust emissions for power equipment in fiscal 2001, earlier than planned, and its target for higher fuel economy in fiscal 2005.

1. According to a survey conducted by Honda at the time the product was released
2. STR is the abbreviation for self-tuning regulator.

Snowra i HS 1390i hybrid snow blower (2001)

GX25 360-degree inclinable 4-stroke engine (2002)

iGX440 next-generation general-purpose engine utilizing electronic control technology (2005)

To reduce average HC and NOx emissions by approximately 30% (compared with fiscal 1995)
Achieved in fiscal 2001

To improve average fuel economy by approximately 30% (compared with fiscal 1995)
Achieved in fiscal 2005

Production Domain

In the domestic production domain, Honda is implementing zero-emissions measures to minimize the generation of waste and substances of concern and to improve energy efficiency in order to reduce CO_2 emissions. Furthermore, we completed the introduction of ISO 14001-based systems to all domestic plants in 1998 and accelerated measures for the management of and further reduction in substances of concern.

In our zero-emissions measures, we reduced the amount of waste generated at the source and promoted recycling in the production process in pursuit of resource efficiency and minimum environmental impact. We thoroughly sorted waste that had been generated so that it could be more effectively recycled. As a result of these comprehensive measures, we achieved zero landfill waste at all our plants in Japan in July 2000.

To improve energy efficiency, we introduced low energy consuming production technologies and equipment, installed natural-gas cogeneration systems (reducing approximately 10,000 tons of CO_2 per year through the use of four units) and solar power generation systems, and thoroughly managed the use of energy. As a result, we reduced unit energy consumption by 15 percent in fiscal 2001 (compared with fiscal 1990). At present, we are making efforts to reach our target in the domestic production domain for fiscal 2010, which is a 30 percent reduction in per unit energy consumption compared with fiscal 1990.

Natural-gas cogeneration system at the Suzuka Factory

Solar power generation system at the Hamamatsu Factory

Natural-gas cogeneration system at the Saitama Factory

To reduce unit energy consumption by 15% by fiscal 2001 (compared with fiscal 1990)
Achieved in fiscal 2001

To achieve zero landfill waste by fiscal 2001
Achieved in fiscal 2000

Honda has thus achieved the major numerical targets it announced in 1998 and 1999 for its products and production activities.

For our progress in achieving specific targets, please refer to page 18.

Future Steps

Response to Global Climate Change

Having achieved its targets for fiscal 2005, Honda established the following new objectives:

● Global Climate Change

Global climate change is a problem that cannot be solved by regional efforts. Rather, it requires the concerted efforts of industry, government and the private sector on a global basis to reduce CO_2 emissions from human activity.

● Increasing Demand for Mobility

Currently, developed and developing countries differ in terms of the quality of mobility.

For people to lead more affluent lives, improving the quality of mobility is indispensable. However, demand for mobility, including vehicles, is predicted to increase continuously in the future.

As a response to the contradictory challenges presented by **global climate change** and an **increasing demand for mobility**, Honda will foster technological development, with the goal of becoming a **company that manufactures products with the lowest CO_2 emissions at manufacturing plants with the lowest CO_2 emissions**.

● Higher Product Efficiency: Improving Average Fuel Economy throughout the World

Internal-combustion engines will remain the primary power source for mobility at least until around 2020, and we think it critically important to improve their efficiency and fuel economy.

Each region, such as the United States and Europe, demands that automakers improve the average fuel economy of their products (such as U.S. Corporate Average Fuel Economy, or CAFE). As described earlier, however, every country needs to implement joint measures to deal with global climate change. Accordingly, Honda has decided to set **targets to improve the fleet average fuel economy of each product line**, shifting from a **regional view** to a **global view** and from a focus on **categories** by weight and model to a focus on **all products**, thereby advancing beyond its traditional concept of **improving fuel economy by region**.

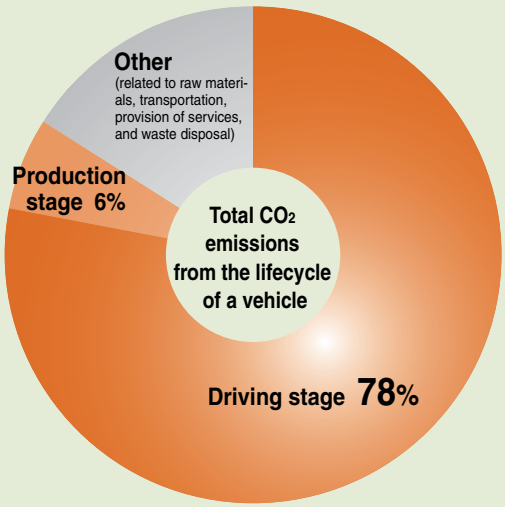
● Higher Efficiency in Production: Reducing CO_2 Emissions from the Manufacturing of a Single Product

In addition, we will improve the efficiency of our **production process** around the world. To this end, we have decided to set out a target for reducing per-unit global average CO_2 emissions from manufacturing.

● Covering Most of the Product Lifecycle by Setting Targets for Products and Production Activities

According to estimates made using the Honda LCA System, CO_2 emissions from the average lifecycle of a Honda vehicle are divided into emissions from customer use (approximately 78%) and those from manufacturing (approximately 6%).

Honda, by setting global targets for its products and production activities, believes that it is possible to control **at least 80 percent of CO_2 emissions from the lifecycle of a Honda product**.



CO_2 Emissions from the Lifecycle of a Vehicle (Estimated Using the Honda LCA System)

Setting CO_2 Reduction Targets for Products and Production Activities throughout the World

2010 CO_2 Reduction Target

Honda's goal is to be a company that creates products with the lowest CO_2 emissions at manufacturing plants with the lowest CO_2 emissions. To meet this goal, we have set out new global CO_2 reduction targets for our products and production activities and plan to promote relevant measures.

Honda is the first company in the automobile industry to announce a global CO_2 reduction target for products as well as for the manufacturing of products

2010 Global CO_2 Reduction Target to Be Pursued Globally (Compared with Actual Results in Fiscal 2000)

	Automobiles	Motorcycles	Power Equipment
CO_2 Reduction Target for Products Average global CO_2 emissions from a Honda product	10% reduction Per g/km	10% reduction Per g/km	10% reduction Per kg/hr
CO_2 Reduction target for Production Average global CO_2 emissions from the manufacturing of a Honda product	10% reduction Per production of a unit	20% reduction Per production of a unit	20% reduction Per production of a unit

● Regions covered

Automobiles: Japan, North America, Europe, Asia, Oceania, China, and Central America, and South America (covering approximately 90 percent of the worldwide sales of Honda products)

Motorcycles: Japan, North America, Europe, Thailand, India, China, Indonesia, Vietnam, Brazil, the Philippines, Malaysia, and Pakistan (covering approximately 90 percent of the worldwide sales of Honda products)

Power equipment: All countries and regions, covering 100 percent of the worldwide sales of Honda products (excluding outboard engines)

Production: A total of 72 domestic and overseas Honda companies that assemble vehicles, including Honda Motor Co., Ltd., and major parts companies (covering nearly 100 percent of the Honda Group's consolidated subsidiaries and major affiliates that assemble vehicles) Please refer to the list of companies targeted in the "Global Environmental Data (Production Domain)"

Measures for Achieving the CO_2 Reduction Target

Honda will implement the following measures as its strategy to achieve its 2010 CO_2 reduction target.

Development of Technology to Be Used in Engines Minimizing CO_2 Emissions

Automobiles

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Hybrid technology is an important technology to reduce CO_2 emissions. In addition to the development of this technology, Honda will continue to make further developments in conventional gasoline engines and will introduce highly efficient clean diesel engines into the market. By fully utilizing the characteristics of various environmental technologies in an optimal manner, we will realize the greatest effect in globally reducing CO_2 emissions from Honda automobiles in a comprehensive manner.

- Gasoline-powered vehicles: Improve fuel economy by introducing more advanced VTEC systems and variable cylinder management systems
- Hybrid vehicles: Enhance Honda hybrid technology for small vehicles
- Diesel-powered vehicles: Expand the use of diesel engines for midsize and large vehicles

Motorcycles

→ Page.15

We will be incorporating new engine technologies by the end of fiscal 2010, such as broadening the use of electronically-controlled fuel injection (FI) technology to include a greater number of models, and introducing super-low friction engines and variable cylinder management systems.

- Electronically-controlled fuel injection (FI) system: Equip the majority of Honda's worldwide motorcycle fleet with FI technology.
- Super-low friction engine: Improve fuel economy by approximately 13 percent compared with the current level
- Variable cylinder management system: Improve fuel economy by approximately 30 percent compared with the current level

Power Equipment

→ Page.15

For all engine models, we will reduce fuel consumption (CO_2 emissions) by improving the combustion system so that it will also achieve, cleaner exhaust emissions.

Developing Fuel Cell Vehicles That Do Not Emit CO_2

Fuel Cell Vehicles

→ Page.16

We will enhance the development of fuel cell vehicles that have the cleanest performance, emitting no CO_2 or harmful substances. We are now developing a new fuel cell vehicle that we plan to release within three years.

Entering the Solar Cell Business to Generate Energy without CO_2 Emissions

Solar Cells

→ Page.16

As the first automaker to enter the solar cell business, we will contribute to the reduction of CO_2 emissions by manufacturing and selling a clean energy source without the use of fossil fuels.

Manufacturing Products with the Lowest CO_2 Emissions at Plants with the Lowest CO_2 Emissions

Production Domain

→ Page.17

As in the past, Honda will continue its energy saving efforts at its production sites and make necessary capital investments for the introduction of solar panels and natural-gas systems. In the United States, Honda plans to start operations at a new auto production plant in 2008. This plant will feature state-of-the-art production systems and will have the lowest environmental footprint of all Honda automobile plants in the region. Honda is thus promoting CO_2 emissions reduction at all its plants throughout the world.

Honda is committed to the development and early introduction of various environmental technologies in order to share the benefits of new technologies with its customers. In this section, we will introduce the technologies adopted for our products in fiscal 2005; those that are now being research or are already applied, and advanced environmental activities that we are promoting in our business operations.

Development of Engine Technologies to Minimize CO_2 Emissions

Hybrid Automobiles

Accelerating the Provision of Hybrid Vehicles to Global Customers

Honda released the Civic Hybrid and Accord Hybrid following the release of its first hybrid automobile, the Insight, in the United States in 1999. Subsequently, in November 2005, we released the new Civic Hybrid, equipped with the new Honda hybrid system called the 3-stage i-VTEC + IMA. This newly-developed hybrid system combines an intelligent variable valve timing and lift electronic control (VTEC) system to provide three stages of valve timing (low-rpm, high-rpm, and cylinder-idle mode) with a more compact and efficient Honda Integrated Motor Assist (IMA) system. The new IMA system has 20-percent higher output and 5-percent higher fuel economy[1] and is 5 percent smaller than the previous system[2]. Moreover, it has the world's cleanest exhaust emissions for a gasoline-powered vehicle.

Honda will develop a new, more fuel efficient and affordable hybrid family car that provides global customers with hybrid vehicles at a more affordable price, thereby contributing to the reduction of CO_2 emissions.

1. Compared with the hybrid system used in the previous generation Civic in 10.15 mode, a standard for emissions and fuel economy measurement set by the Ministry of Land, Infrastracture, and Transport of Japan
2. Compared with the hybrid system used in the previous generation Civic

Civic Hybrid MX

New Honda hybrid system installed in a Civic

Diesel-Powered Automobiles

Developing Next-Generation Diesel Engines That Have Cleaner Performance

The use of diesel engines theoretically improves thermal efficiency, and diesel engine technology is therefore an effective technology for achieving higher fuel economy. Particularly in Europe, diesel engines are a popular technology for reducing CO_2 emissions.

In December 2003, Honda released the Accord powered by a Honda-developed 2.2-liter 4-cylinder i-CTDi diesel engine. Since then, this advanced diesel engine technology has been expanded to additional models including the FR-V (the Edix in Japan), the CR-V, and the Civic. In some CR-Vs, we attached a diesel particulate filter (DPF).

The Accord with i-CTDi engine was officially recognized by the Federation Internationale de l'Automobile (FIA) as having achieved the world's fastest speed and highest fuel economy in the 2-liter class. Also, the engine claimed top prize in the 2–2.5-liter category at the United Kingdom's International Engine of the Year Awards 2005. The engine was evaluated as having the best environmental performance in Europe in terms of fuel economy, quietness, and other factors.

Honda is now developing a more advanced 4-cylinder next-generation diesel engine. Within three years, we plan to commercialize this clean diesel engine, which achieves U.S. EPA Tier 2/Bin 5 emissions levels,.

We believe that diesel engines, with their technological characteristics, are especially effective in improving the fuel economy of large automobiles. Therefore, we are simultaneously developing a V-6 clean diesel engine as well.

2.2-liter 4-cylinder i-CTDi engine

Gasoline-Powered Automobiles

Higher Fuel Economy from Advanced VTEC and VCM Systems

Honda adopted the i-VTEC system in its gasoline-powered automobile engines of various displacements to achieve both powerful driving performance and excellent fuel economy. The *i*-VTEC system is an intelligent system based on Honda's original VTEC technology.

In September 2005, Honda released an all-new Civic equipped with a 1.8-liter i-VTEC engine with performance equivalent to that of a conventional 2.0-liter engine during takeoff and acceleration, and fuel efficiency on par with a 1.5-liter engine during cruising. The model has thus achieved the highest fuel economy in its class at 17.0 km/liter.

In 2003, a Variable Cylinder Management (VCM) system, which provides a "cylinder-idle" mode, was first introduced in the Japan-market Inspire. Using this system, fuel economy was improved approximately 11 percent* compared with a conventional Honda V-6 engine without VCM. This improvement was made possible by increasing flexibility in the number of cylinders that are cut off.

Honda has applied these advanced VTEC and VCM technologies to mass-market products and will expand the application of these core automobile engine technologies to further improve fuel economy in the future.

* Compared with a regular 2005 V-six engine

1.8ℓ i-VTEC engine

Civic 1.8 GL

Motorcycles

Adopting Super-Low Friction Engines and Variable Cylinder Management Technology to Further Improve Fuel Economy

Honda is committed to replacing the engines of its small and large motorcycles and scooters with 4-stroke engines and introducing electronically controlled fuel injection (FI) technology.

In 2004, Honda became the world's first company to apply FI technology, previously used in only medium-sized and large motorcycles, to 50cc scooters. We will further expand the use of FI technology to include a larger number of models, adopting this system to all Honda scooters sold in Japan by the end of 2007, and most of Honda's worldwide motorcycle fleet by the end of 2010.

By introducing two spark plugs and reducing engine friction to the lowest level in the world, we will improve the combustion efficiency of engines in the 100cc to 125cc class, sold in high volumes globally, as next-generation motorcycle engines. Through these measures, we will improve fuel economy for 125cc to 150cc engines by 13 percent (compared to a regular 2005 engine), while providing high output.

Also, we are now developing a Variable Cylinder Management system for large motorcycle engines based on the variable cylinder technology used in automobiles, in combination with the hyper VTEC system. These next-generation motorcycle engines will flexibly control the number of combustion cylinders and valves to deliver both higher fuel efficiency and superior driving performance. For large motorcycles, our goal is to increase fuel economy by approximately 30 percent* compared with 2005 levels.

* Compared with a conventional motorcycle engine of similar size and performance.

Variable cylinder management system for motorcycles

Power Equipment

Releasing Intelligent Engines and High Expansion Ratio Engines

Honda provides power equipment with high environmental performance. For example, we marketed the GX and GC series engines, which use overhead-valve (OHV) and overhead-camshaft (OHC) technologies, and introduced the cleaner M4 series, 4-stroke, 360-degree inclinable engine to the handheld market, where 2-stroke engines were the mainstream technology. Moreover, with the iGX engine, we achieved the industry's best environmental performance and ease of operation through the application of an intelligent, electronically controlled self-tuning regulator (STR) as a core technology. We will release a new series of iGX engines to expand the use of intelligent technology. Going forward, we will continue development of a high expansion ratio engine as the next-generation general-purpose engine. This next-generation engine has a mechanism to change the intake/compression stroke to a short stroke and the expansion/emissions stroke to a long stroke. We have already started pilot operations in the laboratory, aiming for a 20 percent improvement in fuel economy compared with a conventional engine.

Also, total sales of Honda's small, light cogeneration units for household use, released in March 2003, surpassed the 20,000-unit mark. This cogenerator utilizes the world's smallest natural-gas engine—the GE160V—and Honda's unique sine wave inverter technology. On an annual basis, these 20,000 units have contributed to a reduction in CO_2 emissions equal to the amount of CO_2 absorbed by 1.2 million trees, representing a forested area the size of Chiyoda City, Tokyo.

Based on a basic business agreement with Climate Energy, LLC, in the United States, we will start selling the cogeneration unit to test customers in the United States in 2006 and to the general consumer market in 2007.

iGX440 engine

Small cogeneration unit for household use

Fuel Cell Vehicles That Do Not Emit CO_2

Fuel Cell Vehicles

Taking Another Step for the Promotion of the FCX

Since delivering an FCX fuel cell vehicle to Japan's Cabinet Office and the City of Los Angeles in the United States in December 2002, Honda has delivered a total of 30 FCX vehicles in Japan and the United States. During this time, we leased the FCX to New York City and the prefectural government of Hokkaido, where the temperature drops below 0°C in winter. We have thus expanded the area in which the FCX can be used, proving its practicality.

The Spallino family, personal user of the FCX

In June 2005, we obtained a type approval from the Ministry of Land, Infrastructure and Transport for the FCX, a first in Japan. Before we obtained this approval, however, we had to gain approval from the ministry for each of the fuel cell vehicles. The approval for the FCX will enable us to sell the FXC in the general market, another step toward the promotion of fuel cell vehicles.

In the United States in April 2004, we obtained approval from the U.S. EPA and California Air Resources Board (CARB) to market the FCX. This is the only certification ever granted by these regulatory bodies for a fuel cell vehicle. In June 2005, we leased the FCX to the world's first individual customer for a fuel cell vehicle and have since continued our technological research from the customer's point of view in order to advance the accessibility of fuel cell technology for general consumers.

FCX Concept (exhibited at the 39th Tokyo Motor Show held in 2005)

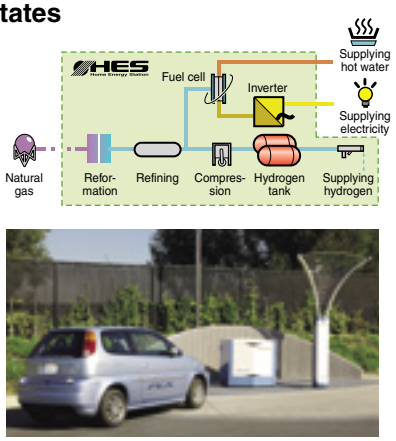
For the all-new FCX Concept, presented for the first time at the 39th Tokyo Motor Show in October 2005, we considerably downsized the fuel cell system while improving both its output and efficiency. We also developed the lowest floor platform ever created for a fuel cell vehicle and achieved a wide and spacious passenger cabin and next-generation sedan form.

We are now developing a new model based on the FCX Concept, to be introduced within three years. Honda will continue to take on the challenge of popularizing fuel cell vehicles, making them a familiar sight to consumers.

HES Hydrogen Fueling System for Household Use

Experiments on the Third-Generation Model Begins in the United States

Honda conducts research on its experimental Home Energy Station (HES) technology in Torrance, California, as part of its research on alternative fuels which will replace gasoline in the future. HES technology produces hydrogen from natural gas for home refueling of fuel cell vehicles while also providing households with heat and electricity. The experimental operation of the first-generation HES system (HES I) started in October 2003 and was followed in November 2004 with the more compact second-generation system (HES II). Following extensive demonstration and testing, we developed a small but high-performing reformer for the third-generation HES, which resulted in an approximate 30 percent reduction in size along with a roughly 25 percent increase in power generation. In addition, hydrogen generation and storing capacity have improved 50 percent and start-up time is reduced by one minute compared to the second-generation system. We also equipped the third-generation HES with the ability to adjust the unit's energy production according to changes in household electricity consumption. In the event of a power blackout, the new system has the capability to generate electricity utilizing its on-board hydrogen storage tanks.



HEX III and FCX

Solar Cell Business to Generate Energy without CO_2 Emissions

Solar Cells

Mass-Producing the Next-Generation of Thin-Film Solar Cells

The company installed its non-silicon-based, next-generation thin-film solar cell panels at twelve sites in Japan and three sites overseas to produce energy without CO_2 emissions. We will introduce this system to the Suzuka Factory in fall 2006 as a next step in the process of becoming a company that manufactures products with the highest environmental performance at manufacturing plants with the lowest environmental impact.

In 2007, we will start operations at a new plant on the grounds of the Kumamoto Factory, where solar cells will be mass-produced at a rate of 27.5 megawatts annually. We will use copper-idium-galliium-selenium (CIGS) thin film to manufacture the solar cells, thereby reducing energy consumption in the manufacturing process to roughly half the amount consumed in manufacturing traditional crystallized silicon-based solar cells. In addition to reducing CO_2 emissions from the manufacturing of solar cells, these environmentally-friendly cells have the highest level of solar energy conversion efficiency in the thin-film cell category.

Next-generation thin-film solar cells (Hosoe Plant, Hamamatsu Factory)

Accelerating the Reduction of CO_2 Emissions in the Production Domain

Production Domain

To Minimize the Environmental Footprint of Honda Manufacturing Plants

Honda promotes measures to become a company that manufactures products with the highest environmental performance at manufacturing plants with the lowest environmental impact. Furthermore, to reduce CO_2 emissions mainly for the prevention of global warming, we are accelerating environmental measures in the production domain. At our five domestic factories, we have set a target to reduce unit energy consumption by 30 percent by fiscal 2010 compared with fiscal 1990 levels and to improve energy savings and production efficiency by such means as integrating production processes and replacing fuels with cleaner-burning natural gas.

At the Tochigi Factory, we began replacing kerosene, used to fuel steam boilers in the production process, and liquid petroleum gas (LPG) with natural gas in May 2006. We plan to complete the replacement in fiscal 2006. By implementing these measures, we will reduce annual CO_2 emissions by 3,500 tons and complete the shift to natural gas at all our factories in Japan.

In addition to the two natural-gas cogeneration systems installed at each of the Saitama and Suzuka Factories, another system will start operations at the Kumamoto Factory in July 2006. As a result, a total of five natural-gas cogeneration systems will contribute to reducing CO_2 emissions by approximately 12,500 tons annually.

Natural-gas cogeneration system (Saitama Factory)

The Saitama Factory has transferred its on-site aluminum melting process to a Honda Group company's aluminum alloy manufacturing facility and started a system of pouring molten aluminum from recycled materials directly into die-cast machines. This decreases the frequency with which aluminum is melted, reducing CO_2 emissions. The molten aluminum supply system was first introduced to the Kumamoto Factory in 1994 and then expanded to the Saitama Factory.

At Honda's overseas factories, measures to reduce CO_2 emissions are underway. For example, Wuyang-Honda Motors (Guangzhou) Co., Ltd. in China has implemented the Green Factory initiative at a new factory that started operations in February 2006. The company collects, purifies, and reuses wastewater and rainwater to water plants and for use in cooling. Moreover, the company makes full use of natural sunlight to save energy.

In 2008, we will build a new factory for completed vehicles in the United States, and it will have the smallest environmental footprint of all our automobile factories in the region. Honda will make concerted efforts at its factories around the world to further reduce its CO_2 emissions.

Truck delivering molten aluminum from an aluminum alloy manufacturing plant

Recycling of Products

Development of a Bio-Fabric

Honda has succeeded in developing a plant-based bio-fabric that is highly durable and fade resistant. The fabric is a polyester material called polypropylene terephthalate (PPT) made from 1-3PDO (propanediol) derived from corn and terephthalic acid contained in oil. This fabric is used for interior surface sheets (such as seat fabric) for automobiles. It is soft, smooth, highly durable, and resists fading even after many years of use. In addition to being used as surface sheets, it can be used to cover doors and roofs and as a material in making floor mats.

Threads and cloth made from bio-fabric

Bio-fabrics are made using materials derived from plants. As such, compared with manufacturing polyester fabrics from oil, energy consumption can be reduced by 10 to 15 percent in the manufacturing process, and CO_2 emissions from the automobile can be reduced by about 5kg. These fabrics can be used without changing the current cloth manufacturing process and is suitable for mass production. After adopting the bio-fabric for a new fuel cell model, we will gradually expand its use to include other new models.

Specific Targets to Be Achieved and Progress

To give further impetus to its environmental conservation activities and achieve clear results in a more effective manner, Honda has set out its own voluntary targets as described below and is working toward their attainment. In fiscal 2005, we achieved all product targets for 2005 that we announced in 1999 and 2001. We will next implement measures to achieve CO_2 reduction targets for our products and production activities for 2010 that we announced in May 2006.

Cleaner Exhaust Emissions by 2005 (Announced in 2001)

Specific Targets		Progress Made in Fiscal 2005	Reference
Automobiles	To have Honda passenger vehicles approved[1] as "★★★ low emission vehicle" and "★★★★ low emission vehicle" by the Ministry of Land, Infrastructure and Transport by 2005[2]	In fiscal 2005, 50 types of 24 models attained the objective. Percentage of vehicles that attained the objective to total unit sales[3] : 85.2% [Attained]	Page 27

1. The target was to have most Honda passenger vehicles approved as "Ultra" low emission vehicles by the Ministry of Land, Infrastructure and Transport by 2005 at the time when it was announced in 2001. However, because the Low Emission Vehicles' Approval—which corresponds to the 2005 exhaust emissions standards—was introduced in October 2003, we are promoting the attainment of "★★★ low emission vehicle" approval and "★★★★ low emission vehicle" approval that correspond to the 2005 exhaust emissions standards, which are stricter than conventional ones.
2. Target in Japan
3. From fiscal 2004, the progress is shown in the percentage to total sales units (of passenger vehicles).

Notes: ★★★ low emission vehicle: Emissions are 50% lower than the 2005 exhaust emissions standards
★★★★ low emission vehicle: Emissions are 75% lower than the 2005 exhaust emissions standards

Targets to Be Achieved by 2005 by Improving Clean Exhaust Emissions and Fuel Economy (Announced in 1999)

Specific Targets		Progress Made in Fiscal 2005	Reference
Automobiles	Up to fiscal 2005: To reduce the total exhaust emissions of HC and NOx by approximately 75% for new vehicles (compared with fiscal 1995)[1]	HC: Reduced by 88.1% NO*x*: Reduced by 88.1% [Attained]	Page 27
	Up to fiscal 2005: To achieve the new fuel economy standards of Japan for fiscal 2010 for all weight categories[1]	Achieved for all 7 categories [Attained]	Page 29
	Up to fiscal 2005: To improve the average fuel economy by approximately 25% (compared with fiscal 1995)[1]	Improved by approximately 31.1% [Attained]	Page 29
Motorcycles	Up to fiscal 2005: To reduce the total exhaust emissions of HC to approximately 1/3 for new vehicles (compared with fiscal 1995)[2]	Reduced by approximately 77% (Reduced to approximately 23%) [Attained]	Page 32
	Up to fiscal 2005: To improve the average fuel economy by approximately 30% (compared with fiscal 1995)[2]	Improved by approximately 33% [Attained]	Page 33
Power Equipment	Up to fiscal 2005: To reduce the average exhaust emissions of HC and NO*x* by approximately 30% for new products (compared with fiscal 1995)[3]	Reduced by approximately 39% [Attained]	Page 34
	Up to fiscal 2005: To improve the average fuel economy by approximately 30% (compared with fiscal 1995)[3]	Improved by approximately 31% [Attained]	Page 35

1. Target in Japan 2. Target in Japan, the United States, Europe, and Thailand 3. Global target

Energy Saving and Reduction in Waste in the Production Domain (Announced in 1998)

Specific Targets	Progress Made in Fiscal 2005	Reference
Up to fiscal 2010: 30% reduction in energy unit (compared with fiscal 1990)	Reduced by 22.6%	Page 39
Up to fiscal 2001: Achieving zero landfill disposal	[Attained]	Page 40

For global 2010 CO_2 reduction targets announced in May 2006, please refer to page 13.

Recyclability Rate for New Models of Automobiles and Motorcycles (Announced in 1998)

Specific Targets		Progress Made in Fiscal 2005	Reference
Automobiles	90% or more from 2000 onward	[Attained]	Page 49
Motorcycles	90% or more	[Attained]	Page 51

Reduction of Substances of Concern in All the Models Produced in Japan (Announced in 2005)

Specific Targets			Progress Made in Fiscal 2005	Reference
Automobiles	Hexavalent chromium	To be totally abolished by the end of December 2005*	Abolished except for use in rustproof black/green chromate coating	Page 50
	Cadmium	To be totally abolished by the end of December 2005	[Attained]	Page 50
Motorcycles	Hexavalent chromium	To be totally abolished by the end of December 2005	Abolished except for use in aluminum rust prevention and rustproof black/green chromate coating	Page 51
	Cadmium	To be totally abolished by the end of December 2005	[Attained]	Page 51
Power Equipment	Hexavalent chromium	To be totally abolished by the end of December 2006	[Now under way]	Page 51

* Excluding some parts for the S2000

Activities Already Successfully Completed (Targets Achieved)

The following activities not featured in this report have already been completed successfully.		Time completed
Automobiles	Abolition of CFC12 in favor of HFC134a	End of 1994
	Discontinuing the use of sodium azide[1] (Mass-produced vehicles sold in Japan)	End of 1998
	Reducing the lead content in the covering of wire harnesses[2]	End of 1998
	Up to fiscal 2002 : To achieve a clean performance that exceeds the 2000 exhaust emissions standards of Japan by 50% or more for all vehicles[3]	End of 2002
	Reducing the lead content in all the models produced in Japan to one-tenth or less (target set by JAMA)	May 2004
	Totally abolishing the use of mercury for all the models produced in Japan (excluding some parts)[4]	Achieved by 2001
Motorcycles:	Reducing the lead content in the covering of wire harnesses	End of 1998
	Reducing the lead content in all the models produced in Japan to 60 grams or less (target set by JAMA)	January 2005
	Totally abolishing the use of mercury for all the models produced in Japan (excluding some parts)[4]	Achieved by 2001
Power Equipment	Reducing the lead content in the covering of wire harnesses	End of 1998
	Reducing the lead content in all the models produced in Japan (pursuant to the target set by JAMA)	—
	No use of mercury for all the models produced in Japan	—
	Totally abolishing the use of cadmium for all the models produced in Japan	—
Production Domain	15% reduction in energy consumption unit by 2001 (compared with fiscal 1990)	March 2002

1. Sodium azide: Sodium azide's chemical symbol is NaN_3. It was the primary ingredient in the gas generator for automotive air bag systems. When an automobile that contains an air bag system that has not been activated is crushed, for example, the sodium azide is released into the atmosphere, where it forms a potential hazard to workers' health.
2. Wire harnesses: An automobile contains a huge number of wires (approximately 1,000) that form the wiring networks. Wire harnesses are used to systematically run the wires between terminals and connectors and facilitate their installation on vehicles.
3. Target in Japan
4. Slight amounts contained in discharge headlights and liquid crystal panels for navigation systems

Results for Fiscal 2005 and Targets for Fiscal 2006

We continued our efforts of the previous year in fiscal 2005, with a commitment to achieving the high targets set for all domains in the life cycle of our products. Some activities achieved the stated objectives while others failed to attain the respective goals for various reasons, including changes in business conditions. The outcomes of all activities whether "on target" or not were analyzed, and the findings were fed back to the targets and programs set for fiscal 2006, in our commitment to further reduce the environmental impact of our products and production activities.

Major Policies		Procedures		Fiscal 2005 Targets	Fiscal 2005 Results	Level of Attainment	Fiscal 2006 Targets	Reference
Product Development	Clean exhaust emissions	Automobiles	Expansion of low emission vehicles	Expansion of "★★★ low emission vehicles" and "★★★★ low emission vehicles"	Six additional models (11 types) were approved as "★★★ low emission vehicles" and "★★★★ low emission vehicles" (24 models [50 types] in total)	◎	Expansion of "★★★ low emission vehicles" and "★★★★ low emission vehicles"	Page 27
		Motorcycles	Expanded use of FI technology	To be successively expanded	Attained for three models released in Japan in fiscal 2005	◎	Future extensions	Page 32
		Power equipment	Comply with regulations in advance		Attained for all 6 models released in fiscal 2005	◎		Page 34
	Improvements in fuel economy	Upgrading efficiency by employing new technologies	Automobiles	Improvements in the average fuel economy by weight	Attainment of the fiscal 2010 fuel economy standards of Japan for all 7 categories	◎	Further improvements in fuel economy	Page 29
			Motorcycles	Improvements in fuel economy for new models	33.1% improvement in the average fuel economy (compared with fiscal 1995)	◎		Page 33
			Power equipment	Further improvements in fuel economy	iGX 440 engine-equipped models: 15% or more improvement[1]	◎		Page 35
	Development of alternative energy vehicles	Automobiles		To be successively expanded	Starting leasing of fuel cell vehicles	◎	Future extensions	Page 31
		Power equipment			Expanded sale of cogeneration units	◎		Page 35
Purchasing	Promotion of Green Purchasing	Reduction of chemical substances contained in the products of suppliers (parts and materials)		Promoting changeover in compliance with Honda's chemical substance guidelines	Changeover from lead and lead compounds to other materials completed Changeover from cadmium and cadmium compounds to other materials completed	◎	Changeover in accordance with Honda's chemical substance guidelines must be promoted	Page 37
					Changeover from hexavalent chromium, except for use in rustproof black/green chromate coating, to other materials almost completed	△		Page 37
		Management of environmental impacts in suppliers' manufacturing process		Reduction of suppliers' CO_2 emissions	Carbon intensity was reduced 6.6% compared with that in fiscal 2000 (for affiliated companies).	◎	Reduction in suppliers' CO_2 emissions	Page 37
				Reduction of suppliers' landfill waste	96% reduction as compared with fiscal 2000 (regarding affiliated companies)	◎	Reduction in suppliers' landfill waste	Page 37
		Introduction of environmental management systems to suppliers		Promotion of the acquisition of ISO 14001 certification by all suppliers	Acquisition by 396companies (96%)	◎	Promotion of the acquisition of ISO 14001 certification by all suppliers	Page 37
Production	Promotion of Green Factories	Improvements in energy efficiency		Energy unit: 22.5% reduction[2]	Energy unit: 22.6% reduction	◎	24.0% reduction	Page 39
				CO_2 emission volume: 456,000 CO_2-tons[2]	CO_2 emission volume: 470,000 CO_2-tons	△	500,000 CO_2-tons [3]	Page 39
		Zero landfill disposal		(Continuance of zero landfill disposal)	(Continuance of zero landfill disposal)	◎	(Continuance of zero landfill disposal)	Page 40
		Reducing waste (by-products)		Recyclability rate 98%	Recyclability rate 98.9%	◎	Recyclability rate 99%	Page 40
				Internally incinerated waste: 85% reduction compared with fiscal 1998	Internally incinerated waste: 85.7% reduction compared with fiscal 1998	◎	Internally incinerated waste: 89% reduction compared with fiscal 1998	Page 40
		Reducing VOC emissions		VOC emissions from 1 m^2 of coating (automobiles): 35.0 g/m^2 [4]	VOC emissions/Automobiles: 34.3 g/m^2	◎	VOC emissions/Automobiles: 34.8 g/m^2 [3]	Page 41
Transportation	Promotion of Green Logistics	Implementation of environmental management system for distribution companies		Joint environmental management by the four major companies	Regular organization of exchange meetings with major transportation companies	◎	Continuance of joint implementation of the environmental management system by the four main companies	Page 43
		Improvements in shipping efficiency		CO_2 emission volume: 115,332 CO_2-tons (Transport of completed automobiles)	CO_2 emission volume: 105,820 CO_2-tons (Transport of completed automobiles)	◎	CO_2 emission volume: 110,650 CO_2-tons[5] (transport of completed automobiles)	Page 43
Sales	Promotion of Green Dealers/Green Distributors	Automobiles	Introduction of environmental management systems to dealers	Expansion of the Best Green Dealer-certified stores	Acquisition of the Best Green Dealer certification by 2,489 stores	◎	Further expansion of the Best Green Dealer-certified stores	Page 46
		Motorcycles	Introduction of environmental management systems to distributors and dealers	Expansion of the Honda Dream Stores	Launch of 19 environmentally friendly Honda Dream Stores (66 stores in total)	◎	Expansion of Honda Dream Stores	Page 47
		Power equipment	Promotion of environmental conservation activities for dealers	Expansion of Green Dealers for power products	Certification acquired by 3 stores of 1 dealer (6 stores of 2 dealers in total)	◎	Expansion of Green Dealers for power equipment (increased environmental awareness among dealers)	Page 47
Disposal and Recycling	Improved recyclability	Improvement of recyclability	Automobiles	Improvement in recycling rate	90% or more achieved for models newly released or models whose design was changed	◎	Improvement of recyclability	Page 49
							Reduced use of PVC	Page 50
			Motorcycles		95% or more achieved for models newly released or models whose design was changed	◎	Improvement of recyclability	Page 51
			Power equipment		95% or more achieved for models newly released or models whose design was changed	◎		Page 51
	Increasing the recovery, recycling, and reuse of parts	Integration of the remanufacturing business and reuse business		Expansion of recycled parts; expansion of models for which reused parts can be applied	The number of items for recycled parts was not increased, and recycled parts were not applied to additional models. The number of models for which reused parts can be applied was not increased either.	△	Greater number of items for recycled parts and expanded recovery of parts	Page 52
	Technical support for proper disposal and recycling of end-of-life vehicles	Technical support for proper disposal and recycling of end-of-life vehicles		Entrenchment of recycling systems for automobiles and motorcycles	Stable operation of recycling systems for automobiles and motorcycles	◎	Maintenance of stable operation of recycling systems for automobiles and motorcycles	Page 54
Office	Promotion of Green Office	Cooperation in reducing environmental impact of offices		Improvement in energy efficiency	CO_2 emission volume: 11,557 CO_2-tons[6]	◎	CO_2 emission volume: 11,326 CO_2-tons[6]	Page 58
				Reduction in waste	Waste generated: 522 tons[6]	◎	Waste generated: 512 tons[6]	Page 58

1. iGX 440 engine-equipped products sold in fiscal 2005
2. The numerical target differs from that shown in the previous annual environmental report because the coefficient used in the fiscal 2005 calculations has been changed.
3. The fiscal 2006 targets for CO_2 and VOC emissions have increased compared with the fiscal 2005 results due to increased production and the launch of new businesses.
4. The numerical target differs from that shown in the previous annual environmental report because the calculation method used in fiscal 2005 has been changed.
5. Based on Honda's own calculation criteria, including recovered energy
6. Total emissions from four office buildings, one each in Aoyama, Wako, Shirako, and Yaesu

Notes: ★★★low emission vehicle: Emissions are 50% lower than the 2005 exhaust emissions standards
★★★★low emission vehicle: Emissions are 75% lower than the 2005 exhaust emissions standards

Environmental Management

To give concrete meaning to the Honda Environment Statement, which specifies the general direction of the Company's environmental conservation activities, Honda has made efforts to establish and expand its organization with respect to the environment.

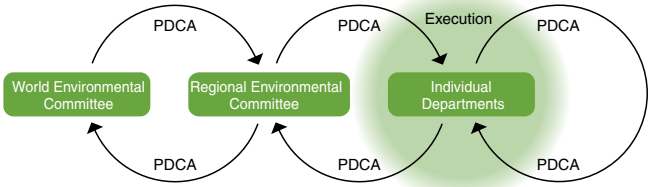
For the effective implementation of environmental conservation activities, we have established an environmental management system as described below.

General Policy

Honda's environmental action plans are established by individual departments based on the Mid-Term policies developed by the Executive Committee. These plans are then discussed and approved by the Environmental Committee. Next, individual departments are responsible for the implementation of these commitments. The results are scrutinized and evaluated by the Environmental Committee and fed back to the development of future targets and plans to complete the PDCA* cycle at the regional level (Japan, North America, South America, Europe, Asia/Oceania, and China). Global issues that are shared worldwide are reported to the World Environmental Committee and fed back to the Mid-Term Policy Statement.

The hallmark of Honda's activities is that planning and execution are not left to specially appointed staff, but rather the individual associates in all departments are involved themselves. This is what Honda means when it says, "All members of the Honda organization are individually engaged in a positive commitment to environmental issues as part of their own duties."

Environmental Conservation Activities Based on the PDCA Cycle



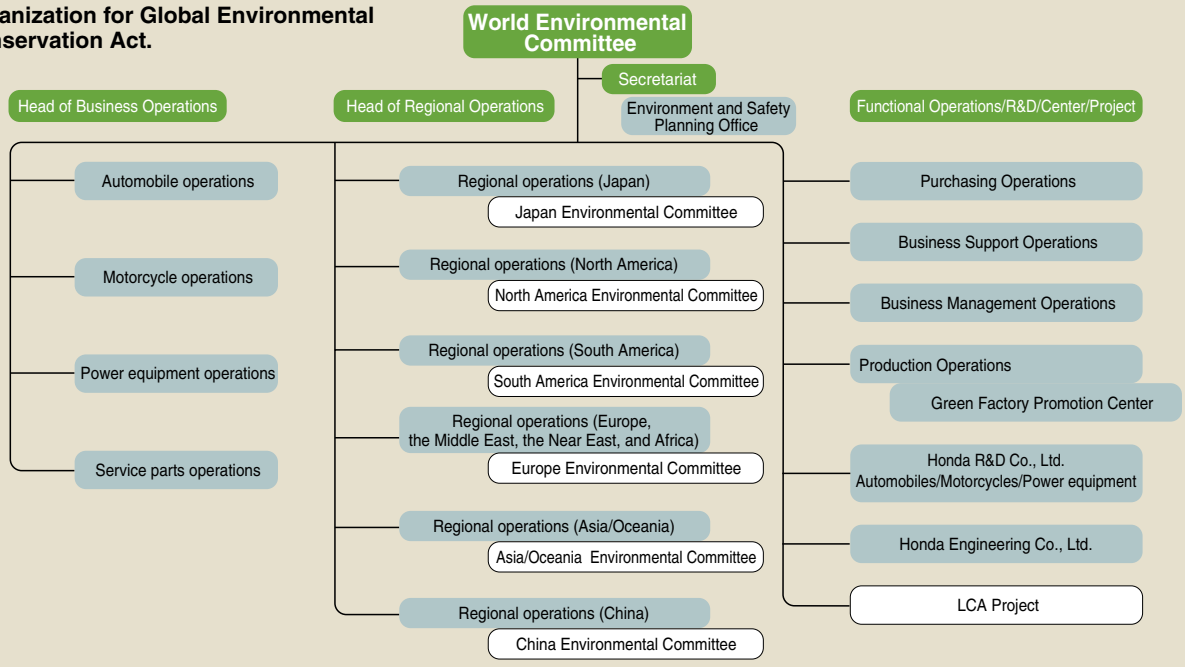
* PDCA stands for Plan, Do, Check, Act.

Organization

In December 1991, Honda created its Environmental Committee to play a central role in addressing environmental issues in Japan. Subsequently, the organizational framework was extended to North America, South America, Europe, Asia/Oceania and China. In March 1995, the World Environmental Committee was set up to frame and promote global plans for our commitment. In addition, we have created a system to effectively promote our efforts on trans-organizational themes. In this context, we initiated the Green Factory Project[1] in 1997 and the LCA Project in 2000. For the Green Factory Project, we changed its name to the Green Factory Promotion Center[2] in 2004 as an organization to accelerate environmental activities in the production domain and to promote the Green Factory initiative.

1. The Green Factory Project was an organization to promote the Green Factory initiative, with the goal of promoting a new factory concept for a recycling-based society. Led by this organization, solutions to issues such as energy-saving and waste reduction were deployed to Honda plants worldwide.
2. The Green Factory Promotion Center oversees environmental activities in the production domain and comprehensively manages and coordinates the environmental measures taken by Honda factories. The Center also serves as a secretariat for environmental audits conducted by Honda factories and checks the individual progress of these factories in the administration of their environmental management system from a company-wide perspective.

Organization for Global Environmental Conservation Act.



Role

World Environmental Committee

The World Environmental Committee considers global plans for our commitments in accordance with our Mid-Term Policy. This committee decides environmental policies and conducts annual reviews of their execution and implementation.

Japan Environmental Committee

The objective of the Japan Environmental Committee is to enhance the level of execution of environmental conservation activities that are undertaken in Japan. It reviews the annual PDCA cycle of individual departments and establishes overall compatible targets. It also establishes new policies in accordance with an analysis of the situation of individual departments. Through these activities, the committee tries to maintain and improve its environmental activities to cover the entire life cycle of Honda products on an ongoing basis.

Sales Domain

The mission of the Sales Domain, which consists of automobiles, motorcycles, power equipment, and parts, is to meet current market needs in terms of the expansion of environmentally friendly products, the proper disposal of end-of-life products, and parts recycling.

Factory and Office Operations Domain

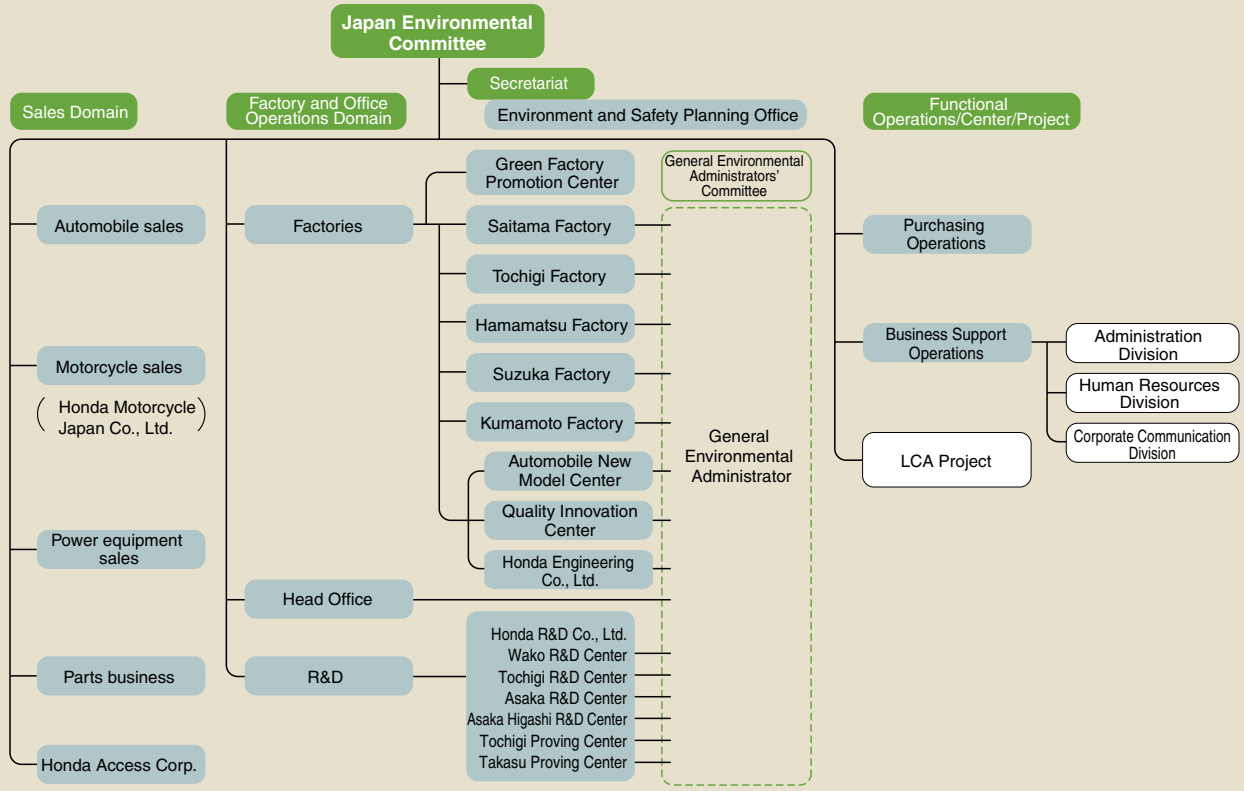
The Factory and Office Operations Domain comprises the departments organized within our factories and offices. This domain is responsible for dealing with environmental issues at our factories and offices. The general environmental administrator* determines and carries out policy measures for the Factory and Office Operations Domain through the General Environmental Administrators' Committee. The Green Factory Promotion Center is in charge of communicating companywide policies to factories and to promoting environmental plans.

* General environmental administrators are responsible for environmental activities at their factory/office and for the running of the local environmental organization. They also have a managerial responsibility for the environmental management system of the factory/office.

Functional Operations/Center/Project

The Business Support Operations have the role of handling environmental issues for the entire range of communications, environmental training, and social activities in general. It comprises the Administration Division, which promotes such measures as the expanding use of environmentally friendly vehicles within the Company; the Human Resources Division, which provides associates with environmental training; and the Corporate Communication Division, which disseminates information on Honda's activities to society. The Purchasing Operation promotes green purchasing to increase the percentage of materials and parts with less impact on the environment within the total goods purchased by the Company. There are also projects and centers on cross-divisional themes.

Organization for Domestic Environmental Conservation Activities



Environmental Management by Honda's Business Sites (ISO 14001 and EMAS)

Concurrent with the building of the environmental management systems for Honda as a whole, each of the Company's business sites are introducing environmental management systems to continuously improve their ability to protect the environment and to more thoroughly control substances with environmental impacts.

Honda has actively engaged in acquiring ISO 14001 certification, the international standard for environmental management systems, primarily for its production operations.

In Japan, all of Honda's production sites acquired certification in fiscal 1997. Also as a part of the Green Office promotion, the Head Office building in Aoyama acquired ISO 14001 certification in 1999, along with six other regional offices in 2001, and the Head Office building in Wako in 2005.

We are also advancing efforts to acquire certification for our major production plants in North America, South America, Europe, Asia/Oceania and China. In Europe, we are promoting the acquisition of the EU's Eco Management and Audit Scheme (EMAS).

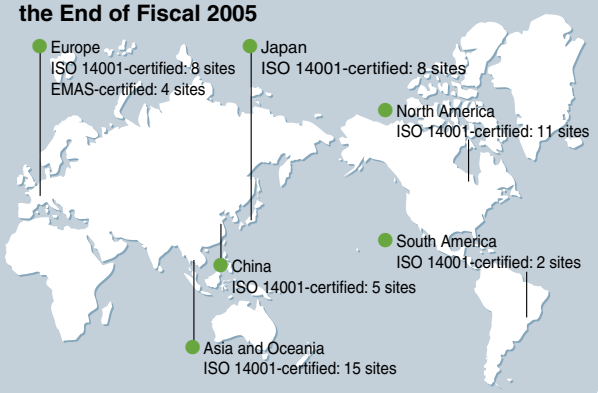
Honda's ISO 14001-certified business sites are as shown below, totaling 49 sites as of the end of fiscal 2005. There are currently four EMAS-certified business sites in Europe. Please refer to the upper right table for business sites that have acquired ISO 14001 and EMAS certification in fiscal 2005.

We will further promote the establishment of ISO 14001-certified (and EMAS-certified in Europe) environmental management systems within the Honda Group and encourage certified business sites to continue to retain their certification. Through these measures, we will promote the PDCA cycle at our business sites as continuous measures to reduce the environmental footprint of our business.

Business Sites that Acquired the ISO 14001 Certification in Fiscal 2005

Name of Business Site	Location	Details of Business	Date of Certification
P.T. Honda Precision Parts Mfg.	Indonesia	Automobile parts	April 2005
Honda Mindong Generator Co., Ltd.	China	Power equipment	September 2005
Head Office building in Wako, Honda Motor Co., Ltd.	Japan	Office work	November 2005
Honda Mfg. of Alabama L.L.C.	United States	Automobiles	February 2006
Honda Taiwan Co., Ltd	Taiwan	Automobiles	March 2006

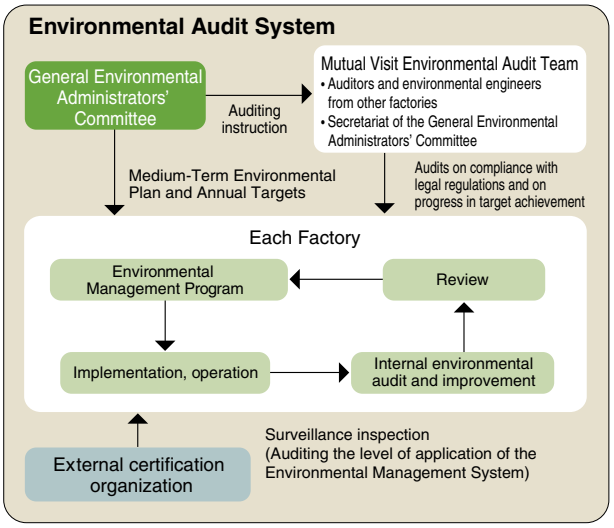
ISO 14001/EMAS-Certified Business Sites as of the End of Fiscal 2005



Environmental Audits

Environmental conservation activities at domestic sites are carried out in accordance with the environmental management program based on annual targets and the Mid-Term Environmental Plan, determined by the General Environmental Administrators' Committee. To confirm that the environmental management system is appropriately implemented and continuously improved, in-house environmental audits and surveillance inspections by outside certification organizations are carried out in our factories and offices.

Environmental Audit System



In fiscal 2005, in-house environmental audits and renewal/surveillance inspections by outside certification organizations were conducted at multiple sites. The in-house environmental audits led to 494 recommendations and suggestions, and 261 findings. The outside inspections led to two minor recommendations and 32 findings. We promptly responded to these recommendations and comments.

Further, the Mutual Visit Environmental Audit* is carried out in factories to confirm their compliance and the level of progress made in achieving their targets for environmental conservation activities based on the Company's policy. The Mutual Visit Environmental Audit is conducted by engineers and auditors from other factories in accordance with instructions given by the General Environmental Administrators' Committee. In fiscal 2005, the Mutual Environmental Audit was conducted from June to August.

* The Mutual Visit Environmental Audit is implemented among factories. Peer audits are conducted between different non-production sites and between different divisions within the same non-production site.

Environmental Risk Management

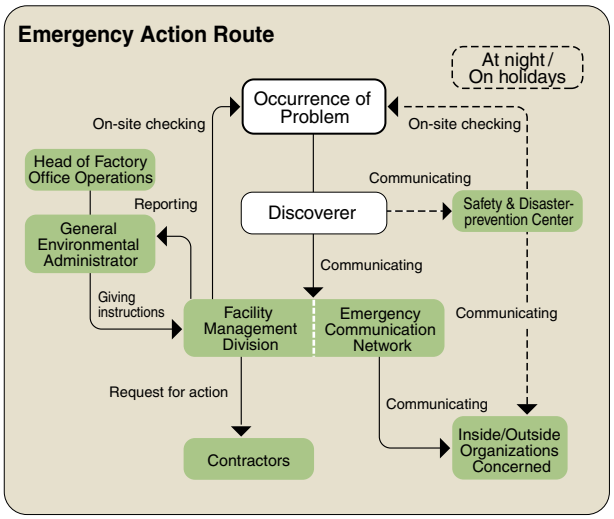
Product Recalls

We have conducted product recalls in accordance with the statutes of the Quality Committee. In fiscal 2005, we notified the Ministry of Land, Infrastructure and Transport of one incidence of an environment-related product recall. Details are provided in the following table.

Name	Insight
Type	AAA-ZE1
Number of units subject to recall	12 automobiles (manufactured from June 9 to July 12, 2005)
Defect	Some cylinder heads in the exhaust gas recirculation (EGR) system were improperly processed and inadequately penetrated bores. Because of this, the exhaust gas could not recirculate through the bores, causing the EGR system to malfunction. This might result in exhaust emissions exceeding the standards.
Improvement	Cylinder heads were replaced with nondefective ones in all automobiles.
Measures to inform users and automobile overhaul factories of the defect	● Users: We notified the users of the automobiles that had the defect by direct mail. ● Automobile overhaul factories: We did not notify them of the defect because we had contacted all the users. ● We attach a No. 1523 sticker to the lower left side of the rear window of repaired automobiles.

Action in Emergencies

For accidents or emergencies that may cause environmental pollution, individual factories and their individual departments have clearly defined procedures and priorities to prevent or mitigate pollution. Daily activities include regular emergency drills and training events to acquire and improve competence in accident and emergency defense procedures. There were no environment-related emergencies in fiscal 2005.



Compliance with Legal Acts and Regulations

All sites and offices of Honda promote environmental improvement activities based on the Honda Environment Statement by introducing environmental management systems. For all environmental issues, Honda has established, and strictly abides by, its own voluntary standards, which are more stringent than national or local regulations.

In April 2003, Honda established Honda Conduct Guidelines as part of its efforts to improve its corporate governance system. In the guidelines, compliance is defined as "compliance with laws, company rules and social norms," and environmental conservation is defined as the "proper processing of waste and pollutants," "efficient use of natural resources and recycling," and "legally required measurements, recording, and reporting." At the same time, a director in charge of compliance was nominated as Compliance Officer. Honda is strengthening the framework under which every organization performs their duties toward compliance and risk management under the leadership of a director in charge.

In fiscal 2005, the Law concerning the Rational Use of Energy (Energy Saving Law) and the Law concerning Measures to Cope with Global Warming were both revised. As a result, Honda is now required to assume responsibility as a shipper and company that emit greenhouse gases. We will properly fulfill this new responsibility by implementing voluntary measures. Also, we will actively participate in voluntary activities conducted by the automobile industry in response to the revision to the laws and to fulfill our corporate social responsibility.

There were no environment-related lawsuits filed against Honda in fiscal 2005.

There were, however, 16 complaints and requests made concerning the daily operations of our facilities, including the noise and traffic around our premises. We promptly responded to these complaints and requests, and asked all related personnel to pay due attention to the concerns.

For the traffic around the Tochigi R&D Center, about which concerns were raised, we will implement further improvement measures in cooperation with the local police and government, such as testing use of an additional "park and bus ride" system to further mitigate traffic congestion.

●Measures for Other Issues

Based on the important concept of "cooperation with local communities," Honda actively promotes Green Factory activities and continuously adopts measures to resolve environmental issues. Our goal is to be a company that enjoys the confidence of local communities. We will continue our efforts to become a company in which local communities can take pride.

To strengthen the monitoring of groundwater, we increased the number of observation wells established at our factory sites, which are used to monitor the soil and groundwater. As a result, it was confirmed that measured substances used at the factories have never been released beyond the boundaries of the premises.

Also, we will continue to monitor groundwater in the premises of our factories and will voluntarily announce the results in our environmental annual reports and on our web site.

Promotion of Life Cycle Assessment (LCA)

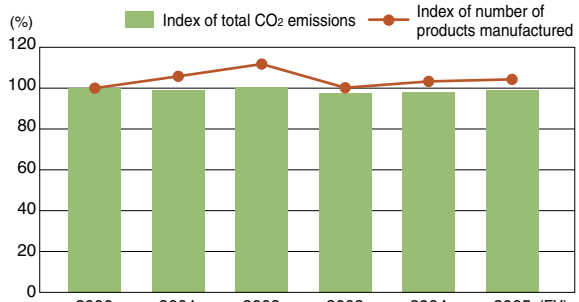
Honda established the Honda LCA Data System in Japan in March 2002. Using this system, we set annual CO_2 emission reduction targets for each department using CO_2 emissions generated by that department in fiscal 2000 as the baseline and promoted the PDCA cycle from a quantitative standpoint to reduce our environmental footprint.

In fiscal 2005, each domestic department (manufacturing, purchasing, sales/service, and logistics) used the Honda LCA Data System to collect data and calculate CO_2 emissions generated by business operations.

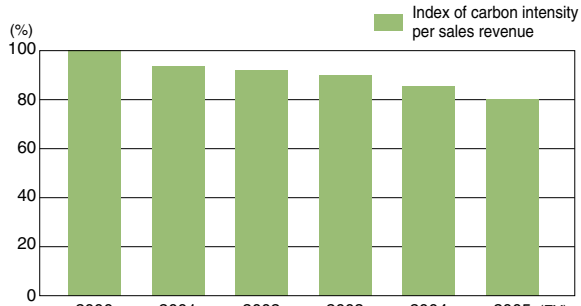
Using this system, we calculated that both CO_2 emissions and the number of products manufactured increased approximately 1 percent in fiscal 2005 compared with fiscal 2004.

In addition, carbon intensity per sales revenue has improved year after year since fiscal 2000. In the future, we will improve the efficiency of data collection and the accuracy of the collected data to steadily reduce our environmental impact.

CO_2 Emissions Generated by Honda's Business Activities



CO_2 Emissions per Unit Sales in Honda's Business Operations



Notes:
1. CO_2 emissions are computed using a formula unique to Honda.
2. CO_2 emissions per unit sales are indicated as ton-CO_2 per ¥100 million.
3. The figures are shown as indices (fiscal 2000 = 100).

Environmental Accounting

Honda is in the process of identifying the costs necessary for environmental conservation activities based on the following objectives:

- Environmental accounting is to provide a management tool in the environmental area.
- Environmental accounting offers indices for corporate evaluation and serves as a data source for disclosure to the public.

The following table shows the environmental conservation costs incurred by the Company in fiscal 2005.

Compared with the previous fiscal year, research and development costs for environmental conservation and community activity costs both increased.

Costs and Effects of Environmental Conservation Activities in Fiscal 2005

(Unit: Millions of yen)

Category		Details of Major Activities, etc.	Investment Amount	Expense Amount	Effects
Business areas costs	Pollution prevention costs	• Prevention of air, water and soil pollution, etc.	520	2,029	● Production domain • Total CO_2 emissions: 470,000 tons Increased 14,000 tons over the target value (Total CO_2 emissions was reduced by 20% compared with the fiscal 1990 level. Unit energy consumption was reduced by 22.6% compared with that in fiscal 1990, a 0.1% improvement over the target.) →See Page 39. • Amount of internally incinerated waste: 2,000 tons Reduced by 2,300 tons compared with the previous fiscal year →See Page 40. • VOC emissions from 1 m^2 of coating: 34.3 g/m^2 Reduced by 0.7 g/m^2 from the target →See Page 41.
	Global environmental conservation costs	• Prevention of global warming and ozone layer depletion, and other environmental conservation	1,312	368	
	Resources cycling costs	• Disposal, reduction, recycling of waste	221	1,109	
Upstream/downstream costs		• Green purchasing (balance) • Collection, recycling, reuse and proper disposal of the products manufactured and sold • Member fees and other charges paid to trade organizations	0	1,680	
Management activity costs		• Provision of environmental training to employees • Building, operation and acquisition of the certification of an environmental management system • Monitoring and measurement of environmental impacts • Organization in charge of environmental conservation measures	15	1,088	
Research and development costs		• Research and development of products contributing to environmental conservation • Research, development, and planning for reducing environmental impacts throughout the life cycle of products, etc.	28,530	140,390	
Social activity costs		• Environmental improvement measures including nature protection, greening and the preservation of beautiful scenery • Provision of support and information to local citizens • Donation and support to organizations engaged in environmental conservation activities • Disclosure of environment-related information	0	673	
Environmental damage costs		• Restoration of polluted soil	0	3.8	

1) The scope of the present calculations is as follows:
- Companies included in the accounts:
  Honda Motor Co., Ltd., Honda R&D Co, Ltd, Honda Engineering Co., Ltd.
- Domains included in the accounts:
  All domains in the life cycle of Honda products
- Targeted period:
  April 1, 2005, through March 31, 2006

2) The published figures include some that have been estimated and some given as combined figures because of the difficulty of determining differential amounts.
3) For the tabulation, we referred to reference materials on environmental accounting, including the guidelines and guidebooks published by the Ministry of the Environment of Japan.
4) This Report publishes the specific results achieved in our efforts for each fiscal year. The aggregate total of our environmental conservation costs are quoted on a cash-flow basis in terms of the monetary amount less depreciation costs.

Environmental Training

● Stratified Environmental Training Programs

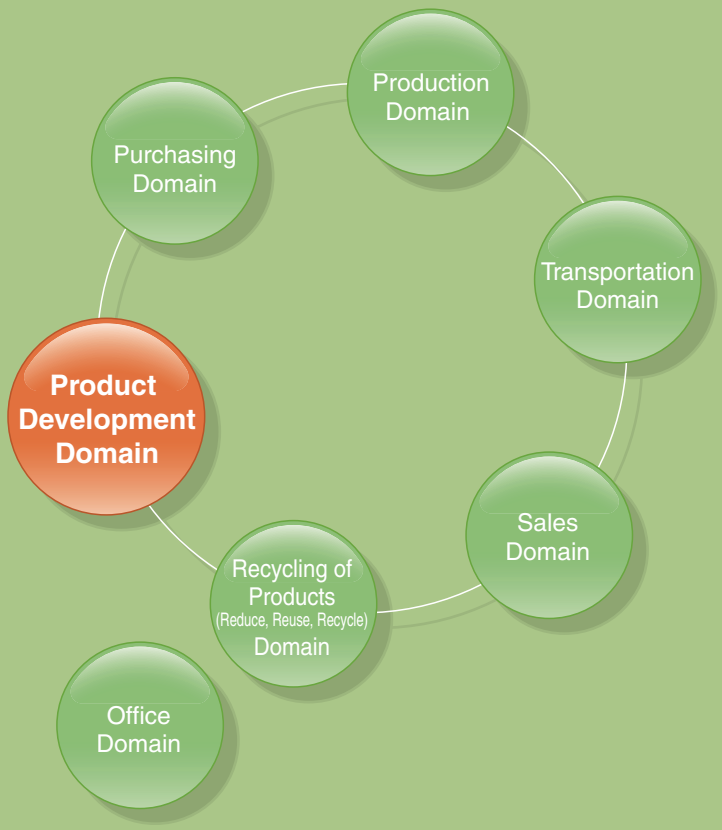
Environmental training programs are part of Honda's training curriculum, and these programs are provided for our associates to have a full recognition of their own responsibilities and to enable progress in the company's commitment to the environment as an integral part of associates' work tasks. A training program focused on Honda's basic environmental policy and approach is provided to new associates to help deepen their environmental awareness. Immediately after entering the company, new associates visit Honda's plants to listen to explanations given by facility managers about Honda's environmental ideas and measures and to get hands-on experience in automobile and motorcycle manufacturing. In the process, they can increase their understanding of the environmental measures Honda is taking in its manufacturing process. Training programs are continuously provided to associates soon after they enter the Company so that they can perform their duties in consideration of the environment. Also, Honda associates access environmental information via the company's intranet.

At NH Circle Conventions (quality circle meetings attended by Honda associates all over the world), some associates give presentations on environmental problems, cost and resource savings, and recycling. Also, we highlight successful associate environmental activities as good examples for all associates. Because environmental problems are becoming more global, Honda seeks to make associates more aware of the environment through these measures and encourages them to voluntarily act in an environmentally-friendly manner in their business and personal lives.

● Environmental Training Based on the Environmental Management System

Every factory and office develops plans for education and training programs conducted on the basis of the environmental management system and holds regular training events for general personnel, operators who are engaged in specially designated works, and internal environmental auditors.

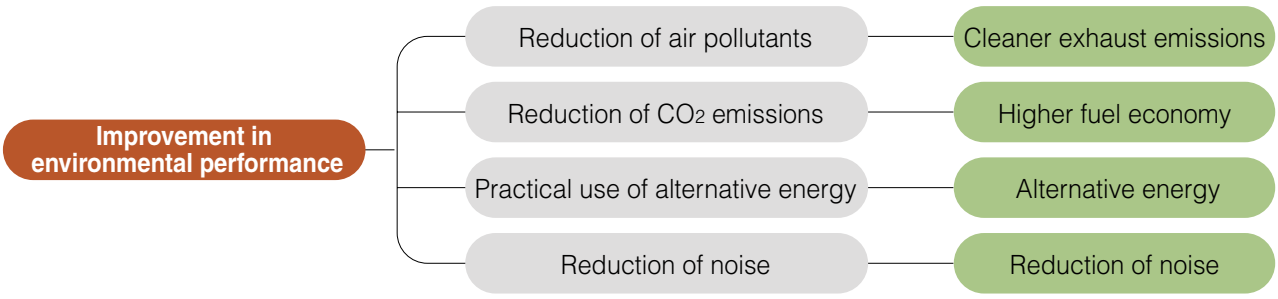
Product Development Domain



Continuously Advancing Technologies, Pursuing a Higher Goal for Future Generations

Honda has actively taken environmental actions focusing on the product use stage, where the greatest reductions in the environmental impact of Honda products can be achieved. In 1999, Honda announced specific targets to be achieved by 2005, with the improvement of cleaner exhaust emissions and higher fuel economy for its automobiles, motorcycles, and power equipment. Honda has achieved these targets. Honda is committed to building a better relationship between human beings, the environment and its products by upholding strict voluntary targets for different environmental themes, including cleaner exhaust emissions, higher fuel economy (reduction of CO_2 emissions), and practical use of alternative energy.

Major Activities in the Product Development Domain



Automobiles

In addition to achieving cleaner exhaust emissions and improved fuel economy for Honda automobiles, efforts are under way to develop products using alternative forms of energy.

Mid-Term Target and Progress in Achievement

Targets in Japan

- Up to fiscal 2005: To reduce the total exhaust emissions of HC and NOx by approximately 75% for new vehicles (compared with fiscal 1995)[1]
- Up to fiscal 2005: To have almost all Honda passenger vehicles approved as "★★★ low emission vehicles" and "★★★★ low emission vehicles"
- Up to fiscal 2005: To achieve the new 2010 fuel economy standards of Japan for all weight categories
- Up to fiscal 2005: To improve the average fuel economy[2] by approximately 25% (compared with fiscal 1995)

Progress in fiscal 2005 in Japan

- Continuously achieved since fiscal 2003
  Total HC emissions[1]: 88.1% reduction (compared with fiscal 1995)
  Total NOx emissions[1]: 88.1% reduction (compared with fiscal 1995)
- As of the end of March 2006, 18 types of 10 models were approved as "★★★ low emission vehicles" and 32 types of 18 models were approved as "★★★★ low emission vehicles."
- Met the fiscal 2010 fuel economy standards in all weight categories
- Improved average fuel economy[2] by 31.1% (compared with fiscal 1995)

1. Total emissions in Japan (excluding emissions from trucks and light trucks) 2. Average fuel economy in Japan (for gasoline-powered passenger vehicles)

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- To increase the number of vehicles approved by the Ministry of Land, Infrastructure and Transport as "★★★ low emission vehicles" and "★★★★ low emission vehicles"*
- To improve average fuel economy for all vehicle weight categories as defined in the fiscal 2010 fuel economy standards

Main achievements in fiscal 2005 in Japan

- Achieved compliance of all vehicles with 2005 exhaust emissions regulations Another 11 types of 6 models approved as "★★★ low emission vehicles" and "★★★★ low emission vehicles" (50 types of 24 models approved in total)
- Met the fiscal 2010 fuel economy standards in all seven categories

* In order to give greater impetus to the use of low emission vehicles, the Ministry of Land, Infrastructure and Transport of Japan has instituted this approval system. Low emission vehicles with HC and Nox emission levels below the 2005 exhaust emission standards are classified into two categories for approval.
75% lower than the 2005 exhaust emission standards: "★★★★ low emission vehicles"
50% lower than the 2005 exhaust emission standards: "★★★ low emission vehicles"

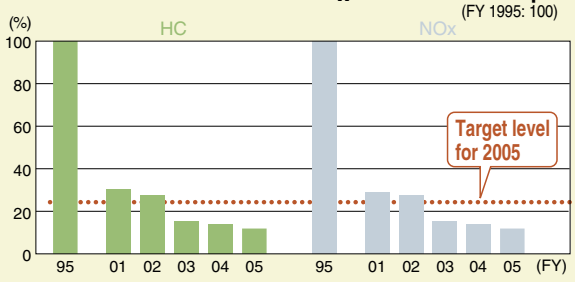
Achieving Cleaner Exhaust Emissions

○ Mid-Term Target and Progress in Achievement

Honda gives high priority to cleaner exhaust emissions from gasoline-powered vehicles. We are working to reduce carbon monoxide (CO), hydrocarbons (HC), and nitrogen oxides (NOx) contained in exhaust emissions. In fiscal 2005, we achieved our target of reducing total HC and NOx exhaust emissions by 75 percent (compared with fiscal 1995), which we have done consecutively since fiscal 2003.

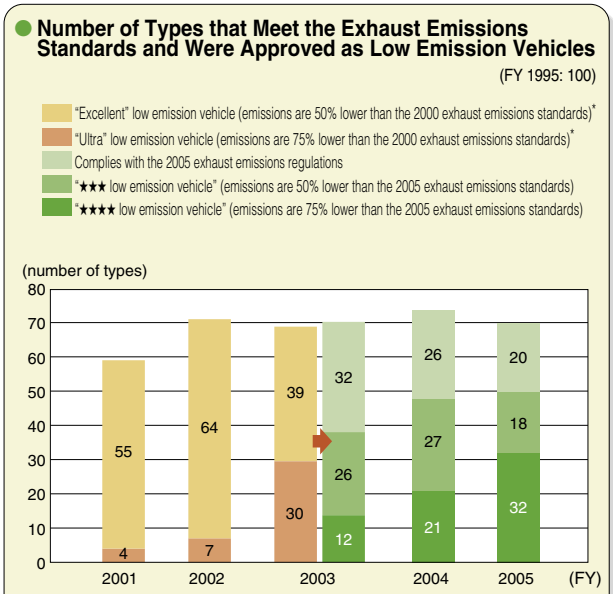
In as early as fiscal 2003, we met the 2005 exhaust emissions standards in all models and have since increased the number of models approved as "★★★ low emission vehicles" and "★★★★ low emission vehicles."

●Transition in Total HC and NO_X Emissions* in Japan



Note: In fiscal 2003, when a new low emission vehicle approval scheme under the 2005 exhaust emissions standards was introduced, total emissions of HC and NOx of those models subject to the 2000 exhaust emissions standards and older models were computed and totaled using the 10-15 mode, and total emissions of HC and NOx of those models subject to the 2005 exhaust emissions standards were computed and totaled using the new test mode for the 2005 regulations. For those models subject to the 2005 exhaust emissions standards, total emissions of HC are computed in non-methane hydrocarbon (NMHC).
* Total emissions in Japan (excluding emissions from trucks and light trucks)

● Number of Types that Meet the Exhaust Emissions Standards and Were Approved as Low Emission Vehicles



Note: Because a new low emission vehicle approval scheme under the 2005 exhaust emissions standards was introduced on October 1, 2003, the numbers approved under the 2000 exhaust emissions standards and under the 2005 exhaust emissions standards are both indicated.

* In order to give greater impetus to the use of low emission vehicles, the Ministry of Land, Infrastructure and Transport of Japan has instituted this approval system. Low emission vehicles with HC and NOx emission levels below the 2000 exhaust emissions standards are classed into three categories for approval.
75% lower than the standards: "Ultra"
50% lower than the standards: "Excellent"
25% lower than the standards: "Good"

Note: ★★★ low emission vehicle... emissions are 50% lower than the 2005 exhaust emissions standards
★★★★ low emission vehicle...emissions are 75% lower than the 2005 exhaust emissions standards

Models/Types and Sales Results for Vehicles Approved as Low Emission Vehicles

Honda has endeavored to expand the number of its models that meet the 2005 exhaust emissions standards and are approved by the Ministry of Land, Infrastructure and Transport as low emission vehicles. For the six models introduced in fiscal 2005—the Airwave, Step Wagon, Civic, Civic Hybrid, Partner, and ZEST—, all types, excluding some types of the ZEST, were approved as "★★★★ low emission vehicles." Also, some types of the ZEST (4WD) were approved as "★★★ low emission vehicles."

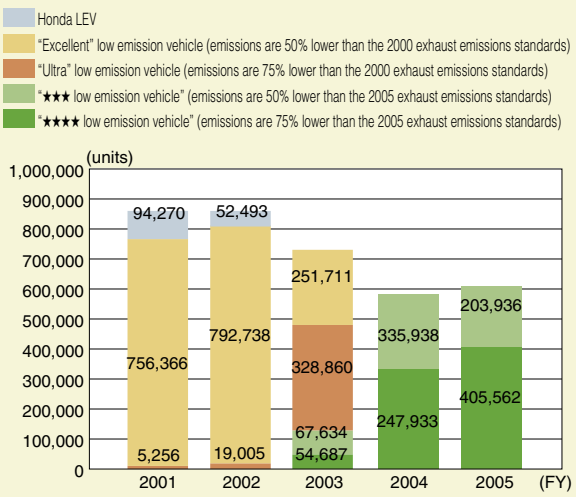
Unit sales of Honda models that meet the 2005 exhaust emissions standards of the Ministry of Land, Infrastructure and are approved as low emission vehicles totaled 609,498 units in fiscal 2005, accounting for 85.9 percent of Honda's total domestic unit sales (85.2 percent of the unit sales of passenger cars).

Low Emission Vehicles Marketed in Fiscal 2005

(Models Approved as "★★★★" or "★★★" Low Emission Vehicles under the 2005 Exhaust Emissions Regulations)

Approved as "★★★★ low emission vehicles" (75% lower than the 2005 standards): 6 models	Airwave
	Step Wagon
	Civic
	Civic Hybrid
	Partner
	ZEST (FF types)
Approved as "★★★ low emission vehicles" (50% lower than the 2005 standards): 1 model	ZEST (4WD types)

Transition in the Sales Results in Japan



Note: For fiscal 2004, only the sales of vehicles that meet the 2005 exhaust emissions standards and are approved as low emission vehicles are shown.

Example

Improvement in the Emission Performance of Honda's Major Models

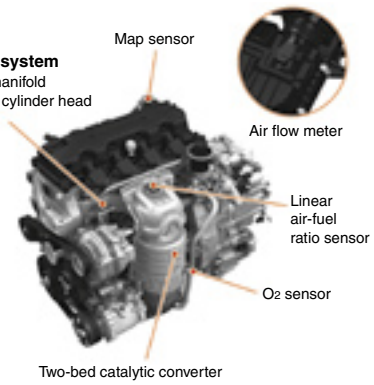
Civic

The Civic, released in September 2005, after undergoing a full model change, is equipped with a newly developed 1.8-liter i-VTEC engine, achieving performance on par with a 2.0-liter engine during takeoff and acceleration. All types of this new Civic were approved as "★★★★ low emission vehicles" by the Ministry of Land, Infrastructure and Transport. As for major technologies used in producing cleaner exhaust emissions, we adopted an air flow meter and further improved the high-precision air-fuel ratio control system by using a linear air-fuel ratio sensor and an O_2 sensor. Also, we adopted an exhaust manifold integrated with the cylinder head and a close-coupled two-bed catalytic converter to substantially reduce the heat loss of combustion gas, thereby enabling the prompt activation of the catalytic converter. As a result, the cleaning performance of the catalytic converter can be maximized immediately after a cold start.

Civic 1.8 GL

Cylinder head structure

Exhaust system
Exhaust manifold integrated cylinder head



Note: ★★★ low emission vehicle... emissions are 50% lower than the 2005 exhaust emissions standards
★★★★ low emission vehicle...emissions are 75% lower than the 2005 exhaust emissions standards

Improvement in Fuel Economy

◯ Mid-Term Target and Progress in Achievement

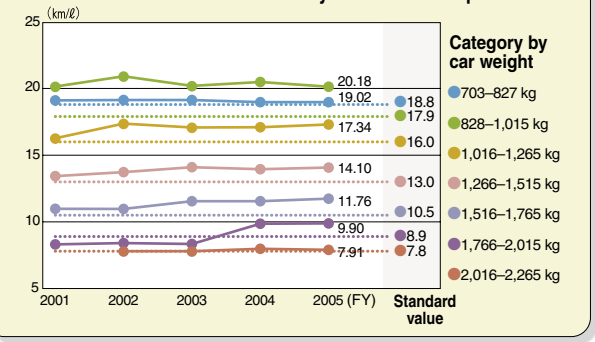
Honda has introduced various technologies for improving fuel economy as a way of reducing CO_2 emissions, which are responsible for global warming. As a result, the Airwave, Step Wagon, Civic, Partner, and ZEST,* launched in fiscal 2005, met the fiscal 2010 fuel economy standards of Japan.

* Excluding some types

● Average Fuel Economy by Weight

The fiscal 2010 fuel economy standards were attained in all weight categories. In fiscal 2005, we were able to achieve the following progress.

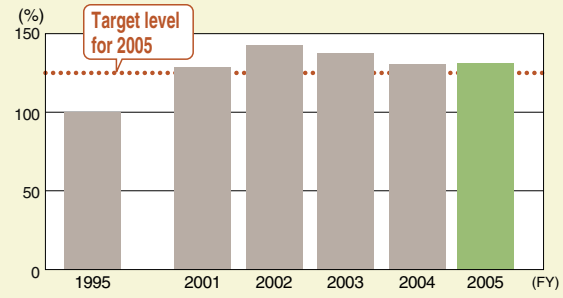
● Transition in Average Fuel Economy by Category in Accordance with the Fiscal 2010 Fuel Economy Standards of Japan



● Average Fuel Economy

Average fuel economy was improved by approximately 31.1 percent (compared with fiscal 1995) and achieved the objective for 2005 (improvement in average fuel economy by approximately 25 percent) every year since fiscal 2001.

● Improvement in Average Fuel Economy* (FY 1995:100)



* Average fuel economy in Japan


Airwave


Step Wagon


Partner


ZEST

Types Conforming to Fiscal 2010 Fuel Economy Standards and Shipment Results*

In accordance with an amendment to the Energy Saving Law of Japan, the fiscal 2010 fuel economy standards were announced. Honda is making efforts to increase the model types that exceed these values. Of the models sold in fiscal 2005, six models (11 types) newly met the fiscal 2010 fuel economy standards. As a result, a total of 29 models (58 types) currently meet the standards. Also, six models (10 types) were newly certified as vehicles that meet the "2010 Fuel Economy Standards + 5%" requirement, and a total of 23 models (44 types) are now so certified.

The number of vehicles shipped in fiscal 2005 that meet these standards totaled 641,731 units, approximately 91 percent of all Honda vehicles shipped within Japan.

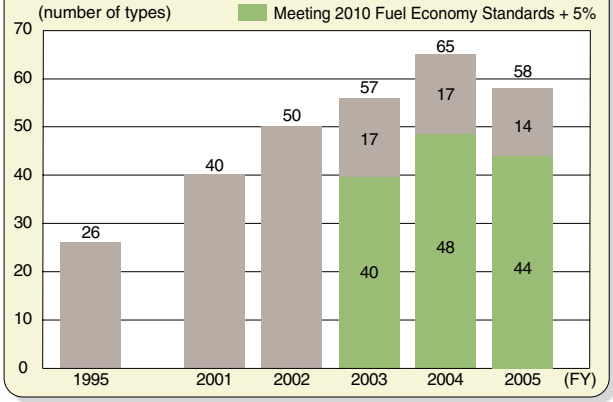
* Shipment results reported to the Ministry of Land, Infrastructure and Transport and the Ministry of Economy, Trade and Industry

● Types Released in Fiscal 2005 and That Meet the Fiscal 2010 Fuel Economy Standards

Models	Types Meeting the Standards
◎ Airwave	All types
○ Civic	AT types
◎ Civic Hybrid	All types
◎ Partner	All types
○ Step Wagon	All types excluding some FF types
○ ZEST	Some FF types

◎: All types meet the 2010 Fuel Economy Standards + 5%
○: Some types meet the 2010 Fuel Economy Standards + 5%

● Transition in the Number of Types Meeting Fiscal 2010 Fuel Economy Standards



Standard "Eco Drive" Devices

Many Honda models come standard with eco drive devices, such as fuel economy meters. As of March 2006, 19 models, or approximately 75.6 percent of all Honda vehicles sold in Japan, come equipped with fuel economy meters. Also, seven models (five of which have fuel economy meters) come equipped with eco lamps, which illuminate when the car is being driven economically (in a cruising condition or in deceleration). Honda models equipped with either fuel economy meters or eco lamps account for approximately 78.9 percent of all Honda vehicles sold within Japan in fiscal 2005.

Example

Improvement in the Fuel Economy of Honda's Major Models

Civic

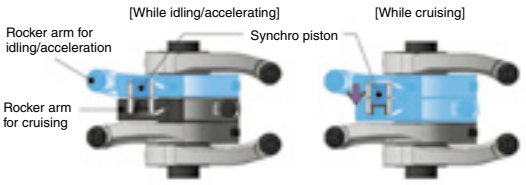
The new, eighth-generation Civic is equipped with a newly-developed *i*-VTEC system, which is more advanced than Honda's original variable valve timing and lift electronic control (VTEC) system. The new *i*-VTEC system delays intake valve closure timing during low-load conditions (while cruising), resulting in higher fuel economy of 17.0 km/liter.[1] The new Civic was certified by the Ministry of Land, Infrastructure and Transport as meeting the "Fiscal 2010 Fuel Economy Standards + 5%"[2] requirement.

A drive-by-wire (DBW) system provides control over the throttle valve while the valve timing is controlled, resulting in a substantial reduction in pumping losses caused by intake resistance. Thanks to the higher energy efficiency brought about by this DBW system, fuel economy while cruising has been significantly improved.

1. For five-speed AT vehicles in 10-15 mode
2. Five-speed MT vehicles were certified as meeting the fiscal 2010 fuel economy standards.

Civic 1.8 GL

i-VTEC Mechanism



The rocker arm for idling/acceleration and that for cruising are decoupled. The idling/acceleration cam drives the valve.

The rocker arm for idling/acceleration and that for cruising are coupled by the synchro piston. The cruising cam drives the valve.

Civic Hybrid

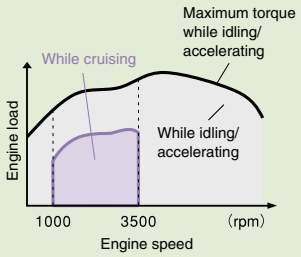
The Civic Hybrid, released in November 2005, is equipped with the New Honda Hybrid System and achieves a super-high fuel economy of 31.0 km/ℓ.[1] The Civic Hybrid was certified by the Ministry of Land, Infrastructure and Transport as meeting the "Fiscal 2010 Fuel Economy Standards + 5%" requirement.[2]

The New Honda Hybrid System is more advanced than Honda's original hybrid system, in which an auxiliary motor was combined with the main gasoline engine. This system features a 3-stage i-VTEC engine providing three intake/exhaust valve timing stages (low-rpm, high-rpm, and cylinder-idle mode) according to driving conditions. During deceleration, combustion in all four cylinders is halted, and the cylinder's intake and exhaust valves are closed, reducing pumping losses caused by intake resistance. As a result, regeneration efficiency in converting rotational energy from the tires to electric energy is greatly improved. Also, in appropriate combination with the Integrated Motor Assist (IMA) system, which leads to remarkably higher efficiency, the IMA motor alone powers the vehicle during low-speed cruising. Finally, the engine enters "idle-stop" mode when the vehicle comes to a halt. Fuel economy in 10-15 mode is improved by at least 5 percent.[3]

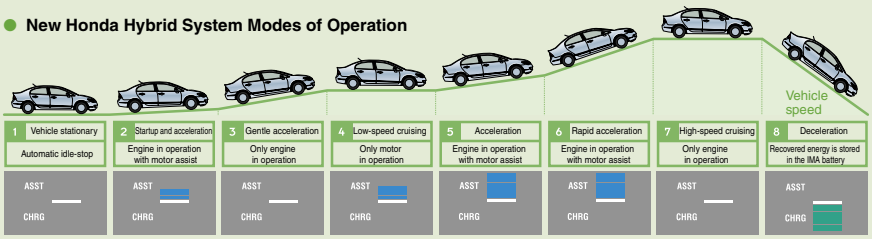
1. Fuel economy of the Civic Hybrid MXB in 10-15 mode (results may vary depending on optional equipment.)
2. Also certified as meeting the "Fiscal 2010 Fuel Economy Standards + 10%" and "Fiscal 2010 Fuel Economy Standards + 20%"
3. Compared with the previous generation Civic Hybrid

Civic Hybrid

Three valve timing stages



New Honda Hybrid System Modes of Operation



1. **Vehicle stationary (automatic idle-stop):** The engine automatically enters idle-stop mode to reduce fuel consumption and exhaust emissions to zero. While in idle-stop mode, an indicator light turns on. When the brake is released, the engine resumes operation. Depending upon conditions, however, the engine may not turn off automatically.
2. **Startup and acceleration (engine in operation with motor assist):** The engine operates in low-speed valve timing mode with the assistance of the motor, enabling strong acceleration.
3. **Gentle acceleration (only engine in operation):** The engine operates in low-speed valve timing mode without the assistance of the motor.
4. **Low-speed cruising (only motor in operation):** While cruising at a constant speed of approximately 40 km/h, the valves of all four of the engine's cylinders are closed and combustion is halted. The motor alone powers the vehicle.
5. **Acceleration (engine in operation with motor assist):** The engine operates in low-speed valve timing mode with the assistance of the motor, enabling strong acceleration.
6. **Rapid acceleration (engine in operation with motor assist):** The engine operates in high-speed valve timing mode with the assistance of the motor, producing a high output for strong acceleration.
7. **High-speed cruising (only engine in operation):** The engine operates in low-speed valve timing mode without the assistance of the motor.
8. **Deceleration (recovered energy is stored in the IMA battery):** The valves of all four of the engine's cylinders are closed and combustion is halted. The motor recovers the maximum amount of energy released during deceleration and stores it in the battery. The recovered energy is used when the assistance of the motor is required.

Alternative Fuel Vehicles

Fuel Cell Vehicles

Honda has leased 11 FCX vehicles in Japan and 19 in the United States (a total of 30) since it delivered the FCX to its first Japanese and U.S. customers on the same day in December 2002. In fiscal 2005, with our FCX fuel cell vehicle, we promptly met the safety- and environment-related standards set by the Japanese government for vehicles powered by compressed hydrogen gas beginning on March 31, 2005. Subsequently, on June 17, we obtained a type approval for the FCX as a model, which was the first approval granted for the marketing of a fuel cell vehicle in Japan. In the past, approval from the minister of land, infrastructure, and transport was obtained on an individual vehicle basis, so the approval for the marketing of the FCX as a model represents a significant advancement in the marketing of fuel cell vehicles.

Honda's FCX fuel cell vehicle

Honda will continue its development efforts to popularize fuel cell vehicles.

Natural-Gas Vehicles

The sales of the Civic GX, powered by abundant and clean-burning compressed natural gas (CNG)—totaled 16 vehicles in Japan in fiscal 2005.

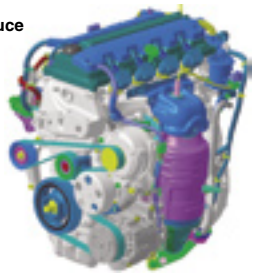

Civic GX

Noise Reduction

Honda also focuses on the development of technology to reduce external noise production. The air intake, exhaust and engine are the major sources of external noise. The new Civic, introduced in September 2005, has a lower level of exterior noise (73 dB(A)* compared with the regulation standard of 76 dB(A)) generated by the engine and intake/exhaust thanks to the following technologies:

* For five-speed AT vehicles equipped with a 1.8-liter i-VTEC engine

- **Technology to reduce engine noise**
- Highly rigid cylinder block
- Highly rigid crankshaft
- Highly rigid chain case
- Acoustic material in the engine room
- **Technology to reduce intake/radiation noise**
- High-volume/highly rigid air cleaner
- High-volume/highly rigid resonator chamber
- **Technology to reduce exhaust noise**
- High-volume noise absorbing chamber
- High-volume silencer



- **Cylinder block outer wall**

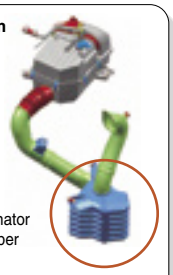
Improved rigidity and reduced radiation noise due to curving and the optimal rib layout

- **Chain case structure**

Improved rigidity and reduced radiation noise due to a curved structure

- **Intake system**

High-volume resonator chamber
Improved noise reduction



- **Crankshaft**
- Optimization of the pin diameter/width and journal diameter/width
- More stable crank operation and reduced impact due to the optimization of the balance weight

- **All-aluminum lower block structure and stiffener-integrated aluminum oil pan**

Improved rigidity for the crank support and power plant

Reduction of In-vehicle Volatile Organic Compounds (VOC)

Honda has long been working to reduce in-vehicle VOC emissions.* For the new Civic, we changed the processing methods, adhesives, and materials used in making interior parts to reduce VOC emissions, including formaldehyde and toluene. Moreover, we attached high-performance deodorizing filters to all grades as standard equipment, thereby reducing in-vehicle VOC emissions and odor to an amount below that set by the Ministry of Health, Labour and Welfare in its guidelines for in-vehicle VOC content.

We will comply with the guidelines for all new models that we release in the future.

Motorcycles

In fiscal 2005, the final year to achieve the targets for cleaner exhaust emissions and higher fuel economy, we expanded the use of our electronically controlled fuel injection (FI) system to include small models, and developed and applied other new technologies to mass-produced models.

Mid-Term Target and Progress in Achievement

Targets in Japan

- Up to fiscal 2005: To reduce total exhaust emissions of HC[1] to approximately 1/3 for new motorcycles (compared with fiscal 1995)
- Up to fiscal 2005: To improve the average fuel economy[2] by approximately 30% (compared with fiscal 1995)

Progress in fiscal 2005 in Japan

- Achieved continuously since fiscal 2000
  Total HC emissions from new motorcycles[1]: Reduced to 23.1% (1/4)
- Achieved continuously since fiscal 2003
  Improved average fuel economy[2] by 33.1%

1. Total HC emissions in Japan, the United States, Europe, and Thailand 2. Average fuel economy in Japan, the United States, Europe, and Thailand

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- Expanded application of FI technology
- Higher fuel economy in new models

Main achievements in fiscal 2005 in Japan

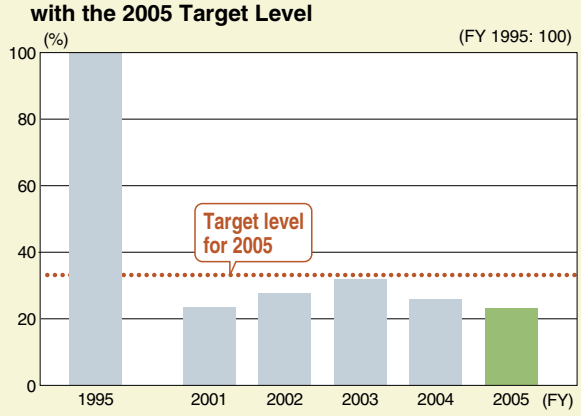
- Applied FI technology to three models released in Japan in fiscal 2005
- Fuel economy: 33.1% improvement (compared with fiscal 1995)

Achieving Cleaner Exhaust Emissions

○ Mid-Term Target and Progress in Achievement

In fiscal 2005, we improved the exhaust emission levels in our new models, including the Wave 125i (equipped with the FI system) and Wave 100, marketed in Thailand, along with the SH 125/150, sold in Europe. Through these measures, we reduced total HC emissions to one-quarter of fiscal 1995 levels, consecutively achieving or surpassing our target of reducing total HC emissions to approximately one-third of fiscal 1995 levels, since fiscal 2000.

Transition in Total HC Emissions* as Compared with the 2005 Target Level



* Total HC emissions in Japan, the United States, Europe, and Thailand

Example

Improvement in Emission Performance of Honda's Major Models

SH 125/150

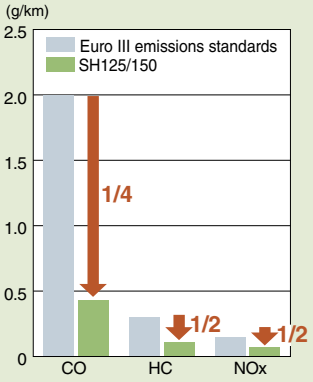
In Europe, we released the SH 125/150 equipped with the PGM-FI system. These models became the first 2005 models to comply with the Euro III exhaust emissions standards, achieving an emissions level that is half the required level.

Gold Wing

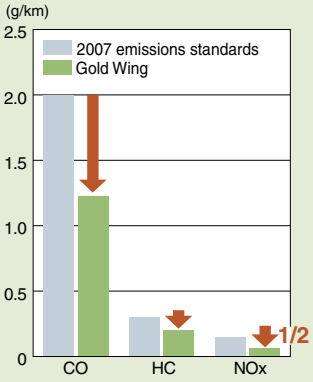
In February 2006, we unveiled the Gold Wing in Japan as the first model to meet 2007 emissions standards and achieve a NOx emissions level that is half the required level.

Gold Wing

Cleaner Exhaust Emissions from the SH 125/150



Cleaner Exhaust Emissions from the Gold Wing

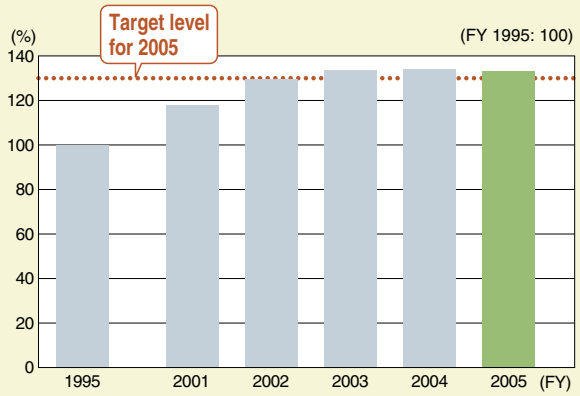


Improvement in Fuel Economy

○ Mid-Term Target and Progress in Achievement

In fiscal 2005, we introduced new models to Thailand and other regions and increased the sales volume of small, highly fuel efficient vehicles equipped with the FI system. As a result, we improved the average fuel economy in four regions (Japan, the United States, Europe, and Thailand) by 33.1 percent (compared with fiscal 1995). We were able to achieve or surpass our targets for improving fuel economy by approximately 30 percent (compared with the fiscal 1995 level) in three consecutive years.

● Improvement in Average Fuel Economy*



* Average fuel economy in Japan, the United States, Europe, and Thailand

Noise Reduction

We applied the following noise reduction technologies to the CBR 1000RR, introduced in Japan in February 2006, enabling us to improve the engine output while meeting the third noise regulation standards of Japan:

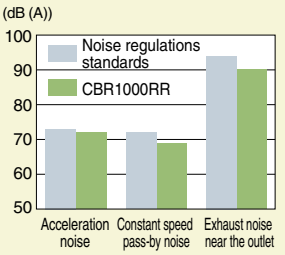
● Engine noise

To reduce radiation noise, sound insulating materials used in the cowl were replaced with lighter, more effective materials.

● Drive system

Urethane foam was injected into the interior of the drive system to reduce drive chain noise and radiation noise that are caused by vibrations of the engine and emanate through the surface of the swing arm.

● Quietness Performance for the CBR 1000RR



CBR1000RR

Power Equipment

For power equipment, our environmental commitment is to achieve compliance with stringent regulations in advance of requirements, focusing on cleaner exhaust emissions and improved fuel economy in all product areas.

Mid-Term Target and Progress in Achievement

Targets in Japan

- Up to fiscal 2005: To reduce the average exhaust emissions[1] of HC and NOx by approximately 30% for new products (compared with fiscal 1995)
- Up to fiscal 2005: To improve the average fuel economy[2] by approximately 30% (compared with fiscal 1995)

Progress in fiscal 2005 in Japan

- Achieved continuously since fiscal 2001 Reduced by approximately 39% (compared with fiscal 1995)
- Improved by approximately 31% (compared with fiscal 1995)

1. Average emissions worldwide 2. Average fuel economy worldwide

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- Earlier compliance with regulations
- Higher fuel economy

Main achievements in fiscal 2005 in Japan

- Complied with regulations in all models released in fiscal 2005
- Improved by 15%* in models equipped with the iGX 440 engine (compared with previous models)

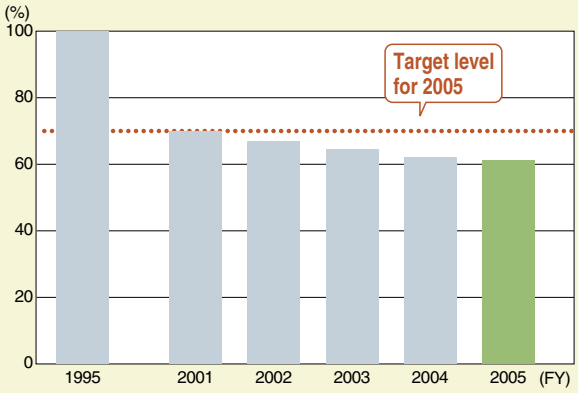
*iGX 440 engine-equipped models sold in fiscal 2005

Achieving Cleaner Exhaust Emissions

○ Mid-Term Target and Progress in Achievement

We were able to achieve an approximate 30 percent reduction in average HC and NOx emission levels in fiscal 2001. In fiscal 2005, we further advanced our performance, realizing an approximate 39 percent reduction in HC and NOx emissions by continuously adopting various measures.

Reductions in Total Emissions* of HC and NOx



* Average emissions worldwide

Example

Improvement in Emission Performance of Honda's Major Models

● iGX440 general-purpose engine

The iGX440 engine, released in July 2005, incorporates technology that electronically controls engine speed (STR* GOVENOR) without the need for batteries, achieving an emission level that is approximately 30 percent lower than the Phase II emission standards of the U.S. Environmental Protection Agency (EPA) and Tier 2 emission standards of the California Air Resources Board (CARB), which are believed to be the strictest standards in the world. This engine was applied to the HSM1590i, a medium-sized hybrid snowblower released in December 2005.

* STR is the abbreviation for self-tuning regulator.

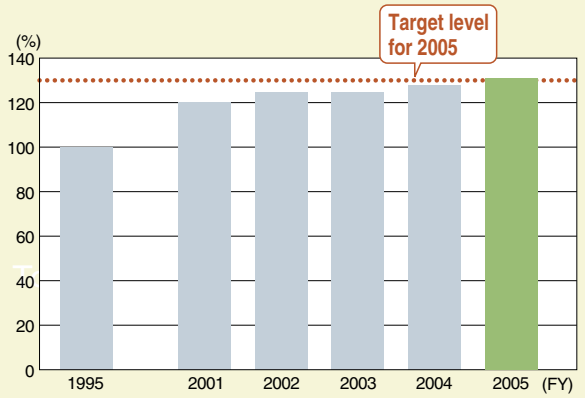
iGX440 engine

Improvement in Fuel Economy

◯ Mid-Term Target and Progress in Achievement

As of the end of fiscal 2005, we improved average fuel economy by approximately 31 percent, exceeding our target of a 30 percent improvement in fuel economy by fiscal 2005(compared with fiscal 1995).

● Improvement in Average Fuel Economy* (FY1995: 100)



* Average fuel economy worldwide

HSM1590i Hybrid Snow Blower

To minimize engine speed relative to engine load, the speed of the HSM1590i and the opening of its throttle are regulated through a combination of electronic engine-speed control technology and Honda's hybrid technology as well as the exchange of data between the snow blower and engine ECU. These new technologies have enabled us to provide this model with the ability (STi control) to switch between three selectable operating modes—auto mode, power mode, and manual mode—with a simple turn of a dial, allowing users to select the mode that best suits their experience level from beginners to skilled users. Compared with previous models, fuel economy is improved by approximately 22 percent when used in auto mode.

HSM1590i

Alternative Fuel Technology

Gas Cogeneration Unit for Household Use

Honda began marketing its household gas cogeneration unit through gas companies in March 2003, in order to reduce energy consumption in ordinary households. In fiscal 2005, 13,434 units of the small household cogeneration unit were sold.

Small cogeneration unit for household use

Monpal ML200 4-Wheel Scooter

Honda released the new Monpal ML200, a 4-wheel scooter that offers a slim, smart package with outstanding maneuverability. The specially developed suspension keeps the tires firmly in contact with the ground to continually maintain a comfortable, stable ride. Furthermore, a high-output brushless motor and newly developed high-efficiency control system achieve top-class hill climbing stamina with very little speed loss on uphill slopes and 25km of continuous operation on a single battery charge along with smoother starting, stopping, and handling.

Monpal ML200

Noise Reduction

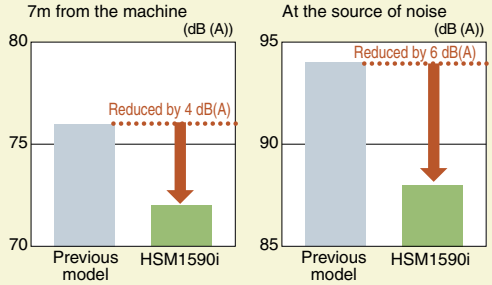
We introduced the following technologies to reduce noise from our major power equipment released in fiscal 2005.

HSM1590i Hybrid Snow Blower

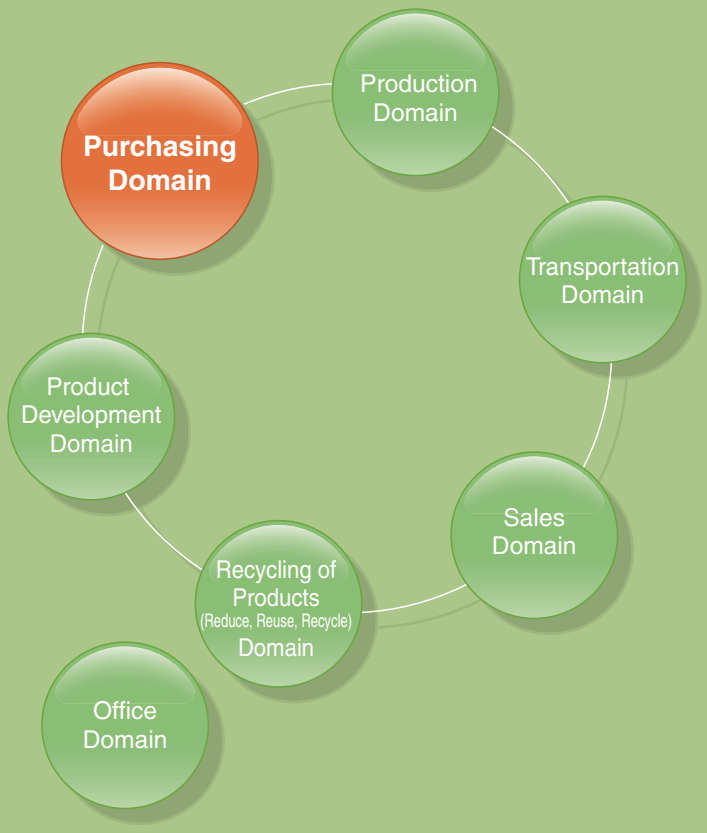
Compared with that of the previous model, the noise level of the HSM1590i was reduced by approximately 4dB(A).

* Noise level at maximum snow removing capacity (average value obtained seven meters from the right and left sides of the machine)

● Quietness of the HSM1590i (in auto mode)



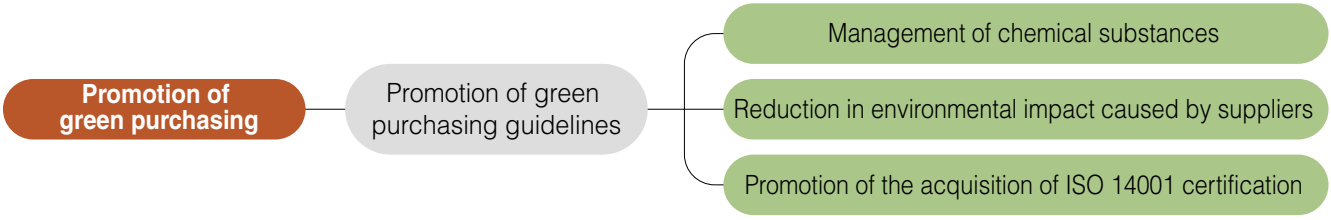
Purchasing Domain



Procurement of Materials and Parts with Reduced Environmental Impact

A single vehicle is composed of as many as 20,000 to 30,000 parts, most of which are purchased from component suppliers. To reduce the environmental impact of products throughout their lifecycles, automakers need to cooperate with their suppliers. While making efforts to reduce the environmental impact directly caused by the company, Honda has set green purchasing guidelines for the procurement of materials and parts which have further contributed to reductions in the environmental impact of Honda products. Based on these guidelines, we are actively promoting green purchasing activities in strong cooperation with our suppliers, including asking them to acquire ISO 14001 certification.

Major Activities in the Purchasing Domain



Promotion of Green Purchasing

Honda has established green purchasing guidelines and, in cooperation with suppliers, been increasing the ratio of environmentally friendly materials to all parts procured.

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- To replace specified chemical substances with alternative materials in accordance with Honda's chemical substance guidelines
- To reduce suppliers' CO_2 emissions
- To reduce suppliers' landfill waste
- To promote the acquisition of ISO 14001 certification by all suppliers

Main achievements in fiscal 2005 in Japan

- Completed the replacement of lead and lead compounds with alternative materials in valve sheets designated by Honda; completed the replacement of cadmium and cadmium compounds; also completed the replacement of hexavalent chromium except that used in rustproof black/green chromate coating.
- Reduced carbon intensity by 6.6%* (compared with fiscal 2000)
- Reduced landfill waste by 96%* (compared with fiscal 2000)
- Certification acquired by 396 companies (96% of suppliers)

* Affiliated companies only (subsidiary companies and associated companies based on the Securities and Exchange Law)

Green Purchasing Guidelines

In 2001, Honda set green purchasing guidelines to aggressively promote the procurement of materials and parts which have a reduced environmental impact (see the framework of Honda's green purchasing guidelines below). We share green purchasing targets and items with our suppliers and will work to achieve those targets by fiscal 2010.

Management of Chemical Substances

Honda has committed itself to reducing the use of the four heavy metals believed to have adverse effects on the environment (lead, mercury, hexavalent chromium, and cadmium) in all of its automobile, motorcycle, and power-equipment models manufactured in Japan by the end of fiscal 2005. For power equipment, we reduced the use of lead, mercury, and cadmium and are now implementing measures to reduce the use of hexavalent chromium by the end of fiscal 2006.

In fiscal 2005, we replaced lead and lead compounds contained in valve sheets with other materials in accordance with guidelines on the use of chemical substances, and also discontinued the use of cadmium and cadmium compounds. Except for that used in the rustproof black/green chromate coating process, we replaced hexavalent chromium with other materials. For power equipment, we will reduce the use of hexavalent chromium by the end of December 2006.

Reduction in environmental impact caused by suppliers in manufacturing parts

In fiscal 2005, making full use of the Honda LCA System, we made efforts to reduce CO_2 emissions and landfill waste. As a result, CO_2 emissions from suppliers were reduced by 6.6 percent on an energy consumption per unit basis compared with fiscal 2000. Also, landfill waste from suppliers decreased 96 percent compared with fiscal 2000. These reductions were made possible by cooperation between Honda and its suppliers. In fiscal 2006, we will continue to promote the management of chemical substances and reduction in the use of substances that cause environmental impact based on our green purchasing guidelines.

Promoting the acquisition of ISO 14001 certification by Honda suppliers

In fiscal 2005, Honda worked toward its target of having all of its domestic suppliers acquire ISO14001 certification. This resulted in the certification of 396 companies, which accounts for 96 percent of all Honda's domestic suppliers.

Framework of Honda's Green Purchasing Guidelines

Honda Green Purchasing	Classification	Management Item	Target
Products	Management of chemical substances contained in products (purchased parts)	Content of chemical substances in products (parts and materials)	Compliance with the schedule set forth in Honda's guidelines on chemical substances*
Manufacturing	Management of environmental impacts by suppliers	CO_2 emission volume	2010: 6% reduction over 2000
		Waste amount (reduction of landfill)	2007: Zero landfill
Corporate System	Promoting environmental management systems at suppliers	Further acquisition of ISO 14001 certification	2005: Completion in Japan

* Honda's guidelines on chemical substances: The guidelines show the schedule for reducing, abolishing the use of, or replacing chemical substances of concern, including those regulated in Europe (lead, mercury, hexavalent chromium, cadmium) and those voluntarily regulated by Honda.

Efforts in Relation to the Purchase of Spare Parts

Recycling of used molds

Because most molds are made of steel, used molds are recycled. CO_2 emissions from iron made with recycled steels are about 25 percent of those from iron made using iron ore. Therefore, the recycling of used molds should be actively promoted. However, many molds are stored for a long time after mass production use, because these old molds are still used for manufacturing various repair parts, and it is difficult to determine when to dispose of the mold. Since fiscal 2002, Honda has provided its suppliers with information on repair parts and the criteria for disposing of molds to help them recycle old molds on a regular basis. In fiscal 2005, Honda and our suppliers continuously cooperated to actively promote the recycling of used molds.

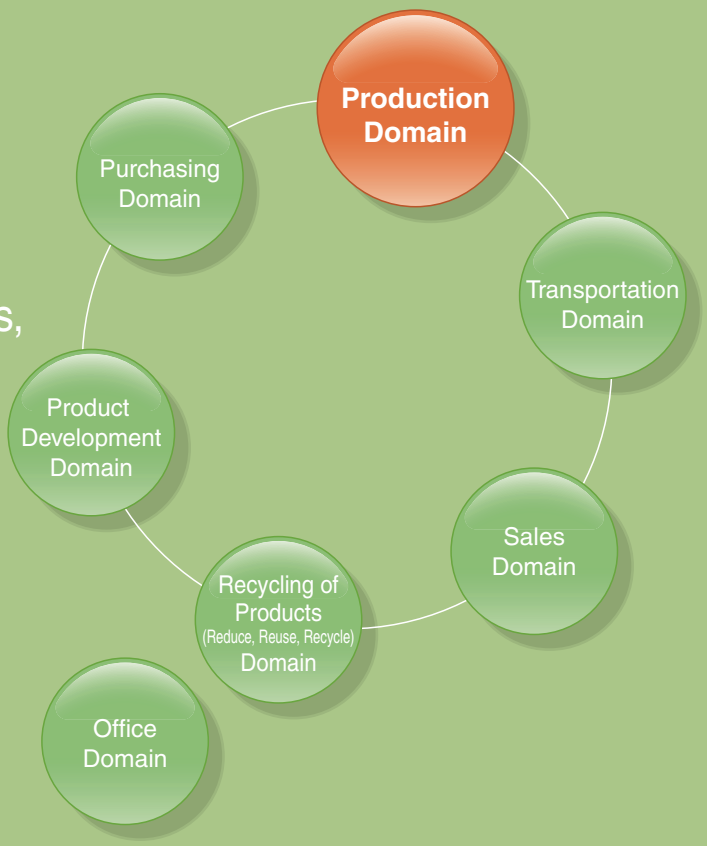
Achievements in Fiscal 2005

Number of molds disposed of: 37,700
Equivalent weight: 5,190 tons

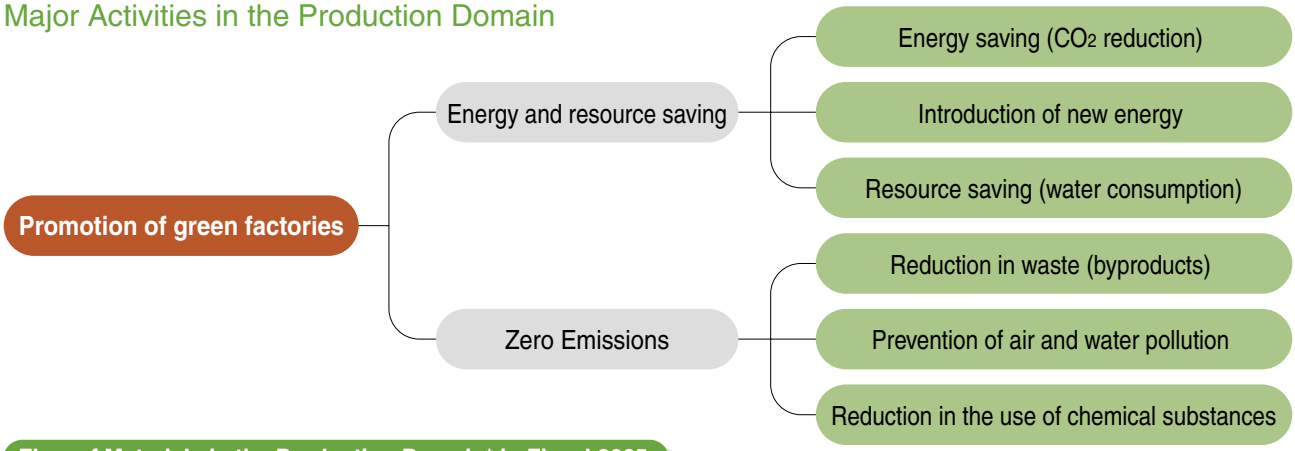
Production Domain

Making Honda Factories Even Friendlier to People, the Global Environment and Local Communities, and Reducing Our Environmental Impact toward Zero

We conduct production activities to manufacture products through various processes where numerous resources and energy are consumed. We will work to minimize the impact of these activities on the global environment in all aspects of manufacturing operations. We will also seek to improve the working environment for associates and make efforts to cooperate with local communities. Through these efforts, we aim to develop our factories into those that local people can be proud of. Honda has been promoting its Green Factory initiative throughout the world toward this goal.

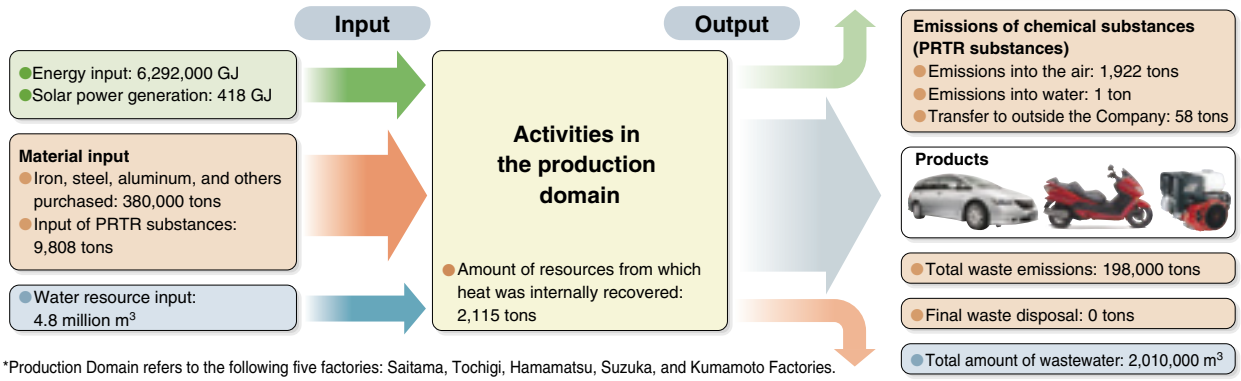


Major Activities in the Production Domain



Flow of Materials in the Production Domain* in Fiscal 2005

The following outlines the amount of resources Honda put into its production activities and substances of concern emitted from these activities.



*Production Domain refers to the following five factories: Saitama, Tochigi, Hamamatsu, Suzuka, and Kumamoto Factories.

Promotion of Green Factories

In the production domain, Honda has aggressively reduced the use of energy and resources and made progress toward zero emissions based on the Green Factory initiative.

Mid-Term Target and Progress in Achievement

Targets in Japan

- Unit energy consumption: 30% reduction (compared with fiscal 1990)

Progress in fiscal 2005 in Japan

- Unit energy consumption: 22.6% reduction (compared with fiscal 1990)

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- Unit energy consumption: 22.5% reduction[1] (compared with fiscal 1990)
- CO_2 emissions: 456,000 CO_2-tons[1]
- Waste recycling rate: 98%
- In-house incineration of waste: 85% reduction (compared with fiscal 1998)
- VOC emissions from coating 1 m^2 (automobiles): 35.0 g/m^2 [2]

Main achievements in fiscal 2005 in Japan

- Unit energy consumption: 22.6% reduction (compared with fiscal 1990)
- CO_2 emissions: 470,000 CO_2-tons
- Waste recycling rate: 98.9%
- In-house incineration of waste: 85.7% reduction (compared with fiscal 1998)
- VOC emissions from coating 1 m^2 (automobiles)/ 34.3 g/m^2

* The production domain section targets the following five factories in Japan: Saitama, Tochigi, Hamamatsu, Suzuka, and Kumamoto Factories.

1. The value differs from that shown in the previous environmental annual report because the coefficient used in the fiscal 2005 calculations has been changed.
2. The value differs from that shown in the previous environmental annual report because the calculation method used in fiscal 2005 has been changed.

Energy and Resource Saving

○ Mid-Term Target and Progress in Achievement

In fiscal 2005, energy consumption per unit decreased by 22.6 percent, exceeding the target of a 22.5 percent reduction from fiscal 1990 levels.

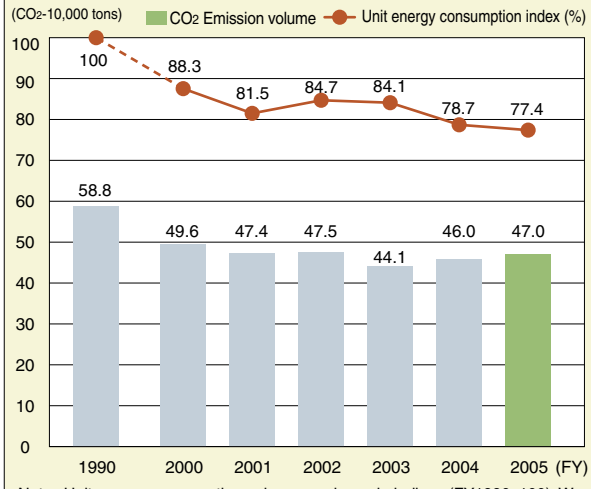
Energy saving

CO_2 emissions attributable to energy used in production totaled 470,000 CO_2-tons, up 3.1 percent from our target of 456,000 CO_2-tons (down 20 percent from fiscal 1990) and up 2.2 percent from fiscal 2004 levels of 460,000 CO_2-tons.

Although a number of measures were implemented in fiscal 2005 (see below), total emissions rose due to increased production and the influence of the weather.

To further reduce energy consumption, Honda will promote further energy conservation, introduce new energy sources, and efficiently control energy use through LCA activities.

● CO_2 Emissions and Unit Energy Consumption



Note: Unit energy consumption values are shown in indices (FY1990: 100). We recalculated CO_2 emissions in fiscal 1990 onwards using the following conversion factors.

The following CO_2 conversion factors* were used:	
Electricity	0.378 (CO_2-ton/MWh)
City gas (13A)	2.330 (CO_2-ton/1,000 Nm^3)
Kerosene	2.489 (CO_2-ton/kℓ)
Light oil	2.619 (CO_2-ton/kℓ)
Gasoline	2.322 (CO_2-ton/kℓ)
LPG	3.000 (CO_2-ton/ton)

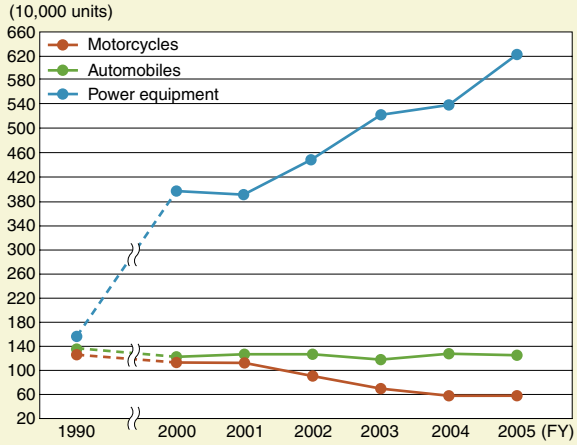
Electricity: Factor designated in the Ministry of the Environment's guidelines for calculating greenhouse gas emissions (V. 1.6)

Fuels: Factor to be used in the announcement system established under the Law concerning the Promotion of Measures to Cope with Global Warming for fuels

● Main Energy-Saving Measures

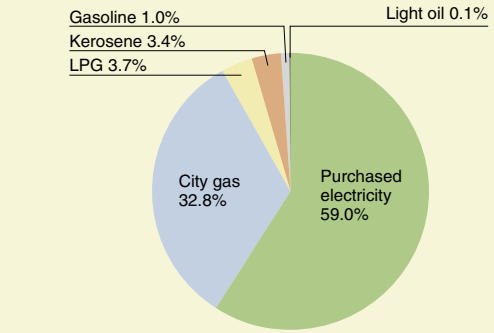
- Introduction of highly efficient freezing machines
- Distributed use of smaller boilers
- Introduction of highly efficient compressors
- Energy saving by discontinuing the use of lubricated coating
- Reduction in air leaks
- Optimization of coating booth temperature

● Transition in Production Output in Japan



* Starting from fiscal 1999, ATV's, which were previously classified as a products, have been reclassified as a motorcycles.

Breakdown of Energy Use (in CO_2 equivalent)

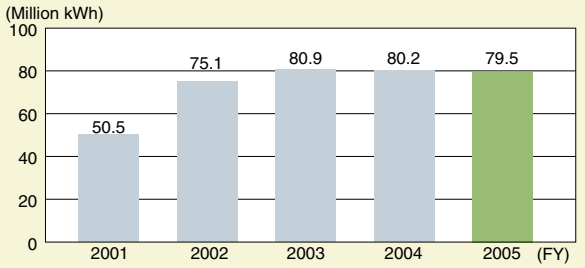


Note: For energy input, please refer to the Flow of Materials diagram on page 38.

Introduction of new energy sources

Power generation in the production domain using new energy sources totaled 79.5 million kWh in fiscal 2005, accounting for approximately 10 percent of total electricity consumption.

Power Generation Using New Energy Sources



Note: Solar power generation and natural-gas cogeneration as defined in the New Energy Law (Law concerning Special Measures to Promote the Use of New Energy) of Japan are targeted as new energy types.

Greenhouse gas emissions

In fiscal 2005, greenhouse gas emissions in the production domain totaled 482,000 tons in CO_2 equivalent.

Greenhouse gas emissions

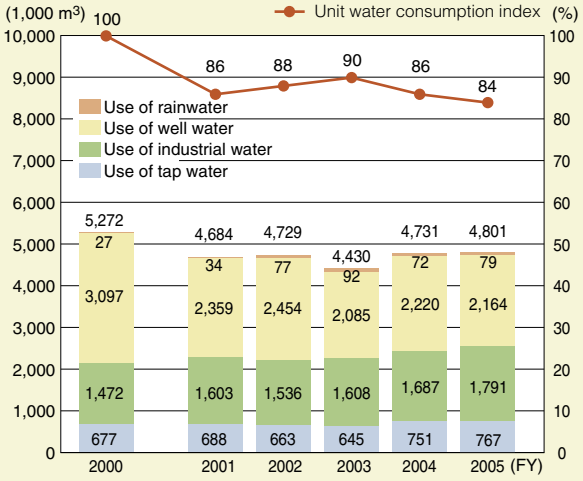
- CO_2 emissions from energy consumption and waste incineration: 472,000 CO_2-tons
- Emissions of greenhouse gases other than CO_2: 10,000 CO_2-tons

Note: Greenhouse gas emissions were calculated according to the guidelines provided by the Ministry of the Environment. The greenhouse gases include CO_2, CH_4, N_2O, HFC, PFC, and SF_6.

Resource saving (water use)

Water used in the production domain increased 1.5 percent to 71,000 m^3 compared with fiscal 2004 levels. The unit water consumption index decreased 2 percent from fiscal 2004 (down 16 percent from fiscal 2000) due to the influence of increased production, weather factors, and the following water saving measures.

Water Consumption and Unit Water Consumption Index



Note: Unit water consumption values are shown as indices (FY 2000: 100).

Water Saving Measures Taken in Fiscal 2005

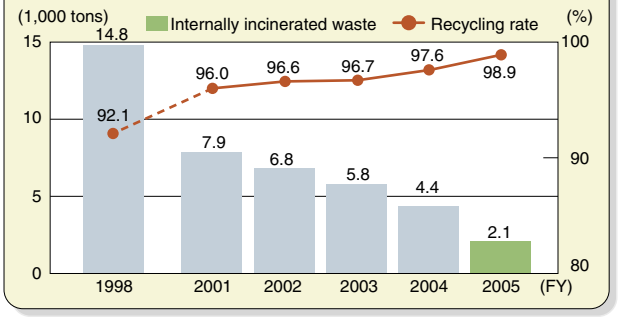
- Collection of water that overflowed from cooling towers
- Recycling of cooling water used in the forging process
- Water reduction by discontinuing the use of lubricated coating

Zero Emissions

Reduction in waste (by-products)

All domestic factories continued their zero off-site landfill achievement from the previous fiscal year through fiscal 2005. In addition, we are making efforts to reduce the total amount of by-products and the amount of waste incinerated. The amount of waste incinerated was approximately 2,100 tons in fiscal 2005, down 85.7 percent, achieving the Company's target of an 85 percent reduction from fiscal 1998 levels. We will further reduce waste incineration by improving waste segregation and aggressively reducing the total amount of by-products—notably by preventing their generation at the source.

Weight of Internally Incinerated Waste and the Recycling Rate



Breakdown of Waste Associated with Production Activities

(Unit: 1,000 tons)

Type	Fiscal 2003	Fiscal 2004	Fiscal 2005
External landfill	0.00	0.00	0.00
Intermediate external disposal	0.11	0.10	0.02
Internal incineration	5.81	4.38	2.12
Internal concentration	4.37	6.03	6.91
Recycling	170.58	177.97	189.92
Total amount of by-products	179.47	187.42	198.44

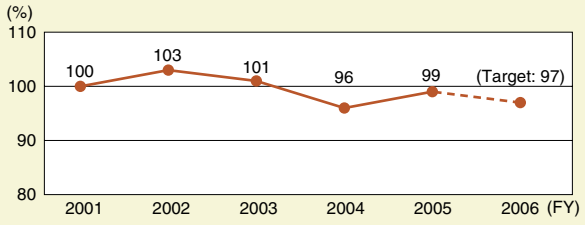
* Excluding burnt residues

$$\text{Total amount of by-products} = \text{Total amount of waste} - \text{Amount of internally concentrated liquid waste}$$

$$\text{Recycling rate} = \frac{\text{Total amount of by-products} - \text{Amount incinerated}}{\text{Total amount of by-products}} \times 100$$

The plan for reducing the generation of byproducts, based on the Law concerning the Promotion of the Utilization of Recycled Resources, sets the target for fiscal 2006 as shown in the upper right graph. The unit generation of byproducts increased 3 percent over fiscal 2004 levels. Although we implemented measures to improve the production process yield, the generation of byproducts rose because of increased production and the use of a greater number of parts. Compared with the fiscal 2001 level, the generation of byproducts decreased 1 percent. We will take further measures in such areas as improving the production process yield.

Unit Generation of Byproducts Shown in the Form of Indices (FY 2001:100)



Note: The values have changed because the recycling flow was partially changed.

Prevention of air and water pollution

Gas emissions from combustion systems and factory wastewater are closely monitored to maintain air and water quality at the level of our voluntary standards, which are more stringent than regulations. (For specific measurement results, refer to “Data of Japanese Factories”.)

Volatile organic compounds (VOC)*

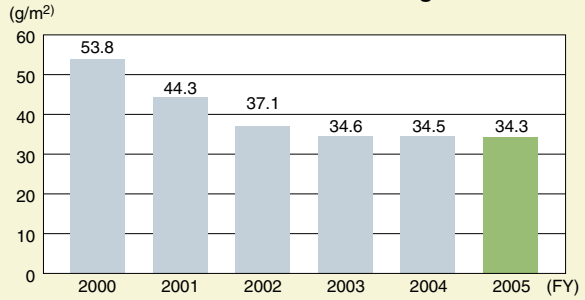
The major source of VOC emissions is solvents used in the automobile painting process. In fiscal 2005, we measured VOC emissions at the Saitama, Suzuka, and Tochigi Factories. The average VOC emissions from these factories were 34.3 g/m², achieving Honda’s previously-established emission targets. The following measures have been implemented by these factories:

We will further reduce VOC emissions by such measures as expanding the use of water-based paints.

VOC Reduction Measures Taken in Fiscal 2005

- Exhaustive reduction in waste and loss (improvement in the recovery of thinners for cleaning, etc.)
- Improvement in coating efficiency
- Further promotion of water-based paints

VOC Emissions from 1 m² of Coating



Note: We changed our method of calculating VOC emissions to one based on the manual published by Japan Automobile Manufacturers Association, Inc., (JAMA) in November 2005 and recalculated figures for fiscal 2000 onwards.

* VOCs mainly consist of organic solvents contained in paints and adhesives. VOCs remain toxic for a long time, and cause the depletion of the ozone layer in the stratosphere and photochemical smog in the troposphere. Therefore, VOCs are regulated in many countries around the world.

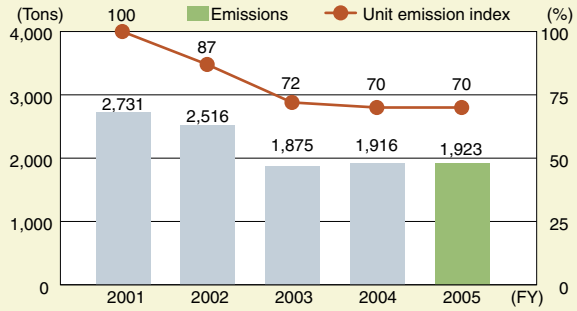
Chemical emissions (PRTR)*

The charts below give statistical data for fiscal 2005 for chemical substances falling within the scope of the PRTR Law. The emission levels discharged into the air/hydrosphere amounted to roughly 1,923 tons, down 30 percent from fiscal 2001 levels. Additionally, the PRTR unit emission index fell 30 percent compared with fiscal 2001.

We will further reduce the use of these substances in line with measures to reduce VOC emissions. (For data on the production domain and each Honda factory, please see the relevant pages at the end of this report.)

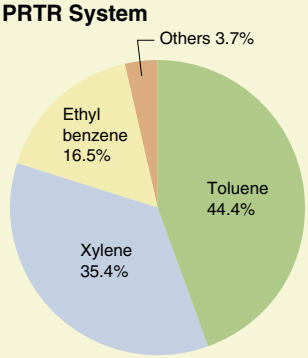
* PRTR (Pollution Release and Transfer Register) system: law concerning the reporting of specified chemical substances released into the environment and the promotion of improvements in their management.

Emissions of Substances Treated under the PRTR System and the Unit Emission Index



Notes:
1. PRTR unit emission values are shown in the form of indices (FY2001 : 100).
2. We changed our method of calculating VOC emissions to one based on the manual published by JAMA in November 2005 and recalculated figures for fiscal 2001 onwards.

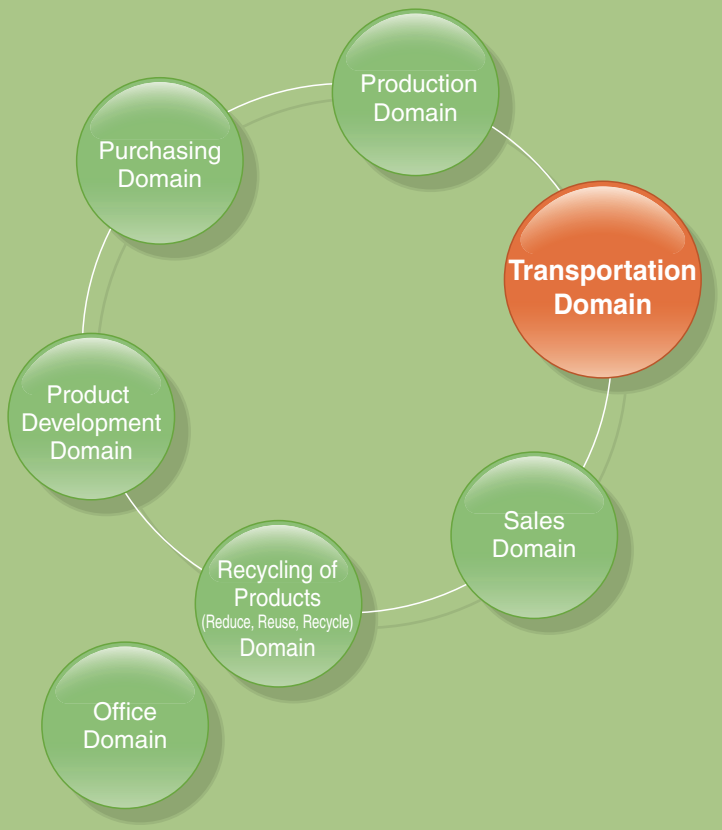
Breakdown of the Emissions of Substances Treated under the PRTR System



Report concerning the Storing and Disposal of Devices Containing PCB

In fiscal 2005, we submitted a report to the government on 739 units containing PCB (condensers and transformers containing PCB oil). We are storing these devices properly in compliance with government storing criteria, such as ensuring that PCB does not flow out into the surrounding environment. Moreover, we are implementing measures to properly and promptly dispose of these devices.

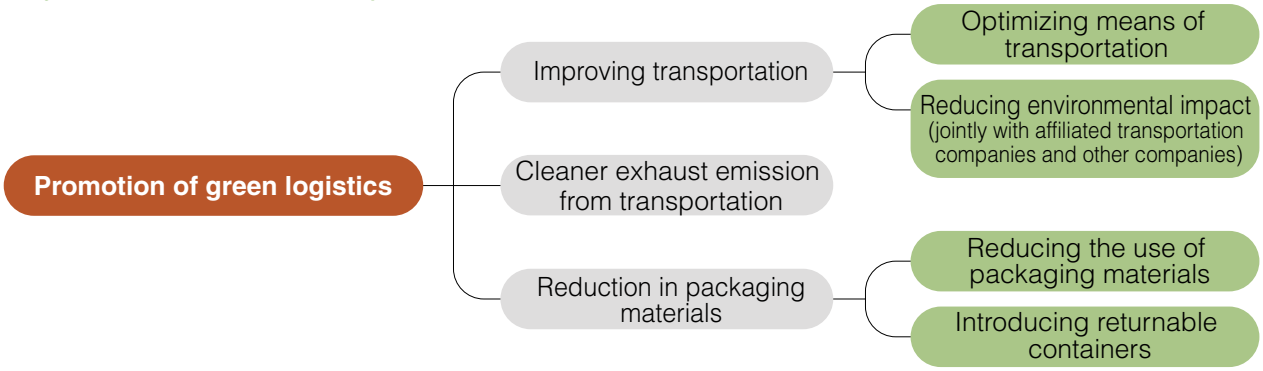
Transportation Domain



Highly Efficient and Environment-Conscious Transportation

Honda is seeking to improve transportation efficiency by promoting a modal shift to transportation by ship and rail as well as joint transportation with other companies. Also, we are developing environmental management systems jointly with affiliated transportation companies and implementing multiple measures for “green logistics”. Furthermore, we are reducing the use of packaging materials by utilizing simpler packaging, reviewing materials to be used, altering specifications and expanding the use of returnable containers.

Major Activities in the Transportation Domain



Promotion of Green Logistics

In the transportation domain, Honda has improved transportation efficiency by energy-saving driving and modal shift. Also, to reduce the amount of packaging waste, we are aggressively promoting a packing method that uses returnable materials or less material.

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- To jointly implement the environmental management system with four major transportation companies
- To improve transportation efficiency: CO_2 emissions of 115,332 CO_2-tons (for transport of completed automobiles)

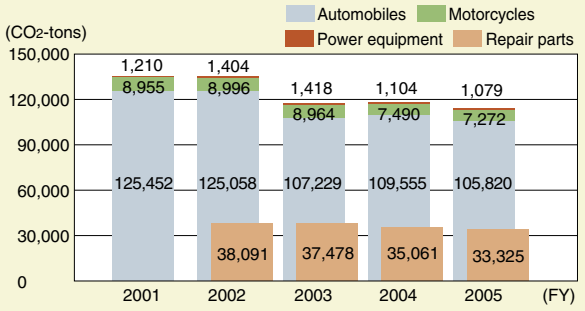
Main achievements in fiscal 2005 in Japan

- Continued cooperation in environmental management with four major transportation companies
- Improved transportation efficiency: CO_2 emissions of 105,820 CO_2-tons (transportation of completed automobiles)

Improving Transportation Efficiency

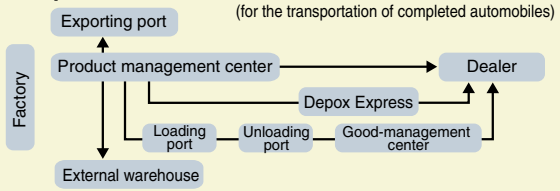
In fiscal 2005, total CO_2 emissions from the transportation of automobiles, motorcycles, power equipment and repair parts in Japan totaled 147,496 tons.

Transition in CO_2 Emissions from Transportation Activities



Scope of CO_2 emissions calculation

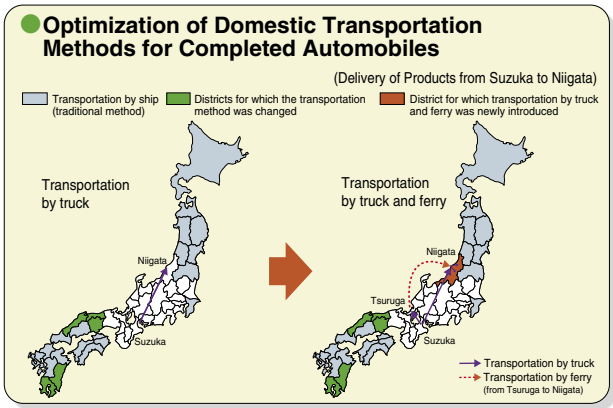
(for the transportation of completed automobiles)



CO_2 emissions from the transportation of completed automobiles: 105,820 CO_2-tons

By encouraging affiliated transportation companies in Japan to promote energy-saving driving, and by improving average fuel economy through the introduction of digital tachometers, we improved the fuel economy in transporting completed automobiles by 2 percent. Also, we reduced CO_2 emissions from transporting vehicles by 1,905 CO_2-tons in fiscal 2005. By using regular ferry services for part of the transportation route from Suzuka to Niigata, we reduced CO_2 emissions by 402 CO_2-tons in fiscal 2005. In the future, we will expand transportation by ship (modal shift) to further reduce CO_2 emissions from the transportation of our products.

Optimization of Domestic Transportation Methods for Completed Automobiles



CO_2 Reductions due to Measures to Improve the Transportation Efficiency, Which Resulted in Total Emissions Increase Less than Transportation Volume Increase (Fiscal 2005)

Item	Target	Date Started	Reduction (in CO_2-tons)
Energy-saving driving and introduction of digital tachometers	Automobiles	April 2004	1,905
Modal shift in transportation from Suzuka to Niigata	Automobiles	2005 (newly started)	402
		Total reduction	2,307

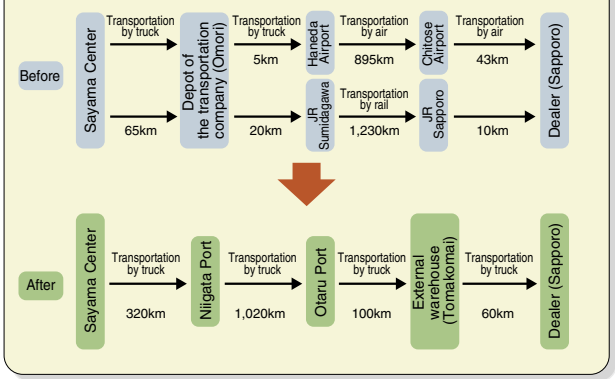
CO_2 emissions from the transportation of completed motorcycles: 7,272 CO_2-tons

For the transportation of completed motorcycles, we promoted a modal shift to transportation by rail as an energy-saving activity at affiliated transportation companies. Long distance transportation by large and small JR freight containers was expanded to cover transportation from Hamamatsu to Kumamoto in addition to transportation from Kumamoto to Hamamatsu/Kanto/Sapporo, and from Hamamatsu to Sapporo. This modal shift contributed to a 79 percent reduction in CO_2 emissions from relevant transportation routes and a 13 percent reduction in total emissions from domestic transportation.

CO_2 emissions from the transportation of repair parts: 33,325 CO_2-tons

For CO_2 emissions from the transportation of repair parts, we were able to achieve a reduction of 1,736 CO_2-tons (down 5 percent from fiscal 2004) by pursuing our target of a 1 percent reduction from fiscal 2004. This was made possible by the consolidation of automobile parts depots, improvements in the efficiency of transportation between warehouses, and further promotion of the modal shift.

Example of Modal Shift



Cleaner Exhaust Emissions from Transportation

In order to comply with regulations on environment conservation enacted by the Tokyo Metropolitan Government and three neighboring prefectural governments (eight cities in total), affiliated transportation companies continued to introduce diesel particulate filters (DPF) and low emission vehicles. As a result, we reduced PM emissions by approximately 22.1 tons.

Reduction in Packaging Materials by Product Category

Activities to Reduce Packaging Materials Used for Repair Parts

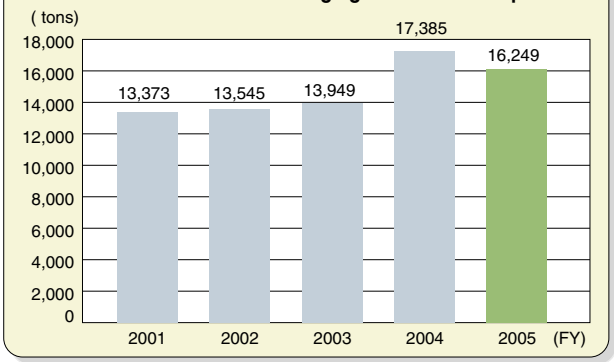
●Reduction in the use of packaging materials for repair parts

Use of packaging materials: 16,249 tons

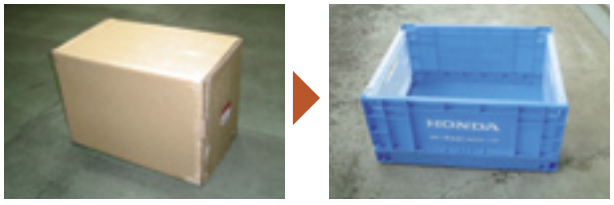
In fiscal 2005, we reduced the use of packaging materials in Japan by 1,066 tons to 16,249 tons as a result of taking the following measures: We replaced cardboard boxes with simpler packages (plastic bags) and greatly changed the package design for bumpers to reduce the use of cardboard material.

We will continue to promote the use of returnable containers at warehouses to further reduce the use of packaging materials.

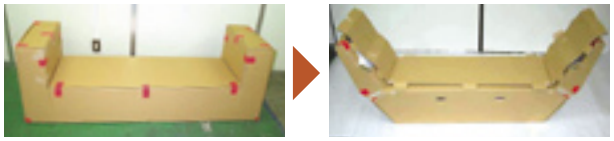
● Transition in the Use of Packaging Materials for Repair Parts



● Example of Reducing the Use of Packaging Materials



Reducing the use of cardboard boxes by using returnable containers at warehouses



Reducing the use of cardboard boxes by using boat-shaped cardboard boxes for bumpers

Activities to Reduce Packaging Materials Used for Component Parts Sets*

●Replacing disposable materials with returnable ones to reduce the use of packaging materials

In fiscal 2005, we promoted the use of internal and external returnable containers. We used special internal containers (developed in 2004) for exports to sites in the United States (Alabama), Canada, and the United Kingdom. As a result, we reduced the use of cardboard materials by 636.7 tons. In the future, we will expand the use of these special containers for exports to sites in Ohio and other U.S. states. We introduced external returnable containers to Taiwan and Malaysia, thereby reducing the use of iron materials by 210.8 tons. We will introduce these containers to China, which accounts for 67 percent of the use of iron materials, to further reduce such use.

Internal returnable containers inside an external returnable container

* Component parts sets are delivered to overseas plants for local assembly.

● Reduction in the Use of Packaging Materials

By replacing disposable materials with returnable materials

Item	Reduction
Cardboard materials for internal containers	636.7 tons
Iron materials for external containers	210.8 tons

Export and Import of Completed Motorcycles

For the import of scooters from China, we have achieved zero waste by continuously using returnable pallets in the transportation process. For the export of motorcycles from Japan, we continued to promote the use of non-cardboard packaging materials and returnable steel cases to reduce the amount of packaging materials used.

● Reduction in Packaging Materials in the Import/Export of Completed Motorcycles

Item	Reduction
Reduction in the use of steel materials	1,254 tons
Reduction in the use of cardboard materials	205 tons

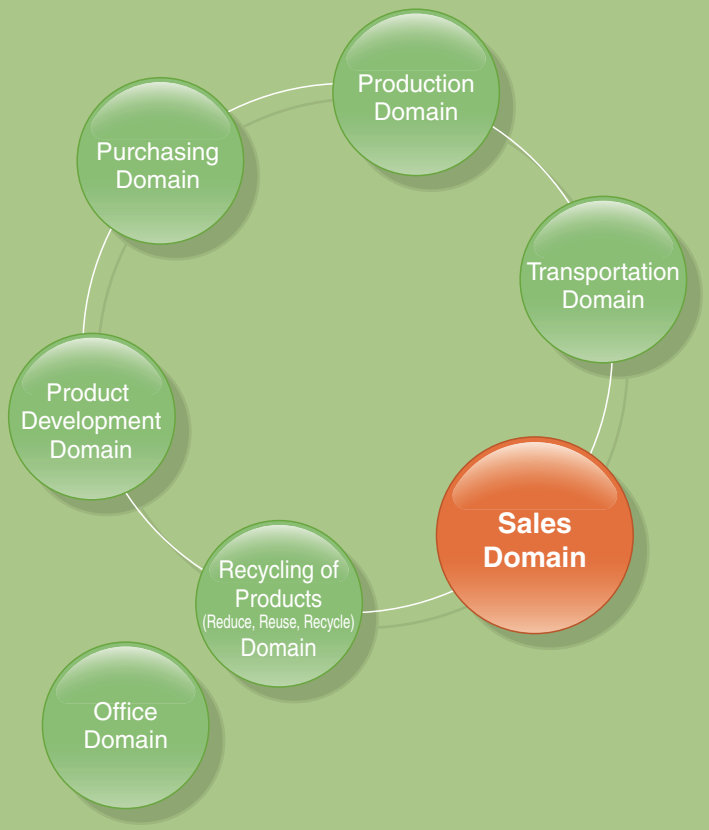
Transportation of Power Equipment

By using returnable steel cases for the domestic transportation of medium and large outboard engines, we continuously reduced the use of steel and cardboard materials.

● Reduction in Packaging Materials in the Transportation of Power Equipment

Item	Reduction
Reduction in the use of steel materials	47 tons
Reduction in the use of cardboard materials	16 tons

Sales Domain



Encouraging Honda Dealers to Become Environmentally Advanced Dealers Who Are Valued and Trusted by Customers and Local Communities

Honda promotes its unique environmental management systems and green dealer certification system to further advance its environmental activities in the sales and service domain. We encourage our dealers to steadily conduct environmental conservation activities and continuously implement measures toward more environmentally-advanced operations to create dealers who are valued and trusted by customers and local communities.

Major Activities in the Sales Domain

Promotion of Green Dealers

- Introduction of environmental management systems (certification of Green Dealers)
- Improvement of energy efficiency (reduction in CO_2)
- Pollution prevention
- Proper disposal of end-of-life vehicles

Promotion of Green Dealers

We are in the process of introducing our own environmental management system to Honda automobile dealers and are making efforts to improve our environmental efficiency, including the proper disposal of end-of-life products.

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- To further increase the number of Best Green Dealer stores
- To increase the number of Honda Dream Stores
- To increase the number of Green Dealers of power equipment

Main achievements in fiscal 2005 in Japan

- Increased the number of Best Green Dealer stores to 2,489
- Opened 19 environmentally friendly Honda Dream Stores (66 in total)
- Certification acquired by three stores of one dealer (six stores by two dealers in total)

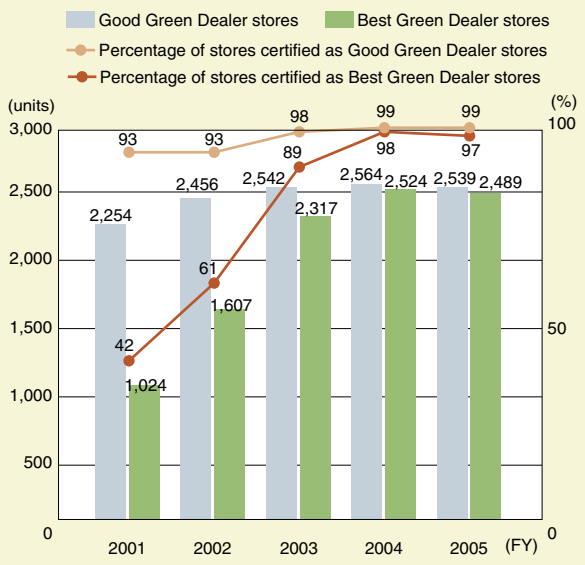
Automobile Dealers

Introduction of Environmental Management Systems

Honda introduced the Green Dealer certification system* to its automobile dealers as Honda's unique environmental management system and promotes the acquisition of this certification by all dealer stores. As of the end of March 2006, 2,489 stores are certified as Best Green Dealer stores. Best Green Dealer certification is the next step after being certified as a Good Green Dealer store. These Best Green Dealer stores implement measures to improve energy efficiency, contribute to local communities, and improve their environmental conservation activities. In particular, these stores are reducing their CO_2 emissions by promoting energy saving activities and eco driving.

* The Honda Green Dealer Certification System is implemented in two tiers. The Good Green Dealer Certification is awarded to stores that comply with environmental regulations and make other efforts, such as cleaning up areas surrounding the stores. The Best Green Dealer Certification is awarded to stores that have improved their environmental efficiency. The number of certified stores and the certification rate may vary, depending upon the consolidation, closure, and opening of stores.

Number of Stores Certified under the Green Dealer Certification System



Compliance with the End-of-Life Vehicle Recycling Law

To appropriately respond to the End-of-Life Vehicle Recycling Law, Honda actively conducts activities that educate its automobile dealers and other dealers on the law. In fiscal 2005, the second year the law was in effect, we answered individual inquiries from dealers and provided the latest information on the law so that they would be able to smoothly implement recycling systems in compliance with the law.

Example

Honda Environmental Account Book

Honda encourages dealers to reduce their environmental impact through its Green Dealer activities. For example, we ask each automobile dealer to use the Honda Environmental Account Book. By recording data on the use of electricity, water, gasoline, and other resources into this accounting system, dealers can better understand and manage the use of these resources and reduce their environmental impact, while also contributing to cost savings. Honda independently developed this accounting system as a means to automatically calculate the emissions of substances of concern, such as CO_2, based on the data on energy consumption and waste generation entered by dealers. Dealers can lower their cost and raise their environmental awareness by referring to the CO_2 emissions data provided by the accounting system.

Screen shot of the Honda Environmental Account Book

Motorcycle and Power-Equipment Dealers

Motorcycle Dealers

Wholesaling

Following a substantial change to its organizational structure in September 2005, Honda Motorcycle Japan, which is a wholesaler of motorcycle produced by Honda Motor, conducted an environmental impact assessment to build a companywide environmental management system. In the assessment, the company identified and analyzed actual situations to obtain specific data and to predict total emissions for the next three years, focusing on waste generated and CO_2 emissions from its sites, including retail stores (see detail on Honda Dream Stores below).

In fiscal 2006, Honda Motorcycle Japan will establish a companywide environmental management system to reduce waste generation and CO_2 emissions.

Retailing

In March 2002, Honda began building a network of Honda Dream Stores to market sports bikes. Honda Dream Stores, as green dealers for motorcycles, must meet predefined environmental requirements. In fiscal 2005, we established 19 additional Honda Dream Stores to complete the network of 66 stores.

We encouraged the Dream Stores to meet the following three environmental requirements in fiscal 2005: full compliance with environmental laws and regulations; promotion of environmental conservation; and further recycling of motorcycles. As for the third requirement, we could recycle 450 end-of-life motorcycles from 39 Dream Stores.

In fiscal 2006, we will accelerate the expansion of the network to increase customer satisfaction, while endeavoring to achieve a new goal of reducing waste generation and CO_2 emissions.

Power-Equipment Dealers

In fiscal 2005, continuing our efforts from fiscal 2004, we encouraged Honda power equipment dealers to reduce their environmental impact. As the first step in the process , we urged dealers to acquire certification as Honda Green Dealer stores. As a result, six stores owned by two dealers were newly certified as Green Dealer stores.

With respect to the recycling of packaging materials, we reduced the use of vinyl packaging materials used for portable power generators by 30 percent from fiscal 2004 levels and decreased the emissions of substances of concern (SOC). In fiscal 2006, we will implement further measures to raise the environmental awareness of dealers.

Example

Environmental Communication Tools for Dealers

Honda publishes an in-house environmental magazine and leaflet to promote more environmentally-friendly driving habits and to improve communication between Honda dealers and their customers.

The environmental information magazine, entitled *e-dream*, is published as a tool for automobile, motorcycle, and power-equipment dealers to better communicate with customers. It provides information on Honda's environmental vision and advanced measures. The magazine has been published quarterly since its launch in January 2004, with its ninth issue appearing in January 2006. An increasing number of dealers are distributing copies of this magazine to customers.

In April 2006, we distributed copies of a leaflet to approximately 2,400 Honda Green Dealer stores for automobiles to promote more environmental friendly driving habits. The leaflet was created as a means to support Team -6%*, a project for Japan to achieve its global warming prevention target set out in the Kyoto Protocol. Using easy-to-understand illustrations, the leaflet provides readers with information on how to choose highly fuel efficient automobiles, how to check their automobiles before driving, and what techniques they can use for fuel efficient driving. Through these communication tools, Honda will further strengthen environmental communication between customers and dealers.

* Team -6% is a national project to achieve a 6% reduction in greenhouse gas emissions, in accordance with Japan's national commitments established in the Kyoto Protocol.

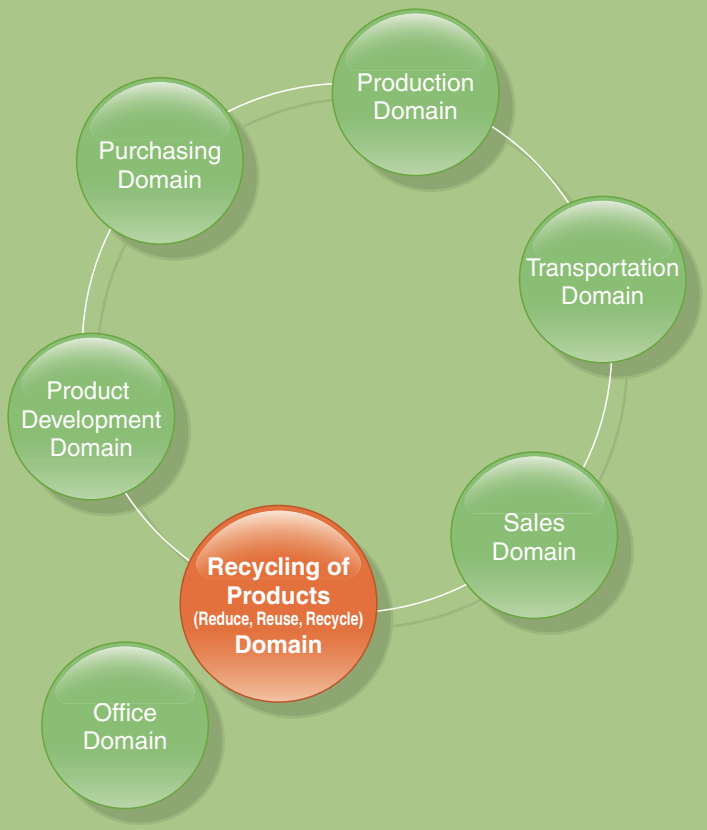
The *e-dream* environmental information magazine

Leaflet providing tips for eco-driving

Recycling of Products (Reduce, Reuse, Recycle) Domain

In Japan, approximately 80 percent of end-of-life vehicles are recycled by dismantling companies and shredding companies. Under Japan's End-of-Life Vehicle Recycling Law, enacted in 2005, automakers are now obliged to recycle and properly dispose of shredder residue, airbags, and CFCs. Accordingly, Honda has been actively implementing product recycling (3R*) measures. In 1991, we began recovering and recycling replacement bumpers, and in 1998 we launched the sale of remanufactured parts. Further, in 2004, Honda became Japan's first domestic automaker to implement new measures with the start of recovery and recycling activities for automobile oil filters.

* 3R: Reduce (the use of resources and the generation of waste), reuse, and recycle

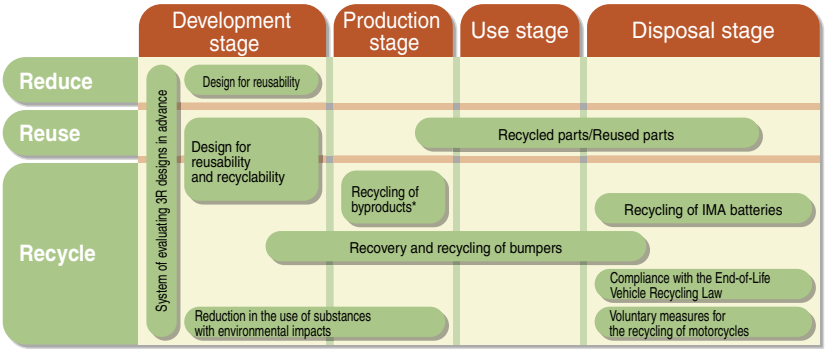


Honda's Policy on Product Recycling (3R)

Honda independently implements advanced recycling measures, called 3R measures, to reduce the amount of raw materials that are used in product creation. Specifically, we seek to downsize and reduce the weight of product components and to prolong their service lives (to reduce the use of resources and the generation of waste); to reuse parts where feasible; and to recycle end-of-life items as materials and sources of energy. We conduct these activities under the policies described in the sidebar on the right.

1. Design products in consideration of both higher basic performance and 3R measures.
2. Implement economical and effective recycling measures and use the results as feedback for development activities
3. Give priority to design for reusability, and reduce the amount of resources and energy used in the reuse and recycling processes
4. Minimize substances of concern contained in products, giving consideration to environmental impact caused by the disposal of end-of-life vehicles
5. Cooperate and collaborate with various stakeholders

Major Activities in the Recycling of Products (3R)



* For the recycling of byproducts, please refer to the achievements described in the "Production Domain" section.

Development Stage

Honda gives priority to the recyclability of its products. Based on the 3R (reduce, reuse, and recycle) concept, we carefully select materials and structures for our products at the product development stage.

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- Automobiles, motorcycles, and power equipment: To improve recyclability rates

Main achievements in fiscal 2005 in Japan

- Automobiles: Achieved 90% or more recyclability for models newly marketed or changed
- Motorcycles: Achieved 95% or more recyclability for models newly marketed or changed
- Power products: Achieved 95% or more recyclability for models newly marketed or changed

Automobiles

3R Assessment System

Since fiscal 2001, we have been using the 3R preliminary assessment system to evaluate and improve the 3R design of newly-developed models.

Design for Reduction (Reduction in Waste Generation)

In addition to downsizing and reducing the weight of metal parts, including the body frame, engine, and transmission, we reduced the weight of nonmetal parts by replacing some materials while improving the composition of others.

Downsizing and reducing the weight of nonmetal parts

For the new Civic, we reduced the total weight of nonmetal parts by 10 kg or more. Also, we made efforts to reduce automobile shredder residue (ASR)* generated from end-of-life vehicles as a part of our measures to reduce the generation of waste.

* Residue remaining after the removal of metal from dismantled and shredded end-of-life vehicles

Example (Civic)

- Floor carpet
- Roof lining
- Asphalt sheet
- Dashboard insulator
- Exterior molding
- Instrument panel board

Floor carpet

Roof lining

Dashboard insulator

Design for Reusability and Recyclability

For all new models newly marketed or changed in fiscal 2005, Honda achieved 90 percent or greater recyclability* by implementing the following measures:

* Based on Honda's criteria, including recovered energy

Standardization of resin materials (promotion of olefin resin)

For all new models released in fiscal 2005, highly recyclable olefin resins were used in most injection-molded interior and exterior parts. Also, material identification marks are displayed on all resin and rubber parts large enough for such labeling.

Examples of parts for which the use of recyclable materials is standard (new models released in fiscal 2005)

- Bumper face
- Instrument panel
- Resin fuel tank
- Door lining
- Under spoiler
- Pillar garnish
- Splash shield
- Tailgate liner
- Wheel inner fender
- Others

Use of recycled materials (resins)

As a representative example for fiscal 2005, we used 10.7kg of recycled resins for the Civic. We will further increase the use of recycled materials in the future.

Structural design for recyclability

For all new models released in fiscal 2005, we reduced the joints of parts and rationalized the structure by applying clips and set-in structures. Also, we standardized parts to facilitate maintenance and improve the recyclability of materials and reusability of parts.

Example (Civic)

Easier dismantling:
- Front and rear antilock brake sensor

Easier dismantling and disassembly:
- Air conditioner (HVAC)

Standardization of parts:
- Front disc brake caliper

Reduction in Substances of Concern

Reduction in the use of four heavy metals

We are striving to reduce the use of four heavy metals (lead, mercury, hexavalent chromium, and cadmium) that are included in the voluntary reduction targets set by the Japan Automobile Manufacturers' Association (JAMA).* In fiscal 2005, we discontinued the use of cadmium, which had been used in minute amounts in electric and electronic parts (e.g., IC chips), as well as lead and mercury.

In addition to promoting measures that had been implemented before fiscal 2004, we discontinued the use of hexavalent chromium in zinc and aluminum compound coated parts, with some exceptions. Also, we reduced the use of this substance in chemically treated colored coating (black chromate coating) on plated parts.

* Voluntary reduction targets set by JAMA (for newly developed models)

Targeted substances	Targeted (implementation) period	Details
Lead	In and after January 2006	Use amount per vehicle (compared with the 1996 level) (Automobiles) one-tenth or below (Motorcycles) 60 kg or below
Mercury	In and after January 2005	Banned except for some parts (slightly contained in discharge headlights and liquid crystal panels for navigation systems)
Hexavalent chromium	In and after January 2008	Banned
Cadmium	In and after January 2007	Banned

Parts Targeted in Reducing the Use of Hexavalent Chromium

Black brake caliper

Zinc and aluminum compound coated bolts

Chemically treated green coating on plating

Reduction in HFC134a

We expanded the application of air conditioners that reduce the use of HFC134a by approximately 10 percent compared with 1995 levels and adopted them in 23 out of 27 models. For air conditioners that do not use HFC134a, we have been conducting the following activities since fiscal 2004;

- We are collecting information to understand the industry's movement and the current level of technology.
- We are examining the adoption of such air conditioners for automobiles.

Reduced Use of Other Substances of Concern

To facilitate the recycling of automobile shredder dust (ASR) in compliance with the End-of-Life Vehicle Recycling Law, we are reducing the use of polyvinyl chloride (PVC). By discontinuing the use of PVC in body undercoating and interior/exterior resin parts, we reduced the content of chlorine in ASR to 1 percent or less in all new models released in fiscal 2005 (excluding subcompact vehicles).

Body undercoating without the use of PVC

Motorcycles

3R Assessment System

Since 1992, Honda has been evaluating every new model with its 3R preliminary assessment system in order to improve 3R-related performance.

Design for Reduction

Reduction in size and weight

Concerning technology to reduce size and weight, we promote the use of aluminum die cast motorcycle frames that can be welded. To make frames thinner and more precise, we advanced the technology used in manufacturing easily recyclable hollow aluminum die-cast frames that can be welded. These frames were used in the CBR600RR, which was released in fiscal 2005, to further reduce its weight.

CBR600RR

Aluminum twin-tube frame

Extension of service life

By the end of fiscal 2005, we expanded the use of Honda's original puncture-proof technology called "tuffup tube" to approximately 5.4 million completed motorcycles. We have thus steadily promoted the use of these unique tubes and reduced the disposal requirement for punctured tires.

Design for Reusability and Recyclability

Improved recyclability

For models newly introduced or changed in fiscal 2005, 95 percent or more of their materials are recyclable. Also, to further improve recyclability, we implemented a system using the latest IT technology to collect and compute recycling-related data. Using this system, we will promote product designs that attain 95 percent recyclability. To help facilitate increased recycling, we also mark the name of the material as much as possible, including even very small resin parts.

Use of recycled resin

We are also expanding the adoption of recycled resin to fenders and under-covers. For scooters, recycled resin materials are used in approximately 15 percent of resin parts.

Reduction in Substances of Concern

Reduction in the use of four heavy metals

One of Honda's commitments is to reduce the use of four heavy metals believed to have adverse effects on the environment (lead, mercury, hexavalent chromium, and cadmium) in all models produced in Japan by the end of 2005. Among the four substances, we achieved our voluntary reduction targets for lead, mercury, and cadmium.* We are currently implementing measures to discontinue hexavalent chromium use in 2006.

* We achieved the voluntary reduction target for lead set by JAMA (refer to note on page 50) in January 2005; for mercury prior to 2001; and for hexavalent chromium in March 2006, all earlier than planned.

Reduction in Other Substances of Concern

Honda has been replacing various substances of concern based on its internal guidelines on chemical substances. Since December 2002, we have replaced approximately 80 percent of those parts containing a small amount of hexavalent chromium with parts free of hexavalent chromium.

Power Equipment

Design for Reusability and Recyclability

To achieve our target of recycling at least 95 percent of the materials used in power equipment, we actively reduced the amount of automotive shredder residue (ASR) generated and promoted the use of recovered heat energy.

Improved recyclability

We were able to achieve an average recycling rate of 99.5 percent* for seven models released in fiscal 2005.

* based on Honda computation formula, including recovered heat energy

Reduction in Substances of Concern

Reduction in the use of four heavy metals

Honda is making efforts to reduce the use of four heavy metals (lead, mercury, hexavalent chromium, and cadmium), which are said to have adverse effects on the environment, by the end of 2006, in all power equipment produced within Japan. For power equipment, there are no domestic regulatory standards. However, Honda is working to voluntarily reduce the use of harmful substances in power equipment according to JAMA's voluntary targets. For all models produced in Japan, we have already attained the targets for lead, mercury, and cadmium. For hexavalent chromium, we have achieved approximately 80 percent of the target and are pressing forward to completely discontinue the use of this substance by the end of December 2006.

Use Stage

Honda is promoting a recycling system for end-of-life products, including technological development and support. Our efforts also concentrate on increasing the recovery of parts, including end-of-life bumpers, the expansion of their recycling and reuse, and improvements in the actual recycling rate.

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- To expand the use of recycled parts and models to which reused parts can be applied

Main achievements in fiscal 2005 in Japan

- The number of items was not increased for recycled parts, and recycled parts were not applied to additional models.
- The number of models to which reused parts can be applied was not increased.

Increasing the Recovery, Recycling, and Reuse of Repair Parts

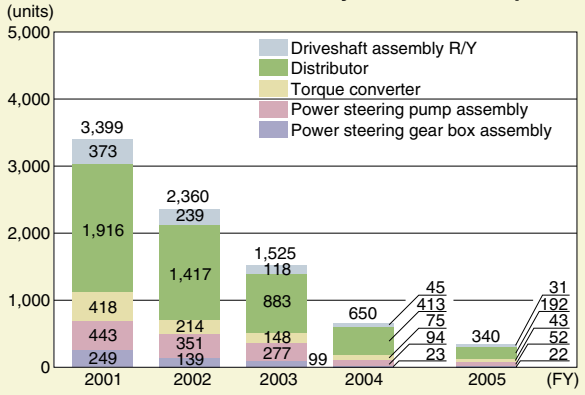
Expansion of the Honda Recycle Parts Business

Honda has sold highly functional recycled parts such as torque converters, since 1998. In July 2001, the company began marketing reused and recycled parts as Honda Recycle Parts.

Lineup and sales performance of recycled parts

In recent years, the number of models in operation in which reused parts can be applied has decreased, and both performance and durability of functional parts have improved. In consideration of these changing circumstances, and to improve customer satisfaction, we examined whether we should narrow the range of recycled parts and whether we should increase the number of models to which these parts can be applied.

Transition in the Sales of Recycled Parts in Japan

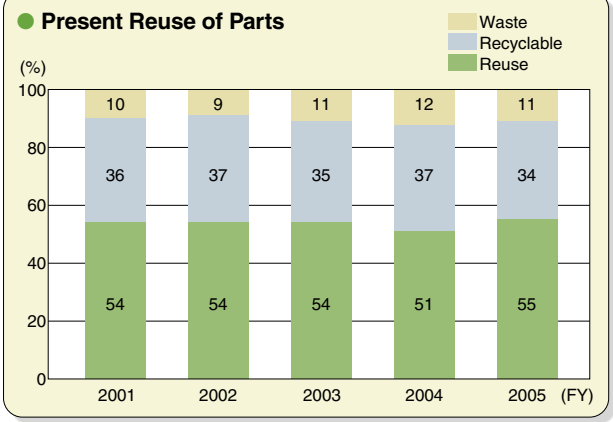


Present reuse of parts

By effective use of recovered parts and material recycling efforts, we achieved a reuse rate of 89 percent, as shown in the upper right graph.

Examples of Recycled Parts

Present Reuse of Parts



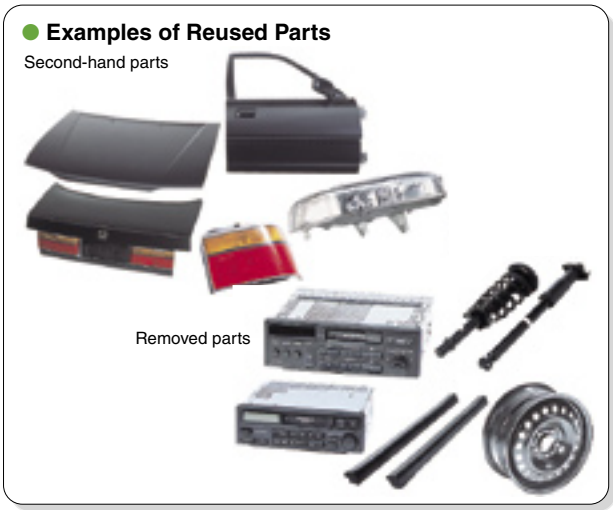
Reused parts

Since July 2001 in the Kanto district and January 2002 in the rest of Japan, customers have been provided with the convenience of being able to order both reused and new parts in the same manner through Honda's genuine-parts distribution channel, providing convenience for purchasers.

Reused parts are collected as second-hand parts (16 items) that are selected and removed from two-generations old end-of-life vehicles, and parts (9 items) that are removed from existing in-use vehicles to install optional parts.

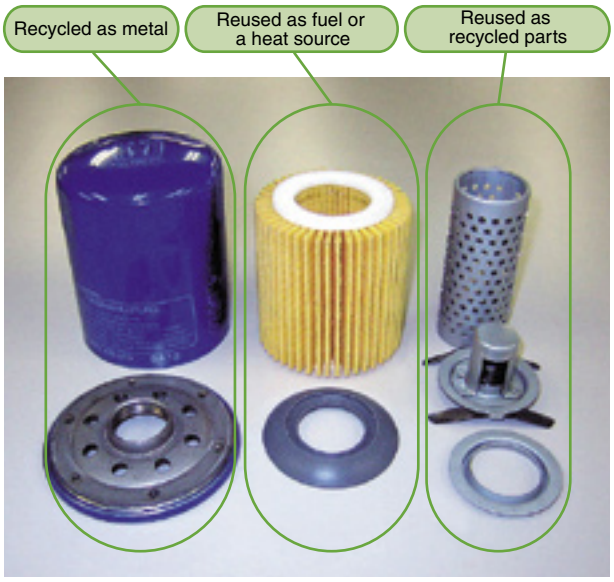
In fiscal 2006, we aim to expand our lineup of reused parts and are examining a new business approach to providing customers with more convenience, including the use of an outside sales infrastructure.

Examples of Reused Parts



Recycling of Oil Filters

We collect and disassemble end-of-life oil filters to recycle them as metal and fuel. Also, we reuse some of their components as mass-production parts. We started recovering these filters through Honda dealers on a national scale in January 2004, and began recovering filters from general servicing and repair companies in 2005. In addition, we increased the number of oil filter types targeted for recovery from two to five, and succeeded in recovering these filters in a quantity equivalent to about 20 percent of all filters sold in Japan in fiscal 2005. We will make further efforts to increase the number of end-of-life oil filers collected.



End-of-life filters that are disassembled and recycled

Re-collecting end-of-life filters put in a pail

Recovery and Recycling of Bumpers

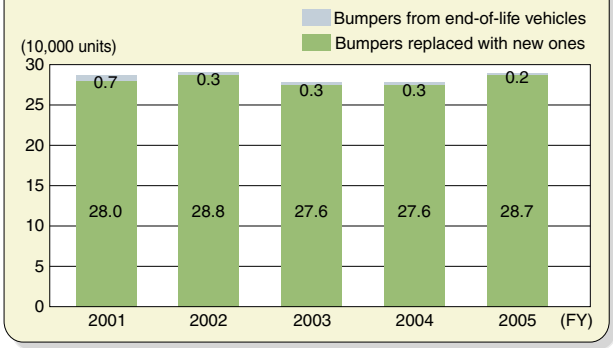
In fiscal 2005, we recovered 276,248 replaced bumpers (940 tons) from Honda automobile dealers and general servicing and repair companies. Including the resin from recovered bumpers, a total of 1,641 tons of recycled resin was reused.

As a means of expanding the use of recycled resin, we increased the number of targeted repair-bumper types by 11, to 55 bumper types, in fiscal 2004.

● Number of Bumpers Recovered in Fiscal 2005 and the Amount of Resin Recovered: 286,855 Bumpers, 975 Tons

Bumpers replaced for repair: 285,000 bumpers, 969 tons
End-of-life vehicle bumpers: 1,855 bumpers, 6 tons

● Number of Recovered Bumpers in Japan

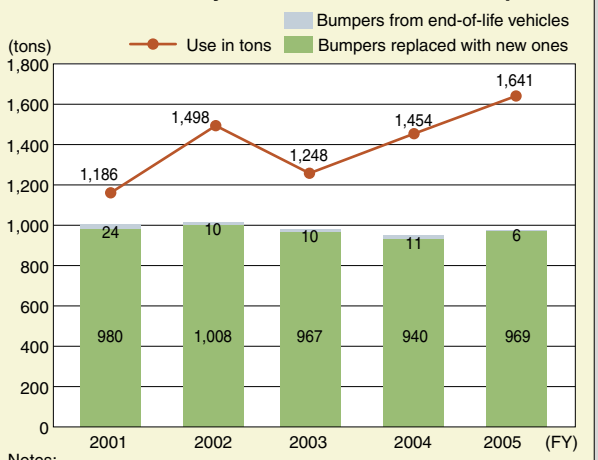


● Use of Recycled Resin: 1,641 Tons

● Products Made from Recycled Resin

Automobiles: bumper for repair, splash shield, splash guard, etc.
Motorcycles: under cover

● Use of Resin Recycled from Recovered Bumpers



Notes:

1. The use of recycled resin exceeds the amount of resin recovered because the former includes the use of resin recovered from bumpers found defective in the production process and the recycled resin stored since the previous year.
2. For the use of resin recycled from recovered bumpers, the amounts for fiscal 2003 and onwards are calculated assuming the unit weight of a bumper to be 3.4 kg.

Waste Stage

Honda has established, and is soundly operating, a responsible and efficient recycling system for end-of-life automobiles in compliance with the End-of-Life Vehicle Recycling Law. For motorcycles, we are promoting proper recycling and disposal through voluntary measures.

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- To launch a recycling system in a smooth manner

Main achievements in fiscal 2005 in Japan

- Recycling systems for automobiles and motorcycles were stably operated.

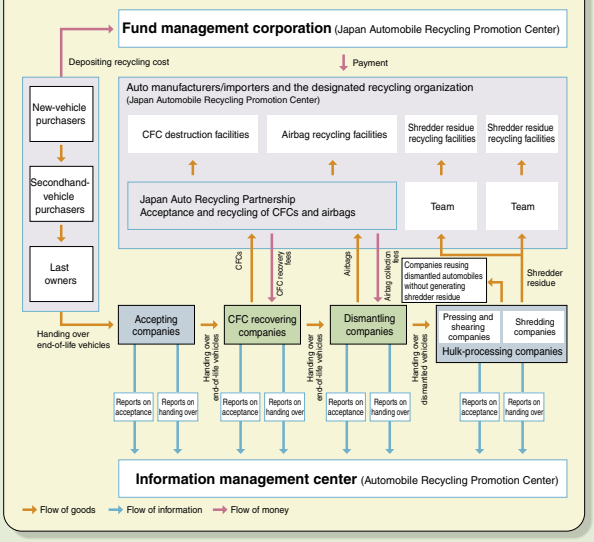
Automobiles

End-of-Life Vehicle Recycling Law

The Law for Recycling End-of-Life Vehicles (End-of-Life Vehicle Recycling Law), enacted in January 2005, is intended to promote environmental conservation and the effective use of resources through measures to ensure the responsible and efficient recycling of end-of-life vehicles. Under the law, automakers are obliged to collect and properly dispose of the following three items:

- CFCs, which are used as air conditioner refrigerants and would destroy the ozone layer and contribute to global warming if emitted into the air;
- airbags, which are difficult to dispose of because of their explosive nature;
- and automobile shredder residue (ASR), what remains after useful materials from end-of-life vehicles are collected. To comply with this law as a responsible automaker, Honda is enhancing its recycling measures for the entire lifecycle of its automobiles, from development (using designs for recycling) to disposal (as end-of-life vehicles). These measures include the establishment of a recycling system with the goal of attaining a 95 percent recycling rate by 2015.

Flow under the End-of-Life Vehicle Recycling Law



Recycling Fees

Honda has structured its recycling fees in such a way that the cost of properly disposing and recycling its products will be covered while the cost to customers is minimized. We have maintained the low recycling fees that we charge owners of new models released in fiscal 2005 while ensuring the proper disposal of these vehicles at the end of their lives. These low-level fees were attained by improved efficiency in transporting and recycling end-of-life vehicles. For more information on Honda's recycling fees, please go to the following Web site:

W http://www.honda.co.jp/auto-recycle/

Recycling of CFCs, airbags and ASR

CFCs

For CFCs contained in automobile air conditioners, we have established a system of proper disposal with no air emissions. We are implementing this system and outsourcing the CFC recovery, transportation, and destruction processes to Japan Auto Recycling Partnership. In fiscal 2005, CFCs were properly disposed of by the Japan Auto Recycling Partnership, and costs were cut thanks to more efficient CFC transportation and destruction methods.

Airbags

It is necessary to properly recycle inflators for airbags, safety equipment used in automobiles. There are two recycling methods: (1) removing the inflators from the module and recycling them at designated facilities; and (2) deploying the airbags inside end-of-life vehicles and then recycling the inflators.

Each dismantling company chooses which method to adopt, but we encouraged all of them to deploy airbags inside end-of-life vehicles for recycling. As a result, approximately 76 percent of all airbags were deployed inside end-of-life vehicles. We will continue to promote this method in cooperation with dismantling companies while developing tools and equipment required for the method.

Some airbags* require special consideration when selecting the method of their disposal, but we are able to properly dispose of these airbags thanks to the support of dismantling companies.

Also, for models released in the market beginning in 1998, we have applied a system of simultaneous deployment of all airbags in a vehicle, as opposed to deploying them one by one. Almost all Honda vehicles are now equipped with this system, which greatly reduces the burden on dismantling companies. We are promoting the airbag and inflator collection and recycling processes in cooperation with Japan Auto Recycling Partnership and outsourcing these processes to this organization.

* SRS unit-integrated airbags

Automobile shredder residue (ASR)

End-of-life vehicles are dismantled and then shredded by shredding equipment. Scrap metal is removed from the shredded pieces, and the remains are left as automobile shredder residue (ASR). Automobile makers are now accepting and recycling ASR. For the efficient and reliable recycling of ASR, Honda has formed the TH Team with Toyota Motor Corporation; Daihatsu Motor Co., Ltd.; and Hino Motors, Ltd.

The End-of-Life Vehicle Recycling Law provides for a phase-in of the requirements for ASR recycling (a recycling rate of 30 percent by 2005, 50 percent by 2010, and 70 percent by 2015), and Honda will implement measures to comply with these criteria before regulatory deadlines.

Despite a number of equipment failures at recycling facilities, we were able to successfully recycle ASR through efforts by the TH Team (ASR Recycling Division of Toyotsu Recycling Co., Ltd.) to properly respond to and correct these failures.

Additionally, we established a full recycling method[1] for more than 10 percent of the end-of-life vehicles to be disposed of, and started using new recycling facilties[2], thereby achieving an ASR recycling rate that far exceeds the legally stipulated rate of 30 percent.

1. A recycling method in which end-of-life vehicles are not shredded but dismantled into very fine pieces to be recycled as iron materials.
2. Recycling facilities, including those of Kitakyushu Ecoenergy Co., Ltd., and Nippon Steel Corporation's Nagoya Works

Achievements in Fiscal 2005

For the past year, since the End-of-Life Vehicle Recycling Law was enacted (January 1 2005), the Japanese automobile industry has successfully complied with the law in general. In fiscal 2005, the industry as a whole recycled 3.05 million end-of-life vehicles. Honda, according to available data, accepted and delivered approximately 260,000 end-of-life vehicles destined for the shredding process, which is the final disposal process for end-of-life vehicles.

Prior to fiscal 2005, the average service life of an automobile was approximately 11 years, but that estimate was extended to 12–13 years in fiscal 2005.

Air conditioner and airbag installation rates for Honda automobiles have been increasing rapidly since the first half of the 1990s, reaching a significant turning point in 1992. The rates before and after this year differ greatly. In fiscal 2005, because of the extended service life of vehicles, the number of end-of-life vehicles that require the disposal of CFCs and airbags decreased.

Recycling Results in Fiscal 2005

CFCs

From April 2005 to March 2006, we recovered 64,552kg of CFCs from 202,842 end-of-life vehicles. Of this amount, CFC accounted for 47 percent and HFC for 53 percent of total CFC recovered. In addition, we received ¥423,939,280 in deposits from customers for the recycling of CFCs.

We spent a total of ¥445,389,475 on recycling, which includes in-house cost, recording a deficit of ¥21,450,195, or approximately ¥106 per vehicle.

Airbags

Among the end-of-life vehicles disposed in the period from April 1, 2005 to March 31, 2006, 50,127 vehicles were equipped with airbags, and airbags from 38,326 units (76.5 percent of these vehicles) , were deployed before being removed from the vehicle.

Also, we recovered 95,422 inflators. Given the number of end-of-life vehicles equipped with airbags (50,127), the average number of inflators equipped per vehicle was 1.9.

The number of inflators recovered at designated collection sites totaled 18,569 units, 8,485kg of which were sent to recycling facilities. Of this total, 7,933 kg were recycled, resulting in a recycling rate of 93.5 percent. We thus exceeded the recycling level of at least 85% as stipulated by law.

We received ¥87,113,120 in deposits for recycling airbags and spent a total of ¥112,578,947, thus recording a deficit of ¥25,465,827, or approximately ¥508 per vehicle.

Automobile shredder residue (ASR)

We accepted and delivered 261,649 end-of-life vehicles destined for the shredding process and accepted 38,779 tons of shredder residue from 229,247 vehicles. Of this amount, 24,613 tons of residue were delivered to recycling facilities, where 21,627 tons were actually recycled. The ASR recycling rate of 59.6 percent included the weight equivalent of ASR that would have been generated from dismantling automobiles using the full recycling method. We have thus far exceeded the recycling rate of 30 percent stipulated by law for the period from fiscal 2005 to fiscal 2009.

We received ¥1,518,313,530 in deposits from customers for recycling ASR and spent a total of ¥1,468,455,387 on recycling, which includes in-house cost, recording a surplus of ¥49,858,143, or approximately ¥191 per vehicle.

Total deposit and cost for recycling of CFCs, airbags and ASR

In fiscal 2005, we received a total of ¥2,029,365,930 to recycle CFCs, airbags and ASR and incurred recycling costs totaling ¥2,026,423,809, including in-house cost. We thus recorded a surplus of ¥2,942,121 for fiscal 2005. This was due mainly to a decrease in the number of end-of-life vehicles that require the disposal of CFCs and airbags, as mentioned above.

Honda sets its recycling fees in such a way that a balance can be achieved for these three items on a medium- and long-term basis. On an annual basis, therefore, we expect both surpluses and deficits to some extent.

In fiscal 2005, we recorded a surplus of approximately ¥3 million, but over the two years since fiscal 2004, we posted a deficit of approximately ¥1.5 million, within the expected range.

Outline of Recycling Results in Fiscal 2005

CFCs	Total amount recovered	64,552 kg	202,842 vehicles
Airbags and inflators	Removed without deployment	18,569 pieces	
	Removed after deployment	76,853 pieces	50,127 vehicles
	Recycling rate	93.5% (standard: at least 85%)	
Shredder residue	Amount accepted	38,779 tons	229,247 units
	Weight equivalent of ASR that would have been generated from dismantling automobiles using the full recycling method	5,580 tons	32,402 vehicles
	Recycling rate		59.6%

Total amount of deposits repaid	¥2,029,365,930
Total recycling costs	¥2,026,423,809

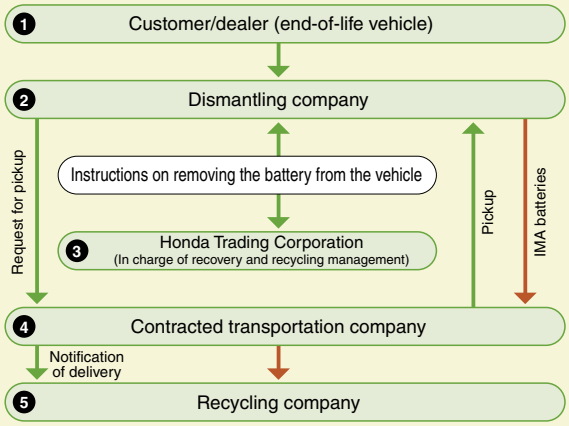
* For details, please refer to page 83.

Voluntary Recovery of Batteries Used in Hybrid Vehicles

For IMA battery packs in its hybrid vehicles, Honda uses recyclable nickel metal-hydride (NiMH) batteries. We properly treat all end-of-life IMA batteries through our voluntary recovery system, as shown in the diagram on the right. Recovered IMA batteries contain rare metals which are recycled to be effectively used as stainless steel and battery materials. Under this voluntary system, launched in 1999, we recovered 100 IMA batteries in fiscal 2005.

Recovered IMA battery

Recovery of IMA Batteries Used Exclusively in Hybrid Vehicles



Motorcycles

Voluntary Recycling Activities

Honda, in cooperation with other domestic motorcycle manufacturers and a number of motorcycle importers, started voluntary recycling activities for motorcycles on October 1, 2004.

These activities were the world's first initiative toward the stable recycling of motorcycles, implemented in cooperation with dealers. Under this program, we accept motorcycles that customers want to dispose of at our dealers or at other specified facilities and then properly dispose of and recycle them at recycling facilities.

Honda will endeavor to reduce the recycling cost of motorcycles and strengthen measures to properly recycle them in Japan. We will then expand this recycling approach overseas. For details of voluntary recycling activities for motorcycles, please go to the following Web site:

A motorcycle being dismantled

W http://www.honda.co.jp/motor-recycle/

Recycling Results in Fiscal 2005

Number of motorcycles accepted

Of end-of-life motorcycles accepted at designated facilities, 2,018 units were Honda products, accounting for 61.8 percent of the total.

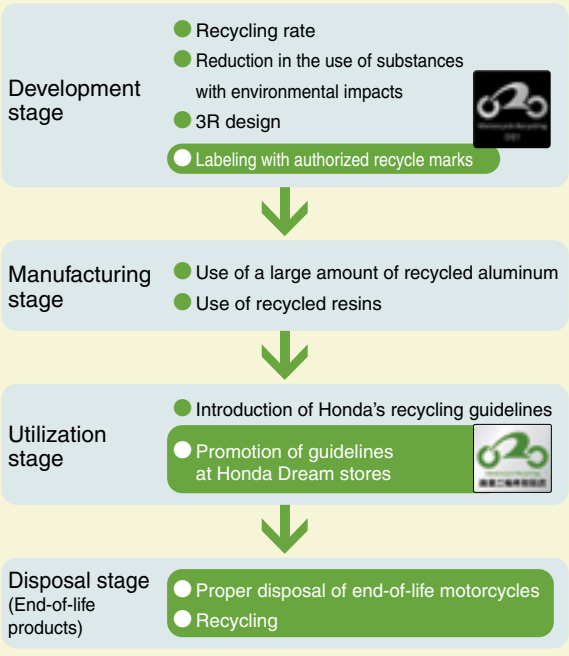
Recycling rate

According to calculations made based on the number of motorcycles, by category, treated at 14 disposal and recycling facilities, the recycling rate was 83.3 percent for Honda scooters (including three-wheeler scooters and business scooters), and 85.2 percent for Honda motorcycles. On a weighted average basis, we achieved an 84.4 percent recycling rate.

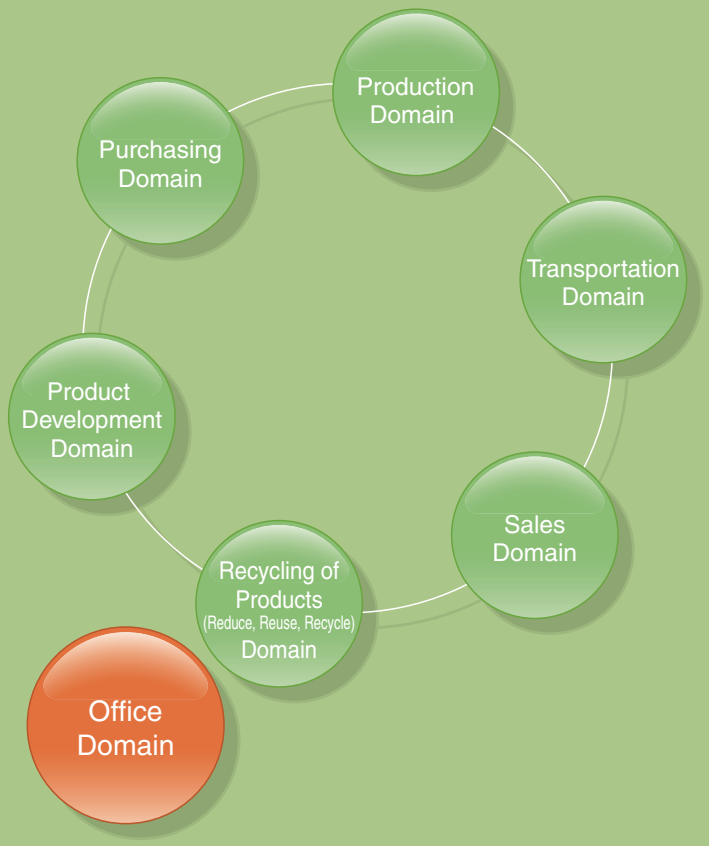
Labeling with an authorized recycle mark

Honda's plan to label all its domestically sold motorcycles with an authorized recycle mark was implemented on October 1, 2005. (As of October 1, 2005: 141 types are labeled with an authorized recycle mark.)

Outline of Honda's Motorcycle Recycling System



Office Domain



Carrying out Environmentally-Conscious Operations at Offices on a Daily Basis

Honda has implemented significant environmental conservation measures at its offices as well. Ideally, we hope that these measures, taken through our daily business operations and sales activities, will motivate our factories, suppliers, and customers to carry out environmental activities and, thus, have an additional indirect positive impact on the environment.

Main Activities in the Office Domain

Promotion of Green Offices

- Establishment of environment improvement activities based on environmental management systems
- Energy saving (reduction in CO_2)
- Reduction in waste and improvement in recycling rates
- Introduction of low emission vehicles as company-owned cars

Promotion of Green Offices

Honda actively conducts environmental activities in its offices. We will further reduce the environmental impacts caused by our offices through a coordinated approach, and will conduct environmental improvement activities in all our business operations to make our offices more environmentally-friendly and greener for the conservation of the global environment.

Annual Targets and Results

Main targets for fiscal 2005 in Japan

- To improve energy efficiency
- To reduce waste

Main achievements in fiscal 2005 in Japan

- CO_2 emissions from four office buildings: 11,557 CO_2-tons
- Waste generated by four office buildings: 522 tons

Cooperation in Reducing the Environmental Impact of Offices

In the Office Domain, the Aoyama Head Office building acquired ISO 14001 certification in November 1999. Since then, we have been engaged in activities to reduce environmental impact caused by our office operations. At present, Honda's offices in the Aoyama, Wako, Yaesu, and Shirako facilities are implementing measures to reduce their environmental impact in cooperation with each other. In fiscal 2005, CO_2 emissions from these four offices totaled to 11,557 CO_2-tons, as compared to the Company's target of 13,894 tons, down 19.0 percent from the previous fiscal year. The amount of waste generated came to 522 tons, as compared to our target of 537 tons, down 10.5 percent from the previous fiscal year. In fiscal 2006, we will promote cooperation among the Aoyama, Wako, Yaesu, and Shirako buildings to further reduce their environmental impact.

Achievements and Targets of Four Honda Office Buildings

	Targets for fiscal 2005	Achievements in fiscal 2005	Targets for fiscal 2006
CO_2 emissions (CO_2-tons)	13,894	11,557 (19.0% reduction)	11,326 (2.0% reduction)
Waste generation (tons)	537	522 (10.5% reduction)	512 (1.9% reduction)

"Cool Biz" and "Warm Biz" Activities

Being allowed to wear appropriate clothing other than normal business attire associates working at the four office buildings made concerted efforts in fiscal 2005 to carry out "cool biz" in summer and "warm biz" in winter. In order to reduce energy consumption, office air conditioners were set at 28°C during the "cool biz" period from June to September and to 20°C during the "warm biz" period from November to March. As a result, they succeeded in reducing CO_2 emissions by 136 CO_2-tons during the summer cool biz period and 86 CO_2-tons during the winter warm biz period.

ISO 14001 Certification Acquired by the Wako Building

The Wako Building, opened in August 2004, acquired ISO 14001 environmental management system certification in November 2005. Amid increasing public interest in the fulfillment of CSR, the Wako Building was designed to have minimum environmental impact as an advanced green office of the 21st century. At this office, which emphasizes global environmental conservation and harmony with local communities, waste reduction and energy/resource saving activities are aggressively promoted by all 3,500 associates working in the building. Thanks to their efforts, the office was ISO 14001 certified only one-and-half years after it was constructed. All Honda associates working in the building will continue in their efforts to further elevate the Wako Building's environmental performance.

Example

On-Site Treatment of Garbage by the Wako Building

A garbage treatment system (composed of four units) using biotechnology has been installed in the Wako Building so that garbage can be treated on-site and distributed to local farmers to be recycled as fertilizer.

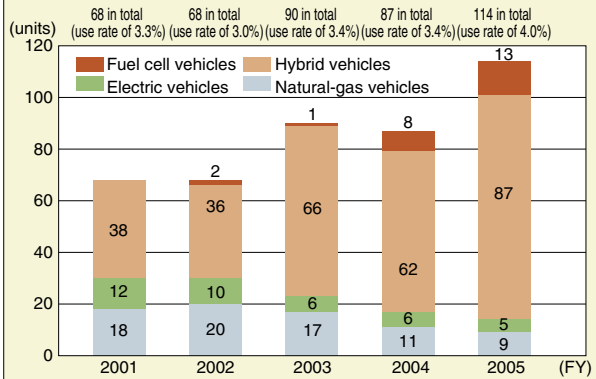
Basic performance of the garbage treatment system

- Capacity: 200 kg/day
- Treatment method: Aerobic fermentation by microorganisms
- Rated electricity: 7.5 kW

Use of environmentally friendly/low emission vehicles as company-owned cars at the main business sites

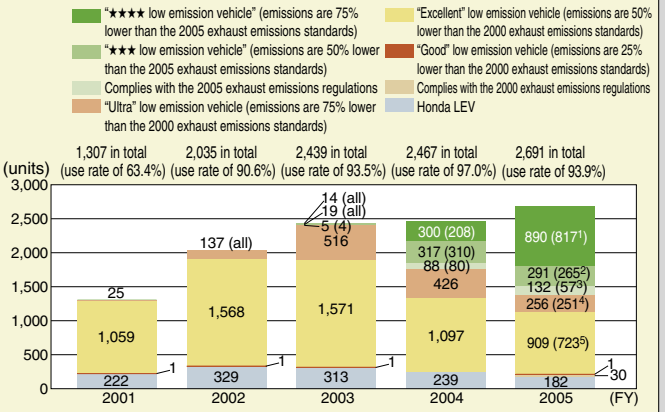
Use of Government-Designated Environmentally Friendly Vehicles

Non-gasoline vehicles meeting the government's green procurement criteria.
For gasoline-powered vehicles, see 1–5 below.



Notes: 1. The use rate is the ratio of environmentally friendly vehicles or low emission vehicles to all the vehicles owned by business sites (2,063 in fiscal 2001, 2,247 in fiscal 2002, 2,609 in fiscal 2003, 2,543 in fiscal 2004, and 2,865 in fiscal 2005).
2. The figure in parentheses shows the number of vehicles meeting the government's green procurement criteria.

Use of Low-Emission Vehicles with High Fuel Economy (Gasoline powered vehicles, hybrid vehicles, natural-gas vehicles)



1. Of these, 748 vehicles met the Fiscal 2010 Fuel Economy Standards + 5% target.
2. Of these, 194 vehicles met the Fiscal 2010 Fuel Economy Standards + 5% target.
3. Of these, 36 vehicles met the Fiscal 2010 Fuel Economy Standards + 5% target.
4. Of these, 14 vehicles met the Fiscal 2010 Fuel Economy Standards + 5% target.
5. Of these, 66 vehicles met the Fiscal 2010 Fuel Economy Standards + 5% target.

Social Activities

Passing down a Clean Environment to Future Generations through Social Activities

Environmental conservation activities have been one of the primary focuses in Honda's social activities. Through these efforts, we want to be a valued member of local communities where our offices and factories operate. In order to take root in local communities all over the world and to pass down a clean environment to future generations, we are committed to meeting social requirements proactively and at all times as a responsible corporate citizen.

In the area of social activities, we are promoting global nature conservation activities facilitated by the Green Renaissance Office, and our business sites are conducting cooperative activities with local communities. Also, through various media, including the Internet and printed brochures, and by holding related events, we are disseminating diverse environmental information to society at large.

Green Renaissance Activities

Achievements in the Support of Watershed Preservation Activities in Japan

Honda supports activities to protect and grow forest watersheds.

In regions where our factories and offices are located, we support forest conservation activities, in which Honda associates participate as volunteers.

- Honda's Saitama Factory has been supporting and participating in a reforestation project called the forest watersheds (Tone River) Revitalization Project by Volunteers. This event, which preserves and revitalizes nature through forestation, is held as an NPO activity by the CCC Creative Plant's Gunma Project at watersheds of the Tone River and in the upper reaches of the Minakami-Naramata Dam. In fiscal 2005, Honda associates and retirees volunteered to help mow grass and thin out trees[1] in June, and plant and thin out trees in October.
- The Kumamoto Factory has been conducting forest conservation activities on a mountain in Aso town, supporting the activities of the Aso Green Stock Foundation conducted at the riverhead of the Shira River. In fiscal 2005, Honda associates and retirees volunteered to participate in planting in April and mowing in September.
- The Hamamatsu Factory has been engaged in forest conservation activities on a mountain in Misakubo town, supporting the activities of Plenteer Forest, a nonprofit organization. In fiscal 2005, Honda associates and retirees volunteered to participate in planting in November.
- In the head office area, we have been engaged in activities that conserve the forest owned by Kosuge village, located in the riverhead of the Tama River, supporting the activities of OISCA. In May and October 2005, Honda associates volunteered to participate in planting activities in the area.
- The Suzuka Factory has been conducting forest conservation activities, mainly the thinning out of trees[2], on a mountain in the city of Kameyama at the source of the Suzuka River, supporting the activities of Morinokaze, a nonprofit organization. In March 2005, Honda associates and retirees volunteered to help thin out trees.
- In the Tochigi area, we decided to start activities in February 2006 to conserve a state-owned forest located in Ashio town at the source of the Watarase River. In fiscal 2006, our associates and retirees will begin volunteering for forestation activities.

1. To promote the growth of saplings, unnecessary trees were thinned out.
2. To help selected trees grow by giving them more daylight, trees were thinned out at appropriate intervals.

Thinning out trees in the city of Kameyama, Mie Prefecture

Korchin Desert Afforestation in China: The Joyful Forest Project

The Joyful Forest Project was started in 2000 to help prevent rapid desertification through sand-arresting afforestation in the Horchin Desert in the Autonomous Region of Mongolia in the People's Republic of China. Since its start, Honda has been giving financial support and dispatching volunteers to the project as well as participating in the formulation of specific projects.

In fiscal 2005, volunteer forestation projects were held in July and September with many Honda associates and retirees participating. Thanks to these projects, reforestation is steadily under way on the site. Chinese government officials who visited the site to study the Joyful Forest Project have, together with local residents, started planting trees in various places in China, widening the circle of forestation activities as planned.

From February to March 2006, photo exhibitions for the Joyful Forest were held at the Honda Welcome Plaza on the first floor of the Aoyama Head Office building as well as at Honda's Wako Building and other plants. The display showed photos of the desert before afforestation, afforestation activities by the volunteers and the gradual greening of the site as a result of these activities. We will continue to implement these projects and create photo exhibitions as part of our activities to enlighten our associates.

Planting trees in the Autonomous Region of Mongolia in China

Nature Wagon

The Nature Wagon is a program that is designed primarily for children to help them experience and study nature. Honda holds this event in cooperation with Honda retirees. The Nature Wagon visits schools in a Honda wagon loaded with natural materials obtained from the sea and mountains. In fiscal 2005, approximately 12,000 people participated in the program held in the areas surrounding Honda's sites (Tokyo, Saitama, Suzuka, Hamamatsu, Kumamoto, and Tochigi). Participants were given the opportunity to actually touch materials, such as wood from thinning of forest and children in particular were given the chance to improve their awareness of nature. Teachers and children participating in the program stated their desire to participate in this program again in the future. The Nature Wagon program will be implemented primarily for teachers and children of schools located in the neighborhood of Honda's factories.

Frequency of Nature Wagon Event and Number of Participants

Locations	Frequency of Event	Number of Participants (Total)
Kanto area	56 times	3,430
Suzuka area	66 times	4,017
Hamamatsu area	52 times	4,213
Kumamoto area	7 times	223
Tochigi area	27 times	944

Activities by the Nature Wagon

Honda Beach Clean-up Project

Honda has independently developed an easy-to-use, lightweight, and compact towable beach cleaner and formed a "beach clean-up caravan" comprising Honda associates and retirees (approximately 15 people). By the end of March 2007, the caravan will have cleaned up approximately 20 beaches in Japan, starting with Katase Beach in Kanagawa Prefecture in May 2006.

The towable beach cleaner has a simple structure based on the functions of a rake and sieve. It is easy to operate and maintain and is friendly to the ecosystem because it is lightweight and compact. In addition, by churning up the surface of the sand, the cleaner is able to collect litter buried underneath, providing highly efficient cleaning.

Collecting litter from a beach using the beach cleaner

Cooperation in and Support for Low Emission Vehicle Fairs

Honda has exhibited its various low emission vehicles at environment-related events held primarily by the national and local governments and has given support to environment-related seminars held at such fairs. In fiscal 2005, we exhibited our vehicles at or gave support to a total of 16 environment-related events.

An environment-related event

Support to NGOs and Environment-Related Foundations

In fiscal 2005, the Philanthropy Office offered support to nine organizations engaged in environment-related social activities.

Environment-Related Prizes and Awards Won by Honda

Name of Prize	Sponsor	Prize Winner	Date of Award
Received a prize at the Global 100 Eco-Tech Awards for the ECOWILL system, which adopts Honda's compact household cogeneration unit	Japan Association for the 2005 World Exposition	Honda Motor Co., Ltd.	September 2005
Commended by the minister of the environment for contributing to the prevention of global warming through the ECOWILL system, which adopts Honda's compact household cogeneration unit	Ministry of the Environment	Honda Motor Co., Ltd.	December 2005
Received a special prize from judges for the Saitama Factory's excellent management of PRTR substances	Center for Environmental Information Science	Honda Motor Co., Ltd. Saitama Factory	January 2006
Received a prize from the minister of the environment at the Ninth Environmental Communication Awards	Ministry of the Environment	Honda Motor Co., Ltd.	January 2006
Received a prize from the chairman of the Energy Conservation Center, Japan	The Energy Conservation Center, Japan	Honda Motor Co., Ltd., Suzuka Factory	February 2006

Environmental Communication

As an integral part of our environmental management, we are engaged in a wide range of communication activities to enhance mutual understanding between the company and its stakeholders, including our customers and the communities where our factories and offices are located.

Moreover, we provide a range of environmental information to the general public through various media and the Internet.

Establishment of a Liaison Section

Liaison sections are set up based on the environmental management system to coordinate communication at the local level, addressing opinions and requests from residents in the community.

Dissemination of Environmental Information through the Media and Events

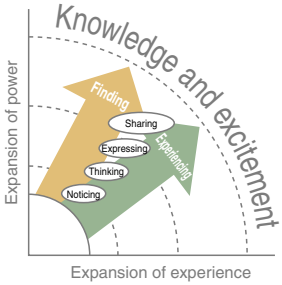
Honda discloses environmental information related to its corporate activities by the following means.

Brochures	• Honda *Environmental Annual Report* (Environmental annual report) • Publication of other booklets on environmental topics
Internet	• Honda Web site http://www.world.honda.com/environment/ (Disclosure of a full range of environment-related information, including the above brochures)
Facilities	• FAN FUN LAB http://www.honda.co.jp/fanfunlab/ (Environment-related exhibition at the Twin Link Motegi facility) • Hello Woods http://www.honda.co.jp/hellowoods/ (Field events letting participants experience nature through play in which nature at the Twin Link Motegi is a key element)
Events	• Cooperation with low emission vehicle fairs, etc. (Active participation in various events organized by national and local government authorities as well as companies) • Holding environmental exhibitions • Presentation events for the announcement of new vehicles and/or new technology
Advertising	• Corporate advertising (e-TECH) • Product advertising/product catalogs

Web site introducing Honda's commitment to the environment

Environmental Education Support Activities

Hello Woods



Honda has a forest named Hello Woods in Motegi town, Tochigi Prefecture, which it uses as a living museum where children can discover and experience nature. The Company conducts activities that focus on providing children with the opportunity to actively play and learn in a forest. Targeting primarily children, who will be the driving force in tomorrow's society, we have transformed the forest located near residences into teaching materials and classrooms where they can play as much as they want, discover the wonders and wisdoms of nature, and consider what they should do for a sustainable earth.

Hello Woods is a forest of broad-leaved deciduous trees that extends over 42 hectares and has a pathway approximately 3 kilometers long that is covered with wood chips (crushed lumber from thinning). Children become interested in nature by playing in the forest, discovering a lot of interesting things, and increasing their exposure to the natural environment, all of which leave a lasting impression on them and helps them become wiser. As people who support children in playing and learning in the forest, our staff members, called "cast" (forest storytellers), are always available for them.

Honda places importance on the possibilities of each individual. We will provide more places and opportunities to bring out the full potential of each individual.

"Hello Woods" (experience of playing in the forest)

Honda Green Conference

The Honda Green Conference is a major environmental event that has been held since 1999, to help further reduce the environmental impacts of the entire Honda Group. At the conference, excellent examples of environmental conservation activities conducted at Honda's business sites are presented so that all participants can share this useful information.

Honda believes that it is important for all its factories, research facilities, and suppliers to cooperate together to promote environmental activities and encourage all to participate in the conference. The presentations made at the conference for each domain have improved every year. Because presentations have become more technical and sophisticated, we decided in fiscal 2005 to hold a separate annual meeting in which reports on activities conducted under predefined themes in each domain are given and to hold the Honda Green Conference every three years. We thus made a fresh start in fiscal 2005, organizing departmental meetings to select themes for environmental conservation activities to be conducted in each domain.

Honda will further increase the number of participants in the Green Conference to promote future environmental activities.

Cooperative Activities with Local Communities

Every Honda business site has been implementing environmental exhibitions, clean-up activities, and taking part in local environmental events as a corporate commitment toward cooperating with local communities. In fiscal 2005, continuing from the previous fiscal year, we conducted various activities to attain the objectives of "cooperative activities in closer harmony with local communities" and "enhancement of the environmental morale of associates." Honda associates joined in 47 local environmental events, in which a total of approximately 160,000 people participated.

Promoting Communication on the Local Environment

Honda conducts local environmental communication activities (risk communication, factory tours, local round-table meetings, etc.) at its factories to deepen mutual understanding and trust with local residents regarding the factories' environmental measures, including measures to reduce their environmental risks. In fiscal 2005, each factory organized factory tours and local round-table meetings. We will continue to promote communication with local residents at our factories.

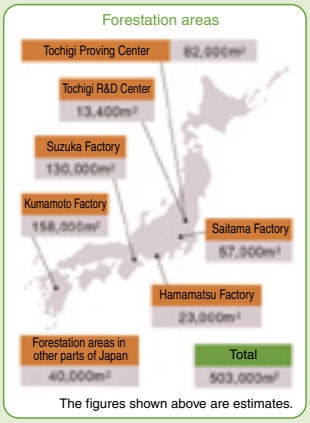
Example

● Community forests

Based on the idea of our founder—Soichiro Honda—that the Company should not build a concrete wall between its operations and the local community (the greenbelt concept), Honda promotes the activities to create community forests at all of its sites in Japan. Since 1976, when these activities first began, Honda associates at each site have long been engaged in planting trees and other greenery to create community forests. Instead of just planting grass for aesthetic purposes or exotic trees that do not match the local environment, we plant a variety of indigenous plants, including tall and short trees, grass, and moss to create a community forest. The community forest created through our activities over the past 30 years now extend over an area of approximately 500,000 m² in total, which is 11 times the area of Tokyo Dome. The community forests surrounding Honda's sites throughout Japan provide local residents with areas that have a relaxing atmosphere, something that concrete walls can never provide, and these forests bring about multiple benefits to Honda and local residents, including the recovery of local ecosystems to their original state.

Immediately after planting (1976)

Ten years after planting (1986)



The figures shown above are estimates.

Community forests planted throughout the country

Example

● Planting a new community forest (Suzuka Factory)

The Suzuka Factory started planting a "new" community forest in 2005 by improving the existing forest and building an environmental system that harmoniously links the forest and the production activities of the factory. Specifically, the factory created a brook in the forest to use water plants growing in the stream to purify treated water from the factory and built a "life tower" to turn fallen leaves and other sediments into mulch. In addition, the factory uses fertilizers produced from sludge and garbage at its sludge treatment facilities as potting and farming composts. In fiscal 2006, the new community forest will be included in factory tours. By being utilized as a new communication tool with local residents, this forest will become more useful and valuable.

Life tower

Other Activities

Honda conducts various other social activities besides environment-related ones. For details, please refer to our Web site.

Annual report on Honda's social activities

Web page introducing Honda's social activities

Global Environmental Data

Honda deems it its mission to manufacture products with the highest environmental performance at manufacturing plants with the lowest environmental impact. In this section, we provide examples of our environmental efforts overseas and include the environmental performance of our automobiles in major regions as well as data on the emissions of substances of concern.

Product Domain

Through its unique technologies, Honda provides products that demonstrate environmental performance above the regulatory requirements established in each country in terms of reduced exhaust emissions and improved fuel economy. We are willing to contribute to the achievement of a sustainable mobility society by meeting people's mobility needs while minimizing the environmental impacts caused by our products. In the product domain, we are implementing measures based on the following three approaches.

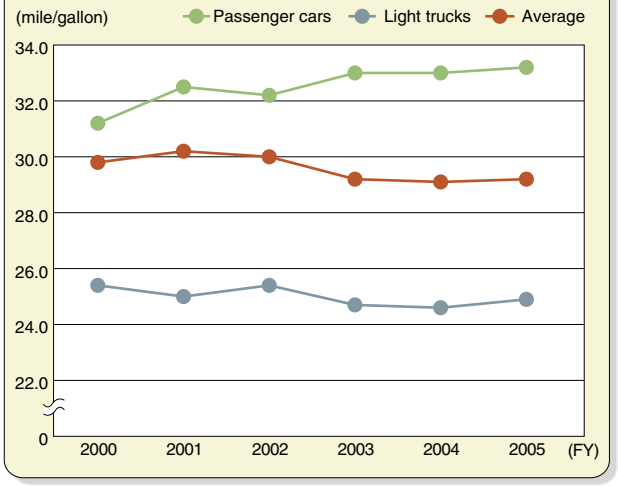
1. Further improvements in the reduction of exhaust emissions from internal-combustion engines and increased fuel economy
2. Evolution of hybrid vehicles
3. Promotion of alternative fuel-powered vehicles

Further Advancements in Exhaust Emissions Reduction and Fuel Economy

North America (United States)

In the United States, Honda has always provided the market with low emission vehicles that perform higher than what is required by emissions regulations. Specifically, we introduced the first gasoline-powered low emission vehicles (LEV), ultra low emission vehicles (ULEV), and super ultra low emission vehicles (SULEV) in the market. Currently, nearly all Honda/Acura branded vehicles meet or exceed the EPA Tier 2/Bin 5 emissions standards (NOx: 0.07 g/mile).

Transition in average fuel economy (in the United States)



Civic (in the United States)

Europe

In Europe, starting with the remodeled Civic released in 2001, Honda has been increasing the number of models that meet the Euro IV emissions standards by making environmental improvements to these models at the time of their first model change. In addition, we launch hybrid vehicles, clean diesel vehicles, and models that have higher fuel economy into the market to ensure that CO_2 emissions are reduced. As a particular example, we introduced an Accord equipped with Honda's independently-developed 2.2-liter diesel engine in December 2003, and subsequently expanded the use of this engine to include the CR-V, FR-V (Edix in Japan), and a new Civic that went on sale in January 2006. We also released a CR-V equipped with a diesel particulate filter (DPF) to achieve higher fuel economy and cleaner exhaust emissions.

Civic Diesel (in Europe)

Asia and Oceania

In Thailand, since we began the local production and sale of the Jazz (Fit in Japan), which achieved the Euro IV emissions standards far earlier than the scheduled enforcement of the standards, all of our models sold in the country have met the Euro IV emissions level.

Jazz (in Thailand)

China

In December 2005, the city of Beijing enforced the Euro III level emissions standards. All Honda models marketed in China have already conformed to the standards.

Evolution of Hybrid Vehicles

Honda introduced the Insight in November 1999, the first hybrid car equipped with Honda's Integrated Motor Assist (IMA) system that achieved the world's highest fuel economy as a mass-produced gasoline-powered vehicle. In North America, Honda subsequently began marketing the Civic Hybrid in April 2002 (in December 2001 in Japan), and the Accord Hybrid in December 2004, adopting Honda's Variable Cylinder Management (VCM) system for its V6 engine. Furthermore, in November 2005, we released a Civic Hybrid equipped with the New Honda Hybrid System, featuring 3- Stage i-VTEC + IMA. We are now developing a new hybrid vehicle to provide the world's major markets with a more fuel efficient hybrid vehicle suitable for family use at a more affordable price, thereby contributing to reducing CO_2 emissions.

Civic Hybrid (in the United States)

Promotion of Alternative Fuel Vehicles

North America (United States)

In the United States, we leased 19 fuel cell vehicles (the FCX), including one leased to an individual. (We leased a total of 30 FCX vehicles in Japan and the United States.) In Torrance, California, we are continuing experiments on hydrogen fueling stations, including the third generation Home Energy Station, which also supplies both heat and electricity to general households. We promoted sales of the Civic GX natural-gas vehicle and made efforts to provide more natural-gas refueling opportunities to users, such as providing a home refueling appliance for household use at more affordable prices. We are thus playing a leading role in promoting alternative fuel-powered vehicles.

Ceremony for the delivery of Honda's FCX fuel cell vehicle to the world's first personal user of this car

Civic GX and the Phill natural-gas refueling equipment for household use

South America (Brazil)

In Brazil, where ethanol fuel made from sugarcane is widely used, Honda has been implementing measures to deal with ethanol that contains gasoline for motorcycles since the middle of the 1980s and, subsequently, for automobiles.

At present, fuels that contain higher proportions of ethanol, including a 100% ethanol fuel called E100, are sold in the country, and Honda plans to launch a flex-fuel vehicle (FFV) that can run on fuel containing any proportion of ethanol in 2006.

Development of other products

Total sales of Honda's small cogeneration unit for household use have reached 20,000 in Japan since its release in March 2003. In the United States, we will start selling this unit on a trial basis in 2006 and to general consumers in 2007.

Also in 2007, as equipment that generates energy without emitting CO_2, we will start the production of next-generation nonsilicon thin-film solar cell panels at a new domestic plant that has an annual production capacity of 27.5 MW.

Small household cogeneration unit

Production Domain

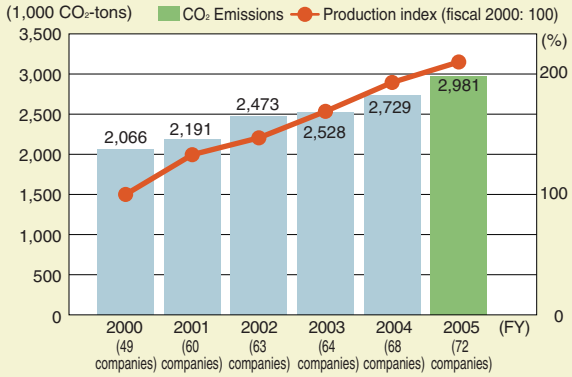
In the production domain, Honda is promoting its Green Factory initiative to develop its factories into new manufacturing operations suitable for a recycling-based society. To this end, we are also expanding our energy conservation and waste reduction activities to our overseas plants. We calculated the CO_2 emissions and water usage of 72 Honda companies as well as the amount of waste they sent to off-site landfills during fiscal 2005. The results of this calculation are represented in the graphs shown on the right. These companies encompass both domestic and overseas companies that assemble vehicles into final products, including Honda Motor Co., Ltd., and major parts companies. Almost all of Honda's subsidiaries, affiliates, and major associated companies engaged in the manufacturing of completed vehicles are therefore covered. For details, please refer to page 84.

Overseas CO_2 emissions were calculated based on the locally used CO_2 conversion factor for electricity. Domestic CO_2 emissions were calculated based on the CO_2 conversion factor for electricity shown in the Japanese Ministry of the Environment's guidelines on calculating greenhouse gases released by companies (version 1.6). For other conversion factors, we used those shown in the "Production Domain" section. (Please refer to page 39.)

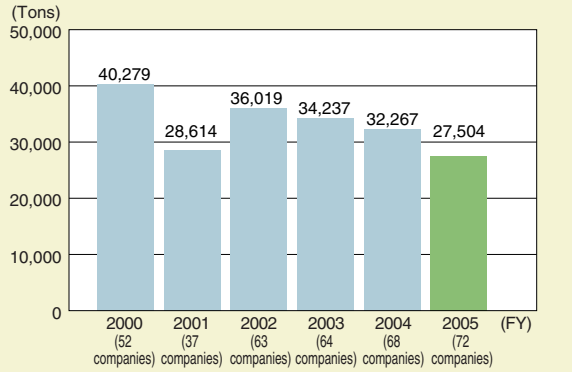
Waste disposed of as off-site landfill includes waste externally disposed of by other methods.

Production indices are calculated based on the total number of motorcycles, automobiles, and power equipment manufactured by the companies included in the tabulation.

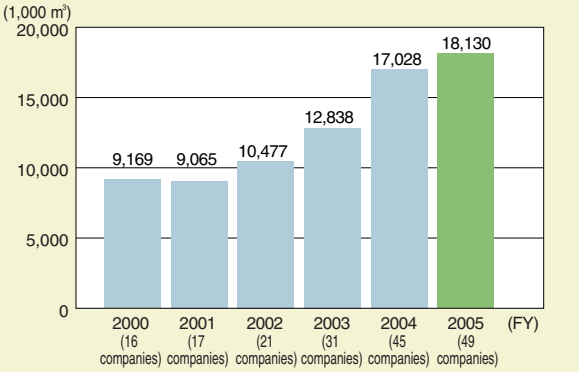
CO_2 Emissions



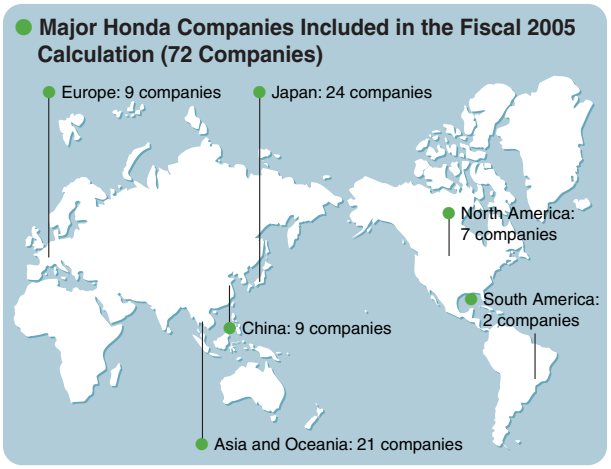
Waste Used as Off-site Landfill



Use of Water Resources



Major Honda Companies Included in the Fiscal 2005 Calculation (72 Companies)



Environmental Data by Region (Production Domain)

Item	Region	Japan	North America	South America	Europe	Asia and Oceania	China
Number of companies included in the calculation		24	7	2	9	21	9
Energy	Electricity (MWh)	1,528,979	1,112,849	123,431	160,372	363,053	276,876
	Natural gas (GJ)	3,487,992	5,607,057	89,776	870,123	186,564	167,974
	Petroleum gas (GJ)	1,492,767	42,565	98,661	0	575,291	294,759
	Oil-based fuel and others (GJ)	1,327,901	465,955	161,837	8,075	2,281,436	364,470
Waste	Externally used as landfill (in tons)	492	8,428	724	1,967	2,684	13,208
	Recycled (in tons)*	189,919	409,264	29,518	34,896	65,728	50,075
Water resources*	Tap water (in 1,000 m³)	1,893	1,958	1	788	4,273	2,306
	Underground water (in 1,000 m³)	2,829	1,785	1,152	3	554	359
	Rainwater (in 1,000 m³)	79	146	0	0	5	0

* A total of 49 companies were included in the calculation for the weight of waste recycled and volume of water resources used.

Environmental Activities Outside of Japan

North America

Receiving the Ohio Governor's Award for Excellence in Energy Efficiency (United States)

The East Liberty Auto Plant (ELP) of Honda of America Mfg., Inc., (HAM) removed its old central steam boiler system that had been in use since ELP started operations in 1989. ELP replaced this out-of-date system with a new system capable of generating heat and humidity in a more energy-efficient manner. This resulted in a 78 percent reduction in natural gas use and related air emissions as well as in a reduction in hazardous chemical use and water use.

In fiscal 2005, because of this replacement, ELP became one of 10 winners of the 2005 Governor's Award for Excellence in Energy Efficiency. This award recognizes organizations for their efforts to improve energy efficiency, the environment, and Ohio's economic competitiveness.

Heat recovery and reuse equipment that replaced the old central boiler system

Recycling wastewater from car washes (United States)

Honda of America Mfg., Inc., (HAM) operates car washes for associates to use for their personal vehicles. In fiscal 2005, HAM installed recycling equipment at each of its three car washes (located at the Anna plant, the East Liberty plant, and the Marysville plant). The equipment is used to recycle and reuse wastewater from the car washes, reducing water use per wash by approximately 70%.

Car wash

Wastewater recycling equipment

Protecting and improving the habitat of rare species (Canada)

At Honda of Canada Mfg. (HCM), associates created a walking trail and bluebird trail alongside Spring Creek, which runs through the east side of the company's grounds and is the habitat for brook trout. Both trails are open to the public. In Ontario, where the plant is located, bluebird habitat is threatened, and bluebirds are a species in decline in the area. Birdhouses were put up alongside the bluebird trail in the Spring Creek district, and approximately 100 associates volunteer to participate in nature protection activities conducted around the bluebird trail.

An associate participating in a nature protection activity

Europe

Reducing the use of paper (Belgium)

Honda Europe N.V. (HE) decreased the amount of paper it uses in printing and copying thanks to the activities of an NH Circle (small quality circle groups of associates in Honda companies, including affiliates, all over the world). In addition, HE encourages associates to use both sides of all paper whenever possible. As a result, paper consumption decreased 27% in fiscal 2005 compared with that in the reference year of 2003, representing over 2 million sheets (equal to the capacity of more than 800 paper collection boxes shown in the photo).

Because of this substantial reduction in the use of paper and the acquisition of EMAS certification in fiscal 2005, HE received the Flemish Environmental Charter Award for the sixth time in as many years.

Paper collection box

● Effectively using rainwater (Belgium)

After it opened a new building in October 2005, Honda Belgium (BH) began collecting rainwater on the roof of the building. The rainwater is stored in six 20-m^3 tanks and used in sanitation facilities. Any surplus rainwater is sent to a reservoir, where it will slowly penetrate the soil and contribute to the quality and natural level of the groundwater.

Plants were added to better integrate the new building with its industrial—but green—surroundings.

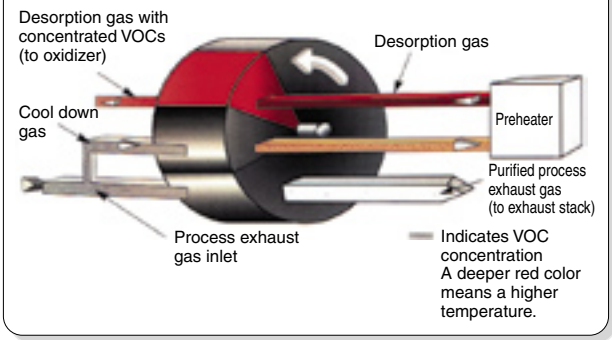
Thanks to the measures mentioned above, Honda Belgium received the Flemish Environmental Charter Award. The use of rainwater in sanitation facilities and the resulting reduction in water use were highly rated.

Rainwater reservoir

● Substantially reducing VOC emissions from the painting process (Italy)

Honda Italia Industriale S.p.A. (HIA) made intensive efforts to reduce VOC emissions from its painting process. By installing a post painting VOC burner (oxidizer) with a sophisticated VOC concentrator in one particular section, the company reduced VOC emissions to less than one-tenth, from 600 mg/Nm^3 to less than 50 mg/Nm^3. The technology to concentrate VOCs is based on the properties of a material to absorb or release VOCs depending on the material's temperature. In addition, the company has reduced its use of energy by installing an electricity usage monitoring system for each process and improved its efficiency in transferring electricity.

● Rotor Concentrator



● Identifying waste generating sources (UK)

Honda of the UK Manufacturing (HUM) is working to achieve zero landfill waste by 2010.

To this end, HUM introduced a new central waste compactor, which also serves as a system to identify waste generating sources in the production process. By identifying these sources, it is possible to focus on zones and departments that need improvement and effectively install and manage new recycling facilities. In addition, the cost of landfill waste can be imposed on departments that generate waste, which will encourage them to reduce waste.

Asia, Oceania, and China

● Operating a new type of incinerator to meet global emissions standards (India)

The Indian government implements preparatory measures to regulate emissions of greenhouse gases, which are a global problem, amid its rapid economic growth. Honda Motorcycle and Scooter India (Private) Ltd. (HMSI) has long been committed to environmental measures and started the full operation of a new type of incinerator in January 2006 to meet the future emissions regulations to be implemented in the country. The incinerator boasts top-class environmental performance, such as the substantial use of waste heat through a heat recovery system and the minimization of emissions by the use of a complete circulation cycle. At the same time, the incinerator has high energy saving performance, e.g., reduced fuel consumption, thereby decreasing its operating cost to 1/14 that of a conventional incinerator. As a result, CO_2 emissions can be reduced to 55% or less and dioxin emissions to 3ng-TEQ/Nm^3 or less, which is the WHO standard value. Also, the carbon content of incinerated ash can be reduced to 10% or less.

New type of incinerator starting operations

Related Data

Environmental Data by Products Sold in Japan

Note: Only data for models with a large sales turnover is given. For data on all our products please refer to the following Web site.

W http://www.world.honda.com/environmental-report/2006/index.html

Automobiles Environmental Data for New Models and Remodeled Automobiles Sold in Japan in Fiscal 2005 (Major Models)

Model Name			Airwave	Step Wagon	Civic	Civic Hybrid	Zest	Partner
Main type listed			L Sky Roof	G	1.8GL	MX	G	GL
Marketing date			2005.4.8	2005.5.26	2005.9.22	2005.11.22	2006.3.1	2006.3.17
Type			DBA-GJ1	DBA-RG1	DBA-FD1	DAA-FD3	DBA-JE1	DBE-GJ3
Engine (motor) type			L15A	K20A	R18A	LDA-MF5	P07A	L15A
Total engine deplacement (cm^3)			1,496	1,998	1,799	1,339	658	1,496
Running gear	Type of drive line[1]		FF	FF	FF	FF	FF	FF
	Transmission		Continuously variable automatic transmission (Honda Multimatic S)	Electronically controlled 4-speed AT	Electronically controlled 5-speed AT	Continuously variable automatic transmission (Honda Multimatic S)	Electronically controlled 4-speed AT	Electronically controlled 5-speed AT
Vehicle weight (kg)			1,160–1,200	1,520–1,620	1,230–1,260	1,270–1,300	880–900	1,150
Emissions concentration	Complies with 2005 CO_2 emission standards[2]		○	○	○	○	○	○
	Level approved under MLIT's low emission vehicle approval system[3]		★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
10.15+11 mode	Figures reported to MLIT (g/km)	CO	0.50	0.40	0.40	0.40	0.60	0.50
		NMHC	0.013	0.013	0.013	0.013	0.013	0.013
		NOx	0.013	0.013	0.013	0.013	0.013	0.013
Fuel economy	10-15 mode (km/ℓ)		18.0	12.2[8]	17.0	28.5	19.0[11]	16.4
	CO_2 emissions (g/km)		129.0	190.3[8]	136.6	81.5	122.2[11]	141.6
	Complies with Fiscal 2010 Fuel Economy Standards		○	○	○	○	○	○
	Complies with Fiscal 2010 Fuel Economy Standards + 5% target		○	○	○	○	○	○
	Complies with Fiscal 2010 Fuel Economy Standards + 10% target		○	○	—	○	—	○
	Complies with Fiscal 2010 Fuel Economy Standards + 20% target		—	—	—	○	—	—
	Equipped with a fuel economy meter[4]		Comes standard	Comes standard	—	Comes standard	Comes standard	Comes standard
Designation of local government-designated low emission vehicle	8 prefectures/cities, including Tokyo		○	○	○	○	○	○
	7 prefectures/cities in the Kyoto-Osaka-Kobe area		○	○	○	○	○	○
Models that comply with the Green Purchasing Law			○	○	○	○	○	○
Vehicles liable to green tax system			○	○	—	○	—	○
Noise level (examined by MLIT)	Exhaust noise near the outlet (dB (A))/Engine (rpm)		82/4,350	82/4,500	82/4,725	83/4,500	78/4,200	82/4,125
	Acceleration noise (dB (A))		74	74	73	71	74	75
	Constant speed pass-by noise (dB (A), 50 km/h)		69 (50)	69 (50)	69 (50)	69 (50)	68 (50)	69 (50)
Air conditioner	Refrigerant HFC134a consumption (g)		500	900	500	500	400	500
Reduction in substances of concern	Lead[5] (Met the target set by JAMA [1/10 of the 1996 level])		○	○	○	○	○	○
	Mercury[6] (Met the target set by JAMA [use prohibited in and after January 2005])		○	○	○	○	○	○
	Hexavalent chromium		Used in very small amounts[9]	Used in very small amounts[9]	Used in very small amounts[10]	Used in very small amounts[10]	Used in very small amounts[10]	Used in very small amounts[9]
	Cadmium (Met the target set by JAMA [use prohibited in and after 2007])		○	○	○	○	○	○
Recycling	Recyclability[7]		At least 90% of the entire vehicle	At least 95% of the entire vehicle	At least 90% of the entire vehicle	At least 90% of the entire vehicle	At least 90% of the entire vehicle	At least 90% of the entire vehicle

1. FF stands for "front-engine/front-wheel drive"
2. Complies with long-term CO_2 emission standards for passenger vehicles and light-duty vehicles
3. ★★★: Low emission vehicle with an emissions level 50% lower than the 2005 exhaust emissions standards
   ★★★★: Low emission vehicle with an emissions level 75% lower than the 2005 exhaust emissions standards
4. Eco driving support devices, including real-time fuel economy meters, average fuel economy meters, and eco lamps
5. Lead batteries are excluded from the reduction target because a separate recovery and recycling channel has been established for these batteries.
6. Mercury used in very small amounts in parts required to ensure traffic safety, such as liquid-crystal displays for navigation systems, combination meters, discharge headlights, and in-vehicle fluorescent lights, is excluded from the reduction target.
7. Based on Honda's own calculation criteria
8. For automobiles equipped with 15-inch steel wheels
9. Used in very small amounts for the rustproof coating of metal parts, bolts, and nuts
10. Used in very small amounts for the rustproof coating of metal parts
11. For automobiles equipped with 13-inch wheels and an antilock braking system (ABS)

Note: Fuel economy values were obtained under predefined testing conditions and may vary in actual driving, depending on the weather, road, driving techniques, and maintenance situations.

Automobile Exhaust Emissions Standards of Japan (g/km)

Item	Passenger Vehicle
	2005 Standards
CO (carbon monoxide)	1.15
NMHC (non-methane hydrocarbons)	0.05
NO_X (nitrogen oxides)	0.05

Ministry of Land, Infrastructure and Transport in Japan Low Emission Vehicle Approval Standard (g/km)

Item	Passenger Vehicle	
	50% Emission Reduction Level against FY 2005 Standards (★★★ Low Emission Vehicle)	75% Emission Reduction Level against FY 2005 Standards (★★★★ Low Emission Vehicle)
CO (carbon monoxide)	1.15	1.15
NMHC (non-methane hydrocarbons)	0.025	0.013
NO_X (nitrogen oxides)	0.025	0.013

Fiscal 2010 Fuel Economy Standards of Japan (Gasoline-Powered Passenger Vehicle)

Vehicle weight / Taxable weight (kg)	–702	703–827	828–1,015	1,016–1,265	1,266–1,515	1,516–1,765	1,766–2,015	2,016–2,265	2,266–
Fiscal 2010 Fuel Economy Standards	21.2	18.8	17.9	16.0	13.0	10.5	8.9	7.8	6.4
Fiscal 2010 Fuel Economy Standards + 5%	22.3	19.7	18.8	16.8	13.7	11.0	9.3	8.2	6.7
Fiscal 2010 Fuel Economy Standards + 10%	23.3	20.7	19.7	17.6	14.3	11.6	9.8	8.6	7.0
Fiscal 2010 Fuel Economy Standards + 20%	25.4	22.6	21.5	19.2	15.6	12.6	10.7	9.4	7.7

* Fuel economy values were obtained in 10-15 mode (km/ℓ).

Noise Regulation Value of Japan

Item			Passenger Vehicle	Mini Truck/Light Truck
Exhaust noise near the outlet	standard value	dB(A)	96	97
Acceleration noise	standard value	dB(A)	76	76
Constant speed pass-by noise	standard value	dB(A)	72	74

Motorcycles Environmental Data for New Models and Remodeled Motorcycles Sold in Japan in Fiscal 2005 (Major Models)

Model Name		PS250	CBR1000RR	Forza Z	VFR	Fusion
Marketing date		2005.12.12	2006.2.25	2006.3.27	2006.3.27	2006.3.31
Type		BA-MF09	BC-SC57	BA-MF08	BC-RC46	BA-MF02
Engine model/type		MF04E water-cooled 4-stroke	SC57E water-cooled 4-stroke	MF08E water-cooled 4-stroke	RC46E water-cooled 4-stroke	MF01E water-cooled 4-stroke
Total engine displacement (cm^3)		249	998	249	781	244
Transmission	Constant mesh	–	6-speed return	–	6-speed return	–
	Continuously variable	Continuously variable (V-Matic)	–	Continuously variable (V-Matic)	–	Continuously variable (V-Matic)
Vehicle weight (kg)		172	206	190	251	172
Emissions concentration	CO (g/km)	10.5	4.3	6.5	1.3	10.5
	HC (g/km)	1.60	0.67	1.00	0.20	1.60
	NO_X (g/km)	0.24	0.15	0.26	0.07	0.26
Fuel economy	60 km/h constant speed test value (km/ℓ)	37.2	23.0	43.0	26.5	41.0
	30 km/h constant speed test value (km/ℓ)	–	–	–	–	–
Noise level (values examined by MLIT)	Exhaust noise near the outlet dB(A)	94/85 (3,500rpm)	94/92 (5,000rpm)	94/87 (3,750rpm)	94/88 (4,750rpm)	94/85 (3,750rpm)
	Acceleration noise dB(A)	73/72	73/72	73/72	73/72	73/72
	Constant speed pass-by noise dB(A)	71/69 (40km/h)	72/70 (50km/h)	71/68 (40km/h)	72/70 (50km/h)	71/68 (40km/h)

Note: Main data are values submitted in the type certification application form in accordance with the Road Vehicle Act.

Motorcycle Exhaust Emissions Standards of Japan

Item	Regulation Values	
	4-stroke	2-stroke
CO (carbon monoxide) g/km	13.00	8.00
HC (hydrocarbons) g/km	2.00	3.00
NOx (nitrogen oxides) g/km	0.30	0.10

Noise Regulation Values of Japan (Effective on and after October 1, 2001)

Item	Class A Motorcycle 50cc or Less	Class B Motorcycle Over 50cc to 125cc or Less	Light Vehicle Over 125cc to 250cc or Less	Small Vehicle Over 250cc
Exhaust noise near the outlet, standard value dB(A)	84	90	94	94
Acceleration noise, standard value dB(A)	71	71	73	73
Constant speed pass-by noise, standard value dB(A)	65	68	71	72

Power Equipment Environmental Data for New Models and Remodeled Products Sold in Japan in Fiscal 2005 (Major Models)

Category			Push Lawn Mower	Power Equipment	Hybrid Snow Blower				4-Wheel Scooter
Marketing date			2005.5.18	2005.10.1	2005.9.9			2005.12.12	2006.3.12
Type name			HRC536	iGX440	Snowra i HSM980i	Snowra i HSM1180i	Snowra i HSM1390i	Snowra i HSM1590i	Monpal ML200
Type			MAKA	GCATK	SAHJ	SAJJ	SAKJ	SALJ	UDAB/UDAC
Engine model/type			GXV160	iGX440	GX270	GX340	GX390	iGX440	–
			Air-cooled, 4-stroke, single-cylinder vertical OHV	Air-cooled, 4-stroke, single-cylinder OHC	Air-cooled, 4-stroke OHV			Air-cooled, 4-stroke, single-cylinder OHC	DC brushless motor (24V 430W)
Total engine displacement (cm^3)			163	438	270	337	389	438	–
Weight (kg)			55.5	45	234	241–250	246–254	273	97–112
Duration of continuous driving (hr.)			3 hours	–	At least 1.8 hours	At least 1.7 hours	At least 1.6 hours	–	–
Fuel economy	Fuel consumption rate (g/kWh)		327	306	313	313	313	306	–
Emissions concentrations	Engine unit	Fuel consumption rate at maximum output (g/kWh)	○	○	○	○	○	○	–
		EPA Phase 2 compliance with multipurpose engine emission standards[1]	○	○	○	○	○	○	–
		CARB Tier 2 compliance with multipurpose engine emission standards[1]	○	○	○	○	○	○	–
Noise	EU guaranteed noise values Lwa (dB (A))		–	–	–	104	105	104	–
	Noise at the ear Lpa (dB (A))		–	–	–	90	91	90	–

1. Similar models have obtained an emissions permit in the United States, but products marketed in Japan are not guaranteed to meet those standards.

Multipurpose Engine Emissions Standards

Item		Stationary, 100–225 cc	Stationary, 225–1,000 cc
Applicable models		HRC536	iGX 440, Snowra i HSM980i/HSM 1180i/HSM 1390i/HSM 1590i
EPA regulations (Phase 2) (g/kW-hr)	CO (Including aging deterioration)	610	610
	HC (Including aging deterioration)	16.1	(12.1)[1]
	NO_X (Including aging deterioration)		

1. The CO value for snow blowers is stipulated, but HC and No_X values are not.

Item		65–225 cc, horizontal	225 cc or more
Applicable models		HRC536	iGX 440, Snowra i HSM980i/HSM 1180i/HSM 1390i/HSM 1590i
CARB Tier 3 regulations (g/kW-hr)	CO (Including aging deterioration)	549	549
	HC (Including aging deterioration)	16.1	(12.1)[1]
	NO_X (Including aging deterioration)		

1. The CO value for snow blowers is stipulated, but HC and No_X values are not.

Voluntary Standards of the Japan Land Engine Manufacturers Association (g/kWh)		Unmobile Engine Equipment	
		100–225 cc	225 cc or more
Applicable models		HRC536	iGX 440, Snowra i HSM980i/HSM 1180i/HSM 1390i/HSM 1590i
2003 primary standards (new engine regulations)	CO	519	(519)[2]
	HC	16.1	(13.4)[2]
	NO_X		
2008 secondary standards (in-use regulations)[1]	CO (Including aging deterioration)	610	(610)[2]
	HC (Including aging deterioration)	16.1	(12.1)[2]
	NO_X		

1. Regulation standard within a defined accumulated operation time
2. Snow blowers are not included in the list of items that need to be voluntarily regulated.

Data of Japanese Factories

Water Quality, Air Quality, and PRTR

Honda Motor Co., Ltd.

(Supplementary explanation)
The tables are based on measurements taken between April 2005 and March 2006.

Water Quality
- Items given are those substances for which measurements are required by the Water Pollution Control Law and by-laws of local government authorities.
- The listed data had been obtained by statistical processing of our monthly data. Measurements of substances not listed here are conducted on an ongoing basis to ensure that they are in line with regulatory standards.

Air Quality
- Items given are those substances for which measurements are required by the Water Pollution Control Law and by-laws of local government authorities.
- The equipment measured includes boilers, drying ovens, incinerators, etc.

Saitama Factory

- Address: 1-10-1 Shin-Sayama, Sayama City, Saitama Prefecture
- Established: 1964
- Major Products: Legend, Odyssey, Accord, etc.
- Employment: 5,376 associates (as of March 31, 2006)
- Water discharge points: Sewage system (domestic and industrial wastewater), Iruma River (indirect cooling water)
- ISO 14001 acquired: January 1998

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5–9	5–9	7.3 (6.4)	6.8
Biochemical oxygen demand (BOD)	mg/ℓ	600	360	330 (110)	183
Suspended solids (SS)	mg/ℓ	600	360	59 (12)	27.2
Oil content	mg/ℓ	30	18	10 (2.4)	5.7
Phenols	mg/ℓ	5	3	Less than 0.1	Less than 0.1
Copper and its compounds	mg/ℓ	3	2	Less than 0.1	Less than 0.1
Zinc and its compounds	mg/ℓ	5	3	0.6 (0.3)	0.40
Soluble iron and its compounds	mg/ℓ	10	6	Less than 0.5	Less than 0.5
Soluble manganese and its compounds	mg/ℓ	10	6	2.4 (1.6)	2.0
Total chromium	mg/ℓ	2	1.2	Less than 0.05	Less than 0.05
Fluorine content	mg/ℓ	8	5	2.2 (1.6)	1.9
Colon bacillus colony count	No./cm³	Excluded because of release to the sewage system			
Nitrogen content	mg/ℓ	240	150	15 (26)	24.0
Phosphorous content	mg/ℓ	32	20	18 (14)	10.6
Cadmium and its compounds	mg/ℓ	0.1	0.06	Less than 0.01	Less than 0.01
Cyanides	mg/ℓ	1	0.6	Less than 0.1	Less than 0.1
Lead and its compounds	mg/ℓ	0.1	0.06	0.007 (Less than 0.001)	Less than 0.001
Chromium (VI) compounds	mg/ℓ	0.5	0.3	Less than 0.05	Less than 0.05

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm³	0.05	0.025	Less than 0.002	Less than 0.002
		0.10	0.05	0.004 (Less than 0.002)	Less than 0.002
		0.20	0.10	0.002 (Less than 0.002)	Less than 0.002
		0.25	0.125	0.002 (Less than 0.002)	Less than 0.002
Nitrogen oxides	ppm	70	10	Less than 8.6 (Less than 7.6)	Less than 7.6
		150	75	63 (21)	49.2
		180	90	74 (23)	45.3
		230	115	100 (29)	55.5
		250	125	95 (51)	73
Hydrogen chloride	mg/Nm³	500	200	72 (3)	37.5
Sulphur oxides	Nm³/h	7.01	3.51	0.616 (0.27)	0.44
Dioxins	ng-TEQ/Nm³	2.5	0.1	0.09	0.09

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Soluble zinc compounds	30,630	0	0	306	4,901	0	0	25,423
Bis Phenol A epoxy resins	60,093	0	0	0	2,268	0	733	57,092
Ethyl benzene	459,510	196,696	0	0	0	175,103	24,891	62,820
Ethylene glycol	1,813,878	0	0	0	0	0	0	1,813,878
Xylene	1,052,673	299,780	0	0	0	403,589	64,577	284,727
1.3.5-Trimethyl benzene	38,094	33,660	0	0	0	0	4,434	0
Toluene	1,216,121	547,843	0	0	0	24,244	112,631	531,403
Nickel compounds	5,418	0	0	1,246	921	0	0	3,251
Bis (2-ethylhexyl) phthalic acid	14,074	0	0	0	377	0	40	13,657
Hydrogen fluoride and its water-soluble salts	1,728	0	0	172	1,548	8	0	0
Benzene	27,219	38	0	0	0	0	1,768	25,413
Polyoxyethylene alkyl ether	1,167	0	0	117	735	0	315	0
Formaldehyde	–	1,376	0	0	0	0	0	0
Manganese and its compounds	14,667	0	0	733	5,867	0	0	8,067
Total	4,735,272	1,079,393	0	2,574	16,617	602,944	209,389	2,825,731
Dioxins (unit: mg-TEQ)	–	1.23	0	0	196.90	0	0	0

Note: For water and air quality, the items for which measurements are required by law are listed.

Tochigi Factory

- Address: 19 Matsuyama Cho, Mohka City, Tochigi Prefecture
- Established: 1970
- Major Products: Engine parts, suspension parts, etc.
- Employment: 1,545 associates (as of March 31, 2006)
- Water discharge point: Kokai River via Gogyo River
- ISO 14001 acquired: September 1997

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.8–8.6	5.8–8.6	7.9 (7.2)	7.6
Biochemical oxygen demand (BOD)	mg/ℓ	25	12.5	14.6 (1.4)	6.1
Suspended solids (SS)	mg/ℓ	50	25	13 (0.8)	2.8
Oil content	mg/ℓ	5	2.5	3.1 (Less than 0.5)	0.8
Phenols	mg/ℓ	1	0.5	Less than 0.1 (Less than 0.05)	Less than 0.05
Copper and its compounds	mg/ℓ	3	1.5	Less than 0.05 (Less than 0.05)	Less than 0.05
Zinc and its compounds	mg/ℓ	5	2.5	1.2 (Less than 0.1)	0.23
Soluble iron and its compounds	mg/ℓ	3	1.5	1.7 (0.05)	0.36
Soluble manganese and its compounds	mg/ℓ	3	1.5	0.2 (0.02)	0.11
Total chromium	mg/ℓ	2	1	Less than 0.1 (Less than 0.02)	Less than 0.02
Fluorine content	mg/ℓ	8	4	Less than 0.2 (Less than 0.2)	Less than 0.2
Colon bacillus colony count	No./cm³	3,000	1,500	47 (40)	41.75
Nitrogen content	mg/ℓ	120	60	15.8 (12)	12.95
Phosphorous content	mg/ℓ	16	8	0.14 (Less than 0.1)	0.035
Cadmium and its compounds	mg/ℓ	0.1	0.05	Less than 0.01 (Less than 0.005)	Less than 0.005
Cyanides	mg/ℓ	1	0.5	0.1 (Less than 0.05)	0.0077
Lead and its compounds	mg/ℓ	0.2	0.1	Less than 0.01 (Less than 0.01)	Less than 0.01
Chromium (VI) compounds	mg/ℓ	0.1	0.05	Less than 0.05 (Less than 0.02)	Less than 0.02

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm³	0.3	0.15	Less than 0.005 (Less than 0.001)	Less than 0.003
Nitrogen oxides	ppm	180	135	94 (30)	56.5
Sulphur oxides	K value	8	4	0.012 (Less than 0.004)	Less than 0.02

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Soluble zinc compounds	8,558	0	18	0	8,540	0	0	0
Molybdenum and its compounds	1,005	0	0	0	1,005	0	0	0
Total	9,563	0	18	0	9,545	0	0	0

Hamamatsu Factory

- Address: 1-13-1 Aoi Higashi, Hamamatsu City, Shizuoka Prefecture
- Established: 1954
- Major Products: Motorcycles, automatic transmissions for automobiles, etc.
- Employment: 4,107 asspcoates (including those working at the Hosoe Plant, as of March 31, 2006)
- Water discharge point: Sewage system (industrial and non-industrial watewater) Isaji River, Danzu River (rainwater only)
- ISO 14001 acquired: March 1998

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.0–9.0	5.0–9.0	7.6 (7.2)	7.5
Biochemical oxygen demand (BOD)	mg/ℓ	600	300	108 (44.8)	74.2
Suspended solids (SS)	mg/ℓ	600	300	164 (66.2)	110
Oil content	mg/ℓ	35	17.5	9.5 (Less than 2.5)	1.6
Phenols	mg/ℓ	5	2.5	Less than 0.2	Less than 0.2
Copper and its compounds	mg/ℓ	3	1.5	Less than 0.1	Less than 0.1
Zinc and its compounds	mg/ℓ	5	2.5	0.89 (0.10)	0.38
Soluble iron and its compounds	mg/ℓ	10	5	0.7 (0.3)	0.50
Soluble manganese and its compounds	mg/ℓ	10	5	Less than 0.1	Less than 0.1
Total chromium	mg/ℓ	2	1	Less than 0.05	Less than 0.05
Fluorine content	mg/ℓ	8	4	0.8 (0.2)	0.5
Colon bacillus colony count	No./cm³	Excluded because of release to the sewage system			
Nitrogen content	mg/ℓ	240	120	18.8 (14.8)	16.8
Phosphorous content	mg/ℓ	32	16	16.4 (3.89)	10.1
Cadmium and its compounds	mg/ℓ	0.1	0.05	Less than 0.01	Less than 0.01
Cyanides	mg/ℓ	1	0.5	Less than 0.01	Less than 0.01
Lead and its compounds	mg/ℓ	0.1	0.05	0.03 (Less than 0.01)	0.01
Chromium (VI) compounds	mg/ℓ	0.5	0.25	Less than 0.05	Less than 0.05

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm³	0.10	0.05	Less than 0.02	Less than 0.02
		0.20	0.10	Less than 0.02	Less than 0.02
		0.30	0.15	Less than 0.02	Less than 0.02
Nitrogen oxides	ppm	150	75	65 (41)	50.6
		180	90	52 (3)	24.0
		250	125	100 (97)	98.5
Hydrogen chloride	mg/Nm³	700	350	120(85)	103
		80	40	3.7 (Less than 1.3)	Less than 1.3
Sulphur oxides	Nm³/h	2.32	1.21	0.22 (0.15)	0.19
Dioxins	ng-TEQ/Nm³	5	2.5	1.4	1.4
		10	5	0.13 (0.0045)	0.067

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Ethyl benzene	41,946	3,277	0	0	1,271	196	0	37,202
Ethylene glycol	254,048	0	0	0	0	0	0	254,048
Xylene	230,769	36,771	0	0	14,669	982	0	178,347
1,3,5-Trimethyl benzene	2,420	1,721	0	0	699	0	0	0
Toluene	422,874	12,697	0	0	4,459	1,440	0	404,278
Nickel	4,815	0	0	0	0	0	0	4,815
Benzene	11,410	46	0	0	0	65	0	11,299
Total	968,282	54,512	0	0	21,098	2,683	0	889,989
Dioxins (unit: mg-TEQ)	–	19.90	0	0.42	90.70	0	0	0

Note: For water and air quality, the items for which measurements are required by law are listed.

Hamamatsu Factory Hosoe Plant

- Address: 5794-1 Kiga, Hosoe Cho, Hamamatsu City, Shizuoka Prefecture
- Established: 2001
- Major Products: Outboard engines
- Employment: Included as Hamamatsu Factory associates
- Water discharge point: Lake Hamana (rainwater only)

Water Quality

No applicable facilities

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm^3	0.10	0.05	Less than 0.02	Less than 0.02
Nitrogen oxides	ppm	150	75	62	50

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Ethyl benzene	4,468	18	0	0	0	455	0	3,995
Xylene	22,301	89	0	0	0	2,277	0	19,935
Toluene	32,716	132	0	0	0	3,340	0	29,244
Benzene	1,497	6	0	0	0	152	0	1,339
Total	60,982	245	0	0	0	6,224	0	54,513

Suzuka Factory

- Address: 1907 Hirata Cho, Suzuka City, Mie Prefecture
- Established: 1960
- Major Products: Civic, Fit, Airwave, etc.
- Employment: 7,033 associates (as of March 31, 2006)
- Water discharge point: Suzuka River
- ISO 14001 acquired: February 1998

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.8–8.6	5.8–8.6	7.4 (6.5)	6.9
Biochemical oxygen demand (BOD)	mg/ℓ	Maximum 65/ average 50	Maximum 58/ average 45	15 (3)	8
Chemical oxygen demand (COD)	kg/day	192.5	173.2	154.5 (89.0)	118.8
Suspended solids (SS)	mg/ℓ	Maximum 90/ average 70	Maximum 81/ average 63	23 (3)	8
Oil content	mg/ℓ	1	0.9	0.8 (Less than 0.5)	Less than 0.5
Phenols	mg/ℓ	1	0.9	Less than 0.1	Less than 0.1
Copper and its compounds	mg/ℓ	1	0.9	0.06 (Less than 0.01)	0.02
Zinc and its compounds	mg/ℓ	5	2.5	0.25 (0.02)	0.11
Soluble iron and its compounds	mg/ℓ	10	5	1.14 (Less than 0.01)	0.45
Soluble manganese and its compounds	mg/ℓ	10	5	1.29 (Less than 0.01)	0.44
Total chromium	mg/ℓ	2	1	Less than 0.2	Less than 0.2
Fluorine content	mg/ℓ	8	4	3.40 (0.90)	1.88
Colon bacillus colony count	No./cm^3	3,000	1,500	220 (Less than 10)	24
Nitrogen content	kg/day	214.7	193.2	35.5 (13.3)	23.9
Phosphorous content	kg/day	21.2	19.0	6.0 (0.2)	1.8
Cadmium and its compounds	mg/ℓ	0.1	0.05	Less than 0.01	Less than 0.01
Cyanides	mg/ℓ	1	0.5	Less than 0.05	Less than 0.05
Lead and its compounds	mg/ℓ	0.1	0.05	Less than 0.01	Less than 0.01
Chromium (VI) compounds	mg/ℓ	0.5	0.25	Less than 0.05	Less than 0.05

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm^3	0.10	0.050	0.001	0.001
		0.20	0.100	0.044 (0.0001)	0.01
Nitrogen oxides	ppm	70	35	31.8 (11.2)	19.2
		130	65	38.8	38.8
		150	75	35.2 (24.5)	30.8
		180	90	45.0 (3.0)	38.3
		230	115	45.9 (2.0)	20.8
Sulphur oxides	K value	14.5	7.25	5.76 (0.0001)	0.2
Dioxins	ng-TEQ/Nm^3	5	2.5	0.46	0.46

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Soluble zinc compounds	27,948	0	112	0	5,522	0	0	22,314
Bis Phenol A epoxy resins	43,701	0	0	0	166	0	7	43,528
Ethyl benzene	267,635	104,195	0	0	0	93,007	7,633	62,800
Ethylene glycol	1,460,681	0	0	0	0	0	0	1,460,681
Xylene	923,038	232,133	0	0	0	341,700	20,171	329,034
1,3,5-Trimethyl benzene	63,342	30,756	0	0	0	28,201	4,385	0
Toluene	785,520	263,067	0	0	0	21,115	16,163	485,175
Nickel compounds	4,007	0	200	0	1,398	0	0	2,409
Bis (2-ethylhexyl) phthalic acid	10,741	0	0	0	111	0	0	10,630
Hydrogen fluoride and soluble salt	2,235	0	0	0	0	0	2,235	0
Benzene	20,813	52	0	0	0	0	0	20,761
Poly (oxyethylene) = alkyl ether	3,784	0	0	0	0	0	3,784	0
Manganese and its compounds	8,506	0	849	0	1,275	0	0	6,382
Total	3,621,951	630,203	1,161	0	8,472	484,023	54,378	2,443,714
Dioxins (unit: mg-TEQ)	–	30.00	0	0	9.00	0	0	0

Note: For water and air quality, the items for which measurements are required by law are listed.

Kumamoto Factory

- Address: 1500 Hirakawa Ohaza, Ohzu Machi, Kikuchi Gun, Kumamoto Prefecture
- Established: 1976
- Major Products: Minibike, Mini vehicle engines, multipurpose engines, transmission parts for passenger vehicles, etc.
- Employment: 3,665 associates (as of March 31, 2006)
- Water discharge point: Kikuchi River via Hyuga River and Koushi River
- ISO 14001 acquired: November 1997

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.8–8.6	6.5–7.9	8.0(7.5)	7.8
Biochemical oxygen demand (BOD)	mg/ℓ	Maximum 10/ average 7	3.5	2.3 (Less than 0.5)	1.1
Suspended solids (SS)	mg/ℓ	Maximum 15/ average 10	5	10.0 (Less than 1.0)	3.4
Oil content	mg/ℓ	Maximum 1.5/ average 1	0.5	0.6 (Less than 0.5)	Less than 0.5
Phenols	mg/ℓ	Maximum 0.075/ average 0.05	0.025	Less than 0.025	Less than 0.025
Copper and its compounds	mg/ℓ	Maximum 0.45/ average 0.3	0.15	Less than 0.05	Less than 0.05
Zinc and its compounds	mg/ℓ	Maximum 2/ average 1.5	0.75	0.15 (0.07)	0.1
Soluble iron and its compounds	mg/ℓ	Maximum 4.5/ average 3	1.5	0.09 (Less than 0.05)	0.07
Soluble manganese and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Total chromium	mg/ℓ	Maximum 0.15/ average 0.1	0.05	Less than 0.02	Less than 0.02
Fluorine content	mg/ℓ	8	4	Less than 0.2	Less than 0.2
Colon bacillus colony count	No./cm³	3,000	1,500	79	79
Nitrogen content	mg/ℓ	Maximum 120/ average 60	30	63 (1.3)	30.9
Phosphorous content	mg/ℓ	8	4	1.8 (0.56)	1.2
Cadmium and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Cyanides	mg/ℓ	0.1	0.05	Less than 0.05	Less than 0.05
Lead and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Chromium (VI) compounds	mg/ℓ	Maximum 0.075/ average 0.05	0.04	Less than 0.04	Less than 0.04

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm³	0.05	0.025	0.011 (Less than 0.001)	0.0027
		0.1	0.05	0.02 (Less than 0.001)	0.0029
Nitrogen oxides	ppm	150	75	41.0 (Less than 6.0)	17.15
		180	90	67.0 (Less than 4.0)	14.85
		230	115	8.0 (Less than 3.0)	4

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Bis Phenol A epoxy resins	1,710	30	0	0	0	0	0	1,680
Ethyl benzene	20,845	14,198	0	0	0	901	263	5,483
Ethylene glycol	89,984	0	0	0	0	0	0	89,984
Xylene	207,723	112,709	0	0	0	52,346	8,333	34,335
Toluene	91,904	30,758	0	0	0	19,620	615	40,911
Total	412,166	157,695	0	0	0	72,867	9,211	172,393

Automobile New Model Center

- Address: 2900 Kamitakanezawa Ohaza, Takanezawa Machi, Shioya Gun, Tochigi Prefecture
- Established: 1995
- Major Responsibilities: Manufacturing of fuel cell vehicles and technical support of automobile manufacturing
- Employment: 452 associates (as of March 31, 2006)
- Water discharge point: Nomoto River via Haga Industrial Park Treatment Center

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.8–8.6	5.8–8.6	8.3 (6.2)	7.2
Biochemical oxygen demand (BOD)	mg/ℓ	25	12.5	7.9 (Less than 0.1)	1.8
Chemical oxygen demand (COD)	mg/ℓ	25	12.5	9.2 (1.8)	4.8
Suspended solids (SS)	mg/ℓ	50	25	4.5 (Less than 1.0)	2.3
Oil content	mg/ℓ	5	2.5	1.6 (Less than 0.5)	0.6
Phenols	mg/ℓ	1	0.5	Less than 0.1	Less than 0.1
Copper and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Zinc and its compounds	mg/ℓ	5	2.5	0.2 (Less than 0.1)	Less than 0.1
Soluble iron and its compounds	mg/ℓ	3	1.5	0.3 (Less than 0.1)	0.25
Soluble manganese and its compounds	mg/ℓ	3	1.5	Less than 0.1	Less than 0.1
Total chromium	mg/ℓ	2	1	Less than 0.1	Less than 0.1
Fluorine content	mg/ℓ	8	4	0.5 (0.4)	0.5
Colon bacillus colony count	No./cm³	3,000	1,500	27 (0)	1.1
Nitrogen content	mg/ℓ	20	14	14 (12.1)	13.1
Phosphorous content	mg/ℓ	2	1	0.9 (Less than 0.1)	0.1
Cadmium and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Cyanides	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Lead and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Chromium (VI) compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm³	0.2	0.16	Less than 0.006	Less than 0.002
		0.3	0.24	Less than 0.001	Less than 0.001
Nitrogen oxides	ppm	180	126	91	57.6
		230	115	83	30.2
Sulphur oxides	K value	7	5.6	Less than 0.013	Less than 0.0075

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Xylene	5,341	366	0	0	91	0	143	4,741
Toluene	3,877	459	0	0	133	0	211	3,074
Total	9,218	825	0	0	224	0	354	7,815

Note: For water and air quality, the items for which measurements are required by law are listed.

Quality Innovation Center Tochigi

- Address: 52-1 Hagadai, Haga Machi, Haga Gun, Tochigi Prefecture
- Established: April 2003
- Major Responsibilities: Responses to quality issues in the market
- Employment: 478 associates (as of March 31, 2006)
- Water discharge point: Nomoto River via Haga Industrial Park Treatment Center

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.8–8.6	5.8–8.6	7.7 (7.0)	7.4
Biochemical oxygen demand (BOD)	mg/ℓ	25	12.5	4.6 (Less than 0.5)	1.3
Chemical oxygen demand (COD)	mg/ℓ	25	12.5	8.3 (1.7)	4.6
Suspended solids (SS)	mg/ℓ	50	25	3.4 (Less than 0.5)	1.3
Oil content	mg/ℓ	5	2.5	0.9 (0)	0.2
Phenols	mg/ℓ	1	0.5	Less than 0.05	Less than 0.05
Copper and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Zinc and its compounds	mg/ℓ	5	2.5	0.07 (0.05)	0.1
Soluble iron and its compounds	mg/ℓ	3	1.5	0.12 (Less than 0.05)	Less than 0.05
Soluble manganese and its compounds	mg/ℓ	3	1.5	Less than 0.01	Less than 0.01
Total chromium	mg/ℓ	2	1	Less than 0.02	Less than 0.02
Fluorine content	mg/ℓ	8	6.5	Less than 0.02	Less than 0.02
Colon bacillus colony count	No./cm^3	3,000	1,500	59 (0)	8.5
Nitrogen content	mg/ℓ	20	10	7.8 (1.3)	4.6
Phosphorous content	mg/ℓ	2	1	0.09 (Less than 0.05)	Less than 0.1
Cadmium and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Cyanides	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Lead and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Chromium (VI) compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm^3	0.3	0.15	Less than 0.005	Less than 0.005
Nitrogen oxides	ppm	180	90	59.5	41.4
Sulphur oxides	K value	7	3.5	Less than 0.01	Less than 0.01

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Xylene	4,463	900	0	0	0	0	1,609	1,954
Toluene	7,612	1,879	0	0	0	0	2,427	3,306
Total	12,075	2,779	0	0	0	0	4,036	5,260

Note: For water and air quality, the items for which measurements are required by law are listed.

Honda R&D Co., Ltd.

Wako R&D Center/ Wako Basic Technology Research Center/ Wako Nishi R&D Center

- Address: 1-4-1 Chuo, Wako City, Saitama Prefecture
- Established: 1960 (spin-off from Honda Motor Co., Ltd.)
- Major Responsibilities: Automobile design research, various basic research and development, and development of aircraft engines
- Water discharge point: Wastewater Treatment Center, located in the Arakawa Right Bank District (sewage)

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.0–9.0	5.0–9.0	8.6 (7.5)	8.2
Biochemical oxygen demand (BOD)	mg/ℓ	600	300	140 (11)	67
Chemical oxygen demand (COD)	mg/ℓ	Excluded because of release to the sewage system			
Suspended solids (SS)	mg/ℓ	600	300	160 (16)	78
Oil content	mg/ℓ	30	15	3.8 (Less than 2)	Less than 2
Phenols	mg/ℓ	5	2.5	Less than 0.5	Less than 0.5
Copper and its compounds	mg/ℓ	3	1.5	Less than 0.1	Less than 0.1
Zinc and its compounds	mg/ℓ	5	2.5	Less than 0.5	Less than 0.5
Soluble iron and its compounds	mg/ℓ	5	2.5	Less than 1	Less than 1
Soluble manganese and its compounds	mg/ℓ	10	5	Less than 1	Less than 1
Total chromium	mg/ℓ	2	1	Less than 0.1	Less than 0.1
Fluorine content	mg/ℓ	8	4	Less than 1	Less than 1
Colon bacillus colony count	No./cm³	Excluded because of release to the sewage system			
Nitrogen content	mg/ℓ	240	120	54 (15)	32
Phosphorous content	mg/ℓ	32	16	5 (0.4)	2
Cadmium and its compounds	mg/ℓ	0.1	0.05	Less than 0.01	Less than 0.01
Cyanides	mg/ℓ	1	0.5	Less than 0.1	Less than 0.1
Lead and its compounds	mg/ℓ	0.1	0.05	Less than 0.01	Less than 0.01
Chromium (VI) compounds	mg/ℓ	0.5	0.25	Less than 0.05	Less than 0.05

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm³	0.1	0.05	Less than 0.02	Less than 0.01
Nitrogen oxides	ppm	150	75	80 (11)	38
Sulphur oxides	K value	9	4.5	Less than 0.3	Less than 0.2

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Ethyl benzene	1,271	236	0	0	110	0	925	0
Xylene	6,534	838	0	0	544	0	5,152	0
Toluene	11,500	922	0	0	1,495	0	9,083	0
Total	19,305	1,996	0	0	2,149	0	15,160	0

Asaka R&D Center/ Asaka Higashi R&D Center

- Address: 3-15-1 Senzui, Asaka City, Saitama Prefecture
- Established: 1973
- Major Responsibilities: Research and development of motorcycles and power products
- Water discharge point: Arakawa River Right Bank District Shingashi River Sewage Treatment Center

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.0–9.0	5.0–9.0	8.9 (6.9)	8.4
Biochemical oxygen demand (BOD)	mg/ℓ	600	300	340 (8.1)	165.4
Chemical oxygen demand (COD)	mg/ℓ	Excluded because of release to the sewage system			
Suspended solids (SS)	mg/ℓ	600	300	370 (6.7)	133.9
Oil content	mg/ℓ	30	15	17.4 (Less than 1)	7.0
Phenols	mg/ℓ	5	2.5	0.41 (0.1)	0.26
Copper and its compounds	mg/ℓ	3	1.5	0.03 (0.02)	0.025
Zinc and its compounds	mg/ℓ	5	2.5	0.34 (0.04)	0.15
Soluble iron and its compounds	mg/ℓ	10	5	0.12 (0.04)	0.18
Soluble manganese and its compounds	mg/ℓ	10	5	0.02 (0.01)	0.016
Total chromium	mg/ℓ	2	1	Undetected	Undetected
Fluorine content	mg/ℓ	8	4	0.6 (Undetected)	Undetected
Colon bacillus colony count	No./cm³	Excluded because of release to the sewage system			
Nitrogen content	mg/ℓ	240	120	176 (5.9)	84.8
Phosphorous content	mg/ℓ	32	16	11.5 (0.8)	6.8
Cadmium and its compounds	mg/ℓ	0.1	0.05	Less than 0.005	Less than 0.005
Cyanides	mg/ℓ	1	0.5	Less than 0.1	Less than 0.1
Lead and its compounds	mg/ℓ	0.1	0.05	Less than 0.05	Less than 0.05
Chromium (VI) compounds	mg/ℓ	0.5	0.25	Less than 0.02	Less than 0.02

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm³	0.1	0.05	Less than 0.01	Less than 0.01
Nitrogen oxides	ppm	150	75	53 (24)	32
Sulphur oxides	K value	9	4.5	Less than 0.031	0.0024

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Ethyl benzene	12,453	11	0	0	233	0	12,209	0
Xylene	59,397	28	0	0	974	0	58,395	0
Toluene	116,644	73	0	0	3,281	0	113,290	0
Benzene	3,933	1	0	0	58	0	3,874	0
Total	192,427	113	0	0	4,546	0	187,768	0

Note: For water and air quality, the items for which measurements are required by law are listed.

Tochigi R&D Center

- Address: 4630 Shimotakanesawa, Haga Machi, Haga Gun, Tochigi Prefecture
- Established: 1982 (Tochigi Laboratory, Wako Research Center)
- Major Responsibilities: General automobile research (design, trial production, and testing of engines, bodies, and chassis)
- Water discharge point: Nomoto River via Haga Industrial Park Treatment Center (domestic and industrial water)

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.8–8.6	5.8–8.6	7.5 (6.9)	7.3
Biochemical oxygen demand (BOD)	mg/ℓ	25	12.5	1.7 (0.2)	0.8
Chemical oxygen demand (COD)	mg/ℓ	25	12.5	8.0 (3.3)	6.5
Suspended solids (SS)	mg/ℓ	50	25	3.6 (0)	0.8
Oil content	mg/ℓ	5	2.5	1.2 (0)	0.2
Phenols	mg/ℓ	1	0.5	Less than 0.05	Less than 0.05
Copper and its compounds	mg/ℓ	3	1.5	Less than 0.05	Less than 0.05
Zinc and its compounds	mg/ℓ	5	2.5	0.1 (0.09)	0.1
Soluble iron and its compounds	mg/ℓ	3	1.5	Less than 0.05	Less than 0.05
Soluble manganese and its compounds	mg/ℓ	3	1.5	Less than 0.01	Less than 0.01
Total chromium	mg/ℓ	2	1	Less than 0.02	Less than 0.02
Fluorine content	mg/ℓ	8	4	Less than 0.2	Less than 0.2
Colon bacillus colony count	No./cm^3	3,000	1,500	36 (0)	1.57
Nitrogen content	mg/ℓ	20	10	21 (9.8)	14.8
Phosphorous content	mg/ℓ	2	1	0.14 (0.1)	0.12
Cadmium and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Cyanides	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Lead and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Chromium (VI) compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm^3	0.3	0.15	Less than 0.002 (Less than 0.001)	Less than 0.0018
		0.5	0.25	Less than 0.001	Less than 0.001
Nitrogen oxides	ppm	180	90	80 (32)	51.8
Hydrogen chloride	mg/Nm^3	700	350	Less than73 (Less than 55)	64
Sulphur oxides	K value	7	3.5	Less than 0.24 (Less than 0.01)	0.098

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Ethyl benzene	65,193	1,304	0	0	35	0	63,854	0
Ethylene glycol	1,573	31	0	0	0	0	1,542	0
Xylene	491,582	9,864	0	0	494	0	481,224	0
Toluene	1,110,295	22,196	0	0	667	0	1,087,432	0
Total	1,668,643	33,395	0	0	1,196	0	1,634,052	0

Tochigi Proving Center

- Address: 4627 Shimotakanesawa, Haga Machi, Haga Gun, Tochigi Prefecture
- Established: 1979
- Major Responsibilities: Comprehensive R&D of motorcycles, automobiles, and power products (on test courses)
- Water discharge point: Nomoto River via Haga Industrial Park Treatment Center via Tochigi R&D Center wastewater treatment facilities (domestic and industrial wastewater)

Water Quality

(The data of this center are included in the data of Tochigi R&D Center because wastewater from the center is treated at the Tochigi R&D Center's treatment facilities.)

Air Quality

(There are no specified facilities.)

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Ethyl benzene	13,996	1	0	0	0	0	13,995	0
Xylene	64,247	4	0	0	0	0	64,243	0
1,3,5-Trimethyl benzene	9,341	0	0	0	0	0	9,341	0
Toluene	156,698	35	0	0	0	0	156,663	0
Benzene	5,750	5	0	0	0	0	5,745	0
Total	250,032	45	0	0	0	0	249,987	0

Note: For water and air quality, the items for which measurements are required by law are listed.

Takasu Proving Center

- Address: 21-10, Takasu Cho, Kamikawa Gun, Hokkaido
- Established: 1996
- Major Responsibilities: Comprehensive R&D of motorcycles, automobiles, and power products (on test courses)
- Water discharge point: Shumamu River

Water Quality (There are no specified facilities.)

Air Quality (There are no specified facilities.)

PRTR Listed Substances

(Unit: kg)

Substance	Volume Handled	Volume Discharged		Volume Transferred		Recycling	Volume 100 Disposed	Volume Consumed (Transferred to Products)
		Atmosphere	Public Waters	Sewage	Waste Disposal Sites Outside Company			
Xylene	16,946	1	0	0	0	0	16,945	0
Toluene	32,915	6	0	0	0	0	32,909	0
Benzene	1,277	1	0	0	0	0	1,276	0
Total	51,138	8	0	0	0	0	51,130	0

Honda Engineering Co., Ltd.

- Address: 6-1 Hagadai, Haga Machi, Haga Gun, Tochigi Prefecture
- Established: 1990
- Major Responsibilities: General machinery and equipment (development, design, and manufacture of machine tools, dies, and functional parts)
- Water discharge point: Nomoto River via Haga Industrial Park Treatment Center (domestic and industrial water)
- ISO 14001 acquired: July 1997

Water Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Hydrogen ion concentration	pH	5.6–8.6	5.6–8.6	8.2 (7.1)	7.5
Biochemical oxygen demand (BOD)	mg/ℓ	25	12.5	10.0 (Less than 0.5)	1.6
Chemical oxygen demand (COD)	mg/ℓ	25	12.5	9.5 (3)	4.9
Suspended solids (SS)	mg/ℓ	50	25	Less than 2.8 (Less than 1)	1.4
Oil content	mg/ℓ	5.0	2.5	Less than 1.0	Less than 1.0
Phenols	mg/ℓ	1	0.5	Less than 0.05	Less than 0.05
Copper and its compounds	mg/ℓ	3	1.5	Less than 0.05	Less than 0.05
Zinc and its compounds	mg/ℓ	5	2.5	0.06 (0.05)	0.05
Soluble iron and its compounds	mg/ℓ	3	1.5	Less than 0.05	Less than 0.05
Soluble manganese and its compounds	mg/ℓ	3	1.5	Less than 0.01	Less than 0.01
Total chromium	mg/ℓ	2	1	Less than 0.02	Less than 0.02
Fluorine content	mg/ℓ	8	4	0.2	0.2
Colon bacillus colony count	No./cm³	3,000	1,500	24 (0)	3.2
Nitrogen content	mg/ℓ	20	10	10 (2)	5
Phosphorous content	mg/ℓ	2	1	0.83 (0.17)	0.5
Cadmium and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Cyanides	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Lead and its compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected
Chromium (VI) compounds	mg/ℓ	Should not be detected	Undetected	Undetected	Undetected

Air Quality

Item	Unit	Regulation Standards (Incl. Agreed Standards)	Voluntary Regulation Standards	Measurement Results	
				Maximum (minimum)	Average
Particulates	g/Nm³	0.3	0.15	Less than 0.005	Less than 0.005
Nitrogen oxides	ppm	180	90	66 (Less than 5)	Less than 29
Sulphur oxides	mg/Nm³	40	20	3 (Less than 2.8)	2.9
Hydrogen chloride	Nm³/h	1.77	0.885	0.14 (Less than 0.001)	0.031

PRTR Listed Substances

(There are no PRTR listed substances.)

Honda Engineering Sayama

Water Quality (Nothing to be listed because domestic and industrial wastewater is treated at the Saitama Factory and then released into the sewage system)

Air Quality (There are no specified facilities.)

PRTR Listed Substances (There are no PRTR listed substances.)

* Operations conducted at Honda Engineering Sayama were all transferred to Honda Engineering's plant in Tochigi in August 2005.

Note: For water and air quality, the items for which measurements are required by law are listed.

PRTR Listed Substances[1] Handled by Honda Motor Co., Ltd. in Fiscal 2005 (Production Domain)

Primary specified chemical substances Notification items based on the PRTR Law

(Unit: kg [mg-TEQ for dioxins])

Substance No.[2]	CAS No.	Name of Substance	Quantity Handled	Released into the Air	Released into Public Water Areas	Total Released	To Sewage	External Disposal Waste[3]	Total Transfer Amount	Recycling[4]	Quantity Removed	Consumption (Shipped Amount)
1	–	Water-soluble zinc compounds	67,136	0	130	130	306	18,963	19,269	0	0	47,737
30	25068-38-6	Bisphenol A-type epoxy resin	105,504	30	0	30	0	2,434	2,434	0	740	102,300
40	100-41-4	Ethyl benzene	794,404	318,384	0	318,384	0	1,271	1,271	269,662	32,787	172,300
43	107-21-1	Ethylene glycol	3,618,591	0	0	0	0	0	0	0	0	3,618,591
63	1330-20-7	Xylene	2,436,504	681,482	0	681,482	0	14,669	14,669	800,894	93,081	846,378
224	108-67-8	1.3.5-trimethylbenzene	103,856	66,137	0	66,137	0	699	699	28,201	8,819	0
227	108-88-3	Toluene	2,549,135	854,497	0	854,497	0	4,459	4,459	69,759	129,409	1,491,011
231	7440-02	Nickel	4,815	0	0	0	0	0	0	0	0	4,815
232	–	Nickel compounds	9,425	0	200	200	1,246	2,319	3,565	0	0	5,660
272	117-81-7	Bis Phthalate (2-ethyl-hexyl)	24,815	0	0	0	0	488	488	0	40	24,287
283	–	Hydrogen fluoride or its water-soluble salts	3,963	0	0	0	172	1,548	1,720	8	2,235	0
299	71-43-2	Benzene	60,939	142	0	142	0	0	0	217	1,768	58,812
307	–	Poly (oxyethylene) = alkylether	4,951	0	0	0	117	735	852	0	4,099	0
310	50-00-0	Formaldehyde	–	1,376	0	1,376	0	0	0	0	0	0
311	–	Manganese and its compounds	23,173	0	849	849	733	7,142	7,875	0	0	14,449
346	–	Molybdenum and its compounds	1,005	0	0	0	0	1,005	1,005	0	0	0
		Total	9,808,216	1,922,048	1,179	1,923,227	2,574	55,732	58,306	1,168,741	272,978	6,386,340
179	–	Dioxins (unit: mg-TEQ)	–	51.13	0.00	51.13	0.42	296.60	297.02	0.00	0.00	0.00

Note 1. The dash in the "Quantity Handled" column means "not applicable" because the substances are reaction products.
2. Total of five factories (in Saitama, Tochigi, Hamamatsu, Suzuka, and Kumamoto)

1. Surveyed on 354 types of primary specified chemical substances falling within the scope of the Law concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promotion of the Improvement of Their Management (PRTR Law). Substances treated on a scale of 1,000 kg or more.
2. Numbers of primary specified chemical substances falling within the scope of the PRTR Law
3. Amount recycled by paying recycling cost
4. Amount sold to external recycling companies

Groundwater

Results of Groundwater Test Taken at Plants and Factories in Japan in Fiscal 2005

Substance Detected	Legal Limit	Branch			
		Saitama Factory	Tochigi Factory	Hamamatsu Factory	Suzuka Factory
Chromium (VI)	0.05mg/ℓ or less	Less than 0.005	Less than 0.005	Less than 0.02	Less than 0.04
Lead	0.01mg/ℓ or less	Less than 0.002	Less than 0.001	Less than 0.005	Less than 0.005
Cadmium	0.01mg/ℓ or less	Less than 0.001	Less than 0.001	Less than 0.001	Less than 0.001
Total mercury	0.0005mg/ℓ or less	0.00013	Less than 0.0005	Less than 0.0005	Less than 0.0005
Alkyl mercury	Should not be detected	Undetected	Undetected	Undetected	Undetected
Total cyanides	Should not be detected	Undetected	Undetected	Undetected	Undetected
PCB	Should not be detected	Undetected	Undetected	Undetected	Undetected
Selenium	0.01mg/ℓ or less	Less than 0.005	Less than 0.001	Less than 0.002	Less than 0.001
Fluorine	0.8mg/ℓ or less	0.24	Less than 0.2	Less than 0.08	Less than 0.1
Boron	1.0mg/ℓ or less	Less than 0.2	Less than 0.1	Less than 0.05	Less than 0.04
Arsenic	0.01mg/ℓ or less	Less than 0.001	Less than 0.001	Less than 0.001	Less than 0.005
Benzene	0.01mg/ℓ or less	Less than 0.0005	Less than 0.001	Less than 0.001	Less than 0.001
Dichloromethane	0.02mg/ℓ or less	Less than 0.0005	Less than 0.002	Less than 0.002	Less than 0.002
Tetrachloride carbon	0.002mg/ℓ or less	Less than 0.0005	Less than 0.0002	Less than 0.0002	Less than 0.0005
1,2-dichloroethane	0.004mg/ℓ or less	Less than 0.0005	Less than 0.0004	Less than 0.0004	Less than 0.0004
1,1-dichloroethylene	0.02mg/ℓ or less	Less than 0.0005	Less than 0.002	Less than 0.002	Less than 0.002
Cis-1,2-dichloroethylene	0.04mg/ℓ or less	Less than 0.0005	Less than 0.004	Less than 0.004	Less than 0.004
1,1,1-trichloroethane	1.0mg/ℓ or less	Less than 0.0005	Less than 0.0005	0.0068	Less than 0.001
1,1,2-trichloroethane	0.006mg/ℓ or less	Less than 0.0005	Less than 0.0006	Less than 0.0006	Less than 0.0006
Trichloroethylene	0.03mg/ℓ or less	0.0011	0.018*	0.012	Less than 0.002
Tetrachloroethylene	0.01mg/ℓ or less	0.008	0.0171*	0.0030	Less than 0.0005
1,3-dichloropropane	0.002mg/ℓ or less	Less than 0.001	Less than 0.0002	Less than 0.0002	Less than 0.0002
Thiram	0.006mg/ℓ or less	Less than 0.0006	Less than 0.0006	Less than 0.0006	Less than 0.0006
Simazine	0.003mg/ℓ or less	Less than 0.0003	Less than 0.0003	Less than 0.0003	Less than 0.0003
Thiobencarb	0.02mg/ℓ or less	Less than 0.002	Less than 0.002	Less than 0.002	Less than 0.002
Organic phosphorus compound	Should not be detected	Undetected	Undetected	Not measured	Not measured

Substance Detected	Legal Limit	Branch		
		Kumamoto Factory	Automobile New Model Center	Quality Innovation Center Tochigi
Chromium (VI)	0.05mg/ℓ or less	Less than 0.005	Less than 0.005	Less than 0.005
Lead	0.01mg/ℓ or less	Less than 0.001	Less than 0.005	Less than 0.001
Cadmium	0.01mg/ℓ or less	Less than 0.001	Less than 0.001	Less than 0.001
Total mercury	0.0005mg/ℓ or less	Less than 0.0005	Less than 0.0005	Less than 0.0005
Alkyl mercury	Should not be detected	Undetected	Undetected	Undetected
Total cyanides	Should not be detected	Undetected	Undetected	Undetected
PCB	Should not be detected	Undetected	Undetected	Undetected
Selenium	0.01mg/ℓ or less	Less than 0.001	Less than 0.001	Less than 0.001
Fluorine	0.8mg/ℓ or less	Less than 0.08	Less than 0.2	Less than 0.02
Boron	1.0mg/ℓ or less	Less than 0.1	Less than 0.1	Less than 0.1
Arsenic	0.01mg/ℓ or less	Less than 0.001	Less than 0.001	Less than 0.001
Benzene	0.01mg/ℓ or less	Less than 0.001	Less than 0.001	Less than 0.001
Dichloromethane	0.02mg/ℓ or less	Less than 0.002	Less than 0.002	Less than 0.002
Tetrachloride carbon	0.002mg/ℓ or less	Less than 0.0002	Less than 0.0002	Less than 0.0002
1,2-dichloroethane	0.004mg/ℓ or less	Less than 0.0004	Less than 0.0004	Less than 0.0004
1,1-dichloroethylene	0.02mg/ℓ or less	Less than 0.002	Less than 0.002	Less than 0.002
Cis-1,2-dichloroethylene	0.04mg/ℓ or less	Less than 0.004	Less than 0.004	Less than 0.004
1,1,1-trichloroethane	1.0mg/ℓ or less	Less than 0.0005	Less than 0.0005	Less than 0.001
1,1,2-trichloroethane	0.006mg/ℓ or less	Less than 0.0006	Less than 0.0006	Less than 0.0006
Trichloroethylene	0.03mg/ℓ or less	Less than 0.003	Less than 0.001	Less than 0.001
Tetrachloroethylene	0.01mg/ℓ or less	Less than 0.001	Less than 0.0005	Less than 0.0005
1,3-dichloropropane	0.002mg/ℓ or less	Less than 0.0002	Less than 0.0002	Less than 0.0002
Thiram	0.006mg/ℓ or less	Less than 0.0006	Less than 0.0006	Less than 0.0006
Simazine	0.003mg/ℓ or less	Less than 0.0003	Less than 0.0003	Less than 0.0003
Thiobencarb	0.02mg/ℓ or less	Less than 0.002	Less than 0.002	Less than 0.002
Organic phosphorus compound	Should not be detected	Undetected	Undetected	Undetected

● The figures in the chart are the certified measurements of a measurement company, and have been listed with no amendment.

Legend

Undetected, less than ___: Indicate that figures are the minimum amount detectable by the measuring equipment used and that nothing was detected

* At the Tochigi Factory, the tetrachloroethylene content in groundwater exceeded the legal limit (0.01 mg/ℓ or less), and the trichloroethylene content was near the legal limit (0.03 mg/ℓ or less). The factory, however, has never used these two substances. In the Matsuyama-cho District in Moka City, where the Tochigi Plant is located, groundwater pollution by organic chlorine compounds, including tetrachloroethylene and trichloroethylene, was detected. Tochigi Prefecture and Moka City are now monitoring groundwater in the district. For the monitoring results, please refer to the following website: http://www.city.moka.tochigi.jp/densi/mizukankyou.htm. The Tochigi Plant will also continue monitoring and measuring these substances.

Recycling Results for End-of-Life Vehicles in Fiscal 2005

●Started on:April 1, 2005 ●Ended on: March 31, 2006

Item			TR MISSING
CFCs	Amount accepted	Weight of CFC accepted	30,404.6 kg
		Weight of HFC accepted	34,147.2 kg
		Total	64,551.9 kg
	Number of vehicles accepted	Number of vehicles from which CFC was recovered and accepted	103,463 vehicles
		Number of vehicles from which HFC was recovered and accepted	99,379 vehicles
		Total	202,842 vehicles
	Cost	Amount of recycling deposits repaid	¥423,939,280
		Total recycling cost	¥445,389,475
Inflators (airbags)	Amount accepted	Number of inflators recovered	18,569 pieces
		Number of airbags deployed	76,853 pieces
		Total	95,422 pieces
	Number of vehicles accepted	Number of vehicles from which inflators were collected	11,681 vehicles
		Number of vehicles in which all airbags were deployed	38,326 vehicles
		Number of vehicles in which some were collected and others deployed	120 vehicles
		Total	50,127 vehicles
	Recycling amount	Total weight of inflators accepted	8,485.2 kg
		Total weight of inflators accepted and made reusable	7,932.6 kg
	Recycling rate	Recycling rate of inflators	93.5%
	Cost	Amount of recycling deposits repaid	¥87,113,120
		Total recycling cost	¥112,578,947
Automobile shredder residue (ASR)	Amount accepted	Weight of ASR accepted	38,779.0 tons
	Number of vehicles accepted	Number of vehicles of which ASR was accepted and used	229,247 vehicles
		Number of dismantled vehicles recycled by commission into articles of iron or steel without generating ASR	32,402 vehicles
	Recycling amount	Weight of ASR delivered to recycling facilities	24,613.3 tons
		Weight of residue from recycling facilities	2,986.4 tons
		Weight equivalent of ASR that would have been generated from automobiles accepted for delivery to facilities that dismantle automobiles without generating ASR	5,579.8 tons
		Weight equivalent of ASR that would have been generated from automobiles delivered to facilities that dismantle automobiles without generating ASR	5,128.9 tons
		Weight of waste from facilities that dismantle automobiles without generating ASR	117.0 tons
		Weight of ASR reduced	369.8 tons
	Recycling rate	Recycling rate of ASR	59.6%
	Facilities	Facilities complying with the standards	*See below
	Cost	Amount of recycling deposits repaid	¥1,518,313,530
		Total recycling cost	¥1,468,455,387

*** Names of facilities complying with the standards for automobile shredder residue**

Aomori Renewable Energy Recycling Co., Ltd.
Tohoku Tokyotekko Co., Ltd.
ASR recycling plant, Matec Corporation
Kosaka plant, Kosaka Seiren Co., Ltd.
Onahama plant, Onahama Smelting and Refining Co., Ltd.
Sumikin Recycling Co., Ltd.
Chidoricho plant, Yamanaka Corporation
Akemi Recycling Center Co., Ltd.
Sano Maruka Corporation
Nikko Mikkaichi Recycling Co., Ltd.
Kyoei Recycle Co., Ltd.
Naoshima Smelter & Refinery, Mitsubishi Materials Corporation
Kanemura Eco Works Co., Ltd.
Mie recycling center, Mie Central Development Co., Ltd.
Miki recycling center, Daiei Inter Nature System Inc.
Takunan Shoji Co., Ltd.
Clean Stage Co., Ltd.
GE Co., Ltd.
Okayama Works, Dowa Mining Co., Ltd.
Arahama plant, Shimoda Industry Co., Ltd.
Toyota Metal Co., Ltd.
Mizushima Eco-Works Co., Ltd.
Kitakyushu Ecoenergy Co., Ltd.
Nagoya Works, Nippon Steel Corporation
Eco Clean Plaza Miyazaki

Segments Covered by the Report

Purchasing Domain

Major results in the purchasing domain cover the following 28 domestic affiliates of Honda Motor Co., Ltd.

* Results for waste reduction cover 26 of them.

Yutaka Giken Co., Ltd.
Asamagiken Co., Ltd.
Honda Foundry Co., Ltd.
Honda Lock Mfg. Co., Ltd.
Yachiyo Industry Co., Ltd.
MSD Co., Ltd.
Showa Corporation
Keihin Corporation
TS TECH Co., Ltd.
F.C.C. Co., Ltd.
Nissin Kogyo Co., Ltd.
Musashi Seimitsu Co., Ltd.
F-Tech Inc.
Yanagawa Seiki Co., Ltd.
H-one Co., Ltd.
Yamada Seisakusho Co., Ltd.
AIKITEC Co., Ltd.
Takao Kinzoku Kogyo Co., Ltd.
Tanaka Seimitsu Kogyo Co., Ltd.
Tsuzuki Manufacturing Co., Ltd.
Atsumitec Co., Ltd.
Shinnichi Kogyo Co., Ltd.
Kyushu Yanagawa Seiki Co., Ltd.
Kikuchi Co., Ltd.
Goshi Giken Co., Ltd.
Steel Center Co., Ltd.
Nihon Plast Co., Ltd.
Honda elesys Co., Ltd.

Production Domain

Results in the production domain cover the following five domestic factories of Honda Motor Co., Ltd.

Saitama Factory
Tochigi Factory
Hamamatsu Factory (including the Hosoe Plant)
Suzuka Factory
Kumamoto Factory

Transportation Domain

Results in the transportation domain cover the domestic transportation of automobiles, motorcycles, power equipment, and repair parts produced by Honda Motor Co., Ltd.
Results for packaging materials cover packages used in exporting completed motorcycles and component parts sets*

* Set of parts exported overseas for local assembly into final products

Office Domain

Results in the office domain cover the following four domestic office buildings of Honda Motor Co., Ltd.

Wako Building
Aoyama Building
Shirako Building
Yaesu Building

Global Environmental Data (Production Domain)

Global Environmental Data covers a total of 72 Honda companies, which include both domestic and overseas companies that assemble final products (vehicles), such as Honda Motor Co., Ltd, and major parts companies.

● **Japan** (24 companies)
Honda Motor Co., Ltd.
Yutaka Giken Co., Ltd.
Asamagiken Co., Ltd.
Honda Foundry Co., Ltd.
Honda Lock Mfg. Co., Ltd.
Yachiyo Industry Co., Ltd.
MSD Co., Ltd.
Showa Corporation
Keihin Corporation
TS TECH Co., Ltd.
F.C.C. Co., Ltd.
Nissin Kogyo Co., Ltd.
Musashi Seimitsu Co., Ltd.
F-Tech Inc.
Yanagawa Seiki Co., Ltd.
H-one Co., Ltd.
Yamada Seisakusho Co., Ltd.
AIKITEC Co., Ltd.
Takao Kinzoku Kogyo Co., Ltd.
Tanaka Seimitsu Kogyo Co., Ltd.
Tsuzuki Manufacturing Co., Ltd.
Atsumitec Co., Ltd.
Shinnichi Kogyo Co., Ltd.
Kyushu Yanagawa Seiki Co., Ltd.

● **North America** (seven companies)
Honda of America Mfg., Inc. (U.S.)
Honda Transmission Mfg. of America, Inc. (U.S.)
Honda Power Equipment Mfg., Inc. (U.S.)
Honda of South Carolina Mfg., Inc. (U.S.)
Honda Mfg. of Alabama L.L.C. (U.S.)
Honda Canada Inc. (Canada)
Honda de Mexico, S.A. de C.V. (Mexico)

● **South America** (two companies)
Moto Honda da Amazonia Ltda. (Brazil)
Honda Automoveis do Brasil Ltda. (Brazil)

● **Europe** (nine companies)
Honda of the U.K. Mfg., Ltd. (U.K.)
Honda Belgium N.V. (Belgium)
Honda Europe N.V. (Belgium)
Honda Italia Industriale S.p.A. (ATESSA) (Italy)
C.I.A.P. S.p.A. (Italy)
Montesa Honda S.A. (Spain)
Honda Turkiye A.S. (Turkey)
Honda Europe Power Equipment S.A. (France)
Honda Manufacturing Ltd. (Federal Republic of Nigeria)

● **Asia/Oceania** (21 companies)
Honda Automobile (Thailand) Co., Ltd. (Thailand)
Thai Honda Mfg. Co., Ltd. (Thailand)
Asian Autoparts Co., Ltd. (Thailand)
Honda Cars Philippines, Inc. (Philippines)
Honda Philippines, Inc. (Philippines)
Honda Parts Mfg. Co. (Philippines)
Honda Taiwan Co., Ltd. (Taiwan)
Honda Siel Cars India Ltd. (India)
Honda Motorcycle and Scooter India (Pvt.) Ltd. (India)
Hero Honda Motors Ltd. (India)
Honda Siel Power Products Ltd. (India)
P.T. Honda Prospect Motor (Indonesia)
P.T. Honda Precision Parts Mfg. (Indonesia)
P.T. Astra Honda Motor (Indonesia)
Honda Atlas Cars (Pakistan) Ltd. (Pakistan)
Atlas Honda Ltd. (Pakistan)
Honda Vietnam Co., Ltd. (Vietnam)
Machino Auto-Parts Co., Ltd. (Vietnam)
Honda Autoparts Mfg., SDN. BHD. (Malaysia)
Honda Malaysia Sdn. Bhd. (Malaysia)
Armstrong Auto Parts SDN. BHD. (Malaysia)

● **China** (nine companies)
Honda Automobile Co., Ltd. (China)
Dongfeng Honda Auto Parts Co., Ltd. (China)
Dongfeng Honda Engine Co., Ltd. (China)
Dongfeng Honda Automobile Co., Ltd. (China)
Guangzhou Honda Automobile Co., Ltd. (China)
Wuyang-Honda Motors (Guangzhou) Co., Ltd. (China)
Jialing-Honda Motors Co., Ltd. (China)
Honda Mindong Generator Co., Ltd. (China)
Sundiro Honda Motorcycle Co., Ltd. (China)

* Data on water use in Japan covers Honda Motor Co., Ltd., only.

Third-Party Review

Professor

Tadahiro Mitsuhashi

Economic and environmental journalist, professor at Chiba University of Commerce (Faculty of Policy Informatics)
Professor Mitsuhashi formerly served as editor in chief of Nikkei Business and sub-chief editor at Nihon Keizai Shimbun. He is now a member of the Central Environmental Council, director of the United Nations University Zero Emission Forum, chairman of the steering committee of the Japan Center for Climate Change Actions, and secretary-general of the Business Leaders' Inter-Forum for Environment 21. Professor Mitsuhashi promotes exchanges between business people and environmental NGOs/NPOs. He gives lectures on the environment at various universities. His unique environmental activities include organizing meetings for dialogues between corporate managers and university students.

I appreciate the fact that Honda has set out global CO_2 reduction targets

What is most outstanding in the Honda Environmental Annual Report 2006 is that Honda has established global CO_2 reduction targets. The most serious environmental problem in the 21st century is global warming. Global warming threatens our lives by causing droughts, hurricanes, storm surges, forest fires, desertification, and rising sea levels. To deal with these threats, we have to reduce emissions of CO_2, which is the greatest contributor to global warming of all greenhouse gases. The Kyoto Protocol was enforced to achieve reductions in CO_2 emissions.

Many Japanese companies have been actively implementing measures to reduce CO_2 emissions in Japan, but these measures alone are not enough. In particular, Japanese companies that have developed into global corporations should take global measures to reduce their CO_2 emissions. There are no national boundaries for emissions. Even if you succeed in reducing domestic CO_2 emissions, it will be useless if you increase emissions overseas.

In its annual environmental report, Honda announces and promises to reduce CO_2 emissions from its products and production activities all around the world. Specifically, it aims to achieve a 10 percent CO_2 reduction in emissions from its automobiles and other products as well as a 10 percent CO_2 reduction from the production of automobiles and a 20 percent CO_2 reduction from the production of motorcycles and power equipment. I think that Honda is the first company to announce numerical CO_2 reduction targets for all its products and plants around the world. Honda has already been implementing dramatic measures to reduce CO_2 emissions from its products and production activities, and it will be difficult for the company to achieve additional CO_2 reductions. I expect, however, that Honda will be able to accomplish this by using abilities that separate it from other companies. Honda will provide a good example with its CO_2 emissions reduction and prove that you can reduce emissions if you really want to do.

Honda's annual environmental report intelligibly explains that technological development, including the development of hybrid vehicles, fuel cell vehicles, and superclean diesel engines will greatly contribute to the attainment of CO_2 emissions reduction targets. Not limited to describing anti-global warming measures, the report gives easy-to-understand explanations of Honda's fiscal 2005 environmental measures taken at various stages, from product development to the recycling of end-of-life products, as well as an evaluation of those measures.

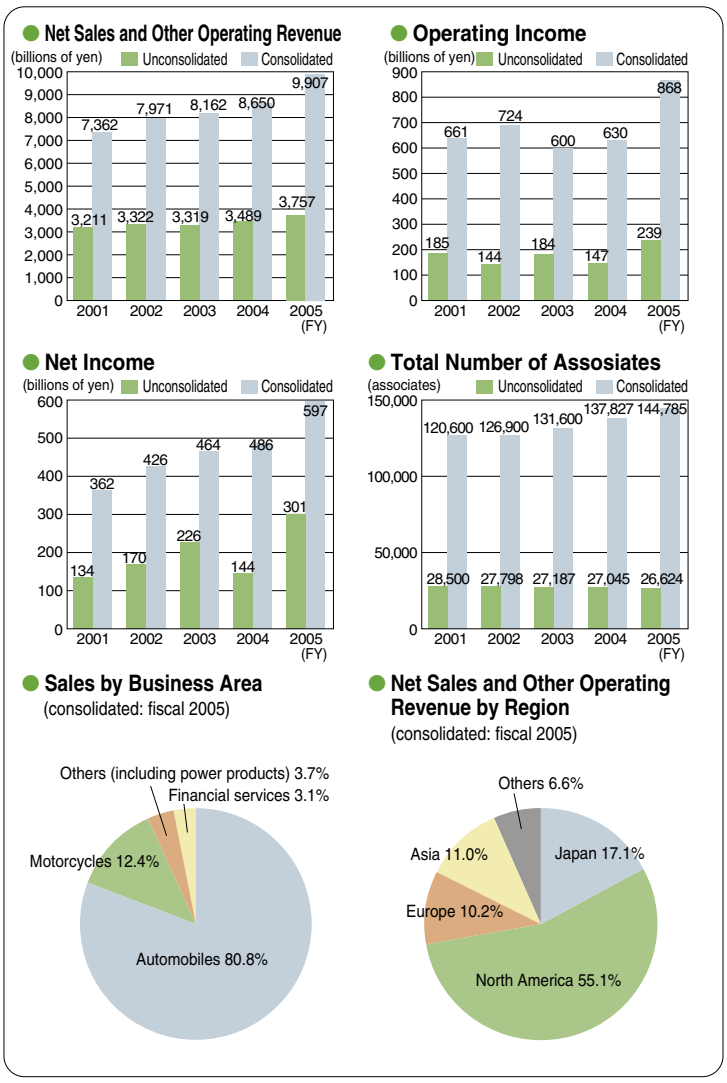
Honda needs to hold a stakeholder meeting

There is, however, room for improvement in Honda's environmental activities. The company could hold a stakeholder meeting every few years to directly explain its environmental measures and listen to any comments or evaluations its stake-holders may have. This will allow Honda to create new ideas for the future. At the beginning of the report, Mr. Fukui, the president of Honda, announced that the company is firmly determined to reduce its environmental impact by using its technologies. It would be great if the president stated this directly to the stakeholders of the company. Honda announced its ambitious CO_2 reduction targets in the annual environmental report, which is indeed impressive. However, it would have made readers feel closer to Honda if profiles of Honda's highly praised associates working at the forefront of environmental technologies and development-related anecdotes were introduced in the report. Finally, I expect Honda to actively utilize its technologies and know-how to prevent global warming for the good of society. Honda could make it even clearer that it aims to become a company that society wants to exist by getting more involved in society at large.

三橋規宏

Corporate Profile & Financial Data

Company name	Honda Motor Co., Ltd.
Head office location	1-1, 2-chome Minami-Aoyama, Minato-ku, Tokyo
Established	September 24, 1948
Company Representative	Takeo Fukui President & CEO
Capital	¥86,067 million (as of the end of March 2006)
Sales	Consolidated: ¥9,907,996 million (Results of fiscal 2005) Unconsolidated: ¥3,757,086 million
Total number of associates	Consolidated: 144,785 (as of the end of March 2006) Unconsolidated: 26,624 (as of the end of March 2006)
Consolidated subsidiaries	339 subsidiaries (as of the end of March 2006)
Major products	Automobiles Standard-sized vehicles, compact vehicles, and mini vehicles Motorcycles Motorbikes, minibikes, small motorcycles, ATVs, and personal watercraft Power equipment Agricultural equipment, generators, multipurpose engines, lawn mowers and outboard engines



Persons Responsible for Contents

Sales and Services	Automobile sales	Koji Masuda
		Yuzuru Kurihara
	Motorcycle sales	Minoru Nagata
	Power equipment sales	Hideki Kuji
	Parts sales	Koji Yamaguchi
	Recycle Promotion Office	Yukihide Yamashita
Purchasing	Automobile purchasing	Toshiyuki Shigekushi

Factory and Office Operations	Environmental Adminstrator	
	Saitama Factory	Akira Chizuwa
	Tochigi Factory	Hiroshi Yanaka
	Hamamatsu Factory	Tadayuki Onishi
	Suzuka Factory	Kosaku Arakawa
	Kumamoto Factory	Seiichi Shimoto
	Automobile New Model Center	Tsuguo Motoori
	Quality Innovation Center Tochigi	Yoshiki Ishigaki
	Head Office:	Nobutaka Okabe
	Honda R&D Co., Ltd.	
	Automobile R&D Center Wako/ Fundamental Technology Research Center/ Aircraft Engine R&D Center	Hidenobu Hata
	Motorcycle R&D Center/ Power Products R&D Center	Chikara Fukuda
	Automobile R&D Center Tochigi/Proving Center Tochigi Proving Center Takasu	Tomoyuki Sawada
	Honda Engineering Co., Ltd.	Junichi Miyake
Logistics	Products and conponent parts sets	Tomonori Arai
Administration	Administration	Nobutaka Okabe
	Personnel	Masahiro Yoshida
	Public Relations	Hiroshi Oshima
Secretariat	Environment and Safety Planning Office	Keiichi Mitobe

As of June 1, 2006

External Verification

For the reasons given below, we have not obtained any external verification.

1. No guidelines have been established for external verification.
2. The qualifications required of the verification organizations are not clear.

We will continue to examine the details and timing of external verification, paying attention to the progress made in relation to the items described above.

The results presented in this report have been collected by each of the active departments concerned and endorsed within the Japan Environmental Committee's system. Data relating to the factories has been checked by environmental audits and surveillance inspections under ISO 14001.

For all inquiries concerning the contents of this report,
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HONDA

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