

HONDA
The Power of Dreams

Honda

ENVIRONMENTAL
ANNUAL REPORT 2011



BLUE SKIES FOR
OUR CHILDREN

Environmental information disclosure

The Honda Environmental Annual Report is published yearly. It presents environmental corporate information, including Honda's policies and future direction with respect to the environment. The report focuses particularly on the results of the year's initiatives in each management domain, and on progress made toward targets from the point of view of Honda's corporate activities throughout its products' life cycles. Complementing the disclosure of environmental corporate information, Honda's website (<http://world.honda.com/environment/index.html>) provides further details about the results in each domain (for instance, environmental impact data for each Honda facility), and also presents the history of Honda's environmental initiatives.

By disclosing a wide range of information, we hope to facilitate communication and feedback, thereby strengthening our environmental conservation initiatives going forward.



Information focusing on annual initiatives



Environmental annual report

The Honda Environmental Report is comprised of two parts: the Main Report, which focuses on annual environmental initiatives, and the Case Studies and Supplementary Information, available exclusively on Honda's web site, which covers specific initiatives in each of the domains introduced in the report.

Comprehensive environmental information



The Honda Worldwide website's environment section

<http://world.honda.com/environment/index.html>



Editorial policy for the Honda Environmental Annual Report

Early in its history, Honda recognized that an involvement in efforts to combat various kinds of environmental problems was one of its most important management priorities. We publish the Honda Environmental Annual Report to inform the public about our environmental initiatives over the preceding year. This is the 14th edition of the Honda Environmental Annual Report, which was first published in 1988.

As of 2011, Honda regards global climate change and energy issues as being particularly important among the many environmental problems that exist today. (see Page 6 for details.) To combat these problems, Honda is working to reduce emissions of greenhouse gases resulting from its business activities and from the use of its products, and has set medium-term targets for this purpose (see Page 8). Under our mid-term management plan, we have also formulated and are steadily implementing environmental initiatives to combat other environmental problems (see Page 10).

We will continue to inform the public about these initiatives, and in particular about the progress we have made each year, through the Honda Environmental Annual Report. Other information, including details and data, are regularly posted on our website, as indicated in Disclosure of Honda Environmental Information.

Other key information disclosure

Honda's environmental reports and website also contain corporate information other than that concerning the environment.

Honda is continuously working to enhance communication with its stakeholders by making information about its various activities easy to understand and encourages feedback. Honda regards full communication with all stakeholders as essential to further improving its activities, and welcomes feedback to this and all of the reports listed below.

- CSR Information**

Presents Honda's ideas on Corporate Social Responsibility (CSR), and its initiatives in the areas of quality and safety, environment and society.

CSR website: <http://world.honda.com/CSR/index.html>
 CSR report: <http://world.honda.com/CSR/report/>



- Investor Information**

Presents information on Honda's business performance.

Investor information: <http://world.honda.com/investors/index.html>
 Annual report: http://world.honda.com/investors/library/annual_report/



- Information on Philanthropic Activities**

Presents the ideas behind Honda's philanthropic activities, and its main initiatives.

Social activities website: <http://world.honda.com/community/index.html>



- Safety Information**

Presents Honda's safety initiatives from two perspectives: activities aimed at promoting product safety and those aimed at promoting traffic safety.

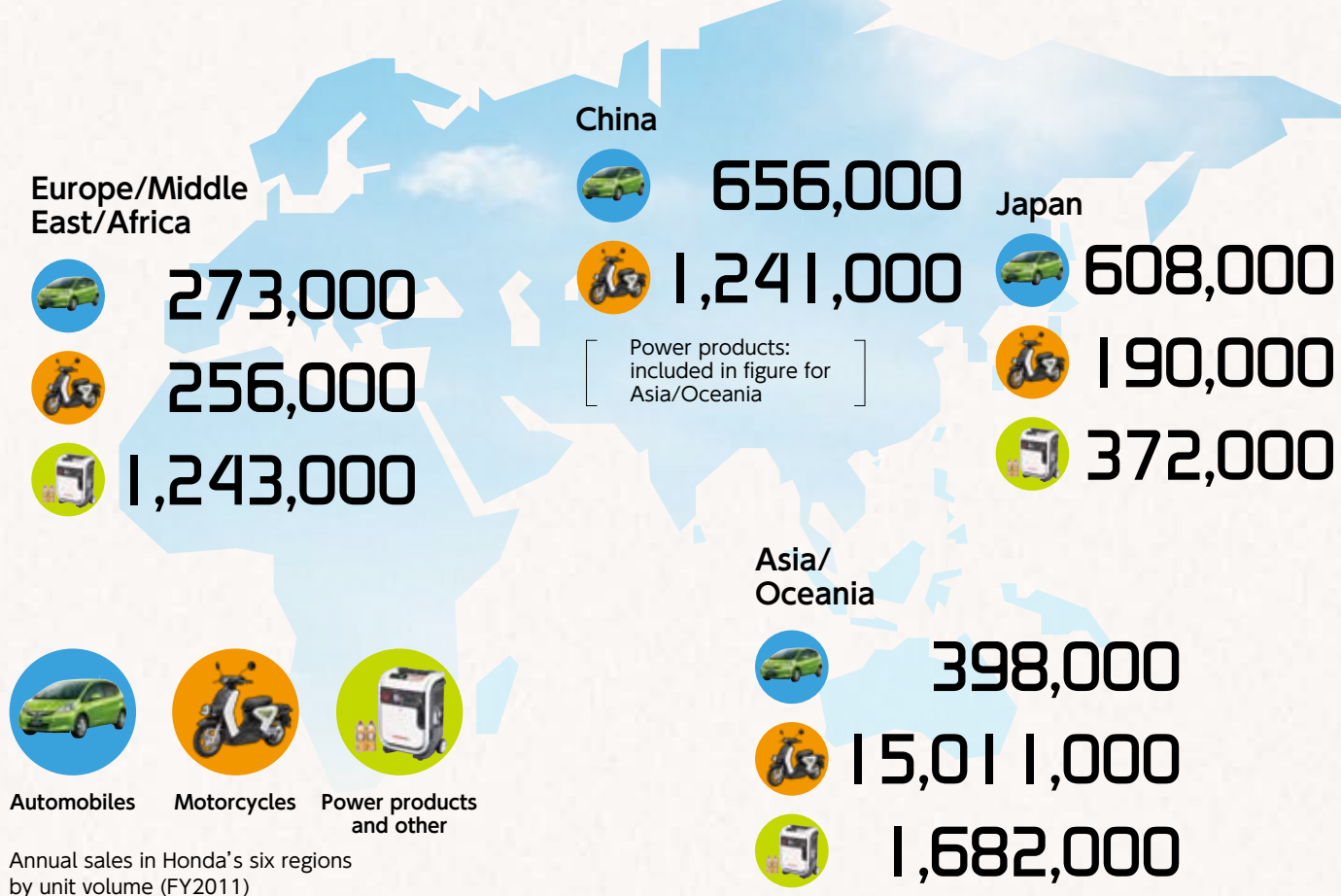
Safety activities: <http://world.honda.com/safety/index.html>
 Driving safety promotion activities:
<http://www.honda.co.jp/safetyinfo/> (This URL is Japanese only)
 Report on driving safety promotion activities:
<http://www.honda.co.jp/safetyinfo/report/index.html> (This URL is Japanese only)



Advancing operations in 6 regions

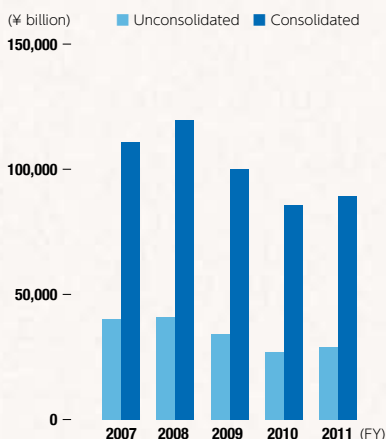
Driven by its philosophy of building products close to the customer, Honda has manufacturing operations in six regions worldwide. In FY2011, Honda delivered 27 million products to its customers around the world. Always conscious of the environmental impact of its operations, Honda is working hard to take environmental responsibility to ever higher levels around the world.

In 2006, Honda announced global CO₂ emissions reduction targets for 2010, the first announcement of its type by a company in the automobile industry. In 2011, we adopted “the Joy and Freedom of Mobility” and “a Sustainable Society where People Can Enjoy Life” as the Honda Environmental Vision. Under this vision, Honda is determined to accelerate its global efforts to find solutions to the climate change and energy issue.

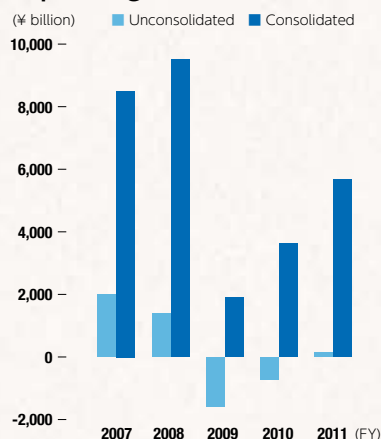


Financial information

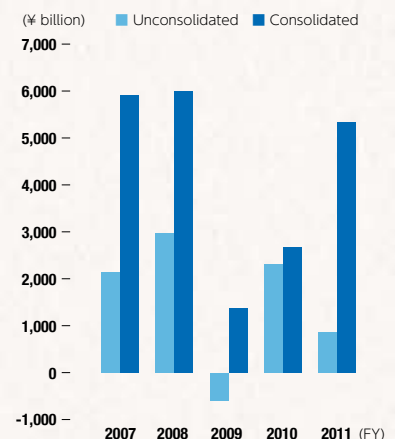
Net sales



Operating income



Net income





North America

 1,465,000

 184,000

 2,094,000

South America

 159,000

 1,744,000

 118,000

Company overview

Company name: Honda Motor Co., Ltd.
Head office: 2-1-1 Minami Aoyama, Minato-ku Tokyo 107-8556, Japan
Established: September 24, 1948
President & CEO: Takanobu Ito
Capital: ¥86.067 billion (as of March 31, 2011)
Sales: Consolidated: ¥8.9368 trillion (Results of FY2011)
 Unconsolidated: ¥2.9154 trillion

Number of associates: Consolidated: 179,060 (as of March 31, 2011)

Unconsolidated: 25,673 (as of March 31, 2011)

Consolidated subsidiaries: 384 (as of March 31, 2011)

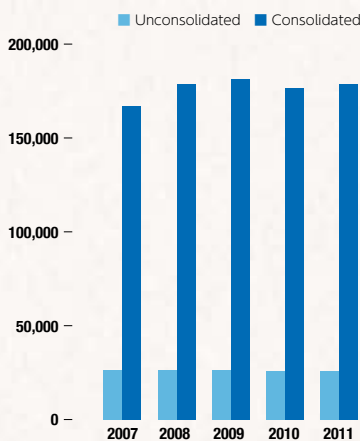
Major products:

- Automobiles:** Standard-sized vehicles, compact vehicles and mini-vehicles
- Motorcycles:** Scooters, mini-bikes, motorcycles, ATVs and personal watercraft
- Power products:** Power product engines, lawnmowers, marine outboard engines, CIG thin film solar cells, and household gas-engine cogeneration units

Note: Honda is a member of the World Business Council for Sustainable Development (WBCSD).

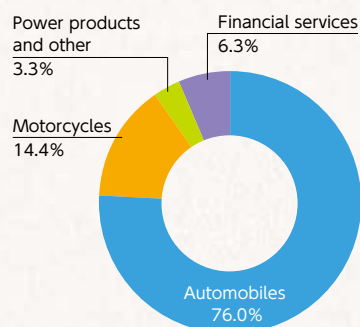


Number of associates



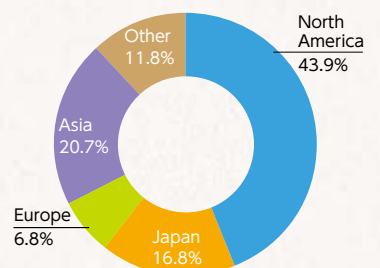
Net sales by operational area

(consolidated: FY2011)



Net sales by region

(consolidated: FY2011)



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● Report scope

Fiscal year (FY) 2011

(April 1, 2010–March 31, 2011)

Note: The report also refers to activities in FY2012, as well as to previous ongoing initiatives.

● Organizations covered by this report

This report covers the entire Honda Group, including Honda Motor Co., Ltd. and its 474 consolidated subsidiaries and affiliates (383 consolidated subsidiaries, 91 equity-method affiliates). Where information does not apply to the entire Honda Group, the scope of the information is indicated.

Detailed information about the main companies covered by the report can be found in the financial statements issued at the end June 2010.

Detailed information about the results of environmental conservation activities in Japan by key consolidated group companies, especially Honda Motor Co., Ltd., is included in the report.

- Honda R&D Co., Ltd.
- Honda Engineering Co., Ltd.
- Honda Motorcycle Japan Co., Ltd.
- Honda Access Corporation


Note: FY2011 performance data include figures that have changed due to companies merging and other developments.

● Guidelines used

- GRI, *Sustainability Reporting Guidelines* (G3)
- Ministry of the Environment, *Kankyo Hokoku Gaidorain* [Environmental Reporting Guidelines] (2007)
- Ministry of the Environment, *Kankyo Kaikai Gaidorain* [Environmental Accounting Guidelines] (2005)

The guideline used to calculate a specific categories of data is indicated in the relevant section of the report.

● Data verification

Data are independently verified. This  mark indicates that data have been confirmed.

Our goal under the Honda Environmental Vision is to bequeath the joy and freedom of mobility to future generations (for our children). That is why we must create a sustainable society where people can enjoy life (blue skies). These aspirations are symbolized in our environmental slogan and symbol.



Top Message

Striving to become a company that society wants to

—Providing good products to our customers with speed,
affordability and low CO₂ emissions—



exist by sharing joys with people throughout the world

I would like to begin by respectfully expressing our sorrow for the loss of life caused by the Great East Japan Earthquake. I would also like to offer our sincere condolences to all who have been affected by this tragedy, and our fervent hope for a speedy recovery.

Honda's Path to Transformation

Over the past few years, the focus of consumer demand for automobiles in world markets has shifted rapidly toward compact vehicles. This change reflects a global upsurge of environmental awareness as well as structural changes in the world economy. To achieve a transition to a new phase of growth and success, Honda must adapt quickly to this new era.

We need to develop and commercialize advanced environmental technologies, strengthen our activities in emerging markets, and respond quickly to the trend toward smaller vehicles. These are challenging times, and we must renew our commitment to Honda's fundamental philosophy of putting the needs of the customer first. Above all, we must continue to offer products that will bring joy to our customers.

These perceptions are reflected in the direction that we have chosen for Honda over the next 10 years. The message that I have given to Honda associates in the strongest possible terms is that our most important task is to provide affordable, low-carbon solutions through the speedy development of quality products.

We will turn this message into reality through determined initiatives in three areas: advances in environmental technology, the strengthening of production systems, and the strengthening of our business activities in emerging economies.

Honda's Environmental Awareness

One key area of concern in relation to the global environment is the climate change and energy issue. Honda has identified this as its most important focus for action. As a manufacturer of personal mobility products, we have made the reduction of greenhouse gas emissions a particular priority, and we have intensively invested management resources in this area. We also need to take a full range of strategic actions in response to other environmental issues, such as substances of concern, resources and biodiversity.

I believe that we can take Honda forward into a new and significant phase of growth and success by taking the initiative in thinking about this difficult question: How can we use our advanced environmental technology to reconcile our role in providing the joy of personal mobility to consumers with our own role in a sustainable society?

This will be a year of important beginnings. We will take

our first steps toward the realization of our vision for Honda in 2020 as a global leader in environmental and energy technologies.

In addition to the Direction for the Next 10 Years, which we formulated in 2010 based on Honda's principles, we have also adopted the Honda Environmental Vision and 2020 Product CO₂ Emissions Targets. In this time of rapid social and economic change, we cannot afford to relax our awareness of the importance of environmental issues. Instead, we need to strengthen our awareness and accelerate our response.

A New Phase of Global Business Expansion

I believe that to be a company society wants to exist, Honda must respond to the needs of its customers by supplying low-carbon solutions in the form of products that offer new value.

From its earliest days, Honda has actively worked to expand its business globally under its basic strategy of building products close to the customer.

Environmental issues occur on two levels. There are issues that affect the entire world, such as global warming, and problems that are specific to certain localities and areas, such as water and soil issues. As a global enterprise, Honda takes both types of issues very seriously. We want our customers in every country and region to understand our environmental initiatives, and for that reason we will progressively publish regional editions of the Honda Environmental Annual Report.

The Publication of Honda Environmental Annual Report 2011

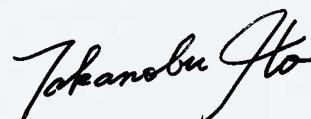
The Honda Environmental Annual Report contains information about the results of Honda's global environmental initiatives each year.

This year's report presents Honda's vision and goals for the period leading up to the milestone year of 2020, together with environmental policies and specific action policies based on a mid-term management plan.

We have also compiled a collection of case studies and supplementary data concerning some of our innovative initiatives in each domain. This is available on our website. We hope that you will read this information together with this report, and we look forward to receiving your frank comments and appraisals.

June 2011

President & CEO
Chairman, Honda World
Environmental Committee



Honda Environment Statement

Honda has been implementing proactive measures to help resolve environmental challenges since the 1960s, when concerns about air pollution began to grow. In 1966, soon after expanding into automobile production, we established a department to research air pollution measures. We introduced the CVCC engine, becoming the world's first automaker to comply with the 1970s U.S. Clean Air Act—a challenge thought by many to be nearly insurmountable. Believing that issues raised by technology should be solved by technology, we've continued to confront environmental challenges.

In 1992, we released the Honda Environment Statement to clearly define our approach to environmental issues, which is central to everything we do. In 1999, we set specific numerical targets for cleaner emissions and higher fuel efficiency in all of our product categories, all of which were achieved by their target date of 2005. In 2006, Honda became the world's first automaker to announce voluntary global targets for reduction of CO₂ emissions by 2010.

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 the 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

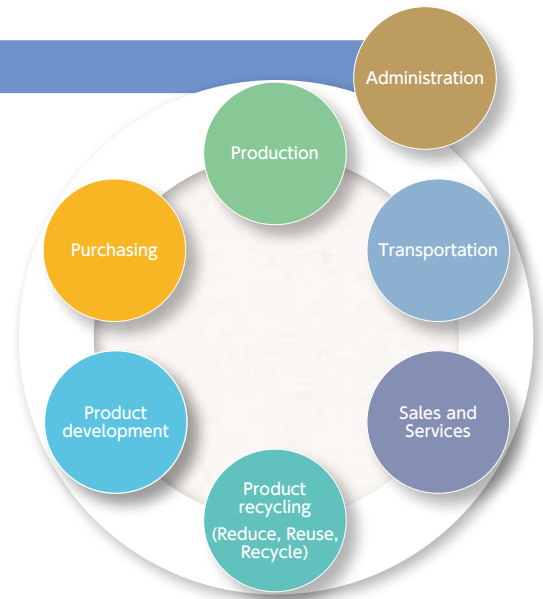
We will consider the influence that our corporate activities have on the local environment and society, and endeavor to improve the social standing of the company.

Established and announced in June 1992

Honda's Response to Environmental Issues

Analysis of Current Environmental Issues

Evidence of Honda's long-standing commitment to the solution of environmental problems includes its development of the CVCC engine to meet requirements under the 1970 U.S. Clean Air Act. As efforts to overcome global environmental problems accelerated in the 1990s, Honda progressively established organizational units and company-wide systems and expanded its initiatives under action policies set forth in the Honda Environment Statement (P.3), in which it defined its philosophy on environmental conservation activities. Today Honda recognizes its responsibility to reduce the environmental impacts resulting from all of its business activities and the use of its products. It uses the Life Cycle Assessment (LCA) approach to assess environmental impacts and analyze the effects of its business activities and the use of its products on the global environment. Based on the results of these analyses, Honda formulates specific policies for initiatives in each domain as the basis for global environmental management (see table below).



Responding to the Issues

Honda's Corporate Activities		Honda's Response	
Life cycles in Honda's corporate activities	Anticipated environmental load factors	Main initiatives	Honda Environmental Performance Standards (HEPS)
Product development domain	Greenhouse gases Exhaust emissions Raw materials Noise/Vibration Substances of concern	<ul style="list-style-type: none"> Fuel efficiency improvements Reduction of exhaust emissions Development of alternative-fuel products 3R (Reduce, Reuse, Recycle) design Noise reduction 	Hi Efficient Products Efficiency improvement technology for internal combustion engines
Purchasing domain	Greenhouse gases Raw materials Waste Water intake Wastewater	<ul style="list-style-type: none"> Promotion of "Green Purchasing" Environmental management Energy and resource conservation by suppliers Zero emission initiatives by suppliers* 	
Production domain	Greenhouse gases Exhaust emissions Noise/Vibration Substances of concern	<ul style="list-style-type: none"> Promotion of "Green Factories" Environment management Energy and resource conservation Zero emission initiatives* 	Innovative Products Environmental innovation technology Technology to support energy diversification
Transportation domain	Greenhouse gases Waste	<ul style="list-style-type: none"> Promotion of "Green Logistics" Environment management Improvement of transportation efficiency Using less packaging 	
Sales and services Domain	Greenhouse gases Removed parts CFCs Waste	<ul style="list-style-type: none"> Promotion of "Green Dealers" (automobiles, motorcycles, power products) Environment management Improvement of energy efficiency Improvement of environmental protection Contribution to local communities 	Revolutionary Products Technology to support renewable energy
Product recycling (Reduce, Reuse, Recycle)	Greenhouse gases End-of-life products	<ul style="list-style-type: none"> Expansion of parts recovery, reuse and recycling Appropriate disposal of end-of-life products Technical support for recycling 	
Administration domain	Greenhouse gases Waste	<ul style="list-style-type: none"> Promotion of "Green Offices" Environment management Energy conservation Effective use of resources Environmental contribution to local communities 	

*Social contribution activities

*The aim of zero emission initiatives is to reduce waste and substances of concern as near as possible to zero.

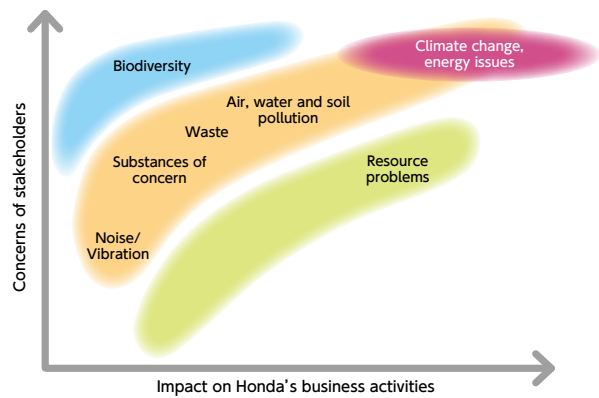
Honda responds comprehensively to environmental issues under policies for each of its global operations. To identify priority issues, it analyzes the importance of environmental issues that are currently apparent (see table on right).

As a supplier of products, especially mobility products, to customers throughout the world today, Honda regards climate change and energy issues as the most important global environmental issues.

When emissions of greenhouse gases, which are seen as the cause of climate change, are analyzed from a life cycle perspective, it becomes apparent that carbon dioxide (CO₂), which is one of the most significant greenhouse gases, accounts for, by far, the largest share of those emissions. For this reason, Honda has set CO₂ reduction targets* (see P.10, P.12-13) and stepped up its efforts in all regions and domains to meet those targets.

Honda is also analyzing environmental impacts in relation to other environmental issues. Based on the results of these analyses, it formulates plans

Honda's Perception of Environmental Issues from a Global Perspective



for specific initiatives in each region and domain to address these problems (see P. 5).

*Reduction targets are set for identifiable greenhouse gases in each domain.

Honda's Assessment of Risks and Opportunities in Relation to Climate Change and Energy Issues

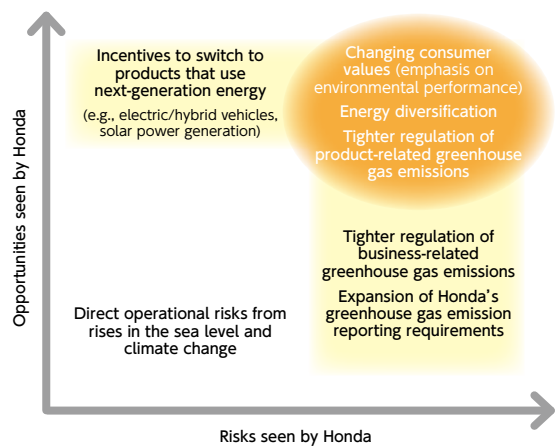
Honda identifies risks and opportunities relating to climate change and energy issues from the perspectives of its business operations in the areas of motorcycles, automobiles and power products, and from a regional perspective under its regional operation management structure. Risks and opportunities are then assessed on a global basis by the World Environmental Committee. Findings from these risk and opportunity analyses are also used by regional operations and regional environmental committees, and by business divisions and functional operations in the formulation of management policies and strategies. This risk management process is carried out annually or as required by global Honda and for each region, product and business site.

As shown in the diagram, Honda assesses risks and opportunities that can currently be anticipated in relation to climate change and energy issues on a global basis. As these risks and opportunities are identified, they are reflected in mid-term management plans and the planning of specific environment-related initiatives.

For example, to minimize risks relating to regulations governing emissions of greenhouse gases from products, Honda is actively working to reduce CO₂ emissions from its products. It has achieved its 2010 reduction targets for CO₂ emissions, which cover more than 90% of all motorcycles, automobiles and power products sold by Honda worldwide (see P. 7) and set emission reduction targets for new products introduced in the period leading to 2020.

As consumers become more conscious of the environment, values are changing and approaches to energy use are becoming more diversified. Honda is responding to these changes by developing,

Honda's Thinking on Risks and Opportunities of Climate Change and Energy Issues from a Global Perspective



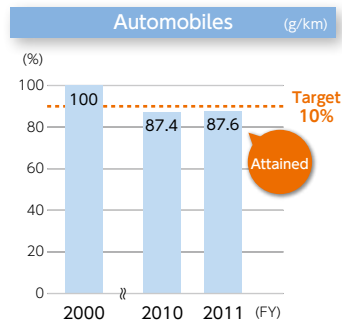
manufacturing and selling solar cells in Japan and by developing a solar-powered hydrogen station. It has also initiated trials in Japan, the United States and China to verify the benefits of these technologies for mobility in a future low-carbon society based on the use of electric power technology and information and communications technology. Honda will progressively introduce new products resulting from this work.

Honda's efforts to meet greenhouse gas emissions standards relating to its corporate activities involve cooperation across all domains and regions. The results of these emissions reduction initiatives are reported to society through Honda Environmental Annual Report (see P.12-13).

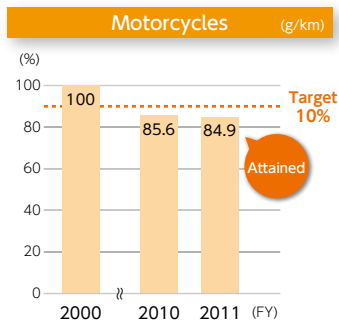


Progress toward CO₂ Reduction Targets for 2010

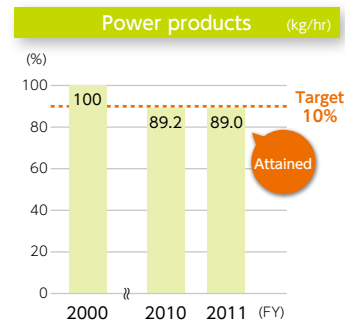
Product CO₂ emissions reduction



The reductions attained exceeded the target. This reflects increased sales of fuel-efficient products, such as compact and hybrid vehicles, especially in developed countries, as well as improvements in the efficiency of engines in large vehicles.

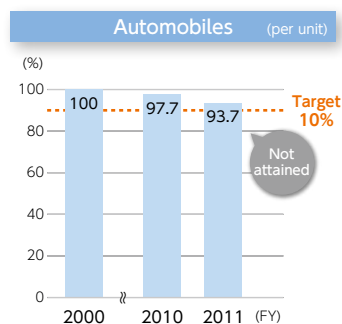


Reductions significantly greater than the target figure were attained, thanks to substantial increases in sales of Wave110, which provides improved fuel efficiency, in Thailand and Vietnam, and compact vehicles with programmed fuel injection (PGM-FI) systems in Brazil.

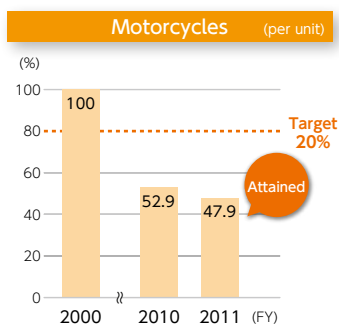


Despite a percentage decline in sales of compact household cogeneration units, which already had relatively low CO₂ emissions, improvements in the efficiency of large engines brought further reductions in emissions per unit, with the result that the reductions attained exceeded the target level.

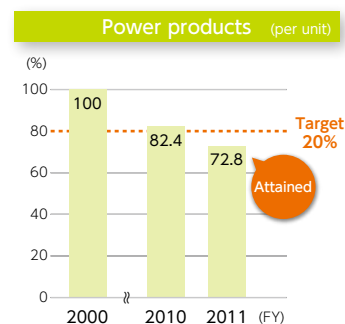
Production CO₂ reduction



The target was not attained, in part because of substantial reductions in the number of units produced and sold as a result of the economic crisis. However, CO₂ emissions per unit produced have been reduced by 4.0% since fiscal 2010, mainly through improvements to the efficiency of production facilities.



CO₂ emissions per unit produced have been reduced by 5.1% since fiscal 2010. This reduction, which is greater than the target level, was achieved through initiatives that included the consolidation of production sites and the reduction of energy use during halts in production.



At 9.7%, the reduction in CO₂ emissions per unit produced since fiscal 2010 allowed Honda to exceed its target level. This was achieved in part through measures to reduce energy use during halts in production.

Honda predicts that demand for motor vehicles and other mobility products will continue to expand in the future. This means that Honda must work to achieve the conflicting goals of mitigating global climate change and keeping pace with growth in demand. In 2006, it adopted global CO₂ emissions reduction targets with the aim of maintaining its ability to supply customers with products that have the lowest CO₂ emissions through corporate activities that also have the lowest CO₂ emissions. When setting these targets, Honda sought to lead the industry in improving the energy efficiency of both products and production operations.

All of these targets have been achieved except production CO₂ reduction, which became unattainable because of massive reductions in the number of vehicles produced and sold and the resulting postponement of these measures after the 2008 global economic crisis.

Honda was particularly successful in its efforts to improve the energy efficiency of its products, and all targets relating to motorcycles, automobiles and power

products were achieved. While one production-related target could not be achieved, Honda still achieved a significant improvement in the energy efficiency of its production operations through the worldwide implementation of standardized measures to reduce CO₂ emissions.

Efforts to reduce environmental impacts in Japan also fell short of the targets in two categories because of the 2008 economic crisis and the effects of the Great East Japan Earthquake in 2011. However, Honda reached its targets in six categories, including waste reduction and water resource utilization, and was able to make significant progress toward the reduction of many environmental impacts. (See P.15 for the progress toward reduction targets within Japan in fiscal 2010.)

Honda has adopted a new Environmental Vision in 2011 and will continue to work under that vision to minimize CO₂ emissions and other environmental impacts and reduce the use of fossil fuels and other resources.

Honda Environmental Vision

Realizing “the Joy and Freedom of Mobility” and “a Sustainable Society where People Can Enjoy Life”

In 2010, Honda announced within and beyond its organization that the company’s direction in the period leading to the year 2020 would be “to provide good products to our customers with speed, affordability and low CO₂ emissions.”

By “good products” we mean to embody customers’ wants and needs in attractive products using Honda’s unique technologies, knowledge and ingenuity. Such good products must be delivered with speed without making our customers wait, and at affordable prices that make our customers happy with their purchase. This is the direction Honda will take.

“With low CO₂ emissions” represents our conviction based on the strong sense of crisis that, as a manufacturer of personal mobility, Honda will have

no future unless we achieve a significant reduction of CO₂ emissions.

This focus is encapsulated in the Honda Environmental Vision of a future in which environmental initiatives will allow people to realize “the joy and freedom of mobility” and “a sustainable society where people can enjoy life.” In this vision, Honda has expressed its strong determination to contribute to a society based on sustainability and harmony so that it can continue to offer excitement to its customers through products and services used for personal mobility and in people’s everyday lives.

Honda is determined to turn this vision into reality by actively implementing environmental initiatives on a global level. Particular emphasis will be placed on the following aspects:

- **At each stage of its products’ life cycles (products, corporate activities), Honda aims to**
 - Minimize the use of fossil fuel and resources newly recovered from the Earth
 - Minimize environmental impacts, including greenhouse gas emissions
- **Honda aims to reduce to zero greenhouse gas emissions from Honda products used for mobility and in people’s everyday lives**

Honda global environmental slogan

Blue Skies for Our Children

“Blue Skies for Our Children” is the global environmental slogan adopted by Honda to express its commitment to the realization of this environmental vision through expanded environmental initiatives.

The Honda engineers who took on the challenge to meet the stringent new emissions standards of the 1970s U.S. Clean Air Act, used the phrase “blue skies for our children” as a passionate rallying cry to devote themselves to this effort. Honda wants to pass on the “joy and freedom of mobility to the next generation” (for our children), therefore, we want to realize a sustainable society where people can enjoy life (blue skies). This slogan continues to represent Honda’s passion toward its environmental commitment which has not wavered and will remain resolute in the future.

The Honda global environmental symbol shown on the right was chosen as the symbol

for the environmental slogan. The environmental slogan and environmental symbol will be used in future environmental activities and communication throughout the world, both within and beyond the Honda Group.

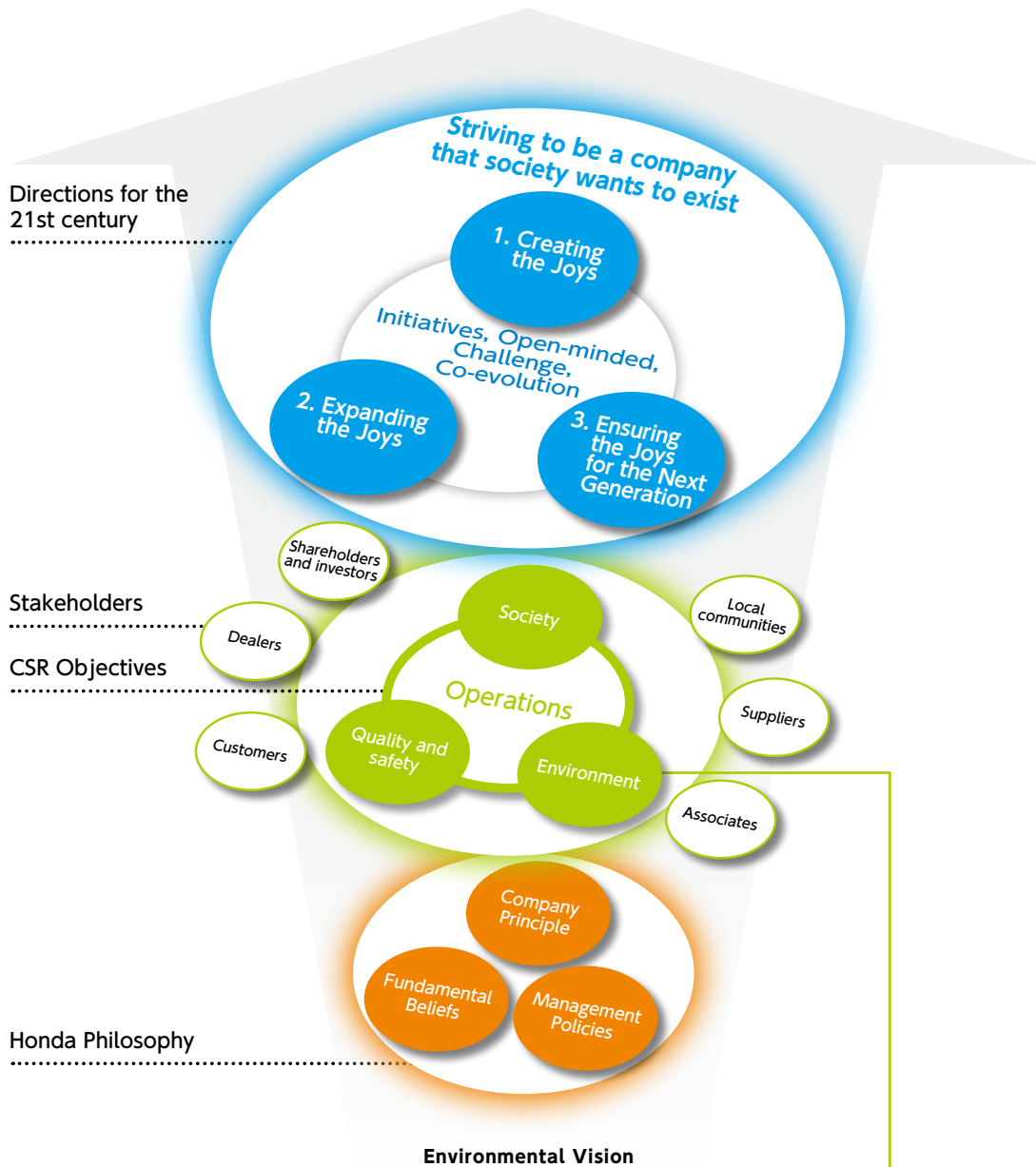
Note: “The Power of Dreams” will be retained as Honda’s global brand slogan, and “Blue Skies for Our Children” will be used exclusively for environmental initiatives.



BLUE SKIES FOR
OUR CHILDREN

Positioning of Honda's Direction and Environmental Vision

Honda's global brand slogan



Realizing “the Joy and Freedom of Mobility” and “a Sustainable Society where People Can Enjoy Life”

Honda Global Environmental Slogan

The circular graphic represents the earth and sun with blue skies (clean air), clean water, and lush green land expressing the bounty of nature that is necessary for us to realize a sustainable society where people can enjoy life. The white line through the middle represents a road where freedom of mobility is realized, while the heart represents Honda's thinking and passion toward our environmental commitment.



Realizing the Honda Environmental Vision

2020 Product CO₂ Emission Reduction Targets

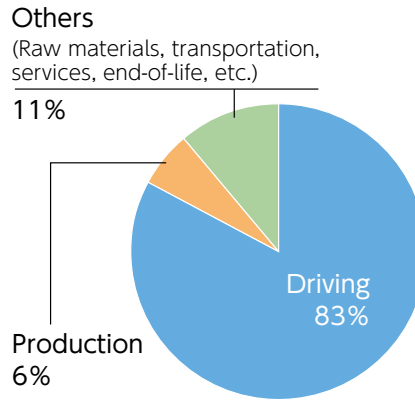
As it implements initiatives designed to realize its environmental vision, Honda recognizes the importance of product-related environmental impacts, especially CO₂ emissions through use of its products, to its efforts to reduce environmental impacts across the company's full products' full life cycles.

Honda regards the climate change and energy issue as its most important challenge, and one of the key substances involved in this issue is CO₂. Estimates made using the Honda LCA Data System indicate that around 83% of Honda-related CO₂ is emitted when vehicles are operated by users. For this reason, Honda believes that the most important way for it to respond to climate change and energy issues is to reduce CO₂ emissions from products. That is why Honda has adopted the 2020 product CO₂ emissions reduction targets.

Having achieved all of its CO₂ emissions reduction targets for fiscal 2010 products, Honda has set new targets for 2020 calling for a 30% reduction in the fleet average CO₂ emissions of motorcycles, automobiles, and power products compared with 2000 levels.

Honda will work to achieve these targets in the period leading to 2020 by responding to priority challenges, including increased research and development, and the introduction of energy-efficient products to the market.

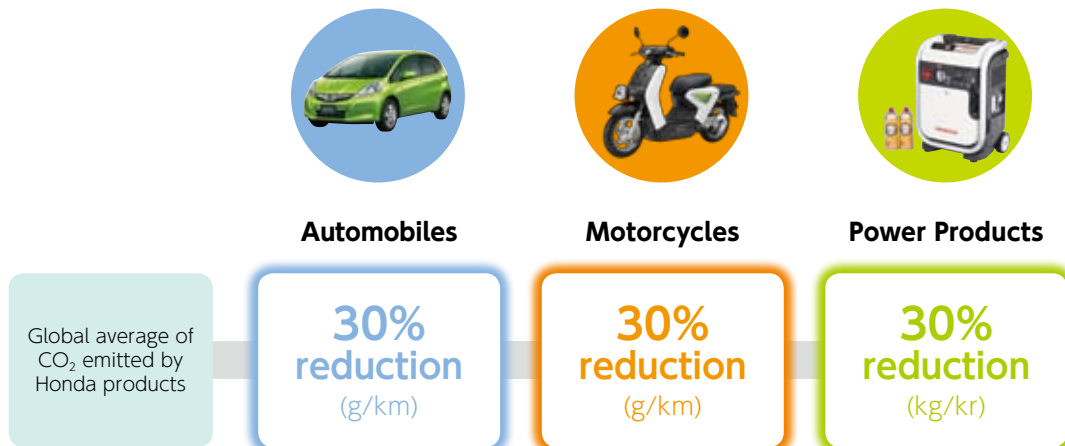
CO₂ emissions over the life cycle of a vehicle (as assessed with the Honda LCA system)



Example based on a conventional model (automobile with gasoline engine)

Note: Calculations are based on a total vehicle mileage of 100,000km.

2020 Reduction Targets for Product-Related CO₂ (Baseline: 2000)



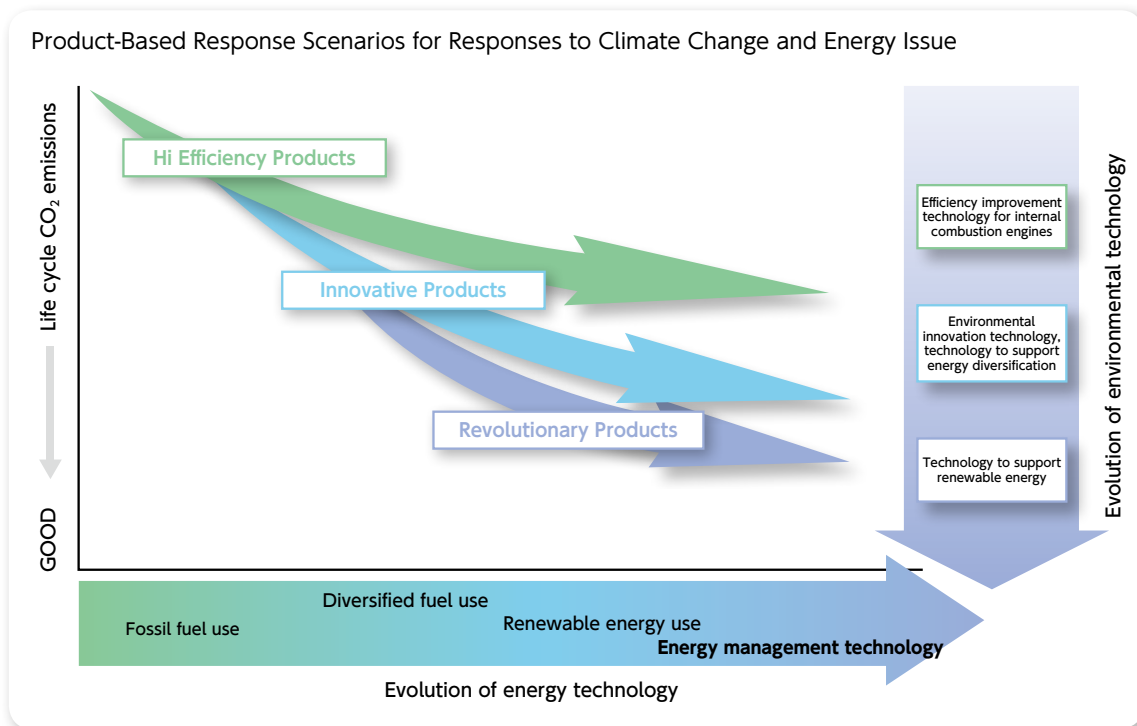
Scope of statistics

Automobiles: Japan, North America, Europe, Asia/Oceania, China, Central and South America (more than 90% of worldwide sales)
 Motorcycles: Japan, North America, Europe, Thailand, India, China, Indonesia, Vietnam, Brazil, Philippines, Malaysia, Pakistan (more than 90% of worldwide sales)
 Power products: All products sold in all regions

Honda Environmental Performance Standards (HEPS)

Honda aims to realize its environmental vision by innovating and combining environmental technology innovation with energy technology innovation. Its approach, as represented in the diagram below, calls for improvements in the efficiency of internal combustion engines, advances in environmental technologies, the adoption of diversified energy technologies, and the use of renewable energy forms, including hydrogen and solar cells. Honda will work to reduce to zero greenhouse gas emissions relating to mobility and other lifestyle areas by combining advances in these fields with energy management technologies.

Under this scenario for a product-based response to the climate change and energy issue, Honda will apply its own classification and approval systems based on the Honda Environmental Performance Standards (HEPS) to products designed to reduce life cycle CO₂ emissions, including products made possible by improvements to the efficiency of internal combustion engines, products based on environmental innovations and energy diversification technologies, and renewable energy products. Through this approach, Honda will progressively introduce the technologies needed to reduce CO₂ emissions to the market and expand their use.



An Image of the Future Based on Honda's Environmental Vision



Image of Honda Smart community system

Plan to build solar hydrogen station

Mid-Term Plan for Product-Related Environmental Initiatives

Honda has drawn up a plan for the following specific three-year initiatives to minimize environment impacts, including CO₂ emissions, in the period to fiscal 2014. Honda's goals under this plan include not only improvements to the energy efficiency of its products, but also further enhancements to 3R

(reduce, reuse, recycle) activities, further progress toward the reduction of product exhaust emissions, and the improvement of management systems for chemicals used in products.

Plans for Product-Related Initiatives

Direction of initiatives toward 2020		Environmental initiatives in mid-term plan (fiscal 2012—2014)
Climate change, Energy	Achievement of global targets for reduction of fleet average CO ₂ emissions, with a view to the early stabilization and eventual reduction of total CO ₂ emissions from a product life cycle perspective	<p>Sustained efforts to reduce product-related CO₂ emissions by 2020 Automobiles: 30% reduction in CO₂ emissions (g/km) by 2020 (Baseline: 2000) Motorcycles: 30% reduction in CO₂ emissions (g/km) by 2020 (Baseline: 2000) Power products: 30% reduction in CO₂ emissions (kg/hr) by 2020 (Baseline: 2000)</p> <p>Achievement of best fuel efficiency in the industry, accelerated introduction of technology Motorcycles: e.g., expanded use of electronic fuel injection system (PGM-FI) and low friction engines, especially on commuter vehicles Automobiles: e.g., phased updating of engine and transmission line-ups, starting in 2012 Power products: Increased use of technology, developed for the iGX, that electronically controls engine speed (STR Governor)</p> <p>Establishment and expanded implementation of next-generation electromotive technologies Motorcycles: Launch of electric motorcycles designed to meet local needs in developed countries (launched in Japan) and rapidly growing countries (China) Automobiles: Now developing multiple models (mainly small-sized vehicles) with IMA for the Japanese market, and medium-sized and larger plug-in hybrids and battery electric vehicles, planned for launch in Japan and the U.S. in 2012, and for production start-up in China Power products: Enhancement of electric lawnmowers and introduction of additional models, especially in Europe</p>
	Introduction of new products to reduce to zero greenhouse gas emissions from Honda products used for mobility and in other areas of life	<ul style="list-style-type: none"> Market launch of new thin-film solar cells with the world's highest module conversion rates for CIGS cells, efforts to increase use, including initiatives in overseas markets Demonstration tests of next-generation personal mobility systems in cities in Japan, the U.S. and China Demonstration tests of Honda Smart Home System through joint implementation of E-Kizuna project with Saitama City, with the aim of halving household CO₂ emissions from 2000 levels by 2015
Resource circulation, Water/resources	Further evolution of 3R (Reduce, Reuse, Recycle)	Products: Continued promotion of 3R (Reduce, Reuse, Recycle) design, including an emphasis on weight reduction, yield improvement, recyclability and maintainability, and the use of easily recycled materials and recycled resins
Substances of concern	Reduction of exhaust emissions	Sustained efforts to reduce exhaust emissions to comply with tighter exhaust emission regulations in various countries
	Tighter management of substances of concern used in products	<ul style="list-style-type: none"> Promotion of management of substances of concern used in products, promotion of alternatives for substances of high concern Implementation of global management systems for substances of concern used in products, in order to comply with related regulations in various countries

Direction for Future Initiatives Relating to Corporate Activities

Honda's efforts to reduce the environmental impacts of its products throughout their full life cycle are not limited to CO₂ emitted by products. Honda is aware that environmental impacts caused by its own corporate activities are also significant and has implemented initiatives based on targets for each domain.

For example, the green factories project launched in 1997, led, in 2004, to the establishment of the Green Factory Promotion Center, which continues to implement initiatives designed to minimize environmental impacts in the production domain at Honda plants worldwide.

Honda recognizes the importance of initiatives targeting all aspects of its corporate activities, including supply chains, to the realization of its environmental

vision. It was for this reason that it issued the Honda Green Purchasing Guidelines in 2001. Under these Guidelines, which were updated in 2011, Honda is working actively to apply environmental management techniques to its supply chains, especially in relation to greenhouse gas emissions.

As with product-related initiatives, a mid-term plan has been formulated detailing specific approaches to the realization of Honda's environmental vision in relation to its corporate activities. Goals under this plan include increased efforts to reduce CO₂ emissions from a product life cycle viewpoint, the expansion and enhancement of 3R (reduce, reuse, recycle) activities, and the minimization of water use.

Plans for Mid-term Initiatives Relating to Corporate Activities

Direction for initiatives in the period to 2020		Mid-term (fiscal 2012-2014) plans for environmental initiatives
Climate change, Energy	Overall strengthening of initiatives from a product life cycle perspective	Corporate activities (global) CO₂ emissions per unit of production: 5% reduction (Baseline: fiscal 2009) by fiscal 2014 Corporate activities (Japan, Honda and main group companies²) CO₂ emissions per unit of sales: 5% reduction (Baseline: fiscal 2001) by fiscal 2014
		Purchasing domain: • Promotion of monitoring and reduction of supply chain greenhouse gas emissions under revised Green Purchasing Guidelines Production domain: • Introduction of advanced environmental technology at the Yorii Plant (production scheduled to start in 2013) and preparations for global implementation • Setting of energy use benchmarks, standardization of energy efficiency at a high level Transportation domain: • Improvement of transportation efficiency in all regions through modal shifts, improvements in truck fuel efficiency, etc. Japan (scope of shippers) CO₂ emissions per ton/km: Reduction by 10% (Baseline: fiscal 2007) by fiscal 2014 Sales and Services domain, administration domain, Product development domain: • Promotion of energy conservation activities based on environmentally responsible manners and improved use of facilities
Resource circulation, Water resources	Further evolution of 3R (Reduce, Reuse, Recycle)	Production domain: • Strengthening of resource reduction initiatives, including yield improvements and reduction of by-products • Increased efforts to promote use of metal scraps in cooperation with suppliers • Continued efforts to maintain zero landfill waste (Japan, Europe) • Japan (Honda and main group companies²): Reduction of waste generated per unit of sales by 5% (Baseline: fiscal 2001) by fiscal 2014 Recycling of end-of-life products: • Sustained efforts to comply with end-of-life vehicle recycling laws in various countries • Japan: Maintenance and improvement of effective recycling rates, improvement of recycling quality leading to resource circulation • Japan: Maintenance of automobile ASR recycling ratio of 70% or higher • Japan: Achievement of effective motorcycle recycling ratio of 95% by fiscal 2015
	Minimization of water use	Production domain: Reduction of water use according to local conditions (e.g. use of recycled water in production processes, water-saving activities) • Japan (Honda and main group companies²): Reduction of water use per unit of sales by 5% (Baseline: fiscal 2001) by fiscal 2014
Substances of concern	Reduction of VOC emissions during production processes	Production domain: Improvement of VOC emissions reduction technology for painting processes, extension to overseas facilities and for motorcycle painting processes • Japan (production domain): Reduction of VOC emissions per unit of automobile body painted area by 30% (Baseline: fiscal 2001) by fiscal 2014
Biodiversity	Community-based conservation initiatives based on Honda Biodiversity Guidelines	Initiatives based on corporate activities: • Dissemination of information through the supply chain about water use and the potential for ecological damage caused by harmful substances • Cooperation with local communities • Biodiversity surveys at business sites in Japan • Formulation of business site policies, development of implementation guidelines and expertise • Studies concerning extension to overseas business sites
Environmental management	Enhancement of global/local environmental initiative structures, increased disclosure of environmental information	Strengthening of independent local environmental promotion structures and reinforcement of global collaboration
		Development of Honda Environmental Annual Report into a global report, improved local disclosure of environmental information

1 Reduction ratios for motorcycles, automobiles, and power products are weighted averages for CO₂ emissions per unit.

2 Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Engineering Co., Ltd., Honda Access Corporation

Global environmental management system

Honda has developed an institutional framework to put into practice the principles of environmental conservation as defined in the Honda Environment Statement. Honda's environmental management system, which mandates that environmental conservation initiatives be planned and executed appropriately, is described here.

environmental management Promoting worldwide

Organization

In December 1991, Honda created what is now referred to as the Japan Environmental Committee, whose role is to play a central part in addressing environmental issues in Japan. Subsequently, the organizational framework was extended to Honda's other five regions. In March 1995, the World Environmental Committee was established to create and promote global plans in keeping with the company's three-year mid-term business plans.

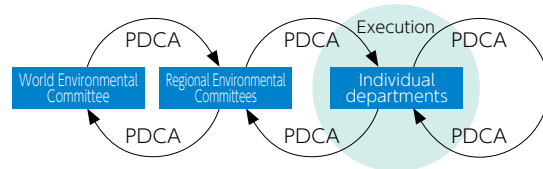
Based on mid-term policies determined by the Executive Council, environmental action plans are developed by individual departments. These plans are then discussed and approved by regional environmental committees. Next, individual departments take responsibility for implementation based on the commitments specified in their plans. Results are evaluated by regional environmental committees, and, on the basis of their guidance, plans and targets are developed in each of Honda's six

regions, completing the PDCA¹ cycle at the regional level. Issues considered to be global in scope are referred to the World Environmental Committee, which is chaired by the President & CEO in his role as Chief Environmental Officer. The deliberations of the World Environmental Committee are reflected in mid-term policy statements.

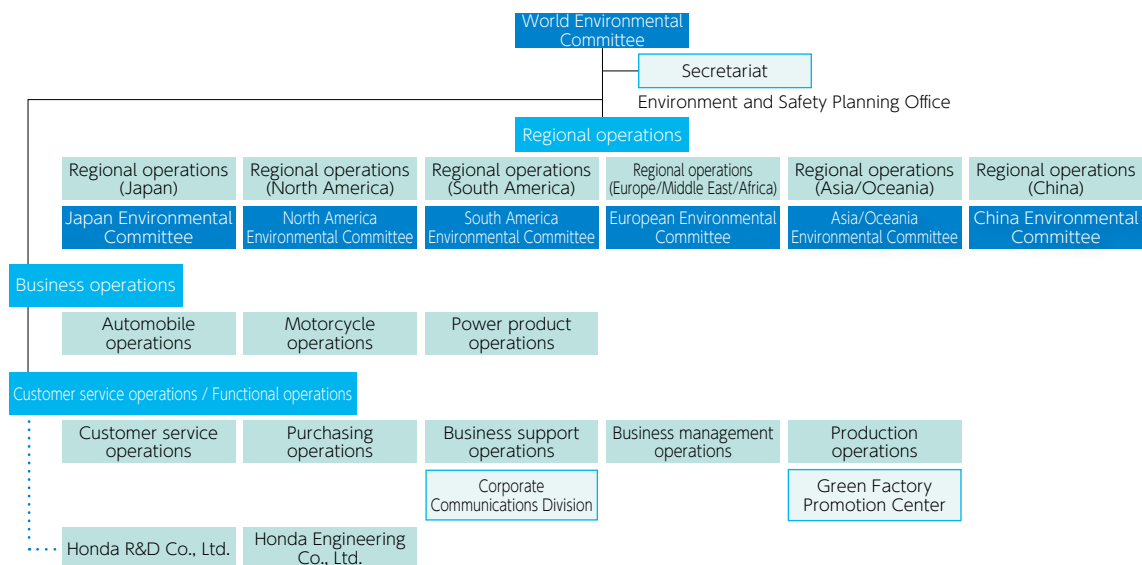
A hallmark of Honda environmental initiatives is that planning and execution are not delegated to specialists; rather, associates in all departments are directly involved. All associates are engaged with environmental issues as part of their duties.

¹ The Plan, Do, Check, Act cycle.

Environmental preservation based on the PDCA cycle



Global environmental conservation organization



Compliance with laws and regulations

All Honda facilities strive for improved environmental conservation based on the Honda Environment Statement and have introduced environmental management systems. All Honda facilities also abide by Honda's own voluntary standards, which are more stringent than national or regional laws and regulations.

In April 2003, Honda established the Honda Conduct Guideline and is implementing it worldwide. In the guideline, compliance is defined as "compliance with laws, company rules and social norms," while 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." Upon the introduction of the guideline, a director was nominated as compliance officer, and Honda has continued to work to strengthen compliance and risk management frameworks under the supervision of the director in charge of each part of the organization.

Emergency protocols

In anticipation of accidents and emergencies that could cause environmental pollution, each factory and department has clearly defined procedures for the prevention of pollution.

Environmental management at Honda facilities

Along with organization-wide environmental management, Honda's facilities are introducing environmental management systems to continuously improve their ability to protect the environment and more thoroughly mitigate the environmental impact of SOCs. Honda has been proactive in acquiring environmental management ISO 14001 certification for its production plants and other facilities.

All of Honda's production facilities in Japan had acquired certification by FY1998. As part of the Green Office initiative, the Honda Motor headquarters building in Aoyama acquired ISO 14001 certification in FY2000, as did the new Wako building in FY2006. Honda is also working toward certification of major facilities worldwide. In Europe, Honda is promoting compliance with the EU's Eco-Management and Audit Scheme (EMAS), which has been achieved for

all factory operations.

Honda will continue working to acquire and retain ISO 14001 and EMAS certification throughout the Honda Group. In pursuing these initiatives, Honda will continue to apply the PDCA cycle in order to reduce the environmental impact of all operations.

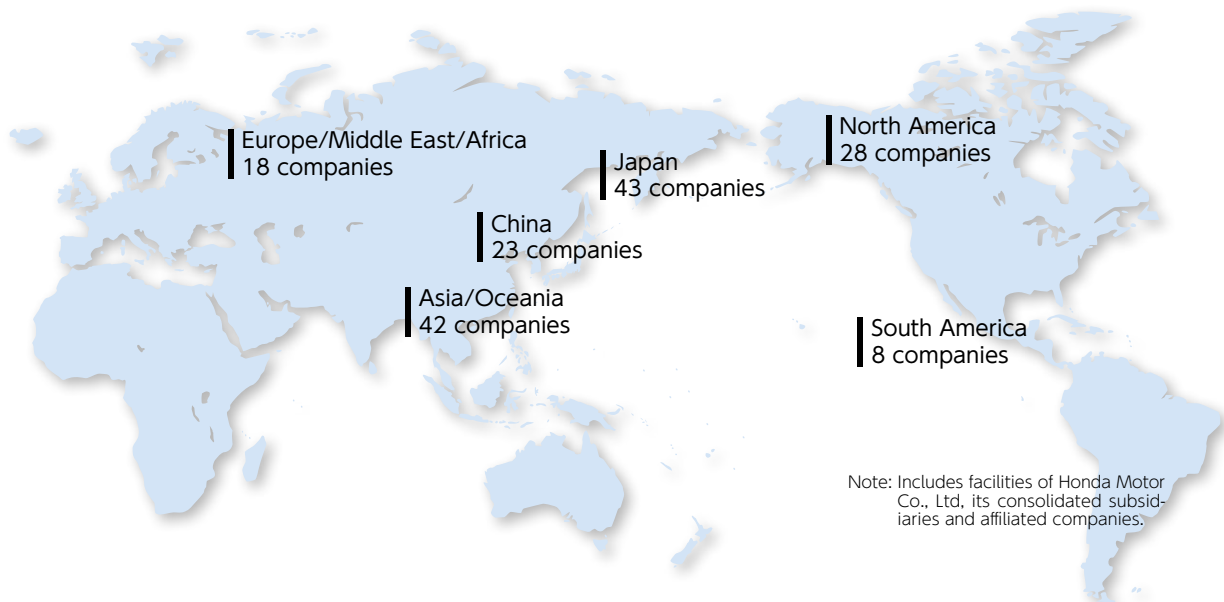
ISO 14001 certification extends beyond production, and 161 Honda affiliates have received certification worldwide. The adjacent chart provides details on ISO/EMAS certification at Honda manufacturing facilities.

For further information, please see the Honda Worldwide website's environment section. This URL is Japanese only.

[URL] <http://www.honda.co.jp/environmental-report/>



ISO 14001-certified companies (as of March 31, 2011)

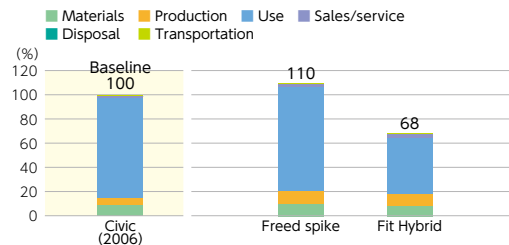


Promotion of LCA (Life Cycle Assessment)

In March 2002, Honda established the Honda LCA System in Japan to measure the environmental impact of products from manufacturing to disposal. Applying this system, Honda is working to reduce its environmental impact. One of the key elements Honda is monitoring is CO₂ emissions. Based on emissions measurements, Honda is setting targets for production, purchasing, sales and service, administration, transportation and other domains, and implementing effective initiatives to reduce emissions.

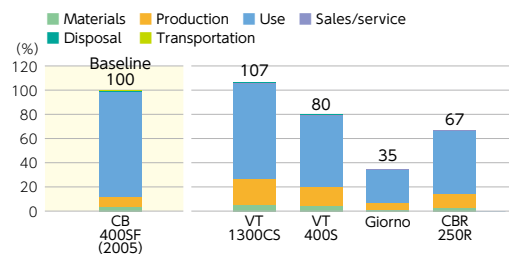
In FY2007, Honda introduced a new product LCA system to represent the volume of CO₂ emissions associated with the life cycle of a single vehicle, from the procurement of raw materials to disposal. The adjacent graphs display calculations for major automobile and motorcycle models introduced in FY2011. The results provide confirmation of the importance of the use stage in reducing CO₂ emissions. Using this system, Honda can more accurately assess the volume of CO₂ emissions for all aspects of a vehicle's life cycle, reinforcing reduction efforts.

LCA results for major automobile models released in FY2011 (Japan)



Note: Calculations are based on a total vehicle mileage of 100,000 km.

LCA results for major motorcycle models released in FY2011 (Japan)



Note: Calculations are based on a total vehicle mileage of 50,000 km. For more information on LCA results of other new motorcycle models, see Case Studies and Supplementary Information.





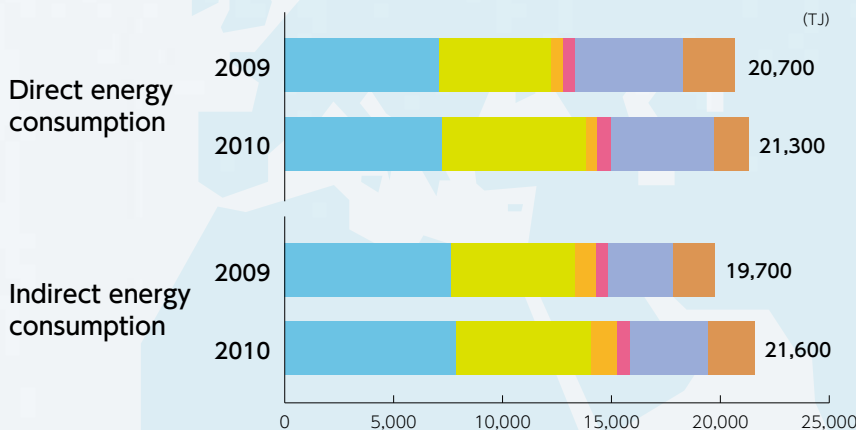
Global environmental impact

Honda is promoting its Green Factory initiative worldwide, with the goal of creating production facilities that are the pride of the communities in which they operate. In our non-production activities as well, we are promoting energy conservation and waste-reduction initiatives on a global basis.

- * Some data for Japan have been estimated due to the effects of the Great East Japan Earthquake.
- * Historical figures have been adjusted to reflect an increase in the number of companies covered and closer analysis of the data.
- * Data for companies added to Honda's consolidation during the year under review, and for companies that have been excluded from the consolidation due to mergers, liquidation or other changes, are not included.
- * Totals with more than three digits have been rounded to three significant digits.

1 Energy consumption

JAPAN NORTH AMERICA SOUTH AMERICA
EUROPE ASIA/OCEANIA CHINA



**Companies covered (FY2011):
Most consolidated subsidiaries
and affiliated companies in the
Honda Group**

- Notes:
- Purchased electricity has been converted to Joules using the world standard of 3.6 (GJ/MWh).
 - Calculations based mainly on energy from fixed sources.
 - A terajoule (TJ) is a unit of energy. "Tera" means 10¹².

2 Greenhouse gas emissions

JAPAN NORTH AMERICA SOUTH AMERICA
EUROPE ASIA/OCEANIA CHINA

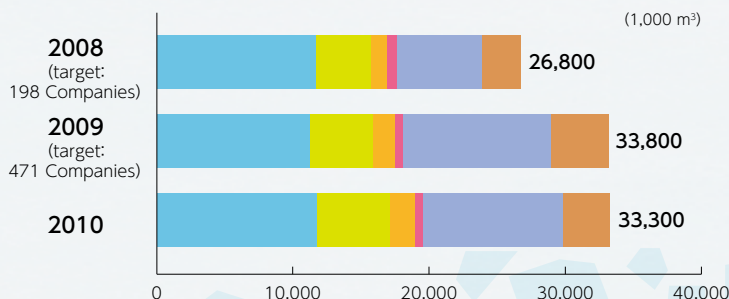


**Companies covered (FY2011):
Most consolidated subsidiaries
and affiliated companies in the
Honda Group**

- Notes:
- For information about greenhouse gas calculation methods, see WRI/WBCSD (2004), "The Greenhouse Gas Protocol (Revised Edition)."
 - Greenhouse gas emission calculations are based mainly on emissions from fixed sources.

3 Water consumption

JAPAN NORTH AMERICA SOUTH AMERICA
EUROPE ASIA/OCEANIA CHINA

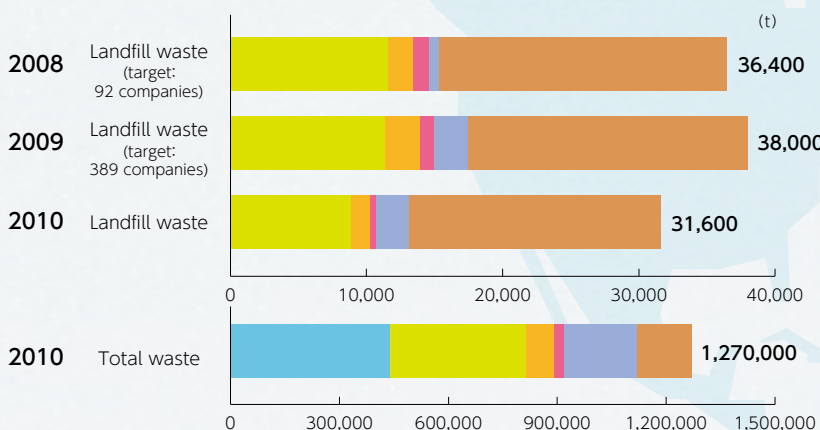


Companies covered (FY2011):
Honda Motor Co., Ltd.,
subsidiaries and affiliates: 482

Note: Non-manufacturing companies included as of FY2009.

4 Waste generated / Landfill waste

JAPAN NORTH AMERICA SOUTH AMERICA
EUROPE ASIA/OCEANIA CHINA



Companies covered (FY2011):
Waste generated
Honda Motor Co., Ltd.,
subsidiaries and affiliates: 461
Landfill waste
Honda Motor Co., Ltd.,
subsidiaries and affiliates: 408

Notes:

- Landfill waste in regions outside Japan also includes other landfill waste.
- Japan figures represent final disposal amount.
- Quantities of waste, etc., from overseas sites have been included since fiscal 2011.

5 Manufacturing-related energy and water consumption, and waste by region (FY2011)

Issue	Region	Japan	North America	South America	Europe	Asia/Oceania	China
Energy use	Electricity (MWh)	1,599,841	1,544,138	325,847	148,502	952,950	584,369
	Natural gas* (GJ)	114,503	5,200,317	164,155	573,506	1,131,013	929,232
	Liquefied petroleum gas (GJ)	968,213	460,955	248,776	0	1,280,640	467,940
	Diesel (GJ)	7,749	75,222	19,905	10,965	1,174,972	45,798
Waste	External landfill disposal (Tons)	0	6,963	1,421	191	1,910	18,552
	Recycled volume (Tons)	432,500	317,470	62,963	24,276	160,946	121,037
Water use	Tap water (1,000 m³)	3,724	2,678	215	635	5,140	3,375
	Groundwater (1,000 m³)	4,943	1,876	1,511	6	4,785	0
	Rainwater (1,000 m³)	60	159	20	1	20	0

* LNG is not included.



Product development and corporate activities

Honda is striving to research and develop new environmental and energy technologies and bring them to market as quickly as possible. We contribute to the sustainability of our mobility society by reducing the environmental impact of our products and addressing the transportation needs of our customers. Honda is also working to lessen its environmental impact worldwide. We will continue to proactively engage in environmental initiatives for the benefit of local communities and future generations.

Featured initiatives

Launch of the next-generation personal mobility experiment

Honda is using its expertise in the areas of motorcycles, automobiles and power products not only to improve the fuel efficiency of its existing products but also to establish a role for itself as a leader in environmental and energy technology. We are achieving this through a comprehensive approach to the reduction of CO₂ emissions, including electrical mobility technology, the supply of low-carbon energy, such as solar cells and cogeneration systems, and the development of advanced information and communication systems to link these systems.

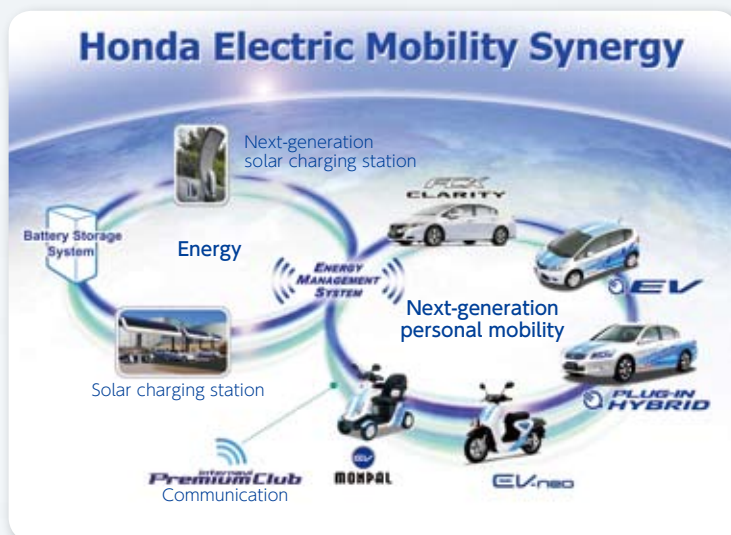
In December 2010, Honda began to conduct trials of the Honda Electric Mobility Synergy concept in collaboration with Saitama Prefecture and Kumamoto Prefecture. The purpose of the trials is to assess the usability of next-generation personal mobility technologies—including electric vehicles (EVs), motorcycles and electric carts, which emit no CO₂, and plug-in hybrid vehicles, which combine an engine with two high-output motors—by operating these vehicles in actual urban environments. The trials are based on a comprehensive approach that combines these electric-powered mobility technologies with an energy supply system based on solar charging stations equipped with solar generation modules manufactured by Honda Soltec, as well as information and communication technology. The aim is to assess the benefits of these technologies from various perspectives, including the future of personal mobility and the



Experimental vehicles and solar charging stations



Concept for a solar charging station



reduction of CO₂ emissions. Honda will conduct similar trials in the United States using EVs and plug-in hybrid vehicles in collaboration with the City of Torrance, Google Inc. and Stanford University.

Honda has been focusing on cell-powered electric vehicles as the ultimate environmental technology for the future. Honda now plans to move toward the realization of this vision through the development of plug-in hybrid vehicles and EVs.

Based on the Fit, the EV used in the trials combines electric power technologies developed for the FCX Clarity fuel cell electric vehicle, including coaxial motors, with lithium-ion batteries manufactured by Toshiba. In Japan, the charging time is under six hours with a 200V power supply. The range on a single charger is over 160km¹.

The plug-in hybrid is based on the Inspire, a medium-sized sedan. It combines an extremely fuel-efficient 2.0L i-VTEC engine, which was specially developed for the trial, with two high-output motors. Equipped with lithium-ion batteries manufactured by Blue Energy, it can operate in motor drive, engine drive and hybrid drive modes. It has achieved ranges of 15–25km¹ in EV drive mode.

¹ Operating in JC08 mode during Ministry of Land, Infrastructure and Transport fuel efficiency tests

Automobile-related Initiatives

Fit Hybrid

In October 2010, Honda added the Fit Hybrid to the Fit range of small cars, which have already earned an excellent reputation for superb packaging, innovative style and superior fuel efficiency. Exclusively developed by Honda, the unique hybrid system in the Fit Hybrid combines a 1.3-liter i-VTEC engine with the Integrated Motor Assist (IMA) system to provide superb environmental performance, comfort and power.

The 1.3-liter i-VTEC engine features the VCM² system, which reduces pumping losses and improves electricity regeneration efficiency during deceleration by halting the operation of valves on all cylinders. The Fit Hybrid combines the superb packaging of the Fit with a specially designed body and chassis that further enhances fuel efficiency by minimizing resistance. Engine and floor under-covers help to reduce aerodynamic drag, and the vehicle has been fitted with newly developed tires that reduce rolling resistance. In addition, the use of advanced front brake calipers reduces drag when the brakes are not in use. By combining these features with the IMA system, Honda has created a vehicle that matches the fuel efficiency of the Insight and meets the 2010 fuel economy standards by a 25% margin with a result of 30.0km/liter in 10-15 mode tests conducted by the Ministry of Land, Infrastructure and Transport. In JC08 mode, the vehicle recorded excellent fuel efficiency of 26.0km/liter and was certified as not only meeting the 2015 fuel economy standards but also reducing exhaust emissions by 75% compared with the 2005 standards.

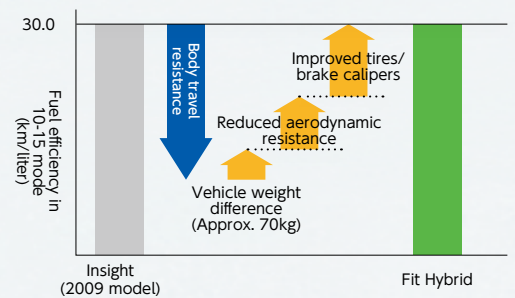
Combining a lightweight body with a compact, lightweight IMA system, the Fit Hybrid provides greater motor assist than the Insight for throttle openings that frequently occur during urban driving. The result is powerful off-the-line acceleration. For low-speed cruising, it was possible to expand the range under which the car runs on motor power alone. An illuminated "EV" symbol on the multi-information panel informs the driver that the vehicle is operating on motor power only.

To further reduce fuel consumption, Honda has facilitated the use of the idling stop system in ECON mode.

² Variable Elinder Management



The Honda Hybrid System
(1.3-liter i-VTEC engine + IMA)

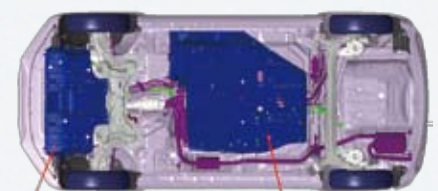


Achieving fuel efficiency



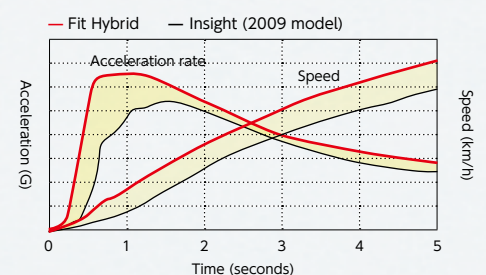
Body parts specially designed to accommodate IMA system

Body design



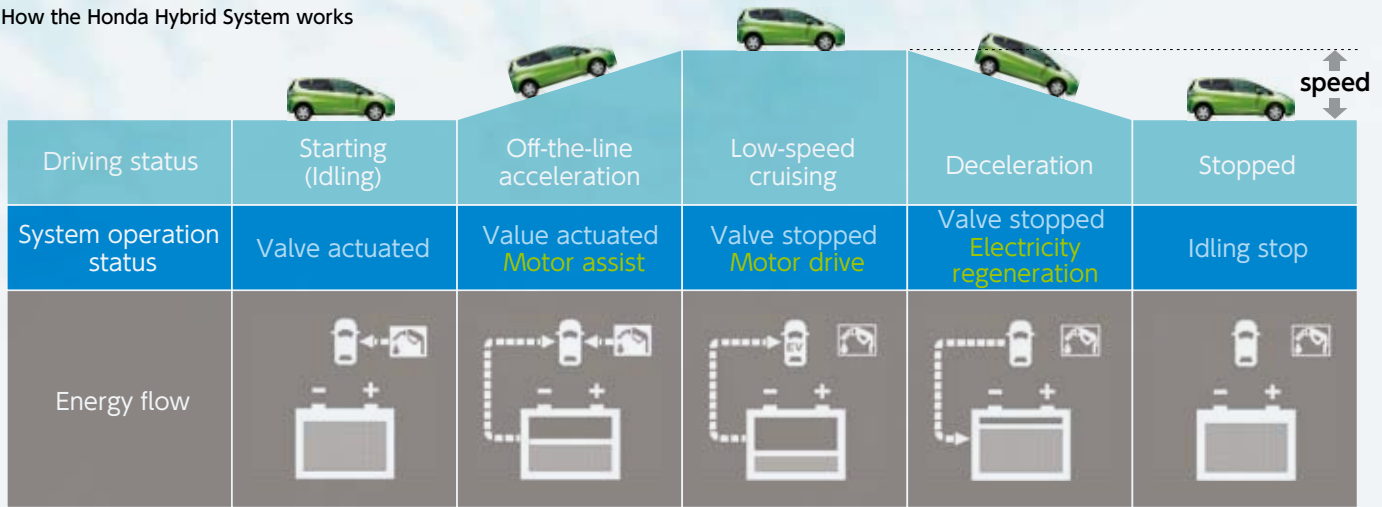
Engine undercover Floor undercover

Layout of aerodynamic body parts



Comparison of acceleration with throttle 1/4 open

How the Honda Hybrid System works



2 Motorcycle-related initiatives

Motorcycles with Brazil flex fuel technology (Biz125)

Honda has added the BIZ125 to its Brazilian series of motorcycles with mixed fuel injection systems. Earlier models in the series are the CG150 Titan, the CG150 Fan and the NXR150 Bros. Exclusively developed by Honda, this system allows the flexible use of various mixtures of bio-ethanol and gasoline.

Interest in environmental protection has intensified in Brazil in recent years, and both the use and production of renewable bio-ethanol have increased, in part because of the government's fuel export strategy.

With the addition of the Biz125, production of motorcycles with mixed fuel injection systems will reach more than 50% of total production in 2011. By offering unique technologies that its competitors cannot match, Honda is steadily raising its profile in the market. This is reflected in strong sales, and Honda currently controls the largest share of the Brazilian motorcycle market.

Honda will continue its efforts to increase sales of these motorcycles. As the market leader, Honda is also determined to reduce exhaust emission levels by further expanding this series of advanced, socially responsible products, which contribute to the reduction of environmental impacts and CO₂ emissions. As soon as a bio-ethanol supply infrastructure is in place, Honda plans to introduce motorcycles with mixed fuel injection systems in other markets.

Sport Quarter for One World, CBR250R

Honda set ambitious goals when it began development of the CBR250R. It wanted to meet user expectations at all levels, from entry-level riders to veterans, and to create a truly global model with size and styling that would be acceptable in every market around the world. Expressed in the phrase "Sport Quarter for One World, CBR250R," the development goals called for the creation of a product that would excel in providing both the joy of ownership and the fun of riding. This would be achieved by developing dynamic and sporty styling based on "mass-centralization form," which is the latest design theory already used by Honda in its full cowlings sports models, including the VFR1200F and the CBR1000RR. Honda will manufacture the CBR250R in Thailand for supply to users worldwide.

From an environmental perspective, the CBR250R is equipped with a newly developed water-cooled four-stroke DOHC four-valve single-



Biz125

cylinder 250cc engine. It is the world's first¹ DOHC motorcycle with a roller rocker arm valve system. It also features an offset cylinder design to reduce friction. In addition to PGM-FI² (Programmed Fuel Injection System), the motorcycle is also equipped with an oxygen sensor and a catalyzer mounted inside the muffler. These features combine to provide superb environmental performance.

Traveling 49.2km per liter (fixed point tests at 60km/h), the CBR250R achieves "top in class" fuel efficiency for a 250cc motorcycle in Japan.

1 Based on Honda research (as of March 2011)

2 PGM-FI (Programmed Fuel Injection System) is a Honda registered trademark.

3 Power products initiatives

Global introduction of household gas engine cogeneration units

In 2002, Honda perfected its first-generation household gas engine cogeneration unit, the MCHP1.0¹, and began to supply it to Japanese gas companies in 2003. Honda believes that this unit can be used in living environments worldwide and has started to market the product globally.

In 2006, the second-generation unit, the MCHP1.0K1, went on sale in Japan, and in 2007 the Freewatt home power generation and warm-air heating system, which was jointly developed by Honda and the heating unit manufacturer ECR, was launched onto the U.S. market.

In 2011, the third-generation unit, the MCHP1.0K2, was announced in Japan. In Germany, the ecoPOWER 1.0 is marketed by the German company Vaillant. The system includes that company's heating and water heating equipment and other products.

1 This nickname for Honda units is an acronym for "Micro Combined Heat and Power generation."



CBR250R

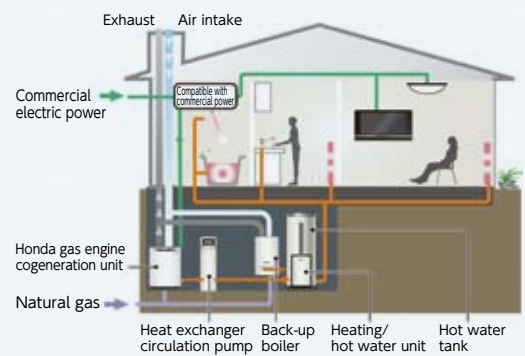
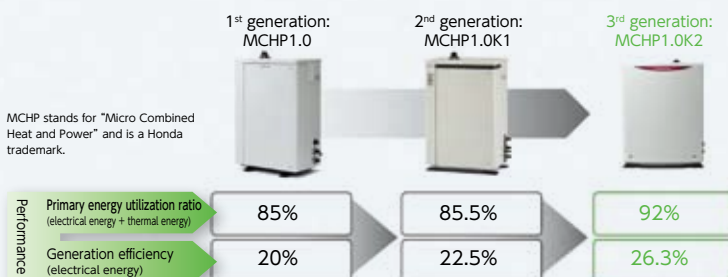
Cogeneration systems ECOWILL (Japan)

Left: Honda's gas engine cogeneration unit
Right: A water heating unit (supplied by a water heater manufacturer)



EcoPOWER 1.0 (Germany)

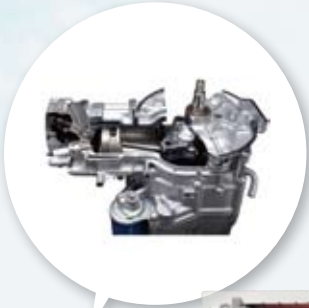
The evolution of Honda gas engine cogeneration units



Overview of the ecoPOWER 1.0 System used in Germany

Features of the MCHP1.0K2 third-generation unit

This new third-generation unit embodies many technical advances.



EXlink Extended Expansion Linkage Engine

Gas engine
The generator (alternator) is driven by natural gas (city gas)/LPG.

Exhaust heat exchanger
Heat from engine combustion is recovered as hot water.



Internal structure of the MCHP1.0K2

Generator with sine wave inverter

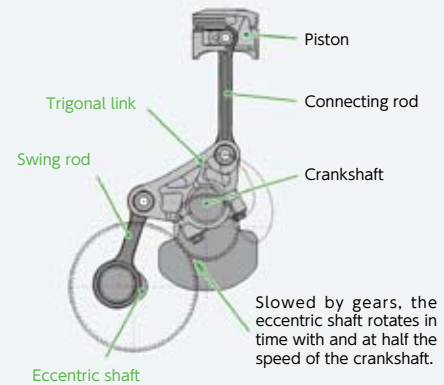
Alternator
These convert engine output into electricity.

Inverter
This regulates electricity from the alternator to produce power that has minimal waveform distortion and is on the same frequency as electricity supplied by electric power companies

EXlink—A compact, highly efficient engine with dramatically improved fuel efficiency

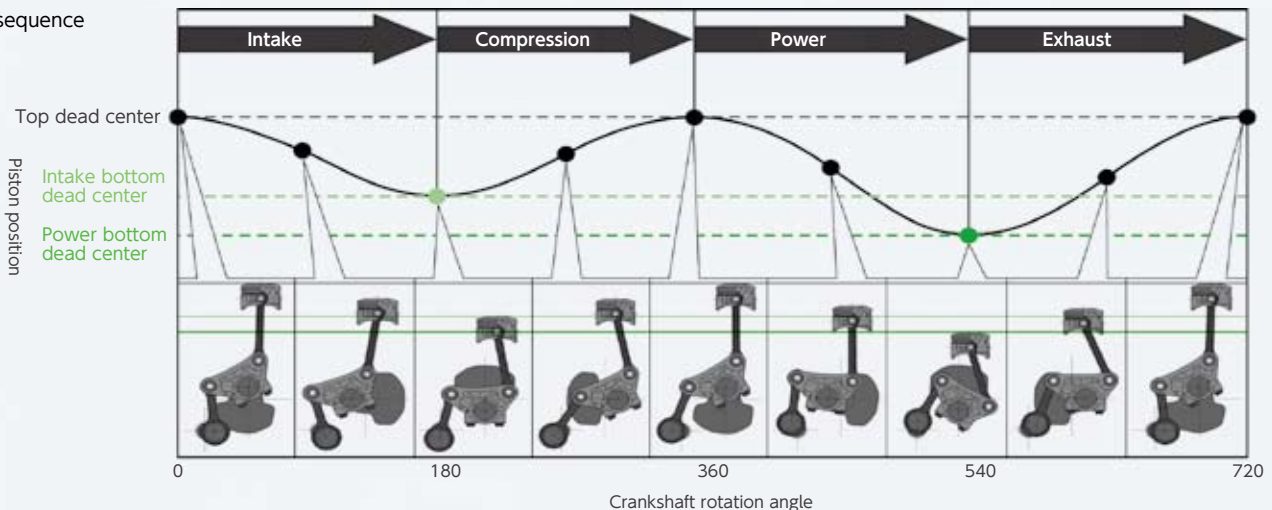
The new EXlink² engine is the world's first cogeneration engine based on an expanded thermodynamic cycle, known as the "Atkinson cycle," which has a high compression ratio and a power stroke that is longer than the intake stroke. A unique multiple link system provides a shorter compression stroke and longer expansion stroke. The expansion stroke is about 1.4 times greater than the compression stroke, and the resulting high expansion ratio provides a dramatic improvement in thermal efficiency. The result is fuel efficiency improvement of around 15% compared with conventional units.

² EXlink is a Honda trademark. It is newly created word meaning "Extended Expansion Linkage Engine."



The EXlink mechanism

Stroke sequence

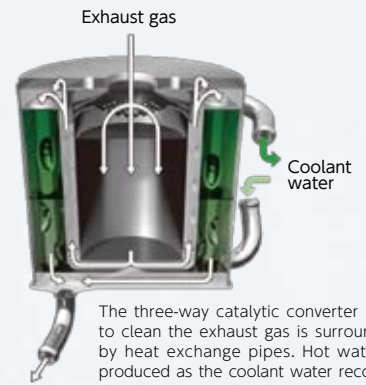
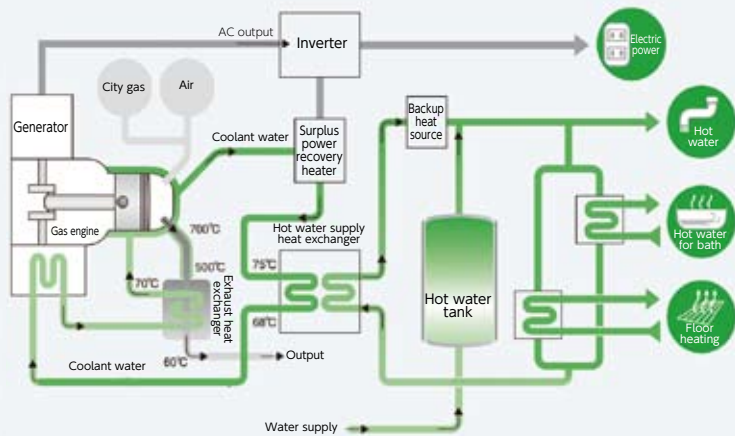


EXlink heat recovery

The new MCHP1.0K2 unit features a highly efficient heat exchange system that recovers engine heat and exhaust heat and uses it to produce hot water. The two-part internal structure of the unit reduces radiant heat loss and optimizes the cooling air flow. The exhaust system is equipped with an integrated heat exchanger and catalyzer, and the coolant water recovers heat while cooling the engine and exhaust system. Other features designed to recover as much heat as possible include the positioning of the heat exchanger upstream from the engine cooling system, to condense and recover steam from the exhaust. Any power generated that is surplus to requirements is converted into heat by the surplus power recovery heater. The result is a heat recovery ratio of 65.7%³.

³ With coolant water output temperature of 75°C, using a Honda home-use gas engine cogeneration unit (MCHP1.0K2)

Diagram of heat exchange system



The three-way catalytic converter used to clean the exhaust gas is surrounded by heat exchange pipes. Hot water is produced as the coolant water recovers the heat from the hot exhaust gas flowing into the system.

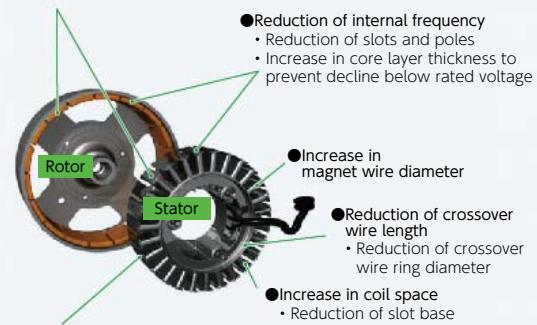
The heat exchanger

High generating efficiency achieved

Generating efficiency was improved by modifying the alternator, which the engine turns to produce alternating current, and the inverter, which converts the electricity. These modifications, combined with improvements in engine efficiency, have raised generation efficiency to 26.3%⁴, compared to the 22.5% achieved with the earlier unit. By optimizing the number and layout of rotor magnets and stator slots in the alternator, Honda was able to reduce magnetic flux density and eddy currents, which cause energy losses. Electrical resistance in the inverter was reduced by simplifying circuits through the use of integrated elements and other changes.

⁴ Based on the lower heating value (LHV) standard

- Reduction of core magnetic flux density
 - Optimization of stator layer thickness and magnet length
 - Adjustment of magnet overhang
- Reduction of internal frequency
 - Reduction of slots and poles
 - Increase in core layer thickness to prevent decline below rated voltage
- Increase in magnet wire diameter
- Reduction of crossover wire length
 - Reduction of crossover wire ring diameter
- Increase in coil space
 - Reduction of slot base diameter through use of three connection points
- Reduction of core eddy currents
- Reduction of magnetic field deterioration caused by punch distortion
- Reduction of core material thickness



Improving alternator efficiency



Production domain

Zero landfill waste target at automobile plants in the U.S. and Canada

In North America, Honda aims to achieve the target of reducing landfill waste from all of its automobile plants in the United States and Canada to zero in real terms. Honda associates are working to achieve this goal through wide-ranging and exhaustive measures that encompass not only industrial waste, such as scrap iron, but also general waste, including waste paper and cafeteria waste. As a result, total waste to landfills from manufacturing operations in North America has been reduced 92% from FY2001 levels, to just 0.77kg for every automobile, power-sports and power equipment product produced in the region in FY2011.



Cafeteria waste is also recycled.

Product development domain

Fifth consecutive award as greenest automaker in the United States

In October 2010, the Union of Concerned Scientists (UCS) selected Honda for its Greenest Automaker award. This is the fifth successive time that Honda has received this award, which is presented every two years. The UCS is an international non-profit organization with a membership consisting of over 100,000 scientists and private citizens. The UCS conducts a biennial survey of air pollutant and greenhouse gas emissions by major automobile manufacturers in the United States. The manufacturer that is found to have the lowest average smog-forming and greenhouse exhaust emissions for its U.S. automobile fleet is awarded the title of "Greenest Automaker." Honda has maintained its leadership in the reduction of automobile exhaust emissions ever since the inaugural survey, ten years ago in 2000. By winning this award on five successive occasions, Honda has gained a reputation as the greenest automaker in the United States, and as the producer of automobiles that emit the lowest levels of smog-causing gases and greenhouse gases.

In 2011, Honda's natural gas-powered Civic GX placed first on the Green Book® vehicles list of the American Council for an Energy-Efficient Economy (ACEEE) for the eighth consecutive year. The Civic hybrid and the Insight were also among the top 12 vehicles on the list.



Receiving the Greenest Automaker Award for the fifth consecutive time.



Honda Civic GX, which was chosen as the greenest automobile.

Environment-related social initiatives

Participation in environmental protection activities in Mobile Bay, Alabama

In January 2011, an ecosystem restoration event was staged at Helen Wood Park along the shores of Mobile Bay, Alabama. Among the 700 volunteers who gathered for the project were associates of Honda Manufacturing of Alabama, LLC (HMA) and their families. HMA operates an automobile factory in Lincoln, Alabama.

The event was organized by several organizations, including the Alabama Coastal Foundation, Mobile Baykeeper and the Ocean Foundation, as part of the Restore Coastal Alabama Project, the aim of which is to restore ecosystems damaged by the Gulf of Mexico crude oil spill, in April 2010, through the creation of 100 miles of oyster reefs and the planting of 1,000 acres of marshland. On the day of the event, volunteers piled tons of oyster shells along the shore as the first step toward the creation of a manmade coral reef.



Some of the Honda volunteers at the Helen Wood Park event.

Topics South America

Production domain

Water use halved through attachment of devices to faucets

An environmental initiative team established by Honda Automoveis do Brasil Ltda. (HAB), which manufactures automobiles in Brazil, reduced water use at all of the company's production facilities by 33% in 2010. The team developed a device that automatically halves the flow rate from water faucets and installed faucet attachments designed to automatically halve the flow time per use. The existing flow rate of eight seconds per liter was more than enough for hand washing and scrub brush. The new device limits the flow time to four seconds and reduces the amount of water used to 500ml, thereby halving faucet water consumption.



The initiative reduced water usage time by half.

Production domain

Further improvement of energy efficiency through installation of new high-efficiency lights

Honda Automoveis do Brasil Ltda. (HAB) installed air compressor control systems in all of its plants as the latest energy-saving projects. By modifying piping layouts and installing new equipment, it has been able to set up new processes that provide across-the-board reductions in both energy consumption and waste. In some areas of its plants, HAB has also replaced 40W fluorescent lights with energy-efficient 25W bulbs. These energy efficiency measures have reduced electricity consumption by 1,300 MW and CO₂ emissions by approximately 70 tons per year.



Fluorescent lights have been replaced with energy-efficient 25W bulbs.

Product recycling (reduce, reuse, recycle) domain

Wheel cap protectors now made from recycled pet bottles

Since 2009, Honda Automoveis do Brasil Ltda. (HAB) has used wheel cap protectors made from recycled PET bottles to protect new Civic, FIT and City vehicles during transport. Previously, the wheel cap protectors were covered by a stick-on film material, a process that produced waste consisting of paper backing detached when the film was applied, and the film itself, which was removed in dealerships. Between July and December 2009, the amount of waste was more than two tons. In addition, the adhesive areas of the film trapped dirt and water, and the film tended to detach from the wheel cap. Since they are designed to slide onto the wheel caps, no adhesive is required. The absence of adhesive has solved several problems, including soiling and peeling, and the environmental impact has also been reduced, since the materials are entirely recyclable.

Honda plans to use the covers on new models produced in Brazil and Argentina.



The new wheel caps are easy to attach.



Production domain

Biomass resource trial under way in the United Kingdom

Honda of the U.K. Manufacturing, Ltd. (HUM), is preparing to grow and harvest natural raw materials that will allow electricity and heat to be produced from biomass resources. Miscanthus giganteus, a variety of grass cultivated in southern England, is seen as a promising biomass resource for this purpose.

Honda Trading Europe (HTE), which exports, imports and sells materials, has secured 30ha of farmland at three locations in southwest England for miscanthus trials. HTE has been conducting biomass research for more than four years and has made approaches to farmers in the United Kingdom and overseas, and to several major electric power companies, including Drax Power, Scottish and Southern Energy and RWE. It developed Honda's biomass power generation concept in 2009 in collaboration with HUM. In 2010, HTE planted miscanthus on 10ha of land at a Honda plant in Swindon, Wiltshire, and is now cultivating this crop using organic farming methods. Miscanthus yields 2 billion oven dry tonnes (ODT) per hectare per year, which is at least double the yield of most other energy crops. It is also being studied as a biofuel raw material for use in the reverse polymerization of lignocellulose. Experiments have shown that 500 liters of biodiesel can be produced per ton of miscanthus.



The miscanthus plantation in the United Kingdom.

Production domain

Honda of the UK wins CIWM Environmental Excellence Award

In November 2010, Honda of the U.K. Manufacturing, Ltd. (HUM), and Hills Waste Solutions Limited, with which it has formed a partnership, won the Sustainable Facilities Management Performance of the Year category of the Environmental Excellence Awards, presented by the Chartered Institution of Wastes Management (CIWM). The Environmental Excellence Awards are presented in recognition of excellence in 11 categories relating to the sustainable management of waste and resources, including product development, facility management and recycling. The awards were presented for the fourth time in 2010. HUM and Hills Waste Solutions reduced landfill waste from the automobile plant in Swindon to zero in August. Collaborative efforts between the two companies increased the recycling rate to over 95%, with energy recovery accounting for less than 5%. Compactors are used to reduce waste volumes by 75%, and HUM is working with suppliers to introduce reusable packaging wherever possible. Furthermore, HUM and Hills Waste have worked to reduce landfill waste per vehicle by 71kg. The award recognizes both these determined efforts to reduce landfill waste to zero, and also the companies' environmental improvement activities.



HUM and Hills Waste representatives receive the award.

Transportation domain

Plastic waste from bumper packaging reduced at Turkish plant

Honda Turkiye A.S. (HTR) has implemented a number of improvement measures, including an initiative to reduce the large amounts of plastic waste from bumper packaging. The target for the team in charge of the project was to reduce waste and costs while maintaining quality. The plastic waste problem was solved by covering the bumpers with reusable canvas instead of the nylon covers that were previously used. While keeping the percentage of damaged bumpers scrapped to less than 20%, as in the past, the team reduced the amount of plastic waste by 21 tons per year, and packaging costs by 85%. In addition, the time required to process bumper packaging was cut to one-third.



The nylon cover used for bumpers has been replaced with a reusable canvas.

Topics Asia/ Oceania



Sales and
service
domain

Green & Clean Dealer Activities in Thailand

Honda Automobile (Thailand) Co., Ltd., (HATC), an automobile manufacturing and sales company, implemented Green & Clean Dealer activities between 2008 and 2010 as part of the Green Dealer program. The program is based on the concept that dealers contribute to their local communities by giving priority to environmental management systems. After training and environmental improvement activities and the completion of audits, certificates and awards are presented. Green & Clean Dealer certification is provided at two levels. Dealerships complete the "Silver" level by achieving ISO 14001 certification, introducing water-based paints in their body repair shops, implementing the 5S campaign or undertaking CSR activities. If the required standards are attained in all of these categories, "Gold" certification is awarded. Already 86% of dealerships in Thailand have achieved "Gold" dealership status, and the ratio is expected to reach 100% in mid-2010.



The Green & Clean Dealer "Gold" certification.

Sales and
service
domain

Government officials invited to take part in Eco-Drive Challenge Cup Contest in the Philippines

Honda Cars Philippines, Inc., (HCPI) is working to raise awareness of environmental problems through user participation events, such as fuel efficiency contests. In May 2010, HCPI invited representatives of six organizations in the Philippines, including the Department of Environment and Natural Resources, the Department of Energy, an environmental NGO and Honda user clubs, to take part in the Honda Challenge Cup. The aim was to raise awareness of fuel efficiency in the Philippines in response to growing worldwide focus on environmental problems and fluctuating fuel prices. Participants were taught fuel efficiency techniques that can be applied to their day-to-day driving through eco-drive activities using City, Jazz, Civic, CR-V and Accord vehicles. By using eco-drive techniques, participants were able to achieve excellent fuel efficiency in both urban and expressway situations, even when using an air conditioner or in congested traffic. The contest gave participants the opportunity to experience eco-driving in fuel-efficient Honda vehicles.



The Eco-Drive Challenge Cup Contest promoted fuel-efficient driving.

Environment-
related social
Initiatives

Continuing conservation activities by Honda Cars Philippines

In October 2010, Honda Cars Philippines, Inc., (HCPI) celebrated the 20th anniversary of its founding, and 20 years of partnership with the Haribon Foundation, an environmental NGO working to protect 20 hectares of denuded rain forest in the State of Laguna. HCPI supports the efforts of the Haribon Foundation to restore one million hectares of rainforest by 2020, using native species, through its ROAD (Rainforestation Organizations and Advocates) to 2020 Campaign. The aim of the project is to maintain biodiversity, utilize forest and eco-system resources, reduce the risk of natural disasters and increase the options for sustainable living by planting native trees.

In keeping with the Honda Environment Statement, under which Honda promotes initiatives to protect the global environment, HCPI marked its 20th anniversary by announcing an environmental commitment, in partnership with associates, affiliated companies, suppliers, dealerships and customers, to plant 50,000 native trees over a 10-year period. In addition to these tree-planting activities, HCPI is also developing and maintaining a "tree museum" containing 20 individual species of trees—one species for each year of its existence.



Restoring denuded rainforest in Laguna, the Philippines.



Purchasing

Accelerated Green Purchasing Activities by Dongfeng Honda

Dongfeng Honda Automobile (Wuhan) Co., Ltd. (WDHAC), a joint venture established to manufacture and sell automobiles, has been implementing a full-scale Green Purchasing program since 2006. WDHAC has based its Green Purchasing activities on management items in the following three categories.

- (1) In the policy domain, WDHAC is encouraging its suppliers to achieve ISO 14001 certification and providing briefings, education and assistance with this process.
- (2) In the product domain, WDHAC is taking preemptive steps to reduce the use of substances of concern in products.
- (3) In the supplier environmental impact reduction domain, 189 of the company's 207 suppliers (91%) have agreed to raise the level of their environmental policies through initiatives that include the lateral sharing of case studies, the adoption of high standards, and visits to business sites.

WDHAC will continue to contribute to the realization of a low-carbon society through intensive communication and collaborative initiatives.



WDHAC held an environmental conference for suppliers.

Administration

100kW Solar panels manufactured by Honda Soltec in operation at Dongfeng Honda facility

A solar power generation system has been in operation since February 2011 at the facility of Dongfeng Honda Automobile Co., Ltd., (Dongfeng Honda, DHEC), a joint venture established to manufacture and sell automobiles in China. It installed this system to enhance its image as a model environmental company.

Manufactured by Honda Soltec, the solar power generation system, installed by DHEC, generates 101,076 kilowatt-hours of electricity per year. The power will be used in the general administration building and part of the production area. This initiative is expected to reduce CO₂ emissions by approximately 102 tons per year. A display panel has been erected in the lobby of the general administration building, together with a monitoring system and equipment to measure the external environment.

Developed by Honda itself, the solar panels used in the system consist of thin films made from a copper-iridium-gallium-selenide (CIGS) compound. This technology uses resources very efficiently, since the generation layer is only one-fortieth the thickness of a human hair and one-eightieth that of a silicon-based solar cell. It is also environmentally-responsible, requiring half as much energy to produce compared to silicon-based cells.



DHEC has set up solar panels manufactured by Honda Soltec.

Product development

Sundiro Honda receives water conservation award from the City of Shanghai

During the National Water Week campaign, held between May 15 and 21, 2010, the City of Shanghai presented awards to companies that achieved excellence in water management during fiscal 2009. Sundiro Honda Motorcycle Co., Ltd., a Honda joint venture established to manufacture and sell motorcycles in China, was one of 36 companies to receive the designation of "Shanghai City Water-Saving Company." By developing itself as a water-saving company and expanding its water conservation activities, Sundiro Honda has been able to link the sustainable use of water with sustainable business development. Over the past few years, it has achieved conspicuous success in water conservation through management systems designed to ensure effective water utilization.



The water conservation award.



Others

Honda Soltec launches home-use solar cell modules with maximum outputs of 130W and 120W and a power conditioner with a rated capacity of 5.5kW.

Honda Motor subsidiary Honda Soltec Co., Ltd., manufactures and sells solar cells. In August 2010, it launched home-use solar cell modules with maximum outputs of 130W and 120W, and a large-capacity power conditioner rated at 5.5kW. Advances in manufacturing technology have brought improvements in the quality of the generating layer, with the result that 130W module provides conversion efficiency up to 11.6% better¹ than that of CIGS-type solar cells currently on sale in Japan. The 120W solar cell modules and the 5.5kW power conditioner were launched in response to the widely varied requirements for products in this field.

¹ Based on Honda research



A home-use solar cell module with a maximum output of 130 W.

Product development

FCX Clarity and next-generation solar hydrogen station showcased at APEC

During the June 2010 meeting of APEC energy ministers in Fukui Prefecture, the Agency for Natural Resources and Energy organized an exhibit and test drive event to build awareness of Japan's cutting-edge technology in the field of environmentally responsible vehicles. Among those present at the event were Japan's Minister of Economy, Trade and Industry, as well as government ministers and senior officials from APEC member nations and regions. Participants test-drove next-generation vehicles and heard technical briefings from engineers. In addition to exhibiting the FCX Clarity and providing test-drives, Honda also presented a technical display featuring its next-generation solar hydrogen station, which has been undergoing trials in California since January 2010. Participants showed keen interest in the exhibit, and a briefing by engineers from Honda R&D Co., Ltd., attracted lively questions and discussion about the characteristics of the technology, popularization strategies and other aspects. The Honda FCX Clarity drew admiration both for its technology and also for its practicality and sophistication as an automobile. The event provided an excellent opportunity to build awareness about Honda's advanced environmental technology and vision of the near-term future for fuel cell-powered electric vehicles. There are plans for the construction of a cutting-edge solar hydrogen station on the grounds of the Saitama Prefectural Office as part of a next-generation personal mobility trial that Honda is undertaking in collaboration with Saitama Prefecture.



The technology of FCX Clarity was introduced to senior officials from Japan, Thailand, Malaysia and Vietnam.

Others

Honda Environmental Annual Report 2010 wins award for excellence at the 14th Environmental Reporting Awards

The Honda Environmental Annual Report 2010 received an award for excellence at the 14th Environmental Reporting Awards, a program jointly run by the business news publisher, Toyo Keizai, Inc., and the Green Reporting Forum. The report, published in 2010, was selected from among 92 entries. The Honda Environmental Annual Report has won awards in five successive years since 2006.



The Environmental Reporting Award earned by Honda.

Biodiversity Initiatives

Honda has a long history of environmental protection activities and initiatives to build harmony with local communities. Tree-planting and industrial water recycling at Honda plants began in the 1960s, and, in 1976, Honda launched a tree-planting scheme known as “Community Forests.” In relation to biodiversity conservation, Honda has adopted guidelines focusing primarily on the reduction of environmental impact and the effective utilization of resources.

Honda Biodiversity Guidelines

[Basic Statement]

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

Priority Activities

1

Development of Environmental Technology

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

2

Initiatives Based on Corporate Activities

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

3

Cooperation with Communities

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

4

Disclosure and Sharing of Information

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

Established in May 2011

Major initiatives in Japan

Biodiversity and ecosystem surveys at business sites in Japan

A biodiversity survey was conducted at the Suzuka Factory in 2006. Surveys are being progressively implemented at other sites. Continuous monitoring surveys are being conducted by the Hello Woods facility at Twin Ring Motegi, which was opened in the town of Motegi-machi, Tochigi Prefecture, in 1997. In addition to its regular vegetation surveys, the Hello Woods facility is also running forest development workshops and sharing information with customers.



Community Forests initiative

Honda factories throughout Japan create community forests, planting local tree species in their precincts and allowing them to grow naturally. Since 1976, this initiative has helped to revive and preserve local ecosystems and achieve a harmonious balance of the facilities with nature. An alternative to concrete



walls and other barriers, Honda's Community Forests put into practice Soichiro Honda's philosophy of making Honda facilities fit in with the local ecosystem and community. Honda continues to promote the growth of forests capable of supporting rich biodiversity.

Hello Woods initiatives

The Hello Woods facility was opened in 2000 at Twin Ring Motegi in the southeast part of Tochigi Prefecture. Since fiscal 2008 it has been supporting the Monitoring Site 1000 Program initiated by Japan's Ministry of the Environment. As a fixed observation point for six of the nine survey categories, including flora, birds, medium and large mammals, frogs, butterflies and fireflies, Hello Woods submits survey reports for the community of Motegi-machi in Haga-gun, Tochigi Prefecture. The survey in fiscal 2010 resulted in the first official records of the Dark Evening Brown (*Melanitis phedima oitensis*) and Indian Fritillary (*Argynnis hyperbius*) butterflies, which are thought to be migrating northwards because of global warming.



Among other initiatives: Please see details of watershed conservation activities on page 83. Details concerning a committee formed to study measures relating to the protection of birds of prey and the rural environment in the area selected for the new test course can be found at the URL shown on the right.



Major global initiatives

Spring Creek, Canada

Honda of Canada Mfg., Inc. (HCM), has been running clean-up projects along Spring Creek, which flows through the grounds of its facility, since 2000. Activities include the removal of vegetation that could damage ecosystems, as well as biodiversity conservation measures, such as installation of birdhouses for eastern bluebirds and the planting of several thousand trees. Trails have been developed in the area, which is now featured in local hiking guides.



Rhino Rescue Project in Malaysia

In conjunction with the World Wildlife Fund Malaysia, Honda Malaysia began the Rhino Rescue Project in 2006 to help study and protect the endangered Sumatran rhinoceros. Scheduled to last until 2011, the project consists of scientific studies and fieldwork aiming to protect and restore the animals' habitat. In addition to providing the World Wildlife Fund operational funds, Honda Malaysia is also helping with a range of public awareness initiatives, including school programs and dealer displays.

Among other initiatives: Please see details of tree-planting program in the Inner Mongolia Autonomous Region on page 85. For the details of Honda associates' participation in environmental protection activities in Mobile Bay, Alabama, please see page 26.



Initiatives in Japan

In FY2011, Honda produced 7.2 million units at its five manufacturing facilities in Japan. After assessing the environmental impact of its operations, and in accordance with the 2006 announcement of its global CO₂-reduction targets for 2010, in 2007 Honda announced its environmental impact reduction targets for FY2011 for Japan. Striving to achieve its worldwide environmental conservation goals, Honda is taking the initiative and working ever more proactively.



Japan's future as a global leader in the realization of an environmental vision for 2020

— Becoming an environmental front-runner —

Looking back on the 10th Mid-Term Plan

The work of the Japan Environmental Committee over the past three years was based on our three-year plan entitled "Leading Society through Fundamental and Future-Oriented Initiatives." The plan included nine domestic environmental impact reduction targets for 2010. Unfortunately, the targets for the reduction of CO₂ emissions in both the production and logistics sectors were not met because of declines in production volumes and sales following the 2008 economic crisis, and because of the resulting postponement of measures. However, the remaining six targets were achieved.

Additional measures were introduced after the economic crisis, including the sharing of various CO₂ reduction* initiatives across all sectors, in order to improve efficiency. Specifically, an analysis of daily electric power consumption data for factories resulted in the targeting of stand-by power consumption. Every possible step was taken to reduce waste, including measures to halve stand-by power consumption. As a result, CO₂ emissions were reduced to a level that would have resulted in the achievement of the target if production volumes had reached the projected level.

Note: The effective recycling ratio was excluded, since the target year is 2015.

The situation in Japan

The focus of international efforts to mitigate global warming is currently the debate over the Kyoto Protocol rules for 2013 and beyond. Decisions have been deferred on whether the existing rules, which require Japan and Europe to reduce emissions, should be extended, or whether a new structure that includes the United States and China should be established. Whatever the outcome, the reduction of greenhouse gas emissions will remain a priority for Japanese companies.

The targets announced by the Japanese government are conditional. They call for a 25% reduction by 2020 and an 80% reduction by 2050 relative to the 1990 level. A roadmap proposed by the Ministry of the Environment for the achievement of these targets is currently being debated in Japan. Major reductions will be required in all areas.

Direction of Honda initiatives

Environmental impact reduction targets for fiscal 2010 applied to the consolidated group, within which there is a corporate responsibility to manage and reduce impacts. Honda will need to reduce greenhouse gas emissions in all related domains. The Honda Green Purchasing Guidelines have been amended with the aim of reducing CO₂ emissions, the most abundant greenhouse gas, across the full life cycle of Honda products. In accordance with the policy set down in its 11th mid-term plan, the Japan Environmental Council will promote a role for Honda in Japan as an environmental front-runner, meaning a leader and pioneer. We will continue our efforts to lead the industry in achieving unit targets for reducing CO₂ emissions from business activities in the period to 2013. We will also continue to work toward the reduction of other environmental impacts.

Toward 2020

Finally, our most important priority in terms of the direction of reform under our vision for 2020 will be to reduce CO₂ emissions across the full life cycles of Honda products. As Honda's Japan operations assume a leading role in the world, our role will be to work with overseas business sites to reduce environmental impacts and achieve high-level standardization on a global basis.

We will move forward in partnership with everyone connected with Honda with the aim of achieving environmental leadership in ways that will be truly apparent to consumers.

The Chairman of the Japan
Environmental Committee

Koichi Kondo



Responding to environmental issues in Japan

Analysis of the current environmental situation in Japan

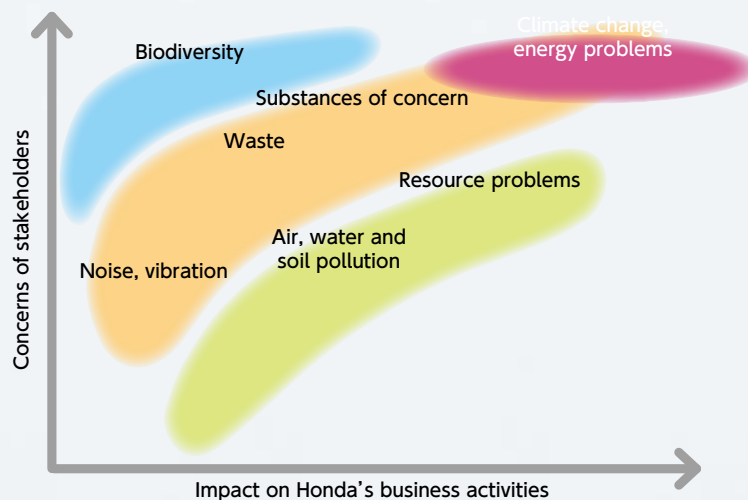
Honda's environmental management is based on global perspectives. In Japan, as in other countries, it assesses environmental impacts throughout the life of each product using the Life Cycle Assessment (LCA) system. Honda's environmental initiatives in Japan are guided by analyses of the effects of its business activities and the use of its products on the global environment.

From a global perspective, Honda has identified the climate change and energy issue as its most important priorities. In Japan, it is working in all domains to achieve CO₂ emissions reduction targets. As a result of these efforts, Honda has already achieved relatively high levels of efficiency in every domain. This will contribute to further progress toward the reduction of CO₂ emissions through cooperative efforts involving the entire global Honda Group.

Honda also shows leadership in efforts to overcome other environmental problems in Japan. Since most research units involved in product development are located in Japan, efforts in Japan play a key role in the reduction of levels of substances of concern contained in its products.

We will continue to lead the global Honda Group toward the realization of the Honda environmental vision through initiatives targeting all environmental issues.

Honda's perception of environmental issues from a Japanese perspective



Risks and opportunities relating to the climate change and energy issue in Japan

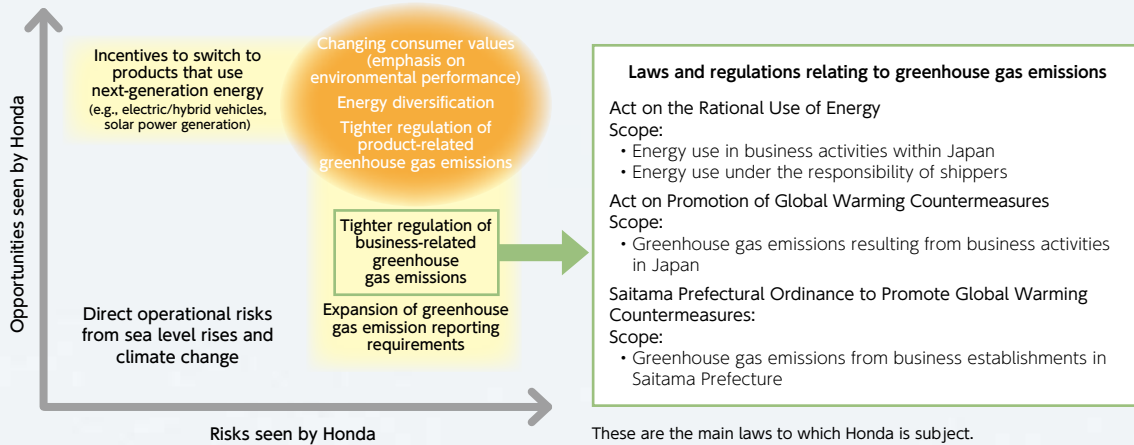
As part of our global risk management processes, we implement risk management measures in Japan as required, usually on an annual basis. The Japan Environmental Committee produces analyses of risks and opportunities throughout Japan and proposes responses. If risk and opportunity data collected in Japan needs to be debated from a global perspective, proposals are submitted to the World Environmental Committee. If a proposal is approved, it will be used in a number of areas, including the management of organizational units, business operations and functional divisions in Japan, the formulation of strategies, and the implementation of actual policies.

The risks and opportunities currently envisioned in Japan are shown in the chart. While there are no major differences between our perceptions of the global situation and the situation in Japan, it is a fact that Japan has a large number of laws and regulations relating to climate change and energy problems. Because there are significant risks associated with laws and regulations concerning business activities, our management approach is based on careful monitoring of specific regulatory requirements and thorough compliance. For example, all

business units are working together to reduce energy use as required under the Act on the Rational Use of Energy. The results of those efforts are compiled annually and reported back to society in the Environmental Annual Report. Individual business sites submit reports concerning the greenhouse gas regulations of local governments.

The core research facilities that are working to minimize risks relating to greenhouse gases emitted by our products and to test energy diversification technologies are located in Japan. For this reason, efforts in these areas are first initiated in Japan.

Energy-related risks and opportunities in Japan



Reducing environmental impact: targets for FY2011

In FY2008, Honda announced its environmental impact reduction targets for FY2011 for Japan. The company is seeking to reduce CO₂ emissions produced in transportation, to reduce the output of substances having a negative environmental impact, and to increase the recycling of resources. Honda established voluntary targets in eight separate categories: CO₂ emissions, VOC (volatile organic compound) emissions, landfill waste, waste generated, water use, use of packaging materials, ASR recycling rate, and motorcycle recycling rate (see table below). The company announced targets for reducing environmental impact from all products and production operations by FY2011 as part of its overall strategy for the reduction of CO₂ emissions worldwide, announced in May 2006. Honda has been intensifying efforts to attain these targets.

Issue	Scope	Item	Target
Energy/ global warming	Production ¹	CO ₂ emissions	30% reduction (baseline: FY1991) ² Per unit energy consumption
	Transportation ³	CO ₂ emissions	10% reduction (baseline: FY2007) As % of revenue
SOCs	Production	VOC ⁴ emissions	35% reduction (baseline: FY2001) Per area painted
Recycling	Total of corporate activities ⁵	Landfill waste	Zero waste for all facilities
	Production ¹	Waste generated	10% reduction (baseline: FY2001) As % of revenue
		Water consumption	30% reduction (baseline: FY2001) As % of revenue
	Transportation ⁶	Use of packaging materials	45% reduction (baseline: FY2001) As % of revenue
	Vehicle recycling	Automobiles	ASR recycling rate
Motorcycles		Recycling rate	95% or more (by FY2016) ⁸

1 Five Honda Motor production facilities and the Automobile New Model Center

2 Targets for production announced in 1998

3 In accordance with the amendment to Japan's Rationalization in Energy Use Law, this is the responsibility of Honda Motor Co., Ltd., as the transporting entity (transportation of completed vehicles/devices; transportation of parts between facilities; parts transportation, etc.)

4 Primarily SOCs, such as organic solvents included in paints and thinners, that may cause photochemical oxidation

5 The 48 primary organizations involved in manufacturing and research and development (including academic institutions and Honda Motor Co., Ltd.)

6 Transportation of parts and service parts sets; export of completed motorcycles

7 95% recycling defined as recycling of entire automobile

8 Scale as used in former MITI Used Automobile Recycling Initiative

Reference FY2011 targets and results for Japan



Efforts to attain environmental impact reduction targets in fiscal 2011

Item		Strategies
Energy/ global warming	Energy savings	50% reduction of standby power use during production halts
		Installation of highly efficient equipment (lights, compressors, hydraulic units, etc.)
		Further changes to operating methods for air conditioning systems
Transportation efficiency improvement	Consolidation of warehouses and changes to storage methods	
	Implementation of Honda Green Action (environmentally responsible manners program) across the entire Honda Group	
Alternative energy	Reduction of number of servers and air conditioning load through improvements of server operating methods	
	Expansion of modal shifts and reduction of transportation distances	
SOCs	Reduction of VOCs	Reduction of truck trips through improvement of loading rates and reduction of packaging specifications
		Installation of Honda Soltec solar cells (panels with a total capacity of 2.4MW installed at plants throughout Japan in fiscal 2011)
Recycling	Reduction of disposal	Switch to water-based paints on painting lines
		Use of low-VOC paints on prototype models at the R&D stage
		Increased secondary utilization of remnant materials
		Reduction of liquid waste through increased recycling of cleaning liquids
Reduction of water use	Reduction of disposal	Continued efforts since 2007 to reduce direct disposal at outside landfills by consolidated production companies (Honda sites plus 32 suppliers) to zero
		Reduction of packaging materials through increased use of returnable containers, use eco-packaging and other measures
		Appropriate disposal of all IMA batteries by means of voluntary recovery system
		Increased use of rainwater and recycled water

Note: Five Honda Motor production facilities and all consolidated supplier companies

Direction of future initiatives in Japan

Under Honda's new environmental vision (see Page 8), we aim to minimize all environmental impacts, including CO₂ emissions and fossil energy use. We are also determined to achieve our 2020 CO₂ emissions reduction targets for products (See Page 10), and we will continue to provide global support while also working to achieve the targets in Japan.

As part of our past efforts to reduce environmental impacts across product life cycles, we have analyzed the extent of environmental impacts, set targets for each area of activity and implemented various initiatives. Our priority for the future is to realize Honda's environmental vision by intensifying our efforts at all levels of our business operations, including our supply chains. In 2011, we formulated the Honda Green Purchasing Guidelines, under which we are actively applying environmental management methods to our supply chains, with particular emphasis on greenhouse gas emissions.

As part of our efforts to realize Honda's environmental vision, we have drawn up a specific mid-term plan relating to our business activities. In the past, CO₂ reduction targets were only set for the production domain, but under this mid-term plan, the scope of the targets that we aim to achieve has been expanded to include Honda and its main group companies. In addition to our CO₂ reduction targets, we have also set targets for the reduction of water use, waste and VOC emissions, and the improvement of product recycling ratios in Japan, ahead of the adoption of similar targets on a global basis.

Acceleration of Energy Conservation Activities through Improvements to Honda Green Action and Facility Operating Methods.

Plans for mid-term initiatives relating to business activities in Japan

Direction for initiatives in the period to 2020		Mid-term (fiscal 2011-2013) plans for environmental initiatives
Energy/climate change	Overall strengthening of initiatives from a product life cycle perspective	Business activities (Honda and main group companies¹) CO₂ emissions per unit of sales: 5% reduction (relative to fiscal 2000 level) by fiscal 2013 <ul style="list-style-type: none"> Introduction of advanced environmental technology at the Yorii Plant (production scheduled to start in 2013) and preparations for global implementation Setting of energy use benchmarks, standardization of energy efficiency at a high level Promotion of monitoring and reduction of supply chain greenhouse gas emissions under revised Green Purchasing Guidelines Promotion of Honda Green Action based on environmental good manners and improved use of facilities
		Transportation domain (scope of shippers) CO₂ emissions per ton/km: Reduction by 10% (relative to fiscal 2006 level) by fiscal 2013 <ul style="list-style-type: none"> Improvement of transportation efficiency in all regions through modal shifts, improvements in truck fuel efficiency, etc.
Resource circulation, water resources	Further evolution of 3R (Reduce, Reuse, Recycle)	Business activities (Honda and main group companies¹) Reduction of by-products per unit of sales by 5% (relative to fiscal 2000 level) by fiscal 2013 <ul style="list-style-type: none"> Strengthening of resource reduction initiatives, including yield improvements and reduction of by-products Increased efforts to promote use of secondary metal materials in cooperation with suppliers Reducing service parts sets
		Business activities (Honda and consolidated production related companies²) Continued efforts to maintain zero landfill waste <ul style="list-style-type: none"> Continued to manage landfill waste by specified processes
		Recycling of end-of-life products: Maintenance of automobile ASR recycling ratio of 70% or higher Achievement of effective motorcycle recycling ratio of 95% by 2015 <ul style="list-style-type: none"> Maintenance and improvement of effective recycling rates, improvement of recycling quality leading to resource circulation
Substances of concern	Reduction of VOC emission during production processes	Business activities (Honda and main group companies¹) Reduction of water use per unit of sales by 5% (relative to fiscal 2000 level) by fiscal 2013 <ul style="list-style-type: none"> Reduction of water use according to local conditions (e.g. use of recycled water in production processes, water-saving activities)
		Business activities (Honda and main group companies¹) Reduction of VOC emissions per unit of automobile body area by 30% (relative to fiscal 2000 level) by fiscal 2013 <ul style="list-style-type: none"> Improvement of VOC emission reduction technology for painting processes, extension to overseas facilities and for motorcycle painting processes
Biodiversity	Community-based conservation initiatives based on Honda Biodiversity Guidelines	Initiatives based on corporate activities: <ul style="list-style-type: none"> Dissemination of information through the supply chain about water use and the potential for ecological damage caused by harmful substances Cooperation with local communities <ul style="list-style-type: none"> Biodiversity surveys at business sites in Japan Formulation of business site policies, development of implementation guidelines and expertise Studies concerning extension to overseas business sites

1 Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Engineering Co., Ltd., Honda Access Co., Ltd.

2 includes companies in note1 plus consolidated supplier companies in the purchasing domain.

Environmental management systems in Japan

1 Environmental management promotion system

In December 1991, Honda established the Japan Environmental Committee to ensure that environmental initiatives undertaken in Japan are executed to the highest standards and that Honda maintains leadership in the field. Operating officers and administrators from the production and purchasing domains, Japan Regional Operations, Customer Service, Business Support and Honda R&D participate in the committee. In addition, the committee establishes divisional committees or liaisons in each department to promote product and parts recycling and the reduction of environmental impact from factories, transportation and Group companies.

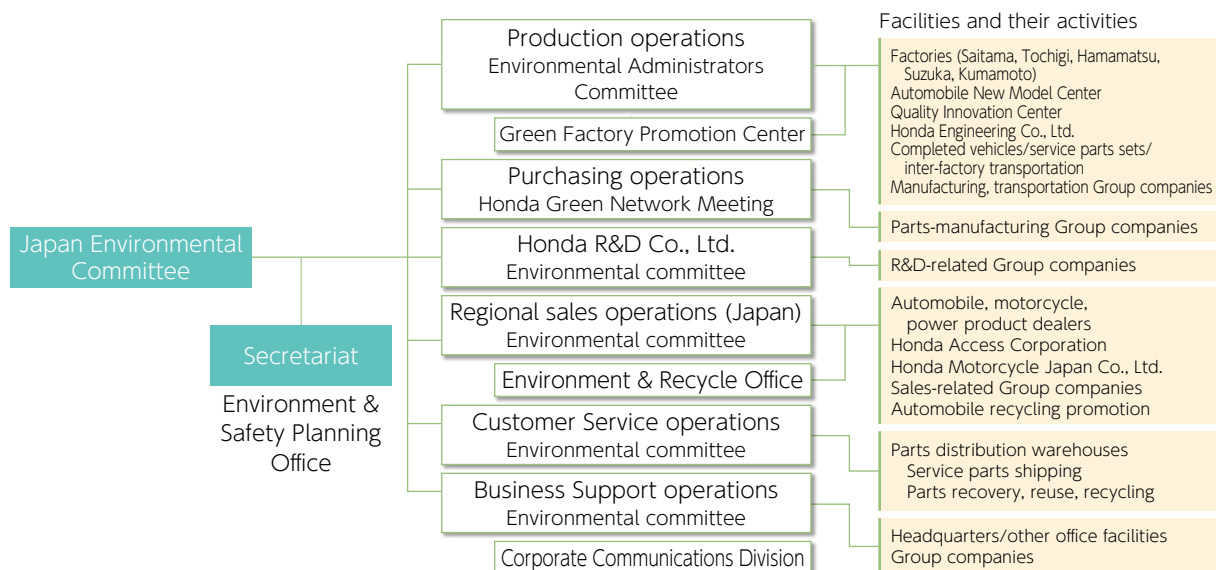
As it works to address societal concerns about the environment, the committee proposes mid-term policies and targets while monitoring the progress of individual departments. In addition, the committee proposes measures to respond to interdepartmental issues and strives to maintain and enhance environmental initiatives in Japan, ensuring that

they are executed to the highest standards.

Individual departments and operations set targets based on mid-term environmental policies and on the targets established by the Japan Environmental Committee. Each department reviews its PDCA cycle for reduction in environmental impact of internal institutions, Group companies and transportation. It also reviews environmental operations and policies.

Since FY2006, Honda has been strengthening initiatives within the Group, including Japanese financial companies. In FY2008, a new environmental office was established within Japan Regional Sales Operations and efforts were intensified to reduce the environmental impact of the internal institutions and Group companies that make up the sales domain, including automobile dealers throughout Japan.

Environmental preservation initiatives in Japan: organization



2 Environmental audits

Production operations can cause particularly significant environmental impacts. Honda initiatives in this area are outlined below.

In FY2011, the company integrated ISO 14001 systems at five of its factories in Japan: Tochigi, Saitama, Hamamatsu, Suzuka and Kumamoto. This means that environmental systems at these factories, which were previously assessed separately, can now be assessed as a single unit by external certification organizations. Since all five factories now

operate under a single environmental management system, it will be possible to achieve continual improvement in the standard of environmental management in a number of areas, including the consistency of environmental management and PDCA cycles for compliance and environmental measures.

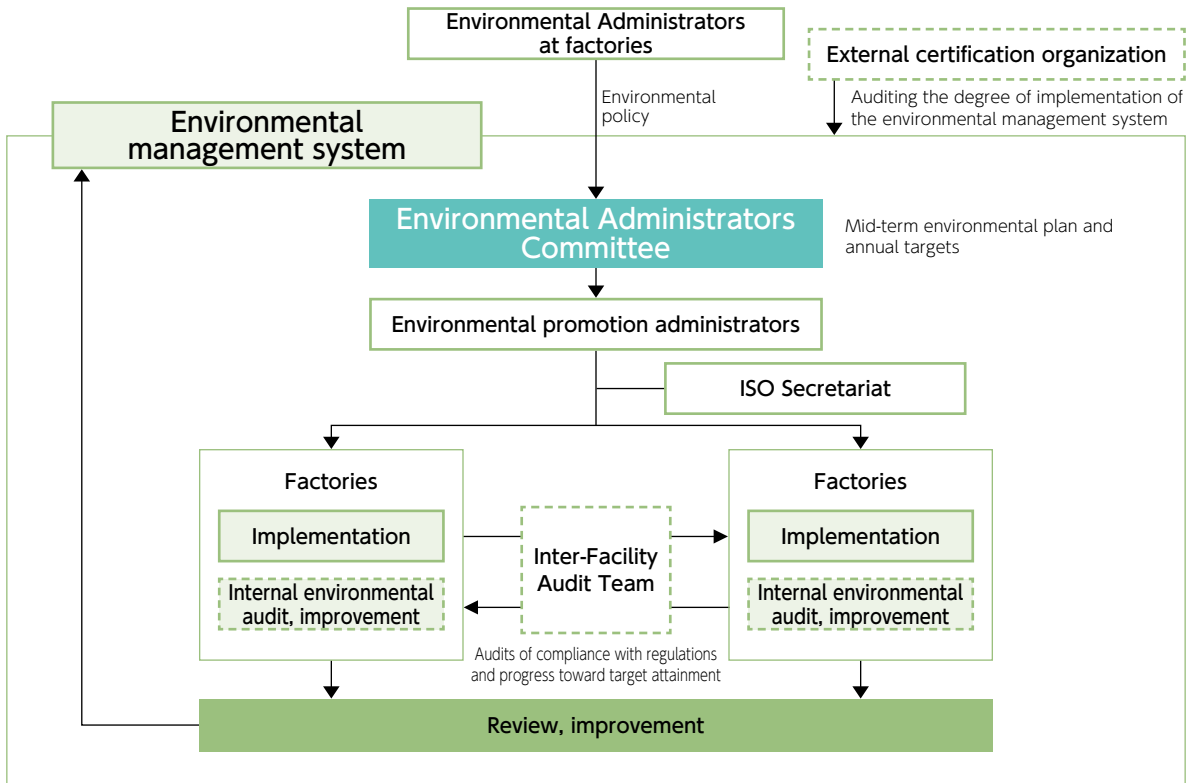
Environmental management systems at these factories are also subject to internal auditing, including auditing within individual factories and reciprocal auditing between facto-

ries. In addition, external audits are carried out by inspection and registration organizations.

In the previous fiscal year, there were 17 inspections relating to external audits. Immediate steps were taken to

remedy any issues that were identified. We also continued to expand our internal audit capabilities by training additional internal audit staff. In the previous fiscal year, the number of internal auditors was increased to 107.

Environmental management systems



3 Environmental compliance and pollution prevention

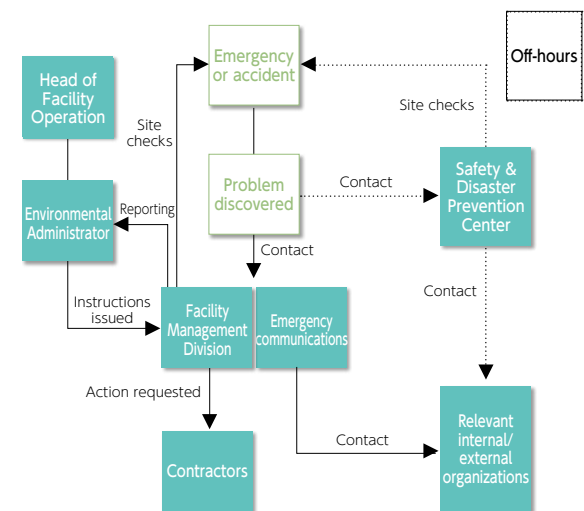
Product recalls

If there is a possibility of environmental problems relating to a product, Honda takes appropriate and timely market-based action, including product recalls, in accordance with environmental laws and regulations. There were no product recalls in FY2011.

Emergency protocols

In anticipation of potential accidents or emergencies that could cause environmental pollution, each factory and department has clearly defined procedures for the prevention or mitigation of pollution. Emergency drills and training events are held regularly in Japan to increase emergency preparedness. This approach allowed us to prevent environmental contamination resulting from the Great East Japan Earthquake in 2011.

Emergency protocols



Compliance with laws and regulations

In FY2011, an agreed wastewater BOD level was exceeded on one occasion. There were also two complaints and requests concerning day-to-day management, including wastewater treatment. Honda responded promptly and reminded all suppliers and personnel of their responsibility to be proactive in resolving such issues and preventing their recurrence.

For further information, please see the Honda Conduct Guideline. This URL is Japanese only:
<http://world.honda.com/conductguideline/>



Other issues

Seeking to coexist in harmony with local communities everywhere, Honda is currently promoting its Green Factory initiative. Honda has always been proactive in environmental conservation, seeking to earn the ever-greater trust of host communities. Honda has been continuing to monitor soil and groundwater through observation wells at factory sites.

For further information, please see the Honda Worldwide website's environment section. This URL is Japanese only:
<http://world.honda.com/environment/activities/data/index.html?id=4-2>



4 Environmental education

Environmental management and environmental education

Every factory and office plans education programs based on their environmental management system and holds regular events for all personnel, operators in environmentally sensitive operations, and internal environmental auditors.

As part of Honda's training curriculum for all new hires, environmental education programs are provided to ensure that associates recognize their responsibilities for environmental conservation as an integral part of their duties. As a responsible corporate citizen, Honda provides training on the company's environmental and safety policies to new associates to help deepen their environmental awareness and recognition of the importance of the responsibilities of a mobility manufacturer. Immediately after joining Honda, new associates visit Honda plants to receive presentations about Honda's environmental philosophy and initiatives, and to get hands-on experience in environmental measures implemented in automobile and motorcycle manufacturing.

Small group initiatives

At NH Circle (quality circle) conventions, associates give presentations on environmental issues, conservation of energy and other resources, and recycling. Winning presentations are publicized as good examples for all associates. As the severity and global scope of environmental problems become more obvious, Honda is striving to make associates more aware of the environment and encouraging them to act voluntarily in an environmentally responsible manner in their professional and personal lives.

5 Environmental accounting

Honda aims to realize its environmental vision through effective environmental management. Previously, we aggregated costs relating to environmental conservation activities, but since FY2011, we have also published data about the economic benefits of environmental conservation and about our environmental efficiency. These data are disclosed as corporate performance indicators. They are also used as

Honda Green Action

To implement environmental initiatives effectively, Honda must raise the environmental awareness of individual employees and empower them to contribute steadily within the scope of their capabilities. In 2009, the company introduced activities for individual employees under a unifying key phrase: "Honda Green Action." Since 2010, these activities have been extended across the entire Honda Group.

The first step was to collate and promote a series of case studies based on the "Environmentally Responsible Manners" concept as the basis for the efforts at the individual level to reduce unnecessary environmental impacts. We also gather information about successful initiatives and innovations for use in employee information activities via in-house television, intranet and other media. These efforts have brought further improvement in the commitment of individual employees to the reduction of environmental impacts in the context of their day-to-day activities.



tools for management decision-making on environment-related matters.

In FY2011, environment-related costs increased 5% from the previous year because of future-oriented R&D activities and higher management costs resulting from further acceleration of environmental initiatives. However, environment-related investment was reduced by 34%.

Costs and effects of environmental conservation initiatives in FY2011

Category		Outline of main initiatives	2010		2009	
			Investment (million yen)	Expenses (million yen)	Investment (million yen)	Expenses (million yen)
Business area costs	Pollution prevention costs	●Prevention of air, water and soil pollution	1,720	2,200	8,003	2,271
	Global environment conservation costs	●Prevention of global warming and ozone layer depletion; other environmental conservation Approximately 19,000 solar panels with a capacity of 2.3MW installed at 15 business sites.	3,698	576	591	459
	Recycling costs	●Waste processing, separation, reduction, elimination and recycling	87	989	30	1,046
Upstream/downstream costs		●Collection, recycling, reuse and proper disposal of products manufactured and sold ●Industry organization and other membership fees	119	849	1,036	791
Management costs		●Implementation, operation and acquisition of certification for environmental management systems ●Monitoring and measurement of environmental impact ●Management of organizations responsible for environmental conservation Expenditure on environmental public relations activities	170	4,306	0	3,908
Research and development costs		●Research, development and design for reduction of environmental impact throughout the product life cycle R&D on advanced environmental vehicles, including electrical vehicles (EVs) and plug-in hybrids	7,382	173,293	10,265	164,946
Philanthropic initiative costs		●Environmental improvement measures, including ecosystem protection, greenification and natural landscape conservation ●Support and distribution of information to local citizens The conversion coefficients stipulated in the Act on the Rational Use of Energy have been used.	0	222	0	164
Environmental damage costs		●Remediation of polluted soil	0	33	0	11
Total			13,176	182,468	19,925	173,596

Note 1: Scope of calculations:

Companies covered:

Honda Motor Co., Ltd.

Honda R&D Co., Ltd.

Honda Engineering Co., Ltd.

Period: April 1, 2009, to March 31, 2010

Note 2: Due to the difficulty in certain situations of deriving precise figures, some figures are estimates

Note 3: Some calculations are based on reference materials, particularly guidelines and guidebooks published by Japan's Ministry of the Environment

Note 4: Costs are quoted on a cash-flow basis with depreciation costs excluded

Logistics-related benefits

		FY2011	FY2010	Difference
Energy use	TJ	13,633	13,083	551
Water use	1,000m ³	4,666	4,559	107
CO ₂ emissions	t-CO ₂	561,206	628,201	▲66,995
CO ₂ emissions in transmission (scope of shippers)	t-CO ₂	65,057	72,449	▲7,392
Total waste generated	t	166,079	163,793	2,286
ASR recycling rate	%	81.6	84.5	▲2.9
VOC emissions	t	2,365	3,299	▲934
PRTR emissions	t	875	978	▲103

Note: The conversion coefficients stipulated in the Act on the Rational Use of Energy have been used.

Economic benefits

●Effective income and cost reductions (yen)

Income from sales of valuable substances		2.9 bil
Cost reductions resulting from energy conservation	Reductions through installation of new facilities	0.4 bil
	Reductions through innovative activities, including the "Environmentally Responsible Manners" program	0.1 bil
Total		3.4 bil

●Benefits for customers

Honda has worked to reduce CO₂ emissions by improving the fuel efficiency of its products.

By improving the average fuel efficiency per automobile, Honda saved its Japanese customers, approximately ¥8.5 billion in FY2011. The cumulative savings since 2000 have reached ¥153.6 billion.

●Method used to calculate the benefits for customers

Average change in fuel efficiency¹ in each fiscal year × average distance traveled² × average gasoline price in each fiscal year³ × number of vehicles owned⁴

1 10-15 mode fuel efficiency is used.

2 Average distance traveled per year according to the motor vehicle transportation statistics compiled by the Ministry of Land, Infrastructure and Transport (= 10,000km)

3 Source: Oil Information Center, Japan Institute of Energy Economics

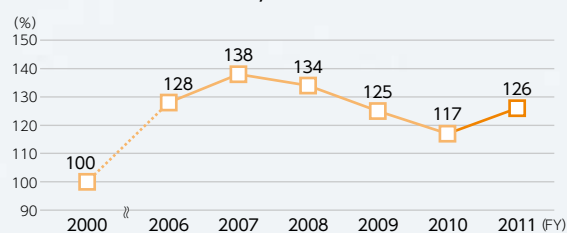
4 Cumulative total, taking into account new vehicle sales and average vehicle history

Environmental efficiency

Honda defines environmental efficiency according to the following calculation formula. We have taken our environmental management to a more advanced level by working to optimize our own environmental management efficiency. In FY2011, our environmental efficiency was approximately 26% better than in FY2001.

★Calculation formula = Environmental impacts (CO₂ emissions) ÷ scale of business (net sales)

Environmental efficiency rate



Environmental impact in Japan

Honda is promoting its Green Factory initiative with the goal of creating production facilities that are the pride of the communities in which they operate. We are also promoting energy conservation and waste-reduction initiatives in all areas of operation through the introduction of environmentally responsible logistics, sales, administration and other programs.

* Some data for Japan have been estimated due to the effects of the Great East Japan Earthquake.

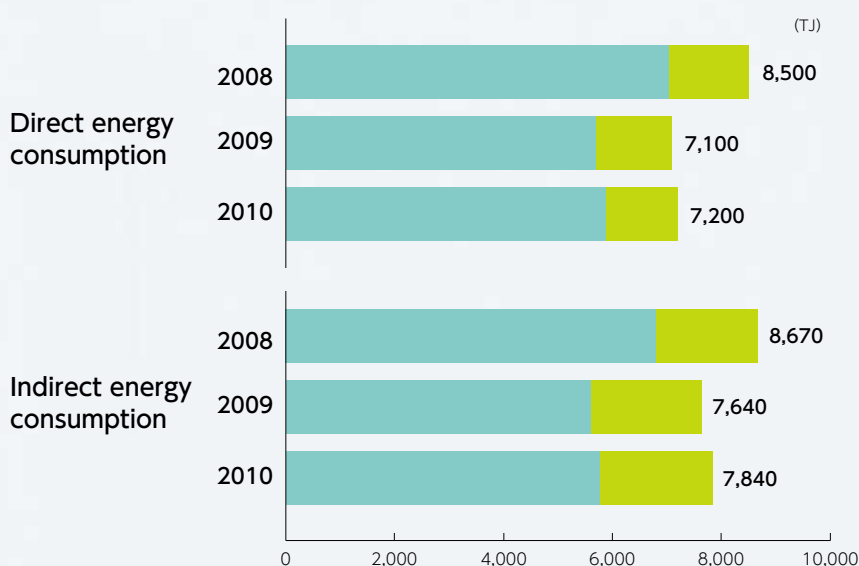
* Historical figures have been adjusted to reflect an increase in the number of companies covered and closer analysis of the data.

* Totals with more than three digits have been rounded to three significant digits.



Energy consumption

■ MANUFACTURING COMPANIES
■ NON-MANUFACTURING COMPANIES



Companies covered (FY2011):
Most consolidated subsidiaries and affiliated companies in the Honda Group in Japan

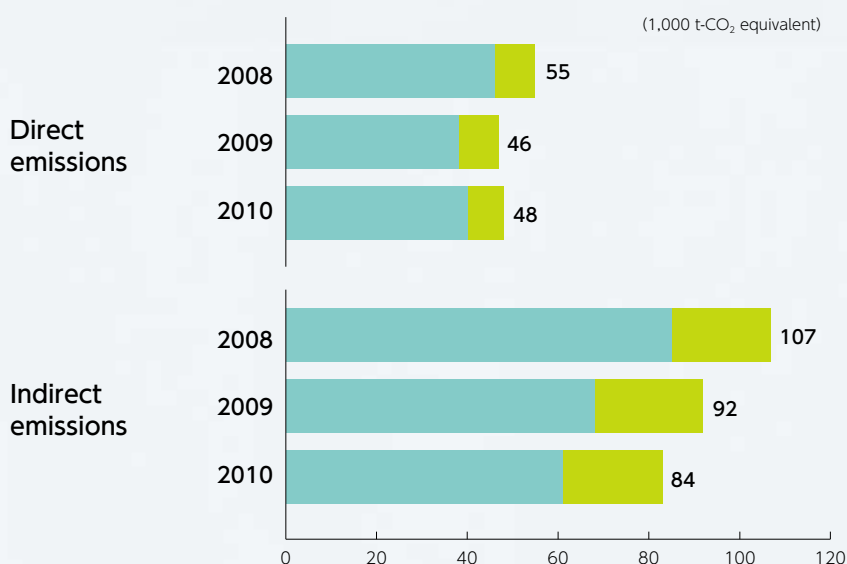
Notes:

- Purchased electricity has been converted to Joules using the world standard of 3.6 (GJ/MWh).
- Calculations based mainly on energy from fixed sources.
- A terajoule (TJ) is a unit of energy. "Tera" means 10¹².



Greenhouse gas emissions

■ MANUFACTURING COMPANIES
■ NON-MANUFACTURING COMPANIES



Companies covered (FY2011):
Most consolidated subsidiaries and affiliated companies in the Honda Group in Japan

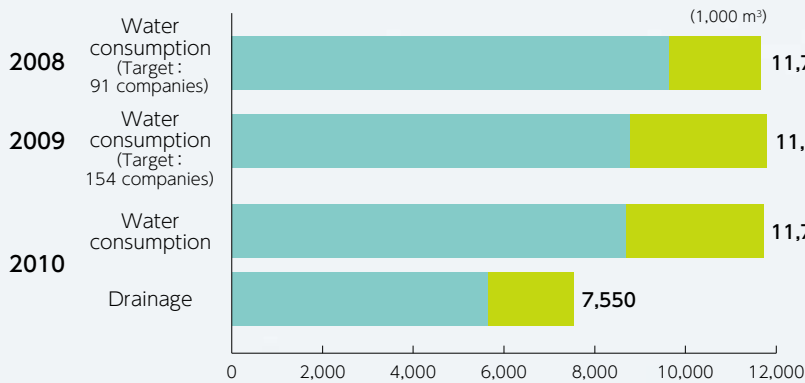
Notes:

- The main source of information about emissions in Japan is the Greenhouse Gas Calculation and Reporting Manual Ver. 2.41 (2004, issued by the Ministry of Economy, Trade and Industry and the Ministry of the Environment).
- CO₂ emissions from purchased power are individually calculated by each power company according to the latest coefficients.
- Greenhouse gas emission calculations are based mainly on emissions from fixed sources.

3 Water consumption / drainage



MANUFACTURING COMPANIES
NON-MANUFACTURING COMPANIES



Companies covered (FY2011):

Water consumption

Honda Motor Co., Ltd., subsidiaries and affiliates: 147

Drainage

Honda Motor Co., Ltd., subsidiaries and affiliates: 135

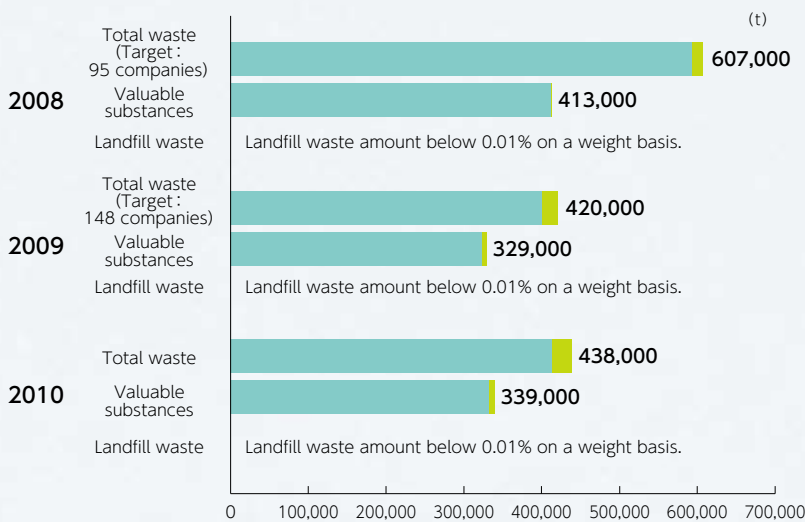
Note:

- Non-manufacturing companies included as of FY2009.
- Drainage is disclosed from FY2011.
- The drainage amount for non-manufacturing companies includes data estimates.

4 Waste



MANUFACTURING COMPANIES
NON-MANUFACTURING COMPANIES



Companies covered (FY2011):

Honda Motor Co., Ltd., subsidiaries and affiliates: 145

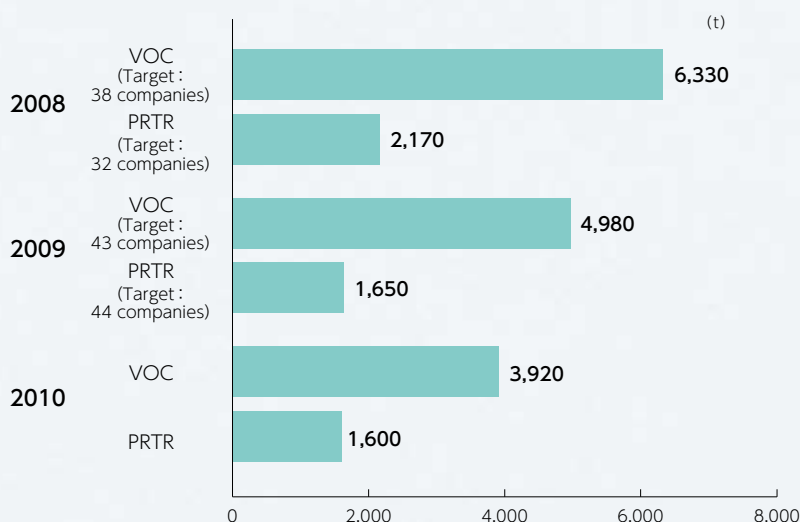
Note:

Landfill waste percentages have been calculated on a weight basis.

5 Other emissions



MANUFACTURING COMPANIES



Companies covered (FY2011):

VOC

Honda Motor Co., Ltd., subsidiaries and affiliates: 42

PRTR

Honda Motor Co., Ltd., subsidiaries and affiliates: 42

Note:

Some non-manufacturing sites were included in and before FY2010, but from the current fiscal year onwards the report will be limited to manufacturing companies, which have a more significant impact.

Result of FY2011 initiatives and targets for FY2012

Domain	Major objectives		FY2011 targets
Purchasing	Green Purchasing initiatives	Saving energy and resources with suppliers	Ensure that suppliers ¹ reduce CO ₂ emissions
			Ensure that suppliers ¹ reduce per-unit water consumption
		Zero emissions ² from suppliers	Ensure that suppliers ¹ reduce waste generated
			Ensure that suppliers ¹ reduce per-unit waste generation Substances of concern used in products are controlled under Honda's substances of concern standards.
Production	Green Factory initiatives	Conserving energy and other resources	30.0% reduction in units of energy used (baseline: FY1991)
			CO ₂ emissions: 400,000 t-CO ₂
		Zero emissions ²	—
			Landfill disposals maintained at zero Reduction in waste output VOC emissions (automobiles): 30.7 g/m ²
Transportation	Green Logistics initiatives	Improve transportation efficiency	CO ₂ emissions: 82.89 g CO ₂ /tkm (per ton per km transportation of complete automobiles) CO ₂ emissions per unit of service parts transported: 14% reduction compared with FY2007 CO ₂ emissions per unit stored in warehouses: 30% reduction compared with FY2008
			Reduce the use of packing materials
		Improve energy efficiency	—
			Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2010) Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2010) Power products dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% (baseline: FY2010)
Recycling	Automobiles	Technical support for proper disposal and recycling of end-of-life products	Continue to maintain recycling systems Automobile bumper recycling
	Motorcycles		Technical support for proper disposal and recycling of end-of-life products
	Parts	Increase parts recovery, reuse and recycling	Expand recyclable parts and recycling activity
	—	—	
Administration	Green Office initiatives	Conserve energy	CO ₂ emissions at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2010) ³
		Use resources efficiency	Waste generated at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2010) ³
		Make environmental and social contributions	Each business site participates in at least one neighborhood clean-up project per year in partnership with local residents and local governments.
		—	—
Honda R&D	Green Laboratories	Conserve energy and other resources	Total CO ₂ emissions: 150,000 t-CO ₂ —
		Zero emissions ²	Total waste generated: 5,800 tons —
Honda Engineering	Green Factory initiatives	Conserve energy and other resources	Total CO ₂ emissions: 20,638 t-CO ₂ Per-unit CO ₂ emissions: 12.0% reduction (baseline: FY2001)
		Zero emissions ²	Per-unit waste generated: 4.0% reduction (baseline: FY2007)
			Total waste generated: 1,969 tons
Honda Access	Green Factories	Conserve energy	Per-unit CO ₂ emissions: 10.0% reduction (baseline: FY2001)
		Conserve resources	Per-unit waste generation: 30.0% reduction (baseline: FY2001) —
	Cleaner transport, greener offices	Reduce packing materials	Packaging: 65.1% per-unit reduction (baseline: FY2001)
		Improve transportation efficiency	—

¹ Policies target all consolidated supplier companies.

² Zero emissions mean that waste and other harmful substances have been reduced to less than 1% and as close to zero as possible.

³ In FY2011, targets and results will be reported for the Honda Group, including Honda Motor Co., Ltd. and its nine buildings (see list above), as well as some companies of the Honda Group in Japan—Mobility Land, Honda Kaihatsu, Honda Sun, Honda Commtec, Honda Technical College, Honda Airways, Honda Trading, Japan-Techno, Honda Finance, Rainbow Motor School, Kibonosato Honda, Honda R&D Sun, KP Tech, Circuit Service Creates and Japan Race Promotion—a total of 16 companies and all facilities. Chu-o Air Survey Corp. was liquidated in FY2009.

Honda strives to reduce its environmental footprint by setting ambitious targets for environmental conservation in every domain and in every stage of the product life cycle.

○ : Attained △ : ≥ 95% × : < 95%

FY2011 Results	Status	FY2012 Targets	See
Per-unit CO ₂ emissions by 17.1% (baseline: FY2001)	○	Suppliers ¹ : Reduction of greenhouse gas emissions per unit	P.59
Per-unit water consumption by suppliers reduced 12.3% (baseline: FY2010)	○	Suppliers ¹ : Monitoring of water usage and reduction of usage per unit	
(Suppliers ¹ continue to maintain zero landfill waste by suppliers)	○	Suppliers ¹ continue to maintain zero landfill waste by suppliers	
Per-unit waste production by suppliers reduced 6.8% (baseline: FY2010)	○	Suppliers ¹ : Monitoring of waste, etc., and reduction of waste, etc., per unit	P.58
(Continued control of substances of concern used in products under Honda's substances of concern standards)	○	Control of substances of concern based on standards for the control of such substances in Honda products	
17.2% reduction in units of energy used (baseline: FY1991)	×	CO ₂ emissions per automobile produced: 1% year on year reduction	P.61
CO ₂ emissions: 371,000 t-CO ₂	○	CO ₂ emissions per motorcycle produced: 1% year on year reduction	
—	—	Maintain per-unit water consumption	P.62
Maintained zero landfill waste	○	Continued zero emission status for direct disposals at independent landfill sites	
Increase use of scrap by the plants	○	Maintain per-unit waste generated	
VOC emissions (automobiles): 31.0 g/m ²	△	Maintenance of VOC emission levels per unit	P.65
CO ₂ emissions: 74.20 g CO ₂ /tkm (per ton per km transportation of complete automobiles)	○	CO ₂ emissions per unit: 1% year-on-year reduction (transportation of finished vehicles and knock-down kits)	
CO ₂ emissions per unit of service parts transported: 21% reduction compared with FY2007	○	CO ₂ emissions per unit of service parts transported: 53.0% reduction compared with FY2001	P.66
CO ₂ emissions per unit stored in warehouses: 38% reduction compared with FY2008	○	CO ₂ emissions per unit stored in warehouses: 40.0% reduction compared with FY2001	P.67
54.0% reduction in service parts set packaging (baseline: FY2001)	○	1.0% reduction in service parts set packaging (baseline: FY2001)	
—	—	Repair parts: Continuing simplification of packaging materials	P.69
Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 5.7% reduction (baseline: FY2010)	○	Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2011)	
Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 0.9% reduction (baseline: FY2010)	○	Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2011)	P.70
Power products dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 6.0% reduction (baseline: FY2010)	○	Power products dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% (baseline: FY2011)	
Continued to maintain recycling systems	○	Continue to maintain recycling systems	P.72
Reprocessed 24 tons of recycled resin, polypropylene by recovering 11,000 used bumpers	○	Automobile bumper recycling	P.75
Maintained stable operation of system	○	Maintain stable operation of system	
Maintenance of recovery and recycling ratios for target parts in step with market trends	△	Collect recyclable parts and continue recycling activity	P.73
—	—	Expand recycling activity for IMA batteries	
CO ₂ emissions at all facilities of 16 Honda Group companies in Japan: 7.9% reduction	○	CO ₂ emissions at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2011)	P.77
Waste generated at all facilities of 16 Honda Group companies in Japan: 1.1% reduction	○	Waste generated at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2011)	
Each business site participated in at least one neighborhood clean-up project per year in partnership with local residents and local governments.	○	Continuing initiatives	
—	—	Maintain per-unit water consumption	—
Total CO ₂ emissions: 152,000 t-CO ₂	△	Per-unit CO ₂ emissions: 17.0% reduction (baseline: FY2001)	P.80
—	—	Per-unit water consumption: 35.0% reduction (baseline: FY2001)	
Total waste generated: 6,100 tons	△	Per-unit waste generation: 41.0% reduction (baseline: FY2001)	
—	—	Continue to reduce PRTR emissions	P.81
Total CO ₂ emissions: 18,495 t-CO ₂	○	Per-unit CO ₂ emissions: 13.0% reduction (baseline: FY2001)	
Per-unit CO ₂ emissions: 19.0% reduction (baseline: FY2001)	○	Per-unit water consumption: 7.0% reduction (baseline: FY2011)	
Per-unit waste generated: 12.0% reduction (baseline: FY2007)	○	Per-unit waste generation: 10.0% reduction (baseline: FY2007)	P.82
Total waste generated: 1,795 tons	○	Continuing reduction of emissions of PRTR-listed substances	
Per-unit CO ₂ emissions: 28.0% reduction (baseline: FY2001)	○	Per-unit CO ₂ emissions: 18.0% reduction (baseline: FY2001)	P.82
Per-unit waste generation: 38.0% reduction (baseline: FY2001)	○	Per-unit waste generation: 23.0% reduction (baseline: FY2001)	
—	—	Per-unit water consumption: 3.0% reduction (baseline: FY2009)	
Packaging: 68.4% per-unit reduction (baseline: FY2001)	○	—	P.82
—	—	Transportation-related CO ₂ emissions per unit: 3% reduction compared with the FY2009 level	

Note: For FY2011 results of product development, see p. 36. Continuing items:
 • Potential recycling ratio (automobiles): At least 90% for all new models and full model-change cars
 • Potential recycling ratio (motorcycles): At least 95%
 • Potential recycling ratio (power products): At least 95%



Product development

Honda prioritizes initiatives that focus on the product use stage, where the greatest reductions in the environmental impact of a product during its life cycle can be achieved. We are committed to attaining ambitious voluntary targets, including those for cleaner exhaust emissions, higher fuel economy (to minimize CO₂ emissions), and practical applications of alternative energy, striving for the harmonious coexistence of human beings, the environment and our products.



Major product development initiatives and environmental technologies

	Automobiles	Motorcycles	Power products
Fuel economy Improvement	<ul style="list-style-type: none"> Expansion of hybrid car lineup 	<ul style="list-style-type: none"> CBR250R 	<ul style="list-style-type: none"> i GX series BF115
Exhaust emissions reduction	<ul style="list-style-type: none"> Reduction of total HC¹ exhaust emissions Expansion of very low-emissions vehicles 	<ul style="list-style-type: none"> 4-cycle technology PGM-FI technology Catalyzer installation technology 	<ul style="list-style-type: none"> BF115 i GX series
Development of alternative energy products	<ul style="list-style-type: none"> Development and leasing of FCX Clarity Accelerated introduction of fuel cell electric vehicles in Japan 	<ul style="list-style-type: none"> Leasing of EV-neo 	<p>—————</p>
Designing the 3Rs	<p>Reduce/reuse/recycle design initiatives</p> <p>SOC (4 heavy metals) reduction initiatives</p>		
Noise reduction	<ul style="list-style-type: none"> Engine noise reduction technology Air intake noise/air intake radiated sound reduction technology Exhaust noise and radiated sound reduction technology 	<ul style="list-style-type: none"> CB250R engine EV-neo <p>—————</p>	<ul style="list-style-type: none"> i GX/GX MCHP1.0K2

¹ HC: hydrocarbons



Automobiles

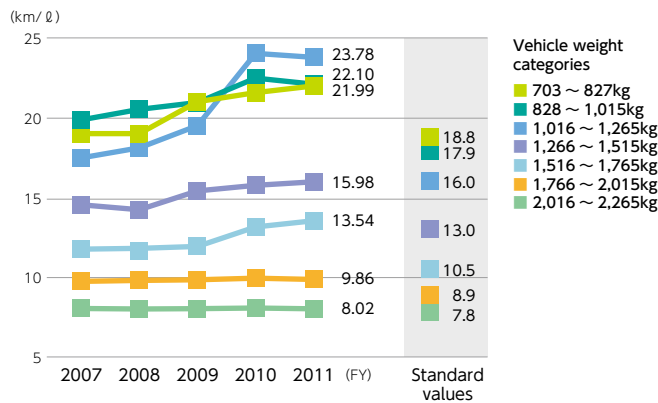
Fuel economy

Honda has introduced a wide range of technologies to improve fuel efficiency and reduce CO₂ emissions that contribute to global climate change.

In FY2011, we further expanded our lineup of hybrid vehicles, including the newly launched Fit Hybrid. We also introduced new models of gasoline-powered vehicles with improved fuel efficiency. The average fuel efficiency in FY2011 was approximately 37.6% better than in FY2001.

Approximately 87.6% of all passenger cars sold in FY2011 exceeded the 2010 fuel economy standards by 15% or more.

Trends in corporate average fuel economy by category for vehicles complying with Japan 2010 fuel economy standards



Driver-assist systems for eco-driving

In recent years Honda has equipped many of its models with systems to help users apply eco-driving techniques during actual driving. In addition to fuel-efficiency meters and other eco-driving support systems, Honda is increasingly installing Eco Assist* systems designed to improve users' practical fuel efficiency in various ways, including the provision of real-time eco-driving information based on a broader analysis of driving conditions, and the optimal control of air conditioners.

In FY2011, eco-drive support systems were installed in 97% of passenger cars sold in Japan, while 30% of vehicles were equipped with Eco Assist systems.

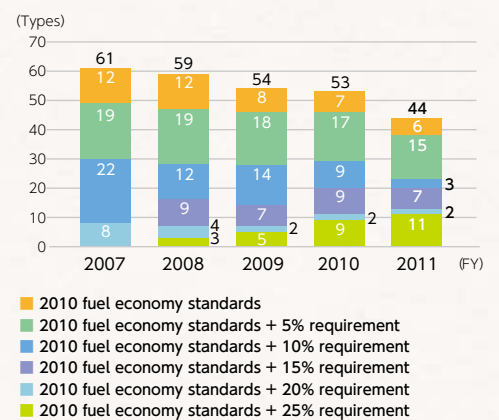
* The Eco Assist system can be used in several ways. In "Econ Mode," priority is given to fuel economy, and the vehicle automatically controls the engine, motor, CVT and air conditioning system to improve actual fuel efficiency. There is also a coaching function, which changes the background color of the speedometer according to the eco-driving performance of accelerator and brake operations, and a teaching function that shows the driver's eco-driving score.

Improvement in corporate average fuel economy* (baseline: FY2001)



* Average fuel economy for Japan-market vehicles.

Trend in the number of types attaining

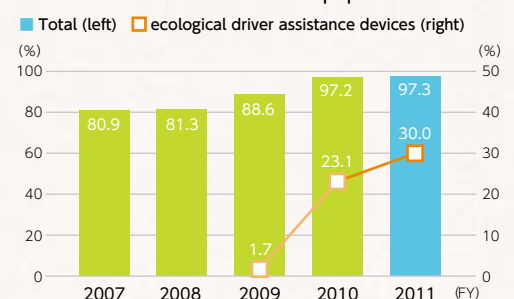


Ecological Drive Assist System



Eco-driving indicator

Trend in vehicles with ecological driver assistance devices as standard equipment



Technology to improve the fuel efficiency of the Fit

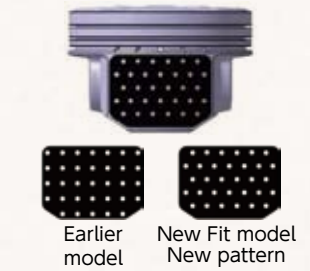
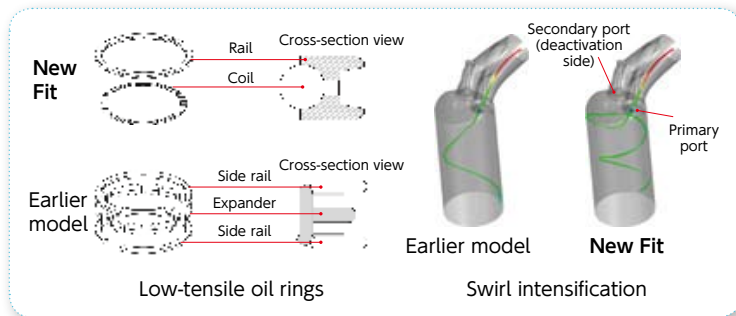
In October 2010, we introduced minor model changes to the Fit, which had already earned an excellent reputation for fuel efficiency. The 1.3-liter CVT version achieved 24.5km/liter¹ based on the 10-15mode cycle used by the Ministry of Land, Infrastructure and Transport. This is 25% better than the 2010 fuel economy standard. The Fit also met the 2015 fuel economy standard with a result of 20.6km/liter in JC08 mode.

To enhance fuel efficiency, we modified the pattern of the applied molydot piston pattern coating² to improve oil retention. We also made a number of technical improvements to reduce friction, including the addition of a spacer to the water jacket in the coolant flow path to provide optimal hot piston clearance, the use of low-tensile oil rings and Teflon-coated crankshaft oil seals.

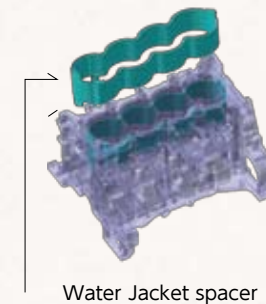
Fuel efficiency was further improved by changing the shapes of the two intake ports on each cylinder to strengthen the swirl and optimize air-fuel mixture distribution inside the cylinders in order to stabilize combustion. We also introduced more exhaust gas recirculation (EGR).

1 G grade

2 Dot patterns applied to the outer surface of the piston skirts.

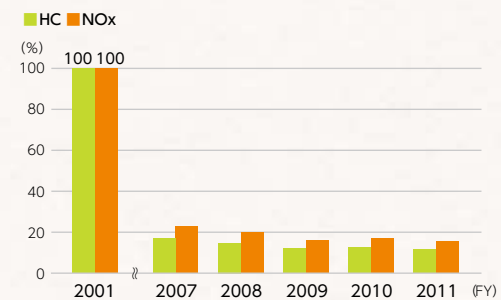


Molydot piston pattern coating



Water Jacket spacer

Trend of total HC and NOx emissions in Japan (baseline: FY2001)



Notes:

- Since a new low-emission vehicle certification program under the 2005 exhaust emission standards was introduced in FY2004, total FY2004 emissions of HC and NOx of models subject to the 2000 exhaust emission standards, and of older models, are calculated based on the 10-15 mode. For models subject to the 2005 exhaust emission standards, HC and NOx emissions are calculated based on the new test mode introduced with the 2005 regulations. Further, for those models subject to the 2005 exhaust emission standards, total emissions of HC are calculated as non-methane hydrocarbon (NMHC).
- Covers total emissions in Japan, excluding emissions from transport trucks and light transport trucks.

2 Exhaust emissions

Trend of total HC and NOx emissions; Vehicle types complying with 2005 exhaust emission standards

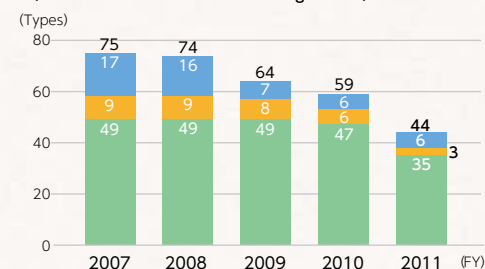
Honda continues to prioritize cleaner exhaust emissions from gasoline vehicles. Honda is working to reduce the levels of CO, HC and NOx contained in exhaust emissions. In FY2011, Honda achieved its targets to reduce HC exhaust emissions 88.5% and NOx emissions 84.5% (baseline: FY2001).

Models and sales results for certified low-emission vehicles

All Honda models launched since FY2004 have been fully compliant with the 2005 exhaust emission standards, and we have increased the number of models certified as low-emission or very low-emission vehicles. In FY2011, 559,178 vehicles, or 98.2% of the total number of passenger cars sold by Honda in Japan, met the criteria for low-emission vehicles. The percentage certified as very low-emission vehicles with emission levels reduced to 75% of the 2005 exhaust emission standards reached 95.3%.

Types complying with exhaust emission standards or earning special certification

- Complies with 2005 regulations
- ★★★ Ultra-low-emission vehicles (emissions 50% lower than 2005 regulations)
- ★★★★ Super ultra-low-emission vehicles (emissions 75% lower than 2005 regulations)



Note: Except for two types of light transport trucks under 2009 regulations.

Low-emission vehicles released in FY2011
(certified under Japan's MLIT 2005 standards)

★★★★Super ultra-low-emission vehicles (SULEV) (emissions 75% lower than 2005 regulations): 2 models	Fit Hybrid
	Freed Spike

3 Development of alternative fuel vehicles

FCX Clarity fuel cell electric vehicle delivered to Fukuoka Prefectural Government

In October 2010, Honda delivered an FCX Clarity, an electric vehicle designed specifically to be powered by fuel cells, to the Fukuoka Prefectural Government. Fukuoka Prefecture was the first regional government in Japan to take delivery of an FCX Clarity.

The FCX Clarity fuel cell electric vehicle embodies Honda's vision for the ultimate mobility of the future. It emits absolutely no CO₂, and because it was designed specifically as a fuel cell vehicle, Honda was able to create a unique new design and package that ensure an excellent driving experience. The FCX Clarity has been available for lease in Japan and the United States since 2008. Vehicles have already been supplied to the Cabinet Office, the Ministry of the Environment and Teito Motor Transportation Co., Ltd. in Japan, and to a number of private users in the United States.

Note: Based on deliveries to outside users

Honda among 13 companies to issue a joint declaration of their intention to introduce fuel cell vehicles in Japan by 2015

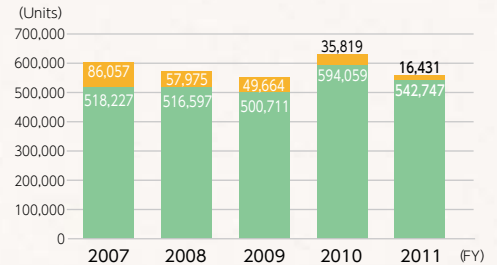
In January 2011, Honda, Toyota Motor and Nissan Motor, together with 10 energy-related companies, issued a three-point joint declaration of their intention to launch fuel cell vehicles on the Japanese market and develop hydrogen supply infrastructure. In the declaration, which affirmed the cooperative relationship between the business policies of the automobile manufacturers and the energy-related companies, the three automobile manufacturers stated that they would develop fuel cell vehicles (FCVs), which emit zero CO₂, for sale to general consumers, with the aim of launching mass-produced FCVs onto the Japanese market, especially in the major urban centers of Tokyo, Chukyo, Kansai and Fukuoka, by 2015. To create an initial market for FCVs and expand the use of the new vehicles, hydrogen suppliers will work with the automobile manufacturers to develop hydrogen supply infrastructure. They aim to create around 100 supply stations by 2015.

In June 2010, the Japanese Cabinet approved changes to the government's basic energy plan, which now calls for the widespread use of FCVs from 2015 onwards. The government decided to revise key regulations, including those relating to the handling of hydrogen, by 2012, thereby opening the way for the increased use of FCVs. In the joint declaration, the participating companies affirmed their intention to respond to this government support by launching FCV projects. The 13 companies will set up sub-groups in the four major urban centers to study various aspects of the plan, including the optimal locations for the hydrogen supply infrastructure that will be required when FCVs go into mass-production.

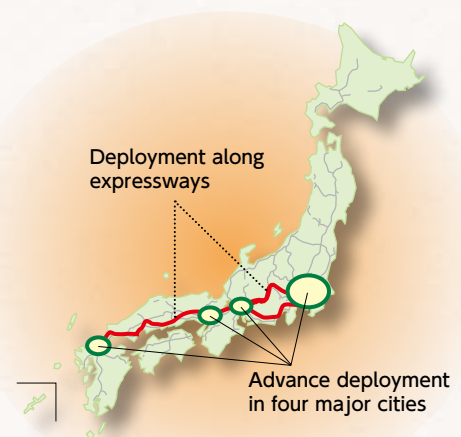
The 13 companies that made the joint declaration were Honda, Toyota Motor Corporation, Nissan Motor Co., Ltd., JX Nippon Oil & Energy Corporation, Idemitsu Kosan Co., Ltd., Iwatani Corporation, Osaka Gas Co., Ltd., Cosmo Oil Co., Ltd., Saibu Gas Co., Ltd., Showa Shell Sekiyu K.K., Taiyo Nippon Sanso Corporation, Tokyo Gas Co., Ltd., Toho Gas Co., Ltd.,

Sales trend

- ★★★★Ultra-low-emission vehicles (emissions 50% lower than 2005 regulations)
- ★★★★★Super ultra-low-emission vehicles (emissions 75% lower than 2005 regulations)



An FCX Clarity is delivered to the Fukuoka Prefectural Government.



(After the introduction of FCVs, participating companies will work to expand the use of the vehicles and develop hydrogen supply infrastructure nationwide.)

Advance development of hydrogen supply infrastructure

Motorcycles

1 Fuel economy

Launched onto the Japanese market in FY2011, the PCX provides excellent environmental performance, thanks to its "idle-stop" mechanism, and it has been enthusiastically welcomed by large numbers of consumers. Average fuel efficiency also improved over the previous year's level, in part because of a 400% year-on-year increase in sales of the Super-cub 110, which was introduced in 2009 with enhanced fuel efficiency technology.

Fuel efficiency enhancements in the CBR250R

Honda launched the CBR250R, a light motorcycle designed for uses ranging from urban travel to suburban touring. This sports model motorcycle features a newly developed water-cooled, four-stroke, DOHC, 4-valve, single-cylinder, 250cc engine, which is the world's first¹ DOHC motorcycle engine with roller rocker arms. To reduce friction, the engine has an offset cylinder design. In addition to PGM-FI² (Programmed Fuel Injection System), the motorcycle is also equipped with an O₂ sensor and a catalyzer mounted inside the muffler. These features combine to provide superb environmental performance.

Traveling 49.2km per liter (fixed point tests at 60km/h), the CBR250R offers among the best fuel efficiency in its class for a 250cc motorcycle in Japan.

¹ Based on Honda research (as of March 2011)

² PGM-FI (Programmed Fuel Injection System) is a Honda registered trademark.

2 Exhaust emissions

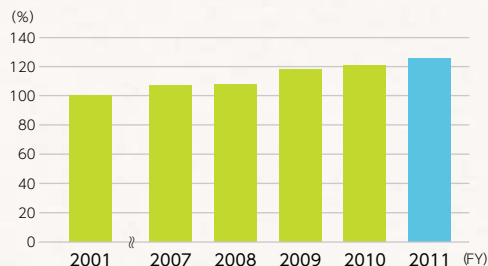
Honda has worked to reduce the levels of hydrocarbons (HCs) and nitrogen oxides (NOx) in exhaust emissions because of their effects as pollutants, including the formation of ozone. Because all models sold in FY2011³ met the 2006 and 2007 standards, there were further reductions in exhaust emissions. As a result, the average levels of HCs and NOx in exhaust emissions from motorcycles sold in Japan was reduced to less than one-fifth of levels in FY2001.

³ 2006: Type 1 mopeds and light motorcycles, 2007: Type 2 mopeds and minibikes

The main technologies used to make exhaust emissions cleaner are as follows.

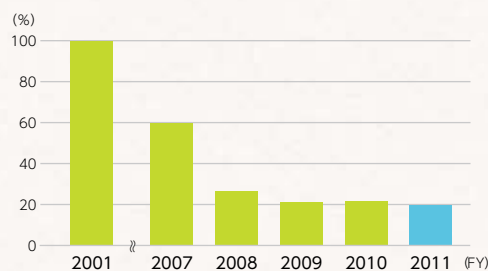
- Switch to 4-stroke engines: In December 1997, Honda announced that it would introduce motorcycles with 4-stroke engines in place of all 2-stroke models sold worldwide. By 2008, all motorcycles sold in Japan had 4-stroke engines.
- PGM-FI: In the first half of the 2000–2010 period, this technology was used on large multi-cylinder models. In the second half, compact, low-cost PGM-FI systems were developed, allowing the technology to be extended down to 50cc-class models.
- Catalyzers: Since the second half the 2000–2010 period, Honda has installed newly developed low-cost, compact honeycomb catalyzers with excellent heat and vibration resistance in a growing range of models.

Corporate average fuel economy improvement for Japan-market motorcycles (baseline: FY2001)

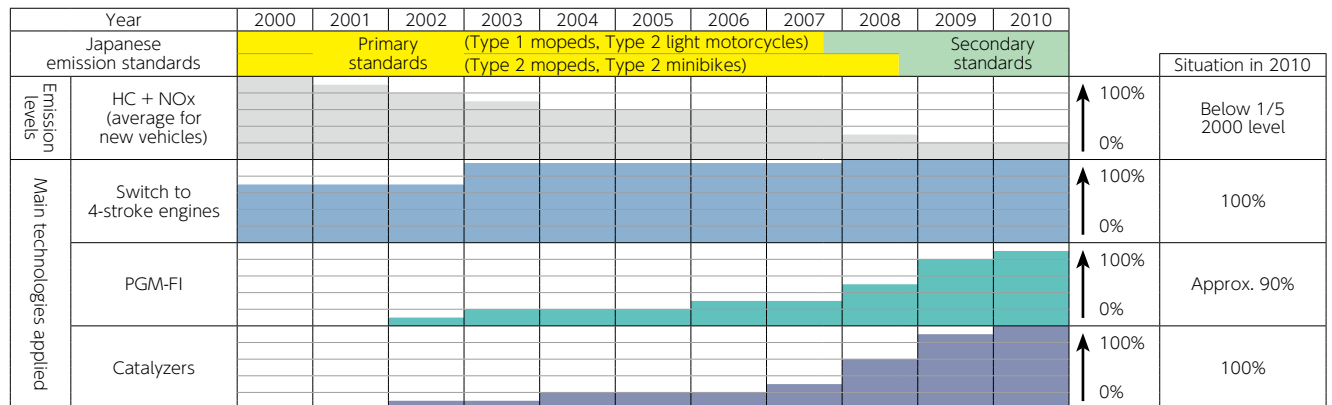


CBR250R

Average HC+NOx reduction for Japan-market motorcycles (baseline: FY2001)



Exhaust emissions reduction 2000–2010



3 Development of alternative energy products

In December 2010, Honda began to lease the EV-neo Type 1 electric scooter¹. Clean, quiet and powerful, even in low-speed ranges, the EV-neo is equipped with lithium-ion batteries that can be fully charged in just 30 minutes from a zero charge, using a newly developed rapid charger. For added convenience, it also features a robust rear deck and can be equipped with an optional front basket, also designed for toughness. This electric scooter is a serious transportation solution with a wide range of business uses, including delivery services.

Another advantage of the EV-neo is that it emits no CO₂, CO or NOx while running. In terms of total CO₂ emissions at all stages from well to wheel, it produces approximately 60% less CO₂ than a gasoline-powered scooter in the same class².



EV-neo



¹ This is a Type 1 motorized bicycle, commonly known in Japan as a “Gentsuki.” A gasoline-powered model can have an engine displacement of up to 50cc, while an electric model must have a rated output not exceeding 0.6kW.

² The comparison is with a Honda Today. The CO₂ emission coefficient for gasoline is based on the greenhouse gas emission calculation guidelines of the Japanese Ministry of the Environment (2,320g/liter), and that for electric power on the Energy Balance of OECD Countries 2010 Edition (410g/kWh).

4 3R design

Preliminary 3R design system

Honda efforts to advance the 3R concept begin at the development stage. In addition to reducing production sizes and weights and extending product lives, it also uses common parts. Other initiatives have targeted easier maintenance, including the ease with which fluids can be removed, the use of recycled materials, reductions in the use of substances of concern, and the marking of parts to indicate the types of rubber and resin used. Since 1992, these development-stage initiatives in

relation to motorcycles have been assessed under 3R preliminary assessment systems covering each newly developed model.

Reduction design

Honda's innovative efforts to minimize product sizes and weights encompasses all parts, from body frames, engines and transmission to the smallest screws. In the CBR250R, a new light motorcycle launched in March 2011, Honda has incorporated a DOHC valve train engineered to reduce friction loss. This new sports model is the world's first motorcycle to feature a roller-rocker arm design in a DOHC valve train, and an extremely compact layout has allowed Honda to reduce the size and weight of the cylinder head.

In addition, Honda was able to reduce the size and weight of the crankcase while also reducing noise by using a sliding bearing instead of a conventional roller bearing. A further reduction in weight, and in the number of parts used in the fully built-up motorcycle, was achieved by incorporating the thermostat into the cylinder head. The bottom by-pass was also built into the engine, not only reducing the number of hoses and other parts required, but also improving warm-up characteristics.

Designing for reuse and recycling

Honda is working to improve reusability and recyclability by designing its products to facilitate recycling and maintenance, by using easily recyclable materials and recycled resins and by marking parts to indicate the types of resin and rubber used.

All new and updated motorcycle models launched in FY2011 have recyclability ratios of at least 95%, based on the Japan Automobile Manufacturers Association (JAMA) guidelines for defining and calculating new-vehicle recyclability. Recycled resin parts used in the EV-neo, including the floor step, rear fender and rear deck, make up about 30% of the total quantity of resin materials used.



The CBR250R engine

Exterior parts made from recycled materials



- ① Front fender
- ② Front cover
- ③ Front handlebar cover
- ④ Rear handlebar cover
- ⑤ Center cover
- ⑥ Floor step
- ⑦ Under cover
- ⑧ Floor side cover
- ⑨ Rear deck
- ⑩ Rear fender

Other: Battery box cover

Power products

1 Improving fuel efficiency

Honda has introduced four new models to create the iGX series of engines. Equipped with a unique electronic governor system, these engines have been launched progressively since October 2010 as a partial model change for the GX series of standard-specification engines, which have earned an excellent reputation for durability and compatibility with a wide range of power product applications.

To improve the fuel efficiency of the new iGX series¹ engines, Honda has introduced the CDI digital ignition system, which ensures optimal ignition timing, increased compression ratios and optimized carburetor settings. The effective fuel efficiency of the new GX engines is 10% better², while the iGX engines offer a 15% improvement³ compared with earlier GX engines with the same engine displacement, thanks to the addition of an auto-throttle system.

The new BF115 4-stroke marine outboards (115HP) are the result of a full model change in June 2010. These motors are equipped with the PGM-FI electronic programmed fuel injection system. With its linear air-fuel (LAF) sensor⁴, this system precisely optimizes the fuel/air ratio, allowing lean burn control at cruising speeds. The result is a 20% improvement in fuel efficiency compared with earlier models, and best-in-class cruising fuel efficiency for a 115HP unit⁵.

¹ The four models are the iGX240 (maximum output: 5.9kW), the iGX270 (maximum output: 6.3kW), the iGX340 (maximum output: 8.0kW), and the iGX390 (maximum output: 8.7kW).

² For the GX270/390 operating in EPA mode at 3,000rpm, based on Honda research

³ For the iGX270/390 operating in pressure washer mode (2 minutes on, one minute off), based on Honda research

⁴ This sensor allows precise control of the combustion fuel/air ratio in the engine, which it determines by monitoring the concentrations of oxygen and unburned fuel in the exhaust emissions.

⁵ For 115HP class, based on Honda research

2 Reducing exhaust emissions

BF115 and iGX Series meet EPA and CARB standards

Honda's 115HP BF115 4-stroke marine outboard went on sale in June 2010 after a full model change. The new BF115 is equipped with the PGM-FI electronic programmed fuel injection system, which uses a linear air-fuel (LAF) sensor to provide precise optimization of the fuel/air ratio, resulting in lean-burn control at cruising speeds. The result is excellent environmental performance. The engine's exhaust emissions meet the standards of the California Air Resources Board (CARB)⁶ and the secondary exhaust emission standards of the Japan Boating Industry Association.

The new iGX Series engines, which went on sale in October 2010, have improved fuel efficiency and cleaner exhaust emissions thanks to their digital injection systems, higher compression ratios and optimized carburetor settings. As a result, their exhaust emissions are substantially below⁷ the Phase III emission standards⁸ of the U.S. Environmental Protection Agency (EPA), which are the most stringent in the world.

⁶ The highest standard (three stars) under the current (2008) regulations

⁷ Reductions of approximately 25% were achieved with the GX340/390, iGX340/390 and 30% with the GX240/270 and iGX240/270 when operating in the EPA mode (based on Honda research).

⁸ In force since January 2011



iGX390



GX390



BF115

3 Reducing noise

Quieter running for the iGX/GX general-purpose engines and the MCHP1.0K2 home-use gas engine cogeneration unit

Honda has reduced mechanical noise and engine vibration in the iGX/GX series of general-purpose engines, which went on sale in October 2010, by reducing the piston weight. Exhaust noise has also been reduced through modifications to the internal structure of the muffler. During actual operation, the noise level of the iGX engines is further reduced by the auto-throttle system (new electronic governor), which controls engine speed.

Honda has improved the quietness of the MCHP1.0K2 home-use gas engine cogeneration unit by minimizing noise and vibration. Noise has been reduced by moving resonance points between the engine and the frame and panels in the mount structure beneath the engine. To limit pulsation in the compression system, a larger silencer has been used to allow a smoother exhaust flow, thereby reducing compression and exhaust noise. Honda used noise reduction technology developed for automobiles to lower the noise level to 43dB, which is the same as for outdoor units of home air conditioners. By using a starter mechanism based on the same generator motor (alternator) that is used in Honda hybrid vehicles, Honda has reduced the weight and size of the unit while also ensuring smooth engine starts with minimal noise and vibration.

Noise reduction in the MCHP1.0K2

Air cleaner

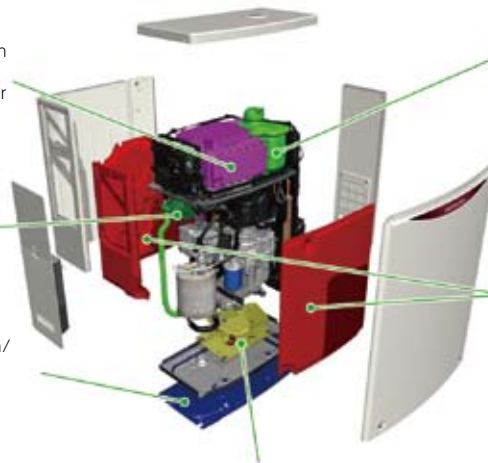
- Reduction of engine compression vibration in compression chamber
- Reduction of gas flow noise thanks to smoother flow path

Muffler

- Reduction of exhaust-related engine vibration

Underframe

- Noise insulation used to reduce transmission/radiation noise



Exhaust silencer

- Reduction of exit gas flow noise through smoothing of exhaust gas flow
- Reduction of both air flow and condensed water flow noise

Molded noise insulators

- Reduction of transmission/radiation noise

Engine mount structure

- Internal muffled noise reduced through optimization of engine vibration characteristics and transmission characteristics of frame and panels



Purchasing

An automobile is made of some 20,000 to 30,000 parts, many purchased from suppliers, whose cooperation is essential to the effort to minimize environmental impact throughout the product life cycle. Honda is working proactively to strengthen environmentally responsible purchasing through the Honda Green Purchasing Guidelines, which were formulated to help ensure that the purchasing of materials and parts is conducted in accordance with Honda's principles of environmental conservation.



Principal purchasing initiatives

Promotion of Honda Green Purchasing Guideline

Management	Development of environmental management systems for all product and activity domains
Corporate activities	Development of environmental management systems for all activity domains (including emission of CO ₂ and other greenhouse gases)
Products	Proposals for improvements to product fuel efficiency Management of substances of concern

Suppliers' initiatives

Green Purchasing

Conserving energy and other resources

Zero emissions



Saving energy (CO₂)

Introduction of alternative energy

Mitigation of air and water pollution

Saving resources (water)

Reducing waste (byproducts)

Reduction in SOCs

Note: Policies target all consolidated supplier companies.

Annual targets and results

FY2011 targets

- Ensure that suppliers reduce CO₂ emissions
- Ensure that suppliers reduce per-unit water consumption
- Ensure that suppliers reduce landfill waste
- Ensure that suppliers reduce per-unit waste generation
- Substances of concern used in products are controlled under Honda's substances of concern standards.

FY2011 results

- Per-unit CO₂ emissions by 17.1% (baseline: FY2001)
- Per-unit water consumption by suppliers increased 12.3% (baseline: FY2010) (Suppliers continue to maintain zero landfill waste)
- Per-unit waste production by suppliers reduced 6.8% (baseline: FY2010)
- (Continued control of substances of concern used in products under Honda's substances of concern standards)

I Environmental management in purchasing domain

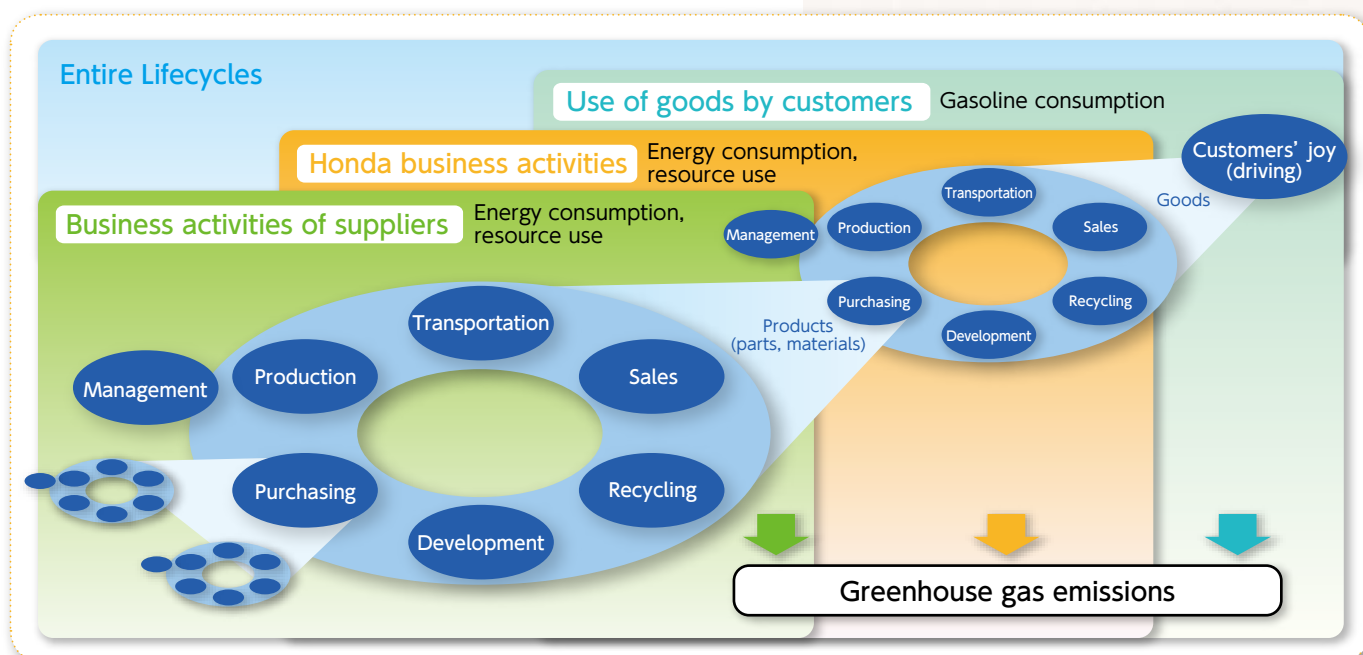
Amendment of Honda Green Purchasing Guidelines

Honda established the Green Purchasing Guidelines as environmental protection policies for the purchasing domain, including the business activities of suppliers. They involve monitoring and reducing environmental impacts such as greenhouse gas emissions throughout product life cycles.

Honda sources parts globally, and it has amended the Green Purchasing Guidelines to cover suppliers of materials and parts for Honda products throughout the world. The aim is to monitor and reduce environmental impacts, not only at the primary supplier stage, but across entire supply chains. Starting in January 2011, the Guidelines will be shared progressively with suppliers in Japan and overseas as part of Honda's contribution to the realization of a global low-carbon society.

Managing substances of concern in products

Under the SOC Management Standards adopted in 2009, Honda works with its suppliers to manage substances of concern (SOCs) across its entire supply chains for motorcycles, automobiles and power products.



Briefings on the amended Green Purchasing Guidelines

The Green Purchasing Guidelines which define Honda's environmental protection policies for the purchasing domain, were amended in January 2011. On May 23, 2011, the Purchasing Operations of Honda Motor Co., Ltd., held a briefing at the Aoyama Head Office for 218 environmental officers from suppliers throughout Japan. Participants learned about Honda's approach concerning the monitoring and reduction of greenhouse gas emissions in the supply chain domain, and about specific plans for the measurement and reduction of emissions.

Honda also shared specific information with suppliers at a Honda Green Network Meeting held on the same day. Topics covered included the environmental initiatives of the Honda Group, and efforts to reduce peak electric power consumption during the Summer.



2 Suppliers' efforts to conserve energy and resources

CO₂ emissions and water use

Honda is working with its suppliers to minimize energy and water consumption by visualizing electric power use and identifying facilities that continue to operate during idle periods. Information is exchanged at Honda Green Network Meetings, which are held twice each yearly to allow Honda and its suppliers to share and expand the implementation of effective measures.

In FY2011, the 32 participating suppliers reduced emissions per unit by 17.1% (relative to the FY2001 level) and water consumption by 5.3% (relative to the FY2009 level). Honda will continue to target further improvements by sharing measures implemented within its own organization with its suppliers.

Honda has started to monitor emissions of CO₂ and other greenhouse gases across entire supply chains. Future efforts will focus on the reduction of emission across the life cycles of parts.

3 Achievement of zero emission status by suppliers

Controlling substances of concern

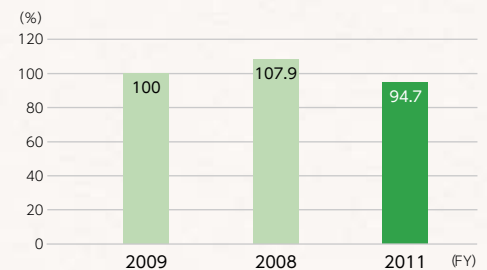
Honda's suppliers are continually working to improve their material yields. In FY2011, the 32 participating suppliers achieved a 10% reduction in the amount of waste and other emissions per unit (compared with the FY2009 level). Suppliers have also continued to achieve zero emission status in relation to disposals at landfills.

CO₂ emissions per unit



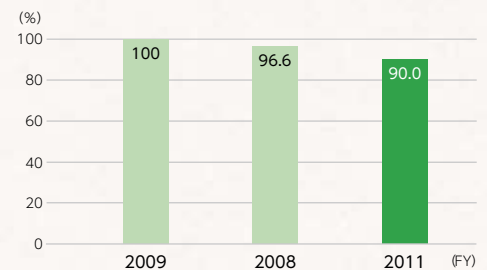
* Figures have been adjusted retroactively to correct data and calculation errors.

Water use per unit



* Figures have been adjusted retroactively to correct data and calculation errors.

Waste per unit



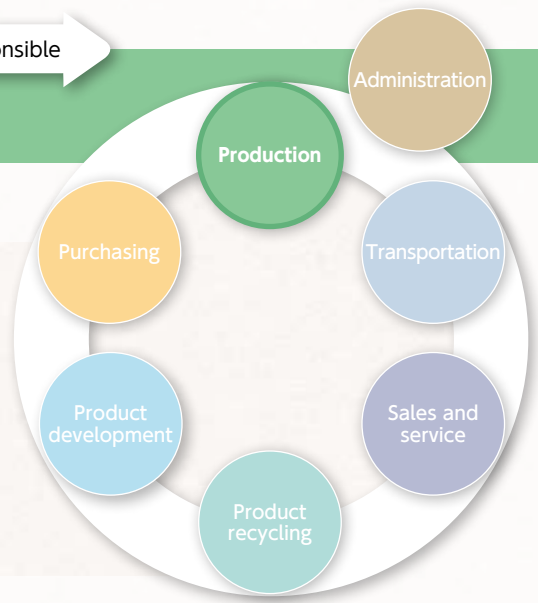
* Figures have been adjusted retroactively to correct data and calculation errors.

Production

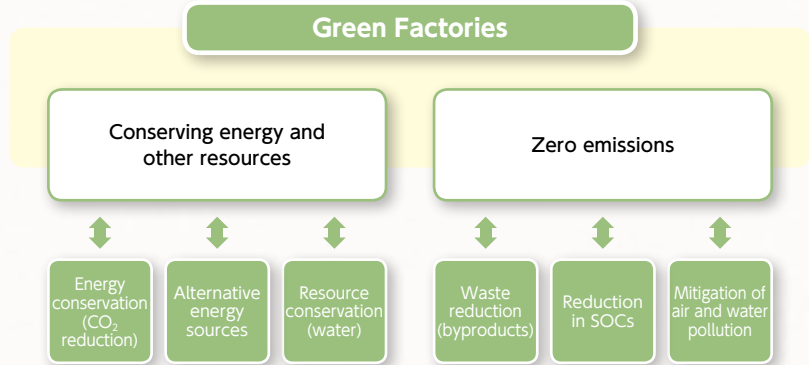


Honda is working to minimize the impact of its manufacturing on the global environment, to improve associates' working environment and to enhance cooperation with local communities.

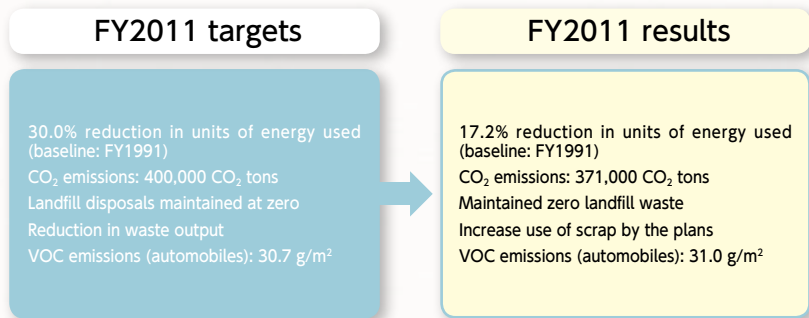
Honda is actively committed to continuing environmental improvement and harmonious coexistence with local communities. We want communities to be proud of our factories, and we are continually working through the Green Factory initiative to realize the ideal of manufacturing products with the smallest environmental footprints in the most environmentally responsible factories.



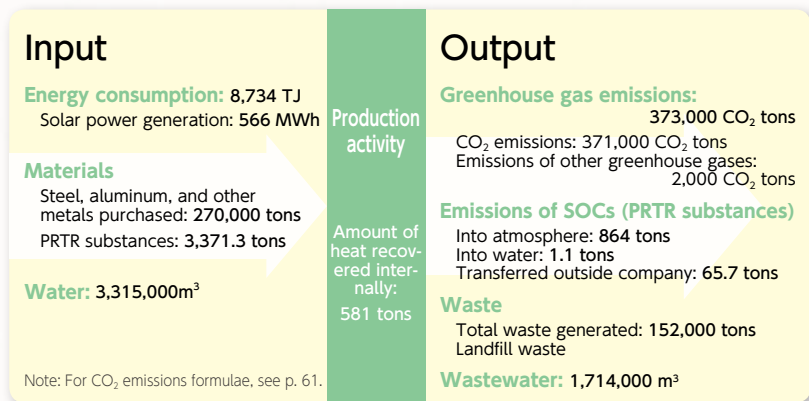
Major production initiatives



Annual targets and results



Flow of materials in production in FY2011



Note: For CO₂ emissions formulae, see p. 61.



I Conserving energy and other resources

Energy conservation initiatives

In FY2011, CO₂ emissions attributable to the use of energy in the production domain totaled 371,000 CO₂ tons, 7.3% below the target level. These results are attributable to Honda's efforts to improve production efficiency at all of its factories through the consistent implementation of measures to reduce energy consumption when facilities are idle, and through the installation of highly efficient lights, compressors, hydraulic units and other equipment.

Unfortunately, production cuts necessitated by the global economic slowdown that began in FY2010 prevented the company from achieving the desired level of improvement, and Honda was unable to meet its target for the reductions of energy per unit relative to the FY1991 level. We will continue to seek further improvements in production efficiency by visualizing energy use at each stage of production, creating highly efficient production systems, and achieving uniformly high standards of efficiency at all factories.

Note: Greenhouse gas emissions (CO₂, CH₄, N₂O, HFC, PFC and SF₆) calculated according to guidelines provided by Japan's Ministry of the Environment

Introduction of alternative energy sources

In FY2011, Honda installed solar generation equipment with a total capacity of 592kW at the Saitama, Tochigi, Hamamatsu, Suzuka, Kumamoto Factories and the Automobile New Model Center. As a result, solar power generation in the production domain reached 566MWh in FY2011, an increase of 110% over the FY2010 level. This is sufficient to meet the electric power needs of approximately 1,200 average households for one month.

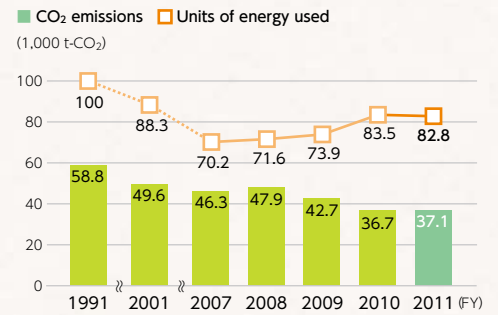
Honda's new energy generation capacity, including natural gas cogeneration systems, has reached 50.5 million kWh, and new energy systems now provide 7.4% of our total electric power consumption. The company will continue to introduce new energy technologies and increase the percentage of electric power derived from these sources.

Principal initiatives to reduce water consumption (resource conservation)

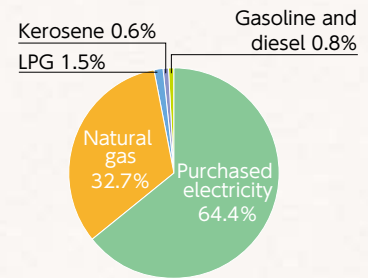
Water consumption in the production domain totaled 3,315 thousand cubic meters in FY2011, a reduction of 37.1% compared with the FY2001 level. Consumption per unit remained at the previous year's level and was 20% below the FY2001 level.

Honda is continually working to reduce water consumption at the company's factories by increasing the use of recycled water in production processes. Other measures that are contributing to a steady reduction in water consumption include the reduction of the use of water in air conditioning systems through the optimization of room temperature settings, and the use of water-saving faucets.

CO₂ emissions and units of energy used



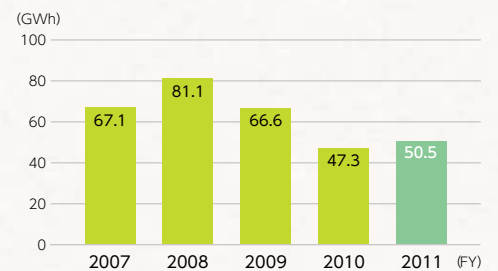
Energy consumption (CO₂ equivalents)



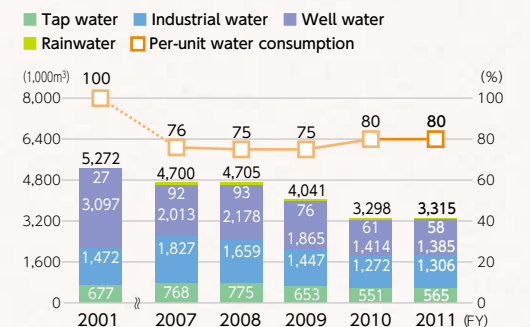
CO₂ emissions formulae

Electricity	0.378 CO ₂ tons/MWh
Natural gas (13A 46MJ)	2.330 CO ₂ tons/1,000 Nm ³
Natural gas (13A 45MJ)	2.277 CO ₂ tons/1,000 Nm ³
Kerosene	2.489 CO ₂ tons/kℓ
Diesel	2.619 CO ₂ tons/kℓ
Gasoline	2.322 CO ₂ tons/kℓ
LPG	2,960 CO ₂ tons/ton

Power generation from alternative energy sources



Water consumption and per-unit water consumption



Note: Per-unit water consumption values are shown as indices (baseline: FY2001)

2 Zero emissions

Reduction in waste

In FY2011, waste from the production domain waste amounted to 22,200 tons, a reduction of 46.2% from the FY2001 level. Per-unit waste was reduced 32.0% from FY2001 levels. Honda is determined to maintain its zero waste to landfill status by reducing the amount of waste produced and by using appropriate methods to dispose of all waste.

Breakdown of waste (byproducts) associated with production (1,000 tons)

Waste type	FY2008	FY2009	FY2010	FY2011
External disposal by contractors	0.22	0.15	0.08	0.13
Internal incineration	1.03	0.67	0.49	0.58
Internal concentration	8.09	7.43	6.79	5.43
Recycling	217.65	187.47	145.34	151.12
Total waste	226.98	195.71	152.70	157.26

Notes: Residues of incineration are excluded.

$$\text{Recycling ratio} = \frac{\text{Total waste} - \text{Internal concentration} - \text{Internal incineration}}{\text{Total waste} - \text{Internal concentration}}$$

Honda has achieved a near-100% recycling ratio, and continued to maintain this level.

Initiatives to reduce byproduct generation

Honda is working to reduce the amounts of byproducts, specifically scrap metals and casting aggregates. In FY2008, as required under Japan's Law for the Promotion of Effective Utilization of Resources, the company set a new reduction target calling for a 2% reduction relative to the FY2007 level by FY2012.

In FY2011, we achieved a year-on-year reduction in by-product production per unit by increasing the utilization of press remnants as secondary materials, and by taking steps at the design stage to improve yields.

Reducing the use of substances of concern

■ VOC¹ emissions

The main sources of VOC emissions are solvents used in automobile paint processes. In FY2011, the amount of VOC emissions per unit from automobile body paints was 31.0g/m². This represents a significant reduction of 2.5g/m² from the FY2010 level. The reduction was achieved primarily through a shift to water-based paints, and through the installation of VOC processing facilities.

VOC emissions from motorcycle and bumper paints are also being reduced through the installation of exhaust gas treatment systems and a shift to water-based paints. Honda has reduced its total emissions of VOCs, including emissions relating to these products, by 42% since FY2001 and will continue to work toward further reductions.

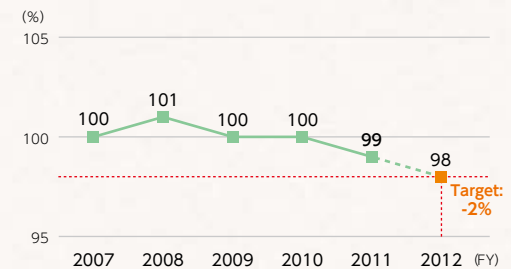
¹ Volatile organic compounds (VOCs) consist mainly of organic solvents contained in paints and adhesives. They are believed to be one of the causes of photochemical smog, which is formed through photochemical reactions in the atmosphere.

Calculations are based on a formula adopted by the Japan Automobile Manufacturers Association, Inc. (JAMA).

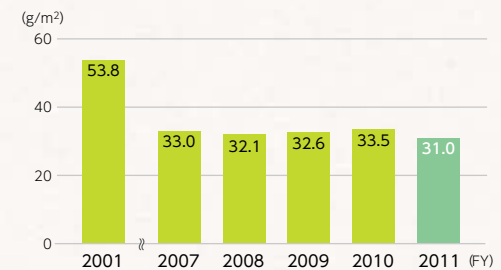
Total waste and waste recycling ratio



Per-unit byproduct generation



Trend in per-unit VOC emissions



■ PRTR² emissions

Within the scope of the PRTR system, the volume of emissions discharged into the atmosphere/hydrosphere was approximately 864 tons, 68% below FY2002 levels. Changes to the law last year resulted in an increase in the number of substances covered. However, Honda's efforts to reduce environmental impacts through the use of water-based paints, the installation of treatment systems and other measures resulted in a total reduction of 232 tons, which more than offset the increase of 123 tons under the amended law and allowed us to record a net reduction of 109 tons. Honda will continue its efforts to achieve further reductions in environmental impacts.

² The PRTR (Pollutant Release and Transfer Register) system is based on Japan's Law Concerning the Reporting of Specified Chemical Substances Released into the Environment and the Promotion of Improvements in their Management.

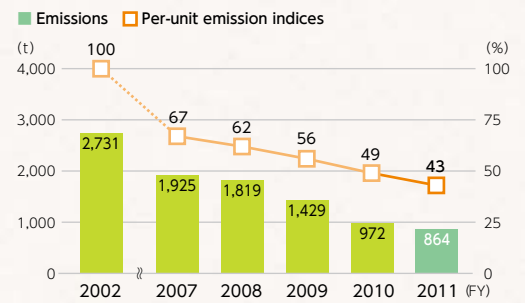
■ Storage and disposal of devices containing PCBs and other items

In FY2011, three transformers were disposed of using appropriate methods. There are still 772 transformers and condensers containing PCB oil in storage. Honda will continue to dispose of these appropriately while submitting annual notifications and taking steps to prevent leakage.

Preventing air and water pollution

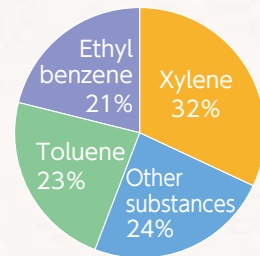
Air and water quality indicators at all production sites are regularly measured and monitored. Honda's voluntary standards for gas emissions from combustion systems and factory wastewater are more stringent than government regulations.

Emissions of substances treated under PRTR system and per-unit emission indices



Note: PRTR per-unit emission values are indices (FY2002=100).

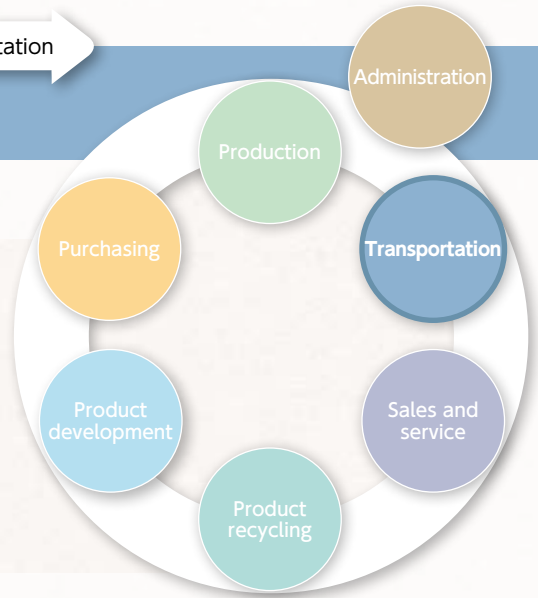
Breakdown of emissions of substances treated within PRTR system



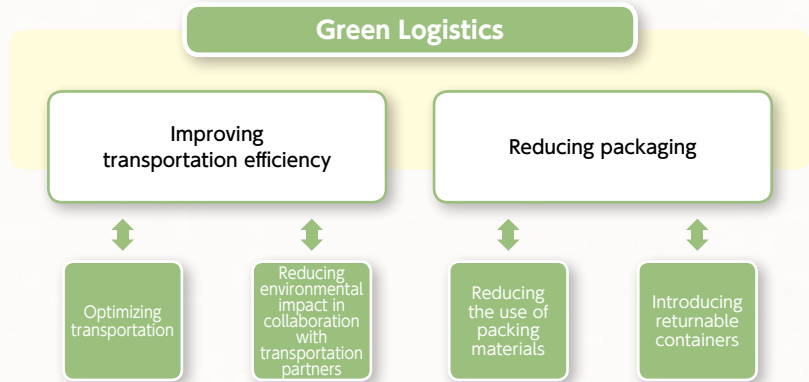


Transportation

Honda is continually striving to improve efficiency in every area, including the transportation of finished products. Wherever possible we are changing the means of transportation from truck to ship rail. We're developing environmental management systems jointly with our partners and implementing other environmentally responsible logistics measures. As part of our efforts to implement Green Logistics, we are working to reduce the amount of packaging materials used by simplifying packaging, changing materials and specifications, and promoting the use of returnable containers.



Major transportation initiatives



Annual targets and results

FY2011 targets	FY2011 results
CO ₂ emissions: 82.89 g CO ₂ /tkm (per ton per km transportation of complete automobiles)	CO ₂ emissions: 74.20 g CO ₂ /tkm (per ton per km transportation of complete automobiles)
CO ₂ emissions per unit of service parts transported: 14% reduction compared with FY2007	CO ₂ emissions per unit of service parts transported: 21% reduction compared with FY2007
CO ₂ emissions per unit stored in warehouses: 30% reduction compared with FY2008	CO ₂ emissions per unit stored in warehouses: 38% reduction compared with FY2008
45.0% reduction of service parts set packaging (baseline: FY2001)	49.5% reduction in service parts set packaging (baseline: FY2001)



I Improving transportation efficiency

In FY2011, CO₂ emissions associated with the transportation of automobiles, motorcycles, power products and parts in Japan totaled 65,057 CO₂ tons.

Japan's Rationalization in Energy Use Law, which took effect in April 2006, defines a "consigner" as any company that transports more than 30 million tkm (ton-kilometer = mass of shipments in tons × distance shipped in kilometers) in a year. The law requires not only consigners but also companies that employ consigners to engage in initiatives to reduce energy consumption. To fulfill its responsibilities as a consigner under the law, Honda aims to improve transportation efficiency for the shipping of finished vehicles and parts within Honda and outside Honda.

Initiatives in the transportation of completed automobiles

Honda is continually encouraging its automobile transportation partners to improve average fuel efficiency by implementing environmentally responsible driving and switching to new types of trailers. For a number of years, Honda has been implementing a modal shift from overland transport to marine transport for distances of more than 500 km and for shipments to certain regions, such as Niigata and Chiba. In FY2011, this modal shift will be further expanded (see chart below), with automobiles transported over water instead of land for distances of less than 500 km between the Kanto and Kansai regions.

Transportation of completed automobiles from Suzuka and Saitama factories

Marine transportation to destinations beyond a 300 km radius from each factory, truck transportation to closer locations.

In May 2010, Honda increased the range of destinations for marine transportation by reducing the radius from 500 km to 300 km.

Truck transportation

For destinations within 300 km of factories

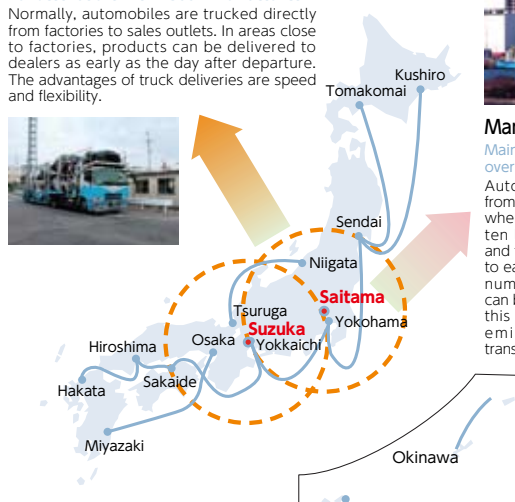
Normally, automobiles are trucked directly from factories to sales outlets. In areas close to factories, products can be delivered to dealers as early as the day after departure. The advantages of truck deliveries are speed and flexibility.



Marine transportation

Mainly for destinations over 300 km from factories

Automobiles are trucked from factories to ports, from where they are shipped to ten locations nationwide and the dealerships nearest to each port. Because large numbers of automobiles can be transported at once, this method reduces CO₂ emissions per vehicle transported.



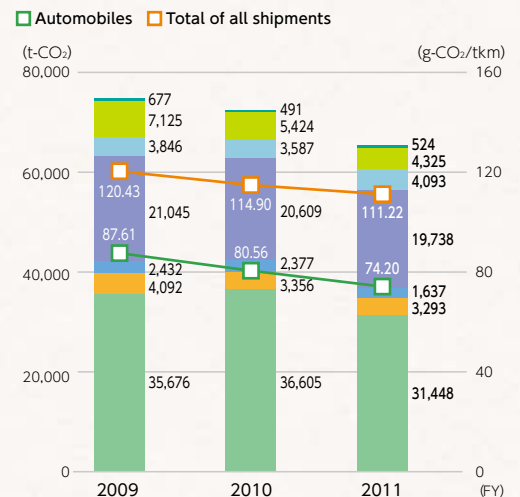
- In the past, trucking was cheaper than sea transportation over distances within 500km. However, Honda achieved further reductions in transportation-related CO₂ emissions by finding ways to use marine transportation over distances between 300km and 500km without any increase in costs.
- The coastal shipping ratio increased from 37% to 60%. This shift to marine transportation, which is 75% less CO₂-intensive than trucking, resulted in an 8% reduction in CO₂ emissions per automobile transported in FY2011.

Note: Coastal vessels are vessels that carry domestic cargo in Japanese coastal waters.

CO₂ emissions calculated based on Japan's Rationalization in Energy Use Law (left scale)

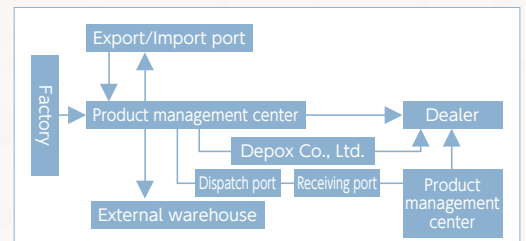
Automobiles Motorcycles Power products Parts Service parts sets Internal transport Other*

CO₂ emissions units calculated based on Japan's Rationalization in Energy Use Law (right scale)



Note: Includes sales, administration, corporate communications and other operations.

Transportation operations covered by CO₂ emission calculations (transportation of completed automobiles)



CO₂ emissions reductions in automobile transportation (FY2011)

Measure	Start	CO ₂ reduction
Energy-efficient driving initiatives and introduction of new trailers	FY2005	338 tons

Initiatives in the transportation of completed motorcycles

Honda is continually working with transportation partners to improve transportation methods for completed motorcycles, including the use of responsible driving techniques. In addition, annual CO₂ emissions in this area have been reduced by approximately 7% through a change in the ports used for motorcycles imported from China, which has reduced overland transportation distances. Previously these motorcycles were imported solely through Nagoya, but in November 2008, Honda switched to the ports of Tokyo and Kobe, which are both closer to the major markets of the Kanto and Kansai regions.

Initiatives in the transportation of service parts

Service parts were previously stored in various locations, but in October 2010 all storage was centralized at the Suzuka Distribution Center. The result was a reduction in CO₂ emissions during transportation between warehouses.

We targeted further improvement in the efficiency of transportation to destinations in Japan by integrating the Kanto, Chubu and Hoku-Shinetsu transportation areas and reviewing transportation routes in these areas. These changes, implemented at the same time as the centralization of storage facilities, allowed the number of trucks operating per day to be reduced by 15%.

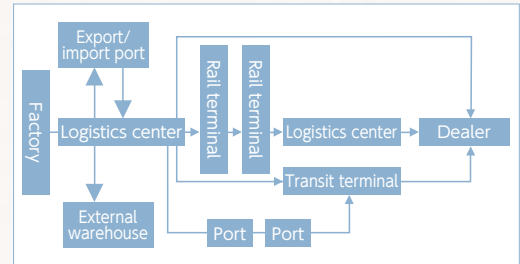
Honda aims to improve efficiency still further by increasing the loading efficiency for returnable containers carried on trucks.

Energy-saving measures in warehouses

CO₂ emissions resulting from the use of energy at fixed locations in warehouses were reduced through a shift from dispersed storage of service parts to centralized storage at the Suzuka Distribution Center. During this centralization process, Honda also radically improved storage efficiency and radically modified storage methods to increase storage capacity. Changes to packaging specifications, including the use of simplified packaging for bumpers, reduced the storage space required for these items.

Storage centralization has made a significant contribution to the reduction of total warehouse-related energy consumption. As an additional contribution to the prevention of global warming, we installed a 100kW solar power generation system in the Suzuka Distribution Center, in since January 2011.

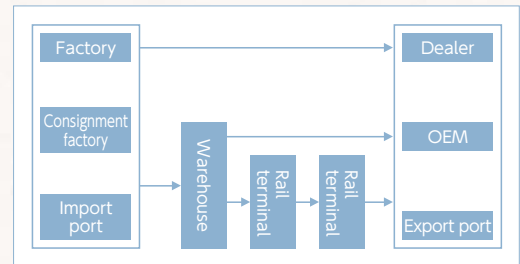
Transportation operations covered by CO₂ emissions calculations (transportation of completed motorcycles)



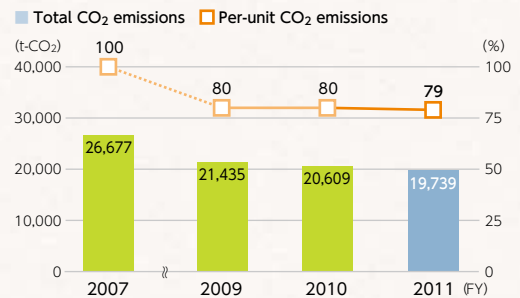
CO₂ emissions reductions in motorcycle transportation (FY2011)

Measure	Start	CO ₂ reduction
Receiving motorcycles from China at one of two ports (Tokyo or Kobe), whichever is closer to final destination	FY2009	224 tons

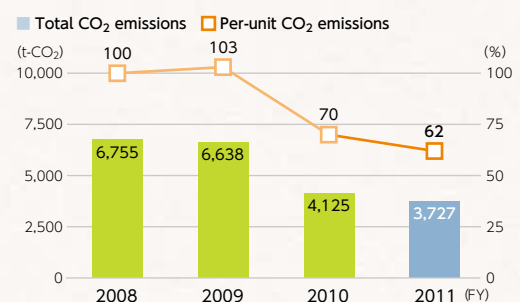
Transportation operations covered by CO₂ emissions calculations (transportation of power products)



CO₂ emissions during transportation of service parts



CO₂ emissions in warehouses



2 Reducing packaging

Initiatives relating to packaging of component parts sets¹

The transportation of component parts sets requires the use of extremely large amounts of packaging. Honda is prioritizing environmental efforts in this area, including increasing the use of returnable exterior cases.

In FY2011, we increased the use of returnable exterior containers in China and the Asia-Oceania region. Returnable cases were used for almost all automatic transmission parts in China and Indonesia. This helped to reduce the amount of packaging materials used for parts sets.

Usage rate for returnable containers for exterior component parts sets

Destination	Usage rate		
	FY2009	FY2010	FY2011
North America	84.1%	87.1%	89.1%
South America	44.0%	60.6%	58.6%
Europe	74.5%	92.5%	91.9%
Asia/Oceania	67.0%	71.6%	76.5%
China	43.3%	42.8%	59.9%
Total	68.2%	73.4%	78.9%

Initiatives relating to packaging for service parts

We have made a number of changes to our packaging, including the introduction of returnable containers, with the aim of reducing the amount of corrugated paperboard used. In FY2011, we introduced simplified packaging for automobile bumpers, which are bulky parts, and developed integrated motorcycle side covers. These changes not only brought a dramatic reduction in the amount of packaging materials used but also made a major contribution to the economic use of storage space through the reduction of packaging volumes. As a result, we were able to achieve our target of a 46% reduction per unit compared with the level in FY2001.

Change in component parts sets¹ packaging index over time



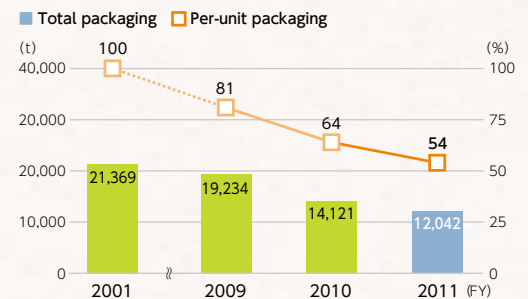
¹ component parts sets are delivered to overseas plants for local assembly.

Less packaging material with component parts sets

Measure	Reduction
Reduced use of steel	1,696 ton
Reduced use of cardboard	399 ton

Note: Reduction in disposable packaging was facilitated by higher use of returnable containers.

Amount of packaging material used for service parts



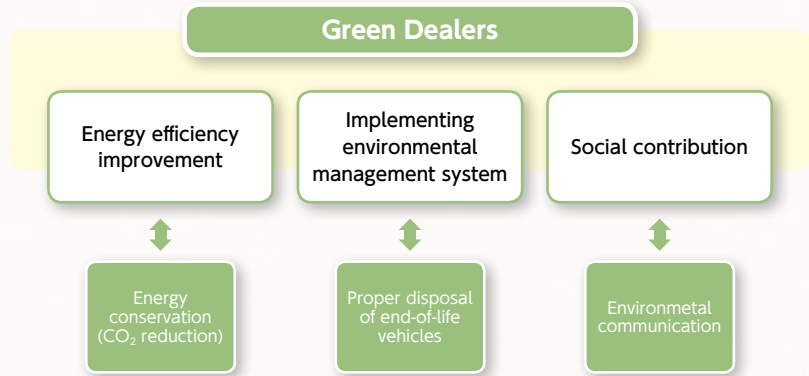


Sales and service

Honda continues to proactively promote environmental activities in the sales and service domain through Green Dealer initiatives that meet today's need. Through these efforts, Honda can bring enhanced value to customers and communities, and earn their trust.



Sales and service initiatives



Annual targets and results

	FY2011 targets	FY2011 results
Automobiles	Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2010)	Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 5.7% reduction (baseline: FY2010)
Motorcycles	Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2010)	Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 0.9% reduction (baseline: FY2010)
Power products	Power products dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2010)	Power products dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 6.0% reduction (baseline: FY2010)



1 CO₂ emissions reductions by dealers

Honda dealers monitor their CO₂ emissions on a per-unit basis. In FY2011, per-unit CO₂ emissions by consolidated and affiliated automobile dealers were reduced by 5.7% year on year. Despite a reduction in total CO₂ emissions, the per-unit reduction fell short of the target, mainly due to a decline in the unit denominator, which is the number of service visits. Per-unit CO₂ emissions by consolidated motorcycle dealers were reduced by 0.9% year on year. CO₂ emissions by consolidated power product dealers increased by 6.0%.

As part of the Green Dealer initiatives, dealers have introduced "Environmentally Responsible Manners" initiatives that encourage day-to-day energy conservation. Dealers are enhancing the effectiveness of these efforts through initiatives that help employees make energy conservation part of their lifestyles, for example by promoting environmentally responsible driving.

2 Automobile dealers

Introduced in 2001, Honda's Green Dealer certification system has been used to improve environmental initiatives in the sales and service domain of the product life cycle. By the end of March 2010, 2,255 dealers had earned "Best Green Dealer" certificates.

Best Green Dealers are dealerships that implement initiatives to improve energy efficiency, contribute to local communities and promote environmental protection. Of particular importance are their efforts to improve energy efficiency through energy conservation initiatives and eco-driving programs. Safe driving courses provided for customers by certified Green Dealers include instruction in eco-driving techniques, including gradual acceleration and speed reduction. In FY2011, 21,945 people in Japan participated in safe driving courses that included instruction in eco-driving.

In February 2010, all dealerships began to implement the "Environmentally Responsible Manners" program. The purpose of these activities is to reduce CO₂ emissions by raising the environmental awareness of individual employees.

3 Motorcycle dealers

Honda Motorcycle Japan Co., Ltd., a wholesaler in Japan, reduced its CO₂ emissions in FY2011 by 32.5% compared with the FY2010 level.

There was a 40% reduction compared with the FY2009 level. The consolidation of business sites made a significant contribution to this achievement. In FY2011, we also continued to implement the "Environmentally Responsible Manners" program, which was first introduced in November 2009 with the aim of raising environmental awareness in the context of day-to-day activities.

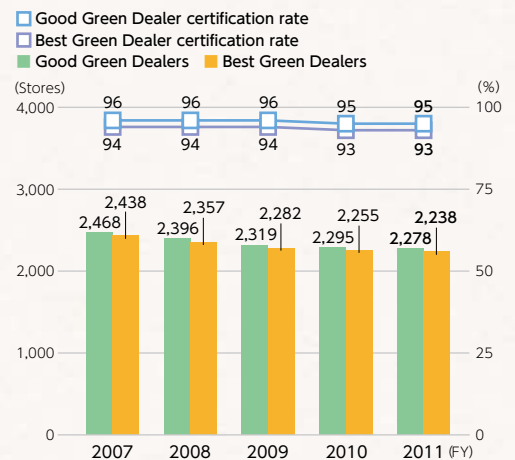
Honda continued to build its network of Dream Dealers specializing mainly in sports models. In FY2011, the number of dealerships reached 108.

Seven consolidated motorcycle dealerships began to promote day-to-day energy-saving efforts based on the "Environmentally Responsible Manners" program under the leadership of environmental officers.

Honda Dream Dealers in the Chubu region sponsored a coastal clean-up program with the participation of general users as part of the Honda Beach Clean-Up Project. The dealers plan to continue the program next year.

Honda Dream Dealers in the Kinki region presented an exhibit at the

Trend in Green Dealer certification



Note: The Green Dealer certification system is implemented in two tiers. Good Green Dealer certification is awarded to dealers that comply with environmental regulations and make other efforts to protect the environment, such as cleaning up areas surrounding their facilities. Best Green Dealer certification is awarded to dealers that have improved their environmental practices.



Beach clean-up event

Kyoto Environmental Festival for the third consecutive year. The dealers displayed products, including the EV-neo and the CG150, which can run on bio-ethanol mixed fuels, and promoted Honda's environmental efforts.

4 Initiatives by power products dealerships

In addition to Honda's group-level initiatives, two Green Dealers with five outlets also continued their efforts to raise environmental awareness. Prioritized activities at all outlets, under the Environmentally Responsible Manners program, also helped to reduce CO₂ emissions in the power product segment.

As in the previous year, Honda included a newsletter with the monthly invoices as part of its dealer education program. Content included explanations of environmental terminology and items about Honda's environmental initiatives. Honda also raised awareness about its environmental efforts by distributing information about environmental improvement achievements by network service outlets on our information tool site (Komame.net).

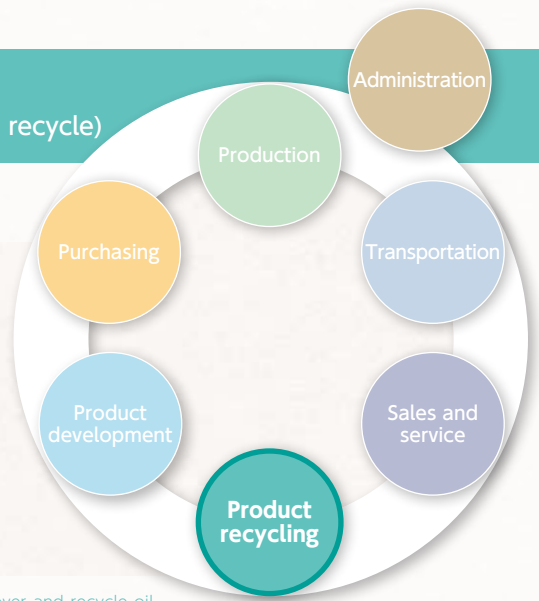


Exhibition at the Kyoto Environmental Festival.



Product recycling (reduce, reuse, recycle)

Even before the introduction of Japan's End-of-Life Vehicle Recycling Law in 2005, Honda was proactive in implementing parts recycling and in recovering and recycling oil filters and replacement bumpers. Honda is also leading a network of companies focused on reducing, reusing and recycling, including the development of specialized equipment designed to disassemble parts more efficiently and safely.



Note: We are continually working to recover and recycle oil filters, as well as bumpers that have been replaced during vehicle repairs.



Honda policy on product recycling

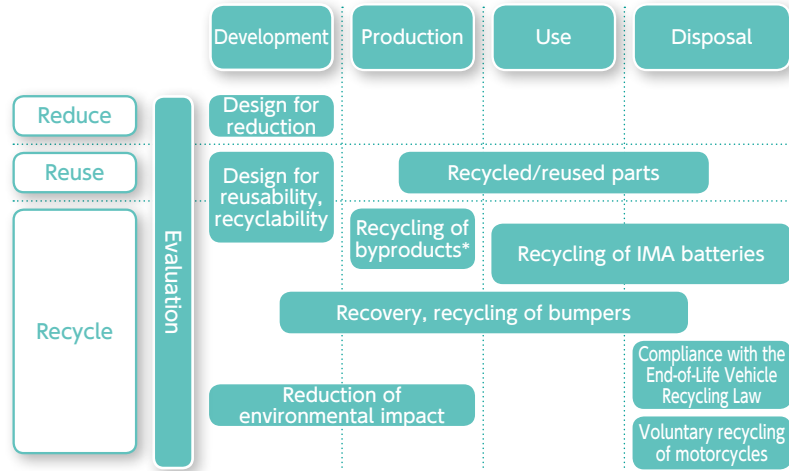
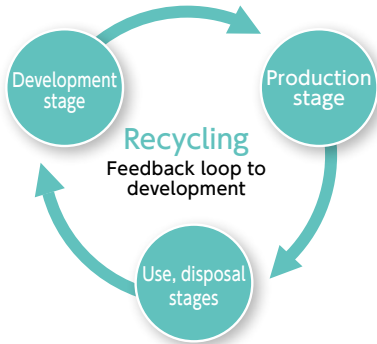
1. Design products that are superior in performance in accordance with the reduce, reuse, recycle principle
2. Implement economical and effective recycling measures and use the results as feedback in new product development
3. Give priority to designs that allow for reusability and reduce the energy and other resources needed for reuse and recycling
4. Minimize SOCs contained in products, taking into account the disposal of end-of-life vehicles
5. Cooperate and collaborate with all stakeholders

Annual targets and results

	FY2011 targets	FY2011 results
Automobiles	Continue to maintain recycling systems Automobile bumper recycling	Continued to maintain recycling systems Reprocessed 24 tons of recycled resin, polypropylene by recovering 11,000 used bumpers
Motorcycles	Maintain stable operation of system	Maintained stable operation of system
Power products	Expand recyclable parts and recycling activity	Maintenance of recovery and recycling ratios for target parts in step with market trends

Note: For more information on the recycling of byproducts, see p. 62

Product recycling



I Development initiatives

Reduce, reuse, recycle assessment system

Honda's efforts to reduce, reuse and recycle (the 3Rs) begin at the R&D stage with measures that include making products lighter and more compact, extending the service life, and standardizing components. Honda has also improved ease of maintenance, including the ease of fluid removal.

Other initiatives include using materials that are easy to recycle, minimizing the use of harmful substances that place a burden on the environment, and labeling products to indicate the resin and rubber types used. Honda has further improved its 3R performance by introducing a prior assessment system for newly developed models. Motorcycles have been assessed under this system since 1992 and automobiles since 2001.

Reducing by design

Honda is working to reduce the size and weight of its products through innovative use of designs and materials for all parts, from body structures, engines and transmissions down to individual screws.

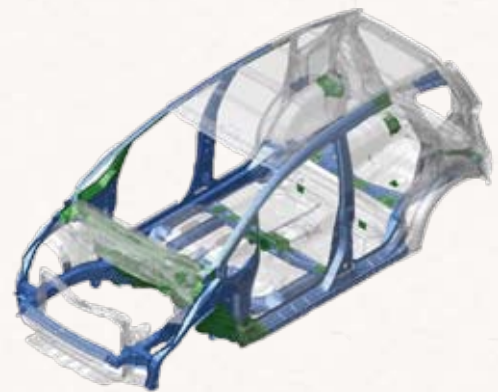
Honda made effective use of high-tensile steel in various parts of the Fit Hybrid. The weight of the vehicle was reduced by using 590MPa high-tensile steel, which is among the strongest available, in key locations, such as the front side frames, front pillars, center pillars and side sills.

The CBR250R is the world's first DOHC motorcycle with a roller rocker arm valve system. Honda was able to reduce the size and weight of the crankcase by adopting an extremely compact layout for the roller rocker arms, and by using a sliding bearing instead of a conventional roller bearing.

Reusing and recycling by design

Honda aims to improve the reusability and recyclability of its products by considering the ease of recycling and maintenance at the structural design stage, using materials that are easy to recycle and reprocessed resins, and labeling resin and rubber parts to indicate the types of materials used.

As a result of these initiatives, in FY2010 Honda achieved 90% or greater recyclability for all newly introduced and redesigned automot-



■ 590MPa high-tensile steel used

bile models, according to the definitions and calculation methods of the Japan Automobile Manufacturers Association (JAMA). Recycled resins were used to produce a number of parts for the Fit Hybrid, including under covers and splash shields.

For motorcycles, Honda aims to achieve recycling ratios of at least 95% and uses collection and aggregation systems to process data about recycling. The names of materials are indicated wherever possible, even on small resin parts. Recycled resins are used in various parts of the EV-neo, including floor steps, rear fenders and rear decks. Approximately 30% of resin parts are made from recycled materials.

Honda has consistently maintained a recoverability ratio¹ of at least 95% for its parts and materials used in its power products.

¹ The recoverability ratio includes both the recyclability ratio and the thermal energy recovery ratio. It is based on the calculation method stipulated in ISO22628 for automotive recyclability ratios.

2 Re-use initiatives

Honda recycled parts

Since 1998, Honda has been recovering highly functional parts, such as power steering pumps, and selling them as recycled parts. In FY2011, Honda responded to market trends by focusing mainly on the recovery of torque converters, recycling 1,507 units. The recovered parts are first cleaned and then either reused or recycled as metal materials. Honda has achieved a reuse rate of 99%.

Voluntary recovery system for hybrid batteries

Honda's IMA (Integrated Motor Assist) hybrid system contains a recyclable nickel-metal hydride (NiMH) battery. In 1999, Honda established an original recovery system for IMA batteries and processes end-of-life units, effectively recycling their precious metals, stainless steel and other materials. At present the batteries are used effectively through recycling as stainless steel materials.

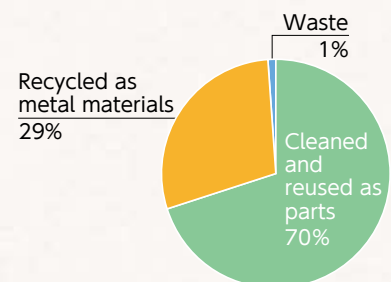
In FY2011, under a voluntary recovery program launched in 1999, Honda recovered IMA batteries from 1,304 vehicles throughout Japan. Initially, dealers were provided in advance with special containers for use when recovering IMA batteries. That system has since been replaced with one based on the use of the boxes used to transport replacement IMA batteries. By improving the efficiency of the recovery process and eliminating the transportation of special containers, this approach has helped to reduce transportation-related CO₂ emissions.

Example of recycled parts

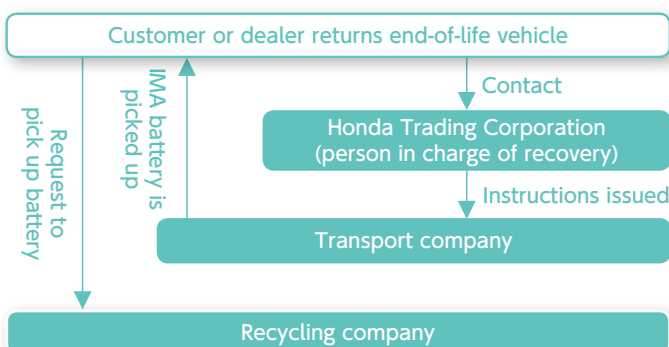


Recycled torque converter

Recycling ratio per torque converter



Recovery process for IMA batteries



3 Disposal initiatives

Automobiles

End-of-life Vehicle Recycling Law

As a manufacturer of automobiles, Honda is optimizing recycling oriented measures applied throughout the life cycle of the automobile, from development to disposal. Japan's End-of-Life Vehicle Recycling Law, enacted in January 2005, is intended to promote environmental conservation and the effective use of resources through measures that 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:

- Fluorocarbons used as air conditioner refrigerants that would contribute to depletion of the ozone layer and global warming if released into the atmosphere
- Airbags, which are difficult to dispose of because they contain explosive agents
- Automobile shredder residue (ASR)—the material remains after useable materials are extracted from end-of-life vehicles

Honda recycling fees cover the cost of properly disposing of and recycling its products at minimal cost to the customer. Honda maintained recycling fees at a reasonable level through efficient disposal of end-of-life vehicles.

FY2011 accomplishments: compliance with the End-of-Life Vehicle Recycling Law

In FY2011, in compliance with the End-of-Life Recycling Law, Honda was obliged to collect and properly dispose of three items with the following results: approximately 460,000 end-of-life vehicles were shredded, up 3.6% from the previous fiscal year; fluorocarbons were collected from approximately 380,000 vehicles, up 1.3% from the previous fiscal year; and airbags from 260,000 vehicles were processed, up 18.4% from the previous fiscal year due to a continued increase in the number of end-of-life vehicles equipped with airbags.

Recycling deposits received to handle these three items totaled ¥4,467,433,167, and recycling costs including internal costs totaled ¥4,096,947,253.

Recycling end-of-life vehicles

Since FY2008, Honda has experimented with the economic feasibility of having used bumpers recovered by automotive disassembly companies and processed by recycling companies into reprocessed resin pallets. In FY2011, in cooperation with Honda Trading Corporation, Honda continued to expand this initiative. In FY2011, Honda recovered approximately 11,000 bumpers from end-of-life vehicles, reclaiming about 24 tons of polypropylene (recycled resin).

Motorcycles

Voluntary recycling activities

In cooperation with other motorcycle manufacturers and a number of motorcycle importers in Japan, Honda began voluntary recycling of motorcycles on October 1, 2004. The program is continuing to proceed smoothly. It is a pioneering initiative in regular, voluntary recycling of motorcycles, providing a dependable way for customers to dispose of their motorcycles. Under this program, motorcycles that customers want to dispose of are accepted at dealership or other specified facili-

Recycling results for FY2011

Fluorocarbons	Amount recovered	115,707kg/ 383,751 vehicles
Airbag inflators	Recovered	64,908 units/ 27,325 vehicles
	Recovered after deployment	600,703 units/ 230,335 vehicles
	Recycling rate	94.1% (Standard >85%)
Shredder residue	Volume received	81,435 ton/ 433,482 vehicles
	ASR that would have been generated had full recycling not been done	5,515 ton/ 29,005 vehicles
	Recycling rate	85.0%
Total recycling deposits received		¥ 4,467,433,167
Total recycling costs		¥ 4,096,947,253

For further information on recycling results in FY2011, please see. This URL is Japanese only:
[URL] http://www.honda.co.jp/auto-recycle/recycle_06_2010.html



ties and appropriately processed and recycled at recycling facilities. Honda continually verifies the recycling routes that it established in FY2009 to recycle a portion of resin materials and a portion of aluminum from engines.

In FY2011, Honda conducted a survey of all local governments to ascertain their level of support for motorcycle recycling in preparation for introduction of a free pick up service for end-of-life motorcycles in October 2011. Honda also held briefings on the free transportation service for end-of-life motorcycles at eight locations throughout Japan and asked local governments to provide information to residents.

FY2011 recycling results

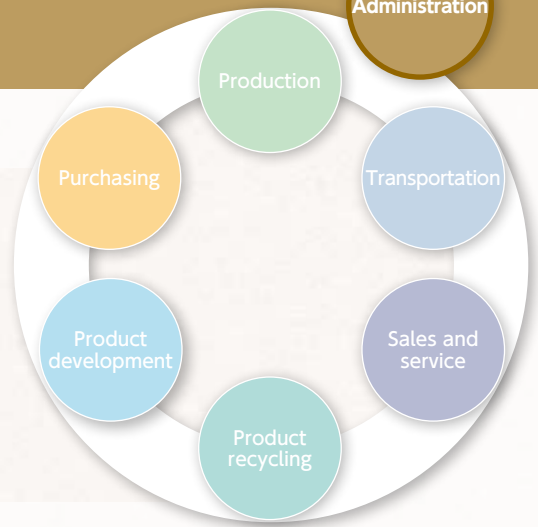
All Honda motorcycles sold in Japan include the cost of recycling in their prices and bear a label indicating that no recycling charges will be levied at the disposal stage. Of the end-of-life motorcycles accepted at designated facilities, 1,365 were Honda products, accounting for 69.4% of the total. 33% of the total number of end-of-life motorcycles were received from Honda Dream Dealers.

The recycling ratios for Honda products can be calculated from the quantities of each type of resource processed at 14 disposal and recycling facilities. On this basis, the ratios are 86.1% for Honda scooters (including three-wheelers and commercial-use scooters) and 87.8% for Honda motorcycles. Honda's overall motorcycle recycling rate for motorcycles and scooters was 86.9%.



Administration

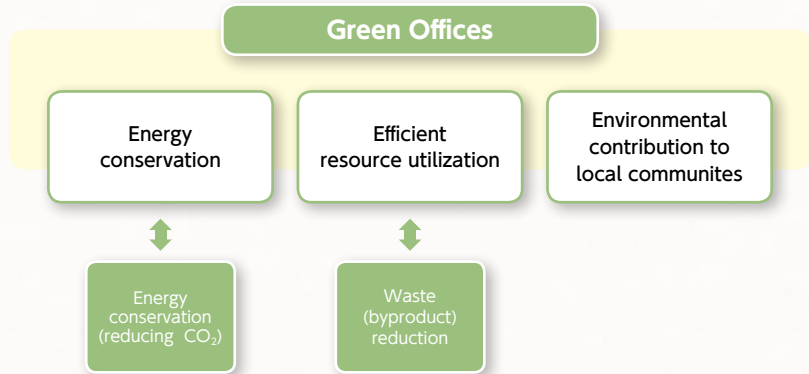
Administration



Honda is focused on environmental conservation measures in the management of its office facilities. These measures are designed to lead to customers, suppliers and associates strengthening their own environmental conservation measures. In addition to reducing the environmental footprint of our administrative activities, we are also implementing environmental management systems aimed at creating environmentally responsible offices.



Administration initiatives



Annual targets and results

FY2011 targets	FY2011 results
<p>CO₂ emissions at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2010)</p> <p>Waste generated at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2010)</p> <p>Each business site participates in at least one neighborhood clean-up project per year in partnership with local residents and local governments.</p>	<p>CO₂ emissions at all facilities of 16 Honda Group companies in Japan: 7.9% reduction (baseline: FY2010)</p> <p>Waste generated at all facilities of 16 Honda Group companies in Japan: 1.1% reduction (baseline: FY2010)</p> <p>Each business site participated in at least one neighborhood clean-up project per year in partnership with local residents and local governments.</p>

I Honda initiatives in the administration domain

ISO 14001 certification

Honda began to acquire ISO 14001 certification for its head office buildings¹ in FY2000 with the certification of the Aoyama Headquarters Building. Certification was achieved at the Wako Building in FY2006, and at the Shirako Building in FY2009. In FY2010 we achieved multiple site certification covering six Honda district buildings².

In FY2012, certification for Honda's head office and district buildings was integrated. We will further strengthen our environmental protection initiatives by enhancing our environmental management systems.

1 Honda head office buildings: Aoyama, Wako, Shirako

2 Honda district buildings: Sapporo, Sendai, Yaesu, Nagoya, Osaka, Fukuoka

Energy conservation

CO₂ emissions from the nine office buildings used exclusively by Honda amounted to 11,268 tons. This is 186 tons below the target figure of 11,454 tons. Most CO₂ emissions in the administration domain result from the use of electric power. The targets became even more demanding under the amended Rationalization in Energy Use Law. Record summer temperatures in 2010 resulted in increased use of air conditioners, with the result that the targets were exceeded in the first half of the year.

Honda immediately took steps to recover the ground lost in the first half. Specific measures included the adoption of the "Warm Biz" program, which requires room temperatures to be maintained at 20°C in winter. In addition, air conditioning systems were adjusted and employees were asked to turn off lights during lunch breaks and adjust lighting levels in work areas. This attention to detail resulted in substantial savings during the second half³ of the year. These savings were sufficient to offset the excess emissions in the first half.

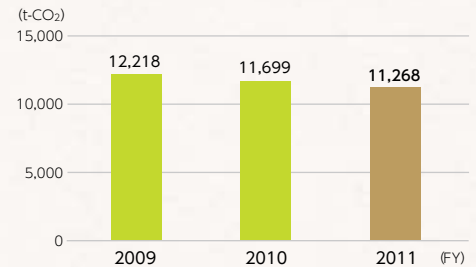
3 First half: April-September Second half: October-March

Efficient resource utilization

In FY2011, waste from nine Honda Motor Co., Ltd. office buildings totaled 392 tons, 36 tons lower than the target figure of 428 tons.

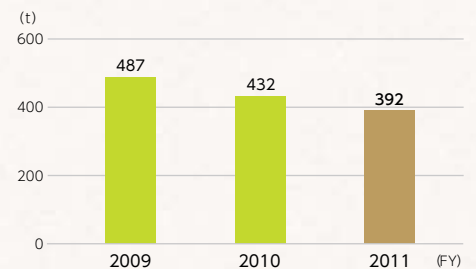
This reduction was achieved with thorough waste separation policies implemented at each office, and through efforts to maximize the recycling of industrial waste. Specifically, waste plastic and paper were converted into a solid fuel known as "refuse paper and plastic fuel" (RPF). By converting incinerated materials into a solid fuel that can be used in place of fossil fuels, we achieved a net reduction in CO₂ emissions. As in the previous year, Honda worked to expand the amount of materials reused. Even cigarette butts were recycled as RPF.

CO₂ emissions of nine office buildings



Note: Includes nine Honda Motor office buildings in Aoyama, Wako, Shirako, Yaesu, Sapporo, Sendai, Nagoya, Osaka, and Fukuoka.

Waste generated by nine office buildings



Note: Includes nine Honda Motor office buildings in Aoyama, Wako, Shirako, Yaesu, Sapporo, Sendai, Nagoya, Osaka, and Fukuoka.

Environmental contributions to local communities

Honda regularly contributes to local communities through the following environmental projects at its head office buildings.

Neighborhood clean-up projects

Monthly	Shirako Building	Neighborhood clean-up project	Organized by Honda
Monthly	Aoyama Building	Aoyama Avenue district clean-up project	Organized by Aoyama 2-chome community association
June	Wako Building	Street cleaning campaign	Organized by Honda
October	Wako Building	General beautification and street cleaning campaign	Organized by chamber of commerce
October	Aoyama Building	Clean-up project in Aoyama 1-chome district	Organized by Akasaka Regional City Office
November	Wako Building	Street cleaning campaign	Organized by Honda

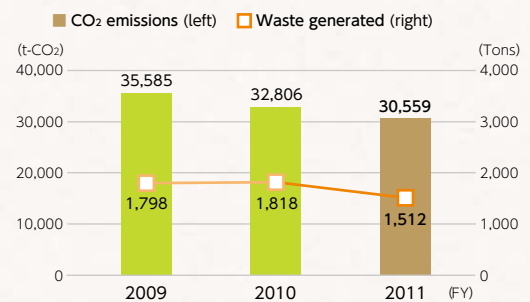
2 Honda Group initiatives

Reducing CO₂ Emissions and Waste

The Business Support Operations Environmental Committee maintains a quality management cycle for integrated initiatives in the administration domain by all 16 Honda Group companies in Japan. Business Support Operations is divided into three domains: the administration category, which encompasses head office functions; the service category, which includes circuit courses and driving schools; and the production category, which consists of aluminum smelting operations. We are working to reduce environmental impact in each of these categories. Continuing initiatives from the previous year included the "Environmentally Responsible Manners" program, the aim of which is to reduce environmental loads through day-to-day activities. The implementation ratio reached 90%, compared with the target of 70%.

We also continued our efforts to reduce electric power consumption at fixed locations. A number of areas were identified, including power use on holidays and at night, as well as the use of standby power, and these measures were extended across all domains.

CO₂ emissions and waste generated in Administration domain



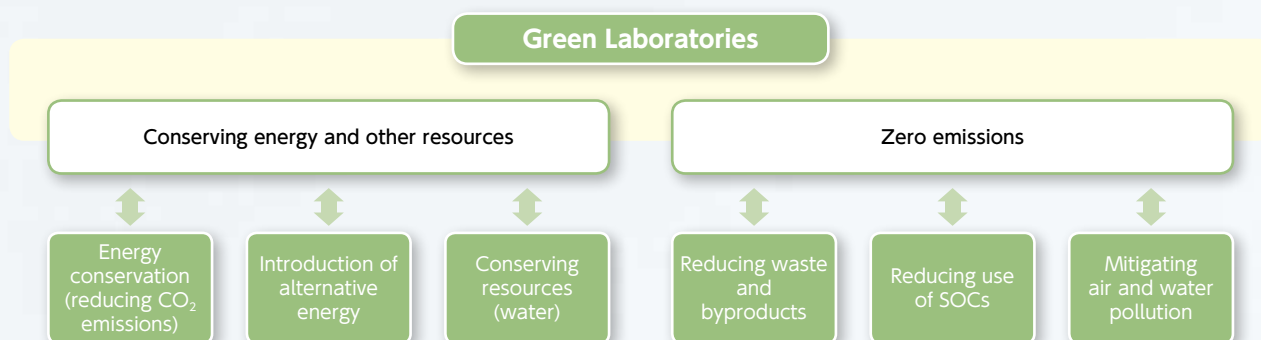
Note: In FY2011, targets and results will be reported for the Honda Group, including Honda Motor Co., Ltd., and its nine buildings (see list above), as well as some companies of the Honda Group in Japan— Mobility Land, Honda Kaihatsu, Honda Sun, Honda Commtec, Honda Technical College, Honda Airways, Honda Trading, Japan-Techno, Honda Finance, Rainbow Motor School, Kibonosato Honda, Honda R&D Sun, KP Tech, Circuit Service Creates and Japan Race Promotion—a total of 16 companies and all facilities.



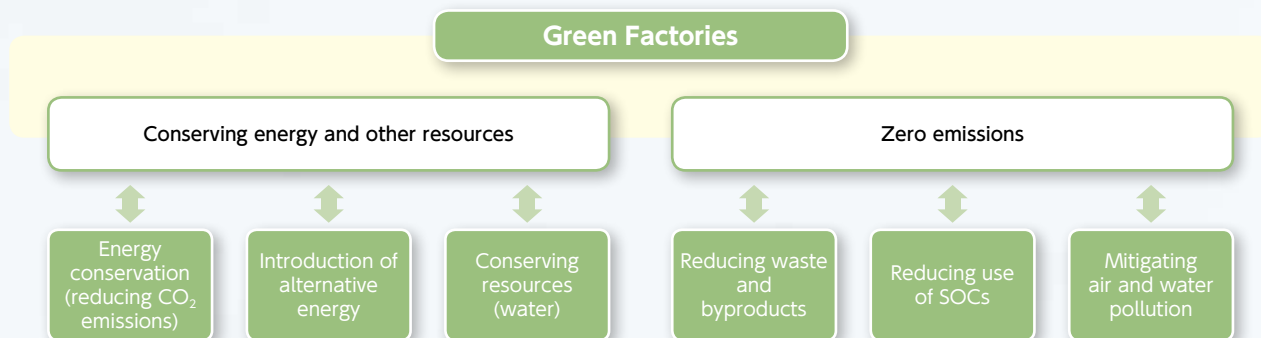
Principal Honda Group companies in Japan

Sharing basic principles, each Honda Group company in Japan focuses on its own operations while keeping in mind the common goal of reducing environmental impact. Each company acts independently to confront environmental issues at hand, setting high targets and working proactively to protect the environment. This section focuses on initiatives undertaken by Honda R&D, which handles the Group's research and development; Honda Engineering, which is in charge of production technology; and Honda Access, which is in charge of the research, development and sales of genuine Honda parts and accessories.

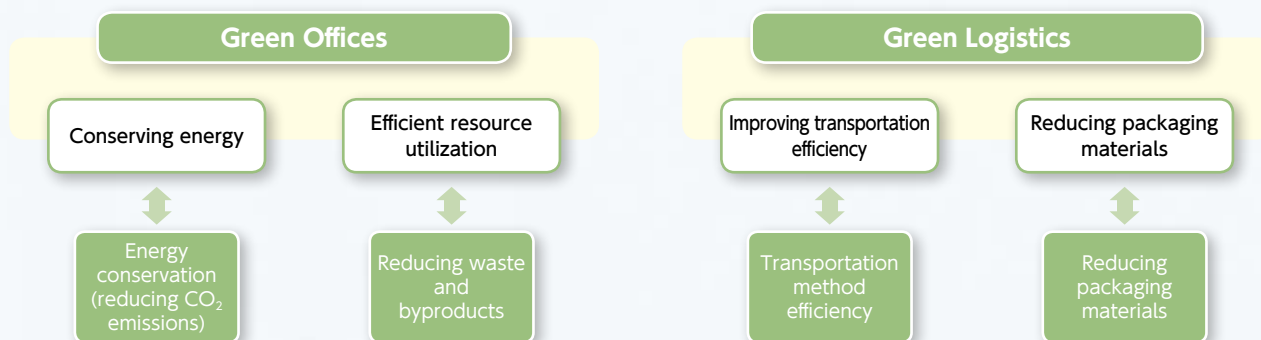
Honda R&D: principal initiatives



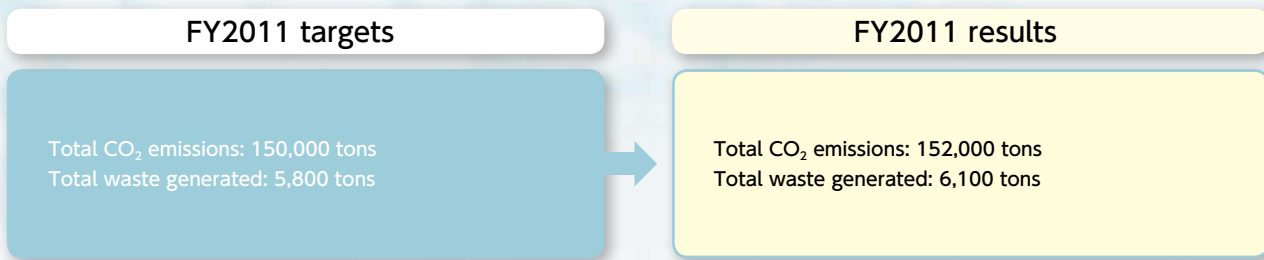
Honda Engineering: principal initiatives



Honda Access: principal initiatives



Annual targets and results



I Honda R&D initiatives

Conserving energy and other resources

The target for energy conservation efforts by Honda R&D Co., Ltd., in FY2011 was to reduce CO₂ emissions to 151,000 tons. Actual CO₂ emissions in FY2011 amounted to 152,000 tons.

Honda R&D worked proactively to reduce energy consumption. Initiatives included a review of the operating methods for air conditioning systems, reduction of power consumption by equipment on standby, and efficient use of lighting power outlets.

In January 2010, Honda R&D installed solar power generation systems in its research facilities. The systems have a total capacity of 1.3 MW and are expected to generate 1,350 MWH per year, thereby contributing significantly to energy conservation efforts. The large-scale system installed at the Automobile R&D Center (Tochigi Proving Center) in Tochigi has a capacity of 1.2 MW and will produce 1,230 MWH per year.

Honda R&D also worked to conserve water in FY2011. Actual water usage amounted to 1.11 million m³, compared with a target of 1.01 million m³. Initiatives to reduce water usage included the development of plans for rainwater use when new buildings are constructed, using stored rainwater to flush toilets, using spring water as a supplementary water source to fill tanks used to test marine outboards, and extensive reuse of water through recycling measures.

Zero emissions

Reducing waste (by-products)

The target for resource conservation efforts in FY2011 was to reduce waste (by-products) to 5,800 tons. The actual quantity of waste (by-products) in FY2011 was 6,100 tons.

In addition to measures to reduce waste (by-products) at the source, including the reduction of test vehicle use, Honda R&D also took positive action to increase recycling through waste sorting. The company also took steps to ensure appropriate disposal of waste through on-site checks covering collection and transportation contractors and intermediate and final disposal facilities.

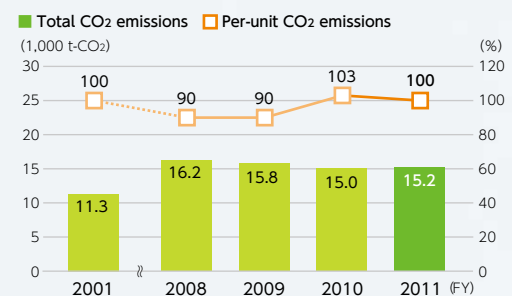
Since FY2009, Honda R&D has engaged in the development of practical technology to replace solvent-based coatings with low-VOC coatings on experimental cars. In FY2008, low-VOC coatings were progressively introduced for surface preparation, middle coats and final coats on experimental cars. This work led to reductions in the use of substances of concern (PRTR substances). In FY2011, coating booths capable of using water-based products were installed when aging booths were replaced. The new booths are scheduled to become operational at the end of FY2011.

Honda R&D will continue to expand the use of water-based coatings on experimental cars.

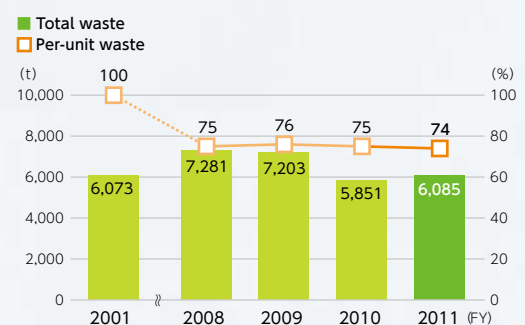


Solar power facilities

Total and per-unit CO₂ emissions (baseline: FY2001)



Total and per-unit waste (baseline: FY2001)



Coating booth

Annual targets and results

FY2011 targets

Total CO₂ emissions: 20,638 tons
 Per-unit CO₂ emissions: 12% reduction (baseline: FY2001)
 Total waste generated: 1,969 tons
 Per-unit waste generated: 4% reduction (baseline: FY2007)

FY2011 results

Total CO₂ emissions: 18,495 tons
 Per-unit CO₂ emissions: 19% reduction (baseline: FY2001)
 Total waste generated: 1,795 tons
 Per-unit waste generated: 12% reduction (baseline: FY2007)

I Honda Engineering initiatives

Energy conservation

In FY2011, Honda Engineering reduced per-unit CO₂ emissions by 19.0% from the baseline FY2001 level, exceeding its target of 12.0% reduction. The company also exceeded its target of 20,638 tons for total CO₂ emissions, which totaled 18,495 tons.

In FY2011, the company adopted measures designed to reduce CO₂ emissions and implemented a variety of energy conservation initiatives. The target was achieved ahead of schedule.

Energy conservation measures included changes to control systems for clean room air-conditioning equipment. In addition, work areas were monitored and advice was given concerning energy conservation measures for individual lines and facilities. At the corporate level, the cooperation of all divisions was enlisted to reduce standby power consumption by shutting down the supply of power to factories during holidays. In December 2010, staff gave a presentation on energy conservation at the Honda Green Conference, describing efforts to reduce CO₂ emissions through reduced electricity usage on days when factories are closed. It focused in particular on ways to discover and reduce electricity wastage. Experience and technology gained through energy conservation efforts at business sites are now being applied to other Honda Group facilities, and to the supply of molds and tools.

Zero emissions

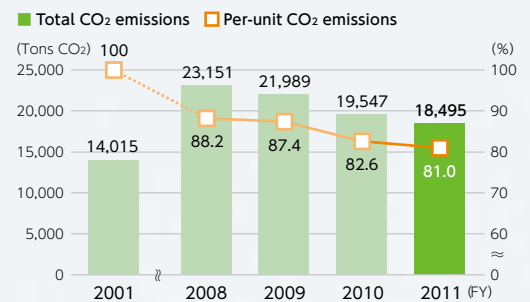
For FY2011, Honda Engineering had set a target waste recycling ratio of 100%. That target was met with an actual ratio of 100%. The company also reached its waste emission target with a total of 1,795 tons.

Thin-film solar panels have been installed on the office and R&D buildings to supply electricity for lighting and other purposes. Another energy conservation measure currently under consideration is the establishment of a system to utilize groundwater heat. Staff also visited Midori-Net Nasunogahara in Nasushiobara City, Tochigi Prefecture, to observe the performance of a micro-hydroelectric system developed to take advantage of an unused gradient on an agricultural irrigation canal.

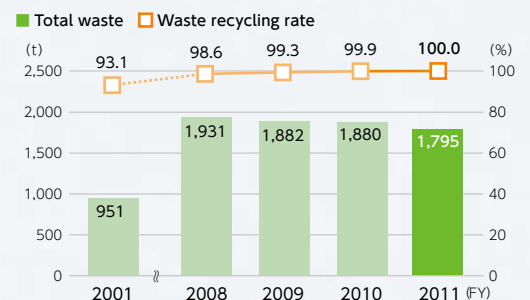
In FY2011, the following five initiatives were undertaken to reduce waste. In all cases, the targets were achieved.

- (1) Reduction of washing solution use through measures to prevent spoiling
- (2) Reduction of waste cutting fluid emissions by means of a cleaning method based on sludge separation
- (3) Sorting of used carbide tools for high-quality recycling
- (4) Studies concerning the recovery of metals other than iron as valuable resources
- (5) Reduction of oil-bearing wastewater through use of concentration systems

Total and per-unit CO₂ emissions (baseline: FY2001)



Total waste and waste recycling rate



Annual targets and results

FY2011 targets

Total CO₂ emissions: 10% reduction (baseline: FY2001)
 Per-unit waste generation: 30% reduction (baseline: FY2001)
 Packaging: 65.1% per-unit reduction (baseline: FY2001)

FY2011 results

Total CO₂ emissions: 28% reduction (baseline: FY2001)
 Per-unit waste generation: 38% reduction (baseline: FY2001)
 Packaging: 68.4% per-unit reduction (baseline: FY2001)

I Honda Access initiatives

Energy conservation

In FY2011, Honda Access Corporation* achieved a 28% reduction in its CO₂ emissions per unit compared with the FY2001 level, far surpassing its target of a 10% reduction. CO₂ emissions were reduced by improving air conditioning efficiency through the use of distributed air conditioning systems, and by implementing effective energy conservation measures in office areas.

* Honda Access Corporation has three business sites: its Niiza head office, the Tochigi R&D Center, and a distribution center in Hidaka. However, data for the Tochigi R&D Center are included in reports for the Automobile R&D Center (Tochigi) of Honda R&D Co., Ltd. Reports by Honda Access Corporation cover its distribution center in Hidaka and its head office in Niiza.

Efficient resource utilization

Honda Access exceeded its waste target for FY2011, which was a 30% reduction, by reducing per-unit waste emissions by 38% from the baseline FY2001 level. This was achieved by delivering imported products directly to factories in order to reduce waste resulting from the sorting of products at intermediate locations.

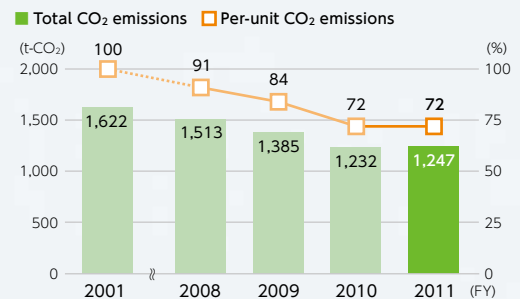
Reducing packaging materials

The amount of packaging materials used on new types of products was reduced, and simplified packaging was introduced. The amount of packaging materials used per unit was reduced by 68.4% from the FY2001 level, compared with a target reduction of 65.1%. Packaging for new types of products was reviewed from the material stage with the aim of achieving further reductions in size and weight and reducing the amount of packaging materials used, in step with the reduction of the sizes and weights of popular products.

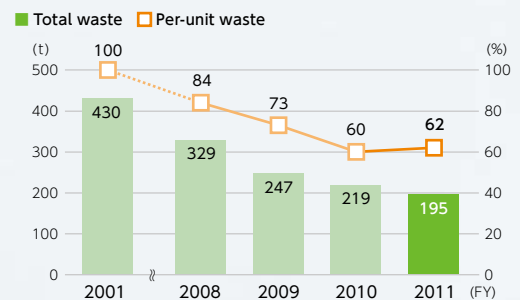
Improving transportation efficiency

By using its own transportation system, Honda Access Corporation was able to review and shorten delivery routes, resulting in reductions in transportation-related CO₂ emissions. On delivery routes where the quantities dispatched are small, the company improved transportation efficiency through truck-sharing with the Parts Division.

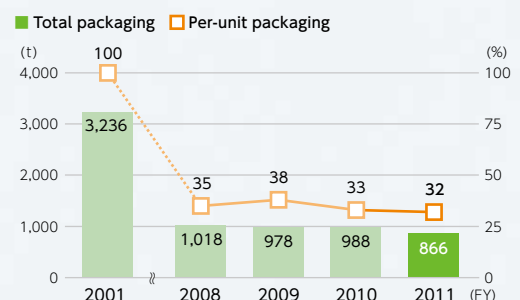
Total and per-unit CO₂ emissions



Total and per-unit waste



Total and per-unit packaging



Philanthropic environmental initiatives

Honda's environmental conservation initiatives are designed to enhance the coexistence of our operations with the communities that host them. Deepening ties with communities and individuals worldwide, we strive to anticipate social imperatives and foster well-being through all of our activities. We are working proactively to fulfill our responsibilities as a corporate citizen, taking the lead in environmental conservation and working to provide future generations with a cleaner world. Through our websites, pamphlets and other publications and events, we are proactively sharing information about our initiatives.

1 The Honda beach clean-up project

In response to approaches from associates who wanted to ensure that future generations would still be able to walk barefoot on beaches, Honda developed a lightweight, compact and easy-to-operate towable beach cleaner. Honda Group associates and retirees, with the cooperation of local governments, are now cleaning beaches throughout Japan using these towable beach cleaners and all-terrain vehicles (ATVs).

These unique beach cleaners have simple structures consisting of rakes and sieves and are also gentle on eco-systems. There are two types of cleaner attachments for use with different types of sand and garbage. The sand rake has sand pins that pick up garbage as the device is towed, while the sand screen throws the surface of the beach up onto a sieve to separate garbage. By combining these two cleaner attachments, the system can be used efficiently to recover items ranging from large debris, such as timber, nets and ropes, down to small garbage mixed with the sand.

Around 100 beaches throughout Japan have been cleaned since the project was launched in 2006. As a good corporate citizen, Honda will continue to promote local beach cleaning initiatives in cooperation with local governments and communities.

2 Watershed conservation in Japan

The water that we use comes from rivers running from the hills down to the sea. At the sources of these rivers are watershed forests, which accumulate water over long periods while also producing clean air and providing us with places in which to enjoy the wonders of nature. Through conservation projects based mainly on voluntary work by Honda associates and retirees and their families, Honda helps to protect these watershed forests that bring benefits to the communities in which its facilities are located.

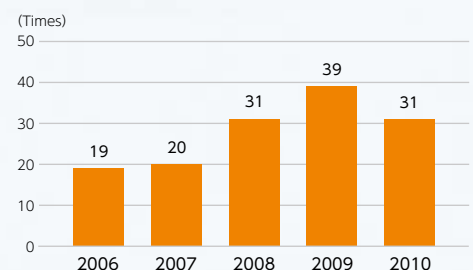


Cleaning up large-sized rubbish from the beach by hand.



Filtering the sand for rubbish using an ATV.

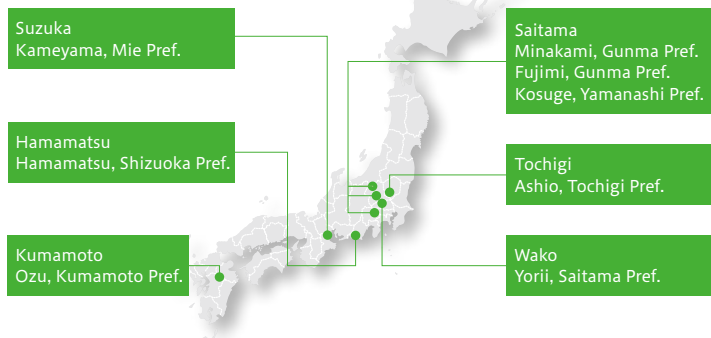
Number of beach clean-ups held



Watershed conservation efforts in FY2011

Places	Times	Participants
6	12	618

Watershed conservation in Japan FY2011



3 Environmental communications

Environmental education

Nature Wagon

The Nature Wagons travel to mountain areas, coasts and other areas to bring back materials for delivery to schools, public halls and other public facilities for use in environmental education. Honda retirees present lectures on natural systems and the importance of environmental conservation, and there are also craft activities using wood and stone. The aim is to help children to discover and think about nature and the environment for themselves.

Four Nature Wagon programs

Forest Fantasy Workshops

Participants learn about the importance of forest conservation and the role of trees and forests by experiencing log-cutting work, and through nature craft activities using thinning timber, driftwood and other materials.

Stone painting

By painting stones of various shapes and sizes gathered from riverbeds, participants gain an understanding of the power of water flowing in rivers and develop an interest in the mysteries of nature.

Natural salt production

Participants make natural salt by boiling mineral-rich seawater brought up from great depths. Through this experience, they learn about the process through which salt is produced and become aware of the importance of marine conservation.

Natural vegetable dyes

Participants learn about the vivid colors that can be created with natural pigments, and about the links between nature and our lives as people, through a hands-on experience of tie-dyeing with vegetable dyes made from flowers, grasses and other plants.



Young and old working together at the Forest Fantasy Workshop.



Art pieces made by workshop participants.



Painted stones, produced at the workshop.

Nature Wagon events held in FY2011

Places	Times	Participants
5	265	11,800

Tree-planting program in the Inner Mongolia Autonomous Region

On July 3, 2010, 100 employees from 14 Honda joint ventures in China planted trees in Inner Mongolia with 80 children from local schools. The event was organized with the cooperation of a media organization.

Desertification has become a serious environmental problem in China. As a member of the business community in China, Honda has been helping to combat this problem since 2000 and commenced a tree-planting program in Inner Mongolia in 2008. The tree-planting site covers an area of approximately 467 hectares¹ around Youyi Dam in Xinghe County, Ulaan Chab City. The plan calls for the planting of approximately 700,000 saplings over a five-year period ending in 2012.

A total of 100,000 trees (approximately 66.7 hectares) were planted in 2008, 120,000 (approximately 80 hectares) in 2009 and 160,000 (approximately 106.7 hectares) in 2010. The remaining 320,000 trees (approximately 213.3 hectares) will be planted over the next two years. These trees will absorb 23,000 tons of CO₂ annually.

The plan was formulated with the aim of creating an eco-system that would be capable of self-sustaining growth after the completion of the tree-planting program. A variety of factors were taken into account when selecting tree species, including climatic conditions in Inner Mongolia and the ability to withstand disease and insect. Honda employees, with the advice of experts from Japanese universities, have provided unique input at all stages of the project, from the selection of species and planting methods to the actual tree-planting process. As a result of this work, over 95% of the trees planted in 2008 and 2009 are growing vigorously.

In addition to its environment importance, the tree-planting program is also seen as an educational opportunity for children. It is hoped that the experience of working with Honda employees on this project will allow the children to learn about the joy of creating a greener environment.

Honda joint ventures are actively involved in various other environmental protection initiatives as part of the Honda Group's efforts to be a company society wants to exist.

¹ One hectare = 10,000 square meters

The Honda Fuel Cell Electric Vehicle Classroom

Honda established the Honda Fuel Cell Electric Vehicle Classroom to encourage children to develop an interest in motor vehicles and the potential of future technologies. In FY2011, approximately 69 parent-child groups attended 9 programs at the Honda Welcome Plaza Aoyama. The program consisted of a lecture using animation based on traditional picture-card storytelling, and an experimental session in which participants produced hydrogen and then used a hydrogen-oxygen reaction to generate electricity that was used to power a motor. They also learned first-hand about the benefits of fuel cell electric vehicles through test-rides in an FCX.



Regional environmental communications

As part its environmental management activities, Honda communicates with people affected by its business operations, including consumers and communities near its business sites. It distributes environmental information widely through various media and via the Internet. In addition, communication channels have been established to allow Honda to gather and respond to the views and wishes of people in local communities.

Environmental publications

Brochures

The Honda Environmental Annual Report

This report describes Honda's environmental initiatives, including its fundamental policies, the overall direction of its initiatives and their implementation in each of Honda's operations. The report also outlines the progress Honda has made as an industry leader on environmental issues and outlines plans and specific targets for ongoing environmental initiatives.

【URL】<http://world.honda.com/environment/report/index.html?id=6>



e-dream (only in Japanese)

This informative magazine, which contains information on automobiles, motorcycles and power products, is published to facilitate better communication between dealerships and customers. It also provides information on Honda's environmental vision and major initiatives.

【URL】<http://www.honda.co.jp/e-dream/>



Honda Eco Book/Honda Eco Lab (only in Japanese)

Written for older elementary school children, the Honda Eco Book uses photographs and illustrations to provide a clear introduction to a range of environmental issues. It also describes Honda initiatives that can be undertaken in the home. The Honda Eco Lab is targeted toward students at the junior high school level and above.

【URL】<http://www.honda.co.jp/environment/publications/index.html>



Websites

The Honda Worldwide website's environment section

The Honda Worldwide website discloses a full range of environmental information, including product data, environmental news and Honda's history of environmental conservation. It also includes a PDF version of the Honda Environmental Annual Report.

【URL】<http://world.honda.com/environment/index.html>



Honda Eco Lab Kids (only in Japanese)

Honda Eco Lab Kids introduces elementary school students to global environmental issues and Honda's environmental initiatives. It also provides examples of how kids can lead environmentally responsible lives at home.


【URL】<http://www.honda.co.jp/ecolabo-kids/>




History of Honda environmental initiatives

	Product Development	Corporate Activities
2011	<ul style="list-style-type: none"> Leasing of EV-neo electric motorcycle begins. Honda launches the new Fit Hybrid. The ENEPO EU9IGB, a new type of gas-powered generator, is launched. 	<ul style="list-style-type: none"> Honda signs a joint implementation agreement with Saitama City for the E-KIZUNA Project. Trials of next-generation mobility technology begin in Kumamoto Prefecture and Saitama Prefecture. The Honda Green Conference is held.
2010	<ul style="list-style-type: none"> All-new CR-Z hybrid vehicle introduced 	<ul style="list-style-type: none"> Honda begins trials on a new-generation solar hydrogen station
2009	<ul style="list-style-type: none"> All-new PCX scooter introduced in Thailand as a globally strategic model All-new Insight hybrid vehicle introduced 	<ul style="list-style-type: none"> Honda Soltec thinfilm solar panels used in Hanshin Koshien Baseball Stadium
2008	<ul style="list-style-type: none"> Leasing of all-new FCX Clarity fuel cell electric vehicle begins in the U.S. and Japan 	<ul style="list-style-type: none"> Joint venture agreement concluded with GS Yuasa Corporation to produce lithium-ion batteries for hybrid vehicles
2007	<ul style="list-style-type: none"> FCX Clarity introduced Next-generation i-DTEC diesel engine introduced Next-generation thin-film solar cells introduced 	<ul style="list-style-type: none"> FY2011 targets announced for environmental impact reduction in Japan product development
2006	<ul style="list-style-type: none"> Flexible fuel vehicle (FFV) introduced in Brazil 	<ul style="list-style-type: none"> Incorporation of Honda Soltec Joint development of technology announced for the production of ethanol from inedible plant biomass (partner: RITE) Global targets announced for reduction of all product- and production-related CO₂ emissions by 2010
2005	<ul style="list-style-type: none"> New Honda Civic Hybrid introduced World's first delivery of a fuel cell electric vehicle to an individual customer Next-generation iGX440 generator introduced 	
2004	<ul style="list-style-type: none"> Accord Hybrid introduced in U.S. Dio Z4, world's first 50 cc bike equipped with fuel injection system, introduced 	<ul style="list-style-type: none"> Voluntary motorcycle recycling operations begin Joint project with Toyota for appropriate ASR recycling initiated
2003	<ul style="list-style-type: none"> Honda FC Stack introduced World's first electronically controlled fuel injection system for a 4-stroke 50 cc scooter introduced Home Energy Station pilot project begins VCM-equipped Inspire introduced in Japan World's first delivery of a fuel cell electric vehicle to a private corporation i-CTDI diesel engine introduced Home cogeneration system introduced 	 <p>Thin-film solar cells at Hamamatsu Factory's Hosoe Plant</p>
2002	<ul style="list-style-type: none"> FCX fuel cell electric vehicles delivered on the same day in U.S. and Japan Next-gen thin-film solar cells introduced 	<ul style="list-style-type: none"> Experimental operation of Intelligent Community Vehicle System (ICVS) begins in Singapore SOC (substances of concern) guidelines established
2001	<ul style="list-style-type: none"> Civic Hybrid introduced I-DSI engine (23 km/liter) introduced 	<ul style="list-style-type: none"> Green Purchasing guidelines established Energy-efficient Hosoe Plant at Hamamatsu Factory begins operations
2000	<ul style="list-style-type: none"> Stream with DOHC i-VTEC engine introduced Accord becomes first car to comply with California SULEV requirements / Insight hybrid introduced (achieves world's top fuel economy of 35 km/liter) 	<ul style="list-style-type: none"> Green Dealer certification system established Zero landfill waste operations achieved at all factories in Japan
1999	<ul style="list-style-type: none"> Liquid-cooled 4-stroke 50 cc engine introduced The first model of the Insight personal hybrid vehicle achieves world's top fuel economy of 35 km/liter 	<ul style="list-style-type: none"> First Honda Green Conference 2005 targets for motorcycle, automobile and power product fuel economy and exhaust emissions announced
1998	<ul style="list-style-type: none"> BF series marine outboard engines introduced (complying with EPA and Japan Boating Industry Association regulations) VFR800FI introduced (Honda's first motorcycle equipped with a three-way, EURO 1-compliant catalytic converter) 	<ul style="list-style-type: none"> ISO 14001 certification earned by all factories in Japan Green Dealer project initiated
1997	<ul style="list-style-type: none"> ZLEV technology introduced California ULEV-compliant vehicle introduced (Accord) Civic GX natural gas vehicle introduced 	<ul style="list-style-type: none"> Green Factory project initiated New recycling project initiated Honda Belgium receives ISO 14001 certification; Honda facilities worldwide working toward certification
1996	<ul style="list-style-type: none"> EV-PLUS electric vehicle introduced 	
1995	<ul style="list-style-type: none"> California LEV-compliant vehicle introduced (Civic) 	
1994		<ul style="list-style-type: none"> Zero use of 1,1,1 trichloroethane in manufacturing achieved
1992	<ul style="list-style-type: none"> Marine outboard engines (BF8) upgraded to comply with Stage 1 of European Bodensee regulations 	<ul style="list-style-type: none"> Honda Environment Statement announced
1991		<ul style="list-style-type: none"> Environmental Committee founded
1988	<ul style="list-style-type: none"> VTEC engine introduced 	 <p>VTEC engine-equipped Civic 3-door SIR II</p>
1978		<ul style="list-style-type: none"> Heating systems start using recaptured heat
1976		<ul style="list-style-type: none"> Community Forests initiative begins
1973	<ul style="list-style-type: none"> CVCC engine-equipped Civic introduced 	
1972	<ul style="list-style-type: none"> CVCC technology officially introduced 	 <p>Civic CVCC</p>
1971	<ul style="list-style-type: none"> CVCC engine introduced 	<ul style="list-style-type: none"> First particle collection equipment in Japan installed on roof of Sayama Factory (now Saitama Factory) First activated sludge tap water processing facility in Japan installed at Hamamatsu Factory
1970		<ul style="list-style-type: none"> Pollution Control Department established
1966		<ul style="list-style-type: none"> Air Pollution Laboratory established at Honda R&D Recycling of industrial water begins

Third party verification

To ensure the accuracy and reliability of the information contained in the 2011 Honda Environmental Annual Report, Honda has had the information independently verified by the Japan Audit and Certification Organization for Environment and Quality (JACO). The  mark on the left indicates that data has been verified.



Third party verification report regarding the
"Honda Environmental Annual Report 2011"

June 10, 2011

To: Honda Motor Co., Ltd.
 Mr. Takanobu Ito, President & CEO

Japan Audit and Certification Organization
 for Environment and Quality
 Yasunori Shimoi, President & CEO

Japan Audit and Certification Organization for Environment and Quality (hereinafter referred to as "JACO") has conducted independent third-party verification in regard to "Honda Environmental Annual Report 2011" (hereinafter referred to as "the report") according to Environmental Reporting Guidelines, Fiscal Year 2007 Version (Ministry of the Environment), in accordance with a mutually agreed procedure based on a request of Honda Motor Co., Ltd. (hereinafter referred to as "Honda"). During the verification of environment-related performance data, JACO has analyzed and minimized verification risk by assessing the effectiveness of the information and data collected and compiled according to Honda's procedure standardized across the company and utilizing this information and data.

【Purpose of Verification】

The purpose is to verify descriptions in the FY2011 report (April 1, 2010 – March 31, 2011) prepared by Honda and the following items regarding actual results, and to present the results of verifying the reliability of the report.

- 1) Confirmation of coverage and validity of the report descriptions and conformance with the report's principles.
- 2) Confirmation of the reliability of environmental performance data (hereinafter referred to as "the data") in the process of compiling environmental information including the necessary data, measurement, collection, calculation, evaluation and reporting to the upper organization.

【Scope of Verification】

Classification	Items verified	Sites verified
Qualitative items	Message from executive management, Environment Statement, Environment-related activities and others	Registered Head Office
Quantitative information*	CO ₂ emissions, energy consumption (electricity, gas, fuel oil), discharge of wastes and valuable resources, industrial water consumption, usage of PRTR chemical substances	Registered Head Office: Verification of information and data on factories, R&D centers, and other sites in Japan, collected at the registered head office according to the company-wide environmental data compilation process. Satama Factory: Verification by comparison of the data reported to the registered head office and the government with its evidentiary original document

* JACO has been applied to the verified data.

【Conclusion】

We have verified the qualitative items stated in the report and the environmental performance data on business activities.

1. Verification results

- 1) The coverage and validity of the descriptions stated in the report are judged as appropriate.
- 2) No problems were found with the reliability of the environmental performance data and the data compilation process including the necessary data, measurement, evaluation and reporting. Therefore, we confirm that the data and the process are appropriate.

2. Continuity and reliability of environmental information disclosure

This report is Honda's 14th Honda Environmental Annual Report. We appreciate highly that Honda has regularly conducted information disclosure to stakeholders and that the "Third-party comment" of an outsider for improving the report's reliability has been regularly included in the report for six years. In addition, we highly praise Honda's reinforcement this fiscal year of its committed relationship with stakeholders through the introduction of verification by an external verification agency for the goal of improving the report's reliability.

Disclosure of the negative information regarding the area of compliance with the requirements of legislation and others related to the environment, improves the reliability of the report.

3. Completeness and appropriateness of descriptions in the report

- 1) Descriptions in the report are categorized into Japan and global activities, which is a characteristic structure that makes the report easy to use for all stakeholders. Honda has been comprehensively carrying out activities including environment-related social contribution and communication (such as the beach clean-up project, watershed conservation, and the Nature Wagon) as well as reducing the environmental footprint of Honda's products and business activities.
- 2) The Environment Statement and Environmental Vision are clearly expressed. We recognize that Honda is firmly committed to the importance of environmental conservation and executive policy towards environmental initiatives. In the area of environmental impact data, future target values are clearly stated, results are evaluated every year, and environmental management is conducted based on the PDCA (Plan-Do-Check-Act) approach. In addition, Honda has introduced numerous environmental initiatives in the workplace, which has resulted in increased environmental awareness by Honda employees.
- 3) The report explains carefully Honda's efforts towards environmentally responsible products, an area of high interest to stakeholders, including fuel efficiency improvements and alternative energy. As a manufacturer that mainly produces and sells mobility products, Honda has depicted and disclosed the entire process from procurement of parts and materials, to production, usage, and disposal from the LCA (lifecycle assessment) viewpoint, which is a notable characteristic of this report.

4. Environmental activity performance

Toward the realization of Honda's future vision based on the concept of "mobility that uses energy generated by Honda technology," the "household gas engine cogeneration unit" is introduced as a case study, along with an example of mobility products. We confirm that Honda's environmental activities are moving steadily forward.

In "Regional topics," the report introduces a set of excellent, community-based activities, which will bring a sense of closeness and a feeling of security to each reader from these regions. Successful introduction of these activities will also accelerate technical transfer through diligent application within the company.

We expect that Honda will expand the scope of verification and further improve the reliability of disclosed information.



Comparative table with GRI Guidelines

The Environmental Annual Report contains tables comparing standard disclosure items under the GRI Guidelines and the environmental performance indicators.

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2 Organizational Profile	2.1	Name of the organization	C4
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	2.4	Location of organization's headquarters	C4
	2.5	Countries of operation	C3-C4, OH
	2.6	Nature of ownership and legal form	C4, OH
	2.7	Markets served	C3-C4, OH
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	2.9	Significant changes during the reporting period	OH
	2.10	Awards received	26-31
3 Report Parameters	3.1	Reporting period	1
	3.2	Date of most recent previous report	1
	3.3	Reporting cycle	C2
	3.4	Contact	C7
	3.5	Defining report content	C2, 14, 40
	3.6	Boundary of the report	1
	3.7	Specific limitations on the scope or boundary of the report	1
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, etc	1, 18, 44
	3.9	Data measurement techniques	1, 18-19, 44-45
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	4.4	Mechanisms for recommendations	OH
	4.5	Executive compensation	OH
	4.6	Avoidance of conflicts of interests	OH
	4.7	Determining the qualifications and expertise of the members of the highest governance body	OH
	4.8	Internally developed statements of mission or values, codes of conduct, and principles	4, 8-9, 32
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		Management approach	4-13, 36-43
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	EN.10	Water recycled and reused	—
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	EN.12	Impacts on biodiversity	32-33
	EN.13	Habitats protected or restored	26, 32-33, 85
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	EN.24	Hazardous waste	—
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Note: For further information on OH, see Annual Report 2011, Annual Securities Report, CSR website, etc. (See Other key information disclosure on page C2.)

For further information on EN-Web, see the Honda Worldwide website's environmental section.

<http://world.honda.com/environment/index.html>



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Note: Current as of June 1, 2011.

Honda global environmental symbol and slogan



BLUE SKIES FOR
OUR CHILDREN

Our goal under the Honda Environmental Vision is to leave the joy and freedom of mobility for future generations (for our children). That is why we must create a sustainable society where people can enjoy life (blue skies). These aspirations are symbolized in our environmental slogan and symbol.

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This report can also be found on the Honda Worldwide website:
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