



Honda

ENVIRONMENTAL
ANNUAL REPORT

2012



Environmental Headlines in 2011

HSHS to Cut Emissions in Half

Honda is developing the Honda Smart Home System (HSHS) in an effort to market products that will help consumers cut their mobility and household CO₂ emissions in half by 2015. (Page 28)

Earth Dreams Technology

In pursuit of advanced environmental performance and a unique joy of driving, Honda has developed a new series of next-generation power-trains that greatly enhance both driving performance and fuel economy. (Page 30)

Next-Generation Engines 125 cc/700 cc

In September 2011, Honda announced two new engine models for the global market: the eSP 125-cc scooter engine and a new 700-cc engine for mid-size motorcycles. (Page 33)

Solar Capacity to Reach 4.5 MW

Honda has installed a total 3.5 MW of photovoltaic capacity at its business sites in Japan (as of May 2012), generating 3,000 MWh of its own electricity in 2011. We plan to install an additional 1 MW of capacity at our car dealers by the end of fiscal 2014. (Pages 7, 70)

Third-Party Verification Expands Beyond Japan

While third-party verification only covered environmental impact data from Honda's Japanese operations, in fiscal 2012, the scope of audits was expanded to consolidated subsidiaries outside Japan in fiscal 2013. (Page 88)

Honda Environmental Performance Standards (HEPS)

Honda has established standards for classifying and certifying its products based on how well they reduce or help reduce in-use CO₂ emissions compared to baseline models. Our goal is to make all Honda products HEPS-compliant. (Page 13)

Scope 3 Emissions Now Verified

In accordance with the Scope 3 Standard published by the GHG Protocol Initiative, Honda added CO₂ emissions from "use of sold products" to its list of independently verified data. This category represents the largest source of CO₂ emissions for an automaker. (Pages 26, 88)

Automobiles: 9.5% Motorcycles: 24.1% Power products: 13.5%

Honda cut CO₂ emissions by the above amounts in fiscal 2012 as it sought to make progress in meeting its 2020 Product CO₂ Emissions Reduction Targets (30% reduction from 2000 levels). (Page 19)

Biodiversity

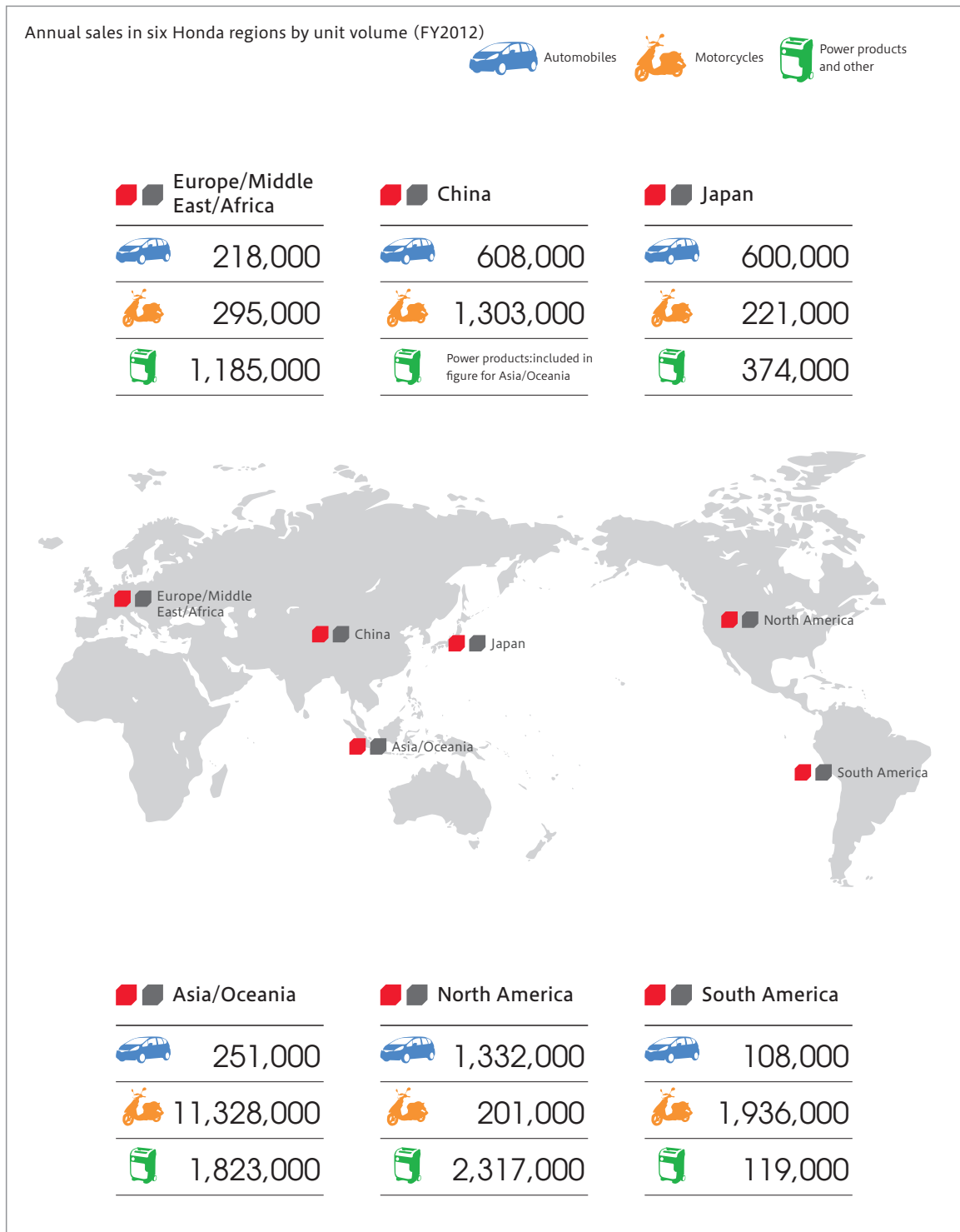
From 2007 to 2011, Honda conducted biodiversity surveys at its 5 production facilities in Japan to make its business activities friendlier to local plant and animal species. We will continue efforts to conserve biodiversity in partnership with local communities. (Page 17)

New Demonstration Projects

Following a busy year of projects in 2011, the year 2012 has seen a number of new smart mobility demonstration projects launched, in Saitama and Kumamoto, Japan and in California in the U.S. In March, Honda installed a solar hydrogen station at the Saitama Prefectural Office and delivered an FCX Clarity for use as a public vehicle. In April, we finished installing facilities for a new park-and-ride system in Kumagaya City, Saitama Prefecture. (Page 54)

Reducing Environmental Impacts in 6 Regions Worldwide

Driven by its philosophy of building products close to the customer, Honda has manufacturing operations in 6 regions worldwide. In FY2012, Honda delivered 24 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, the company 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 issues.



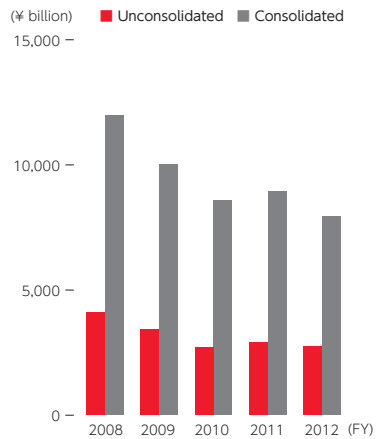
Company overview

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, 2012)
Sales: Consolidated: ¥7.9480 trillion (Results of FY2012)
 Unconsolidated: ¥2.7400 trillion

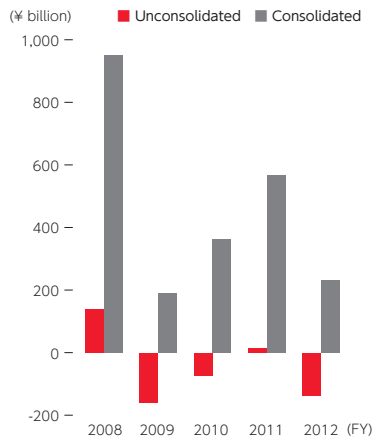
Number of associates: Consolidated: 187,094 (as of March 31, 2012)
 Unconsolidated: 24,888 (as of March 31, 2012)
Consolidated subsidiaries: 378 (as of March 31, 2012)
Major products: Automobiles: Standard-sized vehicles, compact vehicles and mini-vehicles
 Motorcycles: Scooters, mini-bikes, motorcycles and ATVs
 Power products: Power product engines, lawnmowers, marine outboard engines, CIG thin film solar cells, and household gas engine cogeneration units

Financial information

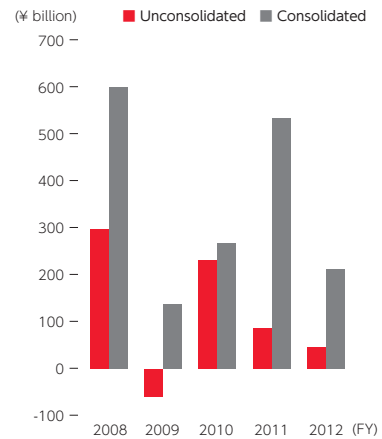
Net sales



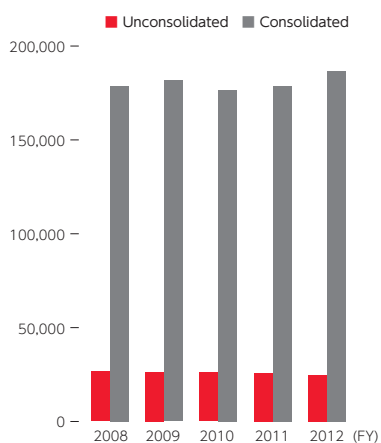
Operating income



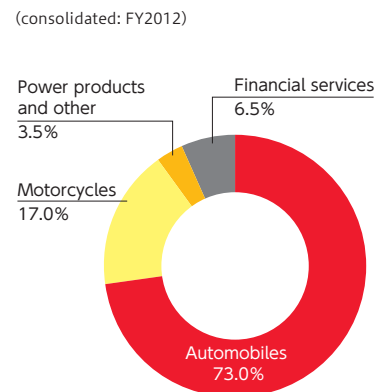
Net income



Number of associates



Net sales by operational area



Net sales by region

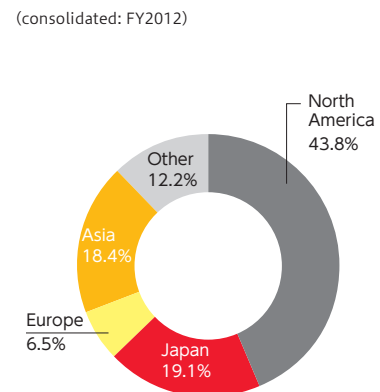




Photo: Masahiro Hasuo



Photo: Shigeo Kobayashi



Photo: Kozo Tashiro

Blue Sky
♥

Key indicators of Honda's environmental performance

CARBON DISCLOSURE PROJECT

CDLI & CPLI

In the Carbon Disclosure Project's (CDP) 2011 survey, Honda was the highest-scoring Japanese company in the Global 500* (disclosure score: 95, performance score: A). These scores also placed Honda on the Carbon Disclosure Leadership Index (CDLI) and Carbon Performance Leadership Index (CPLI).

*Global 500: The 500 largest companies (by market capitalization) that make up the FTSE Global Equity Index Series.

15th Nikkei Environmental Management Survey

8th place

Honda ranked 8th* out of 1,744 manufacturers examined in the 15th Environmental Management Survey by news publishing company Nikkei Inc. *15th in fiscal 2011.

Newsweek Green Rankings 2011

TOP 250

Honda was chosen among the top 250 global companies in the 2011 Green Rankings by Newsweek.

Buna-no-Mori Environmental Survey 2011

Rank A

Honda earned the highest rank, rank A, in the 2011 Buna-no-Mori environmental survey by NKSJ Risk Management, Inc., and was also selected as a component of the Buna-no-Mori eco-friendly investment fund.

Environment-related external relations activities

Honda is a member of the World Business Council for Sustainable Development (WBCSD), and a member of the WBCSD's Urban Infrastructure Initiative (UII) Core Group.  wbcsd member

Honda President & CEO Takanobu Ito serves as a member of the Study Group on Vehicle Strategies that Drive New Growth in the Japanese Economy, launched by the Japan Ministry of Economy, Trade and Industry.

Honda also conducts various external relations activities in collaboration with policy makers in each region. We advise regional and national governing bodies on how to make mobility systems environmentally sustainable from a technological standpoint, partner with governments for conducting technology development projects, and serve on committees held by national government agencies.

Public-Private Partnerships:
E-KIZUNA Project (Saitama Prefecture, Japan), California Fuel Cell Partnership (California, U.S.), and others

Information Disclosure and

Editorial Policy

Honda recognized early on that finding and implementing solutions to environmental problems was one of the highest priorities for its business. We published our first Honda Environmental Annual Report in fiscal 1999, informing the public on our environmental initiatives every year ever since. This year's report is the 15th edition.

The Honda Environmental Annual Report conveys our stance on environmental issues and our goals for a better future. In it, we focus on communicating the actions we have taken over the last fiscal year and progress made toward meeting targets, viewing our business activities from the various stages that make up our products' life cycles. More detailed and up-to-date information, including last year's initiatives and environmental impact data for business sites, can be found on our website (<http://world.honda.com/environment/>). Our regional operations also publish their own environmental reports.



Honda Environmental Annual Report



Honda Environmental Annual Report

Honda Face: Case Studies of Environmental Initiatives



Honda Face: Case Studies of Environmental Initiatives

The Honda Environmental Annual Report is composed of two parts: the main report, tailored specifically to the interests of our shareholders and other investors, and Honda Face: Case Studies of Environmental Initiatives, compiled and written for a more general audience. The Honda Face report is a re-edited version of Environmental Documentary - Face, (Japanese only) available exclusively on our website.

Comprehensive source of environmental information



Environment section of the Honda Worldwide website
<http://world.honda.com/environment/>



Disclosure of other information

We also disclose all sorts of non-environmental information about our business activities. This information is available on our website and in other reports published online. We are constantly working to improve communication with our stakeholders by making information about our various activities accessible and easy to understand. Communicating openly and actively with all our stakeholders is essential to further improving our activities.

■ CSR

Presents our view on Corporate Social Responsibility (CSR) and initiatives in quality, safety, the environment, and local communities.

CSR online: <http://world.honda.com/CSR/>

CSR report: <http://world.honda.com/CSR/report/>



■ Investor relations

Presents information on Honda's business performance.

IR online: <http://world.honda.com/investors/>

Annual Report: http://world.honda.com/investors/library/annual_report/



■ Community

Presents Honda's philanthropic activities and the thinking behind them.

Community online: <http://world.honda.com/community/>



■ Safety

Presents Honda's safety initiatives from two perspectives: product safety and traffic safety.

Safety online: <http://world.honda.com/safety/>

Report on driving safety promotion activities:

<http://world.honda.com/safety/02/pdf/driving-safety-2011.pdf>



DIRECTION

The Road to a Healthier Environment

GLOBAL

Global Initiatives

JAPAN

Initiatives in Japan

ADDITIONAL INFORMATION

● Reporting period

Fiscal year (FY) 2012 (April 1, 2011-March 31, 2012).

Note: The report also refers to activities in FY2013, as well as to previous ongoing initiatives. Publication of last year's report: Sept. 2011.

● Organizational scope

This report covers the entire Honda Group, including Honda Motor Co., Ltd. and its 480 consolidated subsidiaries and affiliates (389 consolidated subsidiaries, 91 equity-method

Environmental Headlines in 2011

Reducing Environmental Impacts in 6 Regions Worldwide Company overview / Financial information / Key indicators of Honda's environmental performance / Environmental-related external relations activities

02	CONTENTS	
04	Top Message: Striving to Realize the Joy and Freedom of Mobility and a Sustainable Society where People Can Enjoy Life	
06	Feature: Natural Disasters and Energy Issues	
10	The Road to a Healthier Environment	
11	Honda Environment Statement / Honda Environmental Vision	
12	Pursuing the Honda Environmental Vision <small>Current assessment of environmental issues / Assessment of opportunities and risks of climate change and energy issues / The Triple Zero concept / Honda Environmental Performance Standards (HEPS) / Environmental initiatives in our business activities</small>	
16	Biodiversity Initiatives <small>Honda Biodiversity Guidelines / Conservation know-how gained through Hello Woods / Collaborating with communities</small>	
19	Progress in Meeting Environmental Targets <small>2020 Product CO₂ Emissions Reduction Targets / Current progress in achieving the targets / Progress in meeting mid-term plans for environmental initiatives / Mid-term plans for operations-related environmental initiatives</small>	
22	Global Initiatives <small>Six Regional Environmental Committees, six messages</small>	
24	Global Environmental Management <small>Environmental management promotion system / Environmental management at Honda business sites / Promoting lifecycle assessment (LCA) / Expanding environmental accounting worldwide / Scope 3, Category 11: GHG emissions from use of sold products / Global Environmental Impact</small>	
28	Environmental Initiatives in Product Development <small>Featured initiatives / Automobiles / Motorcycles and scooters / Power products</small>	
35	Regional Environmental Topics <small>North America / South America / Europe / Asia/Oceania / China / Japan</small>	
38	Initiatives in Japan <small>Message from the Japan Environmental Committee Chair: Toward Becoming an Environmental Front-runner</small>	
39	Tackling Environmental Issues in Japan <small>Current assessment of environmental issues in Japan / Japan's assessment of opportunities and risks of climate change and energy issues / Honda Environmental Performance Standards (HEPS) / Mid-term plans and results for operations-related environmental initiatives in Japan</small>	
42	Environmental Management in Japan <small>Environmental management promotion system / Environmental auditing / Environmental compliance and pollution prevention / Environmental education / Environmental accounting / Environmental Impact in Japan</small>	
47	The Seven Domains of Honda Business Activities	
48	Targets and Results for Fiscal 2012, Targets for Fiscal 2013	
50	Product Development <small>N BOX technology / Automobiles / Motorcycles / Power products</small>	
60	Purchasing <small>Environmental management in the purchasing domain / Energy and resource conservation at suppliers / Zero waste and emissions initiatives at suppliers</small>	
63	Production <small>Energy and resource conservation / Zero waste and emissions</small>	
66	Transportation <small>Improve transportation efficiency / Use less packaging</small>	
69	Sales and Services <small>CO₂ emission reductions at sales companies / Initiatives by automobile sales companies / Initiatives by motorcycle sales companies / Initiatives by power products sales companies</small>	
71	Product Recycling (3Rs) <small>Development initiatives / Reuse and recycling initiatives / Initiatives for proper disposal</small>	
75	Administration <small>Initiatives in corporate administration / Group-wide initiatives</small>	
78	Initiatives at Major Group Companies in Japan <small>Honda R&D Co., Ltd. / Honda Engineering Co., Ltd. / Honda Access Corporation</small>	
82	Philanthropic Environmental Initiatives <small>Beach clean-up efforts / Watershed conservation in Japan / Tree planting in the Inner Mongolia Autonomous Region / Environmental education / Coexisting with local communities</small>	
84	Environmental Performance of Key Products in Japan <small>Automobiles / Motorcycles / Power products</small>	
86	Facilities in Japan that Disclose Environmental Data	
88	Third-Party Verification / Promoting environmental communication / Environmental publications	

GRI Guideline Index

affiliates). All reported data covers the entire Honda Group unless otherwise noted. Detailed information about the main companies covered by this report can be found in the financial statements issued at the end of June 2011. (The number of companies covered in this report changed throughout the course of fiscal 2012 due to company mergers and other developments.) This report features detailed information on environmental initiatives in Japan by major consolidated group companies (listed below), with a special focus on initiatives by Honda Motor Co., Ltd.

- Honda R&D Co., Ltd.

- Honda Engineering Co., Ltd.
- Honda Access Corporation
- Guidelines used
 - G3 Guidelines, Global Reporting Initiative
 - Environmental Reporting Guidelines (2007), Ministry of the Environment, Japan
 - Environmental Accounting Guidelines (2005), Ministry of the Environment, Japan

Guidelines and methods used to calculate specific categories of data are noted individually in the report.

Striving to Realize the Joy and Freedom of Mobility and a Sustainable Society where People Can Enjoy Life

Two years ago, Honda announced its direction toward the year 2020: to provide “good products to customers with speed, affordability, and low CO₂ emissions.” The Honda Environmental Vision—to realize “the joy and freedom of mobility” and “a sustainable society where people can enjoy life”—was established based on this direction. Providing the joy and freedom of mobility has been Honda’s aim in the development of personal mobility products since the company’s founding. The joy of mobility is not just the pleasure of driving your own car or motorcycle. It’s also the excitement of making discoveries and realizing dreams through the freedom of mobility. Realizing a sustainable society where people can enjoy life, on the other hand, will require us to focus corporate resources on addressing climate change and energy issues as top priorities. To realize the two components of our Environmental Vision, we will lead the industry in offering outstanding environmental and safety performance with products and technologies that proudly bear Honda’s identity.

A company society wants to exist

Last year, we undertook extensive efforts to recover and rebuild following the massive disasters that struck twice during the year: the Great East Japan Earthquake in March, and the major flooding in Thailand in October. The year provided a fresh reminder of the inherent dangers posed by nature and the importance of engaging in environ-

mental and energy conservation activities. Honda was seriously affected by both events. Our plants in Japan implemented a three-shift schedule and rotational plant operation to meet the government’s guidelines to cut power consumption after the disaster, and our production operations around the world were forced to adjust repeatedly to limited supplies of parts from Thailand. Nevertheless, these temporary delays had no bearing on



our direction for the years leading up to 2020: to provide good products to customers with speed, affordability, and low CO₂ emissions. In fact, it is more clear than ever that customers around the world prefer quality products with a strong brand identity, brought to market at reasonable prices and in a timely manner. These events have only reinforced our confidence in the direction of our management and environmental initiatives.

To be “a company that society wants to exist,” we believe Honda must be quick to offer products with low CO₂ emissions that provide new value that customers worldwide want and enjoy.

Honda’s perspective on environmental issues

It is a top priority for Honda to respond to the global environmental challenges of climate change and energy issues. The repeated disasters of the previous year helped confirm this view. Improving the efficiency of internal combustion engines is essential as it contributes the most to reducing emissions of greenhouse gases, said to be the primary cause of climate change. To do this we will continue to roll out high-efficiency products equipped with advanced environmental technologies. Besides greenhouse gas emissions, we also must control water use, waste, and



chemicals on a global level. We will work with all of our regional operations to set ever-higher targets for reducing our environmental impacts.

Another important theme for Honda is creating a society that creates virtually zero waste and emissions by making advances in electromotive technologies. We are working to develop and expand these technologies for automobiles and motorcycles. We are also making an effort to generate our original clean energy, using photovoltaic and co-generation systems we have developed ourselves. We will install 2.6 megawatts of solar capacity—the largest of any automotive factory in Japan—at our Yorii Plant, scheduled to begin production in 2013, and an additional 1.0 megawatts distributed across some 100 dealers in Japan by the end of fiscal 2014.

With increasing public expectations for companies to disclose their environmental footprint data, we are working to measure and disclose our environmental footprint across our value chain by expanding the Honda Life Cycle Assessment System to include what is called Scope 3 (indirect greenhouse gas emissions, excluding emissions from consolidated subsidiaries and affiliated companies). In the future, we also want to actively disclose information on biodiversity initiatives done in collaboration with local communities.

What to expect in this year’s report

The Honda Environmental Annual Report summarizes the results of the environmental initiatives and activities by Honda on a global basis for each fiscal year. In last year’s report, we described our targets and vision for the environment leading up to 2020 and reported on specific measures based on mid-term plans to achieve them.

This year, the first year of implementing those plans, we obtained third-party verification of environmental impact data on a global consolidated basis to ensure accuracy and reliability. In February, we launched “Honda Face: An Environmental Documentary,” online content showcasing some of the most innovative environmental initiatives taking place in each of our business domains. “Honda Face: Case Studies of Environmental Initiatives” is a re-edited version of the online content and is available on our website as a supplement to the main report. We hope you will read both, and welcome your comments on any of the topics or information they contain.

Takanobu Ito

President & CEO
Chairman, Honda World Environment and Safety Committee
June 2012



Making a Fresh Start after a Challenging Year

For Honda, 2011 was a year of trials. Our business activities took a heavy blow from the Great East Japan Earthquake and from severe flooding in Thailand. Our experiences with these natural disasters reaffirmed our awareness of the force of nature and the importance of environmental conservation. It also confirmed that our policy of combating climate change and energy issues as top priorities is not misguided. Even as we make a fresh start in 2012, we will continue to challenge ourselves to become a company society want to exist.



Scenes from the earthquake in Tochigi, Japan



Flooding in Thailand

1 On the 2011 disasters

Japan earthquake brings destruction to Tochigi operations

On March 11, 2011, a factory, R&D center, and other key Honda facilities located in Tochigi area were shaken violently by a 9.0-magnitude earthquake, sustaining serious damage.

Damage at the Tochigi R&D Center was particularly bad. The ceilings and walls of the design building that runs 450 meters through the center of the facility crumbled to the ground, leaving parts of the building's structural framework exposed. Fire shutters also fell from their mounts, and all supplies of water and electricity stopped.

At Honda Engineering Co., Ltd., the ceiling of a 300-person capacity room fell through, leaving associates to wade through rubble to evacuate. All operations were brought to a halt as overhead cranes fell in the plant and other equipment was damaged. Electricity and water also stopped at the Tochigi Factory, where conditions made damage inspections impossible for a while. At the Quality Innovation Center Tochigi, glass windows at the front of the building shattered, office ceilings fell, and the cafeteria was also damaged.

Honda responded swiftly to this situation. Commercial generators and other relief supplies from business sites around the country arrived within hours after the earthquake. Assisted by relief crews sent by suppliers, we removed debris and rescued important equipment and data, thus minimizing downtime in our operations.

Global ripple effects of the Thai floods

In October 2011, Honda Automobile (Thailand) Co., Ltd., (HATC) one of the largest production centers in the Asia/Oceania region, was inundated with water and forced to suspend production. Water removal and cleaning work was begun at the end of November but the company was not able to resume production until March 2012. Meanwhile, the impacts of this interruption spread far and wide to factories across the Pacific.

Facing limits to the supply of parts from Thailand, six automobile plants in the U.S. and Canada adjusted production levels. The Suzuka and Saitama factories in Japan followed suit in November, finally recovering to normal levels in December.

2 Disaster response and current challenges

Production Operations Environmental Administrators

In March 2012, one year after the earthquake, Honda gathered production managers in charge of environmental affairs at business sites around Japan for a discussion about how their operations overcame the disaster, including their response during and in the days following the earthquake, recovery from direct and indirect damage, and actions taken to meet the new power restrictions. They also talked about current and future challenges.

The managers showed great appreciation for the ability of their associates to rise to the occasion wherever they were—a quality long cultivated at Honda. The Honda way of personal conduct in such a situation—quick judgment, effective action, and the authority that comes from knowing the situation most intimately—proved to be instrumental in minimizing operational downtime in what was one of the greatest disasters in Japan’s recorded history.

Satellite offices are a perfect example. With facilities damaged and unfit for continuing operations, business sites in Tochigi temporarily moved their office functions to other sites around the country. Managers from both the disaster-affected area and host areas made decisions based on local conditions, quickly transporting several thousand people and effectively minimizing downtime before operations could resume.

Cutting power use after the Fukushima nuclear accident

The managers also looked back on the power shortages caused by the nuclear accident in Fukushima, another problem that had a major impact on our business activities.

To contribute to a 15% (kWh) reduction in electricity use and peak power demand (kW) as required of Honda Group companies in Japan by Article 27 of the Electricity Business Act, the Saitama Factory implemented approximately 140 energy saving measures, including shutting down one production line and switching to a three-shift system, setting thermostats to 28°C, and turning off electric toilet seats and some vending machines. This had its desired effect: Saitama Factory reduced its daily peak demand in July by 45% from the previous year, while the Honda Group as a whole achieved an estimated 35.6% reduction in electricity use.

The managers also recognized the value of our photovoltaic systems, of which a total of 3.5 MW (see note) had been installed to date at major business sites around Japan, for its large contribution in this power-saving effort, generating 3,000 MWh of electricity for the year.

Making low-carbon products from low-carbon factories

Lastly, the managers also talked about the need to share best practices in environmental impact reduction between business sites and install geothermal and other renewable energy systems in addition to solar to advance Honda’s policy of making products with the lowest CO₂ emissions from plants that also have the lowest CO₂ emissions.

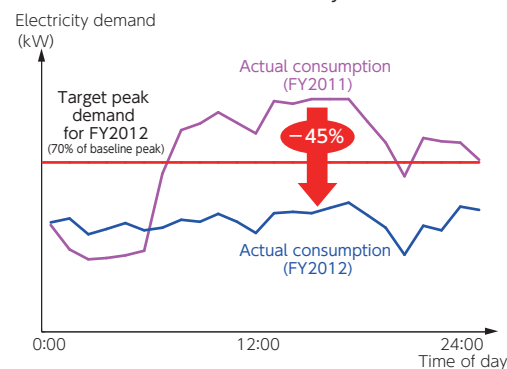
Note: The largest installed solar capacity of any automaker in Japan (as of May 2012)

● Read more about CO₂ emission reduction initiatives at the Automobile R&D Center (Tochigi) in “Honda Face: Case Studies of Environmental Initiatives”. <http://world.honda.com/environment/report/download/index2.html>



Meeting of production managers in charge of environmental affairs

Power conserved at the Saitama Factory



Major Honda facilities in Japan with a photovoltaic system

- Honda Motor Co., Ltd.: Wako Building / Tochigi Factory / Saitama Factory / Hamamatsu Factory / Hamamatsu Factory's Hosoe Plant / Suzuka Factory / Kumamoto Factory / Quality Innovation Center Tochigi / Automobile New Model Center / Nagoya Service Technical Center / Maebashi Service Technology Center / Osaka Service Technology Center / Okayama Service Technology Center / Suzuka Distribution Center
- Honda R&D Co., Ltd.: Automobile R&D Center (Tochigi) / Automobile R&D Center (Wako) / Aircraft Engine R&D Center / Fundamental Technology Research Center / Motorcycle R&D Center / Power Products R&D Center (Asaka) ● Honda Engineering Co., Ltd. ● Honda Solttec Co., Ltd. ● Honda Technical College Kansai



Managers who attended the meeting



The roofless, open-design concept for the new design building



Office space inside the renovated design building at Automobile R&D Center, Tochigi



The newly renovated cafeteria No.1

3 Recovery efforts lead to innovation

Post-Disaster Reconstruction Project at the Tochigi R&D Center

Honda sees its recovery from the disaster in Japan as a chance to evolve—not just return to its former self. A symbolic example of the way we have started a new stage of development, not just in terms of safety but also functional and environmental performance, is the Post-Disaster Reconstruction Project, an initiative taking place in the Facility Administration Department at Automobile R&D center (Tochigi). The project team, composed primarily of young associates in their twenties and thirties, is in the process of rebuilding—and redesigning—the center’s heavily damaged buildings and facilities.

The design building, where damage was greatest, was an elongated structure spanning 450 meters in length. This layout, the result of multiple additions to the existing building, arose from founder Soichiro Honda’s “big room” philosophy, which encouraged communication and teamwork between associates by having them work in the same space. The recent disaster revealed numerous problems with this layout, however, so the project team decided to split the new design building into five major sections. This would allow them to secure multiple evacuation routes, and by removing the roof between building sections, would let in more natural light and make the new building more resilient to power outages. More efficient technologies, including new state-of-the-art lighting and air conditioning systems, and closer management of facilities would also help cut energy costs and CO₂ emissions, creating a building worthy of being described as “environmentally responsible.”

A better work environment

The project’s biggest focus after energy efficiency was on raising the quality of the work environment for Honda associates. Associates had described the previous building as “confining,” a feeling exacerbated by the highly confidential nature of their design work. Their morale improved significantly with the new building, its five sections and large windows letting in more light and allowing wider views of the outdoors for a more open feeling. Long, thick diagonal braces on the walls and windows suggest stability for associates who experienced the earthquake. With these improvements now complete, the next stage in the project is to remove sections of roof and plant shrubs and other greenery to make open gardens where people can relax.

Finding new inspiration in a familiar place

On April 9, 2012, the R&D Center’s completely renovated cafeteria No.1 reopened. The return of our associates’ favorite place to eat and mingle after a full year of absence serves as a poignant symbol of Honda’s triumph in overcoming the disaster and taking another step forward in the process. All work on buildings and facilities of the new Tochigi R&D center is scheduled to finish in the autumn of 2012. The Post-Disaster Renewal Project is nearing the end of a new beginning.

● Read more about the recovery of the Automobile R&D Center (Tochigi) in “Honda Face: Case Studies of Environmental Initiatives.” <http://world.honda.com/environment/report/download/index2.html>



4 What's next from Honda

Eliminating CO₂ emissions, a key driver of climate change

The recent disasters reaffirmed our belief in the importance of tackling climate change and energy issues. Given the global environmental benefits as well, we believe our first responsibility as a corporate citizen is to strive to eliminate emissions of greenhouse gases, a key driver of climate change.

With this in mind, we developed scenarios for reducing—and eventually eliminating altogether—CO₂ emissions across the life cycles of our products. These scenarios trace various advancements in product technologies, including higher efficiencies for internal combustion engines, energy diversification, and the development of comprehensive energy management systems. To move our products along these scenarios, we developed our own standards called the Honda Environmental Performance Standards (HEPS). Our goal is to make all Honda products in the world HEPS-compliant (see P.14).

Avoiding energy risk in times of crisis

The recent disasters also brought energy risk into sharp focus. The risk here is not just about feeling inconvenienced by having to save energy or adjust to a scheduled blackout. When an earthquake causes power outages and gasoline shortages, effectively cutting off supplies of energy needed to live, energy risk can mean the difference between life and death for some people.

The Honda Smart Home System (HSHS), now under development, is a technology aimed at making households' energy independent by enabling them to generate and consume their own heat, electricity, and other forms of energy needed for daily living, aided by the unique opportunities presented by advanced personal mobility systems. While the HSHS is being developed primarily to facilitate efficient management of household energy and therefore reduction of CO₂ emissions, it will also allow households to generate energy during a blackout or gas supply interruption. And its "energy relay" capability, which allows users to transport home-generated energy to other locations, such as disaster zones, holds great potential for providing life-sustaining energy to people who really need it (see P.28).

With hardships behind us, the road ahead for Honda

In various ways, our experience with the major disasters of last year has reaffirmed our awareness of the destructive potential of nature and the importance of environmental conservation, and strengthened our resolve to stay the course of tackling climate change and energy issues as our top priorities.

This conviction is what drives us to try harder to reduce environmental impacts from our products and business activities and to deliver products that provide exciting new value to our customers with speed, affordability, and low carbon emissions. We believe this to be the responsibility society wants us to assume as a manufacturer of mobility products. We hope you will look forward to what is in store for 2012 from the Honda that overcame hardship and used it to forge a better company.

- Read more about development of the Honda Smart Home System in "Honda Face: Case Studies of Environmental Initiatives."
<http://world.honda.com/environment/report/download/index2.html>

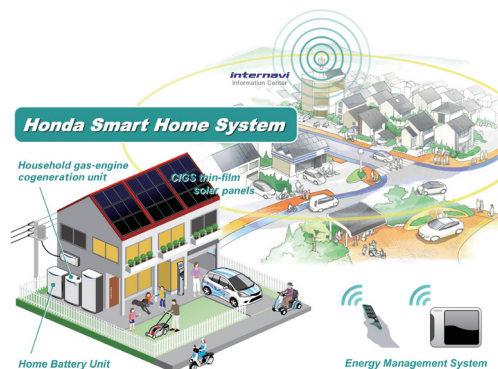
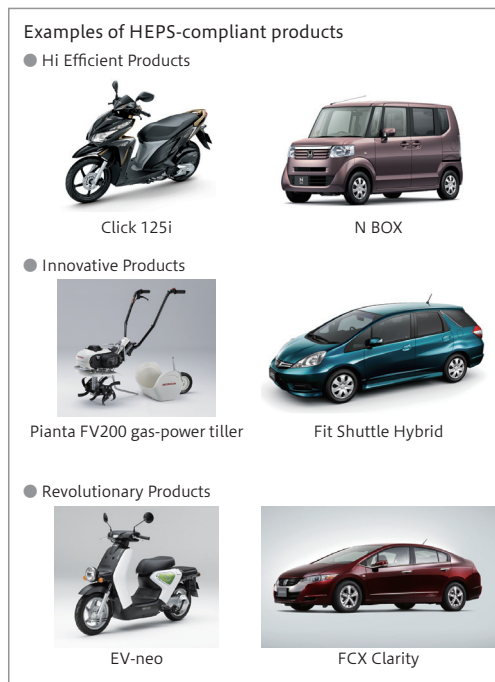


Illustration of Honda's smart community concept



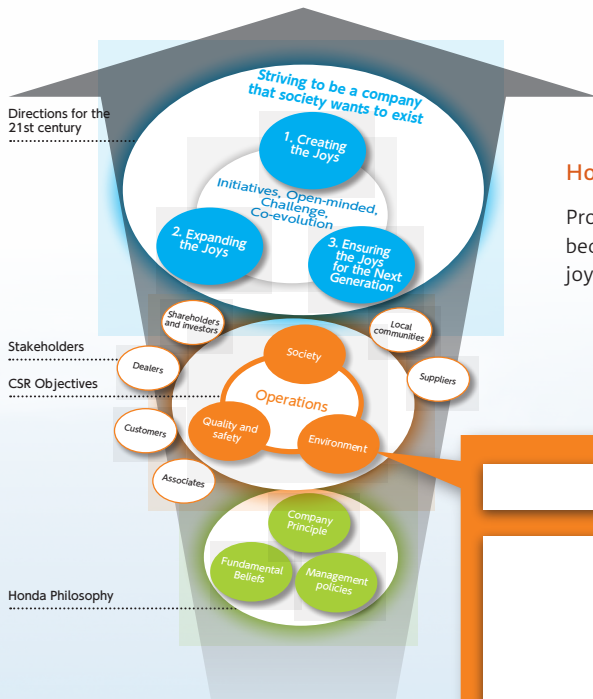
HSHS demonstration home built in Saitama City



DIRECTION

The Road to a Healthier Environment

Honda global brand slogan
HONDA
 The Power of Dreams

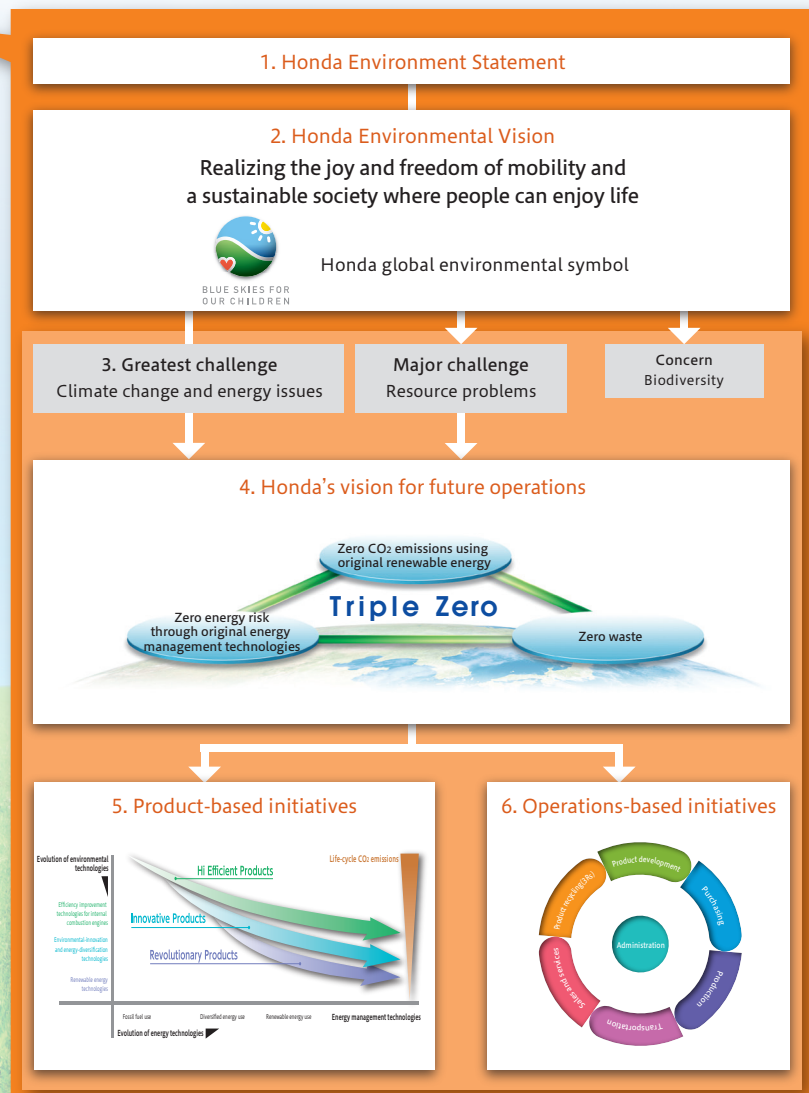


Honda Approach to CSR

Propelled by the Honda Philosophy, we set our course on becoming a company that society wants to exist by sharing joys with people throughout the world.

Honda's approach to environmental initiatives (Chapter summary)

(1) Based on our basic goal of reducing environmental impacts at every stage in the life cycles of our products, we (2) strive to realize the joy and freedom of mobility and a sustainable society where people can enjoy life. We (3) recognize climate change and energy issues as the greatest challenge to our business, resource problems as a major challenge, and biodiversity as a serious concern. We (4) established a policy to pursue zero CO₂ emissions, zero energy risk (through our energy management technologies), and zero waste to tackle these challenges, and announced and are now implementing concrete measures to do this (5) for products and (6) in our business activities.



Honda Environment Statement

Honda has endeavored to solve environmental problems since the 1960s. We introduced the Compound Vortex Controlled Combustion (CVCC) engine, becoming the world's first automaker to comply with the 1970 U.S. Clean Air Act—a challenge thought by many at the time to be insurmountable. In 1992, we released the Honda Environment Statement to articulate the basic stance we had developed until that time to reduce environmental impacts at every stage in the life cycles of our products. Today, this Honda Environment Statement is the foundation upon which we carry out all our environmental efforts.

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 Environmental Vision

In 2010, we announced that our ultimate goal in the years leading up to 2020 would be to provide “good products to customers with speed, affordability, and low CO₂ emissions.” The Honda Environmental Vision gives us the direction we need when making environmental efforts to achieve this goal. It expresses our passionate desire to contribute to the sustainable growth of society and harmony between people so we can continue to deliver excitement through products and services that support personal mobility and a better life in general.

Honda Environmental Vision

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

In working to achieve this vision, the following objectives shape our environmental initiatives around the world:

- **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**



We created “Blue Skies for Our Children” as a global environmental slogan expressing our commitment to do more to realize our environmental vision. The graphic on the left symbolizes the global environmental slogan.

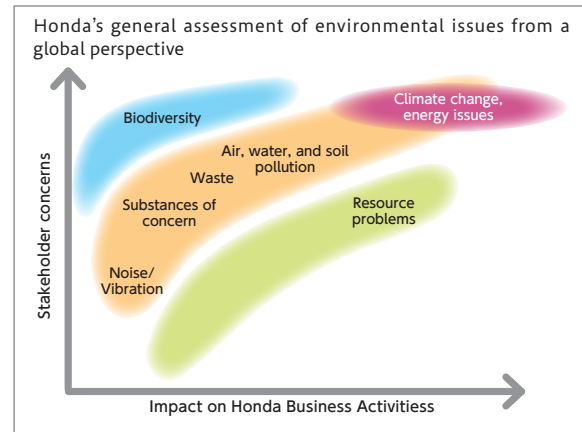
Pursuing the Honda Environmental Vision

Current assessment of environmental issues: “Climate change and energy is our greatest challenge”

To realize the Honda Environmental Vision, we are addressing environmental issues in a comprehensive manner through management policies implemented in each region of the globe (see P.24). We have organized environmental issues according to importance and identified those that pose the greatest risk to our business and stakeholders (see figure on the right). As a global corporation supplying mobility products, we see climate change and energy, major issues on a global scale, as the greatest challenge facing the company. We set our own reduction targets (see note) for CO₂ emissions—by far the most significant of all greenhouse gases (GHGs)—and are stepping up efforts to meet these targets in every region and domain. We also organized and analyzed the potential risks of other environmental issues and developed specific plans

to address them in each region and domain.

Note: Reduction targets are set for identifiable GHGs in each domain.



Assessment of opportunities and risks of climate change and energy issues

We compiled all of the major opportunities and risks we currently expect to see from climate change and energy issues into the graph on the right and have been taking the following measures in response.

To minimize the regulatory risk our products face as emitters of GHGs, we set—and subsequently achieved—fiscal 2012 CO₂ emissions reduction targets for more than 90% of our motorcycles, automobiles, and power products. Looking forward to 2020, we set new targets to reduce product CO₂ emissions and are actively taking other measures to reduce emissions.

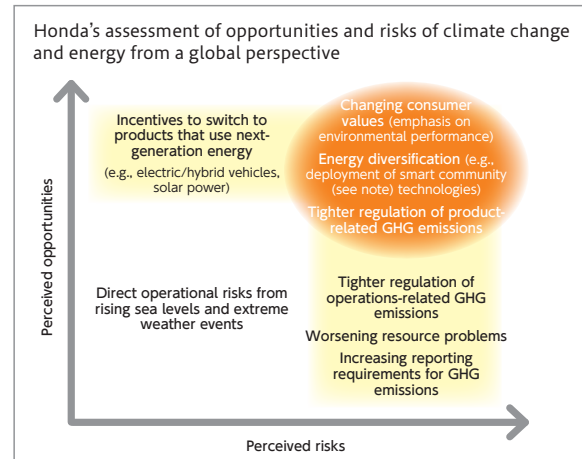
To respond to changes in consumer awareness and support energy diversification, we are selling solar panels and developing solar-powered hydrogen stations in Japan, and have also begun demonstration testing for smart mobilities in Japan, the U.S., and China. We are accelerating a number of development projects, including the Honda Smart Home System (HSMS), which saw the completion of a demonstration house in Saitama Prefecture in April 2012.

We are working to reduce GHG emissions in each region and domain of our business in order to comply with regulations that control emissions from corporate activities. We compile the results of our efforts and make them known to the public once a year through this Environmental Annual Report.

We see the worsening of resource scarcity as another major challenge. Some of the resources that are required to im-

prove the environmental performance of our products face the risk of becoming depleted, or at least more difficult to obtain. We are addressing this risk by developing alternative technologies and technologies to reduce, reuse, and recycle these resources, and by diversifying our supply chain.

We clarify our understanding of risks and opportunities like these by analyzing them from two different perspectives: by product categories (motorcycles, automobiles, and power products), with a focus on our business and product development operations; and by region, which is based on our unique regional management structure. The Honda World Environmental and Safety Committee assesses these risks and opportunities from a global perspective, the findings of



which are then used by our regional operations (regional environmental committees), Business Operations and Functional Operations in the formulation of management policies and strategies.

We conduct this risk management process annually and as needed, using it to formulate and update our medium-term

plans for environmental initiatives. We will continue to cover the details of this process and our progress in identifying potential risks and opportunities in future environmental annual reports.

Note: Smart communities: Communities that, through broad partnerships between governments and private entities in the fields of next-generation energy infrastructure, telecommunications, traffic systems, and various products and services, are engineered to be more efficient, self-sustaining, and dynamic.

The Triple Zero concept: Toward a zero-impact economy

In 2011, we announced the Triple Zero concept to help us address the greatest challenges to our business: climate change, energy issues, and resource problems.

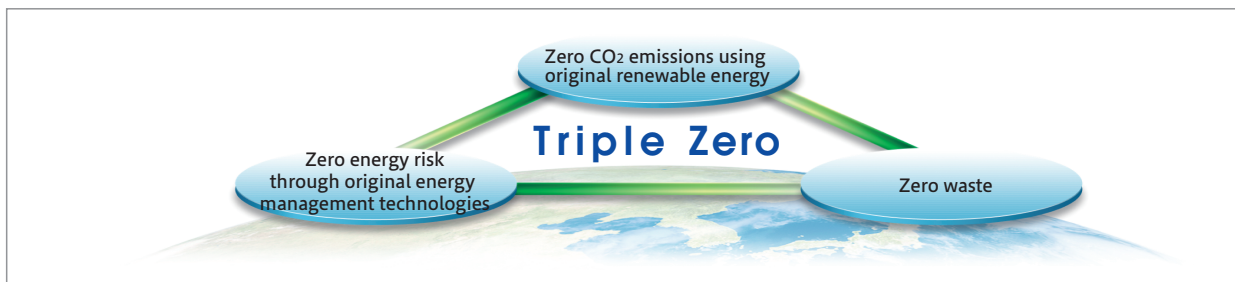
For climate change, our aim is to achieve zero well-to-wheel CO₂ emissions (see note) by developing renewable energy technologies that will allow us to generate our own energy, such as solar panels and bioethanol.

For energy issues, our aim is to achieve zero energy risk by developing energy management technologies, one ex-

ample of which is our Honda Smart Home System (HSMS). And for resource problems, our aim is to achieve zero waste by expanding reduction, reuse, recycling efforts (the 3Rs).

By pursuing these goals through our own technologies and business activities, we at Honda hope to lead the way to building economies with zero environmental impact.

Note: Well-to-wheel: Typically, all steps from extracting petroleum resources to their use as fuel in a vehicle. It can also refer to the life cycles of non-petroleum energy resources, from generation to their final use in propelling a vehicle.

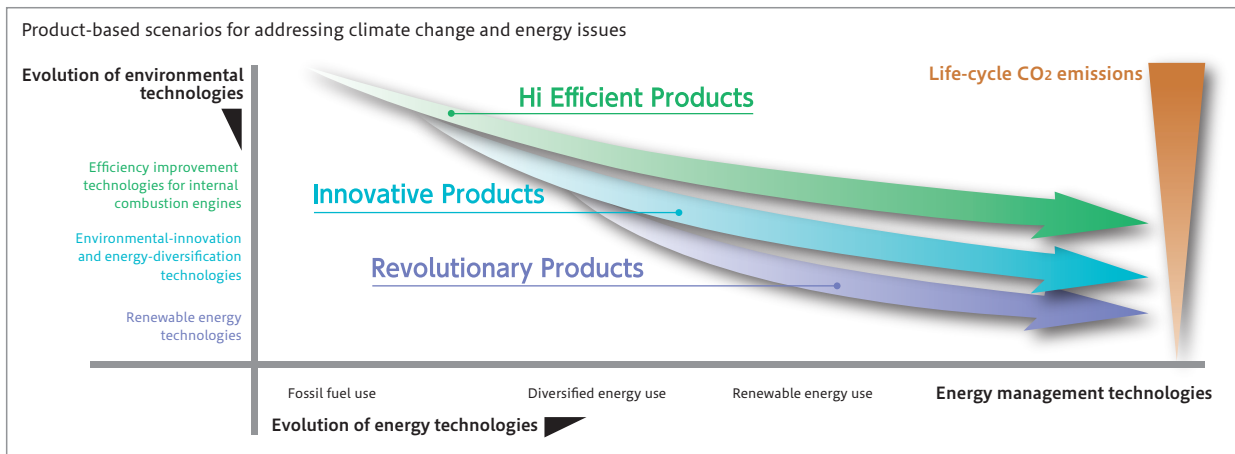


Honda Environmental Performance Standards (HEPS)

As a product-based approach to realizing Triple Zero, we developed scenarios by which we aim to eliminate CO₂ emissions in the life cycles of our products. These scenarios trace the evolution of environmental and energy technologies, from efficiency improvements for internal combustion engines to renewable energy deployment, and lastly to energy management.

To move our products along these scenarios, we established the Honda Environmental Performance Standard (HEPS), an independent product classification and certi-

fication system that classifies products according to how well they reduce or help reduce CO₂ emissions compared to preceding models. Hi Efficient Products are products with higher-efficiency internal combustion engines. Innovative Products are those that use environmental-innovation or energy-diversification technologies. Revolutionary Products are those that use hydrogen, solar power, or another form of renewable energy. Our eventual goal is to make all Honda products in the world HEPS-compliant.



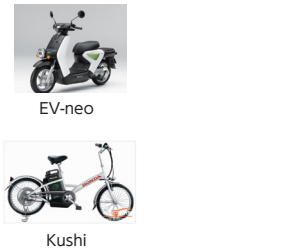








We reviewed our current lineup of products to see how many meet the requirements of the Honda Environmental Performance Standards (HEPS) set in fiscal 2012. We found that 68 automobile models, 43 motorcycle models, and 38 power product models meet these requirements.

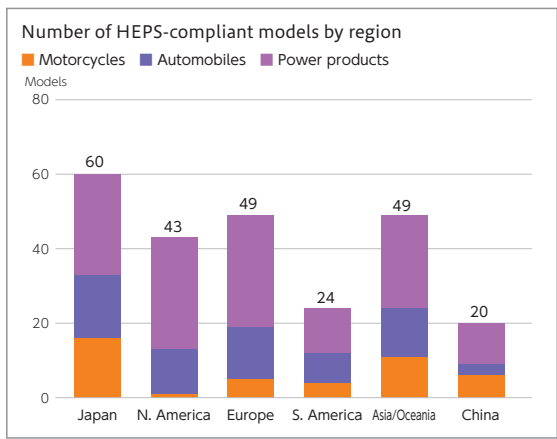
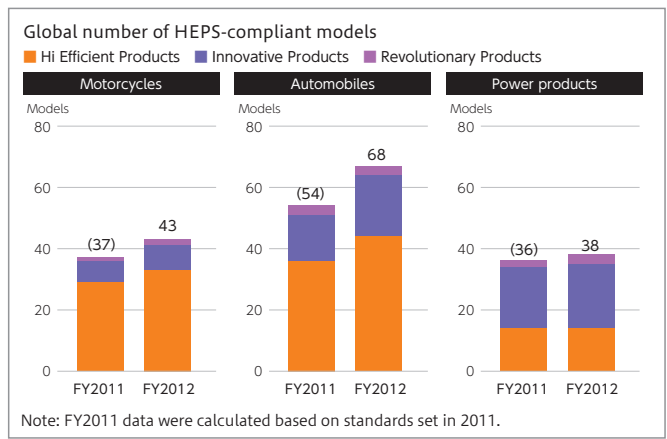
By region, 60 models in Japan, 43 models in North America, 49 models in Europe, 24 models in South America, 49 models in Asia and Oceania, and 20 models in China are HEPS-certified.

DIRECTION Pursuing the Honda Environmental Vision

Examples of HEPS-compliant models released in FY2012

	Hi Efficient Products	Innovative Products	Revolutionary Products
Definition	Products with a more efficient internal combustion engine that emits less CO ₂	Products that use unconventional energy sources or innovative environmental technologies that emit less CO ₂	Products designed to reduce or eliminate CO ₂ emissions by harnessing renewable energies or facilitating total energy management
Performance parameter	CO ₂ emissions from product use		
Compliant products (examples) <small>Includes products developed in 2010 or earlier</small>	Motorcycles 		
	Automobiles 		
	Power products 		

- - - - - In demonstration phase



Environmental initiatives in our business activities

Reducing the amount of CO2 emitted by our products is not the only step we are taking to preserve the environment. Given our philosophy of reducing impacts across the entire product life cycle, we were quick to start reducing the environmental impacts of our business activities themselves. Specifically, we divided our business activities into seven domains and have sought to reduce impacts by being aware of all the factors in each domain that place stress on the environment.

We believe that steadily reducing environmental impacts from both our business activities and products will help us achieve the Honda Environmental Vision and also lead to public recognition of Honda as a company they value.

The seven domains of Honda Business Activities



Environmental efforts based on life-cycle assessment

Honda Business Activities		Honda's Response	
Life cycle stages in Honda Business Activities	Factors considered to impact the environment	Reduce environmental impacts from business activities	Reduce environmental impacts from products
 Product development	Greenhouse gases Exhaust emissions Raw materials Noise / Vibration Substances of concern	Major initiatives in each domain <ul style="list-style-type: none"> ● Improve fuel efficiency ● Reduce exhaust emissions ● Develop alternative-energy products ● Promote sustainable design ● Reduce noise <hr/> <ul style="list-style-type: none"> ● Promote "green purchasing" <ul style="list-style-type: none"> · Environmental management · Energy and resource conservation at suppliers · Zero emissions activities* at suppliers ● Promote "green factories" <ul style="list-style-type: none"> · Environmental management · Energy and resource conservation · Zero waste and emissions initiatives ● Promote "green logistics" <ul style="list-style-type: none"> · Environmental management · Increase transportation efficiency · Use less packaging ● Promote "green dealers" (automobiles, motorcycles, power products) <ul style="list-style-type: none"> · Environmental management · Increase energy efficiency · Do more for environmental conservation ● Increase parts collection, reuse, and recycling ● Properly process end-of-life products ● Provide technical support for recycling <hr/> <ul style="list-style-type: none"> ● Promote "green offices" <ul style="list-style-type: none"> · Environmental management · Energy conservation · Use resources efficiently <p>● Social contribution activities</p>	Product-based initiatives Make products HEPS-compliant Hi Efficient Products Efficiency - improvement technologies for internal combustion engines Innovative Products Environmental innovation and energy diversification technologies Revolutionary Products Renewable energy technologies
 Purchasing	Greenhouse gases Raw materials Waste Water use Wastewater		
 Production	Exhaust emissions Noise / Vibration Substances of concern		
 Transportation	Greenhouse gases Waste		
 Sales and services	Greenhouse gases Removed parts CFCs Waste		
 Product recycling (3Rs)	Greenhouse gases End-of-life products		
 Administration	Greenhouse gases Waste		

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

Biodiversity Initiatives

Climate change and energy issues are not our only concerns. We also pay close attention to biodiversity because of the impacts that business activities can have on vital natural resources. Tree-planting and water-recycling initiatives at our plants in the 1960s, and our Community Forest program launched in 1976 demonstrate the deep roots of our commitment to environmental conservation and living in harmony with local communities. In 2011, we created the Honda Biodiversity Guidelines as part of the contributions we strive to make to global environmental conservation, a goal set forth in our Honda Environment Statement.

Honda Biodiversity Guidelines

Basic Statement	We recognize, under the Honda Environment Statement, that biodiversity conservation initiatives are an essential part of our commitment to the preservation of the global environment. We will continue to work toward harmony between this commitment and our activities.	
	Priority Activities	
1	Development of Environmental Technology	We will contribute to the conservation of biodiversity by developing and disseminating technologies for fuel-efficient vehicles, next-generation cars, and energy-production and other technologies for the reduction of environmental impacts.
2	Initiatives Based on Corporate Activities	We will work to reduce environmental impacts and ensure the effective use of resources through efficiency improvements.
3	Cooperation with Communities	We will implement community-based activities in cooperation with stakeholders, using expertise accumulated by Honda through its initiatives to protect ecosystems, such as the Community Forests and Hello Woods initiatives.
4	Disclosure and Sharing of Information	We will share information with society by disclosing the outcomes of our activities.
		<small>Established in May 2011</small>

Our greatest contribution: reducing environmental impacts from products and operations

Resource exploitation, runaway development, pollution, climate change — these and many other human activities threaten biodiversity. As a manufacturer of personal mobility products, we see our business activities as being most closely associated with the growing environmental impacts resulting from greenhouse gases (GHGs) and pollution. We believe that minimizing the environmental impacts that result from our business activities and products represents the greatest contribution we can make to protecting Earth's myriad life forms. We created the Honda Biodiversity Guidelines to set priorities in this effort, focusing our energies on developing environmental technologies and reducing impacts in our business activities, alongside initiatives to operate in harmony with local communities.

1. Develop technologies to reduce impacts on the environment

We will develop technologies to reduce the environmen-

tal impacts of personal mobility, since this represents the greatest contribution we can make. Technologies include fuel-efficient and next-generation vehicles, and technologies that harness alternative energies.

2. Make business activities species-friendly

We aim to make our business activities more sustainable in themselves, by releasing less environmental pollutants, including GHGs, waste, and substances of concern.

3. Work to protect nearby ecosystems

We have already gained a wealth of knowledge about how to maintain and restore ecosystems through our Community Forest and Hello Woods initiatives. Working in collaboration with nearby communities, we will use this knowledge and experience to implement programs to protect local species and make our business activities friendlier to them.

4. Communicate openly with the public

We will endeavor to openly communicate with the public about the details and outcomes of activities we implement from the new perspectives offered by these biodiversity guidelines.

Conservation know-how gained through Hello Woods

Restoring a valuable *satoyama* ecosystem near our operations

Hello Woods, located next to the Twin Ring Motegi speedway complex in Motegi machi in Haga-gun, Tochigi Prefecture, opened in 2000 as an environment for studying the intimate connections between people, nature, and mobility. We have made various efforts to restore this expansive, 460-hectare plot of *satoyama* ecosystem (see below) after decades of neglect. The site now has various facilities for teaching children about nature in a fun-oriented, outdoor setting.

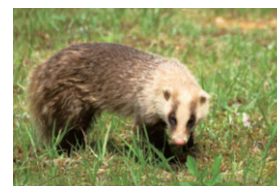
Hello Woods activities

Satoyama are a unique type of ecosystem where sustainable human activities such as agriculture merge with the natural elements and living organisms that sustain them. As such, *satoyama* require humans to manage and maintain them. Through Hello Woods, we have been working to restore *satoyama* over the last decade through a systematic approach that includes harvesting and planting trees, clearing underbrush, and recultivating fallow land. Originally, Motegi was an area rich in species diversity, as it possessed the unique weather characteristics of both southern and northern Japan. The Hello Woods initiative is restoring this rich ecosystem and even helping establish new connections between species. We will use the ecosystem conservation know-how we gain through this initiative to inform initiatives in other regions and strengthen ties with local communities.

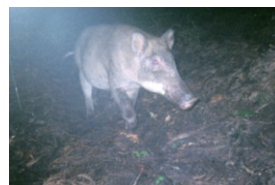
Wildlife spotted at Hello Woods



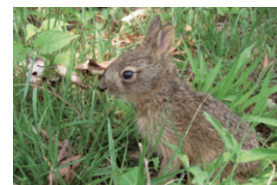
Large Japanese field mouse (*Apodemus speciosus*)



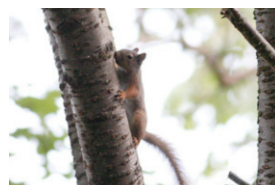
Japanese badger (*Meles meles anakuma*)



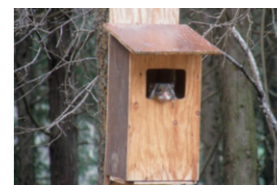
Wild boar (*Sus scrofa*)



Japanese hare (*Lepus brachyurus*)



Japanese squirrel (*Sciurus lis*)



Japanese giant flying squirrel (*Petaurista leucogenys*)

Since fiscal 2009, Hello Woods has been a participant in Monitoring Sites 1000, a national ecosystem-monitoring project launched by Japan's Ministry of the Environment. As a fixed observation point for six of the nine survey categories (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.

Collaborating with Communities

Biodiversity surveys at business sites in Japan

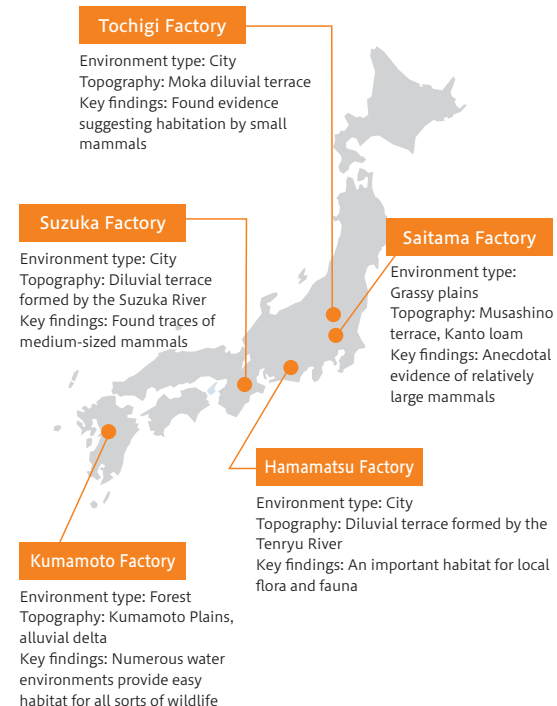
In 1964, Honda's Sayama Factory (now Saitama Factory) started a tree-planting project to establish a buffer zone around its facilities. Our other factories in Japan followed suit in 1976 when we launched Community Forest initiatives to create green spaces.

Now, more than 30 years later, the areas around these buffer zones have changed dramatically, many giving way to new buildings and roads.

These changes led us to start conducting biodiversity surveys to assess how our existing Community Forests have been responding to changes in the surrounding environments. The first survey took place at the Suzuka Factory in 2007 and spread to other Honda business sites thereafter. So far, we have confirmed that the lands protected by our Community Forests function as important habitats for local ecosystems as the areas around our business sites become more heavily urbanized. We can also look forward to these forests being used by factory visitors as a space for learning about the environment as one of the collaboration with local communities.

We will continue managing these Community Forests while taking into account survey findings and expert advice to keep these spaces functional over the long term.

Overview of Biodiversity Surveys in Japan





HELLO WOODS

Hello Woods is an experience-based nature-learning center set deep inside the lush forests of Moteji, Tochigi Prefecture (near the Twin Ring Moteji speedway). It boasts a rich natural ecosystem in which to observe plants, insects, and other wildlife, a craft studio, a car campground, and facilities for outdoor education, with always something to do in any season, including outdoor games and cooking.

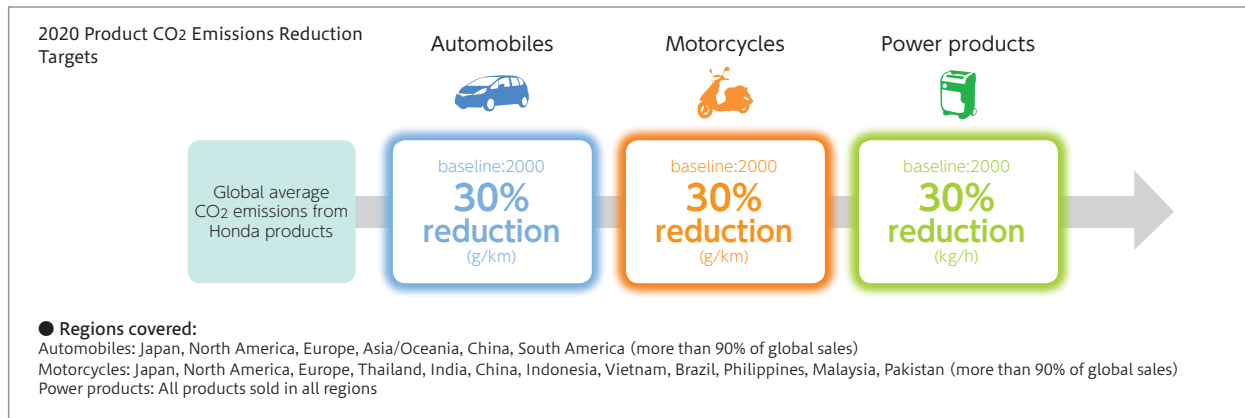
http://world.honda.com/CSR/history/hello_woods/

Progress in Meeting Environmental Targets

2020 Product CO2 Emissions Reduction Targets

Reducing CO2 emissions from our products is a necessary step in combating climate change and energy issues, the greatest challenges to our business. That is why we created the 2020 Product CO2 Emissions Reduction Targets, through which we seek to reduce the average amount of

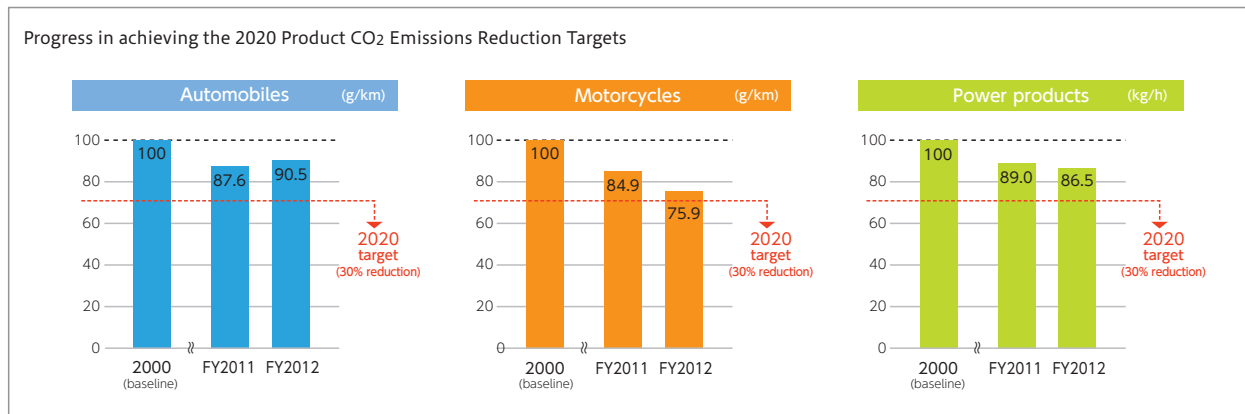
CO2 emitted per unit of automobiles, motorcycles, and power products by 30% from 2000 levels by 2020. We hope to achieve these targets by developing cleaner technologies and marketing more energy-efficient products.



Current progress in achieving the targets

We made no progress in reducing CO2 emissions from automobiles, as we experienced the effects of an increase in sales of large sport utility vehicle (SUV) in North America, which makes up a large share of our global sales, and failed to produce automobiles as planned due to a parts shortage following the Great East Japan Earthquake and production adjustments made in response to damages caused by flooding in Thailand. We dramatically reduced CO2 emissions from motorcycles as a result of major growth in sales of the Wave 110i (Thai-

land) and Activa (India), both fuel-efficient commuter bikes, and sales of the Biz 125 (Brazil), a flexible-fuel motorcycle (FFM). We once again reduced emissions from power products as a result of increased sales of mid-size and hand-held engines, which produce relatively fewer emissions per unit, and the market launch of fuel-efficient products such as hybrid snowblowers, electric lawnmowers, and new out-board marine engine (BF250).



Progress in meeting mid-term plans for environmental initiatives

In our effort to minimize CO₂ emissions and all other environmental impacts stemming from our products, we created a detailed mid-term plan for product-related environmental initiatives through fiscal 2014. By following

this plan we will not only raise the energy efficiency of our products but also make improvements across their life cycles by practicing sustainable design for improved 3R performance, reducing emissions from products, and car-

● Mid-term plans and results for product-related environmental initiatives

Milestones on the road to 2020		Mid-term plan for environmental initiatives (FY2012-2014)
Climate change and energy	Achieve global targets for reducing average product CO ₂ emissions, with the end goal of steadily reducing product life-cycle emissions over the long term	<p>Achieve best-in-industry fuel efficiencies and accelerate technology penetration:</p> <ul style="list-style-type: none"> Motorcycles: Expand use of electronic fuel-injection system (PGM-FI) and low-friction engines, especially in commuter vehicles Automobiles: Phase in upgrades to engine and transmission lineups, starting in 2012 Power products: Expand application of new electronic self-tuning regulator (STR) governor developed for the iGX engine
	Market new products to reduce CO ₂ emissions from mobility and other products	<p>Establish and deploy next-generation electromotive technologies:</p> <ul style="list-style-type: none"> Motorcycles: Market electric motorcycles that meet local needs in developed (Japan: leased) and emerging (China) countries Automobiles: Launch multiple models (especially compact vehicles) equipped with IMA hybrid technology in Japan; currently developing mid-size and larger plug-in hybrid and battery electric vehicles, with plans to launch products in Japan and the U.S. and commence production in China in 2012. Power products: Improve electric lawnmowers and expand lineup through model additions, especially in Europe <ul style="list-style-type: none"> Launch new thin-film solar cell modules with world's highest module conversion efficiency and deploy technology globally Conduct demonstration testing of next-generation personal mobility systems in cities in Japan, the U.S., and China Through joint-implementation of the E-KIZUNA Project with Saitama City, conduct demonstration testing of the Honda Smart Home System (SHS) with an aim to cut household CO₂ emissions by 50% from 2000 levels by 2015
Material and water resources	Ramp up 3R efforts	Products: Continue to promote structural design with an emphasis on weight reduction, higher throughput yields, and easier recycling and maintenance, and sustainable design with an emphasis on easily recycled materials and use of recycled resins
Substances of concern	Make exhaust emissions cleaner	Steadily reduce exhaust emissions to comply with tighter emission regulations in various countries
	Manage substances of concern used in products more strictly	<ul style="list-style-type: none"> Promote management of substances used in products and find alternatives to substances of very high concern Operate global management systems for substances used in products to comply with applicable regulations in various countries

● Mid-term plans and results for operations-related environmental initiatives

Milestones on the road to 2020		Mid-term plan for environmental initiatives (FY2012-2014)
Climate change and energy	Strengthen initiatives that span entire product life cycles	<p>Global operations: Reduce CO₂ emissions per unit of production by 5% by FY2014 (baseline: FY2009)¹</p> <p>Purchasing domain:</p> <ul style="list-style-type: none"> Promote measurement and reduction of suppliers' GHG emissions under the revised Green Purchasing Guidelines <p>Production domain:</p> <ul style="list-style-type: none"> Install cutting-edge environmental technologies at Yorii Factory (production scheduled to begin in 2013) and make preparations to deploy technologies globally Set benchmarks for energy use and set higher efficiency standards <p>Transportation domain:</p> <ul style="list-style-type: none"> Increase transportation efficiency in each region by implementing modal shifts, deploying more fuel-efficient trucks, etc. <p>Sales and services, administration, product development domains:</p> <ul style="list-style-type: none"> Promote energy conservation by encouraging eco-etiquette and more efficient use of facilities
		<p>Production domain:</p> <ul style="list-style-type: none"> Strengthen resource use reduction initiatives by increasing throughput yields to reduce by-products Collaborate with suppliers to increase use of metal scraps Maintain zero landfill waste performance (Japan and Europe) <p>End-of-life product recycling:</p> <ul style="list-style-type: none"> Make steady efforts to comply with end-of-life vehicle recycling laws in various countries
Material and water resources	Ramp up 3R efforts	Production domain: Reduce use according to conditions in each region, for example by conserving water and using recycled water in production processes
	Minimize water use	Production domain: Reduce use according to conditions in each region, for example by conserving water and using recycled water in production processes
Substances of concern	Reduce VOC ² emissions from production processes	Production domain: Develop VOC emissions reduction technologies for coating processes, and expand application to overseas facilities and motorcycle coating processes
Biodiversity	Local conservation initiatives in accordance with the Honda Biodiversity Guidelines	<p>Corporate initiatives:</p> <ul style="list-style-type: none"> Educate suppliers on the destructive impacts of hazardous substances and water use on ecosystems <p>Collaboration with local communities:</p> <ul style="list-style-type: none"> Conduct biodiversity surveys at business sites in Japan Develop policies, guidelines, and practical know-how at each business site Assess possibilities of introducing biodiversity initiatives at overseas business sites
Environmental management	Strengthen global/regional promotional frameworks and increase disclosure of environmental data	<p>Strengthen independent, voluntary promotional frameworks in each region, and strengthen global collaboration</p> <p>Expand Honda Environmental Annual Report into a global report, and increase disclosure of environmental data in each region</p>

Note 1: A single per-unit-of-production value was calculated by weighting the average reduction percentages for motorcycles, automobiles, and power products with the CO₂ emissions associated with their respective life cycles.

Note 2: VOC (Volatile Organic Compounds) : Organic chemical substances that cause photochemical smog and are commonly used in the solvents of paints and thinners.

rying out stricter management of substances of concern used in our products.

Recognizing the significant impact that our business activities have on the environment, we likewise formulated a detailed mid-term plan for operations-related environmental initiatives, with the end goal of realizing the Honda Environmental Vision. By following this plan we will

reduce product life-cycle CO₂ emissions, reuse and recycle more resources, and strive to minimize water use, among other activities. Believing that these initiatives should cover all our business activities, including our supply chains, we will actively promote environmental management at our suppliers, focusing especially on greenhouse gas emissions.

FY2012 results

Motorcycles: Developed next-generation engine for compact scooters with enhanced durability, quietness, and fuel efficiency (Sept. 2011) and deployed it in the Click 125i marketed in Thailand (Jan. 2012)

Automobiles: Adopted next-generation technology advancements, Earth Dreams Technology, deployed for the first time in the N BOX mini-vehicle (Dec. 2011)

Power products: Marketed the HSM1390i medium-sized hybrid snowblower, designed to achieve better practical fuel efficiency, less noise, and less exhaust gas, in Japan and Europe (Sept. 2011)

Motorcycles: Marketed the Kushi electric bicycle to the Chinese market (Oct. 2011)

Automobiles: Marketed IMA-equipped models to the Japanese market: Fit Shuttle Hybrid (June 2011), Freed Hybrid (Oct. 2011), and Freed Spike Hybrid (Oct. 2011)

Power products: Marketed the Gaspa (Japanese name) electric push mower in Japan and Europe (Feb. 2012)

·China: In Guangzhou, began demonstration testing of electric vehicles (Nov. 2011)

·Japan: In Saitama Prefecture, began demonstration testing of solar hydrogen station and the FCX Clarity fuel cell electric vehicle with ability to supply power to external appliances (Mar. 2012)

·Japan: In Saitama Prefecture, began demonstration testing of a house equipped with the Honda Smart Home System (Apr. 2012)

Products: Focused on weight reduction, higher throughput yields, and easier recycling; promoted sustainable design with an emphasis on easily recycled materials and use of recycled resins

Made consistent efforts to reduce exhaust emissions to comply with tighter emissions regulations in various countries

·Continued to promote management of substances used in products and find alternatives to substances of very high concern

·Operated global management systems for substances used in products to comply with related regulations and reduce risk in various countries

FY2012 results

·Reduced by 3% in FY2012 (baseline: FY2009)

·Promoted measurement of GHG emissions from suppliers in a broader range of activities covering product life cycles

·Measured and graphed energy use for each process and revised production systems for higher efficiency

·Europe: Used solar power and installed natural gas-powered cogeneration system

·North America: Increased energy efficiency by replacing painting equipment and installed power generation system using water down-flow in air compressor

·Promoted modal shifts, truck fuel-efficiency improvements, and other measures according to conditions in each region

·South America: Introduced nine cargo ships specially designed to carry motorcycles with twice the carrying capacity of existing ships

·Asia/Oceania: Reduced travelling distance by taking a milk-run approach

·Promoted energy conservation activities by encouraging eco-etiquette and more efficient use of facilities

·Installed high-efficiency devices (LED lighting, compressors, HVAC systems, IPM motors)

·Explored ways to increase throughput yield in design phase

·Increased use of stamping press scrap steel

·Asia/Oceania: Began worm-composting green waste

·Made steady efforts to comply with end-of-life vehicle recycling laws in various countries

·Promoted water conservation and recycling activities in each region

·Started using low-VOC coatings in coating processes

·Used low-VOC coatings for prototype models in product development

·Conducted biodiversity surveys at business sites in Japan

·Strengthened global collaboration by holding Regional Environmental Committee meetings

·Published FY2012 environmental reports in China and North America

GLOBAL

Global Initiatives

Six Regional Environmental Committees, six messages

With operations in six regions worldwide, Honda has established six regional

North America

Innovative associate-led initiatives in each business function helping us realize the Honda Environmental Vision

In North America, both the Honda and Acura brands are introducing new technologies, including the new Earth Dreams Technology series of power trains, and expanding sales of hybrid vehicles, as well as upgrading our lineup of alternative fuel vehicles, such as fuel cell electric and natural gas vehicles.

We have a number of innovative initiatives in the area of production, including construction of Parts Distribution Center combined with an automobile plant, reducing CO₂ emissions associated with parts transport. We are also reducing CO₂ emissions by 10,000 tons per year by introducing new intelligent paint systems to body painting processes. In our sales and services activities, we launched a Green Dealer program in the United States in 2012, and are awarding dealers who are proactive in environmental initiatives.

In sum, Honda associates in North America are making positive contributions through innovation and the spirit of challenge to realize “the Joy and Freedom of Mobility” and a “Sustainable Society where People Can Enjoy Life.”



Tetsuo Iwamura

Chairman of Honda North America Regional Environmental Committee

South America

Cutting CO₂ emissions at production site, considering renewable energy

In Brazil, South America's largest market, ethanol fuel from sugarcane is growing in popularity. Nearly 100% of Honda cars on the market are flex-fuel vehicles (FFV) able to run on ethanol, and we are expanding our lineup of the first motorcycles in the world equipped with ethanol-type engines.

To accelerate environmental initiatives across the region we have been expanding the scope of the South American Regional Environmental Committee since last year, and moving into concrete actions to promote environmental improvements. Committee members from major South American countries participate twice per year to report progress on activities, and are making steady advances.

Looking toward 2020, we are working to reduce CO₂ emissions from production in the expanding markets of Brazil and Argentina, and we are working aggressively to reduce CO₂ emissions from our purchasing, transportation, and sales activities as well. We are also looking into the potential of renewable energy, which is available in abundance in Brazil.



Masahiro Takedagawa

Chairman of Honda South America Regional Environmental Committee

Europe

Using Earth Dreams Technology and other innovative technologies to cut CO₂ emissions

Aware that by 2020, vehicles in the European Union will face an average CO₂ emission limit of 95 g/km, Honda is upgrading all automobile engines to Earth Dreams Technology. Our first example in Europe will be a new 1.6-liter diesel engine to be introduced at the end of this year.

Through innovative technologies, we are working to reduce CO₂ emissions in all product areas, such as with the fuel-efficient engine of the new fun and affordable mid-sized bikes of the NC700 series, and small-scale cogeneration equipment incorporating the innovative EXlink design.

In our other areas of business activity as well—production, logistics, administration, etc.—we are promoting environmental initiatives through the introduction of alternative energy and high-efficiency equipment.

In Europe as well, based on the Blue Skies for Our Children slogan, Honda is aiming to be a corporation that is highly valued by society.



Manabu Nishimae

Chairman of Honda European Regional Environmental Committee



committees to advance its environmental management efforts.

Asia/Oceania

Becoming a front-runner, expanding business while also working to cut CO₂ emissions

The global warming phenomenon is bringing climate change to the Asia/Oceania region, as people have noticed from events like the severe flooding in Thailand last fiscal year. In that context, we are continuing to launch products with better environmental and power performance, including the eSP water-cooled engines in motorcycles (e.g., Click 125i). We launched the Brio in Thailand, where we marketed it as an eco-car that meets Thailand's stringent fuel standards, and in India, where it boasts the highest fuel-efficiency in its class.

We are also increasing the number of dealers certified under the Green Dealer program, and implementing other activities through advertising to raise consumers' environmental awareness. In production activities, we are engaged in managed activities to cut CO₂ emissions in the region, and asking suppliers in the region to cooperate with Honda's green purchasing efforts, as we remain committed to achieving our CO₂ emission reduction targets in the current mid-term plan (fiscal 2011-2013).



Hiroshi Kobayashi

Chairman of Honda Asia & Oceania Regional Environmental Committee

China

Tackling China's coming tough fuel standards with a spirit of challenge

The government of China has decided to introduce Corporate Average Fuel Economy (CAFE) standards, the world's most stringent fuel economy standards. With the same spirit of challenge that produced the CVCC engine in the 1970s and made Honda the world's first automaker to comply with the U.S. Clean Air Act, we also see this new challenge as an opportunity. We aim to be the first automaker to meet the new standards. Doing so will require expanded use of hybrid vehicles, and in this area, Honda is certain to provide customers greater value than any other company.

The Chinese market's awareness and acceptance of hybrids is still relatively low, but consumers will have a chance to drive the cars starting with completely built-up models, and we are preparing ourselves to be able deliver as many as possible. We are also bolstering efforts to cut CO₂ emissions from all business activities, including emissions from production and our supply chain.

In China, which is in the midst of dramatic change, we will work toward sustainable development by taking the lead in providing superior products that are a pleasure to drive and have excellent environmental performance.



Seiji Kuraishi

Chairman of Honda China Regional Environmental Committee

Japan

Supporting CO₂ emissions reductions by spreading our advanced environmental technologies from Japan to the world

One result of the Great East Japan Earthquake of 2011 has been the high profile of energy issues—particularly relating to electricity—in the public debate in Japan. In this regard, industries have been implementing rotating plant closures and other energy conservation policies. Japanese corporations continue to face high expectations to use energy efficiently and dramatically reduce greenhouse gas emissions from all areas of business activity.

In the context of downsizing in recent years, there is an unmistakable trend in automobile markets toward lighter and smaller cars. We believe it is our role not only to spread the compact and efficient business models we develop in Japan to the world, but also to provide leadership for the global Honda Group as the source of core products and technologies.

We will also contribute to reductions in CO₂ emissions by spreading our advanced environmental technologies, including the technologies being used in the megawatt-scale solar power system—the largest of any installed by an automotive factory in Japan—now under construction at our Yorii Factory, slated to start operating next year.



Sho Minekawa

Chairman of Honda Japan Environmental Committee

Global Environmental Management

Honda has created an institutional framework to put into practice the environmental principles articulated in the Honda Environment Statement, and has expanded it to the global level. We are building environmental management systems and working aggressively to obtain ISO 14001 certification at all business sites. We are also working to reduce CO₂ emissions using the Honda LCA Data System, designed to quantify the environmental impacts of our activities, from production through disposal.

Environmental management promotion structure

1 Organizational structure

In December 1991, Honda created what is now the Japan Environmental Committee as a body to play a key role in environmental matters of the company. This structure has expanded into a global environmental management system with regional environmental committees in North America, South America, Europe, Asia/Oceania, and China. Combined with the safety issue (see note), through which Honda aims to create a motorized society that is safe for all people. In March 1995, the World Environment and Safety Committee was established to discuss, decide on, and review annual plans for implementing environmental conservation activities at the global level, based on medium-term management plans. The committee created an environmental management system that connects the global level to the local level and factory floor. The company's president and CEO currently chairs the committee, a reflection of Honda's recognition that environmental issues, especially climate change and energy, are critical and impact Honda's business operations.

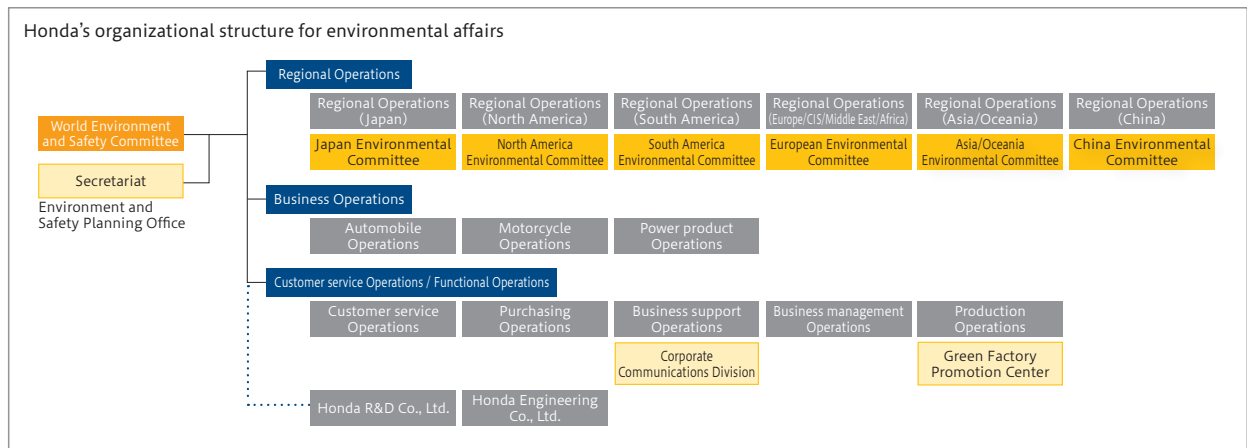
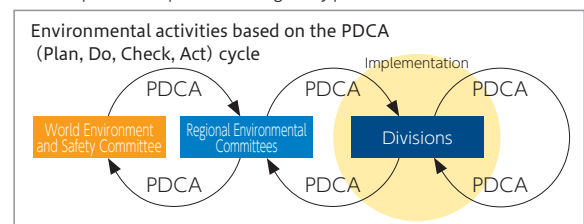
The World Environment and Safety Committee develops mid-term policies and plans for global environmental initiatives based on mid-term policies and management plans determined by the Management Council. Individual divisions prepare detailed plans for each region and business area, and then finalize the overall plans after discussion and

approval by the regional environmental committees.

The regional environmental committees discuss and evaluate annual achievements under the plans and then, based on the results, create new targets and plans with the objective of achieving mid-term policies and plans. The progress of environmental initiatives by Honda Group companies, as well as themes affecting multiple domains around the world, are reported to the World Environment and Safety Committee and then factored into the next year's annual plans and the next mid-term business management plans and policies. Honda follows the Plan-Do-Check-Act cycle to promote continuous improvement in environmental performance in each region: Japan, North America, South America, Europe, Asia/Oceania, and China.

One hallmark of this system is that planning and implementation are not simply delegated to specialized staff, but that all associates are expected to be involved. The basic thinking is that all associates should be actively tackling environmental issues as a part of their daily work.

Note: Reports on safety that are available in English include the environmental annual reports and reports on driving safety promotion activities.



2 Compliance with laws and regulations

In accordance with the Honda Environment Statement, Honda introduces environmental management systems at all business sites and in each division, promotes continuous efforts to improve environmental performance, and strives to comply with voluntary environmental standards that are more stringent than national and regional regulations.

We established the Honda Conduct Guideline In April 2003 and are implementing it throughout the Honda Group in Japan and worldwide. Compliance in the document 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. We have appointed corporate directors to serve as Compliance Officers, and work systematically to enhance compliance and risk management under the supervision of directors in charge of each part of the organization.

3 Emergency protocols

In anticipation of accidents and emergencies that could cause environmental pollution, each factory and division has clearly-defined procedures for preventing pollution.

Environmental management at Honda business sites

Along with development of environmental management systems at the group-wide level, we have been introducing such systems at each business site in order to continuously improve their environmental performance and to control environmental pollutants. We have been working actively to acquire ISO 14001, an international certification for environmental management, particularly at our production facilities.

All of our production facilities in Japan acquired certification by fiscal 1998, and in 2011 we integrated certification for five production factories into one. We also combined the certification registration for Honda head office buildings and Honda district buildings into one in 2011.

We will continue developing our environmental management systems and seeking ISO 14001 certification (or in Europe, EMAS).

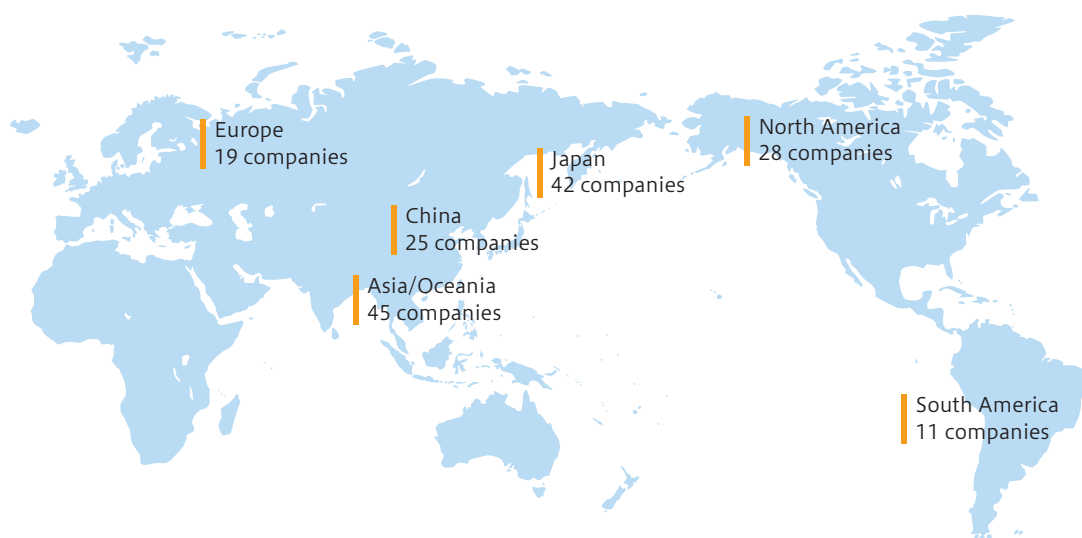
We will continue working to ensure that business sites with certified environmental management systems remain certified, and also continue to apply the PDCA cycle at each site for continuous improvement in reducing the environmental impact of our operations.

At present, 169 Honda subsidiaries and affiliated companies worldwide are ISO 14001-certified.

For further information, please visit the environmental section of the Honda Worldwide website (in Japanese only).
http://world.honda.com/environment/policies/management/management_system.html



ISO 14001-certified companies (as of March 31, 2012)



Note: Includes facilities of Honda Motor Co., Ltd, its consolidated subsidiaries and affiliated companies.

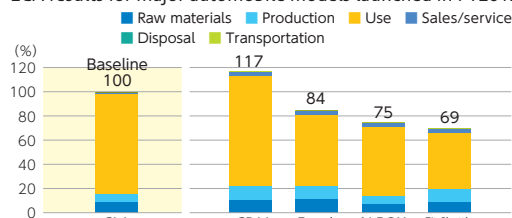
Promoting lifecycle assessment (LCA)

In March 2002, Honda established the Honda LCA Data System in Japan. This data system tracks the environmental impacts of products across their life cycles, from manufacturing to disposal. Using these estimates, we are working to steadily reduce our environmental impact. One key parameter we are monitoring is CO₂ emissions in all domains of our business activities, and based on quantitative estimates, we are implementing effective initiatives to meet CO₂ emissions reduction targets for production, purchasing, sales and service, administration, transportation, and other domains.

In fiscal 2007, we introduced a new model-specific 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 graphs on the right show calculations for major automobile and motorcycle models introduced in fiscal 2012. The results confirm the importance of the consumption stage (fuel economy) in reducing CO₂ emissions. Using this system, we can more accurately assess the quantity of CO₂ emissions from fuel

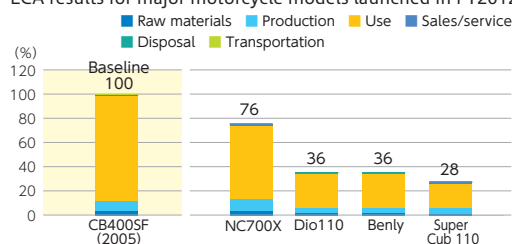
consumption and all other aspects of a vehicle's life cycle, guiding further efforts to reduce emissions.

LCA results for major automobile models launched in FY2012 (Japan)



Note: Calculations are based on a product-lifetime driving distance of 100,000 km.

LCA results for major motorcycle models launched in FY2012 (Japan)



Note: Calculations are based on a product-lifetime driving distance of 50,000 km.

Expanding environmental accounting worldwide

To date, Honda has applied environmental accounting to a portion of its activities in Japan (Honda R&D Co., Honda Engineering Co., and unconsolidated components of Honda Motor Co.). In the future, we plan to expand our environmental initiatives globally and move closer to realizing the Honda Environmental Vision by increasing the scope of our environmental accounting to cover the following items in Honda Environmental Annual Report 2013.

1. Japanese business sites: Increase disclosure of management of consolidated activities
 2. Regional business sites: Disclose major production and R&D activities
- Even prior to the next edition, we hereby report the environmental costs calculated for the current fiscal year for our North American automobile R&D activities.
Overseas R&D sites: Honda R&D Americas Inc.
Environmental cost: 13.35 billion yen (mainly R&D costs)

Scope 3, Category 11: GHG emissions from use of sold products

Honda is diligent about measuring and reducing the greenhouse gas (GHG) emissions that stem from its global business activities. This includes not only direct emissions and indirect emissions from consumed energy, but also emissions that take place across our value chain, including emissions outside our own business activities (e.g., extraction, procurement, and transport of raw materials, use and end-of-life disposal of sold products), or what is defined by the Greenhouse Gas Protocol¹ as scope 3.

In 2011, the GHG Protocol, one of the world's most widely-used GHG calculation standards, added scope 3 to two existing categories of corporate emissions: scope 1 (direct emissions) and scope 2 (indirect emissions from energy use). After the addition of scope 3, we quickly set about measuring and calculating our GHG emissions in scope 3, particularly category 11 of scope 3, emissions from use of sold products, which represents the largest component

of CO₂ emissions for an automaker and thus the greatest opportunity to reduce our environmental impact. We had these calculations independently verified and were the first automaker in the world² to disclose our scope 3 emissions after the official publication of the Scope 3 Standard.

Honda's GHG emissions in the period from April 1, 2011, to March 31, 2012, verified by Bureau Veritas Japan Co., Ltd.

Emissions from the business activities of Honda Motor Co., Ltd. and its 461 consolidated subsidiaries and affiliated companies in Japan and overseas

Scope 1: 1,240,000 t-CO₂ equivalent

Scope 2: 2,960,000 t-CO₂ equivalent

Emissions from use of automobiles, motorcycles, and power products sold by Honda
Scope 3: 195,880,000 t-CO₂ equivalent³

*Also refer to page 88, and the following webpage.

<http://www.honda.co.jp/environment/communications/verification.html>
(in Japanese only)

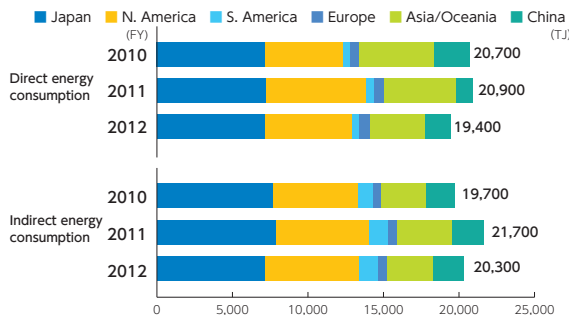
Note 1: Developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) 2: Honda internal research 3: Indicates the amount of CO₂ Honda products sold in the period noted above will emit in their lifetimes of use, calculated by taking into account how many years and to what extent products are used in each region.

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.

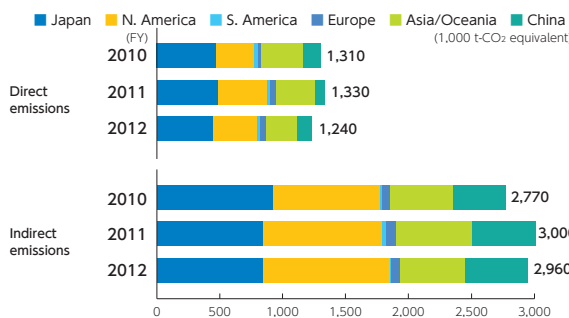
* Some data were necessarily estimated due to the effects of the Great East Japan Earthquake and flooding in Thailand.
 * Historical figures have been adjusted to reflect an increase in the number of companies covered and more detailed analysis of the data.
 * Data for companies added to Honda's consolidation 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



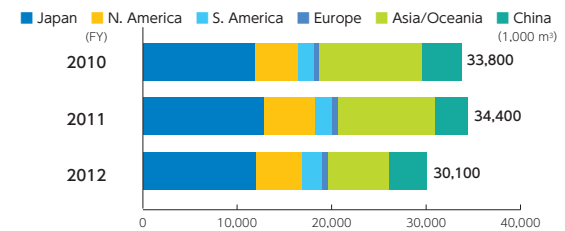
Companies covered: Most consolidated subsidiaries and affiliated companies in the Honda Group
 Notes:
 - Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.
 - Calculations based mainly on energy consumed by stationary sources.
 - A terajoule (TJ) is a unit of energy, "tera" meaning 10¹².

2 Greenhouse gas emissions



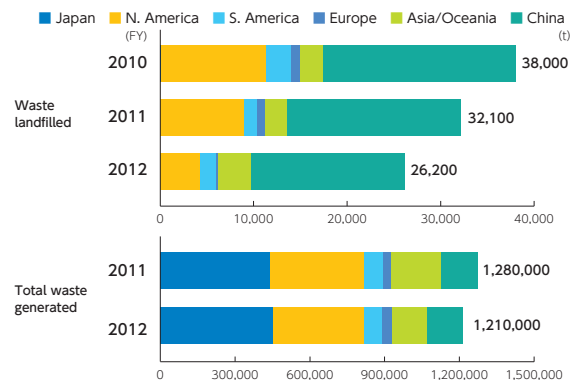
Companies covered: Most consolidated subsidiaries and affiliated companies in the Honda Group
 Notes:
 - For information about greenhouse gas calculation methods, see WRI/WBCSD (2004) "The Greenhouse Gas Protocol (Revised Edition)."
 - Calculations based mainly on emissions from stationary sources.

3 Water consumption



Companies covered (FY2012): Honda Motor Co. plus 454 subsidiaries and affiliates

4 Waste generated, landfilled



Companies covered (FY2012):
 Waste generated: Honda Motor Co., Ltd. plus 441 subsidiaries and affiliates
 Waste landfilled: Honda Motor Co., Ltd. plus 458 subsidiaries and affiliates
 Notes:
 - Landfilled amounts for waste outside Japan also include other waste treatment methods.
 - Figures for Japan indicate amounts actually brought to landfills.
 - Figures include overseas waste amounts starting in FY2011.

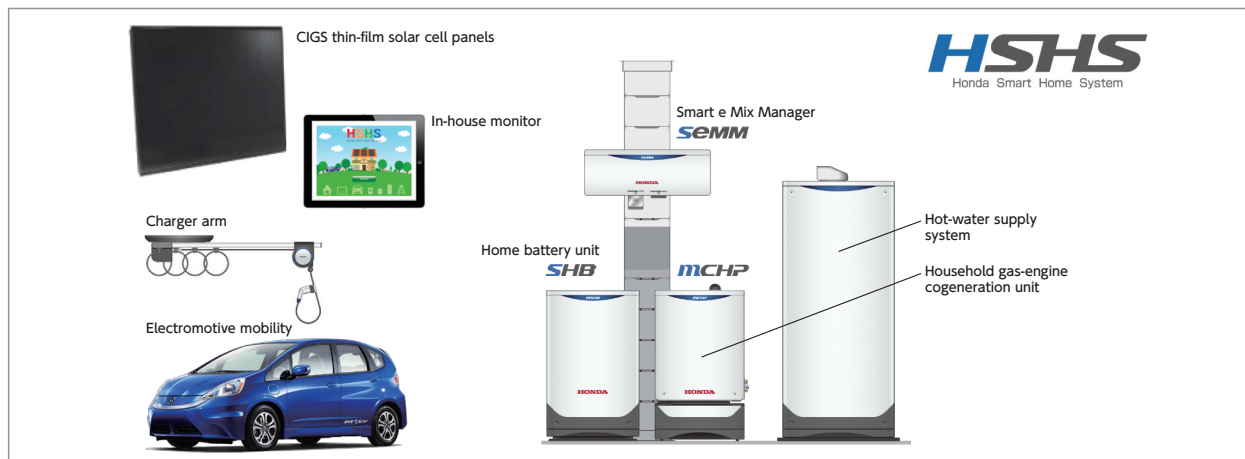
5 Environmental data for manufacturing, by region (FY2012)

		Japan	N. America	S. America	Europe	Asia/Oceania	China
Energy	Electricity (MWh)	1,522,000	1,563,000	333,300	130,300	794,500	562,100
	Natural gas (GJ)	93,000	4,913,000	116,100	514,800	971,000	559,700
	Liquefied petroleum gas (GJ)	876,500	63,900	269,100	150	1,052,000	493,100
	Diesel (GJ)	6,350	65,090	28,380	8,950	1,012,000	118,900
Waste	Landfilled waste (t)	0	4,050	1,660	69	3,280	16,400
	Volume recycled (t)	471,600	285,600	58,900	32,900	100,000	121,000
Water use	Municipal water (1,000m ³)	3,400	2,500	320	450	2,550	3,930
	Groundwater (1,000m ³)	4,400	1,230	1,650	77	3,550	0
	Rainwater (1,000m ³)	51	93	83	3	23	0

Note: LNG is not included.

Environmental Initiatives in Product Development

Honda has been developing and rapidly deploying various environmental and energy technologies to share the joy of mobility with people around the world. As a global company, we strive to satisfy mobility needs while also reducing environmental impact from our products to realize a sustainable motorized society.



1 Featured initiatives

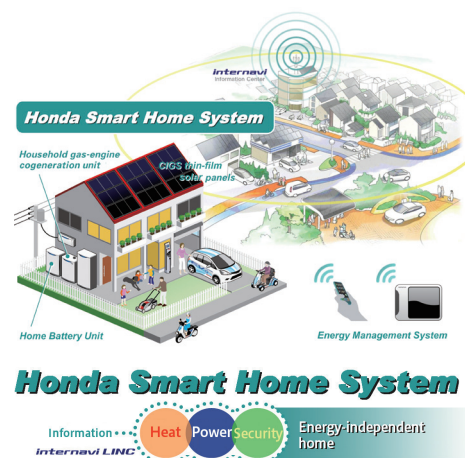
Honda Smart Home System (HSHS)

Striving to realize the joy and freedom of mobility and a sustainable society where people can enjoy life, Honda aims to provide high-quality lifestyles through electromotive mobility and energy-generation devices that result in reduced CO₂ emissions. These efforts include the development of the Honda Smart Home System (HSHS), through which we aim to make the energy-independent home a reality by utilizing information to provide heat, electricity, and a sense of security.

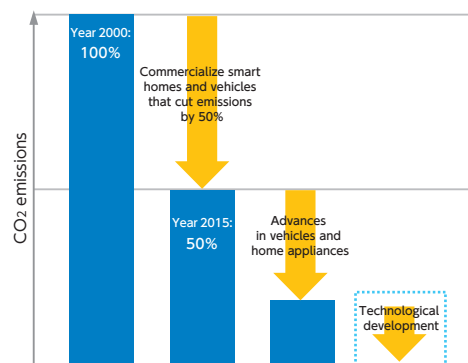
The HSHS consists of a number of discrete but fully integrated units uniquely developed by Honda: a household gas-engine cogeneration unit, a photovoltaic system, a home battery unit (rechargeable battery), a hot-water supply system, and the Smart e Mix Manager (SEMM)—the core device that applies optimal control to electricity generated by the aforementioned units—as well as electromotive mobility and Internavi LINC. By efficiently managing household energy supply and demand, this comprehensive energy management system reduces household CO₂ emissions and provides a backup supply of electricity so the house can be self-sufficient in the event of a power outage or disaster.

Cutting CO₂ emissions in half by 2015

Through the development of HSHS, Honda aims to introduce products that cut household and vehicle CO₂ emissions by 50% by 2015 (baseline: 2000). Thereafter, we plan to improve our energy-generation technologies by introducing recyclable fuel and improving the efficiency of devices comprising the HSHS in an aim to develop technologies that will completely eliminate household CO₂ emissions.



Future targets in HSHS development



Completion of test homes in Saitama City

In April 2012, Honda completed construction of two HSHS-equipped, single-family test homes in Saitama City, implemented as part of the E-KIZUNA Project run by the city of Saitama. One is being used as a showroom and demonstration test site, while the other is actually inhabited by a family, whose energy-use data are being collected for further research. We plan to build a third house in the same location, where all three houses will be linked for smart community demonstration testing.

In collaboration with Saitama City, designated by the Japan government a special zone for next-generation vehicle and smart energy development, we are also working to meet standards set by various regulations to make the HSHS even better. Through partnerships with Saitama City and universities, these demonstration tests are also verifying quality-of-life improvements.

Higher quality of life for existing houses

The HSHS aims to provide a higher quality of life by adjusting to the unique lifestyles of each household. For this reason, the components of the HSHS have been developed so they can also be installed in existing homes and connected to existing home appliances. Honda does more than build homes. We deliver systems for creating new lifestyles. It was this ambition that led us to name the HSHS a “home system” instead of a “house.”

Honda’s “Energy Relay” concept that saves lives during emergencies

Honda aims to provide a sense of security to consumers by enabling them to secure their own energy for mobility and living, even in emergency situations. The HSHS promises a reliable source of electricity during power outages using a four-stage method depending on severity.

We also want to help HSHS users help each other through a so-called “energy relay,” using the HSHS’s own electromotive mobility. Electricity generated at home can help users live through a disaster, but it can also be used to charge their electric vehicles to carry energy elsewhere or supply energy to other vehicles, thus supporting rescue and relief efforts. This kind of energy management that harnesses the full potential of mobility is something only Honda can provide. It also reflects a futuristic ideal unique to Honda.



HSHS demonstration test home in Saitama City



Smart e Mix Manager (top), the core component of the HSHS, and (bottom, left to right) home battery unit, gas cogeneration unit, and hot-water supply system



Hanging charger keeps your hands clean



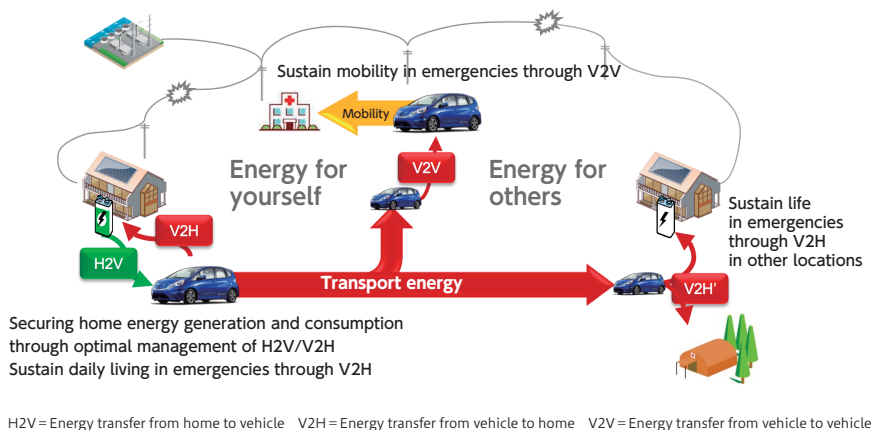
During an emergency, the gas cogeneration unit, solar panels, and home battery unit generate and supply electricity. After their specifications have been determined, these devices will connect seamlessly to all electrical outlets to monitor and balance supply and demand.



Tablet device can be used to monitor energy generation and consumption

Energy relay using electromotive mobility

Inverter box transfers electricity from electric vehicle to external appliances



2 Automobiles

Earth Dreams Technology

“Earth Dreams Technology” is a next-generation powertrain series that greatly enhances both driving performance and fuel economy, building on advanced environmental technologies to pursue a joy of driving unique to Honda. We sought ideas from the public when naming this technology, and in the end decided on Earth Dreams Technology as it expresses our desire to protect the environment and to deliver joy through driving.

By gradually introducing engines that use this technology, starting with the N BOX mini-vehicle, we aim to achieve top-of-industry output and fuel economy in every vehicle class within three years.

Earth Dreams Technology boasts the following six technologies:

- **A gasoline engine that realizes world-leading driving performance and fuel economy**

By enhancing Honda’s original VTEC (Variable Valve Timing and Lift Electronic Control System) technology to thoroughly improve thermal efficiency and minimize friction, we developed a new engine series employing a new structure for higher expandability. We used this technology in a wide range of engine classes including the 660 cc, 1.5-liter, 1.8-liter, 2.4-liter, and 3.5-liter classes, and achieved a combination of high performance and fuel economy by adding technology suitable to each structure.

- **A compact diesel engine featuring the world's lightest block¹, with top-of-class¹ acceleration performance, and fuel economy.**

Optimizing engine rigidity and combustion pressure enabled an aluminum open deck for the cylinder block in this 1.6-liter class diesel engine, the lightest in the world¹ in its category. Downsizing from the present 2.2-liter engine and extensively reducing mechanical friction in each section helped us achieve a level of friction equivalent to present gasoline engine models. An optimized thermal management system, resulting from improvements to the cooling system, reduces CO₂ output by more than 15%.² Employment of a compact, high-efficiency turbocharger and weight reduction in the reciprocating sliding section realizes a sporty and nimble handling.

Note 1: Honda internal research (as of November 30, 2011)

Note 2: Compared to other Honda products

- **A CVT that combines the fun of driving and fuel economy at a high level**

We developed three new Continuously Variable Transmission (CVT) structures to be adopted in a variety of engine models for mini, compact, and mid-size vehicle classes. We used reinforced belts to realize a structure for which a wide ratio range can be set. Quantifying the contact behavior between the belt and pulley and allowing for continual optimization of hydraulic pressure to the pulley under a variety of driving conditions contributed to improved fuel economy. In addition, we aimed to boost efficiency through repeated analysis of the electronic oil pump. As controlling technology, a new coordinated control system, G-design Shift, was employed to enable high-precision pulley control that responds quickly to driver demands,

EARTH DREAMS TECHNOLOGY

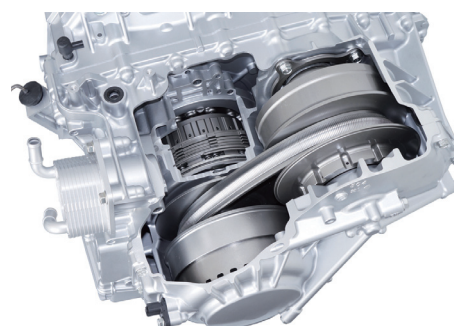
2.4 L-class gasoline engine



1.6 L-class diesel engine



Mid-size class CVT



contributes to higher fuel economy, and provides for a sporty driving character with superior acceleration.

● **A two-motor hybrid system that realizes top-of-industry efficiency³**

Honda has endeavored to popularize hybrid cars by employing its unique Integrated Motor Assist (IMA) system, a compact one-motor model, in compact vehicles.

We have developed a new two-motor hybrid system that meets the growing need for CO₂ emissions reduction and enhances driving pleasure among owners of mid-sized vehicles as well. Three driving modes allowing for top-of-global industry efficiency³—largely surpassing conventional hybrid models—for various driving environments were developed: an EV mode for urban environments, a hybrid mode using electricity generated by the motor, and an “engine-connected” mode where the engine and wheels are mechanically connected during high-speed cruising. In addition, the system employs a dedicated lithium-ion battery, charger, and other parts to enable easy application to plug-in hybrid vehicles. We plan to begin mass-production of mid-size vehicles equipped with this system, starting with a plug-in hybrid model in 2012 and a hybrid model in 2013.

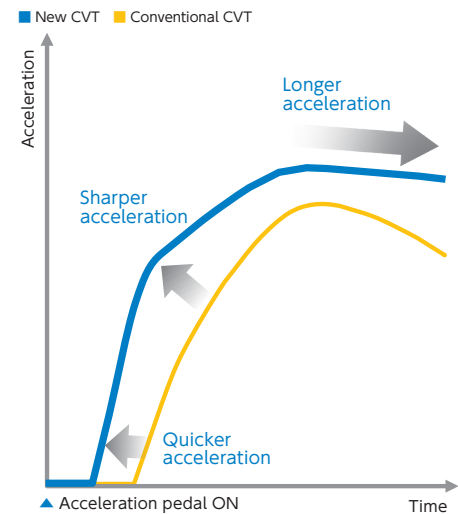
Note 3: Honda internal research (as of November 30, 2011)

● **A high-efficiency, high-output electric SH-AWD hybrid system that combines superior driving and environmental performance**

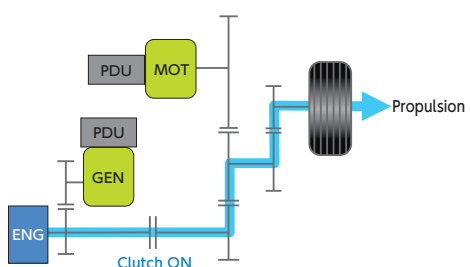
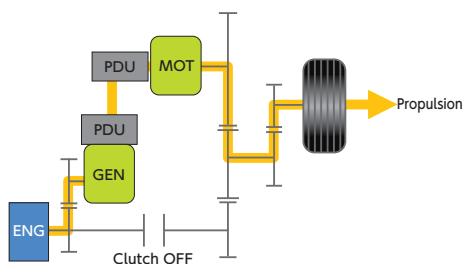
We developed a new hybrid system, the electric Sport Hybrid Super Handling All-Wheel Drive, as the optimal system for large-sized vehicles as well as the peak technology for driving performance even among the Earth Dreams Technology series. An electric 4WD system with two independent 20 kW+ motors for the rear wheels combines with a 7-speed dual clutch transmission system with a built-in 30 kW+high-efficiency motor and high-efficiency V6 engine. Independent motor torque control in the rear wheels realizes the same “on-the-rail” function⁴ as the conventional machine-type SH-AWD, and because the negative torque from the inside wheels can be recovered as regenerative energy and used as positive torque for the outside wheels, the system realized an innovative “on-the-rail” technology that is not reliant on engine output. This system takes driving pleasure and environmental responsibility to an all new level through advanced handling, a fun driving experience created by an acceleration equivalent to V8 engines, and a fuel economy equal or superior to in-line 4-cylinder engines.

Note 4: On-the-rail: driving feature in which the car smoothly goes in the direction the steering wheel directs it to go.

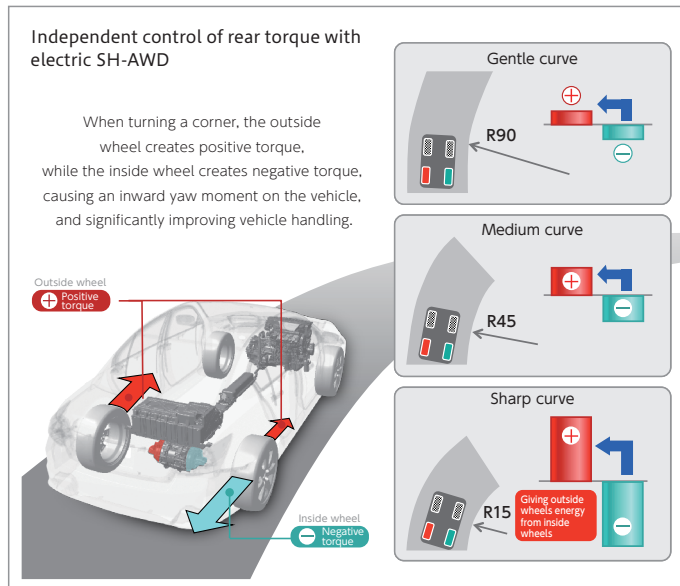
G-design shift kick-down profile



Two-motor hybrid system operating modes



PDU: Power Drive Unit
 MOT: Motor
 GEN: Generator
 ENG: Engine



● **Compact high-efficiency drive train for EVs**

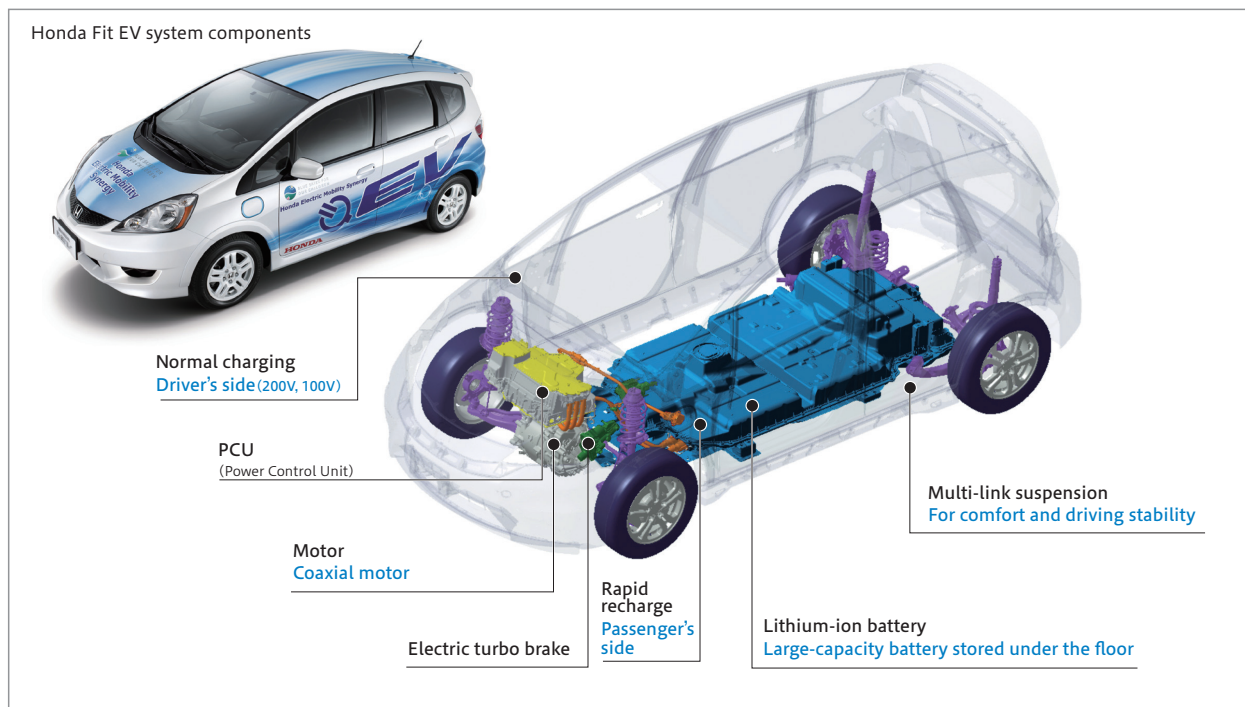
Thanks to a high-efficiency coaxial motor, low-friction gearbox, electric servo brake system, and other technologies, Honda has achieved the world's highest¹ energy efficiency for any electric vehicle, at 29 kilowatt-hours per 100 miles, or 118 miles-per-gallon-equivalent, based on driving conditions set in the U.S. Using this high energy efficiency, as well as a high-energy-capacity lithium-ion battery, we also achieved cruising distances of 123 mi² (LA-4 mode: unadjusted) and 210 kilometer (km)² (JC08 mode). In addition, by providing three driving modes—Sport, Normal, and Econ (economy)—the system gives drivers the option of choosing from driving styles that range from eco-friendly to sporty.

Note 1: Honda internal research (as of June 30, 2012)
 Note 2: Honda's calculation

The Honda Fit EV, scheduled for introduction in summer 2012, has received a combined adjusted Environmental Protection Agency (EPA) MPGe rating¹ of 118, and an unprecedented low consumption rating of 29 kWh/100 miles². With such an efficient drivetrain, the Fit EV's 20-kWh lithium-ion (Li-ion) battery provides the capacity to earn an EPA combined city/highway estimated driving range rating of 82 miles. The battery-electric commuter vehicle will be made available for lease in the U.S. states of California and Oregon in summer 2012 and on the east coast of the U.S. in 2013. In Japan, the model will be leased starting in summer 2012.



Note 1: Miles per gallon gasoline equivalent (MPGe) is calculated by equating 33.7 kWh of electricity consumed to one gallon of gasoline consumed.
 Note 2: Calculated based on the cruising distance and amount of charging needed after a drive. The consumption rating mentioned here was determined using driving conditions set in the U.S. MPGe and range vary depending on driving conditions, driving style, vehicle maintenance, battery age/condition, and other factors.



3 Motorcycles and scooters

Two new eco-friendly engines for the global market

In September 2011, Honda announced the development of two new engines targeting the global market: the next-generation eSP (enhanced Smart Power) engine for compact scooters and a new 700-cc engine for mid-size vehicles.

● **Next-generation eSP engine for compact scooter (enhanced Smart Power)**

Our newly developed global engine for compact scooters, eSP, is quieter, more durable, and more fuel-efficient than conventional engines for compact scooters. It has a 25% higher fuel economy (125 cc) thanks to its thoroughly redesigned engine, smaller size and lighter weight, a PGM-FI (Programmed Fuel Injection) system (see note), and a newly developed drive belt made of highly elastic rubber.

We plan to use the engine in the Click125i (Thailand, January 2012), Vario Techno125 (Indonesia, March 2012), PCX (125 cc) and PCX150 (Japan, June 2012), and other scooters manufactured around the world.

● **New 700-cc engine for mid-size motorcycles**

Our new 700-cc engine for mid-size motorcycles is a liquid-cooled four-stroke overhead camshaft (OHC) in-line 2-cylinder motorcycle engine, which is designed based on a new concept aimed at being more fun, easy to ride, and comfortable for daily use compared to conventional sports bikes. Fuel economy was improved by more than 40% compared to conventional engines for same-class motorcycles.

Models equipped with the new engine have already been released. The first was the NC700X, released in Europe in November 2011. The new engine has since been applied to two additional models, the INTEGRA and NC700S, which have also been released in Japan. The engine is slated for gradual expansion to newly developed models and to markets around the world.

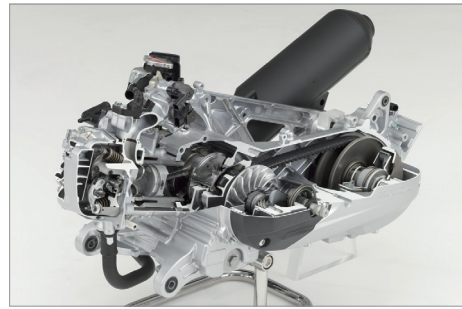
All motorcycles made in Indonesia to feature PGM-FI

Honda has announced that it will install its environmentally-responsible, electronically-controlled fuel injection system, the PGM-FI system, in all motorcycle models produced in Indonesia by the end of 2013, ahead of new emission regulations scheduled to take effect in Indonesia in 2013. PGM-FI uses electronic control to ensure that the optimal amount of fuel is consistently injected, making exhaust gas emissions cleaner while also achieving both excellent power performance and fuel economy.

As the first step to installing PGM-FI in all models, in November 2011 Honda introduced PGM-FI-equipped versions of the Spacy Helm-In scooter and the Supra X 125 Helm-In Cub-type model, both of which have been well received by many Indonesian consumers for their built-in helmet storage space, an uncommon feature of scooters in Indonesia. Honda began motorcycle production in Indonesia in 1971, with cumulative production passing the 30-million-unit milestone in March 2011. The rapidly growing motorcycle market in Indonesia is forecast to exceed 8-million units this year, setting a new all-time record. To continue meeting growing demand, we are working to provide products exceeding consumers' expectations with speed, affordability, and low CO₂ emissions. We will also be more proactive about fulfilling our social responsibilities, especially in the areas of traffic safety and environmental protection.

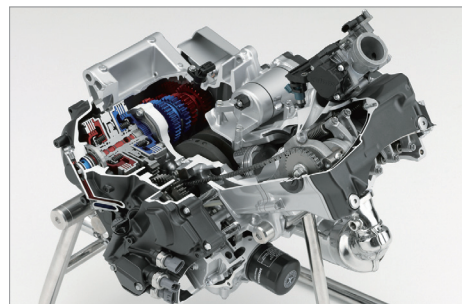
Note: PGM-FI (Programmed Fuel Injection System) is a registered trademark of Honda.

Next-generation eSP engine for compact scooters



Models equipped with eSP:
Click 125i (top left)
Vario Techno 125 (top right)
PCX (bottom)

New 700-cc engine for mid-size motorcycles



Models equipped with the new 700-cc engine:
NC700X (top left)
INTEGRA (top right)
NC700S (bottom)

Indonesia-made scooters equipped with PGM-FI



Supra X 125 Helm-In

Spacy Helm-In

4 Power products

BF250 four-stroke outboard engine

Honda BF250 (250 horsepower) four-stroke outboard marine engine, released in October 2011, boasts best-in-class fuel economy and excellent power performance. The BF250, which is based on the BF225 (225 horsepower), incorporates a number of cutting-edge technologies, including a newly developed 3.6-liter V-6 Variable Valve Timing and Lift Electronic Control® (VTEC®) engine, and the world's first¹ marine direct-air, dual-circuit induction system of its type on a production outboard, enabling the BF250 to achieve high performance as well as Lean Burn Control during cruising.²

Setting the air intake circuit and exhaust heat circuit independently with the direct-air, dual-circuit induction system allowed us to lower the temperature of intake air, which is essential to improving engine power. The intake circuit draws outside air from the air intake in the top part of the engine cover, sends it through a circuit set up within the engine cover, where moisture is removed, and then sends it to the engine. In the waste heat circuit, air drawn from the front of the engine cover circulates and cools critical engine components and the alternating current generator, and is then removed by a top-mounted cooling fan. This system delivers cooler, denser air for better combustion than conventional induction systems.

In addition, employment of the O₂ sensor-equipped PGM-FI³ (Programmed Fuel Injection system) enabled a Lean Burn Control during cruising, and allowed for the best-in-class fuel economy.

In terms of exhaust gas, the BF250 complies with the latest U.S. Environmental Protection Agency (EPA) regulations, California Air Resources Board (CARB) 3-Star standards, and other regulations, ensuring its regulatory compliance in numerous nations.

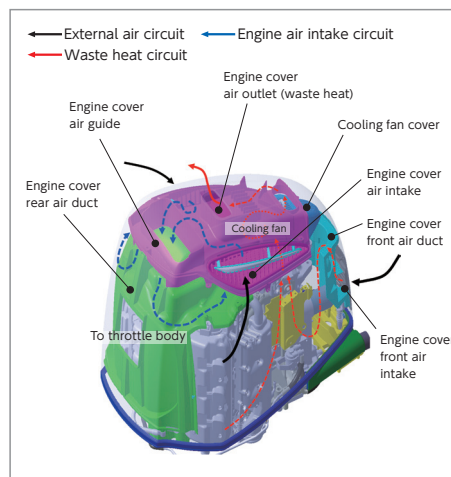
The National Marine Manufacturers Association (NMMA) named the all-new Honda Marine BF250 engine as a recipient of the 2011 IBEX Innovation Award for outboard engine technology, and presented the award at the International Boat Builder's Exhibition and Conference (IBEX) at the Kentucky Exposition Center in Louisville, Kentucky, on October 17-19, 2011. The IBEX Innovation Award is the industry's highest honor for innovative and technological advancement. Assessment is based on strict inspections by a panel of judges from Boating Writers International (BWI), an international organization of marine journalists. The award presented to the Honda BF250 shows that the world's first marine direct air dual circuit induction system on an outboard has been recognized as innovative technology.

Note 1: Honda internal research (as of October 31, 2011)
 2: Refers to navigation speed scope where rotation is maintained at 50-80% of full throttle.
 3: PGM-FI (Programmed Fuel Injection System) is a registered trademark of Honda.

BF250 four-stroke outboard engine



The direct air dual circuit induction system



2011 IBEX Innovation Award winner logo



Regional Environmental Topics

North America

American Honda Motor Co., Inc. launches “green dealer” program

American Honda Motor Co, Inc., Honda’s U.S. sales subsidiary, launched a “green dealer” program for 1,300 Honda and Acura dealers in the United States. The program has three levels of achievement (silver, gold, platinum), and recognizes excellence with an Environmental Leadership Award. Silver is earned by cutting total energy consumption by 10%. Gold is for dealers that make continuous improvement above the silver level, and platinum is for dealers that also have earned LEED* green building certification. As of the end of March 2012, ten dealers had already been awarded and 18 dealers had applied under the program. More than 200 other dealers have voluntarily started initiatives to reduce environmental impacts. *The Leadership in Energy And Environmental Design



Honda and Acura Environmental Leadership Program logos

New hydropower system developed at Marysville Auto plant, Ohio

Honda’s largest automotive production facility in North America, the Marysville Auto Plant in Ohio, has introduced a hydropower system to generate supplementary electricity at the plant. Air compressor cooling water that falls 10 meters through a pipe from a rooftop cooling tower to an underground sump is used to drive the generator. The development team also created a real-time web-based monitoring system for the equipment. The new micro-hydropower system typically generates 5.5 kilowatts, reducing CO₂ emissions by about 35 metric tons per year. The system is being studied for implementation at other Honda plants in North America and around the world.



Newly introduced hydropower system

South America

Special motorcycle cargo ship developed for transport on Brazil’s Amazon River

The Moto Honda da Amazonia Ltda. (HDA) factory in Manaus, the capital of Brazil’s Amazonas State, produces about 1.7 million motorcycles annually, and ships all of them via ships traveling on the Amazon River. To improve transport efficiency, the firm has developed what it calls a “Swimming Warehouse” cargo ship with a capacity of 4,600 motorcycles, about twice the capacity of conventional ships. By introducing nine of these ships, the company reduced CO₂ emissions during transport by 7,600 metric tons in fiscal 2012.



The Swimming Warehouse motorcycle cargo ship

Brazilian firm acquires GHG Protocol gold certification

Honda Automóveis do Brasil Ltda. (HAB) earned gold certification under Brazil’s national GHG Protocol program, which promotes voluntary GHG management and accounting at the organizational level. The firm created an emission inventory* report covering all GHG emissions, including direct emissions from its own business activities, indirect emissions from energy use, and indirect emissions from outside business activities, making it the first in Brazil’s automotive sector to obtain this certification. The GHG emission inventory for 2011 is currently being prepared and validated, and is to be officially announced by the GHG Protocol program in August 2012.



2010 GHG Protocol Gold certification obtained

*GHG emission inventory: An accounting or database of all greenhouse gases emitted and sequestered within a given geographical area and time frame, typically on a national and annual basis.

Europe

Plant in Swindon, UK tackles energy conservation in three steps

Honda of the UK Manufacturing Ltd. (HUM), a fully integrated car manufacturing facility in Swindon, the U.K, is tackling energy conservation in three steps: awareness, efficiency, and innovation. In the first step, awareness is raised among all associates, and new ideas are shared at energy meetings. The second step is consideration of when and how to implement the ideas. And the third step is the search for innovative approaches.

These initiatives have already proven successful in many ways, including the replacement of lighting with more efficient equipment, improved control of air compressors, and the installation of variable speed devices in large fan motors.



Example: Variable speed device installed in large fan motor

EcoPower 1.0 wins German Sustainability Award

Honda Deutschland GmbH was awarded the German Sustainability Award 2011, given to model companies, products, and brands that help raise awareness of the principles of sustainable development, for EcoPower 1.0, a household cogeneration system developed jointly with Vaillant, a German manufacturer of products for heating, cooling, and hot water. At the heart of the system, the engine unit supplied by Honda uses EXlink (extended expansion linkage) technology to boost the unit's total efficiency to 92%. The award helped raise the value of EcoPower 1.0 as a sustainable product and service with exceptional economic and environmental performance.



EcoPower 1.0 household cogeneration system

Asia/Oceania

Natural gas power generation and cogeneration systems introduced at Indian factories

Honda Siel Power Products ,Ltd. (HSPP) manufactures and sells power products in India. To prevent fluctuations in manufacturing output due to sudden power outages of commercial electricity sources, and to fight skyrocketing fuel prices for backup electricity, the firm has introduced high-performance cogeneration systems that operate at costs and environmental performance similar to natural gas-powered generators. This strategy has helped stabilize daily output and reduce per-unit CO2 emissions during manufacturing by 30%.

Surplus heat from cogeneration systems is also used in boilers for coating equipment, further reducing energy costs. The firm is now studying how to utilize the remaining 20% of waste heat for air-conditioning systems.



Newly introduced natural gas generation and cogeneration systems

Using worm composting to cut waste in the Philippines

Honda Cars Philippines Inc. (HCPI), the manufacturer and sales company of Honda vehicles in the Philippines, built worm-composting facilities in April 2011 to process green waste from gardens on the factory grounds. With a capacity of 10 cubic meters, it includes a water supply device to control moisture and a shredder to break the waste down into smaller pieces and create compost more efficiently. African night crawlers (worms) are used to further accelerate the composting process. Compost produced in the unit is used as organic fertilizer for greenery on the premises, and also for tree planting and other CSR activities offsite. The firm expects these facilities will help it reduce the waste it sends to the landfill to zero.



Worm composting facilities

China

Environmental state-of-the-art factory completed

About 300 people attended a construction completion ceremony on October 28, 2011, for a power products factory built by manufacturing joint venture Jialing-Honda Motor (JLH). The new factory incorporates solar power and rainwater/wastewater recycling systems to create an energy-efficient, eco-friendly, state-of-the-art facility with a production capacity of 900,000 units as of the end of 2011. The plant is scalable to an annual production of two million units for the Chinese and global markets, and will be able to offer even more innovative products with outstanding environmental performance.



Aerial rendering of new state-of-the-art plant

Implementation of greenhouse gas calculation common basic standards explanation meeting for business partners

More than 300 business partners attended a seminar on February 16, 2012, hosted by Guangqi Honda Automobile Co., Ltd. (GHAC), a Honda auto manufacturing and sales joint venture in Guangzhou City, about common standards for calculating greenhouse gas emissions. Participants heard explanations about current global greenhouse gas emissions, the Honda Triple Zero concept, energy-efficiency management across product life cycles, the Honda 2020 Vision, and more. They also learned about Honda's desire to achieve environmental front-runner status through cooperation with business partners. The seminar helped to further their understanding of the importance of energy conservation and efforts to reduce CO₂ emissions.



Seminar for business partners

Japan

Honda Environmental Annual Report 2011 wins award of excellence in Green Reporting Awards

At the 15th annual Green Reporting Awards and Sustainability Reporting Awards ceremony jointly organized by Toyo Keizai Inc. and the Green Reporting Forum, Honda Environmental Annual Report 2011 was selected to receive an award of excellence from among 78 submissions. The award was given for Honda's approach to publishing CO₂ emission reduction targets for each product and for the report's international focus and overall excellence. This was the sixth straight year Honda was awarded for its environmental reporting.



Environmental reporting awards ceremony

Honda EV and PHEV park-and-ride trial begins

The installation of facilities for a park-and-ride system was completed on March 28, 2012, at the JR Kagohara Station in Kumagaya city, Saitama Prefecture, near Tokyo. The facilities will be jointly operated by Honda and Saitama Prefecture. With park-and-ride systems, people can drive by car to the nearest train station, park, then ride the train or bus. The Saitama government is conducting the trial jointly with Honda to learn more about the effective use of next-generation vehicles and promote industrial revitalization in the region. Honda is providing electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs). Parking facilities were constructed using solar panels made by Honda Soltec, a Honda subsidiary that manufactures and sells solar modules.



Plug-in hybrid electric vehicle (PHEV) based on the Inspire

JAPAN

Initiatives in Japan

Message from the Japan Environmental Committee Chair

Toward Becoming an Environmental Front-runner

“Become an environmental front-runner by practicing future-oriented environmental management” was the core policy the Japan Environmental Committee set for Honda’s mid-term plan for environmental initiatives from 2011 to 2013. We established three priorities to advance this policy: Declare our ambition to lead, strive for the industry’s lowest per-unit environmental impact, and fulfill our social responsibility.

■ **Declare our ambition to lead**

To help translate our stance on the environment into practical action, last year we created the Honda Environmental Vision: to realize the joy and freedom of mobility and a sustainable society where people can enjoy life. This vision expresses our passionate desire to contribute to the sustainable growth of society and harmony between people so we can continue to deliver excitement through products and services that support personal mobility and a better life in general.

■ **Strive for the industry’s lowest per-unit environmental impact**

Recognizing the significance of environmental impacts from our products, particularly CO₂ emissions from product use, we will proactively adopt advanced environmental technologies and low-carbon production technologies to reduce environmental impacts across product life cycles.

■ **Fulfill our social responsibility**

In accordance with the Honda Environment Statement, we will introduce environmental management systems at our business sites and in each division, make continuous efforts to improve environmental performance, and set and strive to comply with voluntary environmental standards that are more stringent than national and regional regulations.

The energy situation in Japan and Japan’s global role

Last year, industries in Japan implemented rotating plant closures and other energy-saving measures as energy problems—particularly those having to do with electricity—moved to the center of public debate following the Great East Japan Earthquake. With ongoing advancements in the development of renewable energy infrastructure, Japanese companies are also facing pressure to use energy more efficiently and dramatically reduce their greenhouse gas emissions in all areas of their operations.

Honda has always been ahead of its time when it comes to the environment, having launched numerous models boasting revolutionary environmental performance, from the Compound Vortex Controlled Combustion (CVCC) engine of the 1970s to its proprietary Integrated Motor Assist hybrid system of today. In the context of downsizing in recent years,

there is an unmistakable trend in the Japanese automobile market toward lighter and smaller cars. We believe it is our role not only to spread the compact and efficient business models we develop in Japan to the world but also to provide leadership for the global Honda Group as the source of core products and technologies.

Honda’s environmental initiatives

In our aim to realize the joy and freedom of mobility and a sustainable society where people can enjoy life, Honda has been building systems to develop exciting, environmentally friendly, distinct products. By distinct, we mean products with a competitive edge in addition to having fundamentally solid environmental and safety performance.

We will especially look to deploy our Earth Dreams Technology, a next-generation set of engine technology advancements that greatly enhance driving performance and fuel efficiency, thereby contributing to reduced greenhouse gas emissions.

For motorcycles—Honda’s strength since its founding—our new 700-cc engine, featured in New Mid Concept models, combines a thrilling ride with superior environmental performance, improves power and handling at engine speeds in the low to middle range, and boosts fuel efficiency to a level that is at least 40% better than sport bikes in the same class.

To promote energy self-sufficiency at our production facilities, we will install a megawatt-scale photovoltaic system—in fact the largest system of any installed at an automotive plant in the country—at our new Yorii Plant, which is scheduled to begin production in 2013. We will accelerate installation of photovoltaic systems at Honda dealers to maintain our industry lead in installed solar capacity at business sites in Japan.

By picking up the pace on initiatives like these and expanding them to operations around the world, by 2020 we aim to achieve our 30% reduction target (compared to 2000) for global average CO₂ emissions in each product category: automobiles, motorcycles, and power products.

Sho Minekawa

Chair, Honda Japan Environmental Committee
Managing Officer & Chief Operating Officer for
Regional Sales Operations (Japan)



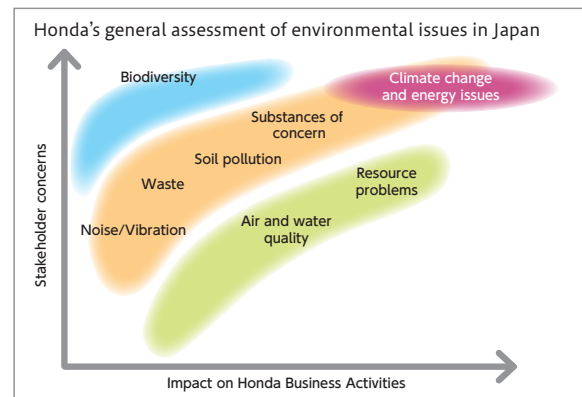
Tackling Environmental Issues in Japan

Honda operations in Japan need to perform a central role in demonstrating the environmental principles articulated in the Honda Environment Statement. We will accelerate efforts to tackle environmental problems to keep the global Honda Group moving closer to realizing the Honda Environmental Vision.

Current assessment of environmental issues in Japan: "Climate change and energy our greatest challenge"

In Japan, Honda works to identify the impacts of its business activities and products on the global environment from a life-cycle perspective and organizes them within the context of Honda's global environmental management. Based on the global Honda Group's decision to combat climate change and energy issues as top priorities, Honda Group companies in Japan have set CO₂ emissions reduction targets and implemented reduction initiatives of their own in every domain of their operations. As a result, they have already succeeded in building relatively highly efficient operational systems, and going forward, they want to raise the bar on CO₂ reduction initiatives worldwide and support the entire Honda Group in realizing reductions. Honda Group companies in Japan are showing leadership with regard to other environmental initiatives as well. Since the majority of Honda prod-

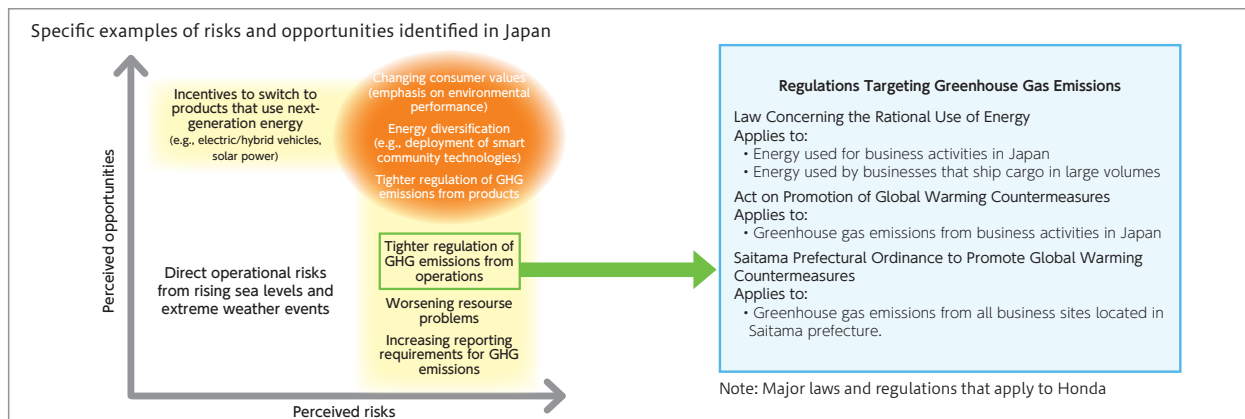
uct development operations are located in Japan, initiatives in Japan serve an important role in reducing and eliminating substances of concern used in products around the world.



Japan's assessment of opportunities and risks of climate change and energy issues








Honda goes through a comprehensive risk management process once a year in Japan just like on the global level. The Japan Environmental Committee assesses risks and opportunities and, when necessary, submits its findings to the World Environment and Safety Committee. Once approved, these findings are used by business and functional operations, as well as their respective divisions, in the formulation and actual implementation of management policies and strategies in Japan. The risks and opportunities of climate change and energy issues currently anticipated in Japan are shown in the figure below. Honda Group companies in Japan manage these issues strictly given the large number of laws and regulations

that target these issues and the significant risks they pose to business activities in Japan. For example, in response to the Law Concerning the Rational Use of Energy, all divisions in Japan work together to reduce energy use, the results of which we share with the public once a year through this report. In addition, to manage the risks associated with greenhouse gas (GHG) emissions from products and to diversify energy sources, we are installing photovoltaic systems on all our production facilities in Japan, built demonstration test homes for the Honda Smart Home System (HSMS), and are currently developing the next-generation in smart mobility systems, among other initiatives.



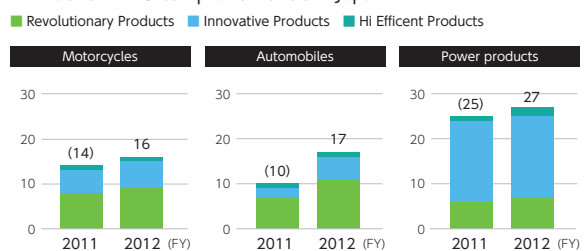
Honda Environmental Performance Standards (HEPS)

Examples of HEPS-compliant models released in Japan in FY2012

	Hi Efficient Products	Innovative Products	Revolutionary Products
Compliant Products (examples) Includes products developed in 2010 or earlier	 CBR250R	 Fit Shuttle	 Graspa HRE330 electric lawnmower
	 N BOX	 Freed	
		 Freed Hybrid	
		 Fit Shuttle Hybrid	

The number of HEPS-compliant models is growing in Japan in all product categories—automobiles, motorcycles, and power products. Our lineup of HEPS-compliant automobile models has shown exceptional growth with the rollout of a number of new hybrid models in the compact and mini-vehicle classes that meet consumer demands for better fuel efficiency. As of fiscal 2012, HEPS-compliant products had already captured more than 90% of total net sales in Japan.

Number of HEPS-compliant models in Japan



Note: FY2011 data were estimated based on more recent standards.

Mid-term plans and results for operations-related environmental initiatives in Japan

Honda has been working for years to reduce the environmental impacts of its business activities. In 2004, we institutionalized our Green Factory initiative, launched in 1997, by creating the Green Factory Promotion Center, through which we continue to assist plants worldwide in minimizing environmental pollutants from Japan. Given the importance of reducing impacts across our supply chains as well as other business activities, we are actively managing the environmental performance of our suppliers in accordance with our Green Purchasing Guidelines, published and later

revised in 2011.

In our mid-term plan for realizing the Honda Environmental Vision, we expanded the scope of requirements for setting CO₂ emissions reduction targets from solely production to all domains at Honda Motor Co. and major group companies¹. Ahead of other group companies around the world, our Japanese operations are also setting and working toward reduction targets for water, waste, and VOC² emissions and product recycling rates.

Mid-term plans for operations-related environmental initiatives in Japan: numerical targets

Milestones on the road to 2020		Medium-term plans for environmental initiatives (FY2012-2014)	
Climate change and energy	Strengthen initiatives that span entire product life cycles	1	Honda Motor Co. and major group companies ¹ : Reduce CO ₂ emissions per unit of revenue by 5% by FY2014 (baseline: FY2001)
		2	Transportation (as a high-volume shipper): Reduce CO ₂ emissions per ton-kilometer of cargo shipped by 10% by FY2014 (baseline: FY2007)
Material and water resources	Ramp up 3R efforts	3	Honda Motor Co. and major group companies ¹ : Reduce waste per unit of revenue by 5% by FY2014 (baseline: FY2001)
		4	Maintain zero landfill waste performance at Honda Motor Co. and consolidated manufacturing subsidiaries ³
		5	Maintain at least a 70% ASR ⁴ recycling rate for end-of-life automobiles
		6	Increase effective recycling rate for motorcycles to 95% by FY2016
	Minimize water use	7	Honda Motor Co. and major group companies ¹ : Reduce water use per unit of revenue by 5% by FY2014 (baseline: FY2001)
Environmental pollutants	Reduce VOC emissions from production processes	8	Reduce VOC emissions per unit of coated automobile body surface area by 30% by FY2014 (baseline: FY2001)

1. Honda R&D Co., Ltd., Honda Engineering Co., Ltd., and Honda Access Corporation

2. VOC (Volatile Organic Compounds) : Organic chemical substances that cause photochemical smog and are commonly used in the solvents of paints and thinners.

3. All consolidated business sites in Japan

4. ASR: Automobile Shredder Residue

Progress in meeting mid-term targets for operations-related environmental initiatives in Japan



Because of the Great East Japan Earthquake and Thai floods, which forced us to idle plants on a rotating schedule and also suspend production due to parts delivery delays, our business environment in fiscal 2012 changed drastically from what we

originally anticipated.

Despite unexpected movements in some of the results from fiscal 2012, we are still implementing our mid-term plans to help us return to normal operations.

Mid-term plans for operations-related environmental initiatives in Japan: measures to achieve the targets

Milestones on the road to 2020		Measures
Climate change and energy	Strengthen initiatives that span entire product life cycles	1. Measure and graph energy use for each process and revise production systems for higher efficiency 2. Expand Honda Green Action to the entire group (power conservation, cool-biz, warm-biz) 3. Install high-efficiency devices (LED lighting, compressors, HVAC systems, IPM motors) 4. Promote measurement of GHG gas emissions from suppliers in a broader range of activities covering product life cycles
		5. Increase transportation efficiency by implementing modal shifts 6. Improve truck fuel efficiencies
Material and water resources	Ramp up 3R efforts	3. Increase use of stamping press scraps 4. Reduce packaging by expanding application of interior and exterior returnable containers 4. Develop process for extracting rare earth metals from IMA batteries 4. Properly process IMA batteries through our own collection system
		5. Maintain effective recycling rates for end-of-use products 6.
	Minimize water use	7. Use recycled water and rainwater 7. Promote water conservation activities
Environmental pollutants	Reduce VOC emissions from production processes	8. Introduce low-VOC coatings to coating processes 8. Use low-VOC coatings for prototype models in product development
Biodiversity	Local conservation initiatives in accordance with the Honda Biodiversity Guidelines	Educate suppliers Conduct biodiversity surveys at business sites in Japan

Environmental Management in Japan

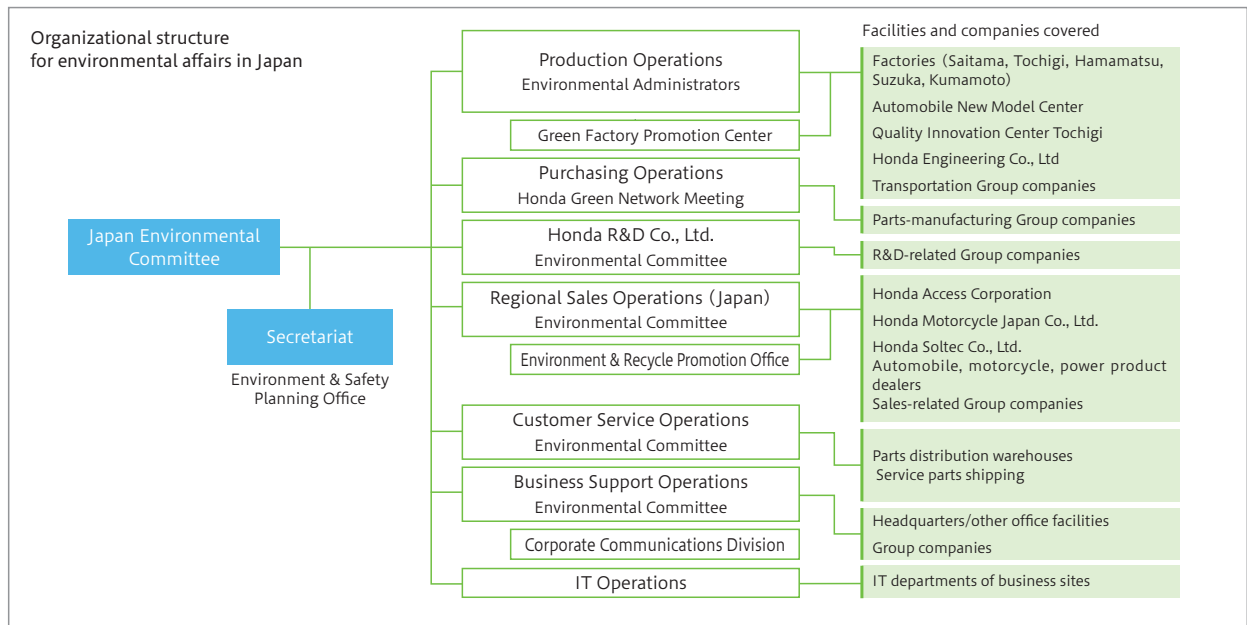
Since launching the Japan Environmental Committee in 1991, Honda has been developing and expanding its institutional framework to put into practice the environmental principles articulated in the Honda Environment Statement. We have also strengthened our environmental auditing and pollution prevention systems, provided associates with solid training, and practiced other principles of an environmentally responsible organization.

1 Environmental management promotion system

In December 1991, we established the Japan Environmental Committee to ensure that environmental initiatives in Japan are executed to the highest standards and to maintain our leadership in the field. The committee holds meetings in each division to promote environmental impact reductions, product and parts recycling, and other improvements at facilities used by each division, in transportation, and at group companies. Executive officers and administrators from production, purchasing, sales, customer service, and business support operations, as well as Honda R&D, all take part in committee activities. The Japan Environmental Committee's role is to propose

mid-term environmental policies and targets based on analysis of social trends related to the environment and to review progress in meeting targets set by each division. It proposes measures to address cross-divisional challenges and strives to maintain and achieve continuous improvements in environmental performance in Japan. Each division (operation) sets its own targets based on the mid-term plans for environmental initiatives decided by the committee, and then follows the PDCA cycle to reduce environmental impacts, including those at associated facilities and group companies, and improve environment-related projects and measures.

Since fiscal 2006, the committee has worked to bolster initiatives at financially consolidated group companies in Japan.



As of June 2012

2 Environmental auditing

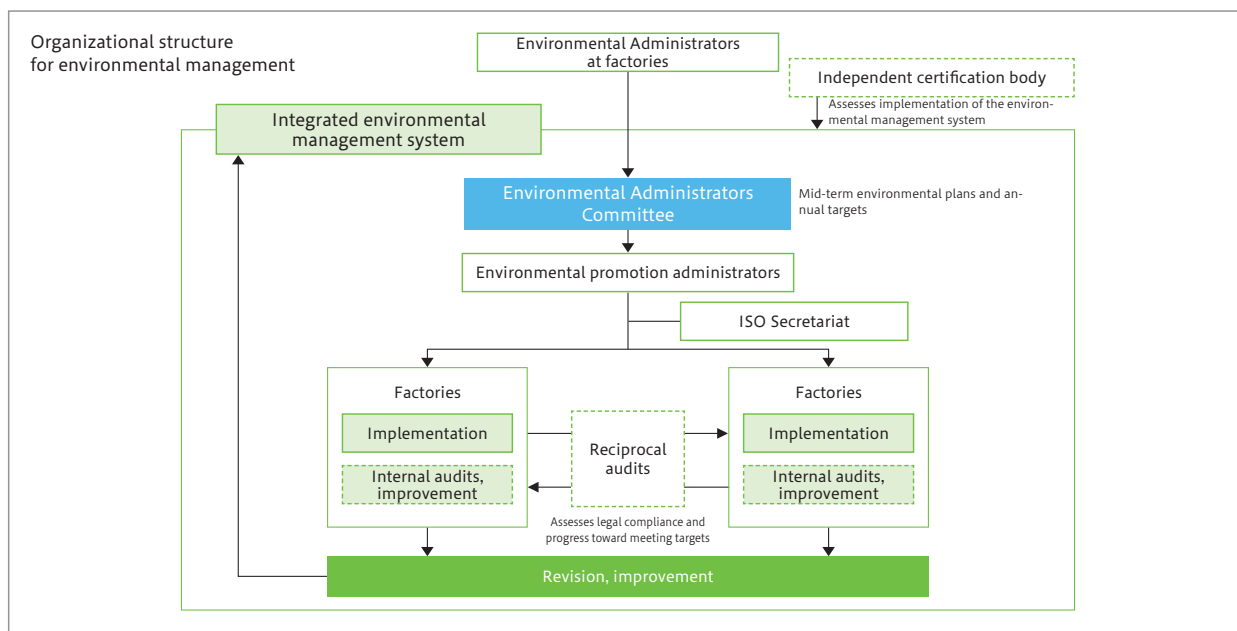
The following is a summary of environmental management activities in production, a part of our operations with a particularly large environmental footprint. Environmental initiatives at production facilities in Japan follow mid-term plans created by the Environmental Administrators Committee and environmental management

programs based on annual targets.

In fiscal 2012, we expanded our integrated ISO 14001 system, which covers environmental management at all five factories (Saitama, Tochigi, Hamamatsu, Suzuka, Kumamoto), to also include management of the Saitama Factory's Ogawa Plant. This means that environmental systems at these factories, previously separate, can now be assessed as a single unit by independent certification bodies.

Operating all five factories under a single environmental management system allows us to capitalize on management practices that are geared toward continuous improvement, including application of the PDCA cycle to legal compliance and environmental measures, and the coordination of environmental policies. This environmental management system is also subject to

internal auditing, including auditing within individual factories and reciprocal auditing between factories. External audits are carried out by certification bodies. Last fiscal year, we took immediate steps to remedy 14 issues that were identified by external audits. We also continued to expand our internal audit capabilities by training 114 additional internal audit staff.



3 Environmental compliance and pollution prevention

Product recalls

In the event of a potential environmental problem 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 environment-related product recalls in fiscal 2012.

Emergency protocol

In anticipation of potential accidents or emergencies that could cause environmental pollution, each factory and division has clearly defined procedures for preventing and mitigating pollution. Emergency drills and training events are held regularly in Japan to increase emergency preparedness.

Legal compliance

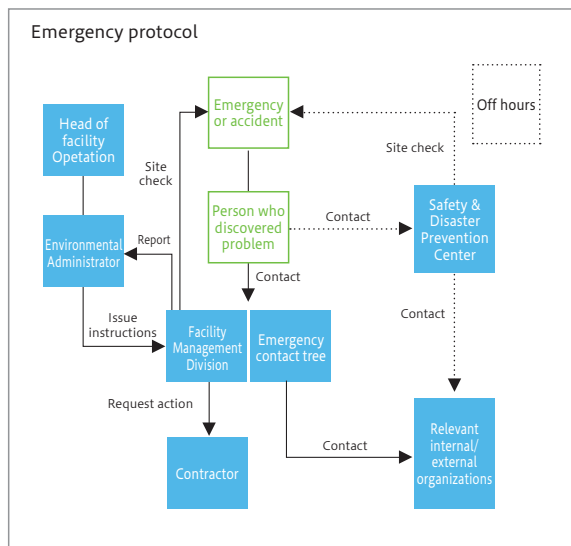
In fiscal 2012, there were two cases of a wastewater pollutant exceeding its regulatory limit. In both cases, we promptly reported the cause of the incompliance as well as our response and resolved the problem in accordance with applicable law. There was one complaint or request pertaining to noise at one of our facilities. We responded promptly and reminded all suppliers and personnel of their responsibility to be proactive in resolving such issues and preventing their recurrence.

For more information, see our Conduct Guideline: <http://world.honda.com/conductguideline/>



Compliance with Japan's PCB Special Measures Law

In fiscal 2012, we properly disposed of four transformers and one high-pressure capacitor containing PCBs. We will continue to properly dispose of the remaining 767 units of transformers, capacitors, and other devices containing PCB oil, annually report storage information to the proper authorities, and manage these devices to prevent leaks and other accidents.



Preventing air and water pollution

To prevent air and water pollution, we set voluntary standards that are more stringent than regulatory limits for plant effluent and exhaust gas from combustion systems, and regularly measure and monitor pollutant amounts.

Other issues

We actively promote activities in our Green Factory Initiative in hope of coexisting harmoniously with the communities around our production facilities.

We have also increased monitoring of soil and groundwater through observation wells at factory sites.

[URL] <http://www.honda.co.jp/environment/data/index.html?id=4-2> (in Japanese only)



4 Environmental education

Grounding associates in environmental management

All of our business sites, subsidiaries, and affiliated companies plan educational programs based on their respective environmental management systems and hold regular classes and training for general personnel, associates who work in hazardous environments, internal environmental auditors, and managers.

We incorporate environmental education into our training curriculum for all new hires to ensure that associates recognize their responsibility toward environmental conservation as an integral part of their duties. The objective of this education is to help new associates understand the significance of the contribution Honda makes to global environmental conservation efforts and encourage them to be environmentally conscious in their own work. Titled “Environmental Initiatives at Honda,” training content is geared toward increasing their awareness and understanding of environmental issues and the scale of the responsibility Honda has to minimize and reduce its environmental impacts as a manufacturer of mobility products. For new associates who undergo hands-on training at factories following their initial training, factory managers brief the associates on environmental policies and initiatives unique to their workplace and foster an understanding of the environmental requirements of manufacturing processes. Associates also receive training whenever they move to a different workplace.

Honda Green Conference

We hold the Honda Green Conference every few years to share best practices for reducing environmental impacts within the Honda Group and to encourage such practices to take root in our organizations.

NH Circles and the Honda Suggestion System

NH Circles are small groups of associates who gather to talk about topics relevant to their workplace and daily living. The abbreviation “NH” stands for “Now, Next and New Honda.” Many of their discussions also touch on important environmental topics such as energy and resource conservation and recycling. Exemplary presentations on topics

discussed are shared with the rest of the Honda Group.

Honda also has a system that encourages associates to propose ways to improve their workplaces and operations. The best suggestions are presented and awarded at an annual convention held at Honda headquarters. A new award, the Special Prize for an Environmental Campaign, was created at the fiscal 2012 convention.

With a growing body of evidence suggesting the world needs to work together to combat environmental problems, programs like these are encouraging Honda associates to have a global awareness and take voluntary action to protect the environment in their daily work and living.

Honda Green Action

To implement environmental initiatives effectively, our associates need to be sensitive to environmental issues and act within their power to effect change. In 2009, Honda Motor Co. launched an initiative to spur individual action, called Honda Green Action, and expanded the initiative to the rest of the Honda Group in 2010.

To encourage individual action, we made Honda Green Action posters and stickers to put on computers, light switches, and other energy outlets to remind associates to save energy. We also created a screensaver for the same purpose. This September, we plan to start an e-learning program designed to spread environmental initiatives proposed by Honda Green Action by advancing associates through increasing levels of action: beginner, intermediate, and advanced. We hope these activities will motivate all our associates to try to reduce environmental impacts in their day-to-day behavior.



Awareness poster featuring Honda Green Action mascot Leaf

5 Environmental accounting

To achieve our environmental vision through practical environmental management, we tally all costs associated with environmental activities and investments and also disclose their material, economic, and customer benefits, including improvements in the overall environmental efficiency of our business. These data not only serve as indicators of our corporate value but are also used as a reference for making administrative decisions regarding environmental innovation. Overall, environment-related investments in fiscal 2012 grew by 55% from the previous fiscal year due to increased investment in research and development for future innovation, despite the completion of certain investment projects started the previous fiscal year, including upgrades to water-based coating facilities to reduce VOC (see note) emissions at the Suzuka Factory, and the installation of 2,381 kilowatts in photovoltaic capacity. Costs declined by 7% from the previous fiscal year overall, despite an increase in management costs associated with further expanding certain environmental initiatives.

Note: VOC (Volatile Organic Compounds): Organic chemical substances that cause photochemical smog and are commonly used in the solvents of paints and thinners.

Cost of environmental conservation activities and investments in fiscal 2012

Category		Major activities and investments	FY2012		FY2011	
			Investment (million yen)	Expenses (million yen)	Investment (million yen)	Expenses (million yen)
Business area costs	Pollution prevention costs	● Air, water, and soil pollution prevention	548	1,682	1,720	2,200
	Global environmental conservation costs	● Global warming mitigation, ozone depletion prevention, and other conservation activities	1,129	709	3,698	576
	Recycling costs	● Waste processing, treatment, reduction, elimination, and recycling	10	882	87	989
Upstream/downstream costs		● Collection, recycling, resale, and proper disposal of products manufactured and sold ● Industry organization and other membership fees	0	868	119	849
Management costs		● Installation, operation, and acquisition of certification for environmental management systems ● Environmental impact monitoring and measurement ● Management and training of associates and organizations responsible for environmental conservation (expenses for environment-related communications activities)	0	5,723	170	4,306
Research and development costs		● Research, development, planning, and design for impact reductions across product life cycles (R&D costs for advanced eco-cars, including EVs and PHVs)	18,287	158,679	7,382	173,293
Local conservation costs		● Environmental improvement measures, including ecosystem protection, cleanups, green space development, and natural landscape conservation ● Local conservation and communication activities (beach cleanups and watershed conservation activities)	0	165	0	222
Environmental damage costs		● Remediation of polluted soil	0	130	0	33
Total			19,974	168,838	13,176	182,468

Note:

- Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Engineering Co., Ltd.
● Accounting period: April 1, 2011, to March 31, 2012
- Some figures are estimated values.
- Guidelines, guidebooks, and other environmental accounting publications by Japan's Ministry of the Environment were used as references.
- Costs are quoted on a cash-flow basis with depreciation costs excluded.

Material benefits

		FY2012	FY2011	Difference
Energy use	TJ	12,500	13,600	-1,100
Water use	1,000 m ³	4,770	4,700	70
CO ₂ emissions	t-CO ₂	553,200	561,200	-8,000
CO ₂ emissions from transportation (as a high-volume shipper)	t-CO ₂	62,100	65,100	-3,000
Total waste generated	t	175,000	166,100	8,900
ASR recycling rate	%	93.3	85.0	8.3%
VOC emissions*	t	2,840	3,030	-190
PRTR emissions	t	770	880	-110

* VOC data were adjusted in 2010.

Economic benefits

● Effect on income and costs

(yen)

		FY2012	FY2011
Income from sale of valuable waste materials		2.8 bil	2.9 bil
Cost reductions from saved energy	From installed technologies	0.2 bil	0.4 bil
	From behavioral changes	0.1 bil	0.1 bil
Total		3.1 bil	3.4 bil

● Customer benefits

We have been driving reductions in CO₂ emissions by improving the fuel efficiencies of our products.

In fiscal 2012, better average fuel efficiency brought our automobile customers in Japan approximately 12.9 billion yen in savings, resulting in a cumulative savings of 189.7 billion yen since fiscal 2001.

● Method used to calculate customer benefits

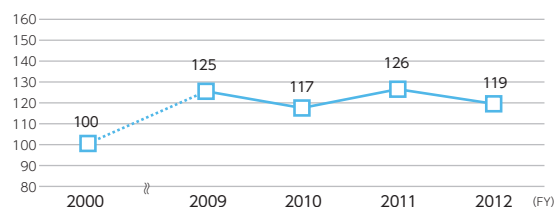
Change in average fuel efficiency¹ each fiscal year × average distance traveled² × average gasoline price in each fiscal year³ × number of vehicles owned⁴

- Based on a 10-15 mode test cycle
- Average distance traveled per year according to the motor vehicle transportation statistics compiled by Japan's Ministry of Land, Infrastructure and Transport (=10,000 km)
- Source: Oil Information Center, the Institute of Energy Economics, Japan
- Cumulative total, taking into account new vehicle sales and average vehicle history

Environmental efficiency

We use the following formula to define and measure the environmental efficiency of our business activities and promote continuous improvement in environmental management. While net sales stalled in fiscal 2012 as a result of the Great East Japan Earthquake and Thai floods, environmental efficiency was still 19% higher than it was in 2000.

Environmental efficiency = Environmental impact (CO₂ emission) ÷ Business size (net sales)

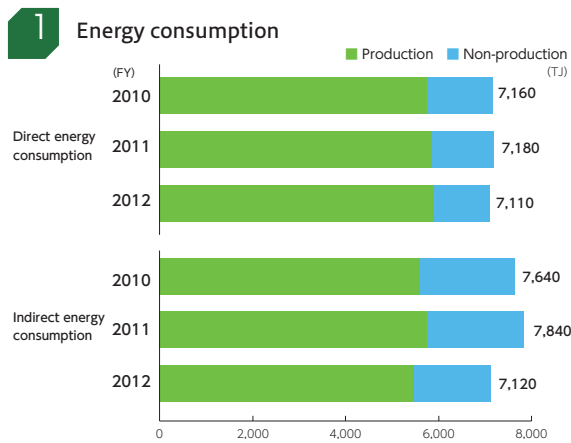


Environmental Impact in Japan

Through our Green Factory initiative, we strive to make our production facilities in Japan the pride of the communities in which they operate. We are working to conserve energy, cut waste, and reduce environmental impacts in other areas as well by promoting green logistics, green dealers, and green offices.

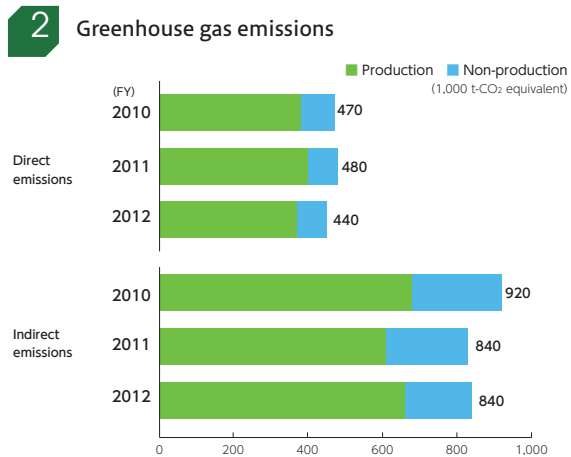
Note:

1. Some data were necessarily estimated due to the effects of the Great East Japan Earthquake.
2. Historical figures have been adjusted to reflect an increase in the number of companies covered and more detailed analysis of the data.
3. Totals with more than three digits have been rounded to three significant digits.



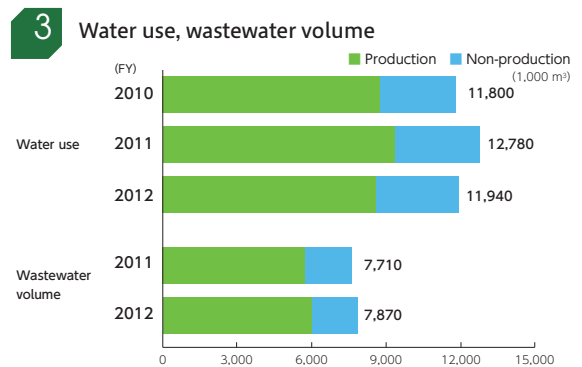
Companies covered: All consolidated subsidiaries and affiliated companies in the Honda Group in Japan

- Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.
- Calculations based mainly on energy consumed by stationary sources.
- A terajoule (TJ) is a unit of energy, "tera" meaning 10^{12} .



Companies covered: All consolidated subsidiaries and affiliated companies in the Honda Group in Japan

- For information about greenhouse gas calculation methods, see the METI (2004) "Greenhouse Gas Emissions Calculation and Reporting Manual" and WRI/WBCSD (2004) "The Greenhouse Gas Protocol (Revised Edition)."
- CO₂ emissions from purchased electricity are calculated for each utility based on the latest emission factors.
- Calculations based mainly on emissions from stationary sources.

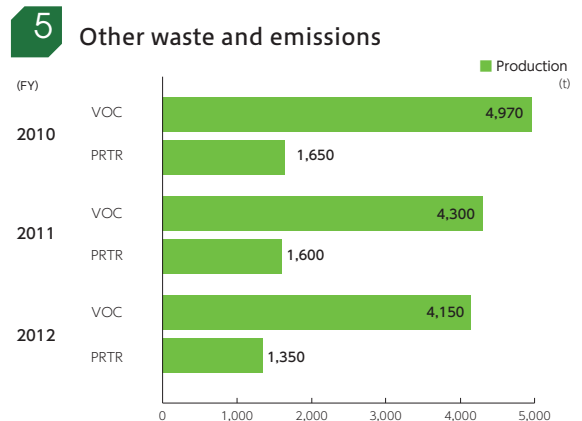


Companies covered (FY2012): All consolidated subsidiaries and affiliated companies in the Honda Group in Japan

- Non-production companies added in fiscal 2009.
- Wastewater volumes added in fiscal 2011.
- Some non-production facilities provided estimates for wastewater volume data.



Companies covered (FY2012): All consolidated subsidiaries and affiliated companies in the Honda Group in Japan



Companies covered (FY2012): Honda Motor Co., Ltd. and most production-related subsidiaries and affiliated companies

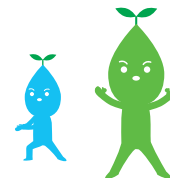
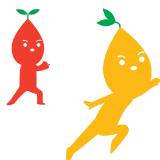
- Data from fiscal 2010 includes some non-production companies, but from fiscal 2011 we narrowed our reporting down to only production companies with a large impact.

The Seven Domains of Honda Business Activities

To facilitate progress in reducing the environmental impacts of its actual business activities, Honda divides its business activities into seven domains, one for each stage in the lives of its products—from development through end-of-life. Each domain sets its own annual and mid-term policies and targets for environmental initiatives.



<p>Product development initiatives</p> <p>Details: Page 50</p> 	<p>Transportation initiatives</p> <p>Annual targets and results: Page 48 Details: Page 66</p> 
<p>Purchasing initiatives</p> <p>Annual targets and results: Page 48 Details: Page 60</p> 	<p>Sales and services initiatives</p> <p>Annual targets and results: Page 48 Details: Page 69</p> 
<p>Production initiatives</p> <p>Annual targets and results: Page 48 Details: Page 63</p> 	<p>Product recycling initiatives</p> <p>Annual targets and results: Page 48 Details: Page 71</p> 
<p>Administration initiatives</p> <p>Annual targets and results: Page 48 Details: Page 75</p> 	



Targets and Results for Fiscal 2012, Targets for Fiscal 2013

In fiscal 2012, we implemented a wide range of initiatives to achieve the strict targets we set for each domain. Despite unexpected movements in some of the results from fiscal 2012, we will strive to reduce our environmental impact even further as we pursue the fiscal 2013 targets.

Domain		Policy		FY2012 targets	
	Purchasing	Promote "green purchasing"	Energy and resource conservation at suppliers ¹	Suppliers ¹ : reduce per-unit greenhouse gas emissions	
			Zero waste and emissions ² at suppliers ¹	Suppliers ¹ : measure water use and reduce per-unit water use	
				Suppliers ¹ : continue zero landfill waste initiatives	
				Suppliers ¹ : measure waste generation and reduce per-unit waste generation	
			Continue to manage chemicals in accordance with the Honda Chemical Substance Management Standard		
	Production	Promote "green factories"	Energy and resource conservation	CO ₂ emissions per automobile produced: 1% reduction from last FY	
			Zero waste and emissions ²	CO ₂ emissions per motorcycle produced: 1% reduction from last FY	
				Maintain current levels of per-unit water use	
				Maintain zero landfill waste performance	
			Maintain current per-unit amount of waste generation		
			Maintain current levels of per-unit VOC ³ emissions		
	Transportation	Promote "green logistics"	Improve transportation efficiency	Per-unit CO ₂ emissions: 1% reduction from last FY (finished vehicle and component parts set ⁴ distribution)	
			Use less packaging	Per-unit CO ₂ emissions: 53% reduction from FY2001 (transportation of service parts)	
				Per-unit CO ₂ emissions from warehouses: 40% reduction from FY2001	
				Packaging per unit of component parts set ⁴ : 1% reduction from last FY	
			Service parts: Continue to simplify packaging materials		
	Sales and services	Automobiles	Promote "green dealers"	Increase energy efficiency	Per-unit CO ₂ emissions from automobile sales companies (consolidated subsidiaries and affiliated companies): 1% reduction from last FY
		Motorcycles			Per-unit CO ₂ emissions from motorcycle sales companies (consolidated subsidiaries): 1% reduction from last FY
		Power products			Per-unit CO ₂ emissions from power products sales companies (consolidated subsidiaries): 1% reduction from last FY
	Product recycling (3Rs)	Automobiles	Properly process end-of-life automobiles	Maintain stable operation of recycling systems	
		Motorcycles	Properly process end-of-life motorcycles	Recycle materials from end-of-life automobiles	
		Service parts	Collect and increase reuse of parts	Maintain stable operation as a back-up motorcycle recycling system	
				Continue to collect and reuse reusable parts	
			Expand collection of IMA batteries		
	Administration	Promote "green offices"	Energy conservation	CO ₂ emissions from all facilities of 14 group companies in Japan ⁵ : 1% reduction from last FY	
			Use resources effectively	Waste generated by all facilities of 14 group companies in Japan ⁵ : 1% reduction from last FY	
				Maintain current levels of per-unit water use	
	Honda R&D	Promote "green laboratories"	Energy and resource conservation	Per-unit CO ₂ emissions: 17% reduction from FY2001	
			Zero waste and emissions ²	Per-unit water use: 35% reduction from FY2001	
				Per-unit waste generation: 41% reduction from FY2001	
				Continue to reduce emissions of PRTR ⁶ -listed substances	
	Honda Engineering	Promote "green factories"	Energy and resource conservation	Per-unit CO ₂ emissions: 13% reduction from FY2001	
			Zero waste and emissions ²	Per-unit water use: 7% reduction from last FY	
				Per-unit waste generation: 10% reduction from FY2007	
				Continue to reduce emissions of PRTR ⁶ -listed substances	
	Honda Access	Promote "green offices"	Energy conservation	Per-unit CO ₂ emissions: 18% reduction from FY2001	
			Use resources effectively	Per-unit waste generation: 23% reduction from FY2001	
				Per-unit water use: 3% reduction from FY2009	
		Promote "green logistics"	Improve transportation efficiency	Per-unit CO ₂ emissions from transportation: 2% reduction from FY2010 ⁸	

○ : Achieved, △ : ≥95% achieved, × : <95% achieved

1. All direct suppliers of consolidated group companies.
2. Zero waste and emissions initiatives: Efforts to reduce waste and environmental pollutants to as close to zero as possible.
3. VOC (Volatile Organic Compounds): Organic chemical substances that cause photochemical smog and are commonly used in the solvents of paints and thinners.
4. Component parts set: A sets of parts exported for final assembly in the product's target market.
5. For fiscal 2012 data, includes all nine office buildings (Aoyama, Wako, Shirako, Yaesu, Sapporo, Sendai, Nagoya, Osaka, Fukuoka) of Honda Motor Co., Ltd. and all facilities of 12 consolidated group companies and one educational institution in Japan: Mobilityland Corporation, Honda Kaihatsu Co. Ltd., Honda Sun Co., Ltd., Honda Commtec Inc., Honda Airways Co., Ltd., Honda Trading Corporation, Honda Finance Co., Ltd., Rainbow Motor School Co., Ltd., Kibonosato Honda Co., Ltd., Honda R&D Sun Co., Ltd., Circuit Service

- Creates, Japan Race Promotion Inc., and Honda Technical College. (Japan Techno Co., Ltd. and KP Tech Co., Ltd. were liquidated in fiscal 2012.)
6. PRTR (Pollutant Release and Transfer Registers) are national or regional databases of information on the environmental release and off-site transfer of potentially hazardous chemical substances from industrial and other facilities.
 7. Changed to per unit of contracted research and development expenses.
 8. Baseline year stated in last year's report was corrected.

Note: An outline of fiscal 2012 achievements in product development is shown on page 50.

- Ongoing targets●
- Automobiles: At least 90% recyclable for all new and completely redesigned models
- Motorcycles: At least 95% recyclable ·Power products: At least 95% recyclable

FY2012 results	Score	FY2013 targets	See
Per-unit CO ₂ emissions: reduced by 18.8% from FY2001	○	Suppliers ¹ : reduce per-unit CO ₂ emissions	P.62
Per-unit water use: reduced by 10.8% from FY2009	○	Suppliers ¹ : reduce per-unit water use	P.62
Suppliers ¹ : continued zero landfill waste initiatives	○	Suppliers ¹ : continue zero landfill waste initiatives	P.62
Per-unit waste generation: reduced by 3.5% from FY2009	○	Suppliers ¹ : measure waste generation and reduce per-unit waste generation	P.62
Continued to manage chemicals in accordance with the Honda Chemical Substance Management Standard	○	Continue to control chemicals used in products in accordance with Honda's chemical control standards	P.61
CO ₂ emissions per automobile produced: reduced by 7% from FY2011	○	CO ₂ emissions per automobile produced: 2% reduction from FY2011	P.64
CO ₂ emissions per motorcycle produced: reduced by 18% from FY2011	○	CO ₂ emissions per motorcycle produced: 2% reduction from FY2011	P.64
Per-unit water use: reduced by 11% from FY2011	○	Maintain current levels of per-unit water use	P.64
Maintained zero landfill waste performance	○	Maintain zero landfill waste performance	P.65
Per-unit waste generation increased by 4% from FY2011	△	Maintain current per-unit amount of waste generation	P.65
Per-unit VOC emissions (automobiles): reduced by 12% from FY2011	○	Maintain current levels of per-unit VOC ³ emissions	P.65
Per-unit CO ₂ emissions: reduced by 4% from FY2011	○	Per-unit CO ₂ emissions: 10% reduction from FY2007 (finished vehicle and component parts set ⁴ distribution)	P.67
Per-unit CO ₂ emissions: reduced by 51% from FY2001 (transportation of service parts) Note: Reduced by 53% from FY2001 if excluding increase in import and transportation resulting from the Thai floods	○	Per-unit CO ₂ emissions: 53% reduction from FY2001 (transportation of service parts)	P.68
Per-unit CO ₂ emissions from warehouses: reduced by 42% from FY2001 (service parts)	○	Per-unit CO ₂ emissions from warehouses: 41% reduction from FY2001	P.68
Packaging per unit of component parts set increased by 5% from FY2011	×	component parts set ⁴ : Continue to reduce packaging materials	P.68
Service parts: Continue to simplify packaging materials	○	Service parts: Continue to simplify packaging materials	P.68
Per-unit CO ₂ emissions from automobile dealers (consolidated subsidiaries and affiliated companies): reduced by 12.7% from FY2011	○	Per-unit CO ₂ emissions from automobile dealers (consolidated subsidiaries and affiliated companies): 2% reduction from FY2011	P.70
Per-unit CO ₂ emissions from motorcycle dealers (consolidated subsidiaries): reduced by 17.3% from FY2011	○	Per-unit CO ₂ emissions from motorcycle dealers (consolidated subsidiaries): 2% reduction from FY2011	P.70
Per-unit CO ₂ emissions from power product dealers (consolidated subsidiaries): reduced by 9.4% from FY2011	○	Per-unit CO ₂ emissions from power product dealers (consolidated subsidiaries): 2% reduction from FY2011	P.70
Maintained operation of recycling systems	○	Maintain operation of recycling systems	P.73
Recycled resin (polypropylene) from 230,000 replacement bumpers	○	Continue efforts	P.71
Maintained stable operation as a back-up for motorcycle recycling systems	○	Maintain stable operation as a back-up motorcycle recycling systems	P.74
Continued to reuse torque converters (1,098 units)	○	Continue to collect and reuse high-function parts	P.73
Collected 2,203 IMA batteries	○	Continue to collect IMA batteries	P.73
CO ₂ emissions from all 14 facilities ⁵ : reduced by 4.5% from FY2011	○	CO ₂ emissions from all 14 facilities: 2% reduction from FY2011	P.77
Waste generated by all 14 facilities ⁵ : reduced by 2.2% from FY2011	○	Waste generated by all 14 facilities: 2% reduction from FY2011	P.77
Per-unit water use at 9 office buildings ⁵ : reduced by 12.6% from FY2010	○	Per-unit water use at all 14 facilities: 2% reduction from FY2011	P.77
Per-unit CO ₂ emissions: reduced by 32% from FY2001	○	Per-unit ⁷ CO ₂ emissions: 5% reduction from FY2001	P.78
Per-unit water use: reduced by 35% from FY2001	○	Per-unit ⁷ water use: 20% reduction from FY2001	P.78
Per-unit waste generation: reduced by 36% from FY2001 Note: Reduced by 43% if excluding waste resulting from the Great East Japan Earthquake	○	Per-unit ⁷ waste generation: 30% reduction from FY2001	P.79
Per-unit waste and emissions of PRTR ⁶ -listed substances: reduced by 69% from FY2003	○	Continue to reduce per-unit waste and emissions of PRTR ⁶ -listed chemical substances	P.78
Per-unit CO ₂ emissions: reduced by 56% from FY2001	○	Per-unit CO ₂ emissions: 14% reduction from FY2001	P.80
Per-unit water use: reduced by 27% from FY2011	○	Per-unit water use: 27% reduction from FY2011	P.80
Per-unit waste generation: reduced by 25% from FY2007	○	Per-unit waste generation: 7% reduction from FY2011	P.80
Per-unit waste and emissions of PRTR ⁶ -listed substances: reduced by 80% from FY2011	○	Continue to reduce per-unit waste and emissions of PRTR ⁶ -listed substances	P.80
Per-unit CO ₂ emissions: reduced by 41% from FY2001	○	Per-unit CO ₂ emissions: 19% reduction from FY2001	P.81
Per-unit waste generation: reduced by 36% from FY2001	○	Per-unit waste generation: 24% reduction from FY2001	P.81
Per-unit water use: reduced by 3% from FY2009	○	Per-unit water use: 4% reduction from FY2009	P.81
Per-unit CO ₂ emissions from transportation: reduced by 25% from FY2010	○	Reduce per-unit CO ₂ emissions from transportation: 3% reduction from FY2010	P.81

Honda Business Activities



Perfecting technology for the next generation

Product Development

At Honda, we're driving progress in the reduction of environmental impacts from product use, the most significant of stages in the life cycles of mobility and power products. We refine technologies by setting strict voluntary targets for a number of development objectives, such as better fuel efficiency (lower CO₂ emissions), cleaner emissions, and increased use of alternative energies, as we aim to create better relationships between people, our products, and the Earth.

Major initiatives and environmental technologies in the product development domain			
	Automobiles	Motorcycles	Power products
Better fuel efficiency	<ul style="list-style-type: none"> • Earth Dreams Technology 	<ul style="list-style-type: none"> • Next-generation eSP engine for small scooters • New Mid Concept series 	<ul style="list-style-type: none"> • Single-stage snowblower series • Two-stage hybrid snowblower series • BF250
Cleaner emissions	<ul style="list-style-type: none"> • Total emissions reduction • Expanding low-emission vehicle lineup 	<ul style="list-style-type: none"> • Four-stroke engine technologies • PGM-FI technologies • Catalytic converter technologies 	<ul style="list-style-type: none"> • Single-stage snowblower series • Two-stage hybrid snowblower series • BF250
Alternative energy deployment	<ul style="list-style-type: none"> • FCX Clarity FCEV with power supply capability 	<ul style="list-style-type: none"> • Leasing the EV-neo 	<ul style="list-style-type: none"> • Graspera electric push mower
Sustainable design	<ul style="list-style-type: none"> • N BOX 	<ul style="list-style-type: none"> • NC700X 	<ul style="list-style-type: none"> • Two-stage hybrid snowblower series
	Initiatives/technologies to promote reduction, reuse, and recycling (3Rs)		
	Initiatives/technologies to reduce chemicals (four heavy metal substances) in products		
Quieter operation	<ul style="list-style-type: none"> • Engine noise reduction technologies • Air intake noise/radiated sound reduction technologies • Exhaust noise/radiated sound reduction technologies 	<ul style="list-style-type: none"> • Noise reduction technologies • Sensitivity research 	<ul style="list-style-type: none"> • iGX/GX • MCHP1.0K2

Product Development



FEATURE N BOX technology

The Honda N BOX, released in December 2011, is a revolutionary new mini-vehicle with a completely revamped platform and powertrain, a dramatically larger and more comfortable interior space, and enhanced safety and environmental performance, all available at an affordable price.

1 Powertrain technology

Applying our newly developed Earth Dreams Technology engine and continuously variable transmission (CVT) helped us achieve class-leading driving performance and fuel economy in the same vehicle. The N BOX boasts a gas mileage that complies with the Ministry of Land, Infrastructure, Transport and Tourism's FY2010 fuel economy standard +25% (FY2010 +15% standard for turbocharged model), and its small engine compartment, made possible with a more compact engine and CVT, leaves room for one of the most spacious interiors of any mini-vehicle on the Japanese market*.

Note: Honda internal research based on the current light vehicle standard (as of November 2011).

Newly developed engine for mini-vehicles

We packed the new N BOX engine with technologies never before seen in a Honda mini-vehicle to make it smaller, lighter, more powerful, and more fuel-efficient.

We achieved the highest power output and torque in the mini-vehicle class by adopting a dual overhead camshaft (DOHC) valve train and continuously variable valve timing control (VTC) for more efficient intake, as well as more compact combustion chambers for greater thermal efficiency. For better fuel performance, we reduced friction throughout the engine by using low-tension piston rings and low-friction oil seals, a patterned piston coating, swing-arm rocker arms, and other technologies, by adding rollers to points of contact on the camshaft, and by reducing workload at low to medium engine speeds with a two-stage oil pressure relief valve. An idle-stop system (not available in the turbocharged model) reduces wasteful fuel consumption, thus enhancing efficiency, by automatically stopping the engine when the car is not moving.

By itself, the N BOX engine is at least 15% lighter than conventional mini-vehicle engines—yet another feature contributing to higher fuel efficiency. We reduced weight by using thinner walls in the cylinder block and other castings, reducing bolt thread diameters, using a shorter bore spacing, trimming weight off the catalytic converter and air filter, and adopting a hydraulic lash adjuster for reduced maintenance.

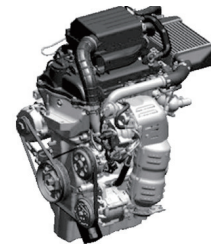
Newly developed CVT for mini-vehicles

We developed a new CVT—the first CVT for a Honda mini-vehicle—and put it in all types of the new N BOX. The CVT's ability to change freely among an infinite number of gear ratios keeps the engine running at a high thermal efficiency and, thus, better fuel performance than existing automatic transmission (AT) vehicles. Also, because

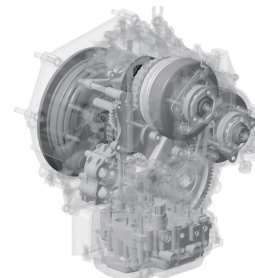
Newly developed three-cylinder 660-cc DOHC engine



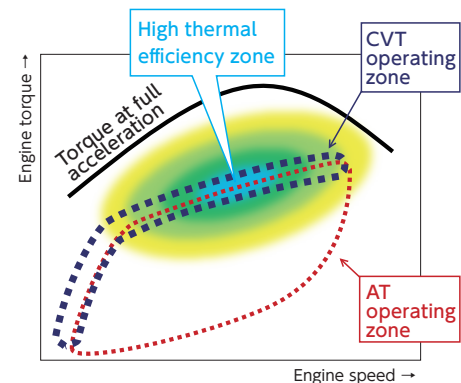
Newly developed three-cylinder 660-cc DOHC turbo engine



CVT with parallel-axis primary reduction unit



How a CVT enhances fuel efficiency



The CVT's ability to change freely among an infinite number of gear ratios keeps the engine running at a high thermal efficiency and thus better fuel performance than existing ATs.

CVTs typically receive higher input torque from the engine and transmit torque more efficiently at lower RPMs, we adopted a means of increasing torque per revolution by mounting a primary speed reduction unit in front of the pulley.

We also made the CVT more compact by reducing its length through careful placement of control devices. And simplifying the transmission case structure and reducing the parts count allowed us to achieve one of the lightest CVTs of any used in a mini-vehicle.

2 Body weight reduction technologies

In addition to its new engine and CVT, the N BOX also features a new, lighter, and more rigid body design. By redeveloping manufacturing processes and using tailored blanks and an all-in-one hot stamping and trimming process, we came up with a sturdier body structure that is also more efficient to produce. We also achieved a roughly 10% lighter body-in-white weight than if the same body were manufactured using conventional technologies.

More efficient joint structure with inner frame

Our original approach to assembling car bodies involved first assembling the roof and side panels and then joining them to the floor. Instead, with the N BOX, we first join the inner frame of the sub-assembled side panels to the floor and then attach the outer panels; in other words, we build a skeleton and then cover it with skin. This not only produces a stronger joint structure, since it allows us to spot-weld major frame components directly instead of joining them with bolts, but it also renders bolts and gusset plates (panels used to reinforce joints) unnecessary, thus reducing weight.

New body and chassis design for a safer drive

■ Lighter, high-strength steel side panels thanks to tailor welding process¹

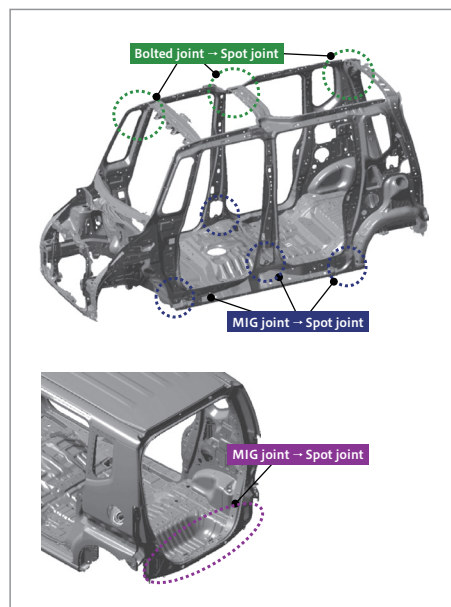
We used tailor-welded blanks, structural parts made of multiple steel sheets of varying thickness and strength, for the large outer side panels. Using 1.6 mm 590-MPa high-tensile steel on the bottom half of the panels helps us satisfy strength requirements without the need for reinforcements, thereby cutting excess weight.

1: The process of welding multiple steel sheets of different thicknesses and grades together, placing each type of steel exactly where it is needed and thus realizing the same strength with less weight.

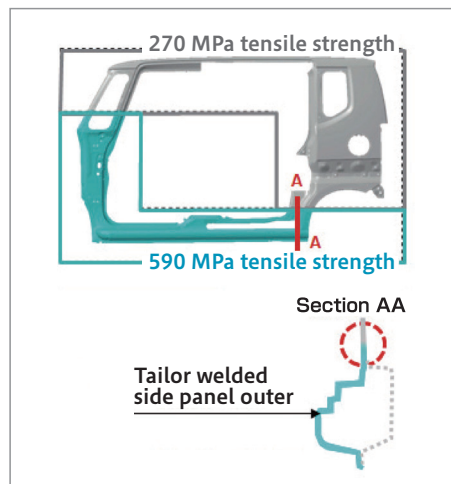
■ Ultra-high strength stiffeners achieved with new hot-stamping technology

Hot metal stamping is the process of forming and strengthening steel by stamping it at a very high temperature and then cooling it down quickly. Typically, steel hardened by hot stamping requires a laser to cut, but we developed a new trimming process that can cut the steel while it is being stamped, thus reducing processing time and cost. Applying this new technology to the interior center pillar stiffeners in our N BOX mini-vehicle, we boosted steel strength to an ultra-high 1,500 MPa and met our strength requirement with a steel thickness of only 1.0 mm where it usually takes 1.6 mm just to reach 980 MPa.

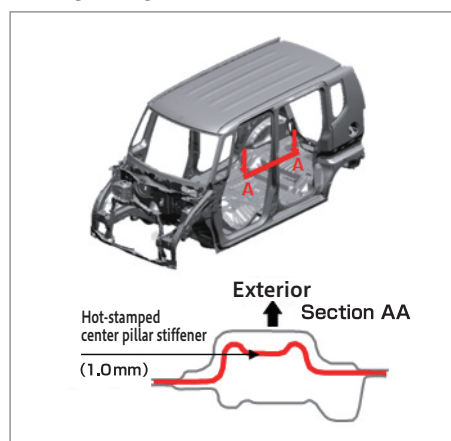
Locations where joint type was changed



Lightweight, high-strength steel side panel



Ultra-high-strength stiffener





Automobiles

1 Better fuel economy

Introducing new efficiency technologies

Honda has introduced a wide range of technologies to improve fuel efficiency and reduce CO₂ emissions, a key contributor to climate change. After releasing the Fit Hybrid in fiscal 2011, we further expanded our lineup of hybrid vehicles in fiscal 2012, including the newly launched Fit Shuttle Hybrid and Freed Hybrid. We also introduced new gas-powered models with improved fuel efficiency. The average fuel efficiency was approximately 51.7% better in fiscal 2012 than in fiscal 2001.

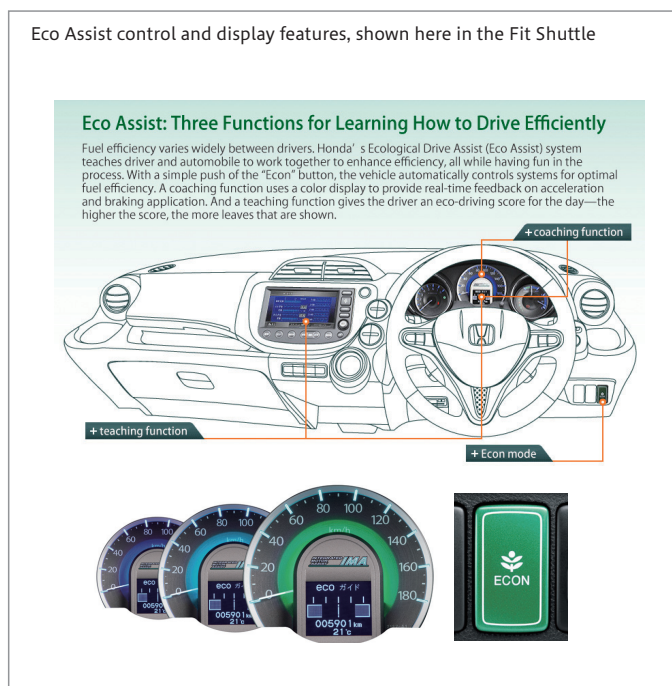
Approximately 89.5% of all Honda passenger cars sold in fiscal 2012 exceeded the FY2010 fuel economy standards by 15% or more, including 13 product types (14 models) that complied with the FY2015 fuel economy standards.

Eco-driving support systems

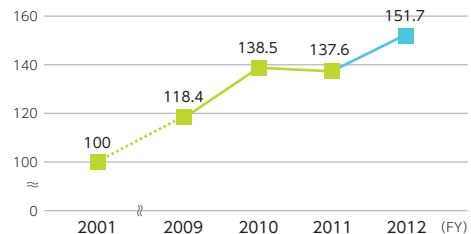
We equip many of our models with tools for helping drivers apply fuel-efficient driving techniques. In addition to fuel economy meters and other eco-driving support systems, we have been installing our Ecological Drive Assist (Eco Assist)² system in a growing number of vehicles. This system is designed to help drivers improve their fuel efficiency by providing real-time feedback on their car operation and also optimally controlling air conditioning and other systems.

In fiscal 2012, eco-driving support systems were installed in 98.3% of passenger cars sold in Japan, with 50.8% of vehicles featuring an Eco Assist system.

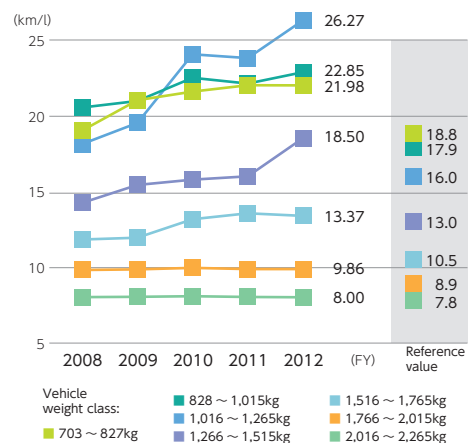
2. The Eco Assist system works in multiple ways. In "Econ" mode, priority is given to fuel economy, and the vehicle automatically controls the engine, motor, CVT, and air conditioning system to effectively improve fuel efficiency. It also includes a coaching function, which changes the background color of the speedometer according to how efficiently acceleration and braking are applied, and a coaching function that shows the driver's eco-driving score.



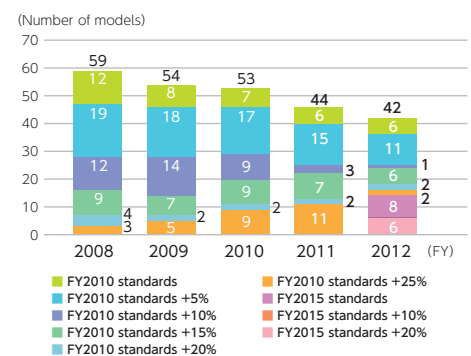
Average automobile fuel efficiency in Japan (FY2001=100)



Average fuel efficiency of vehicles that comply with the FY2010 standards, classified by weight



Number of models that meet or exceed the FY2010 or FY2015 fuel economy standards



Percentage of vehicles with eco-driving support systems



2 Cleaner exhaust emissions

Reducing hydrocarbon and nitrogen oxide emissions

Recognizing the health and environmental benefits of cleaner exhaust emissions from gas-powered vehicles, we have been working to reduce levels of carbon monoxide (CO), hydrocarbons (HC), and nitrogen oxides (NOx). In fiscal 2012, we reduced HC emissions by 88.8% and NOx emissions by 84.8% from fiscal 2001 levels.

Sales results for certified low-emission vehicles

All Honda automobile types launched in Japan since fiscal 2004 have been fully compliant with the 2005 exhaust emission regulations, with an increasing number of types being certified as ultra-low or super-ultra-low (three or four-star) emission vehicles. In fiscal 2012, 561,178 vehicles, or 98.2% of all passenger cars sold, met these certification criteria. And the large majority of those, or 96.1% of all Honda passenger cars sold, were certified as super-ultra-low-emission vehicles (SU-LEV), defined as having at least 75% cleaner emissions than required by the 2005 regulations.

Automobile types sold in FY2012 with low-emission certification
(2005 regulations)

Super-ultra-low-emission vehicle (75% reduction): seven types

Fit Shuttle, Fit Shuttle Hybrid, Freed Hybrid,
Freed Spike Hybrid, CR-V, N BOX, N BOX Custom

3 Alternative energy deployment

Bringing next-generation mobility system to Saitama Prefectural Office

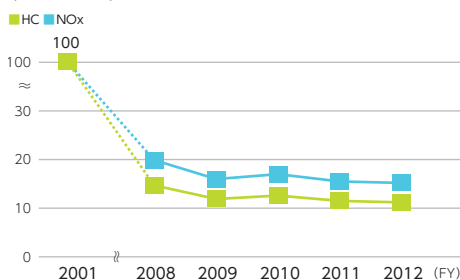
In March 2012, working in collaboration with Saitama Prefecture and Iwatani Corporation under commission by Japan's Ministry of the Environment, we installed Japan's first solar-powered hydrogen station at the Saitama Prefectural Office near Tokyo. The station, which produces, stores, and supplies hydrogen with zero CO₂ emissions, represents another step forward in our effort to help build a low-carbon Japanese economy.

The high-pressure electrolyzer we developed for our new solar hydrogen station has eliminated the need for the compressor used in the previous system by integrating the electrolysis and compression processes, and can produce approximately 1.5 kilograms of hydrogen in 24 hours with less noise and in less space than the original unit.

Meanwhile, by providing the FCX Clarity as a public vehicle, we hope to demonstrate its CO₂ reduction benefits in a real-life urban environment. We fitted the vehicle with a power supply unit, making it capable of supplying electricity at an amount roughly equivalent to the electricity consumed by the average Japanese household across six days. The demonstration test will also confirm the practicality of using the vehicle as a source of power for daily activities and for transporting power in times of emergency.

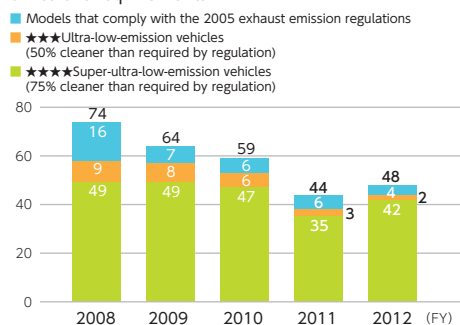
Seeing fuel cells as the ultimate clean energy solution, we have been proactively developing technologies to support alternatives to fossil fuels, reduce emissions, and lessen the impacts of mobility and energy use on the global climate.

HC and NOx emissions from Honda vehicles in Japan (FY2001=100)



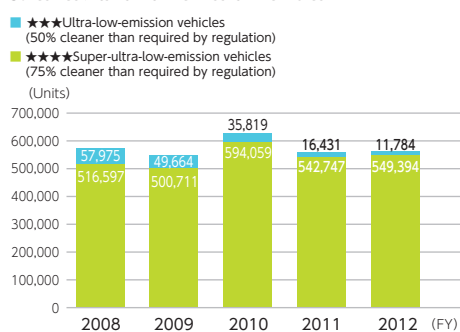
Excluding emissions from light and heavy-duty trucks. Total HC and NOx emissions for fiscal 2004, the year when the certification system for low-emission vehicles was introduced following introduction of the 2005 exhaust emission regulations, were calculated by combining emissions from models subject to exhaust emission regulations from 2000 and earlier, which used the 10-15 mode test cycle, and emissions from models subject to the 2005 exhaust emission regulations, which used a new test mode. Non-methane hydrocarbons (NMHC) were calculated for total HC emissions from models subject to the 2005 exhaust emission regulations.

Number of models that meet or exceed exhaust emissions requirements



Excluding two models of light-duty trucks that comply with the 2007 exhaust emission regulations

Sales results for low-emission vehicles



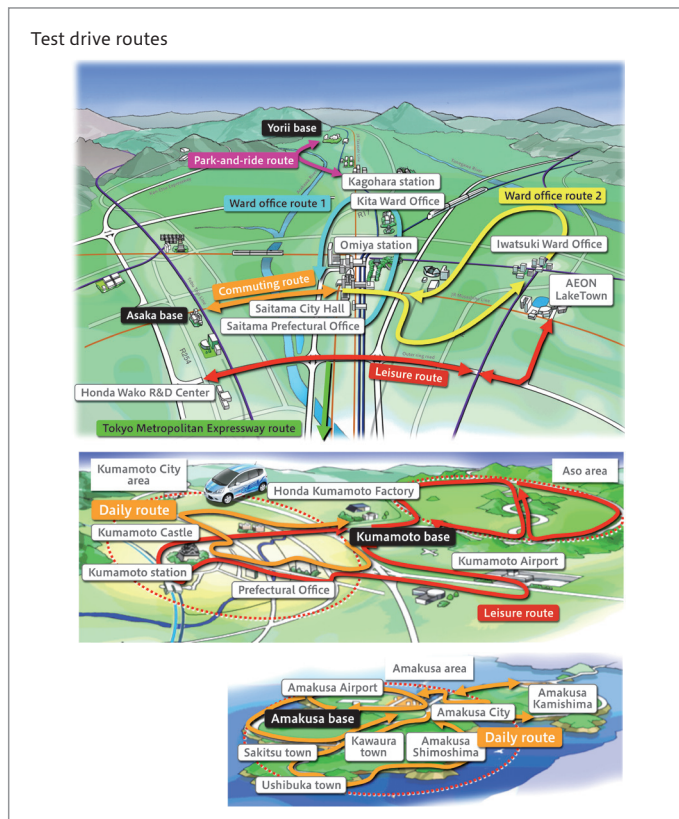
FCX Clarity and solar hydrogen station installed at the Saitama Prefectural Office



EV/PHEV demonstration testing

We embarked on the development of electric vehicle (EV) technologies in the latter half of the 1980s. In 1997, we leased our first EV model, the EV Plus, in Japan and the U.S. We later improved the electromotive technologies we developed for the EV Plus to develop and popularize the hybrid vehicle (HEV), and also carried out research and development for the fuel cell electric vehicle (FCEV) as the ultimate environmental technology. In the meantime we have also made progress developing the plug-in hybrid electric vehicle (PHEV), the next stage in the evolution of hybrid technologies, as well as new EV models incorporating the latest FCEV technologies.

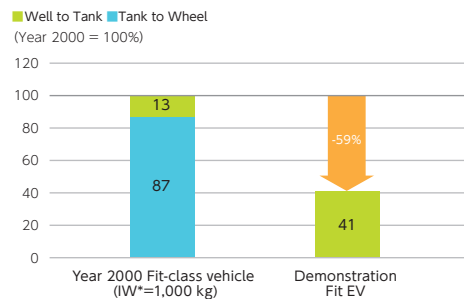
To identify and remove obstacles to the full-fledged public adoption of EVs and PHEVs, we are conducting demonstration testing of next-generation personal mobility systems in collaboration with Kumamoto Prefecture, Saitama Prefecture, and Saitama City to confirm their potential role in the future of mobility and their effectiveness in reducing CO₂ emissions. In demonstration tests begun in December 2010, our own associates test drove these vehicles on routes set up to reflect a variety of real-life driving conditions. The tests yielded valuable results, including actual cruising distance and effectiveness in reducing CO₂ emissions and fuel costs. In December 2011, we began other test drives, this time engaging local government employees and general consumers as drivers. Going forward, we plan to conduct tests to demonstrate not just CO₂ reductions but also the potential of these systems to provide greater convenience and a quality of life for their users through park-and-ride, carpooling, carsharing, and other community-oriented applications. By conducting these tests, we hope to join consumers in the creation of comfortable low-carbon lifestyles.



EV demonstration test vehicle



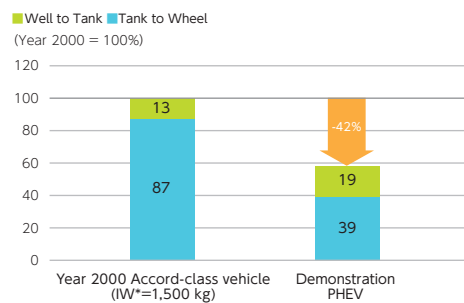
CO₂ emissions reduction benefits (Honda estimates)



PHEV demonstration test vehicle



CO₂ emissions reduction benefits (Honda estimates)



*Inertia weight

Motorcycles

1 Better fuel efficiency

In fiscal 2012, we announced the introduction of two new engine types targeting the global market for motorcycle and scooter products: a 125-cc and a 700-cc engine, both with powerful output features and improved fuel efficiency for reduced CO₂ emissions.

Engines from 100 to 150 cc in size are widely used in small commuter bikes around the world, particularly in Southeast Asia and Europe. Our new 125-cc engine realizes a more than 25% fuel-efficiency improvement¹ compared to existing liquid-cooled single-cylinder four-stroke engines for scooters in the same class.

Our 700-cc engine is a liquid-cooled 2-cylinder four-stroke engine based on a new development concept targeting the mid-class range for motorcycles in Europe², and realizes a more than 40% fuel-efficiency improvement from existing engines in the same class.

- 1. Honda measurement
- 2. Equivalent to a small motorcycle in the large motorcycle license category in Japan

Enhanced Smart Power (eSP) engine for small scooters

In our new eSP engine, we worked not only to reduce friction with the kind of technologies adopted in the first-generation PCX (introduced in Thailand in November 2009, in Japan in March 2010), including an offset cylinder and roller rocker arms, but also to reduce actual engine efficiency loss by reducing resistance to oil and air circulation inside the engine and further reducing sliding resistance for a number of parts. The alternating current generating (ACG) starter used in the engine's idle-stop system, which helps eliminate wasteful fuel consumption, gives the engine a smooth, quiet start. We also made some improvements to transmission efficiency, making this power unit a superbly balanced machine.

New 700-cc engine for mid-size motorcycles

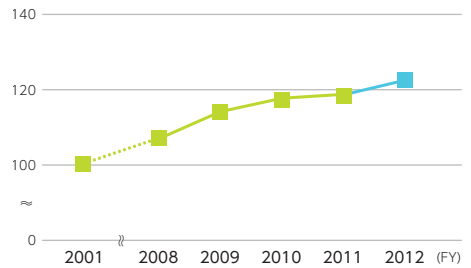
We developed the new 700-cc engine with the goal of achieving class-leading fuel performance and bringing more fun, easier handling, and greater comfort to daily use compared to conventional sport bikes. When developing this engine, we capitalized on our strengths as a manufacturer of mobility and power products, bringing to bear the development know-how we have acquired through motorcycles and even adding some automobile technologies. The result: a 700-cc engine with the fuel efficiency of a 250-cc engine. We fitted this new engine on our NC700X released in February 2012 and Integra and NC700S released in April 2012 to share the joy of these technologies with a wide range of consumers.

2 Cleaner emissions

Our efforts to realize cleaner emissions have been focused on reducing HC and NO_x levels because of their effects as precursors to ozone and other air pollutants.

All motorcycle and scooter models sold in Japan in fiscal 2011 complied with the 2006 and 2007 regulations³, meaning that average combined HC and NO_x emissions had been reduced to one-fifth that

Average motorcycle fuel efficiency in Japan (FY2001=100)



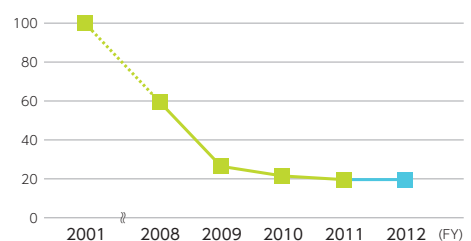
PCX



NC700X



Average HC+NO_x emissions from motorcycles in Japan (FY2001=100)





amount in fiscal 2001. We maintained this standard in fiscal 2012 as well.

Our NC700X motorcycle introduced in February 2012 has a catalytic converter directly under its exhaust port. Heat from the exhaust gas raises the temperature of the converter, making the system more effective in purifying exhaust soon after the engine is started. We had already been using this system in scooters and other bikes that release small amounts of heat, but this was the first time we applied it to a large heat-generating motorcycle. This was made possible by combining the exhaust ports in the cylinder head into one port to create room in the narrow space toward the front of the engine for a catalytic converter capable of handling two cylinders' worth of exhaust.

3. Type 1 scooters and light motorcycles: 2006 regulations; type 2 scooters and mini-bikes: 2007 regulations

3 Quieter operation

Noise reduction technology

Motorcycles generate noise and vibration in all sorts of places. We have worked to reduce noise by analyzing these sources using state-of-the-art technologies. As a result, our products are as quiet as required by Noise Regulation in Japan.

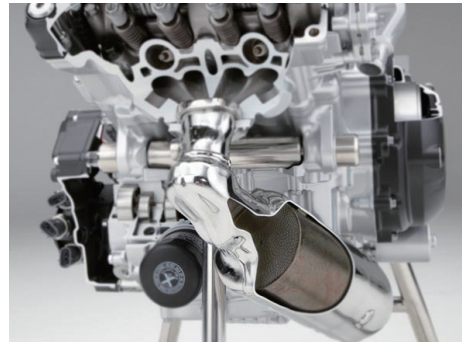
Noise reduction strategies by source

- Engine:** Use more rigid materials
- Exhaust:** Increase volume, use multi-chamber structures
- Intake:** Increase volume, use more rigid materials for outer casings
- Transmission:** Quiet drive chain, drive sprocket damper
- Other:** Sound dampening rubber

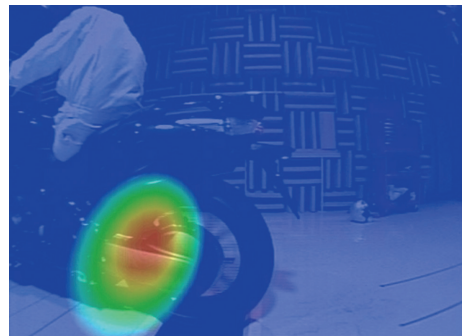
Sensitivity research

The extent to which a given noise is considered undesirable is largely dependent on human sensitivity. Some sounds may result in discomfort while other sounds carrying the same amount of energy may not, making it difficult to fully evaluate sound using conventional sound level meters. That is why we are not only reducing noise volume but also conducting research into the sensitivity of humans toward noise and what qualities of sound make it feel unpleasant.

NC700X catalytic converter



Sources of noise on a motorcycle



Identifying sources of noise using an acoustic camera, one state-of-the-art technology we use in research



Sensitivity research using a dummy head microphone

Power products

1 Better fuel efficiency

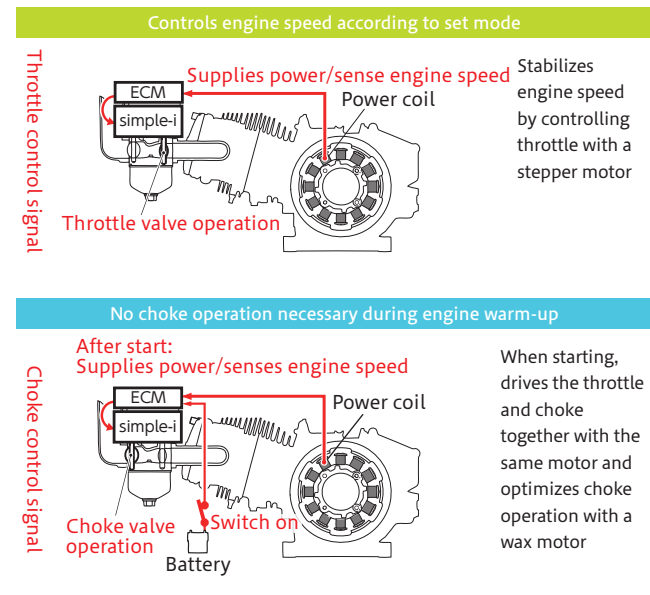
New snowblowers see fuel efficiency upgrades

We rolled out a series of new and improved snowblowers—two single-stage rotary models and four two-stage hybrid models—with enhanced snow-clearing performance and maneuverability—at authorized Honda power product dealers nationwide (farm equipment stores, home improvement stores, and motorcycle dealers) starting September 2011.

The new GX engines used in the single-stage models employ a CDI electronic ignition system for optimal ignition timing, higher compression ratios, and optimized carburetor settings for enhanced combustion efficiency. These upgrades translate into a 9% effective fuel efficiency improvement¹ from earlier GX models with the same engine displacement. The new iGX (iGX390), used in the new two-stage snowblower models, offers a 19% improvement¹ from earlier GX models with the same engine displacement thanks to its i-governor system.

1: Honda internal research (GX270/390 operating in EPA standard test mode at 3,000 rpm)

How the i-governor works



2 Cleaner emissions

New snowblowers far surpass world's toughest regulations

We have reduced emissions in our new GX engines by employing a CDI, higher compression ratios, and optimized carburetor settings for enhanced combustion efficiency. These emission levels are far lower² than the standards set by the U.S. Environmental Protection Agency's (EPA) Phase 3 regulations³, the most stringent emission regulations for small non-road engines in the world.

2. Honda internal research (approximately 25% less for GX390 and iGX390 and 30% less for GX270 and iGX270 operating in EPA standard test mode)
 3. Brought into force in January 2011

HSS970n (J) single-stage snowblower

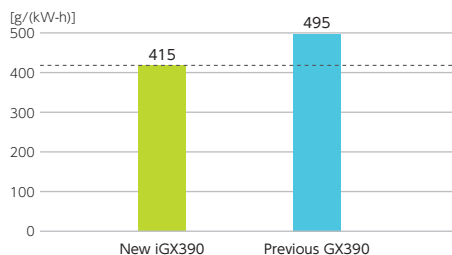


HSM1390i (JR) two-stage snowblower



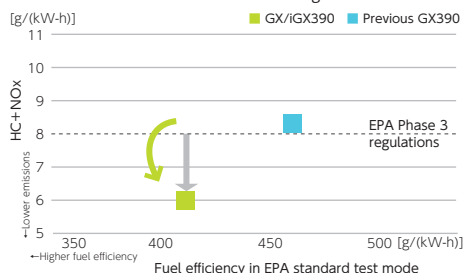
iGX390 engine fuel efficiency

Test conditions: Snowblower engine measured alone, operating in EPA standard test mode



Emissions

Test conditions: Engine measured alone





3 Quieter operation

New snowblowers also quieter

With our single-stage series snowblowers and two-stage hybrid snowblowers, we made efforts to reduce mechanical engine noise and exhaust noise by modifying the internal structure of their mufflers. With the two-stage hybrid snowblower in particular, we adopted an autothrottle to control engine speed and thereby reduce effective noise level. We also reduced engine vibration by making the pistons lighter, which not only results in less stress and fatigue for the user during long work times but also reduces wear on the machine itself.

4 Alternative energy deployment

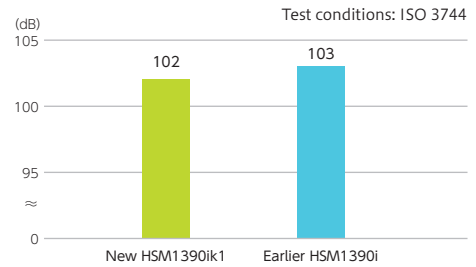
Graspa electric push mower

We released the Graspa electric lawnmower in Japan in February 2012.⁴ Developed with the concept of making lawn work faster, more enjoyable, and more satisfying, the Graspa has a high-output motor, sharp, specially designed rotary blades, and a high-powered suction housing that lifts tall leaning grass for easy, uniform cutting. In pursuit of maximum utility, we equipped the Graspa with height settings for all grass types, a large-capacity grass bag, and a collapsible handle that allows it to be propped against a wall for minimal storage space. The Graspa is one of the most dependable electric lawnmowers in the industry, capable of trimming roughly 10 m² of grass a minute.⁵ It also has superior economic and energy efficiency performance, costing only about two yen (about 2.5 cents) in electricity consumption per 100 m² of yard.⁶

The Graspa is not only emission-free during use (no CO₂, CO, HC, or NO_x emissions), but compared to gas-powered lawnmowers of an equivalent class⁷, it also realizes a major reduction—53%—in total CO₂ emissions through all steps from petroleum production to use.

- The name Graspa is a combination of the word grass and "spa," a Japanese onomatopoeia that evokes an image of slicing through something quickly and easily. The name reflects our desire to promote grass lawns as a part of home-life in Japan by making lawn-mowing easy, fun, and satisfying.
- Does not include grass disposal time. Actual performance may vary depending on operating conditions.
- When mowing grass 5 cm tall down to 3 cm. Calculated based on electricity consumption of 83.2 Wh at a cost of 17.87 yen/kWh (meter rate lighting). Actual electricity cost may vary depending on operating conditions.
- Compared to the HRC216 lawnmower when trimming the same area and grass height. CO₂ emission factor for gasoline (2,320 g/liter) based on the Guidelines for Calculating Total Greenhouse Gas Emissions by Japan's Ministry of the Environment, and CO₂ emission factor for electricity (410 g/kWh) based on Energy Balances of OECD Countries - 2010 Edition by the International Energy Agency.

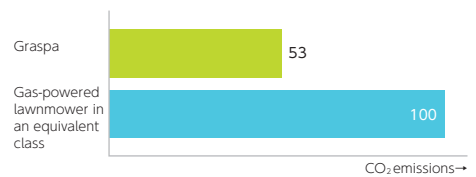
Noise (sound power level)



Graspa electric push mower



CO₂ reduction benefits (Honda estimates)



Emergency propane generator

On sale
summer 2012

EU9i GP



Rated output:
900 VA

Dry weight:
Approx. **14** kg

Fuel:
Low-pressure LPG

The EU9i GP emergency generator, slated for launch in Japan in summer 2012, uses propane, a common household fuel, to generate electricity.

A backup electricity source during power outages in households that use propane, the EU9i GP runs for approximately 100 hours on 50 kilograms of propane for long-lasting operation of lighting, communications devices, and other appliances and equipment.

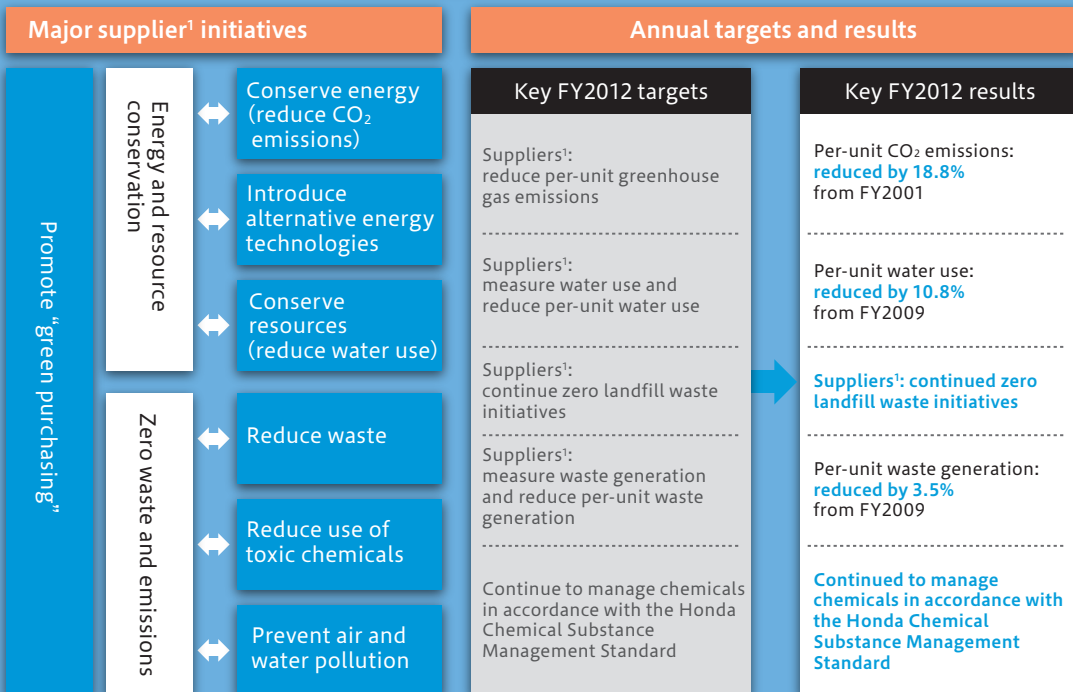
Honda Business Activities



Toward greener materials and parts

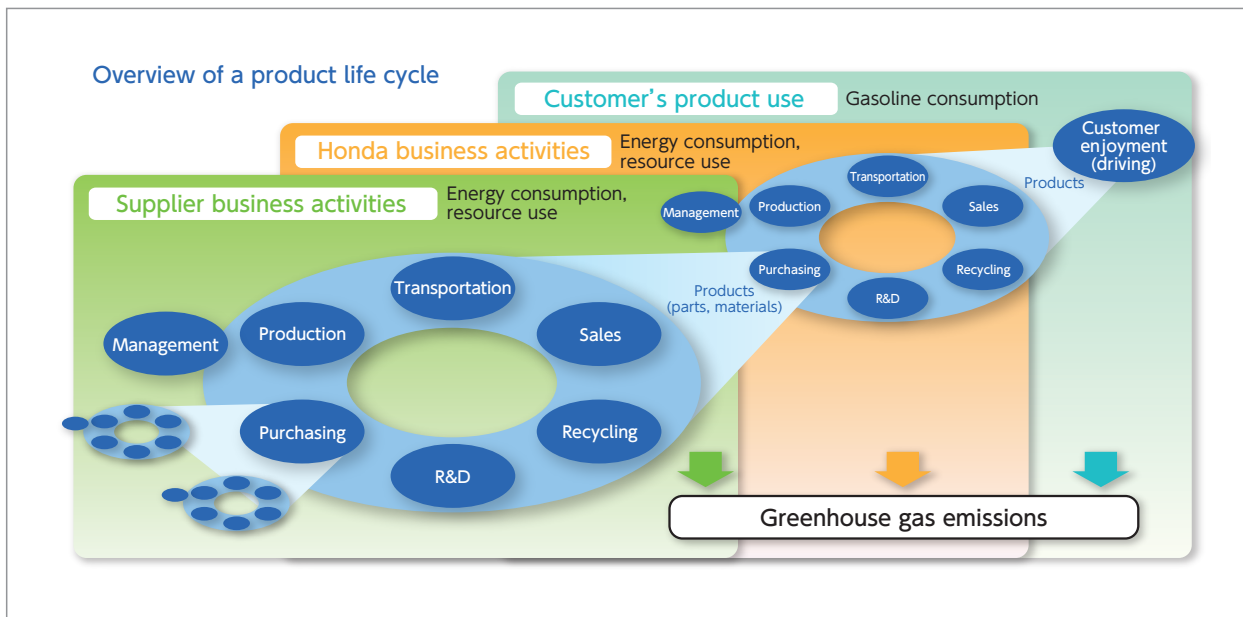
Purchasing

Many of the parts that make up Honda products are purchased from suppliers. To reduce environmental impacts at every stage in the life cycles of our products, we need to work together with suppliers in the purchasing domain, the area of our operations where we procure materials and parts. We created the Honda Green Purchasing Guidelines to direct us in this effort, and by sharing and implementing these guidelines with suppliers, we will strive to reduce environmental impacts across product life cycles.



1. All direct suppliers of consolidated group companies

Purchasing



1 Environmental management in the purchasing domain

Honda Green Purchasing Guidelines

The Honda Green Purchasing Guidelines are a set of standards we ask our suppliers to fulfill when supplying us with materials and parts, based on an understanding and appreciation of our goal to reduce environmental impacts across product life cycles.

We share these guidelines with all suppliers with which we do business, and take the following steps to promote measurement and reduction of environmental impacts.

GHG calculation standards and supplier briefings

We hold meetings with suppliers to explain our standards for calculating greenhouse gas (GHG) emissions so they can measure and reduce their emissions in accordance with the Honda Green Purchasing Guidelines.

In fiscal 2012, these briefings covered the practical implementation of GHG emissions management, focusing on policies to strengthen environmental initiatives from a product life-cycle perspective, the central theme of our recently revised guidelines.

In fiscal 2013, we will hold briefings twice, once each for the eastern and western regions of Japan, and invite new suppliers to attend. We will shift our focus from practical matters to methods for calculating actual emissions and how to submit reduction plans.

Supplier briefings on chemical management

We work with all of our suppliers to manage substances of concern used across our supply chains in accordance with the Honda Chemical Substance Management Standard, created in 2009. Supplier briefings help us ensure that suppliers fully understand the standard.

These briefings only targeted suppliers of materials and parts until fiscal 2012, when we expanded their reach to suppliers of indirect materials (e.g., lubricants for machinery). From July through August we held a briefing at each of our five factories in Japan.

Revised Green Purchasing Guidelines (as of January 2011)

Policies	<ul style="list-style-type: none"> Promote purchasing of environmentally responsible products Add environment category to supplier evaluations (quality, cost, delivery, development) 	
Control items	Management	Build environmental management systems for products and in every domain of our business activities
	Operations	Manage environmental impacts in every domain (e.g., GHG emissions)
	Products	<ul style="list-style-type: none"> Launch products with improved fuel efficiency Control substances of concern
Applies to:	All suppliers worldwide	

A supplier briefing on GHG calculation standards



Honda Green Network Meetings

The Honda Green Network Meeting is a biannual meeting for presenting new environmental initiatives, sharing best practices, and in other ways promoting environmental initiatives at Honda and all Honda suppliers.

These meetings are not just about explaining Honda initiatives. We select business sites that have demonstrated environmental success as venues for the meeting so that suppliers can acquire a better understanding through site tours. The meetings also include small group discussions where participants can discuss problems and offer solutions to each other.

New environmental award

We commend suppliers that have demonstrated outstanding performance in four categories—development, cost, quality, and parts—with an award of appreciation. In fiscal 2012, we created a new environmental award to show our appreciation and respect to suppliers that made efforts in line with the Honda Green Purchasing Guidelines and have shown exceptional results in reducing environmental impacts in their business activities, the purchasing stage of our products' life cycles.

2 Energy and resource conservation at suppliers

CO₂ emissions and water use

We try in various ways to help suppliers reduce CO₂ emissions and water use in every domain of their business activities.

In fiscal 2012, we visited suppliers' production facilities and, after surveying and analyzing electricity use in each process, proposed ways to reduce energy use, an activity closely tied to CO₂ emissions. We have also achieved energy and water use reductions by identifying equipment that stay in stand-by mode during non-operating hours and weekends and making sure the equipment are turned off completely, and have expanded this strategy to also include non-production activities. As a result, per-unit CO₂ emissions from suppliers covered by our calculations had fallen by 18.8% in fiscal 2012 from fiscal 2001 levels, with per-unit water use falling by 10.8% from fiscal 2009. We will continue to share reduction strategies with our suppliers to realize further improvements.

We will also continue to measure CO₂ emissions from across our supply chains to reduce product life-cycle emissions.

3 Zero waste and emissions initiatives at suppliers

Waste generation

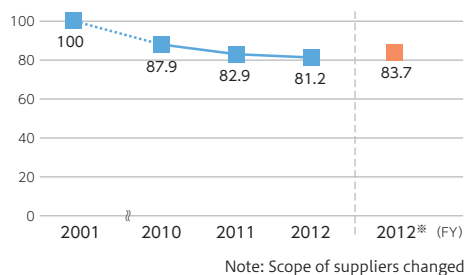
While per-unit waste generation by the 32 suppliers covered by our calculations in fiscal 2012 increased relative to fiscal 2011 as a result of production adjustments and increased transportation associated with the Great East Japan Earthquake and Thai floods, waste generation declined by 3.5% from fiscal 2009 thanks to ongoing efforts to increase material throughput yields.

Suppliers also maintained their zero landfill waste performance.

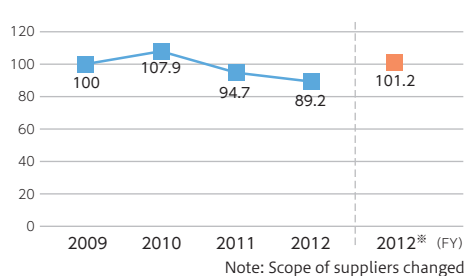
Four objectives of the Honda Green Network Meetings

Examples from FY2012	
1 Present Honda environmental initiatives	Explained new Honda initiatives to launch in FY2013
2 Share impact reduction strategies	Presented best practices in production and development at Honda and suppliers
3 Tour successful work sites	Toured Honda production facilities recognized for outstanding performance in FY2012
4 Exchange information (group discussions)	Discussed supply chain CO ₂ data measurement

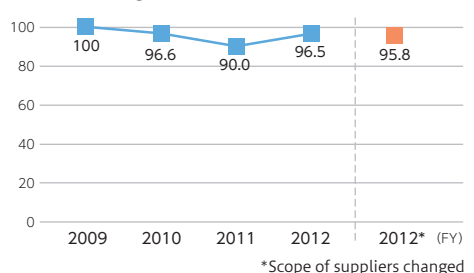
Per-unit CO₂ emissions



Per-unit water use



Per-unit waste generation



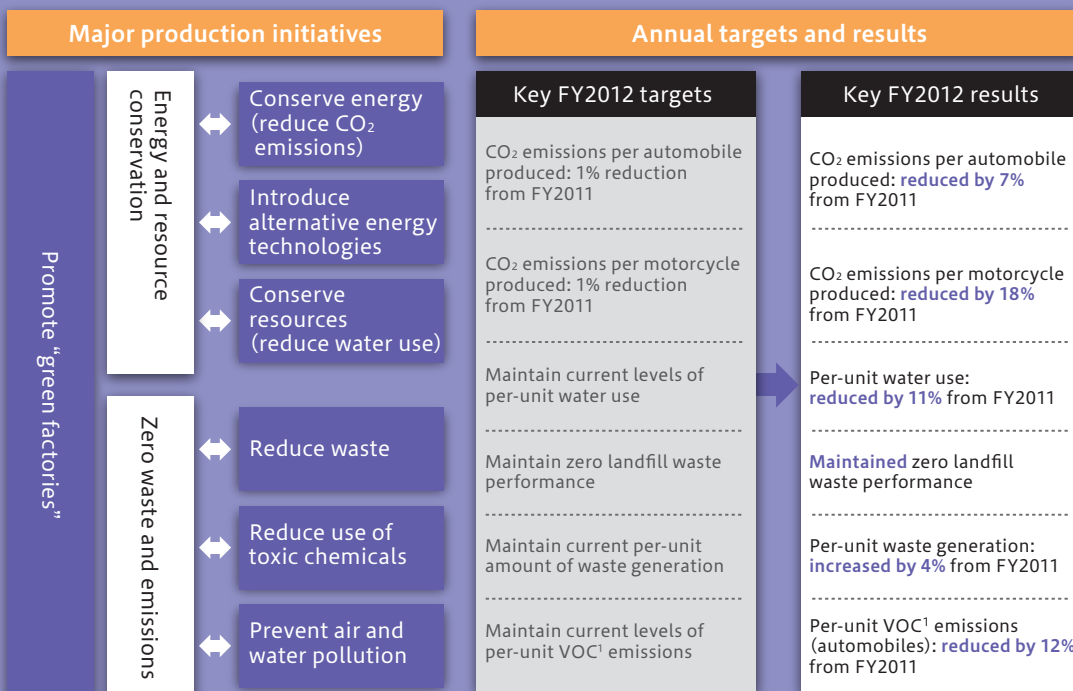
Honda Business Activities



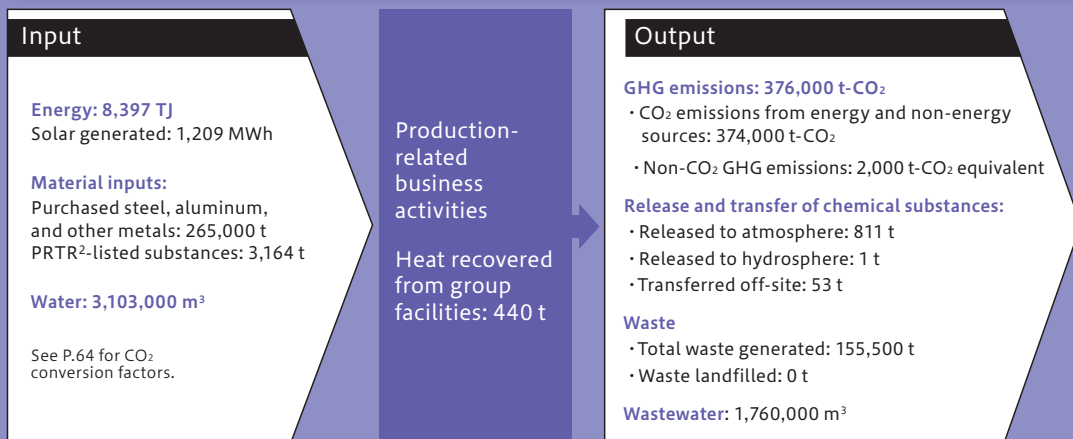
Making factories people friendly and environmentally responsible

Production

As a manufacturer, Honda brings together energy and resources and, through various processes, turns them into products. We strive to minimize impacts on the global environment in all areas of these activities. We are also committed to improving the quality of local environments in collaboration with the communities near our operations, and follow “green factory” plans as we aspire to producing products with the smallest footprint from factories with the smallest footprint.



Flow of energy and materials through production in Japan in FY2012



1. VOC (Volatile Organic Compounds): Organic chemical substances that cause photochemical smog and are commonly used in the solvents of paints and thinners.
 2. PRTR (Pollutant Release and Transfer Registers) are national or regional databases of information on the environmental release and off-site transfer of potentially hazardous chemical substances from industrial and other facilities.

Production

Facing impacts from the Great East Japan Earthquake, last year we took various steps to reduce our daytime electricity demand, including moving to nighttime shifts, suspending production at plants on a revolving basis, and running on-site electricity generation systems at full capacity. We also kept increases in environmental impacts to a minimum while providing production assistance (ramping up production) to mitigate the effects of flooding in Thailand.

1 Energy and resource conservation

Major energy conservation (GHG emission reduction) initiatives

Fiscal 2012 being a volatile year for production, CO₂ emissions rose by 0.8% from the previous fiscal year, to 374,000 t-CO₂.

Production changes

In the wake of the Great East Japan Earthquake, production initially dropped due to a parts shortage, and automobile production efficiency declined. Production centers in East Japan shifted production to late-night hours and operation of test equipment to nighttime and ran on-site electricity generation systems at full capacity to shift their peak electricity demand to nighttime. CO₂ emissions rose as supplies of parts and finished vehicles from Japan to overseas markets were increased in response to the Thai floods.

Site-based CO₂ emissions reduction initiatives

Each of our business sites made their own efforts to reduce CO₂ emissions, including upgrading to more efficient devices, encouraging eco-etiquette (Honda Green Action), recovering waste heat, and monitoring energy performance over time.

CO₂ emissions reduction initiatives

- Efficiency upgrades
 - Accelerated installation of energy-efficient devices (e.g. lighting, pumps, motors) for post-disaster reconstruction
- Honda Green Action activities
 - Turned off excess lighting, enforced thermostat settings, and unplugged all OA equipment not in use
- Waste heat recovery
 - Used production heat as energy for HVAC system
- Energy management by monitoring energy performance
 - Reduced fixed energy loss and loss during non-production, water and air pressure loss, and air leaks
 - Improved insulation for furnace walls

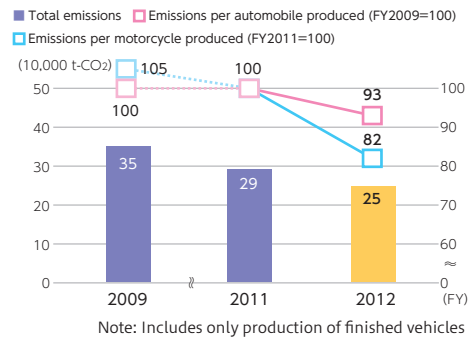
Per-unit CO₂ emissions

Carbon dioxide emissions per automobile and motorcycle produced were 7% and 18% lower in fiscal 2012 compared to the previous year. In pursuit of ever-greater production efficiency, we will continue to monitor energy use in each production process, work to build more efficient production systems, and standardize all production facilities at higher levels of performance.

Major water (resource) use reduction initiatives

A total of 3,103,000 m³ of water was used for production in fiscal 2012, an absolute decrease of 6.4% and per-unit decrease of 11.1% from fiscal 2011. Shutting down a steam boiler as part of a project to electrify all the

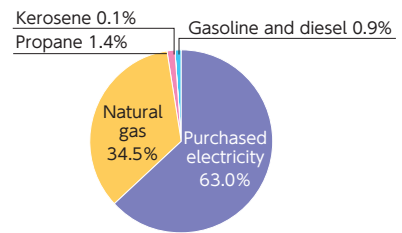
CO₂ emissions from automobile and motorcycle production



The following CO₂ conversion factors were used:

- Tokyo EPCO: 0.332 t-CO₂/MWh
- Chubu EPCO: 0.424 t-CO₂/MWh
- Kyushu EPCO: 0.348 t-CO₂/MWh
- City gas (13A 46MJ): 2.296 t-CO₂/1,000 Nm³
- City gas (13A 45MJ): 2.244 t-CO₂/1,000 Nm³
- Kerosene: 2.489 t-CO₂/kl
- Diesel: 2.585 t-CO₂/kl
- Gasoline: 2.322 t-CO₂/kl
- Propane: 2.999 t-CO₂/t

Energy use by source (based on CO₂ equivalence)



Alternative energy use

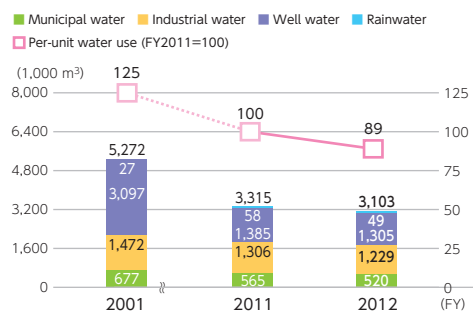
Solar panels at our production facilities generated 1,209 MWh of electricity in fiscal 2012. Electricity generated by alternative energy technologies, including natural-gas-powered cogeneration systems, totaled 67,700 MWh, satisfying 8.9% of electricity demand. In fiscal 2012, we also decided to install a 2.6-MW solar array—the largest of any automotive plant in Japan—at our Yorii Plant, scheduled to begin production in fiscal 2014.

	FY2012	After Yorii installation
Solar-generated electricity	1,209 MWh	3,600 MWh
Equivalent household demand	2,600 households	7,800 households

Note: Number of households estimated based on the monthly electricity use of an average household

We hope to make further contributions to global warming mitigation with alternative energy technologies.

Water use





facilities in the associate cafeteria's kitchen and to improve energy efficiency at the Hamamatsu Factory also resulted in a reduction in water use. And our Tochigi Factory now recycles wastewater from production activities for use in toilets and other appropriate facilities.

2 Zero waste and emissions

Reducing waste

Production generated 155,500 tons of waste in fiscal 2012, a 4% increase from fiscal 2011 on a per-unit of revenue basis. The main cause was an increase in the amount of metal scraps from production in Japan, which was increased to offset the effects of flooding in Thailand. The following covers specific types of waste and their recycling rates. Having first achieved our zero landfill waste target at all business sites in the end of 2000, we maintained this performance in fiscal 2012 as well. Efforts to curb waste have included using stamping press scraps and reducing waste oil from gear grinding machines using oil separators.

No radioactivity exceeding the legal limit was found in soot and ash generated by incinerators at production facilities in the Kanto region, measured in accordance with the Act on Special Measures Concerning the Handling of Environmental Pollution by Radioactive Materials. We will continue to monitor radioactivity levels.

Per-unit byproduct generation

In fiscal 2008, we reported setting a target to reduce byproducts (metal scraps and waste foundry sand) by 2% by fiscal 2012 (baseline: fiscal 2007) in accordance with the Act on the Promotion of Effective Utilization of Resources. The actual result was a 5% increase, however. This was largely due to having increased production in Japan to offset production losses caused by the Thai floods.

Reducing use of toxic chemicals

● VOC¹ emissions

A major source of VOC emissions from production is the solvents in paints and coatings used in our coating facilities. Average VOC emissions² from coated automobiles in fiscal 2012 was 27.3 g/m², a 12.0% decrease from fiscal 2011. This decrease was largely due to a switch to water-soluble coatings at the Suzuka Factory. We will continue efforts to reduce VOC emissions by improving recovery rates for cleaning thinners, eliminating all possible inefficiencies and loss, and installing more efficient robotic systems.

1. VOC (Volatile Organic Compounds): Organic chemical substances that cause photochemical smog and are commonly used in the solvents of paints and thinners.

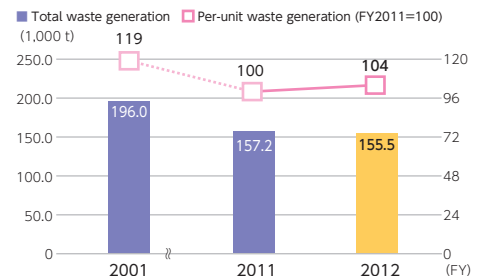
2. Calculated using a formula agreed upon by members of the Japan Automotive Manufacturers Association, Inc. (JAMA).

● Release and transfer of PRTR³ substances

Production released 811 tons of PRTR-listed substances to the atmosphere and hydrosphere in fiscal 2012, a 6% absolute decrease and 11% per-unit decrease from fiscal 2011. This was the result of various efforts to reduce environmental impacts in coating processes, including switching to water-soluble coatings (Suzuka Factory). We hope to make further reductions in this area going forward.

3. PRTR (Pollutant Release and Transfer Registers) are national or regional databases of information on the environmental release and off-site transfer of potentially hazardous chemical substances from industrial and other facilities.

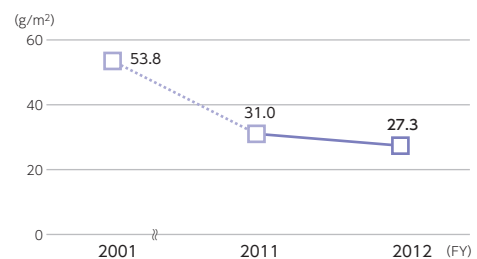
Waste generation



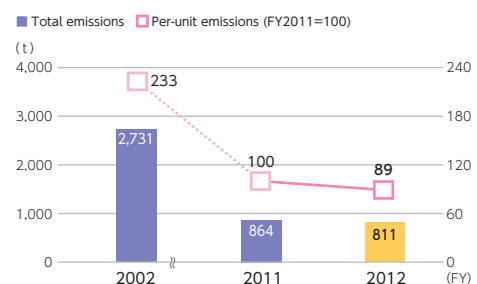
(1,000 t)			
FY2012	Amount generated (% of total)	Recycled	Recycling rate
Metal scraps	128.4 (82%)	128.4	100.0%
Waste foundry sand	4.5 (3%)	4.5	100.0%
Waste oil	10.3 (7%)	10.2	99.8%
Sludge	4.4 (3%)	4.2	96.4%
Coating waste	1.0 (1%)	1.0	96.6%
Other	6.8 (4%)	6.6	96.7%
Total	155.5	155.0	99.7%

Note: The remaining 0.3% was moisture and steam that escaped when dehydrating sludge and other materials.

VOC emissions per unit of coated automobile body surface area



Emissions of PRTR-listed substances



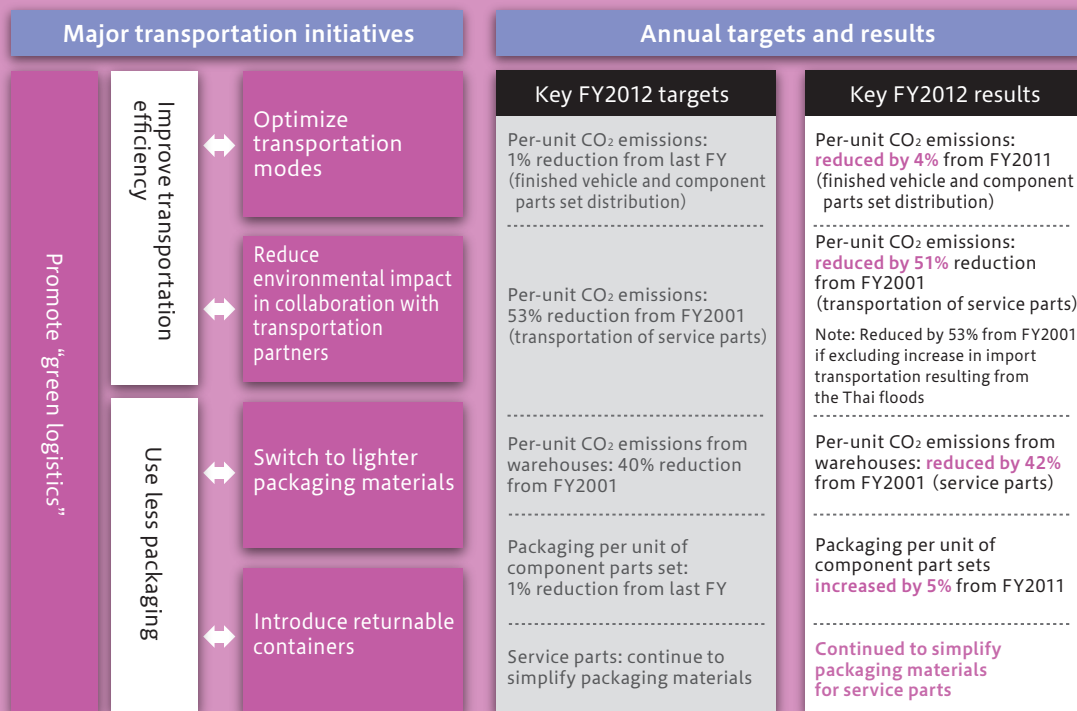
Honda Business Activities



Striving for efficient, environmentally responsible transportation

Transportation

Honda makes continuous efforts to improve the efficiency of transportation in its operations by promoting modal shifts to ship and rail and by increasing consolidated shipping with other companies. We are also developing environmental management systems jointly with transportation companies and promoting “green logistics” from various approaches, including reducing the amount of packaging materials we use by simplifying packaging, changing packaging materials and specifications, and increasing use of returnable containers.



Transportation

1 Improve transportation efficiency

In fiscal 2012, CO₂ emissions from the transportation of automobiles, motorcycles, power products, and service parts in Japan totaled 62,103 tons of CO₂. Japan's revised Rationalization in Energy Use Law, which took effect in April 2006, requires companies that ship 30 million ton-kilometers (weight of shipments in tons multiplied by distance shipped in kilometers) of cargo or more a year to make efforts to reduce energy consumption in transportation. To fulfill our responsibilities as a high-volume shipper under the Law, we are working to improve efficiency in the transportation of finished vehicles and equipment, service parts, and parts shipped between factories.

Initiatives for transport of finished automobiles

We continue to drive improvements in average fuel efficiency by encouraging partner companies that transport finished automobiles to practice eco-driving and switch to new types of trailers. For years, we have been implementing modal shifts from truck to marine transport for distances of more than 500 kilometers and for shipments to certain regions, such as Niigata and Chiba. In fiscal 2011, we expanded this initiative even further by transporting automobiles by ship instead of truck for distances of less than 500 kilometers between the Kanto and Kansai regions (see figure below).

Transport of finished automobiles from Suzuka and Saitama factories

Marine transport is used for destinations outside a 300-kilometer radius from each factory, while trucks are used for closer destinations. We increased the number of destinations covered by marine transport by reducing that radius from 500 to 300 kilometers in May 2010.

Truck transport

For destinations within 300 km of factories In this zone, automobiles are generally trucked directly from factory to dealer, with next-day delivery for the closest dealers. Truck delivery offers the advantages of speed and flexibility.



Marine transport

Mainly for destinations over 300 km from factories Automobiles are trucked from factories to ports, shipped by boat to ten locations nationwide, and by truck to dealers near each port. Because large numbers of automobiles can be transported at once, this method results in less CO₂ emissions per vehicle transported.

- Trucking is typically cheaper than marine transport for distances less than 500 kilometers. However, to promote further reductions in transport-related CO₂ emissions, we have identified ways to use marine transport for distances between 300 and 500 kilometers without any increase in costs.
 - In fiscal 2012, we increased our coastal-shipping (see note) rate from 37% to 60% from the previous fiscal year. The shift to marine transport, which has one-quarter the CO₂ emissions of truck transport, resulted in an 8% reduction in CO₂ emissions per finished automobile.
- Note: Freighters that carry cargo in Japanese coastal waters.

Initiatives for the transport of finished motorcycles

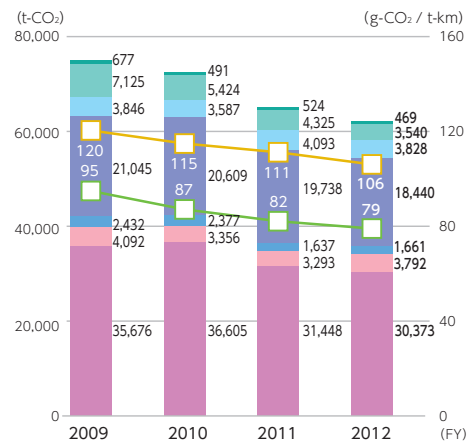
We have also been working with our transportation partners to improve efficiency in the transportation of finished motorcycles. Alongside benefits realized by practicing eco-driving techniques, since November 2008, we have reduced annual CO₂ emissions by an additional 10% by using the Tokyo and Kobe ports instead of only the Nagoya port for imported motorcycles from China, bringing shipments closer to major markets in the Kanto and Kansai regions and reducing distances travelled by truck.

CO₂ emissions from transportation¹

Automobiles Motorcycles Power products Service parts
component parts sets Between factories Other

Per-unit CO₂ emissions from transportation¹

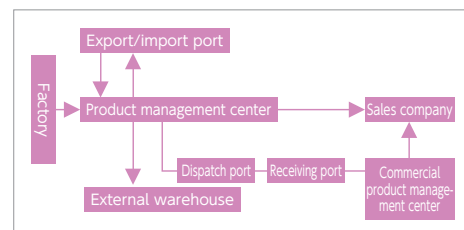
Finished vehicles plus component parts sets Total of all shipments



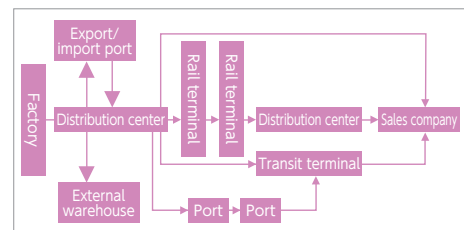
1. Calculated based on Japan's Revised Rationalization in Energy Use Law

Transport routes covered by CO₂ emission calculations

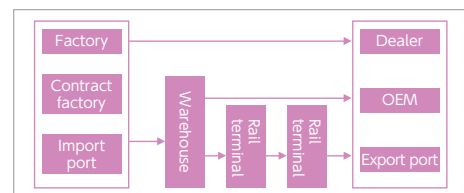
Finished automobiles



Finished motorcycles



Power products



Initiatives for transport of service parts

To improve transportation efficiency for deliveries to destinations in Japan, we achieved a 2% increase in loading efficiency for special trucks, integrated delivery destinations in the Kanto, Chubu, Kinki, and Chugoku regions, and revised delivery routes. These changes allowed us to reduce the number of trucks operating per day by 27%. We hope to improve efficiency still further by increasing loading efficiency when retrieving returnable containers.

Conserving energy at warehouses

We realized a 10% improvement in storage capacity by storing multiple items per container instead of using one container for each item, a storage method we used before we consolidated warehouses in October 2010. At the Suzuka Distribution Center, we installed switches for precise control of shelf and aisle lighting, and instructed workers to use lighting only when necessary. We also cut baseline energy consumption—and, thus, CO₂ emissions—at warehouses by 5% by removing some fluorescent lamps and fixtures in warehouse storage areas, as well as cafeterias and hallways, based on workplace illumination standards.

2 Use less packaging

Initiatives for packaging of component parts sets¹

The 2011 earthquake in Japan and flooding in Thailand caused shipments of automobiles to decline in fiscal 2012, raising the relative shipping volume of motorcycles and power products. Because few parts for motorcycles and power products are supplied by Japan and because of the low use of returnable interior and exterior packaging for shipping those parts, the effect of the disasters on packaging were significant, raising per-unit packaging last fiscal year. Still, by introducing returnable interior and exterior packaging for parts shipped to Indonesia and models including the Freed and Jazz (Japanese name: Fit), we succeeded in reducing overall packaging quantity from last fiscal year.

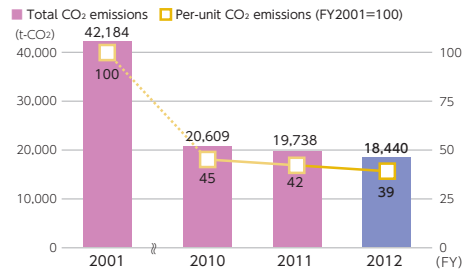
1. Component parts set: A set of parts exported for final assembly in the product's target market.

Usage rate of returnable containers for exterior component parts sets			
Destination	Usage		
	FY2010	FY2011	FY2012
North America	87.1%	89.1%	87.8%
South America	60.6%	58.6%	49.0%
Europe	92.5%	91.9%	89.6%
Asia/Oceania	71.6%	76.5%	77.9%
China	42.8%	59.9%	52.8%
Total	73.4%	78.9%	77.1%

Initiatives for packaging of service parts

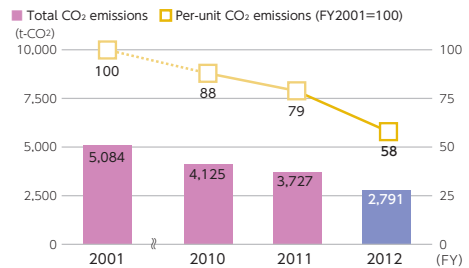
We have made a number of changes to our packaging to reduce the amount of corrugated paperboard we use, including switching to returnable containers. In fiscal 2012, we also reduced packaging by developing simplified packaging for large sheet metal parts and switching to exterior containers made from recyclable materials for other sheet metal parts. As a result, we achieved our 50%-reduction target for per-unit packaging (baseline: fiscal 2001).

CO₂ emissions from transportation² of service parts

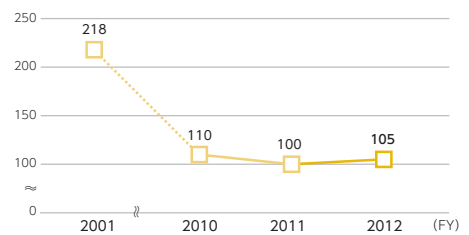


2. Marine transport excluded as per the Rationalization in Energy Use Law

CO₂ emissions from warehouses



Packaging use per unit of component parts set (FY2011=100)

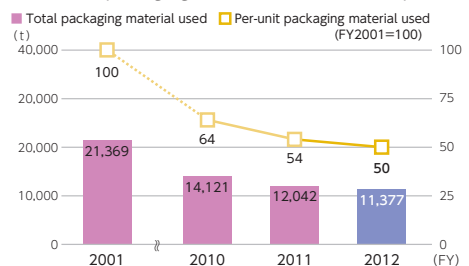


Reduction in packaging material used for component parts sets³

Type of material	Reduction
Steel	387 tons
Cardboard	201 tons

3. Made possible by replacing disposable packaging with returnable packaging.

Amount of packaging material used for service parts



New simplified packaging

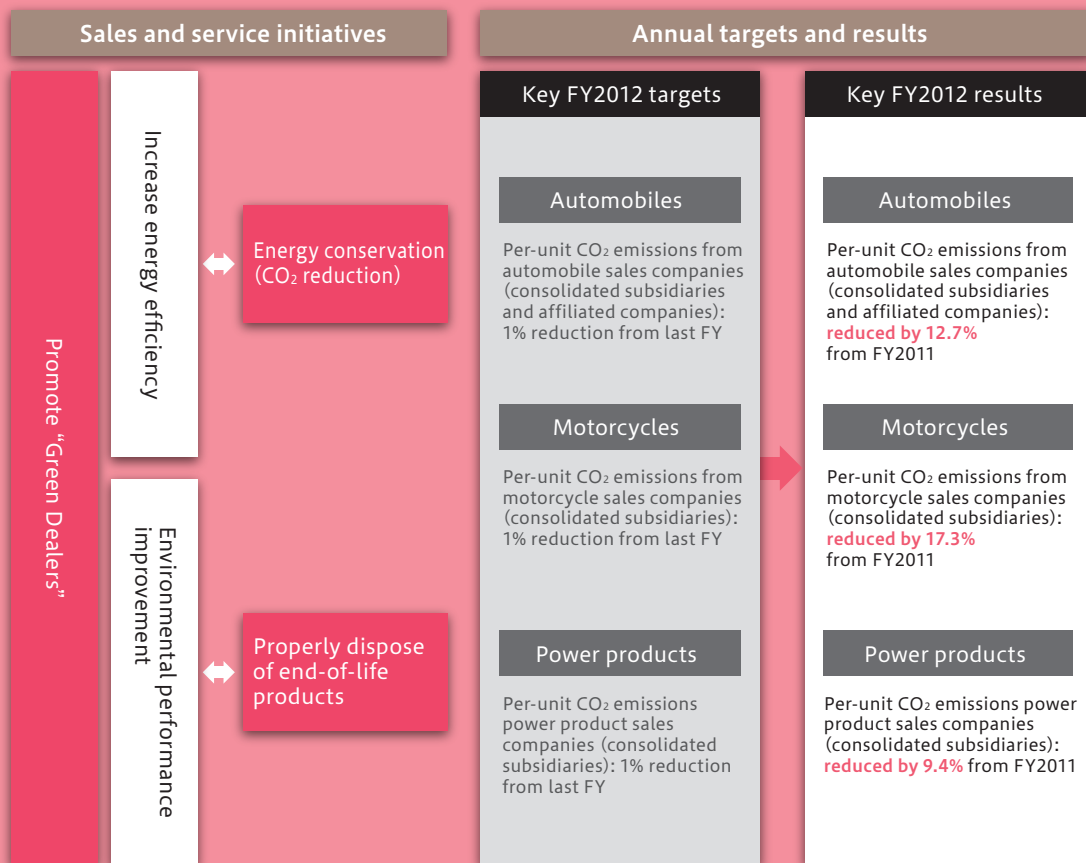
Honda Business Activities



Building bonds of trust with customers and communities

Sales and Services

To proactively promote environmental conservation in sales and services, Honda provides its sales companies with constant support for implementing Green Dealer initiatives. By taking concrete steps to meet the needs of today, our goal is to cultivate dealerships that demonstrate environmental leadership, bringing enhanced value to the customers and communities they serve.



Sales and Services

1 CO2 emission reductions at sales companies

In fiscal 2012, Honda motorcycle, automobile, and power products sales companies in Japan achieved a reduction in per-unit CO2 emissions from the previous year, each of their dealers monitoring its emissions on a per-unit basis. Motorcycle, automobile, and power products dealers have been encouraging individual environmental action through Honda Green Action¹ and also educating customers about strategies to reduce energy use and emissions, such as eco-driving techniques. For site-based CO2 emission reductions, sales companies have been promoting the spread of best practices between dealers and working to make environmental activities a regular part of business. 1. See P.44.

2 Initiatives by automobile sales companies

We are using our Green Dealer certification system, introduced in 2000, to advance environmental initiatives in product sales and services. By the end of March 2012, a total of 2,126 outlets had been certified. All dealers are implementing eco-etiquette surveys to raise the environmental awareness of staff and realize further reductions in CO2 emissions. To reduce CO2 emissions from automobile sales companies in Japan even further, by the end of fiscal 2014 we plan to install one megawatt in photovoltaic capacity at dealers nationwide using modules manufactured by Honda Soltec Co. The first system installed in this initiative, now supplying power to the Adachiodai outlet in the Honda Cars Tokyo Chuo dealer network, has a capacity of nine kilowatts.

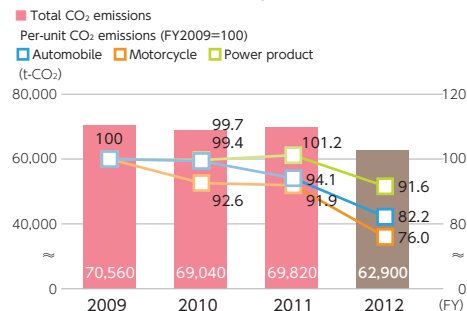
3 Initiatives by motorcycle sales companies

Honda Motorcycle Japan Co., Ltd., a motorcycle wholesaler in Japan, reduced its CO2 emissions in fiscal 2012 by 14.1% from the previous year. To maintain environmental awareness in day-to-day activities, the company has continued to implement the Environmental Etiquette program since fiscal 2010, carrying out self-assessments quarterly. In fiscal 2012, it also held an environmental poster design contest for the first time. Our consolidated motorcycle sales companies (seven companies) reduced CO2 emissions by 15.5% from fiscal 2011. The Dream Dealers network, one such company, has been collecting environmental impact data and also promoting the Environmental Etiquette program.

4 Initiatives by power products sales companies

Two Green Dealers are working to raise environmental awareness and have also focused on reducing CO2 emissions at all eight of their outlets through the Environmental Etiquette program, a Honda Group-wide initiative aimed at encouraging energy conservation through day-to-day actions. Also in the power products category, exemplary environmental practices at individual outlets were shared with 190 best contract dealers (214 outlets) and 118 service network dealers (140 outlets) to raise their awareness of ways to improve environmental performance.

CO2 emissions from sales companies



Note: Figures for past years have been corrected due to errors in data reporting and calculation.

Solar-powered dealership



The Adachiodai outlet, which opened in February 2012 as Tokyo's largest dealer, derives 56% of electricity for lighting from solar energy. Real-time data on electricity being generated is displayed on a monitor inside the store, showing customers another way Honda contributes to environmental conservation.

Examples of initiatives by Honda Dream Dealers

● Honda Dream Chubu

Held ECO Grand Prix event (contest to reduce costs and CO2 emissions)

Examples of actions

1. Revised nighttime hours for store signs (reset control timers)
2. Ventilated rooms before starting air conditioning in summer
3. Removed some lights in back offices

● Honda Dream Kinki

Exhibited at Kyoto Environmental Festival

● Honda Dream Kasai ● Honda Dream Musashimurayama

Switched to LEDs for indoor spotlights

● Honda Dream Nishitokyo

Installed "cool roof" with thermal barrier/insulation system



LEDs used for indoor spotlights

Honda Business Activities



Leading the way to a closed-loop economy

Product Recycling (3Rs)

Even before the introduction of Japan's Law on the Recycling of End-of-Life Vehicles (the ELV Recycling Law) in 2005, Honda was putting the 3Rs (reduce, reuse, and recycle) into practice for product materials. We were the first Japanese automaker to sell recycled parts and to collect and recycle parts such as oil filters and bumpers, activities we have continued to this day. We are now developing equipment to efficiently and safely disassemble used parts and products to support proper disposal and material recycling, and actively working to build networks to promote reuse and recycling.

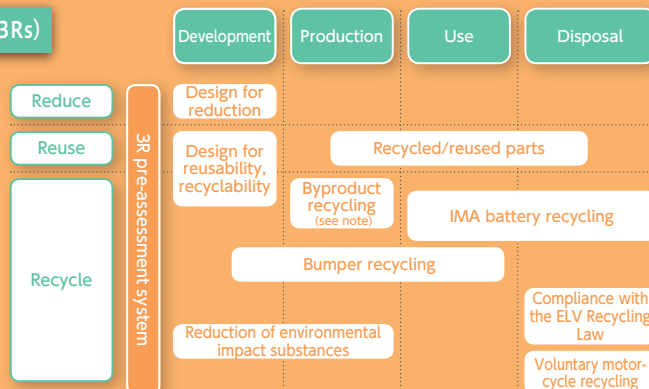
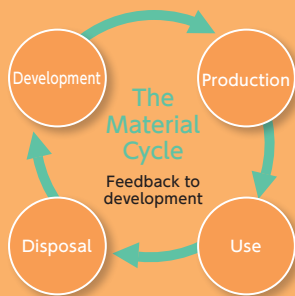
Honda Policy on Product Recycling

1. Develop product designs that combine superior performance with sustainable use of materials (design for the 3Rs).
2. Implement economical and effective recycling measures and use the results as feedback for new product development.
3. Give priority to designs that use less material and require less energy and other resources to reuse and recycle.
4. Minimize use of substances of concern (SOCs) in products, based on consideration of their environmental impacts during disposal.
5. Cooperate and collaborate with all stakeholders.

Annual targets and results

Key FY2012 targets	Key FY2012 results
Automobiles Maintain operation of recycling systems Recycle materials from end-of-life automobiles	Automobiles Maintained operation of recycling systems Recycled resin (polypropylene) from 230,000 replacement bumpers
Motorcycles Maintain stable operation as a back-up motorcycle recycling system	Motorcycles Maintained stable operation as a back-up motorcycle recycling system
Service parts Continue to collect and reuse reusable parts	Service parts Continued to reuse torque converters (1,098 units)
Expand collection of IMA batteries	Collected 2,203 IMA batteries

Major initiatives in product recycling (3Rs)



Note. See Production section for more on byproduct recycling (P.65).

Product Recycling (3Rs)

1 Development initiatives

3R pre-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 their service life, standardizing components, improving ease of maintenance and fluid replacement, using recycled materials, minimizing use of environmental pollutants, and labeling products to indicate the types of resin and rubber used. We evaluate performance based on a 3R pre-assessment system for each new model being developed, and are constantly working to improve the system. Our motorcycles have been assessed under this system since 1992, our automobiles since 2001.

Reducing by design

We have made considerable efforts to reduce the size and weight of our products through innovative use of designs and materials for all parts, from body structures, engines, and transmissions, down to individual screws. In the N BOX mini-vehicle that went on sale in December 2011, we reduced body-in-white weight by about 10% by adopting new manufacturing technologies such as tailored blanks and an all-in-one hot stamping and trimming process. And in the new NC700X motorcycle that went on sale in March 2012, we saved resources and reduced the total weight of the completed motorcycle by about 10% by using the same major parts as the Series 3 model, which account for about 55% of the new motorcycle's body weight.

Reusing and recycling by design

We strive to improve the reusability and recyclability of product parts by making special considerations during structural design, using recycled resins and materials that are easy to recycle, and labeling resin and rubber parts to indicate the types of materials used.

For automobiles, we recycle waste plastic from end-of-life home appliances (refrigerators and washing machines)—a different industry—for use in automotive parts and as a structural component of select lever assemblies (escutcheon consoles).

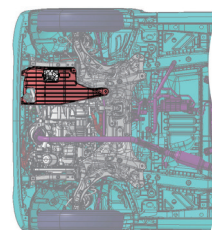
In fiscal 2012, we achieved at least 90% recyclability for all new and redesigned automobile models and at least 95% for motorcycles, according to the definitions and calculation methods of the Japan Automobile Manufacturers Association (JAMA), and a recoverability rate¹ of at least 95% for parts used in power products.

1. The recoverability rate includes both the recyclability rate and the thermal energy recovery rate. It is based on the calculation method stipulated in ISO 22628 for automotive recyclability rates.

Reducing chemicals in products

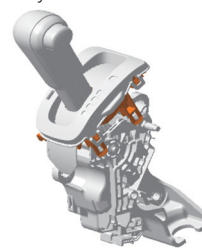
We have been working to reduce levels of lead, mercury, hexavalent chromium, and cadmium—four heavy metals that have negative environmental impacts—in our products. For all automobile and motorcycle models manufactured in Japan, we have achieved JAMA voluntary reduction targets.² For power products, no specific regulations exist in Japan, but we have been undertaking voluntary efforts to comply with JAMA's voluntary targets and working to reduce chemicals in all models produced in Japan.

Underside cover

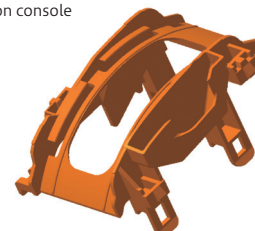


	Recycling rate	Major parts
Automobiles	90% or greater	Fit hybrid ● Underside cover ● Splash shield N BOX ● Underside cover ● Battery box ● Sound absorber
Motorcycles	95% or greater	EV-neo ● Floor step ● Rear fender ● Rear deck
Power products	95% or greater	HSM1390i hybrid snowblower ● Front cover ● Front panel cover ● Control panel

Select lever assembly



Escutcheon console



Plastic from end-of-life home appliances (waste material from refrigerators, washing machines, etc.) is recycled and used in the select lever assembly.

Voluntary reduction targets² proposed by JAMA (for new models)

Target substance	Reduction target
Lead	Amount used per vehicle Automobiles: One-tenth (compared to 1996 ²) Motorcycles: 60 grams or less
Mercury	Complete ban, with exceptions (discharge headlights, navigation LCD panels, etc.)
Hexavalent chromium	Complete ban
Cadmium	Complete ban

2. Baseline for reduction is based on typical amount used per vehicle in 1996 (1,850 grams). One-tenth is equal to 185 grams.



2 Reuse and recycling initiatives

Honda Recycled Parts

We have been collecting high-performance parts—from power steering systems, for example—and using them as recycled parts for repairs and as serve parts since 1998, and selling them as Honda Recycle Parts since July 2007. In fiscal 2012, in response to market trends, we focused on the recovery of torque converters, cleaning and turning 1,098 torque converters into reusable units. By increasing recycling of metal materials, we were able to achieve a 99% recycling rate (by weight) for torque converters.

Recycling batteries from hybrid vehicles

The Integrated Motor Assist (IMA) systems in Honda hybrid vehicles produced before 2011, contain recyclable nickel-metal hydride (NiMH) batteries. In 1999, we established our own collection system and started recycling the material into a feedstock for making stainless steel. In fiscal 2012, we retrieved properly processed 2,203 batteries.

In partnership with Japan Metals & Chemicals Co., we also established the world's first process to extract rare earth metals from IMA batteries in volume-production processes at a recycling plant, and started actual processing in April 2012.

Note: Read more about rare earth recycling in "Honda Face: Case Studies of Environmental Initiatives."

3 Initiatives for proper disposal

Automobiles

● Initiatives to comply with the ELV Recycling Law

Honda makes various efforts to reduce environmental impacts across the life cycles of its automobiles, from development to disposal. Japan's ELV Recycling Law, which came into full force on January 1, 2005, is intended to protect the environment and promote the effective use of resources through measures that ensure the responsible and efficient recycling of end-of-life vehicles. Under the Law, automakers are responsible for collecting and properly disposing of fluorocarbons (which are used as air conditioner refrigerants, but can damage the ozone layer and contribute to global warming if released into the atmosphere), airbags (explosive and difficult to handle), and automobile shredder residue (ASR; material that remains after all reusable materials are extracted). Honda charges recycling fees, which are set as low as possible for the customer, but high enough to sufficiently offset the costs of proper processing and recycling. For more information, please visit our website.

"Initiatives for three recycled items"

http://www.honda.co.jp/auto-recycle/recycle_02.html
(in Japanese only)



"A word about recycling fees"

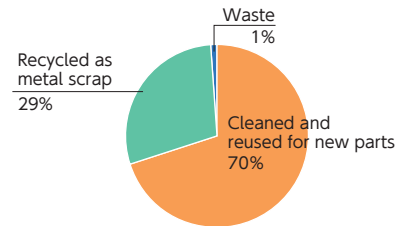
http://www.honda.co.jp/auto-recycle/recycle_03.html
(in Japanese only)



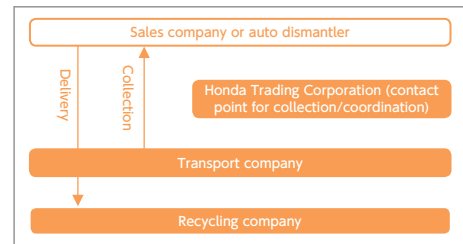
Torque converter, just one of the parts we collect and recycle



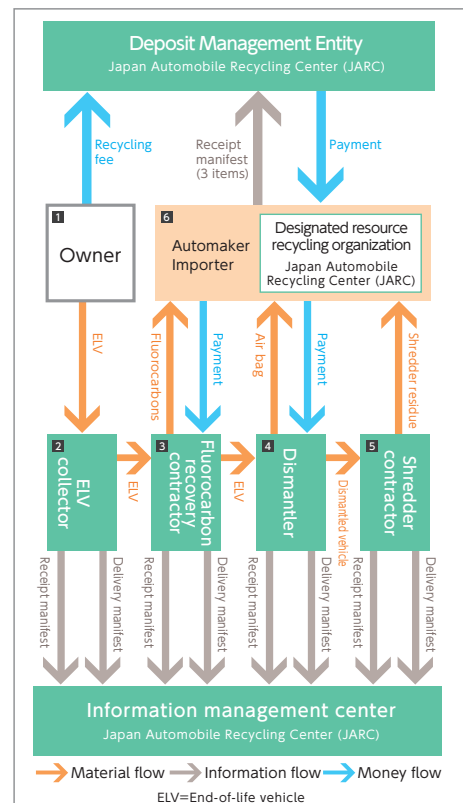
Recycling rate per unit (torque converter)



Collection process for integrated motor assist (IMA) batteries



Automobile recycling process flow-chart



● Complying with the ELV Recycling Law in FY2012

As required by the ELV Recycling Law, in fiscal 2012 we recovered fluorocarbons from about 320,000 vehicles (down 16% from the previous year), air bags from about 240,000 vehicles (down 6%), and automobile shredder residue, which is generated in the final process of automobile recycling, from about 370,000 end-of-life vehicles (down 20%). Recycling deposits received to process these three items totaled 3.77 billion yen, and recycling costs, including internal costs, totaled 3.48 billion yen.

Motorcycles

● Voluntary initiatives to recycle motorcycles

On October 1, 2004, working in partnership with other motorcycle manufacturers and motorcycle importers in Japan, Honda launched a voluntary motorcycle recycling initiative that continues to this day. With support from sales companies and other entities, our goal was to create a back-up recycling system for the proper disposal of end-of-life motorcycles—the world’s first voluntary effort of its kind in the motorcycle industry. In this system, end-of-life motorcycles are accepted by dealers and certified collection centers for proper handling at recycling facilities. We monitor the material recycling routes we established in fiscal 2009 for certain resins and aluminum from engines.

To increase user convenience and reduce illegal dumping, since October 2011 we have been recycling end-of-life motorcycles free of charge when receiving motorcycles that display no recycling symbol, having been sold in Japan before this system was launched.

We have also introduced an information system for confirming the status of motorcycles that are submitted for recycle processing. The Japan Automobile Recycling Promotion Center publishes a control number for each motorcycle, as well as data provided by the companies and facilities that collect, transport, and recycle the motorcycles (see note).

Note: <http://www.jarc.or.jp/en/motorcycle/>

● Results of voluntary recycling initiatives in FY2012

The price tags of all Honda motorcycles sold in Japan include the cost of recycling, and all motorcycles are labeled with a sticker to indicate that no recycling fees will be levied at the time of disposal. Of the end-of-life motorcycles accepted at certified collection centers in fiscal 2012, a total of 1,342, or 66.6%, were Honda products.

The recycling rate for Honda products in fiscal 2012, calculated from the actual amount of each type of material recovered at 14 recycling facilities, was 87.7% by weight.

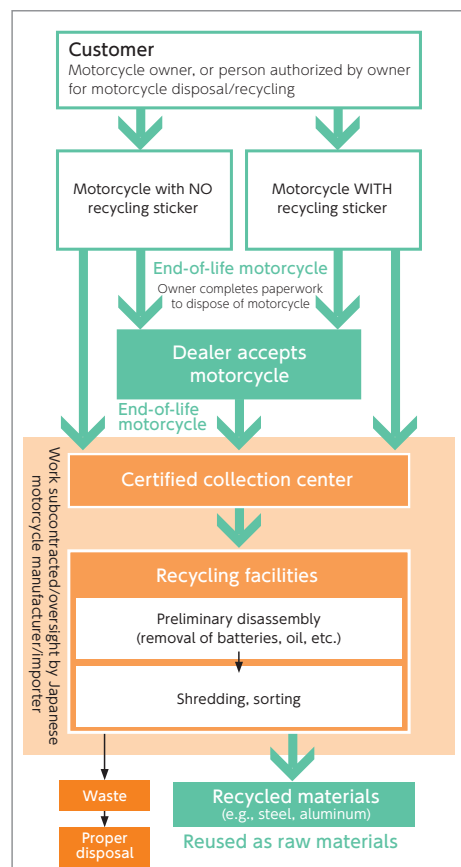
Recycling results for FY2012

Fluorocarbons	Amount recovered	91,834 kg from 320,502 vehicles
	Recovered	69,210 units from 25,746 vehicles
Airbags	Recovered after deployment	635,621 units from 216,160 vehicles
	Recycling rate	93.6% (legal minimum is 85%)
	Volume received	66,485 t from 347,425 vehicles
Automobile shredder residue (ASR)	ASR that would have been generated had full recycling not been done	4,083 t from 20,922 vehicles
	Recycling rate	93.3% (legal minimum for FY2015 is 70%)
Total recycling deposits received		3,766,448,307 yen
Total recycling costs		3,479,863,200 yen

For more on recycling results from FY2012 please visit this site (Japanese):
URL : http://www.honda.co.jp/auto-recycle/recycle_06_2011.html



Motorcycle recycling process flow-chart



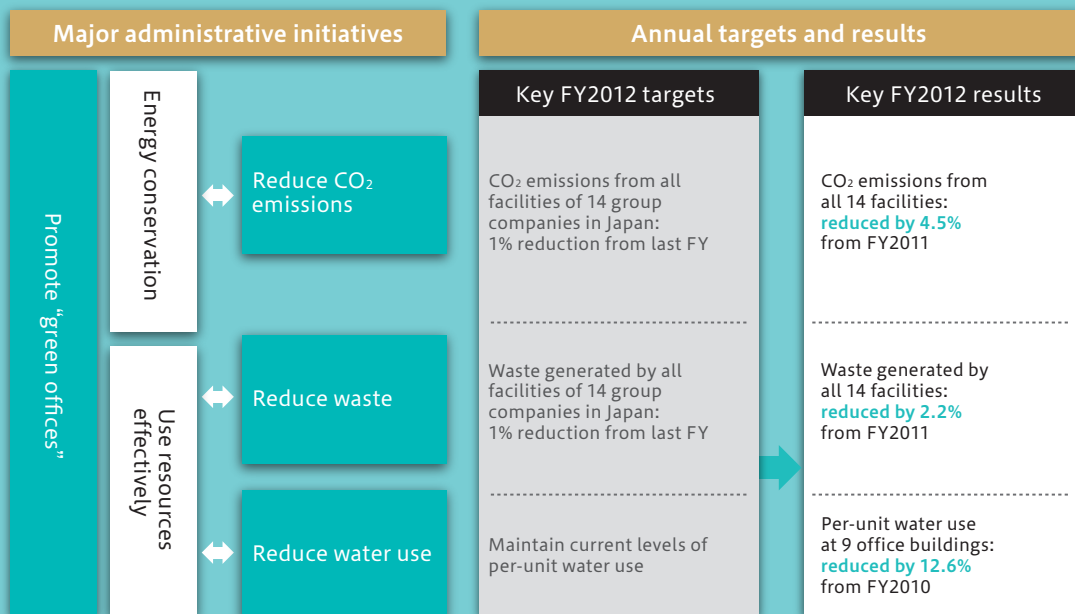
Honda Business Activities



Taking responsibility for the environment in daily operations

Administration

Honda is working to reduce the environmental impacts of its corporate operations. We try to consider the environment in all business activities, to operate environmentally friendly “green offices,” and to constantly improve our environmental performance. Our hope is that these efforts will have an indirect positive impact on the environment by encouraging our customers, suppliers, and business partners to take similar action.



Administration

1 Initiatives in corporate administration

ISO 14001 certification

The first Honda head office building to acquire ISO 14001 certification was the Aoyama headquarters in fiscal 2000. Today, all nine office buildings are certified. In fiscal 2012 we integrated two separate certifications (Aoyama, Wako, and Shirako head office buildings, and Sapporo, Sendai, Yaesu, Nagoya, Osaka, and Fukuoka regional office buildings) and increased the number of internal auditors to improve these environmental management systems, raise their efficiency, and bolster support for environmental improvements.

In order for all divisions to make improvements in their regular operations, we will encourage office buildings to share their best solutions with each other, harmonize educational and other programs, and enhance training for auditing staff, all with the aim of ramping up environmental efforts.

Energy conservation

Carbon dioxide emissions from our nine office buildings in fiscal 2012 totaled 10,350 tons, a significant reduction below our target of 11,581 tons. Most CO₂ emissions associated with administrative operations come from the use of electricity, the largest component of which is air conditioning. To conserve energy in the aftermath of the Great East Japan Earthquake, we implemented a Cool Biz program aimed at finding the right balance between energy conservation (room temperatures were set at 28 °C) and comfort. Each building devised its own solutions, such as distributing air circulators and opening emergency exits and windows to improve airflow. Through these and other efforts, including reductions in elevator use and workplace illumination, electricity consumption was reduced by 19.2% compared to the previous summer (July to September). Starting in autumn, we also implemented a Warm Biz program, with room temperatures set at 20 °C, and carried out rigorous CO₂ reduction efforts, such as promoting the installation of high-frequency and LED lighting, removing lamps and turning off lights in the daytime, and switching to combined printer/copier/fax equipment.

Reducing waste generation

In fiscal 2012, waste generated by our nine office buildings totaled 582 tons, or two tons below our target of 584 tons. This reduction was achieved by implementing careful waste separation at each office and by boosting recycling rates. Since 2006 we have been using hard-to-recycle plastic and paper waste to produce a high-quality solid fuel known as “refuse paper and plastic fuel” (RPF); using RPF as a fossil-fuel alternative has helped us reduce CO₂ emissions. Our Wako Building achieved a 97% recycling rate in fiscal 2012 as a result of various measures, including the installation of cleaning equipment for plastic packaging from its associate cafeteria in fiscal 2008 and the conversion of cigarette butts into RPF since fiscal 2011. The Aoyama Building has been reviewing its operations and making exhaustive efforts to meet its target of reducing copy paper use by 10% each year, such as copying paper on both sides and shifting from paper to electronic documentation.

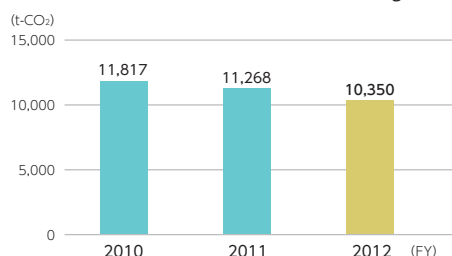
Reducing water use

Per-unit water use at our nine office buildings increased in fiscal

Nine Honda Office Buildings



CO₂ emissions from nine Honda office buildings¹

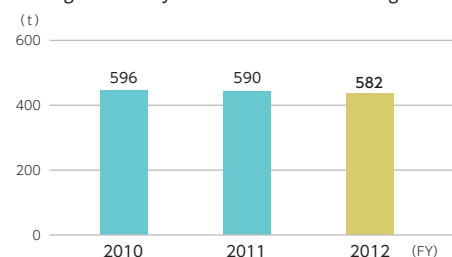


1. Aoyama, Wako, Shirako, Yaesu, Sapporo, Sendai, Nagoya, Osaka, and Fukuoka buildings.

Note: The CO₂ conversion factor for electricity changed in FY2012

Note: Figures for past years have been corrected due to errors in data reporting and calculation.

Waste generated by nine Honda office buildings¹



1. Aoyama, Wako, Shirako, Yaesu, Sapporo, Sendai, Nagoya, Osaka, and Fukuoka buildings.

Note: Figures for past years have been corrected due to errors in data reporting and calculation.



2011 as we could not recycle water during facilities upgrades, but declined in fiscal 2012 to 12.6% below that in fiscal 2010, for a total water use of 98,797 m³.

This achievement was the result of various water conservation efforts, such as more efficient use of greywater at the Aoyama Building by treating kitchen wastewater and rainwater for use in flush toilets, reduced water use in the cooling towers at the Wako Building due to the Cool Biz program, and the installation of low-flush toilets along with upgrades to water supply equipment at the Sapporo Building.

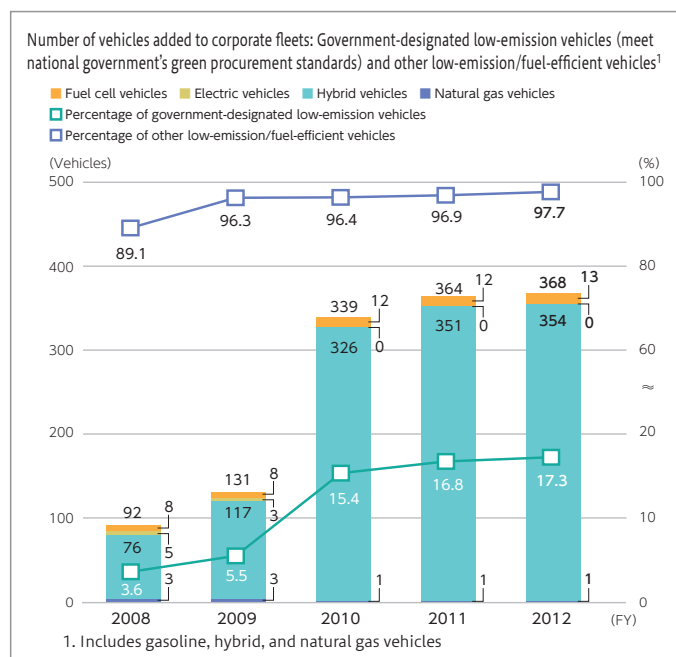
2 Group-wide initiatives

CO₂ emissions, waste, and water use

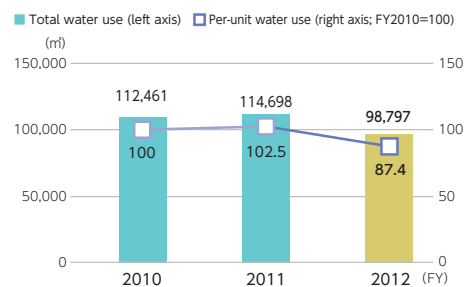
Our Business Support Operations coordinates environmental activities at all 14 Honda Group companies in Japan. Group companies can be divided into three functional areas: administrative functions, which include our head office buildings, service functions, such as circuit courses and driving schools, and production functions, including aluminum smelting and parts manufacturing.

In fiscal 2012, electricity consumption from July to September fell by 19.3% from the previous year, not only as a result of new restrictions to summer electricity use following the Great East Japan Earthquake, but also electricity conservation efforts by group companies with electricity supply contracts of 500 kilowatts or less. Carbon dioxide emissions also declined thanks to efforts to reduce base electricity consumption, such as the introduction of LED lighting and demand monitoring systems. Water consumption was lower as well, due to new low-flush toilets and the Environmental Etiquette program, which encourages associates to conserve water and take other small but significant steps to reduce environmental impacts.

In production, efforts were made to reduce waste generation, such as by switching to returnable packaging and carefully sorting waste metals for resale.

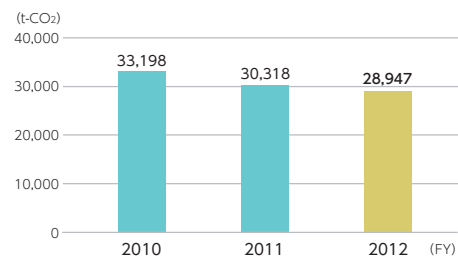


Water used by nine Honda office buildings²



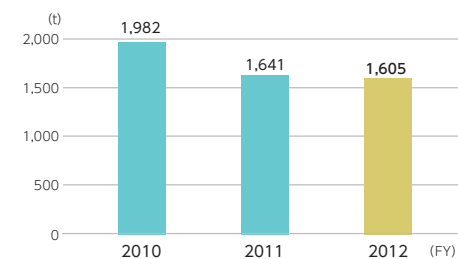
2. Aoyama, Wako, Shirako, Yaesu, Sapporo, Sendai, Nagoya, Osaka, and Fukuoka buildings.

Group CO₂ emissions



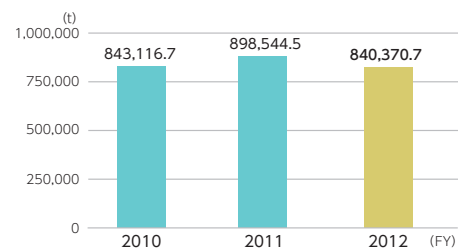
Note: Figures for past years have been corrected due to errors in data reporting and calculation.

Group waste generation



Note: Figures for past years have been corrected due to errors in data reporting and calculation.

Group water use



Note: For fiscal 2012 data, includes all 9 office buildings (Aoyama, Wako, Shirako, Yaesu, Sapporo, Sendai, Nagoya, Osaka, Fukuoka) of Honda Motor Co., Ltd. and all facilities of 12 consolidated group companies and one educational institution in Japan: Mobilityland Corporation, Honda Kaihatsu Co. Ltd., Honda Sun Co., Ltd., Honda Commtec Inc., Honda Airways Co., Ltd., Honda Trading Corporation, Honda Finance Co., Ltd., Rainbow Motor School Co., Ltd., Kibonosato Honda Co., Ltd., Honda R&D Sun Co., Ltd., Circuit Service Creates, Japan Race Promotion Inc., and Honda Technical College. (Japan Techno Co., Ltd. and KP Tech Co., Ltd. were liquidated in fiscal 2012.)

Initiatives at Major Group Companies in Japan

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

Consolidated group companies in Japan adhere to Honda's Fundamental Beliefs, and therefore are also aware of their responsibility to reduce the environmental impacts of their business activities, setting challenging voluntary targets for environmental performance and actively working to protect the environment. Below we report on the activities of Honda R&D, our research and development arm, Honda Engineering, our leader in production technologies, and Honda Access, which operates in the research, development, and sales of genuine Honda parts and accessories.

Honda R&D Co., Ltd.

Major initiatives		Annual targets and results	
Promote "green laboratories"	Energy and resource conservation	Key FY2012 targets	FY2012 results
	Energy conservation (reduce CO ₂ emissions)	Per-unit CO ₂ emissions: 17% reduction from FY2001	Per-unit CO ₂ emissions: reduced by 32% from FY2001
	Alternative energy deployment	Per-unit water use: 35% reduction from FY2001	Per-unit water use: reduced by 35% from FY2001
	Resource conservation (reduce water use)	Per-unit waste generation: 41% reduction from FY2001	Per-unit waste generation: reduced by 36% from FY2001
	Zero waste and emissions	Continue to reduce emissions of PRTR ¹ -listed substances	Per-unit PRTR ¹ emission: reduced by 69% from FY2003
	Reduce waste		
Reduce pollutants			
Prevent air/water pollution			

1. PRTR (Pollutant Release and Transfer Registers) are national or regional databases of information on the environmental release and off-site transfer of potentially hazardous chemical substances from industrial and other facilities.

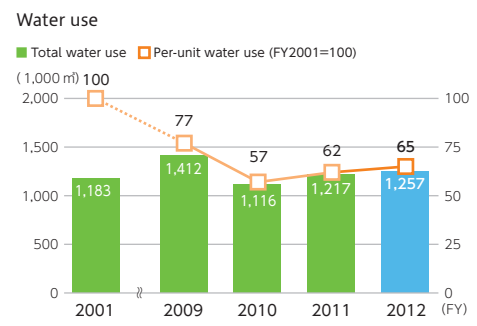
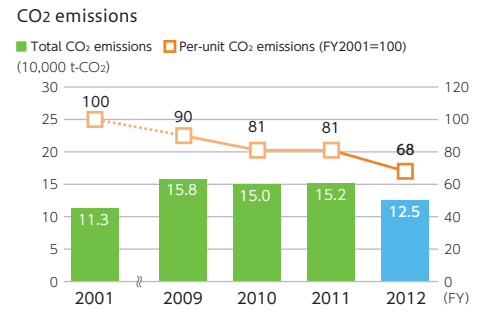
1 Energy and resource conservation

Honda R&D Co.,Ltd. endeavored to conserve energy in fiscal 2012 as it pursued its goal of reducing per-unit CO₂ emissions by 17% from fiscal 2001; it achieved a 32% reduction.

The Automobile R&D Center (Tochigi) experienced major damage to buildings and equipment from the Great East Japan Earthquake, but when reconstruction work began in July, an effort was made to introduce more efficient equipment by, for example, installing LEDs and energy-efficient lighting, central air conditioners with more efficient motors, and more efficient room air conditioners, and upgrading to more efficient heat-supply equipment and cooling pumps. Efforts were also made to reform R&D activities toward low-carbon development.

Honda R&D also met its target to reduce per-unit water use by 35%. Water-conservation strategies included recycling water used in road surface testing at the Tochigi Proving Ground, and using spring water instead of municipal water at the Motorcycle R&D Center.

Note: Read more about post-disaster reconstruction and CO₂ emissions reduction initiatives in research and development at Honda R&D CO. in "Honda Face: Case Studies of Environmental Initiatives."
 [URL]<http://world.honda.com/environment/report/download/index2.html>



Boosting efficiency



LED lighting



Heat-supply equipment



Cold-water pumps



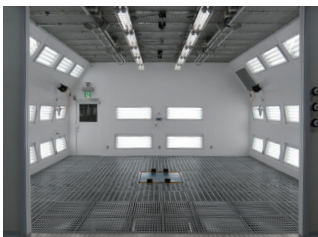
High-efficiency central air conditioners

2 Zero waste and emissions

Honda R&D engaged in resource conservation efforts in fiscal 2012 while pursuing a 41% reduction in waste generation from fiscal 2001; it achieved a reduction of 36%¹. Activities in fiscal 2012 included separating more waste for recycling and converting waste batteries, plastic bottles, catalytic converters, and electronic circuitboards into sellable waste products. Despite these efforts, waste generation increased from the previous year as a result of the Great East Japan Earthquake.

Since fiscal 2009, Honda R&D's Automobile R&D Center in Wako, Saitama Prefecture, has been testing low-VOC² coatings on prototype vehicles to replace solvent-based coatings. Low-VOC coatings were progressively introduced for surface preparation, middle coats, and final coats on prototype vehicles, which have led to reductions in the use of toxic chemical substances (PRTR-listed substances). In fiscal 2011, spray booths capable of using water-based products were installed in place of older booths, and in fiscal 2012, heat supply equipment for spray booths were upgraded for greater efficiency. Finally in January 2012, two years after upgrade work began, the new spray booths went into operation.

1. Reduction of 43% if excluding waste resulting from the Great East Japan Earthquake
 2. VOC (Volatile Organic Compounds): Organic chemical substances that cause photochemical smog and are commonly used in the solvents of paints and thinners.



Spray booth capable of using water-based coatings



Heat source equipment (15 modular chillers)

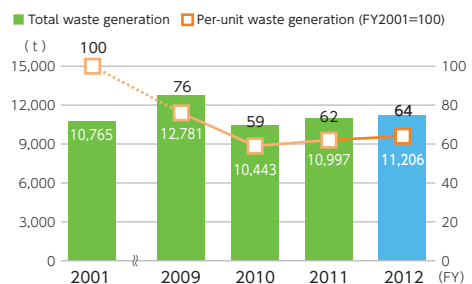


New cafeteria at Automobile R&D Center (Tochigi)



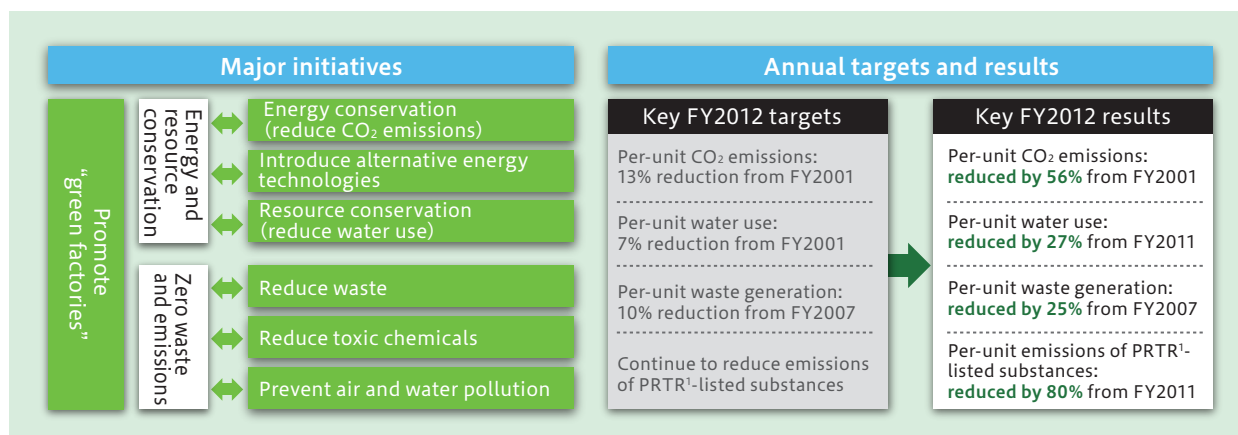
New office design for design floor at Automobile R&D Center (Tochigi)

Waste generation



Note: Figures for past years have been corrected due to errors in data reporting and calculation.

Honda Engineering Co., Ltd.



1. PRTR (Pollutant Release and Transfer Registers) are national or regional databases of information on the environmental release and off-site transfer of potentially hazardous chemical substances from industrial and other facilities.

1 Energy and resource conservation

Honda Engineering's target for per-unit CO₂ emissions in fiscal 2012 was a 13% reduction from fiscal 2001; it achieved a 56% reduction, far exceeding this target.

The company took significant damage from the Great East Japan Earthquake, and delays in restarting operations resulted in reduced energy and resource consumption for the year. The company used reconstruction after the disaster as an opportunity to upgrade much of its energy-related equipment. Honda Engineering established measures to achieve CO₂ reduction targets in fiscal 2012, and achieved its targets through a variety of energy-conservation efforts, including installation of high-efficiency room air conditioners, using two-system remote controls, high-efficiency transformers, and high-efficiency lighting. Also, to raise awareness among associates, the company distributed outlet adapters with switches to all departments and sent out a bulletin in fall and winter asking associates to help save electricity. At the Honda Green Conference held for production operations in October 2011, the company announced a system to use outdoor air for cooling the IT server room and also reduce power consumption in standby mode for high-output CT scanners.

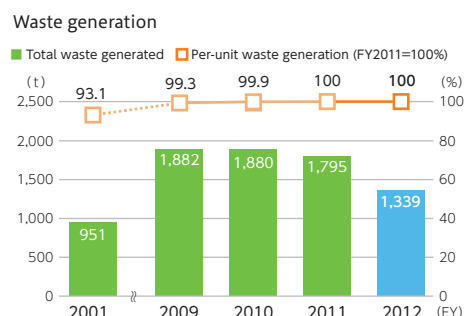
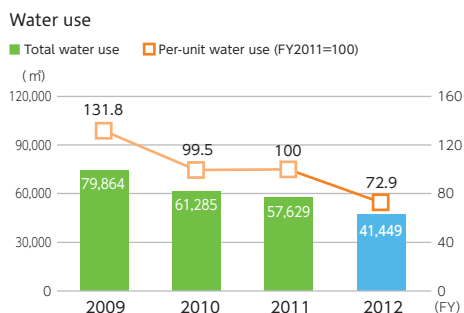
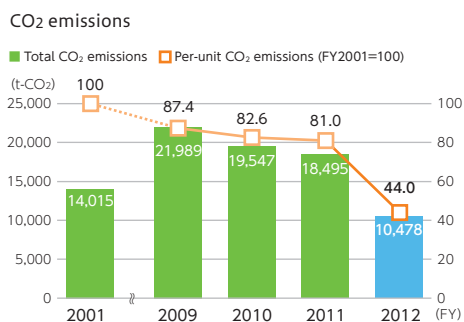
Honda Engineering is currently exploring options for introducing alternative energy technologies. It sent environmental representatives from each department to take part in a study tour of the Central Research Institute of Electric Power Industry (CRIEPI) to gather information about technology trends. Research into the potential of installing a system to utilize groundwater thermal energy is ongoing. Finally, as a resource conservation measure, the company is reusing wastewater to use its water resources more effectively. Its target for per-unit water use in fiscal 2012 was to reduce use by 7% from the previous year, and it surpassed its target with a 27% reduction. The company will continue working to increase its water recycling rate to further reduce water use.

2 Zero waste and emissions

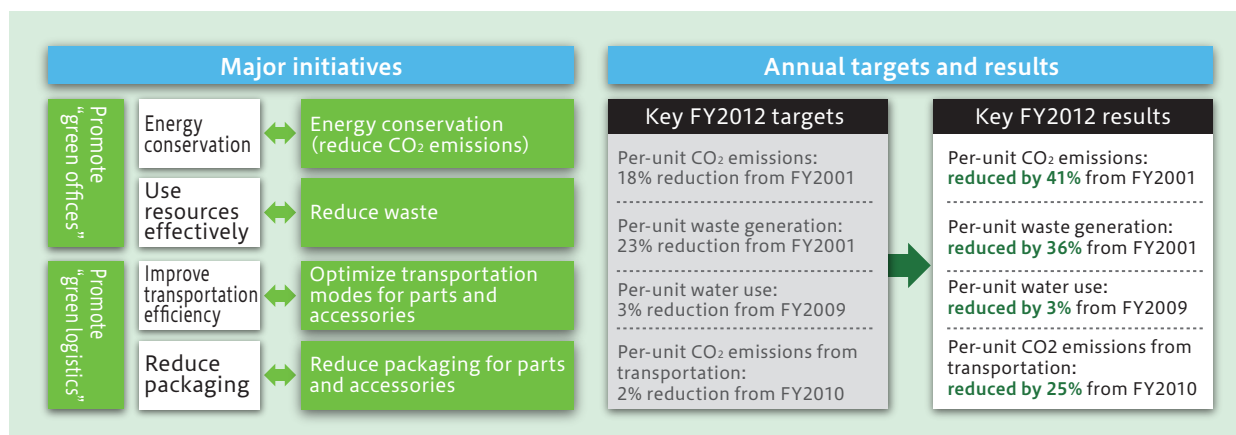
Honda Engineering reduced its waste generation² to 1,339 tons, achieving its target for the year. Waste generation declined partly as a result of slower business activities after the disaster.

Meanwhile, debris from the disaster amounted to roughly twice the amount of waste the company normally generates in two years. By sorting it within each facility, associates were able to achieve a 100% recycling rate, with 72% being sold for cost recovery.

2. Does not include rubble and debris from the disaster.



Honda Access Corporation



Note: Honda Access Corp. has three business sites: Niiza head office, Tochigi R&D Center, and a distribution center in Hidaka. Data for the Tochigi R&D Center are included in reports for the Automobile R&D Center (Tochigi) of Honda R&D Co. Reports by Honda Access Corp. here cover only the distribution center in Hidaka and Niiza head office.

1 Energy conservation

In fiscal 2012, Honda Access Corp. aimed for an 18% reduction in per-unit CO₂ emissions from fiscal 2001; it achieved its target with a 41% reduction. Actions that contributed to this reduction include upgrading the transformer substation to a higher-efficiency type, taking steps to conserve energy such as putting thermal films on glass windows, reducing elevator operation, and other efforts to conserve energy during the summer such as not using artificial lights in areas near windows.

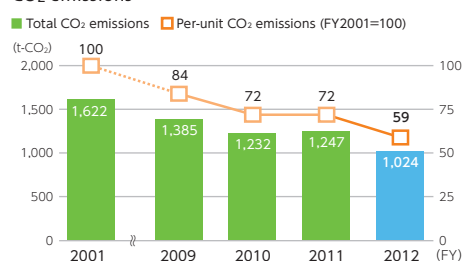
2 Use resources effectively

In fiscal 2012, Honda Access Corp. aimed for a 23% reduction in per-unit waste generation from fiscal 2001; it exceeded its target with a 36% reduction. This was achieved by reducing the amount of waste cardboard by reusing empty product delivery boxes as containers for shipping small items together, and by simplifying packaging following a review of packing methods for product delivery. The company's target for per-unit water use in fiscal 2012 was a 3% reduction from fiscal 2009. It achieved its target through efforts to conserve water in the cafeteria kitchen, when washing hands, and in other areas.

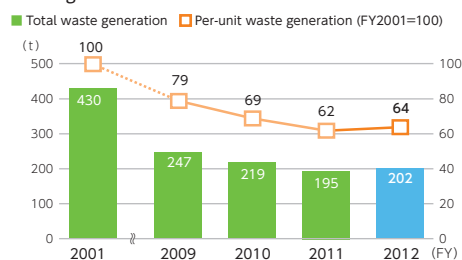
3 Improve transportation efficiency

In fiscal 2012, Honda Access Corp. aimed for a 2% reduction in per-unit CO₂ emissions from transportation from fiscal 2010, and met its target with a 25% reduction. This was achieved by adjusting delivery quantities on a weekly basis, and reducing the number of deliveries by increasing truck loading efficiency.

CO₂ emissions

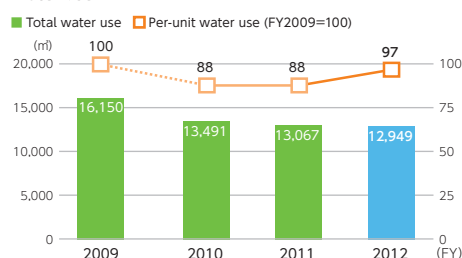


Waste generation

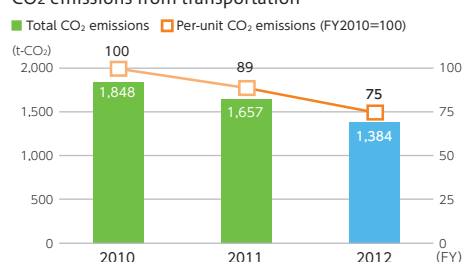


Note: Figures for past years have been corrected due to errors in data reporting and calculation.

Water use



CO₂ emissions from transportation



Philanthropic Environmental Initiatives

Honda environmental conservation initiatives are based on a global perspective but carried out with the goal of building good relations between our operations and the communities that host them. As a responsible corporate citizen, we try to anticipate our neighbors' needs and carry out activities at the local level, to share positive experiences with communities and pass on something valuable to future generations. For more information please visit: <http://world.honda.com/community/>

1 Beach clean-up efforts

In response to associates' expressed desire to ensure that future generations will still be able to walk barefoot on Japan's beaches, Honda developed a towable beach cleaner. It is lightweight, compact, simply designed, and easy to operate, and is now being used to clean beaches throughout Japan. The project was launched in May 2006, and to date more than 100 beaches have been cleaned with cooperation from local residents as well as associates and retirees from Honda offices and factories, group companies, and sales companies. With cooperation from Dealers Association of Miyagi Prefecture, affiliated company Keihin Corporation, and others, a beach cleanup was also held in a community (Tuskihama Beach, Higashimatsushima, Miyagi Prefecture) wrecked by the tsunami that followed the Great East Japan Earthquake.



All-terrain vehicle pulling a beach cleaner

Honda beach cleanups held in FY2012

No. of cleanups	No. of participants
25	3,700

2 Watershed conservation in Japan

The water we use every day comes from rivers that flow from the mountains to the sea. At the sources of these rivers are watershed forests, which store water, produce clean air, and prevent disasters by stabilizing the ground. They also provide places for people to feel refreshed and enjoy the wonders of nature.

Through conservation projects conducted by the volunteer efforts of Honda associates and retirees, Honda helps to protect these watershed forests and preserve them for future generations.

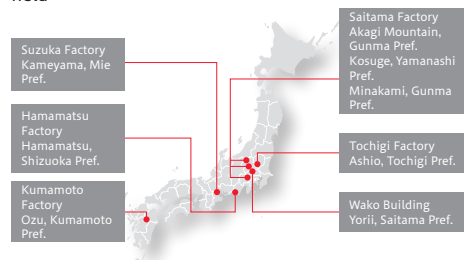


Watershed conservation participants

Watershed conservation efforts in FY2012

No. of locations	No. of events	No. of participants
6	9	338

Areas where watershed conservation activities were held



3 Tree planting in the Inner Mongolia Autonomous Region

On July 17, 2011, associates from 14 Honda joint ventures in China planted trees in Inner Mongolia, working together with local school children and other citizens.

Desertification has become a serious environmental problem in China, one the Chinese government is working hard to stop. As a member of the business community in China, and to help improve the environment and contribute to a greener future, Honda has been participating in tree-planting activities in cooperation with local governments.

The tree-planting program in the Inner Mongolia Autonomous Region began in 2008, and involves plans to green a roughly 467-hectare¹ area near the Youyi Dam in Xinghe County, Ulaan Chab City, by planting more than 700,000 saplings over a five-year period ending in 2012. About 100,000 trees (on 66.7 hectares) were planted in 2008², 120,000 (on 80 hectares) in 2009, 150,000 (on 106.7 hectares)

in 2010, and 200,000 (on 120 hectares) in 2011, and the remaining 140,000 (93.9 hectares) to complete the project are expected to be planted this year. These trees will absorb about 23,000 tons of CO₂ annually.³

Honda has designed its tree-planting program to also serve as an educational activity for children and hopes that the children who participate will learn the joy of nurturing plant life while working with its associates.

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

1. One hectare = 10,000 square meters
 2. These figures have been corrected from last year due to reporting errors.
 3. Honda estimate

4 Environmental education

Nature Wagon program

Under this program, Honda Step WGNs and other vehicles are used to carry natural materials from the sea and the mountains to primary schools, community centers, and other public facilities for use in environmental education.

Honda retirees volunteer to give talks on natural systems and the importance of environmental conservation, and offer craft activities using wood and stone. The aim is to help children discover and think about nature and the environment.

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 and through nature craft activities that use wood from forest thinning, 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 flowing water 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.

5 Coexisting with local communities

As responsible members of their local communities, Honda facilities carry out periodic neighborhood cleanups. They also try to communicate with local communities by hosting ecotours and factory tours and holding other events for local residents.



Tree-planting program in the Inner Mongolia Autonomous Region



A Nature Wagon workshops

Nature Wagon activities in FY2012

No. of locations	No. of events	No. of participants
5	161	8,255



Creations from a Forest Fantasy Workshops



Neighborhood cleanup

Environmental Performance of Key Products in Japan

Automobile	Model	Fit Shuttle Hybrid
	Launch date	June 16, 2011
	Type covered	HYBRID – C
	Type details	DAA-GP2
	Engine (motor) type	LDA-MF6
	Engine displacement (cm ³)	1,339
	Drive train	FF
	Type of drive train ¹	CVT
	Transmission ²	★★★★
	MLIT emission certification ³	JC08H+JC08C
	Test mode	0.50
	Emission values reported to MLIT (g/km)	0.013
	CO	0.013
	NMHC	-
	NOx	-
	PM	-
	JC08 mode fuel economy (km/L)/CO ₂ emissions (g/km)	26.0/89.3
	10-15 mode fuel economy (km/L)/CO ₂ emissions (g/km)	30.0/77.4
	Noise near exhaust outlet Standard value/Reported value dB (A)	96/84
	Engine speed (rpm)	4,350
	Noise level (MLIT measurement)	76/72
	When accelerating Standard value/Reported value dB (A)	72/70
	At constant speed Standard value/Reported value dB (A)	50
	Speed (km/h)	

Motorcycle	Model	Dio110
	Launch date	July 18, 2011
	Type details	EBJ-JF31
	Engine type	JF31E
	Engine displacement (cm ³)	107
	Transmission	CVT
	Emission compliance level	2007 regulations
	Emission values reported to MLIT (g/km)	2.2
	CO	0.45
	HC	0.16
	NOx	52.0
	Fuel economy (km/L)	-
	60 km level course test measurement	90/83
	30 km level course test measurement	4,125
	Noise near exhaust outlet Standard value/Reported value dB (A)	71/70
	Engine speed (rpm)	68/66
	Noise level (MLIT measurement)	40
	When accelerating Standard value/Reported value dB (A)	
	At constant speed Standard value/Reported value	
	Speed (km/h)	

Power products	Name	BF250
	Model	BF250A
	Launch date	December 1, 2011
	Type details	BBJJ
	Engine type	BEBJJ
	Engine displacement (cm ³)	3,583
	Dry weight (kg) ⁴	XXN:288 XCN:284 XN:284 LN:278
	Continuous running time (hr)	-
	Fuel consumption rate (g/kWh)	At max output: 320, At rated output: 320, 5 mode: 310
	Compliance with EPA Phase II emission standards for power products ⁵	-
	Compliance with CARB Tier 3 emission standards for power products ⁵	-
	Compliance with Japan Land Engine Manufacturers Association voluntary standards	-
	Compliance with EPA marine2010 emission standards for power products ⁵	○
	Compliance with CARB marine2010 emission standards for power products ⁵	○
	Compliance with voluntary standards of the Japan Land Engine Manufacturers Association	○
	Noise	73
	EU guaranteed sound power level LWA	83
	Noise at the ear LPA	

Freed Hybrid	CR-V	N BOX
October 28, 2011	December 2, 2011	December 16, 2011
HYBRID	20G	G
DAA-GP3	DBA-RM1	DBA-JF1
LEA-MF6	R20A	S07A
1,496	1,997	658
FF	FF	FF
CVT	CVT	CVT
★★★★	★★★★	★★★★
JC08H+JC08C	JC08H+JC08C	JC08H+JC08C
0.50	1.00	0.40
0.013	0.013	0.013
0.013	0.013	0.013
-	-	-
21.6/107.5	14.4/161.2	22.2/104.6
24.0/96.7	15.4/150.8	24.5/94.8
96/81	96/83	96/82
4,050	4,000	4,000
76/72	76/74	76/75
72/69	72/70	72/68
50	50	50

Benly	NC700X	Super Cub 110
September 13, 2011	February 24, 2012	March 16, 2012
JBH-AA03	EBL-RC63	EBJ-JA10
AA03E	RC61E	JA10E
49	669	109
CVT	6-speed return	4-speed return
2006 regulations	2007 regulations	2007 regulations
2.2	2.62	2.20
0.45	0.27	0.45
0.16	0.21	0.16
-	41.0	63.5
66	-	-
84/82	94/84	90/80
4,125	3,125	3,750
71/70	73/72	71/71
65/64	72/68	68/66
20	50	40

1. FF: Front engine, front-wheel drive
2. CVT: Continuously Variable Transmission
3. ★★★★★: Certified vehicles with emissions 75% lower than 2005 standards
4. LN/XN/XCN/XXN are type names for the BF250
5. Similar models have obtained emissions certification in the United States, but products marketed in Japan are not guaranteed to meet those standards.

For additional information on all automobile models that are introduced or registered in Japan, see URL below (in Japanese only).
<http://www.honda.co.jp/auto-environment/>



For additional information on all motorcycle models that are introduced or registered in Japan, see URL below (in Japanese only).
<http://www.honda.co.jp/motor-environment/>



Facilities in Japan that Disclose Environmental Data

See the following website for environmental data disclosed by facilities in Japan (in Japanese only).
<http://www.honda.co.jp/environment/data/index.html>



Honda Motor Co., Ltd.

Saitama Factory

Address: 1-10-1 Shin-Sayama, Sayama City, Saitama Prefecture, Japan
 Established: 1964
 Major products: Odyssey, Step WGN, Accord
 Water discharge points: Sewage system, Iruma River
 ISO 14001 certification: January 1998
<http://www.honda.co.jp/environment/data/office/hd010100.html> (in Japanese only)



Ogawa Plant, Saitama Factory

Address: 2-1-1 Hibaridai, Ogawa-cho, Hiki-gun, Saitama Prefecture, Japan
 Established: 2009
 Major products: Engines
 Water discharge points: Sewage system, Kabuto River
<http://www.honda.co.jp/environment/data/office/hd011700.html> (in Japanese only)



Suzuka Factory

Address: 1907 Hirata-cho, Suzuka City, Mie Prefecture, Japan
 Established: 1960
 Major products: N BOX, Fit, Insight
 Water discharge point: Suzuka River
 ISO 14001 certification: February 1998
<http://www.honda.co.jp/environment/data/office/hd010500.html> (in Japanese only)



Kumamoto Factory

Address: 1500 Hirakawa, Ohzu-machi, Kikuchi-gun, Kumamoto Prefecture, Japan
 Established: 1976
 Major products: Motorcycles, multipurpose engines
 Water discharge point: Kikuchi River via Himuki River and Koushi River
 ISO 14001 certification: November 1997
<http://www.honda.co.jp/environment/data/office/hd010600.html> (in Japanese only)



Hamamatsu Factory

Address: 1-13-1 Aoi Higashi, Naka-ku, Hamamatsu City, Shizuoka Prefecture, Japan
 Established: 1954
 Major products: Automatic transmissions for automobiles
 Water discharge points: Sewage system, Isaji River, Danzu River
 ISO 14001 certification: March 1998
<http://www.honda.co.jp/environment/data/office/hd010300.html> (in Japanese only)



Hosoe Plant, Hamamatsu Factory

Address: 5794-1 Kiga, Hosoe-cho, Kita-ku, Hamamatsu City, Japan
 Established: 2001
 Major products: Marine outboards
 Water discharge point: Lake Hamana (rainwater only)
<http://www.honda.co.jp/environment/data/office/hd010400.html> (in Japanese only)



Tochigi Factory

Address: 19 Matsuyama-cho, Moka City, Tochigi Prefecture, Japan
 Established: 1970
 Major products: Engine parts, suspension parts
 Water discharge point: Kokai River via Gogyo River
 ISO 14001 certification: September 1997
<http://www.honda.co.jp/environment/data/office/hd010200.html> (in Japanese only)



Automobile New Model Center

Address: 2900 Kamitakanezawa-oaza, Takanezawa-machi, Shioya-gun, Tochigi Prefecture, Japan
 Established: 1995
 Major services: Manufacture of fuel cell electric vehicles and technical support for automobile manufacturing
 Water discharge point: Sewage system
<http://www.honda.co.jp/environment/data/office/hd010700.html> (in Japanese only)



Quality Innovation Center (Tochigi)

Address: 52-1 Hagadai, Haga-machi, Haga-gun, Tochigi Prefecture, Japan
 Established: April 2003
 Major services: Responds to quality issues in the market and manages certification processes
 Water discharge point: Sewage system
 ISO 14001 certification: January 1998 (Honda Motor Co., Ltd.)
<http://www.honda.co.jp/environment/data/office/hd010800.html> (in Japanese only)



Honda R&D Co., Ltd.

**Automobile R&D Center, Wako
 Fundamental Technology Research Center
 Aircraft Engine R&D Center**

Address: 1-4-1 Chuo, Wako City, Saitama Prefecture, Japan
 Established: 1960 (established as independent company from Honda Motor Co., Ltd.)
 Major services: Automobile design research, basic research and development, and development of aircraft engines
 Water discharge point: Sewage system
<http://www.honda.co.jp/environment/data/office/hd010900.html> (in Japanese only)



Automobile R&D Center (Tochigi Proving Ground)

Address: 4630 Shimotakanesawa, Haga-machi, Haga-gun, Tochigi Prefecture, Japan
 Established: 1982
 Major services: Automobile research and development (design, trial production, and testing of engines, bodies, and chassis)
 Water discharge point: Sewage system
<http://www.honda.co.jp/environment/data/office/hd011100.html> (in Japanese only)



**Motorcycle R&D Center/
 Power Products R&D Center**

Address: 3-15-1 Senzui, Asaka City, Saitama Prefecture, Japan
 Established: 1973
 Major services: Research and development of motorcycles and power products
 Water discharge point: Sewage system
<http://www.honda.co.jp/environment/data/office/hd011000.html> (in Japanese only)



Takasu Proving Ground

Address: 21-10, Takasu-cho, Kamikawa-gun, Hokkaido, Japan
 Established: 1996
 Major services: Research and development of motorcycles, automobiles, and power products (on test courses)
 Water discharge point: Shumamu River
<http://www.honda.co.jp/environment/data/office/hd011300.html> (in Japanese only)



Honda Engineering Co., Ltd.

Honda Engineering Co., Ltd.

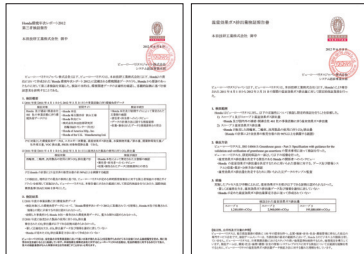
Address: 6-1 Hagadai, Haga-machi, Haga-gun, Tochigi Prefecture, Japan
 Established: 1990
 Major services: Development, design and manufacture of general machinery and production equipment, such as machining tools, dies, and functional parts
 Water discharge point: Sewage system
 ISO 14001 certification: July 1997
<http://www.honda.co.jp/environment/data/office/hd011400.html> (in Japanese only)



ISO/EMAS certification status for global facilities <http://www.honda.co.jp/environment/data/iso/> (in Japanese only)
 PRTR-listed substances (production domain) <http://www.honda.co.jp/environment/data/office/hd011500.html> (in Japanese only)
 Groundwater quality measurements <http://www.honda.co.jp/environment/data/office/hd011600.html> (in Japanese only)
 Environmental awards and rankings <http://www.honda.co.jp/environment/award/> (in Japanese only)

Third-Party Verification / Environmental Communication

Third party verification



To disclose environmental impact data in a more transparent and reliable manner to our diverse stakeholders, Honda expanded third-party verification in the following ways in fiscal 2012.

1. While third-party verification only covered environmental impact data from our Japanese operations in fiscal 2012, the scope of audits was expanded to consolidated subsidiaries outside Japan in fiscal 2013.
2. In accordance with the Scope 3 Standard published by the GHG Protocol Initiative on October 4, 2011, we added CO₂ emissions from “use of sold products” to our list of independently verified data. This category represents the largest source of CO₂ emissions for an automaker.

【URL】<http://www.honda.co.jp/environment/communications/verification.html>

Promoting environmental communication

Communicating with local communities

Honda communicates with people affected by our business operations, including consumers and people living near our business sites, as part of our environmental management efforts. We distribute environmental information widely through various media and over the Internet and have also established communication channels to allow us to gather and respond to input from local communities.

Environmental publications

Brochures		The Honda Environmental Annual Report	This report provides a bird's eye view of Honda environmental initiatives, including basic policies, initiatives in each business domain, and long-term goals, while explaining specific progress made in each area. http://world.honda.com/environment/report/	
		Honda Ecology+ (in Japanese only)	This report describes the various efforts we are making to realize the Honda Environmental Vision, with a special focus on initiatives in product research and development. http://www.honda.co.jp/environment/publications/pdf/Honda_ecoplus.pdf	
		e-dream (in Japanese only)	This informative magazine presents initiatives going on at Honda dealers and the latest environmental technologies for all product categories—automobiles, motorcycles, and power products—to facilitate better communication between dealers and customers. http://www.honda.co.jp/e-dream/	
		Honda Eco Book (in Japanese only)	Written for older elementary school children, Honda Eco Book uses photographs and illustrations to clearly explain what Honda is doing and what kids can do at home to help tackle major environmental problems. http://www.honda.co.jp/environment/publications/pdf/ecolabo-kids.pdf	
Websites		Environment section of the Honda Worldwide website	The Honda Worldwide website offers the full range of environmental information from Honda, including product data and environmental specifications, environmental news, and a history of environmental conservation at Honda. http://world.honda.com/environment/	
		Honda Face: An Environmental Documentary (in Japanese only)	This regularly updated website introduces Honda environmental initiatives, with a special focus on our associates and technologies. “Honda Face: Case Studies of Environmental Initiatives” is a re-edited version of the online content, compiled on a fiscal-year basis, and is available as a supplement to the Honda Environmental Annual Report. http://www.honda.co.jp/environment/face/2012/	
		Honda Eco Lab Kids (in Japanese only)	Honda Eco Lab Kids introduces global environmental issues and Honda environmental initiatives to elementary school students. It also provides examples of how kids can lead environmentally responsible lives at home. http://www.honda.co.jp/ecolabo-kids/	
Video libraries		Blue Skies for Our Children	This animated global ad brings to life the key elements of the Honda global environmental symbol and slogan, a declaration of our commitment to do more to realize our environmental vision. http://world.honda.com/message/blueskies-mobilityworld/video/	
		Honda and the Environment	This video introduces Honda environmental initiatives while highlighting environmental technologies for products and initiatives in our business activities. http://world.honda.com/environment/video/HondaEnvironment/	
		Our fight against global warming—Honda eco-cars (in Japanese only)	Created for older elementary school children, this video introduces the global warming problem and Honda initiatives to fight it, narrated by Honda Green Action mascot Leafel. http://www.honda.co.jp/environment/details/library/ia000600.html	

GRI Content Index

The table below indicates the pages in the Honda Environment Annual Report that correspond to standard disclosure items and the environmental performance indicators in the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI).

Profile		Page	
1. Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	4-5, 22-23, 38
	1.2	Description of key impacts, risks, and opportunities.	10-15, 39-41
2. Organizational Profile	2.1	Name of the organization.	C4
	2.2	Primary brands, products, and/or services.	C3-C4
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	C3, 2-3, 24, 42
	2.4	Location of organization's headquarters.	C4
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	C3-C4
	2.6	Nature of ownership and legal form.	C4
	2.7	Markets served.	C3
	2.8	Scale of the reporting organization.	C3-C4
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	OH
	2.10	Awards received in the reporting period.	1, EN-Web
3. Report Parameters	3.1	Reporting period for information provided.	2-3
	3.2	Date of most recent previous report (if any)	2-3
	3.3	Reporting cycle.	2
	3.4	Contact point for questions regarding the report or its contents.	C7
	3.5	Process for defining report content.	2, 24, 42
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	2-3
	3.7	State any specific limitations on the scope or boundary of the report.	2-3
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	27,46
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	2-3, 27, 46
	3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement.	27, 46
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	2-3
	3.12	Table identifying the location of the Standard Disclosures in the report.	C5-C6
	3.13	Policy and current practice with regard to seeking external assurance for the report.	26, 88
4. Governance, Commitments, and Engagement	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	24, 42, OH
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	4-5, 22-23, 38, OH
	4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	OH
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	OH
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	OH
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	OH
	4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	OH
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	10-11, 16
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	24
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	24
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	11, 24, 42
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	1-3, 20-21, 28-29, 37
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	1
	4.14	List of stakeholder groups engaged by the organization.	10
4.15	Basis for identification and selection on stakeholders with whom to engage.	12, 15, 39, OH	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	12, 15, 39, OH	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	2, 12, 15, 39	

Environmental Performance Indicators			Page
		Management Approach	10-16, 19-21, 24-26, 42-45
Materials	EN1	Materials used by weight or volume.	63
	EN2	Percentage of materials used that are recycled input materials.	—
Energy	EN3	Direct energy consumption by primary energy source.	27, 46
	EN4	Indirect energy consumption by primary source.	27, 46
	EN5	Energy saved due to conservation and efficiency improvements.	20-21, 48-49, 60-70, 75-81
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	18-19, 28-34, 50-59
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	20-21, 35, 48-49, 60-70, 75-81
Water	EN8	Total water withdrawal by source.	27, 46
	EN9	Water sources significantly affected by withdrawal of water.	EN-Web
	EN10	Percentage and total volume of water recycled and reused.	—
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	—
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	16-17
	EN13	Habitats protected or restored.	17, 82
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	16, 20-21, 41
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	—
Emissions, Effluents, and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight.	27, 46
	EN17	Other relevant indirect greenhouse gas emissions by weight.	67, EN-Web
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	20-21, 35-36, 48-49, 60-70, 75-81
	EN19	Emissions of ozone-depleting substances by weight.	EN-Web
	EN20	NOx, SOx, and other significant air emissions by type and weight.	—
	EN21	Total water discharge by quality and destination.	46, EN-Web
	EN22	Total weight of waste by type and disposal method.	27, 46
	EN23	Total number and volume of significant spills.	43-44
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	—
Products and Services	EN25	Identify size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	—
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	13-15, 19-21, 28-34, 50-59
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	68, 73
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	43-44
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	20-21, 41, 48-49, 66-68
Overall	EN30	Total environmental protection expenditures and investments by type.	26, 45

Note:
 1. For further information on OH, see Annual Report 2012, CSR website, etc. (See other key information disclosure on page 02.)
 2. For further information on EN-Web, see the Honda Worldwide website's environmental section.
<http://world.honda.com/environment/>



Blue Skies for Our Children

For Honda Environmental Annual Report 2012, we asked our associates to send in photos that help illustrate our global environmental slogan, "Blue Skies for Our Children." We are delighted to share some of them with you here.



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Note: Current as of June 1, 2012.

About the Honda global environmental slogan and symbol



Our goal, as expressed in the Honda Environmental Vision, is to leave the joy and freedom of mobility for future generations (for our children). Our environmental slogan and symbol embody this aspiration as we strive to create a sustainable society where people can enjoy life (blue skies).

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You can also read this report, download a PDF file of this report and "Honda Face: Case Studies of Environmental Initiatives," and read the latest news and updates on Honda's environmental initiatives in the Environment section of the Honda Worldwide website, shown below.
<http://world.honda.com/environment/report/>



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