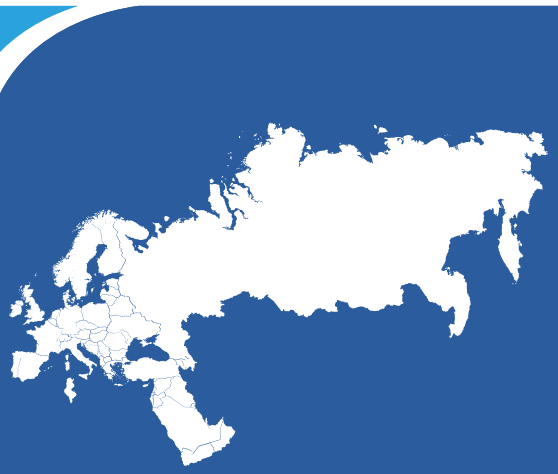
HONDA
The Power of Dreams

EUROPEAN ENVIRONMENTAL REPORT 2015



BLUE SKIES FOR
OUR CHILDREN

REPORT SCOPE

Fourth report issued, published October 2015.
Data collection period: fiscal year base: 1 April 2014 – 31 March 2015 (referred to as FY2014). The year indicated in the graphs is the year of the beginning of the period (1 April 2014 – 31 March 2015 is referred to as 2014 or FY2014 data).

The year reference in the name of this report is the year of issue of the report – within six months of the end of the reporting period end.

AREAS COVERED BY THIS REPORT:

This report covers all entities which are controlled by the Regional Operation Board of the European region. This includes all sites in Europe, Turkey and the former Russian area, in which Honda, globally or locally, has a significant participation.

The products covered are cars, motorcycles and power products. Parts distribution is also covered in this report.
The report summarises data from Honda factories, national sales offices, logistics centres and regional R&D offices as well as Honda-owned dealers in Switzerland and new dealers in Germany. The detailed locations are summarised in tables (see page109-111).

This report primarily contains information relating to the environmental impact of Honda activities in the European region. It also contains Honda's global vision and facts to allow the reader to frame the regional information provided.

CHANGES IN SCOPE

It should be noted that over the last two reporting years the sales network has been reviewed, resulting in consolidation of offices. The link between new and old site names and potentially their integration can be found in the site overview (see page111).

It should also be noted that the geographical scope of this report has changed since the last report, with the responsibility for Africa returned to Honda's headquarters in Japan. This has had a significant impact on the data reported – the changes are explained within the respective chapters of this report.

COLOPHON

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GLOBAL REPORT

INTRODUCTION

MESSAGE FROM THE PRESIDENT AND CEO

I would like to first thank all of our stakeholders for their continued support of Honda's activities.

The recalls of Fit Hybrid and Vezel Hybrid in Japan during the last year inconvenienced some of our customers and other stakeholders. In response, and to recover the trust of those affected, we are taking steps to improve product quality across all of our operations, including a review of our development process. Regarding concerns raised over airbag inflators, we are continuing to take all appropriate measures to remedy affected vehicles so that people can continue to use our products with complete confidence.

Reaffirming our principles as a mobility company for the future

All companies and associates throughout the Honda Group work towards one goal: to be "a company that society wants to exist." We hope to accomplish this by sharing joy with the people of the world. To guide us, we look to our fundamental beliefs of "respect for the individual" and "the Three Joys" (the joy of buying, the joy of selling and the joy of creating).

With our customers and other stakeholders, we attain and extend the Three Joys by building relationships based on initiative, equality, and trust. Our approach to expanding our knowledge and resolving problems is based on the application of Honda's Three Reality Principle: We go to the actual place where things happen; we learn about the actual situation; and we are realistic. As a mobility company, these proven principles keep us on the right track towards our vision of the future.

Contributing to a sustainable society through environmental and safety performance

At Honda we pursue sustainability through addressing the issues of the environment, safety, quality and society. We aim to realize "the joy and freedom of mobility and a sustainable society where people can enjoy life," as stated in The Honda Environmental and Safety Vision. Our goal in the environmental area is to halve total corporate CO_2 emissions by 2050 compared to year 2000 levels.

Within the current financial year ending March 2016 we plan to introduce the ultimate eco-car to the Japanese market, a new fuel cell vehicle (FCV), which is a part of our ongoing efforts to further promote sustainable mobility. To realize a full-scale hydrogen society we must collaborate on infrastructure while developing a new generation of environmental technologies.

In addition, in response to expectations placed on the industry regarding global climate change issues, Honda has endorsed three initiatives in line with the platform established by CDP (an international, not-for-profit organisation providing a global system for companies and cities to measure, disclose, manage and share environmental information) ahead of the UN Climate Change Conference in Paris (COP21) in December 2015. These initiatives are 1) Commit to adopt a science-based GHG emissions reduction target; 2) Commit to report climate change information in mainstream reports as a fiduciary duty; and 3) Commit to responsible corporate engagement in climate policy.

In the area of vehicle safety, we are striving for a collision-free mobile society. Introduced in 2014, our next-generation Honda SENSING and AcuraWatch systems bring us closer to this goal. We continue to innovate in areas such as driver-assistive safety technologies, while expanding these technologies to more models. Through these efforts and public-private partnerships both at home and abroad, we are working towards our goal of automated driving on highways in the near future.

Regional autonomy and coordination for stronger global operations

To sustain global growth, Honda's restructured organisation strengthens regional autonomy while coordinating operations to consolidate and optimise resources. Emphasising local development, sourcing, manufacturing and sales, our new global structure responds rapidly to customer needs. By empowering regional management with the authority and responsibility to make their own judgments, we have expanded the Three Joys on a global scale, promoting both personal and corporate growth.

Challenging ourselves to realize our dreams

Honda is a company that has kept on creating new values by combining the dreams of our customers and the dreams of Honda associates who create things. As it is stated in our corporate slogan, "The Power of Dreams", I am confident that we can continue to be a company that society wants to exist if we work as a "Team Honda" which is driven by the power of the dreams of each and every Honda associate.

In 2015 we look forward to revealing new technologies and products, returning to Formula One racing, and beginning delivery of the HondaJet. Our determination to innovate and take on new challenges is at the very core of Honda's corporate culture, which we must pass on to future generations. At Honda, we earn the trust and support of customers and stakeholders by making fun and exciting products, while addressing environmental and safety issues across our global operations.

As a mobility company committed to realising a sustainable society, we create new value through innovation and challenge. And we do it the Honda way, by constantly striving to be "a company society wants to exist."

Takahiro Hachigo
President, Chief Executive Officer
and Representative Director

SPECIAL FEATURE

TOWARD THE FUTURE OF MOBILITY.

As the "social value of mobility" reaches a major turning point, Honda is taking up the challenges of achieving "the joy and freedom of mobility" and "a sustainable society where people can enjoy life."

Perspective 1

The confrontation between the climate change issue and energy issue

Making hydrogen-based society a reality

Perspective 1 The confrontation between the climate change issue and energy issue

MAKING HYDROGEN-BASED SOCIETY A REALITY

Looking toward the future of automotive society, Honda has led the world in the commercialisation of fuel cell vehicles (FCVs), the ultimate eco-cars that use hydrogen as their energy source and emit no CO_2 or waste gases. FCVs, which run on electricity generated from hydrogen, are the target of increasing attention in the aim to achieve a society that is not dependent on fossil fuels. In Japan, movements by government and industry to ready a hydrogen supply infrastructure are strengthening. Under the concept of "Generate, Use, and Get Connected," Honda will introduce to society ways of using hydrogen energy. Toshihiro Mibe, Operating Officer of Automobile Operations, speaks about Honda's initiatives aimed at achieving this hydrogen-based society.

Toshihiro Mibe
Operating Officer
Honda Motor Co., Ltd.

The concept of "Generate, Use, and Get Connected"

Amid the worsening problems of global climate change and atmospheric pollution in emerging countries, society's demands for the environmental performance of vehicles become stricter with every passing year. In the developed countries of Japan, the U.S., and Europe, controls related to fuel efficiency, CO_2 emissions, and other environmental factors are expected to become even stricter.

In order to contribute to the development of a sustainable transportation society while responding appropriately to such regulatory strengthening, Honda has developed various environmental technologies including fuel-efficient gasoline engines, hybrid and plug-in hybrid vehicles, and electric vehicles (EVs). At the peak of this

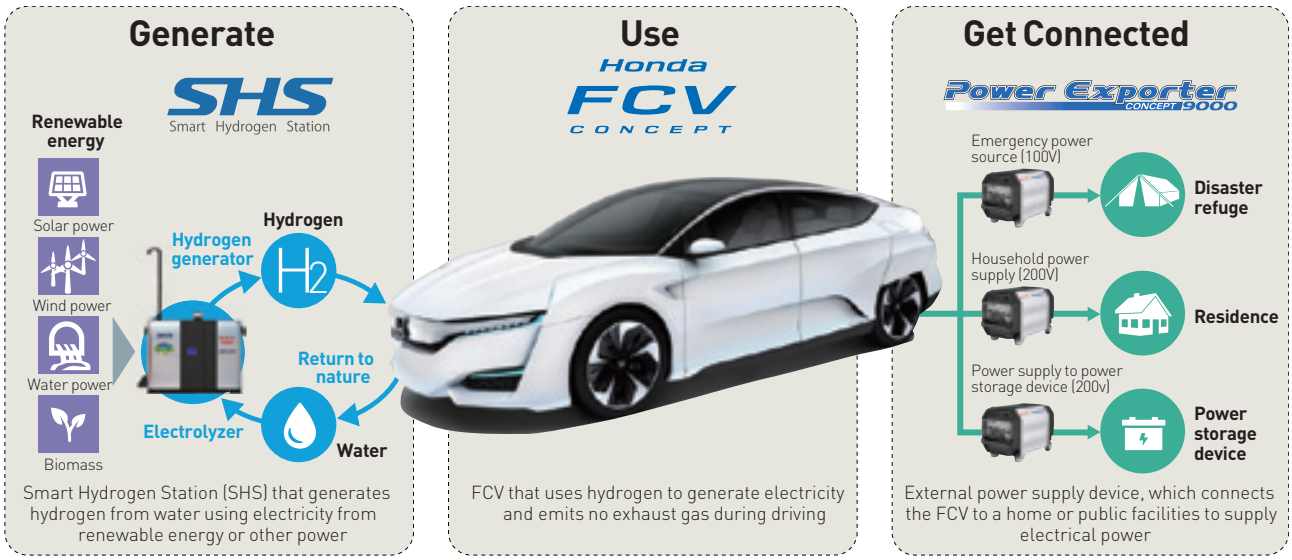
technological roadmap are the "ultimate eco-cars" that Honda has been developing since the latter half of the 1980s: fuel cell vehicles (FCVs) that run on electric motors powered by the chemical reaction of hydrogen and oxygen.

Like EVs, FCVs do not emit CO_2 at all during driving. Furthermore, FCVs enable the same convenience of use as current gasoline vehicles in terms of fully fueled travel range and refueling time, which are issues that EVs face. For that reason, FCVs can be used not only for short-distance commuting but also as a means of medium- and long-distance transportation.

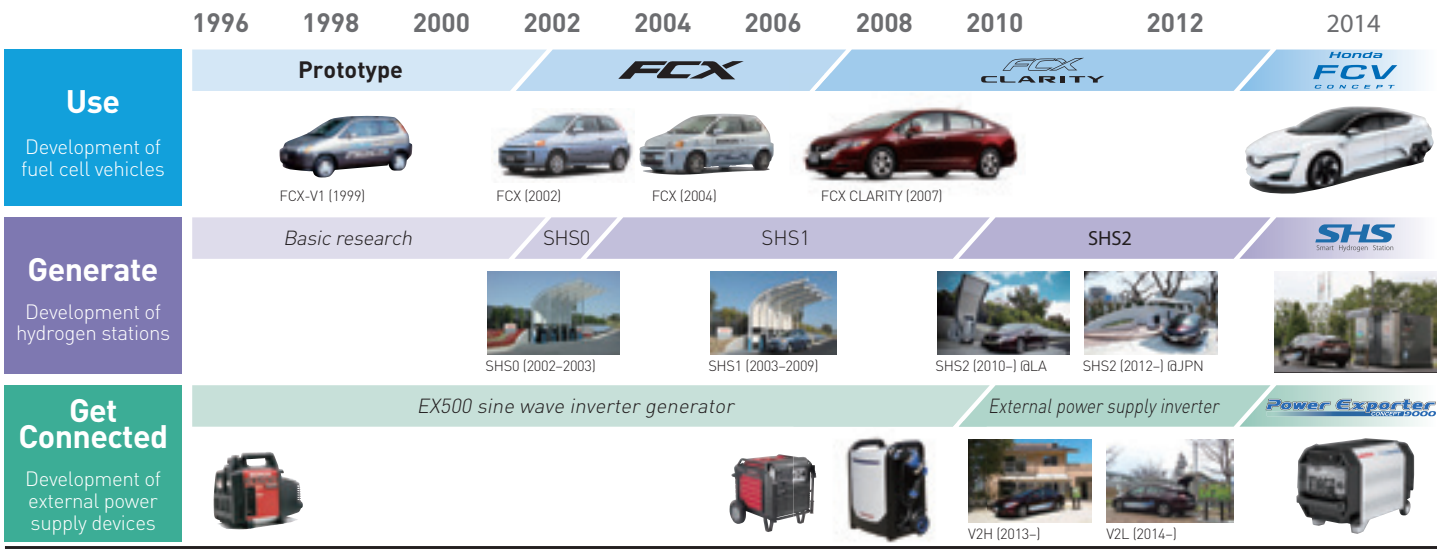
The hydrogen that fuels FCVs can be extracted from natural gas or coal, or can be generated through various means including electrolysis of water. It can also be transported and stored, making it a promising form of next-generation energy. As an example, using surplus electric power from renewable energy sources to generate hydrogen through electrolysis of water can allow the supply of electric power from an FCV during peak electricity hours or during blackout caused by disaster.

Through our pursuit of the environmental possibilities of FCVs and our ideas for compelling mobility offering the fun and joy that FCVs can deliver, Honda is creating new possibilities for contributing to a sustainable society. To achieve the concept of "Generate, Use, and Get Connected" with a focus on FCVs, we are cooperating with a broad range of stakeholders to engage in commercialisation of technologies and products that will support the hydrogen-based society of the future.

Honda's vision for a hydrogen energy-based society



History of development toward a hydrogen-based society



Pursuing "Environmental Performance" and the "Joy of Driving"

In 2002 Honda developed the FCX, the world's first fuel cell vehicle to receive approval from the U.S. Environmental Protection Agency and the California Air Resources Board, and launched lease sales in the U.S. and Japan. We have continued to lead FCV development on the technological front, including development of the world's first fuel cell stack able to start even in temperatures below the freezing point in 2003.

In 2007 Honda announced the FCX Clarity. This automobile pursues the "joy of driving" and the "joy of mobility" that are the Honda identity, not only in environmental performance but also with an innovative sedan-type package and a new dimension in drive feeling.

The FCV CONCEPT successor model announced in November 2014 uses a newly developed fuel cell stack which, compared with previous models, improves power density by about 60% in a size that is 33% more compact while maintaining high output of 100 kW or more. As a result, the FCV CONCEPT boasts environmental performance and driving performance as well as the highest level of finish in riding comfort and utility. Honda plans to launch a new-model FCV built on this concept model during FY2016 in Japan, followed by launches in the U.S. and Europe.

Constructing mechanisms with diverse partners to support a hydrogen-based society

The creation of a hydrogen station network is indispensable to the diffusion of FCVs. Achieving this requires the creation of an environment for making use of hydrogen energy, through the establishment of hydrogen generation, transport, and storage technologies with lower costs and lower environmental impacts, along with the rationalisation of laws and regulations concerning the handling of hydrogen.

Honda is taking part in projects by industry, government, and research institutes for the realization of a hydrogen-based society, focusing on the provision of information and recommendations for the drafting of policies. Honda is also undertaking the creation of mechanisms for the effective utilization of hydrogen energy in cooperation with the energy industry, local governments, and other partners.

In cooperation with companies and local governments, Honda is conducting feasibility studies to "generate" hydrogen. Honda and Iwatani Corporation have jointly developed the Smart Hydrogen Station (SHS) using Honda's original high-differential-pressure electrolyser system. SHS units were installed at the Saitama City Eastern Area Environment Centre in September 2014 and at the Kitakyushu Eco-Town Centre in December 2014.

By using a high-differential-pressure electrolyser system, SHS removes the need for the compressor that had been required to manufacture high-pressure hydrogen. Through the pursuit of such measures to reduce required space, we succeeded in fitting the primary equipment into container dimensions (3.2 m x 2.4 m x 2.4 m). This enables installation in about one day and allows the generation of hydrogen with tap water and

electricity, making the system easily deployed in regions where the preparation of commercial hydrogen stations would require time. SHS also aids local production / local consumption of energy and the use of renewable energy. Saitama City and Kitakyushu City, which have installed the stations, are using electricity generated from waste incineration and solar power generation, respectively, to generate hydrogen.

These projects make use of FCX Clarity along with external power supply devices that withdraw electricity generated by fuel cells (i.e., stacks), as an initiative to "Use and Get Connected" to hydrogen energy. Using these external power supply devices, the projects are conducting feasibility studies involving V2H (Vehicle to Home) supply of electrical power from FCVs to homes, and V2L (Vehicle to Load) replenishing of storage batteries installed in public facilities and other locations. In the studies, we are verifying the possibilities for peak electricity cuts using FCVs, and the feasibility of FCVs as emergency power sources following disasters. Honda plans to roll out feasibility studies such as these at additional municipalities in Japan and overseas. We will also strengthen our promotion activities aimed at expanding hydrogen stations overseas.

By continuing to bring "Generate, Use, and Get Connected" to life, we will promote the use of hydrogen energy and realise the effective use of renewable energy. In addition to the development of FCVs and other compelling forms of mobility, we will also go beyond our boundaries as an automobile manufacturer to leverage our diverse environmental technologies, products, and solutions in contribution to the realization of an affluent and sustainable society.

TOPICS Making efforts to promote the spread of hydrogen stations and expand the use of FCVs in the European and U.S. markets

Strict environmental regulations and a need for long-distance driving make the U.S. and major European countries key markets for FCVs, which offer a long travel range and do not emit CO_2. With the expansion of FCVs in the European and U.S. markets in our sights, from an early stage Honda has been making efforts to promote the spread of hydrogen stations. As an example, from 2002 we have undertaken feasibility studies of solar hydrogen stations in Los Angeles, California. In 2010, we began early experiments in the U.S. on advanced stations that are compact, low-noise, and low-cost, and can even be deployed in general households.

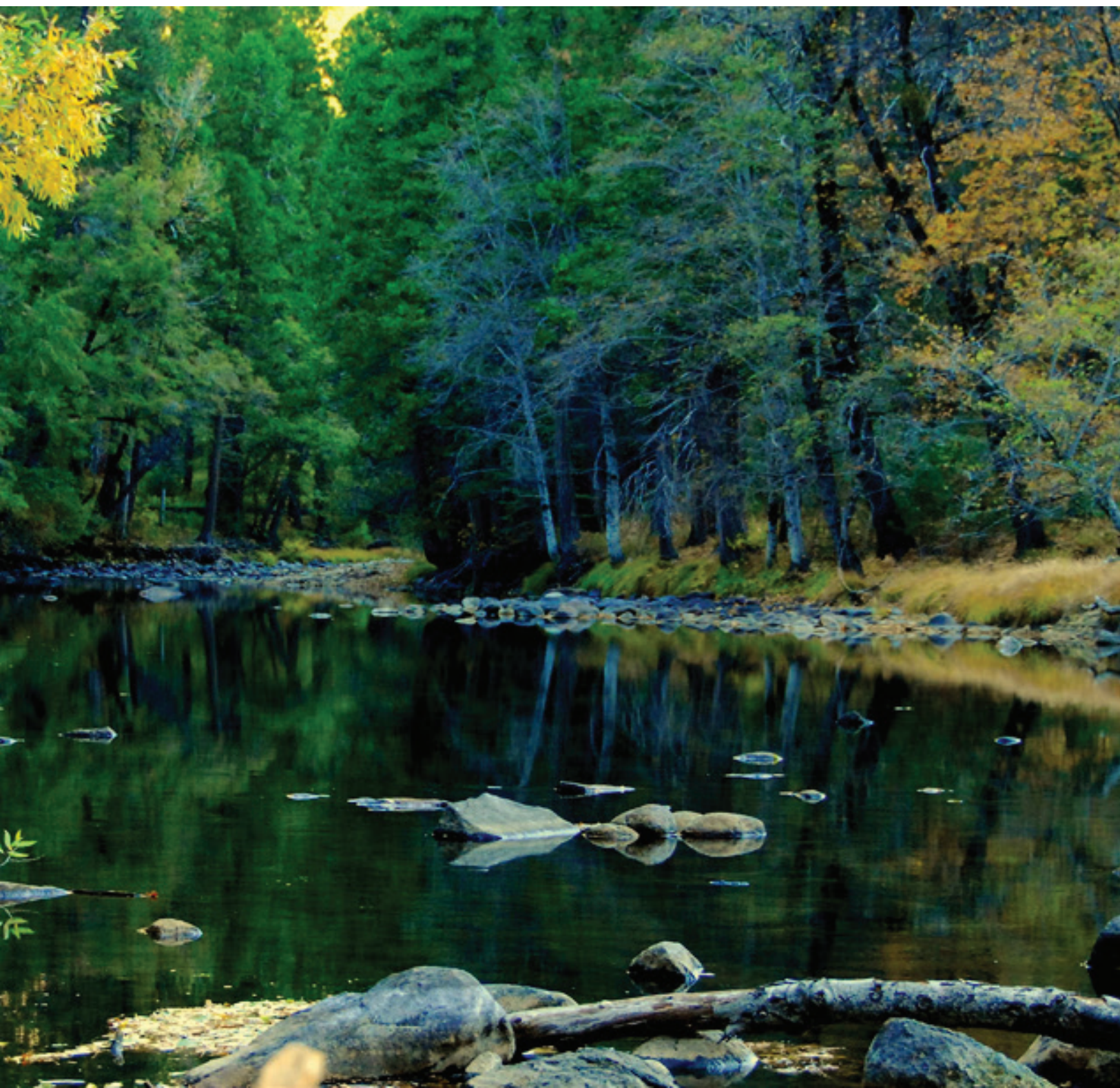
At the same time, we are taking part in multiple FCV/hydrogen supply infrastructure promotion projects in Europe, including H_2 Mobility in Germany and the U.K. and HyFive (Hydrogen For Innovative Vehicles) in the U.K. and several other locations in Europe. At Honda's plant in the U.K. in particular, we are working with the national government and local government to install and operate a large-size hydrogen station using solar power generation-based eletrolysis of water. The facility marks the first hydrogen station in the U.K. that enables the commercial-scale supply of hydrogen derived from renewable energy.

In the future, we will continue to cooperate with local industry and with the world's major automobile manufacturers and hydrogen suppliers to undertake the creation of a hydrogen station network in Europe.

Photography courtesy of cwp

GLOBAL REPORT

MANAGEMENT



THE HONDA PHILOSOPHY AND SUSTAINABILITY

Honda's roots: the Honda Philosophy

The Honda Philosophy, bequeathed to us by company founders Soichiro Honda and Takeo Fujisawa, is composed of Fundamental Beliefs (Respect for the Individual and the Three Joys), the Company Principle, and Management Policy. Our Philosophy forms the values shared by all Honda group companies and all of their associates, and is the basis for our corporate activities. Moving beyond words alone, Honda incorporates our Philosophy into our educational programs and gives it life throughout our decision-making in everyday business activities and management, so that every person in the company can responsibly continue putting the Philosophy into practice.

Sustainability at Honda

Honda advances its diverse business activities on the foundation of the Honda Philosophy. Within our activities, we place importance on the values espoused by that Philosophy, and strive to understand the impacts of our activities on our stakeholders, local communities, and the environment, by actively engaging in communication with customers, dealers, shareholders, investors, suppliers, associates, and other parties around the world. While working to minimize those negative impacts, we also aim to maximize our positive impacts by setting the themes that Honda should address from a medium- to long-term perspective. By putting those themes into practice, we seek to contribute to a sustainable society.

Honda has set Environment, Safety, Quality, and Society as its four key themes. As a mobility-related manufacturer expanding its business globally, Honda believes that we have a social responsibility to enhance quality and safety

Fundamental beliefs

Respect for the Individual

Initiative	Initiative means not to be bound by preconceived ideas, but think creatively and act on your own initiative and judgment, while understanding that you must take responsibility for the results of those actions.
Equality	Equality means to recognise and respect individual differences in one another and treat each other fairly. Our company is committed to this principle and to creating equal opportunities for each individual. An individual's race, sex, age, religion, national origin, educational background, social or economic status have no bearing on the individual's opportunities.
Trust	The relationship among associates at Honda should be based on mutual trust. Trust is created by recognising each other as individuals, helping out where others are deficient, accepting help where we are deficient, sharing our knowledge, and making a sincere effort to fulfill our responsibilities.

The Three Joys

The joy of buying	The joy of buying is achieved through providing products and services that exceed the needs and expectations of each customer.
The joy of selling	The joy of selling occurs when those who are engaged in selling and servicing Honda products develop relationships with a customer based on mutual trust. Through this relationship, Honda associates, dealers and distributors experience pride and joy in satisfying the customer and in representing Honda to the customer.
The joy of creating	The joy of creating occurs when Honda associates and suppliers involved in the design, development, engineering and manufacturing of Honda products recognise a sense of joy in our customers and dealers. The joy of creating occurs when quality products exceed expectations and we experience pride in a job well done.

Company principle

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

Management policies

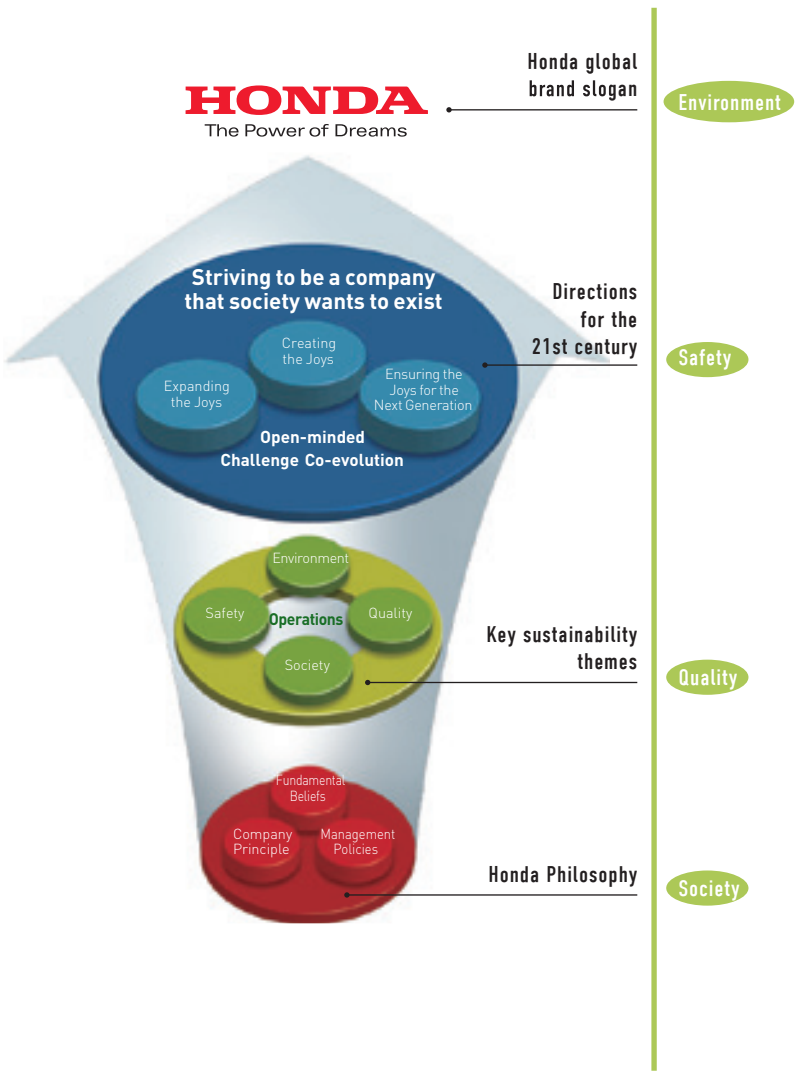
- Proceed always with ambition and youthfulness.
- Respect sound theory, develop fresh ideas and make the most effective use of time.
- Enjoy your work, and encourage open communications.
- Strive constantly for a harmonious flow of work.
- Be ever mindful of the value of research and endeavor.

while minimising impacts on the environment, and also to put into practice corporate activities that earn the trust of our various stakeholders in international society.

In order to achieve both the creation of growth opportunities and a sustainable society as we fulfill these responsibilities, Honda has set striving to be "a company that society wants to exist" as its direction for the 21st century, and will advance the initiatives we have named "Creating the Joys," "Expanding the Joys," and "Ensuring the Joys for the next generation."

"Creating the Joys" refers to sketching our dreams, moving ahead of the times to create new value through unrestrained ideas, and enhancing the fundamental beliefs that we call The Three Joys. "Expanding the Joys" refers to achieving our dreams with ever more people, contributing to local communities, and spreading The Three Joys throughout the world. "Ensuring the Joys for the next generation" refers to achieving the highest levels of environmental and safety performance aimed at the sustainable development of society, and carrying forward The Three Joys to future generations. Honda is engaging in these initiatives under the concept of "Open-minded, Challenge, Co-evolution" – that is, the concept of bringing into play our corporate culture of "taking up the challenge without fear of failure, free from the prejudice of preconceived ideas, and with a foundation of teamwork based on trust."

Society's expectations toward Honda continue to evolve with the times. As a responsible global company, we will undertake the resolution of problems while listening to the voices of our diverse stakeholders so as to meet their expectations and earn their trust.



Honda provides mobility that makes use of fossil fuels and emits CO_2 that causes global warming. As such, we have a responsibility to actively contribute to solving the global environmental problems that are a pressing issue for international society. We have set a major goal of halving our CO_2 emissions by 2050 and are positioning climate change issues and energy issues as priorities among the most important issues that we must address. At the same time, we are also making efforts toward the improvement of resource efficiency.

While the proliferation of mobility and the enhancement of transportation infrastructure make contributions to the advancement of society, these can also lead to social ills such as road congestion and traffic accidents. The needs of people with regard to safety are also growing. Against this background, Honda focuses on developing safety technology, on education related to traffic safety and driving, and on delivering information that supports safety, under the vision of "collision-free mobility society."

Amid the expansion of global parts procurement and the localisation of manufacturing, it is vital that our development, procurement, production, and other departments come together as one to build more assured quality into our products, so that we can provide high-quality products and services that satisfy customers worldwide.

As the issues of social dimension are diverse, in order to contribute to the sustainability of the Earth and of society, we must understand the expectations and demands of society through communication with stakeholders and address a variety of issues. Toward that end, diverse human resources are needed to take up the challenge of solving these issues. Under our fundamental belief of respect for the individual, we aim to make optimal use of diverse human resources globally so as to draw out the maximum capabilities of each individual. At the same time, we foster mutual recognition of diverse values, mutual respect, and cooperation among these individuals as we strive to become a corporate group with the ability to resolve problems.

Sustainability management structure

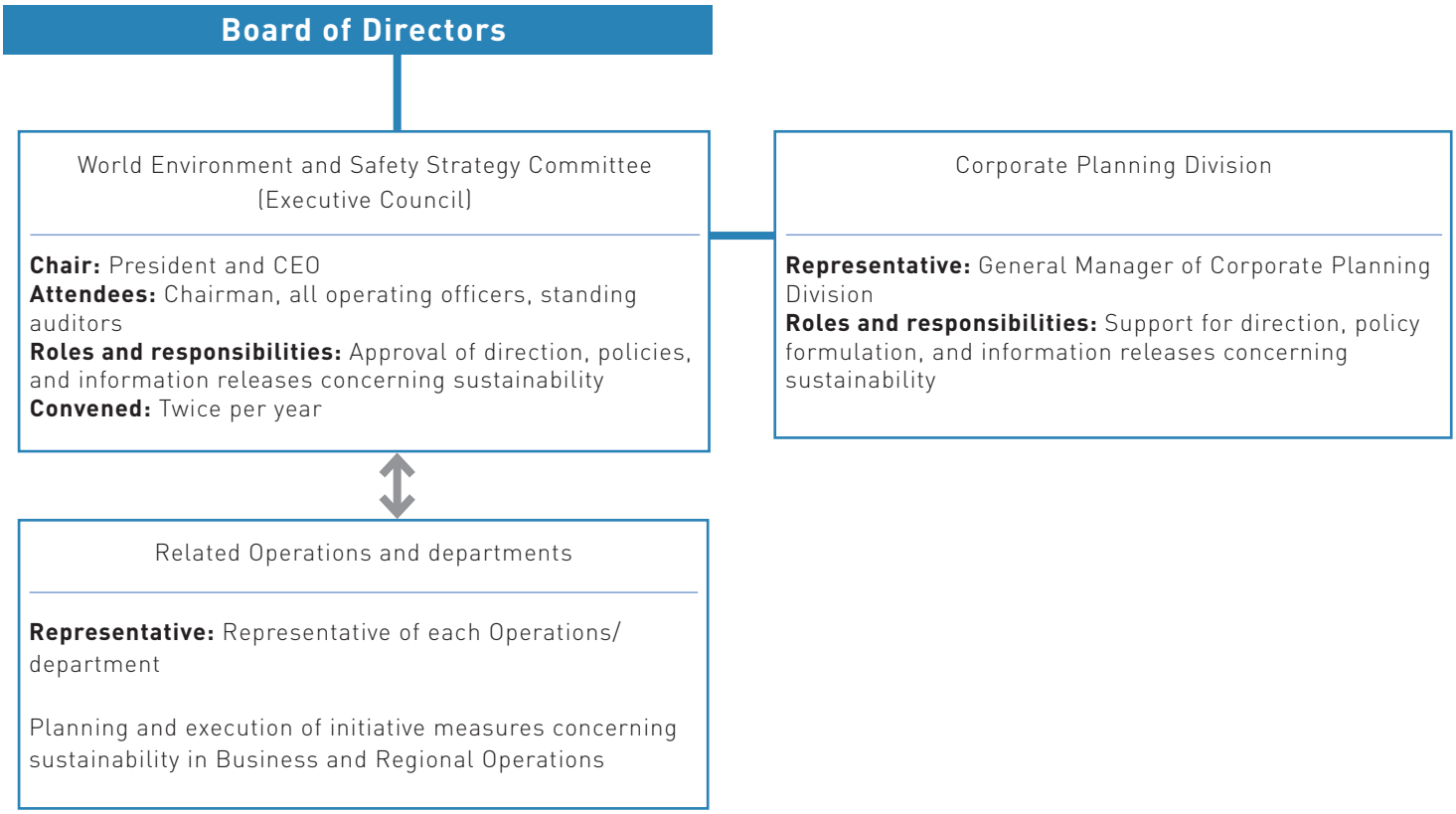
Around the world, the growth potential of companies is evaluated increasingly not by short-term performance but from a medium- to long-term perspective. Adapting to this tide, Honda believes that as a part of our growth strategy we must strengthen corporate governance and activities related to environment and societal aspects that have the potential to affect our performance from short-, medium-, and long-term perspectives. We further believe that sustainability is a vital element of corporate strategy.

In FY2015, Honda moved its CSR management functions to the Corporate Planning Division. We now possess a structure for integrally advancing global growth strategy and sustainability strategy under the direct control of the company President and CEO.

At the same time, we are expanding the themes deliberated by the World Environment and Safety Strategy Committee, a committee attended by all Executive Committee members to discuss strategy for the environment and safety, to also cover sustainability overall.

Honda possesses a structure to consider Honda's sustainability strategy from a broader perspective, perform decision-making from a longer-term perspective, and reflect these in our management strategy. The World Environment and Safety Strategy Committee, chaired by the company President and CEO, meets twice per year to debate and approve strategies concerning sustainability.

Sustainability management framework



HONDA AND OUR STAKEHOLDERS

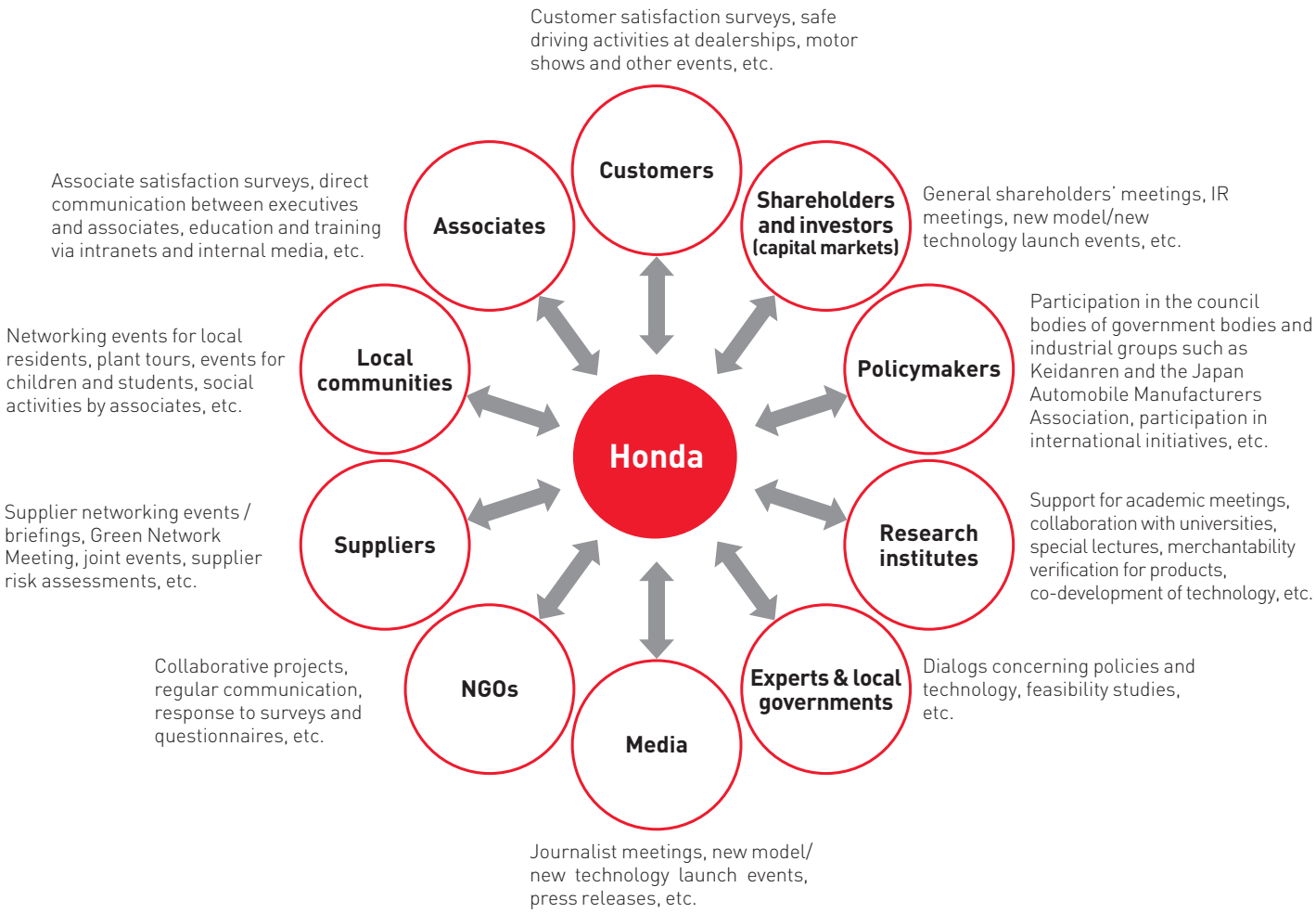
Our approach to stakeholder engagement

To be "a company that society wants to exist," Honda must appropriately and accurately convey to society the sort of value that we seek to offer. Together with this, we must put into practice a communication cycle by which we engage in dialogs with diverse stakeholders to grasp and understand the demands and expectations placed on Honda, work these into concrete measures and finally listen to stakeholders' evaluations of our activities. Especially in recent years, the growing scale and globalisation of companies, along with the rapid proliferation of IT, have heightened the degree of the impact of companies on society and of society on companies, in a process that continues to accelerate. While companies can connect an emphasis on dialog with stakeholders to the expansion of business opportunities and the creation of fans, wrong responses can lead to major risks to reputation.

With this awareness in mind, Honda engages in dialogs with stakeholders through a variety of opportunities, with our sales departments and Customer Relations Centre acting as points of contact for customers, our purchasing departments doing so for suppliers, and our operational sites establishing local community relations desks.

To further strengthen these initiatives, in FY2016 we are aiming to draw up policy and definitions related to stakeholder engagement. We will make clear the significance of engaging in dialogs with each stakeholder within the policy, and plan to globally share the results of the dialogs in later training and other activities.

Stakeholder engagement



• The engagement feedback process

Among the information we gain through dialogs with stakeholders, information on important issues is shared by departments in charge and the Corporate Planning Division to discuss response measures.

With regard to response measures considered by departments, we hold discussions from a global perspective within the World Environment and Safety Strategy Committee. In FY2015, discussions based on the voices of stakeholders included innovation management, human resources development, and supply chain management from a global perspective.

Cooperation with external organizations

To carry out our responsibility as a global mobility-related manufacturer, Honda engages in dialogs with government, economic, and industry bodies, and further cooperates with external bodies through actions that include participation in the Ministry of Land, Infrastructure and Transport Study Group for Promotion of ASV (Advanced Safety Vehicle), as well as serving as chairman, committee head, and committee members within the Japan Automobile Manufacturers Association.

In addition, Honda personnel serve as technical committee chairs and other representatives in the international motorcycle and automobile industry bodies IMMA (The International Motorcycle Manufacturers Association) and OICA (Organisation Internationale des Constructeurs d'Automobiles).

Furthermore, Honda cooperates with initiatives related to sustainability through membership in the WBCSD (World Business Council for Sustainable Development) and participation in its Sustainable Mobility Project 2.0.

In Japan, Honda performs political contributions in accordance with the Political Funds Control Act.

Outside evaluations

• Securing an information disclosure score of 100 on the CDP Global 500 Climate Change Report 2014

In October 2014, CDP* released the CDP Global 500 Climate Change Report 2014, the result of a survey on disclosure of global warming initiatives and greenhouse gas emissions levels by 500 major companies worldwide. Honda received a global top-level score of 100 for disclosure of information concerning climate change, leading to our inclusion for the fourth year straight in the Climate Disclosure Leadership Index (CDLI), a status conferred on companies that are leaders in information disclosure.

*CDP: An international not-for-profit organisation that provides a global system for measuring, disclosing, managing, and sharing important environmental information from companies and cities.

Example of stakeholder engagement | Constructive dialogs with shareholders

Under the Corporate Governance Code set to take effect in June 2015, companies will be increasingly called upon to cooperate with stakeholders and to engage in more constructive dialogs, particularly with shareholders. As movements of capital become ever more globalized, companies including Honda are experiencing an increase in overseas shareholders, which means dialogs with diverse shareholders are growing in importance.

Honda has long engaged in global IR (investor relations) activities and has actively disclosed information about matters including financial status. In 2013, ahead of the announcement of the Corporate Governance Code, Honda launched SR (shareholder relations) activities that extended the content of dialogs with shareholders to also cover CSR and risk management. Currently, Honda has over 20 discussions with shareholders scheduled in Japan and overseas. These provide venues for constructive dialogs on maximizing corporate value.

Dialogs such as these lead to the practice of a communication cycle by which we can explain our sustainability activities to a wide range of people and learn about stakeholders' expectations for Honda, enabling us to become "a company that society wants to exist."

GLOBAL REPORT

ENVIRONMENT

A wind power facility constructed in Brazil. The facility generates power roughly equivalent to the annual electricity consumption of Honda's automobile production in Brazil.

OUR FUNDAMENTAL APPROACH

Honda Environment Statement/Honda Environmental and Safety Vision

Reducing environmental impacts at every stage in the product lifecycle so as to achieve a livable, sustainable society

Since the 1960s, Honda has been actively striving to resolve environmental issues. In the 1970s, we developed the low-pollution Compound Vortex Controlled Combustion (CVCC) engine, which could reduce emissions of carbon monoxide, hydrocarbons and nitrogen oxide (NOx). This enabled Honda to be the world's first automaker in compliance with the most stringent automobile emissions regulations in the world during that period – the U.S. Clean Air Act (Muskie Act).

In 1992, we formulated Honda Environment Statement, which outlined our corporate stance towards the reduction of environmental impacts at every stage of our products' lifecycles, which include the design, development and production stages. This statement also forms the guidelines for all our environmental initiatives.

In addition, to further promote these environmental initiatives and to strive to be a company society wants to exist, we established the Honda Environmental and Safety Vision in 2010. As such, Honda's operational sites around the world endeavor to alleviate environmental impacts, including the reduction of greenhouse gas emissions that are regarded as the cause of climate change, and the use of energy and resources. Both are closely linked with our products and corporate activities, focusing on our main aim of realizing the joy and freedom of mobility, and creating a sustainable society where people can enjoy life.

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 minimise 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 and Safety Vision

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

GLOBAL ENVIRONMENTAL MANAGEMENT

Environmental management promotion system and management cycle

Repeating PDCA through World Environment and Safety Strategy Committee to constantly reinforce environmental management

Recognising that environmental problems such as climate change, energy and resources represent key issues that impact Honda's business operations, the World Environment and Safety Strategy Committee, chaired by the President & CEO and attended by management, has been held twice a year since 1991. The Committee formulates mid- and long-term global environmental policies and plans based on companywide policies and medium- and long-term management plans, with all executives involved in the Committee's decisions.

In addition, in light of the decisions of the World Environment and Safety Committee, the six regional environmental committees, which bring together the environment-related departments at each Regional Operations, meet twice a year. After sharing information in these forums, the environment-related departments at each Regional Operations formulate concrete action plans and develop measures to achieve the targets.

Progress on Honda's environmental initiatives and worldwide themes are collated by the Corporate Planning Divisions from each Regional Operations and reported to the World Environment and Safety Strategy Committee. They are then factored into the next medium-term management plans before the Plan-Do-Check-Action (PDCA) cycle is implemented by each Regional Operations and environment-related departments to constantly reinforce environmental management.

Environmental management system

Promoting constant improvements in environmental initiatives at Honda operational sites

As of March 2015, Honda has obtained ISO 14001, an international certification for environmental management, at existing assembly plants for vehicles and other products worldwide. Furthermore, we are actively working to acquire ISO 14001 certification at a number of new plants, including the Yorii Automobile Plant in Japan completed in March 2013. At the same time, we have acquired EU Eco-Management Audit Scheme (EMAS) at all of Honda's operational sites in Europe in accordance with EC 761/2001, a regulation of the European Council of Ministers and the European Commission. Therefore, the environmental management system coverage ratio for Honda's operational sites is at 100%.

Regulatory compliance

Establishing voluntary standards that are more stringent than national and regional regulations to comply with environment-related legislation

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

Over the past four years, Honda has neither committed any serious infringements of environmental legislation, nor paid any fines or penalties.

KEY ENVIRONMENTAL ISSUES

Collecting, analysing, and evaluating environmental issues

Identifying key issues through four processes

At Honda, we have classified the various environmental issues in an environmental materiality matrix based on two indicators; namely, degree of importance for stakeholders and degree of importance in Honda's business. On top of this, we conduct periodic reviews of environmental issues, with the most recent performed in 2012.

Process of creating environmental materiality matrix

1. Collection

While environmental issues pose risks that could seriously impact our business activities, they also present opportunities to create and expand new business as long as we anticipate and appropriately respond to them. To identify current and future risks/business opportunities, Honda gathers information on environmental issues across two perspectives – impact on our business and stakeholder concerns.

Apart from gathering information through functional operations (production, business management and so on), we tapped into the capabilities of the six Regional Operations, and business operations for motorcycles, automobiles, and power products to consolidate worldwide information.

2. Analysis

Next, through discussions among related divisions within the company (executive officers and environmental divisions at regional operations and business operations) and dialogue with stakeholders, we analysed the relationship between the environmental issues and the Honda Environmental and Safety Vision, as well as the consistency between the issues and Honda's corporate philosophy. We then selected the environmental issues of relatively high importance.

In FY2015, we conducted interviews with stakeholders in each region, including customers, suppliers, investors, government officials, NGOs, and scientists.

3. Evaluation

We comprehensively evaluated the selected environmental issues based on the framework of immediacy, urgency, impact, manifestation timeframe, economic impact (financial impact on business), impact on Honda's competitive strength, priority in relation to realizing the Honda Environmental and Safety Vision, degree of social concern, and other factors. In particular, we evaluated the degree of social concern based on external ratings indicators, and the content of discussions at Climate Summit for the 21st Conference of the Parties of the UN Framework Convention on Climate Change (COP21) and the World Business Council for Sustainable Development (WBCSD).

4. Priority setting

Based on the evaluation of environmental issues, we created the environmental materiality matrix to identify key environmental issues that both Honda and stakeholders deem important. At the same time, we determined priorities for responding to key environmental issues and established concrete targets and indicators.

TOPICS | **Supporting CDP initiatives requesting industry leadership on climate change**

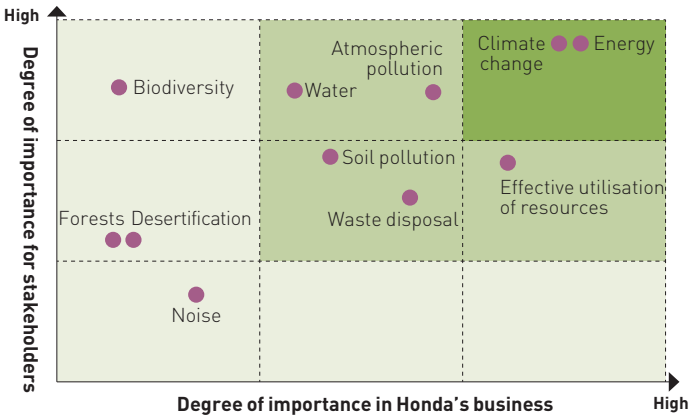
In recent years, movements seeking more active leadership by industries to address climate change have increased worldwide.

As a result, six initiatives were announced in September 2014 by the Carbon Disclosure Project (CDP), which investigates and publishes corporate responses to climate change and the long-term impact. Honda agreed to three initiatives (setting GHG emission reduction targets based on scientific grounds to limit increases in temperature to within 2°C, responsible cooperation with government climate change policy, disclosing climate change information in mainstream financial reports), placing us at the top of the automotive industry.

Honda's key environmental issues

Defining climate change issue, energy issue, and effective utilisation of resources as key environmental issues

We address the climate change issue, energy issue, and effective utilization of resources through our technologies and business activities, with an aim to achieve a society with zero environmental impact in the future.



Climate change issue

Honda is addressing the climate change issue through initiatives that align our business strategy with our environmental strategy. Having drawn a vision of a future with zero environmental impact, we will aim to cut Honda's total GHG emissions in half by 2050. As an interim objective, we have established 2020 Product CO_2 Emissions Reduction Targets to lower emissions intensity during use for motorcycles, automobiles, and power products worldwide by 30% from the 2000 base-year level. We are lowering CO_2 emissions steadily by improving existing technologies while promoting the development of zero emission technologies by the use of renewable energy to meet these targets.

In lowering our product CO_2 emissions, Honda is also mindful of the reputation risk and fines that automobiles are liable to under international fuel economy regulations. For example, in the U.S., the Fuel Economy Reform Act delineated more stringent greenhouse gas regulations for models produced in the years 2017 through to 2025, stipulating average fleet emissions of 250 g/mile (35.5 mpg) in 2016 to be reduced to 163 g/mile (54.5 mpg) by 2025, equivalent to approximately a 4% reduction per year. In Europe, emissions were stipulated to be reduced to 95 g/km or lower in 2021. In Japan, standards for average fuel economy were revised to 20.3 km/l in 2015. In the U.S., CAFE standards were also reinforced to become even stricter in 2020. About three quarters of all Honda's sales are automobiles, which account for more than 80% of unit sales overall. Thus, we consider the potential impact of these regulatory changes to be huge. Therefore, we have established a management framework that unifies sales, engineering, and development (SED) to promote product development under this structure.

In addition, Honda R&D Co., Ltd., Automobile Operations, and the Certification & Regulation Compliance Division work together to research on fuel economy regulation trends worldwide before disseminating this research as regulatory information. They hold regular meetings to share the contents and interpretations of new regulations, and to examine our response. In addition, working in cooperation with policy makers, we maintain a watchful eye on future fuel economy regulations as we strive to build our technology development systems.

In recent years, there has been a rising trend in stakeholders to place greater emphasis on environmental performance such as fuel economy and CO_2 emissions when choosing mobility products. At Honda, we position consumer values and market needs as our top priorities. Thus, we have introduced initiatives such as actively increasing our lineup of products powered with EARTH DREAMS TECHNOLOGY*. These initiatives align with the needs of customers, creating additional revenue.

* EARTH DREAMS TECHNOLOGY is the general term for a group of innovative technologies that greatly enhances both driving performance and fuel economy, building on advancements in environmental performance to realise the joy of driving unique to Honda.

Energy issues

We believe that global warming, resource depletion and other issues are compelling society, which is heavily dependent on fossil fuels, to face the energy risk. Energy issues have an extremely great business impact on the auto industry, and our concern is that, unless we proceed with energy diversification, such as the diversification of fossil fuels and the utilisation of renewable energy, it will become difficult to sustain our business.

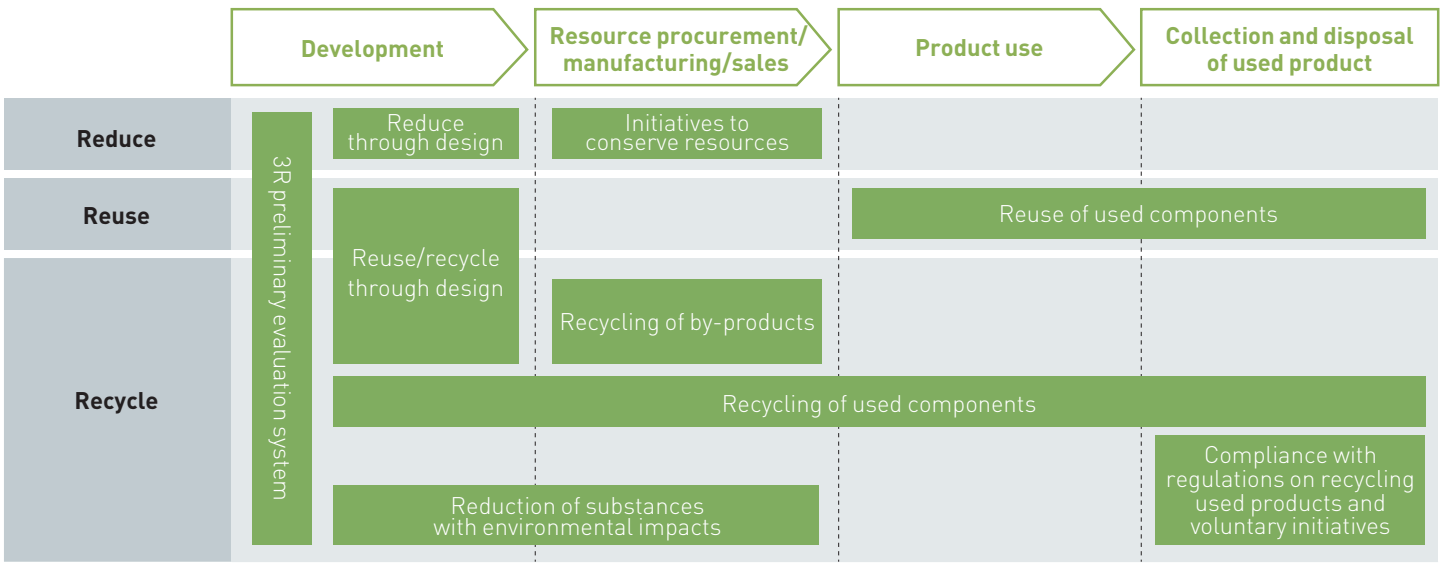
We are addressing energy issues by diversifying energy sources used in our products and business activities with the aim of completely eliminating energy risk due to high dependence on fossil fuels. We have set an interim target to establish 2020 technologies that diversify home energy sources and reduce CO_2 emissions from personal mobility and home living to zero. Honda Smart Home System (HSHS) has been established to help us realize this goal. Honda is also expanding business opportunities by developing electric vehicles (EVs) and fuel cell vehicles (FCVs), on top of promoting the establishment of hydrogen-filling stations in partnership with other companies. In addition, we are actively introducing large-scale solar and wind power generation to diversify the energy sources used by our business activities with the aim of ultimately reducing our energy risk to zero.

Effective utilisation of resources

The depletion and resulting difficulty of obtaining rare metals and other resources pose a huge risk to our business continuity, which encompasses the procurement of the components and materials required in production.

Therefore, we have positioned the effective utilisation of resources as one of our key issues, and we are actively promoting Reduce, Reuse, Recycle (3R) activities. We aim to reduce our resource-related risk to zero at each stage from the procurement of resources through to the collection and disposal of used products, and we promote our initiatives with the cooperation and collaboration of both internal and external stakeholders.

Initiatives to reduce resource- and disposal-related risk to zero



PRODUCTS

Response to climate change and energy issues

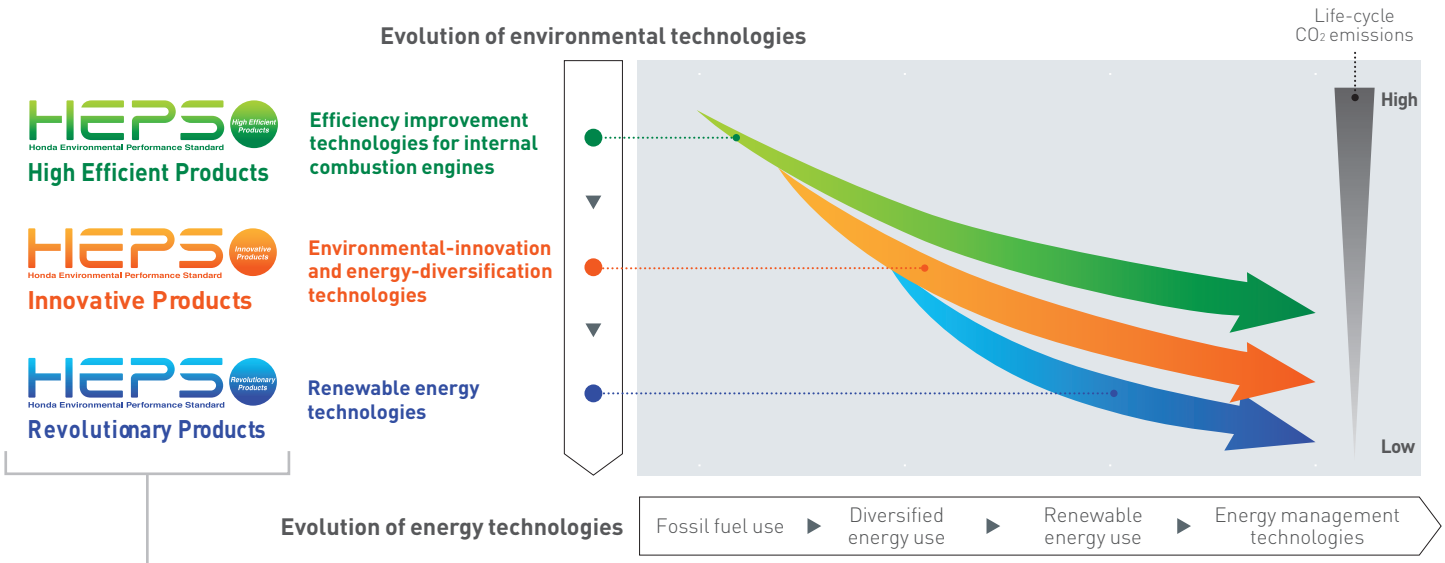
Establishing independent environmental performance standards and lowering CO_2 emissions during product use

Product use accounts for approximately 80% of CO_2 emissions across the entire lifecycle of Honda's products.

Therefore, we have set a target to lower motorcycle, automobile, and power product emissions intensity by 30% from 2000 by 2020, in line with our goal to achieve zero CO_2 emissions, while expanding our production and sales worldwide. We have developed three scenarios. Specifically, we aim to steadily reduce CO_2 emissions by progressively promoting these three scenarios, which include: 1) Reducing emissions through efficiency improvements of internal combustion engines, 2) Reducing emissions by environmentally innovative technologies and introducing energy-diversification, and 3) Eliminating emissions through the use of renewable energy and total energy management, to realise our ultimate goal of achieving zero CO_2 emissions.

In 2011, we established Honda Environmental Performance Standards (HEPS), an independent set of criteria that defines the framework for which of the three scenarios outlined above Honda products should conform to. By ensuring compliance with the three standards for all Honda products, we will make steady progress towards realising zero CO_2 emissions.

Product-based scenarios addressing climate change and energy issues



- **High Efficient Products**
Products that lower CO_2 emissions by improving internal combustion engine efficiency. This category includes products that incorporate technologies for improving fuel combustion and transmission efficiency, and reducing friction between engine parts. Compliance is determined based on how much a product reduces CO_2 emissions during use as compared to preceding models.

- **Innovative Products**
Products that lower CO_2 emissions because they use an environmentally innovative technology or a diversified energy source. Environmentally innovative technologies include motorcycles that incorporate Honda's proprietary Idling Stop System, automobiles that incorporate hybrid or direct-injection engine technologies, and power products equipped with fuel-injection system (FI) feature. Diversified energy sources include motorcycles and automobiles that can run on ethanol, and power products that can run on gaseous fuels. Compliance is determined based on how much a product reduces CO_2 emissions during use as compared to preceding models.

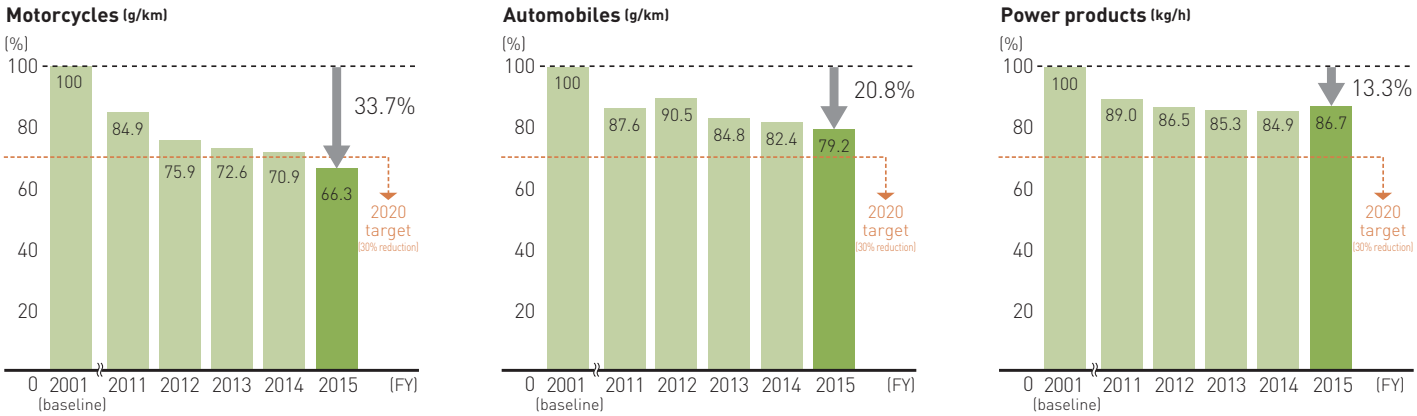
- **Revolutionary Products**
Products that aim to achieve zero CO_2 emissions by harnessing renewable energies or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies which utilise renewable energy.

Number of HEPS-compliant models increased to 271

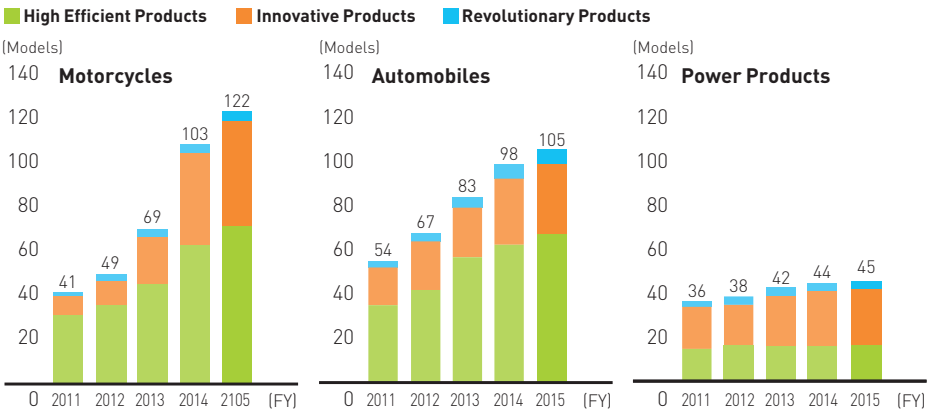
As a result of performing certifications for products released in the FY2015, 19 motorcycle models, six automobile models, and one power product model – a total of 26 models – were newly HEPS-certified. Cumulatively, this brings the number of HEPS-compliant products to 122 motorcycle models, 104 automobile models, and 45 power product models, or 271 models in total.

Regions covered are Japan, North America, Europe, South America, Asia & Oceania, and China, covering more than 90% of global sales by volume of each product category.

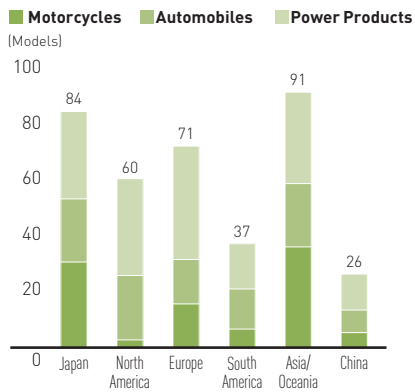
Progress in meeting the 2020 product CO_2 emissions intensity reduction targets



Global number of HEPS-compliant models



Number of HEPS-compliant models by region (FY2015)



TOPICS | Launch of all-new Legend featuring three-motor hybrid system

Honda began Japan sales of the all-new Legend featuring SPORT HYBRID SH-AWD, a three-motor hybrid system, in February 2015.

The all-new fifth-generation Legend automatically selects the most energy-efficient driving mode to suit driver requirements and driving conditions, as well as the optimal choice of front-wheel drive, rear-wheel drive or all-wheel drive through a total of three motors and engines positioned at the front and rear of the vehicle. The rear motors provide drive and independently-controlled deceleration power to the right and left rear wheels, delivering highly stable handling and refined driving comfort, in addition to outstanding fuel economy of 16.8km/l as measured in JC08 mode.

Legend

Effective utilisation of resources

Promoting 3R across the product life cycle

From development to disposal, Honda oversees the entire product lifecycle to promote Reduce, Reuse, Recycle (3R) with the aim of reducing resource and waste risk to zero.

Initiatives at the development stage

3R Preliminary Evaluation System

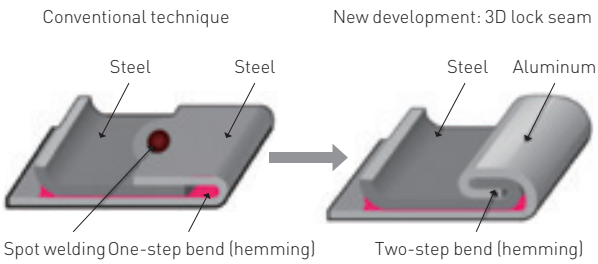
Based on our 3R Preliminary Evaluation System, Honda has been evaluating and working to improve 3R features for each new model of motorcycles and automobiles since 1992 and 2001, respectively.

Reduce through design

We aim to reduce the size and weight of all product components, including the body, engine, and even bolts, by making structural and material innovations. For example, aluminum was used for the outer door panels on the all-new Legend that went on sale in February 2015. By using the 3D lock seam technology for joining steel and aluminum developed by Honda, we managed to achieve a weight reduction of approximately 11 kg per vehicle for the doors as compared to preceding models.

We incorporated a dynamo for VFR800F and VFR800X motorcycles that went on sale in 2014, which was able to deliver the same performance as preceding models without the use of any rare earth metals (neodymium, dysprosium). Typically, when rare earth metals are not used, the dynamo needs to be bigger. However we succeeded in making it smaller by adopting a new technology.

3D lock seam used in new Legend



Honda developed a new technique to join steel and aluminum. A weight reduction was achieved by using aluminum for the outer door panel, which was previously made of steel.

Reuse and recycle design

We strive for structural design with an emphasis on easier recycling and maintenance, by using easy-to-recycle materials and recycled plastic, and labeling materials for plastic and rubber components. In the area of automobiles, for the all-new Legend, we employed easy-to-recycle materials for a wide range of interior and external components including the undercoat, inner weather strip, and the instrument panel skin. Recycled materials were also used for the air-conditioning ducts. Taking recycling into consideration, we also labeled plastic and rubber materials as much as possible.

As a result of these initiatives, the recyclability rate[*1] for all new vehicles and revised models launched in FY2015 was at least 90% for automobiles and at least 95% for motorcycles. The recoverability rate[*2] for components used in power products remained at least 95%.

[*1] Indicators based on Guidelines on Definition and Method for Calculation of Recyclability Rates in New Vehicles, Japan Automobile Manufacturers Association, Inc. (JAMA)

[*2] Figures including thermal energy recovery in recyclability rate. Complies with calculation method in Road vehicles – Recyclability and recoverability – Calculation method, ISO 22628

	Recycling rate	Main products and components
Motorcycles	At least 95%	NC750S • Rear fender • FI unit box
Automobiles	At least 90%	All-new Legend • Air conditioning duct
Power Products	At least 95% (recoverability rate)	EU55is • Front cover • Maintenance cover • Air cleaner

Reducing chemical substances

Honda advocated reductions in the use of four heavy metals (lead, mercury, hexavalent chromium, cadmium) that are known to have an adverse environmental impact. Within the scope of automobiles, the combination meter is outside the scope of application of JAMA targets. However, we even adopted a combination meter that does not use mercury for all new vehicles and revised models launched in FY2015. We are working to voluntarily phase out the use of mercury.

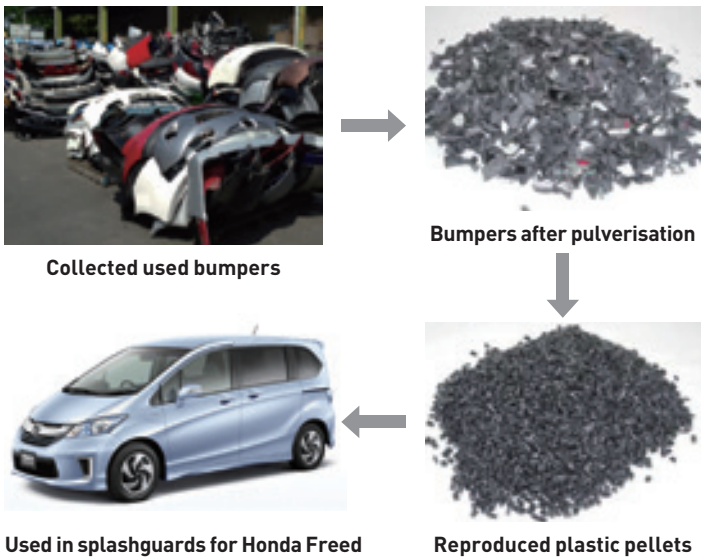
Initiatives at the stage of use

Recycling used components

We collect used components arising from repairs and replacements from dealerships across Japan for recycling. In FY2015, we collected and recycled approximately 200,000 used oil filters and 180,000 used bumpers. We reproduced the collected bumpers for use in splashguards on the Honda Freed.

We will continue to collect and recycle used parts in the future, including collecting and remanufacturing used torque converters.

Recycling process for used bumpers



Initiatives at the disposal stage

Initiatives for automobiles

Under the Act on Recycling, etc., of End-of-Life Vehicles (Automobile Recycling Act), automobile manufacturers are obligated to collect and dispose of fluorocarbons, which are used as air-conditioning coolants, airbags which are explosive and difficult to dispose of, and automobile shredder residue (ASR) after the recovery of useful resources from end-of-life vehicles, destroy the ozone layer and have an adverse impact on global warming if released into the atmosphere.

In FY2015, we handled fluorocarbons from approximately 460,000 vehicles (up 4% from the previous fiscal year), airbags from approximately 410,000 vehicles (up 10%), and ASR from approximately 510,000 vehicles (up 3%). In addition, the recycling rates were 94% for gas generators and 96.8% for ASR, both meeting the rates specified in ordinances of the competent Ministries. The total cost of recycling and other measures was ¥4,890 million, and the total value of repaid recycling deposits was ¥5,630 million.

Initiatives for motorcycles

Honda has been participating in a voluntary initiative to recycle motorcycles in cooperation with other Japanese motorcycle manufacturers and participating importers since October 2004. The initiative creates a back-up system for the disposal of end-of-life motorcycles in the world's first collaborative effort of its kind in the motorcycle industry, which includes sales companies and other entities. Under the system, end-of-life motorcycles are accepted by dealerships and designated collection centres free of charge to be sent for proper handling at recycling facilities.

The end-of-life motorcycles accepted at certified collection centres in FY2015 included 3,880 Honda products, which accounted for 59.5% of all the motorcycles accepted. The recycling rate* for Honda motorcycles was 97.1% on a weight base (up 0.6% from the previous fiscal year). We achieved our target of attaining a recycling rate of at least 95% by FY2016 ahead of schedule.

* Calculated based on processing results at recycling facilities.

INITIATIVES RELATED TO BUSINESS ACTIVITIES

Response to climate change and energy issues

Global roll-out of diverse energy conservation measures

Honda's goal is to reduce our CO_2 emissions and energy risk to zero, and we maintained a focus on lowering energy consumption and CO_2 emissions while expanding our production and sales worldwide. Under the mid-term plans for operations-related environmental initiatives, we set a target to reduce CO_2 emissions intensity per unit of production*1 by 10% by FY2017 from the FY2009 baseline. We aim to lower the rate of increase in energy use accompanying the manufacture of products in the future to the point where it falls below the rate of reduction in energy consumption.

To achieve our target, we actively employ the latest plant energy-saving technologies and know-how whenever we establish or update plants, as seen at the Yorii Automobile Plant, which reduced energy use per unit of production by 30% as compared to an existing plant*2. This paves the way for reductions in our energy use and CO_2 emissions. Moreover, in order to assist energy conservation initiatives at our operational sites worldwide, we established a framework to encourage the sharing of information between sites and regions, as well as expend efforts in providing technical support from Japan.

We also actively promote the installation of renewable energy systems. In FY2015, we installed wind power stations with a total capacity of 27 MW in South America and solar power systems with a total capacity of 30 MW across China. In Japan, we successfully reduced costs by approximately ¥200 million in FY2015 from approximately ¥100 million in FY2014 through the introduction of energy conservation equipment and other measures.

*1 The intensity was calculated as a weighted average of CO_2 emissions intensity for units in production for motorcycles, automobiles, and power products respectively.
*2 Relative to Saitama Factory's Sayama Automobile Plant in Japan.

Effective utilisation of resources

Focusing on reducing water use and waste

Honda expends efforts for the reduction of resources and waste risk to zero, and we strive to reduce our water use and waste. For example, we promote initiatives such as the use of recycled water and water conservation based on local circumstances at each of our operational sites with the aim of minimizing consumption of water resources. We are also pushing for worldwide introduction of full water recirculation systems as required.

In relation to reducing waste, we are working to further ramp up our Reduce, Reuse, Recycle (3R) efforts. This includes reducing resource use, such as increasing throughput yields to reduce by-products. In Japan, gains on sale of valuables from selling resource waste as valuable materials rose from approximately ¥3,800 million in FY2014 to approximately ¥3,900 million in FY2015, producing additional revenue.

Preserving biodiversity

Promoting continuous initiatives in line with Honda Biodiversity Guidelines

At Honda, we recognize that our corporate activities could impact biodiversity, and we have always expended efforts into activities that lead to its preservation. We have carried out tree-planting activities and industrial water recycling at our plants since the 1960s and launched our Community Forest program in 1976.

In 2011, we created the Honda Biodiversity Guidelines. These Guidelines established our basic approach as "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 towards harmony between this commitment and our activities."

We believe that minimizing the environmental impacts that result from our business activities and products represents a major contribution to conserving biodiversity. In Honda Biodiversity Guidelines, we set out Development of Environmental Technology, Initiatives Based on Corporate Activities, with Cooperation with Communities as one of the priorities in this effort.

TOPICS Generating annual electricity required for automobile production through wind power generation

We have been striving to reduce the environmental impacts resulting from our production activities since commencing production in Brazil in 1976. In March 2013, we established Honda Energy do Brasil Ltda. (Honda Energy), an electric power company, in order to develop the Brazilian automobile industry's first wind power generation business. Honda Energy built a wind farm with nine wind power turbines in Rio Grande do Sul, in southern Brazil, and commenced operations in November 2014.

The wind farm will generate approximately 95,000 MWh of electricity per year, equivalent to Honda's current annual electricity needed for automobile production in Brazil (about 140,000 units) and reduce CO_2 emissions by more than 2,200 t annually. Moving forward, Honda will continue to actively promote energy conservation and CO_2 reductions in our production activities through the use of renewable energy.

Honda Energy do Brasil Ltda. has nine wind power turbines

TOPICS Promoting the "Green Dealer" Program aimed at reducing environmental impact of dealerships

Since 2012, American Honda Motor Co., Inc., our U.S. sales company, has been promoting the "Green Dealer" Program, a system for recognising dealerships that achieve reductions in their environmental impact through solar power, LED lighting, waste reduction, recycled water vehicle wash, and other measures. As of April 2012, 67 out of 293 dealerships participating in the program received the Honda Environmental Leadership Award.

Green roof at Rossi Honda

	Silver dealerships	Gold dealerships	Platinum dealerships
67 certified dealerships	41 dealerships	17 dealerships	9 dealerships

In a breakdown of the 67 dealerships, there were 41 Silver dealerships with energy reductions of 10% or more, 17 Gold dealerships with energy reductions of 30% or more, and 9 Platinum dealerships with energy reductions of 50% or more. This resulted in a total annual CO_2 reduction of approximately 7,500 t.

MID-TERM PLANS FOR ENVIRONMENTAL INITIATIVES

Mid-term plans for product-related environmental initiatives (FY2015–FY2017)

Milestones on the road to 2020		Mid-term plans for product-related environmental initiatives (FY2015–FY2017)
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	Achieve best-in-industry fuel efficiency and accelerate technology penetration: Motorcycles : Expand use of PGM-FI and low-friction engines, especially in commuter vehicles Automobiles : • Continue deployment of Earth Dreams Technology started in the previous 3-year mid-term • Continue global release of 2.0-liter, 1.5-liter, and 1.0-liter turbocharged direct-injection engines providing class-leading power output and environmental performance Power Products : Accelerate use of compact engines and advance energy diversification Establish and deploy next-generation electromotive technologies Motorcycles : Market electric motorcycles that meet local needs in developed (Japan: loaned) and emerging (China) countries Automobiles : • Expand lineup of models equipped with i-MMD, i-DCD hybrid systems • Introduce in Acura models the SPORT HYBRID SH-AWD, a three-motor hybrid system with seven-speed DCT with built in motor for the front wheels, and independent motors for the left and right rear wheels • Release a production FCV model in Japan in 2015, and the U.S. and Europe thereafter, to advance the popularization of FCVs Power Products : Improve Miimo household-use robotic lawn mower and expand lineup of electrically driven products
	Market new products to eliminate CO_2 emissions from mobility and daily living	• Using demonstration test houses in Japan, verify the operation and practicality of technologies developed to realize zero-carbon mobility and living by 2020, in collaboration with entities in other business sectors • Work with local governments in Japan to carry out demonstration testing of the MC-β micro EV with the aim of developing next generation vehicles that minimize environmental impacts while spreading the joy and freedom of mobility, and to offer community development solutions that are suitable for each location
Effective utilization of resources	Ramp up 3R efforts	• 3R preliminary evaluation system • 3R design • Reduce substances of concern • Recycle used components • Steadily comply with recycling regulations for end-of-life products in each country Japan:maintain ASR recycling rate at more than 70%. Improve recycling rate for motorcycles to at least 95% by 2015
Substances of concern	Reduce exhaust emissions	Make steady progress in reducing exhaust emissions to comply with tighter emission regulations in various countries
	More strictly manage substances of concern used in products	• Continue to promote management of substances used in products and employ alternatives to substances of very high concern • Continue to operate global management systems for substances used in products to comply with applicable regulations in various countries and reduce risk

Performance in FY2015

Milestones on the road to 2020		FY2015 achievements
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	Achieved best-in-industry fuel efficiency and accelerated technology penetration: Motorcycles : • Air cooled, 4-stroke engines achieved outstanding fuel performance through use of PGM-FI and low-friction engines (offset cylinders, roller rocker arms) Increased line up of models (Wave110i and Wave 125i (both MMC*1) fitted with OHC and single cylinder engines • Launched sales of PCX (MC*2) and BEAT (MMC*1) with outstanding fuel efficiency through use of PGM-FI, air cooled, 4-stroke, OHC single cylinder 125cc engine (eSP) and Idling Stop System Automobiles : • Deployed gasoline and diesel engine automobiles equipped with EARTH DREAMS TECHNOLOGY launched worldwide in previous mid-term plan (India: MOBILIO, U.S.: Acura TLX, China: CR-V, etc.) Power Products : Launched new models with compact engines in Japanese market • Snow blower (Yukios e) • High Efficiency pumps (WL20X/30X) • 1kW Generator (EP1000) • Inverter generation to incorporate fuel injection (FI) technology (EU55is) Established and deployed next-generation electromotive technologies Motorcycles : Maintained sales of power-assisted bicycle (Kushi) for Chinese market Automobiles : • Introduced new Grace and Jade models equipped with i-DCD in Japanese market • Launched SPORT HYBRID SH-AWD (3-motor hybrid) Acura model with an engine featuring a seven-speed dual-clutch transmission up front and independent motors at the rear • Announced new fuel cell vehicle concept car Honda FCV in world first (plan to commence sales new FCV based on concept car in FY2016 in Japan) Power Products : Launched Miimo household-use robotic lawn mower with better lawn finish and customer convenience in European market
	Market new products to eliminate CO_2 emissions from mobility and daily living	• Verified advanced daily living incorporating IT and personal mobility technologies and energy management technologies for integrated control of energy demand and supply in the home, mobility and the community (Japan: cooperated with Sekisui House, Ltd. and Toshiba Corp. to build demonstration test houses in Saitama City, U.S.: cooperated with University of California, Davis campus to build demonstration test house) • Investigated uses and needs for the MC-β micro EV based on local town planning and mobility-related issues (carried out demonstration testing in cooperation with Kumamoto Prefecture, Saitama City, and Miyakojima City)
Effective utilization of resources	Ramp up 3R efforts	• Continued to use the 3R preliminary evaluation system • Continued to promote 3R design, reductions in substances of concern, and recycling of used components • Steadily complied with recycling regulations for end-of-life products in each country Japan: promoted activities with the aim of achieving 96.8% ASR recycling rate, and 97.1% effective motorcycle recycling rate in 2015
Substances of concern	Reduce exhaust emissions	Made steady progress in reducing exhaust emissions to comply with tighter emission regulations in various countries
	More strictly manage substances of concern used in products	• Continued to promote management of substances used in products and employ alternatives to substances of very high concern • Continued to operate global management systems for substances used in products to comply with applicable regulations in various countries and reduce risk

*1 MMC: Minor Model Change
*2 MC: Model Change

Mid-term plans for operations-related environmental initiatives (FY2015–FY2017)

Milestones on the road to 2020		Mid-term plans for operations-related environmental initiatives (FY2015–FY2017)
Climate change and energy	Strengthen initiatives that span entire product life cycles	Global operations : Reduce CO_2 emissions per unit of production[*1] by 10% by FY2017 (baseline: FY2009)
		Purchasing domain : Promote measurement and reduction of supply chain GHG emissions in each region based on the Green Purchasing Guidelines
		Production domain : • Disseminate advanced environmental technologies developed at the Yorii Automobile Plant in Japan, which began operations in 2013, to other production sites worldwide • Set benchmarks for energy use and set higher efficiency standards
		Production domain : Install renewable energy systems • South America: wind power system • China: Mega-scale solar PV system • Japan: Mega-scale solar PV system at new test course in Sakura, Tochigi Prefecture
		Transportation domain : • Increase transportation efficiency in each region by implementing modal shifts, improving truck fuel efficiency, etc. • Spread packaging specifications without exterior containers worldwide
		Sales and service, administration, product development domains : Promote energy conservation by encouraging eco-etiquette and using facilities more efficiently
Material and water resources	Ramp up 3R efforts	Production domain : • Intensify efforts to reduce resource use, e.g., 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)
	Minimize water use	Production domain : Reduce water 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 production sites and motorcycle to coating processes • Spread Honda Smart Ecological Paint introduced at the Yorii Automobile Plant in Japan to other new production site worldwide
Biodiversity	Local conservation initiatives in accordance with the Honda Biodiversity Guidelines	Corporate initiatives : • Address hazardous substances and water use that lead to ecological degradation • Educate suppliers and other business partners Collaboration with local communities : HondaWoods[*3] activities
Environmental management	Strengthen global/regional promotional frameworks and increase disclosure of environmental data	Strengthen independent, voluntary promotional frameworks in each region, and strengthen global collaboration
		Advance sustainability reporting of environmental, social, and legal compliance

Performance in FY2015

Milestones on the road to 2020		FY2015 achievements	Challenges
Climate change and energy	Strengthen initiatives that span entire product life cycles	Global operations : Reduced CO_2 emissions intensity per unit of production by 9% in FY2015 (baseline: FY2009)	• Structural deterioration due to decline in global production
		Purchasing domain : Globally established measurement of GHG emissions in each region	
		Production domain : • Rolled out advanced environmental technologies developed at the Yorii Automobile Plant in Japan, which began operations in 2013, to other production sites worldwide • Set benchmarks for energy use and higher efficiency standards	• Further roll out to new plants • Further identify waste through visualization
		Production domain : Installed renewable energy systems • South America: 27-MW wind power system • China: 30-MW Large-scale solar power system	• Promote adoption of renewable energy • Confirm measures and investment costs
		Transportation domain : Increased transportation efficiency in each region by implementing modal shifts, improving truck fuel efficiency, etc.	• Consider and roll out measures in line with modes of transportation in each region
		Sales and service, administration, product development domains : • Implemented eco-etiquette measures • Used facilities more efficiently	• Maintain energy conservation activities
Material and water resources	Ramp up 3R efforts	Production domain: • Collaborated with suppliers to increase use of metal scraps • Maintained zero landfill waste performance (Japan and Europe)	• Intensify efforts to reduce resource use, e.g., by increasing throughput yields to reduce by-products
		End-of-life product recycling : Steadily complied with automobile recycling regulations in each country	• Comply with new regulations
	Minimize water use	Production domain : Reduced water use according to conditions in each region, for example by conserving water and using recycled water in production processes • Installed rain water storage system in India	• Identify regions where risk of water shortages is anticipated
Substances of concern	Reduce VOC[*2] emissions from production processes	Production domain: Spread Honda Smart Ecological Paint introduced at the Yorii Automobile Plant in Japan to other new production sites worldwide	• Develop VOC emissions-reduction technologies for coating processes and expand application to overseas production sites and motorcycle coating processes • Expand to regions without regulations
Biodiversity	Local conservation initiatives in accordance with the Honda Biodiversity Guidelines	Corporate initiatives : • Addressed hazardous substances and water use that lead to ecosystem destruction • Educated suppliers and other business partners	Collaborate with local communities: • Survey biodiversity and ecosystems at operational sites in Japan • Formulate guidelines and operating procedures for each operational site and accumulate know-how
Environmental management	Strengthen global/regional promotional frameworks and increase disclosure of environmental data	• Strengthened independent, voluntary promotional frameworks in each region, and strengthened global collaboration • Held regional staff meetings	• Enhance sharing of information with the community
		• Issued the Honda Environment Annual Report: Global Report • Issued environment reports in each region	• Enhance disclosure of information through progression to sustainability report

[*1] CO_2 emissions per unit of production: Emissions intensity was calculated by weighting the average reduction percentages for motorcycles, automobiles, and power products with the CO_2 emissions associated with their respective life cycles.
[*2] VOC (Volatile Organic Compounds): Organic chemical substances that cause photochemical smog and are commonly used in the solvents of paints and thinners.
[*3] Honda started managing the Community Forests under a new policy called the Satoyama Concept in 2014.

ENVIRONMENTAL PERFORMANCE DATA

Honda GHG emissions in FY2015

As a responsible company operating in the mobility industry, Honda believes in the importance of calculating and disclosing greenhouse gas (GHG) emissions in order to drive progress in initiatives to reduce global emissions.

As the first milestone in this endeavor, in August 2012 Honda became the world's first mobility company to disclose estimates of all GHG emissions from its entire value chain in conformity with the Greenhouse Gas Protocol (GHG Protocol)*1 currently the world's most widely used GHG emissions accounting standard. We released estimates of FY2012 emissions not only from our own business activities (scope 1 and 2), but also from all upstream and downstream activities (scope 3), extending from the procurement of raw materials to the transportation and customer use of Honda products, and ending with the treatment of end-of-life products.

Honda continues to calculate and report its emissions, and is making improvements to get a more accurate assessment of emissions from our entire value chain. We are doing this in scope 3 (other indirect emissions), for example, by widening the boundaries of data collection for categories that account for the largest proportion of estimated emissions, and improving the accuracy of calculation methods.

The calculations for FY2015 show that GHG emissions from Honda business activities were 5.24 million t-CO_2e, and total emissions from the value chain, including other indirect emissions, were 279.007 million t-CO_2e. We hope to leverage these improvements in data measurement and management to devise more effective emissions reduction strategies.

*1 Published by the World Business Council for Sustainable Development and the World Resources Institute

Reducing GHG emissions from use of sold products

Scope 3, category 11 emissions (emissions from use of products sold to our customers), accounted for more than 80% of GHG emissions from Honda's entire value chain. This means the greatest challenge to reducing emissions from our value chain is finding ways to reduce emissions related to customer use of Honda products. To this end, we've established the target of reducing global average product CO_2 emissions 30% from 2000 levels by 2020, and are working to improve the fuel efficiency of our products.

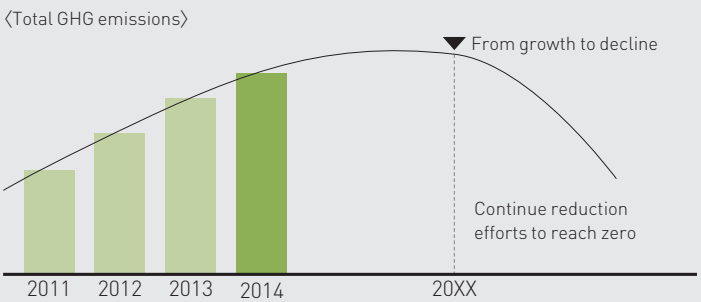
For the foreseeable future, however, our production volume is likely to outpace expected improvements in fuel efficiency, so even if we achieve this target, we still predict an increase in scope 3, category 11 emissions. Nevertheless, it is essential for us to find ways to reverse this rising trend.

We are certain that our ultimate aim is to reduce total emissions from our products, even as production expands.

Reducing total GHG emissions

Honda's ultimate aim is to achieve zero GHG emissions from its products and business activities. Having drawn a vision for a future with zero environmental impact, we will aim to cut Honda's total GHG emissions in half by 2050.

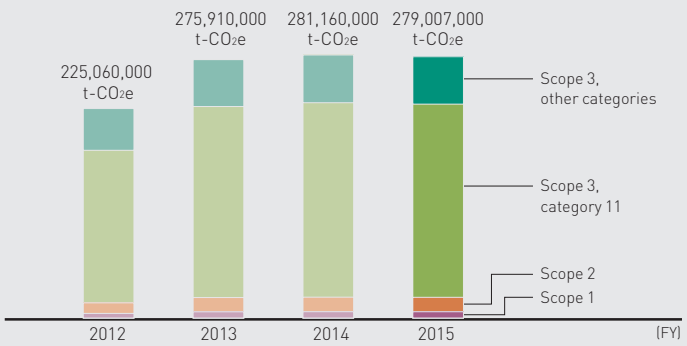
Emissions from Honda operations: Conceptual projection



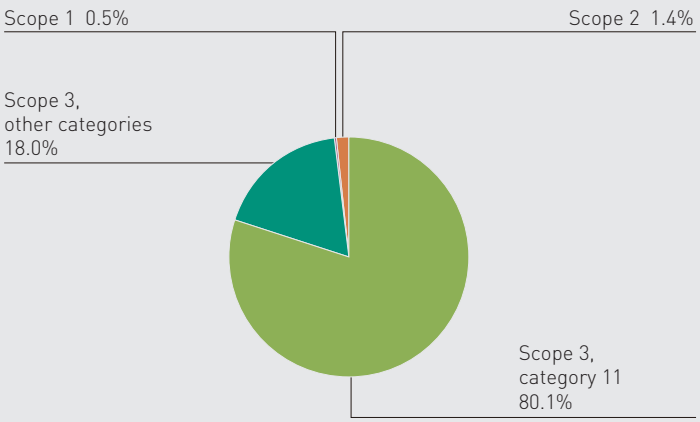
Honda's total greenhouse gas emissions

			FY2012	FY2013	FY2014	FY2015
GHG emissions from the entire Honda value chain		(scopes 1, 2, and 3)	225,060,000 t-CO_2e	275,910,000 t-CO_2e	281,160,000 t-CO_2e	279,007,000 t-CO_2e
Breakdown	Direct emissions from business activities	(scope 1)	1,240,000 t-CO_2e	1,410,000 t-CO_2e	1,410,000 t-CO_2e	1,376,000 t-CO_2e
	Indirect emissions from energy use	(scope 2)	2,960,000 t-CO_2e	3,540,000 t-CO_2e	3,800,000 t-CO_2e	3,864,000 t-CO_2e
	Emissions from Honda business activities	(scope 1 and 2)	4,200,000 t-CO_2e	4,950,000 t-CO_2e	5,210,000 t-CO_2e	5,240,000 t-CO_2e
	Emissions from customer use of sold products	(scope 3, category 11)	195,880,000 t-CO_2e	225,950,000 t-CO_2e	228,140,000 t-CO_2e	223,542,000 t-CO_2e
	Other emissions	(scope 3, other categories)	24,980,000 t-CO_2e	45,010,000 t-CO_2e	47,810,000 t-CO_2e	50,225,000 t-CO_2e
	Other indirect emissions	(total of scope 3)	220,860,000 t-CO_2e	270,960,000 t-CO_2e	275,950,000 t-CO_2e	

Total GHG emissions, FY2012 to 2015



Breakdown of total FY2015 GHG emissions



- Scope 1: Direct GHG emissions from business activities, as defined by the GHG Protocol (examples: combustion of fuel oil at a manufacturing plant, emissions from work vehicles and company cars). The scope 1 figures presented in this report include all GHGs emitted directly by Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies worldwide.
- Scope 2: Indirect GHG emissions from a company's use of energy, as defined by the GHG Protocol (examples: electrical energy used by a manufacturing plant or office). The scope 2 figures presented in this report include all GHGs emitted directly by Honda Motor Co., Ltd. and its consolidated subsidiaries and affiliated companies worldwide.
- Scope 3: Other indirect GHG emissions not included in scope 1 and scope 2, as defined by the GHG Protocol. Scope 3 is systematically broken down into 15 categories (examples: category 11 includes emissions arising from the use of sold products; category 12 includes emissions arising from the end-of-life treatment of sold products).
- The category 11 figures presented in this report represent the cumulative amount of greenhouse gases that will have been emitted by products sold by Honda in each fiscal year (automobiles, motorcycles, power products) as a result of their use by customers from the time they received those products until they dispose of them in the future. The "scope 3, other categories" figures presented in this report are the sum of emissions from categories 1, 2, 3, 4, 5, 6, 7, 9, 10, 12, and 15. As per the GHG Protocol, Honda excludes categories 8, 13, and 14 from its calculations, as these categories are either not part of Honda business activities or emissions from these categories are accounted for in other categories.

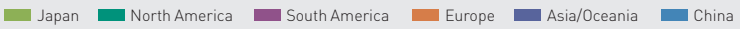
Promoting lifecycle assessment (LCA)

We have been developing our own methods to reduce the environmental impacts of our business activities and across product life cycles, from production through disposal.

In March 2002, we built the Honda Life-Cycle Assessment (LCA) Data System, a system for measuring CO_2 emissions from all business activities, and since then have been making focused efforts to meet reduction targets set for each domain—production, purchasing, sales and service, administration, transportation, and so forth.

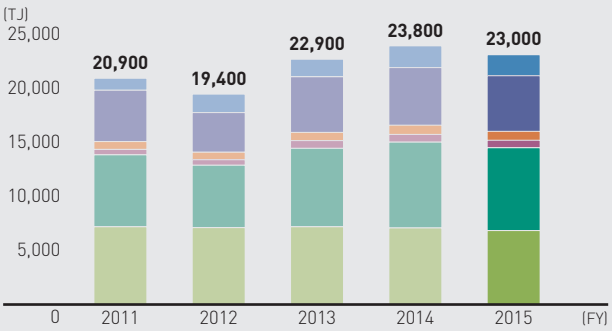
We are also calculating and assessing CO_2 emissions across product life cycles—from raw material procurement to product disposal—and making use of this information in our efforts to reduce CO_2 emissions for each model. This information is also important when considering applications for the many next-generation technologies we are developing, so we are using to develop low-carbon solutions at the development stage.

Environmental performance data

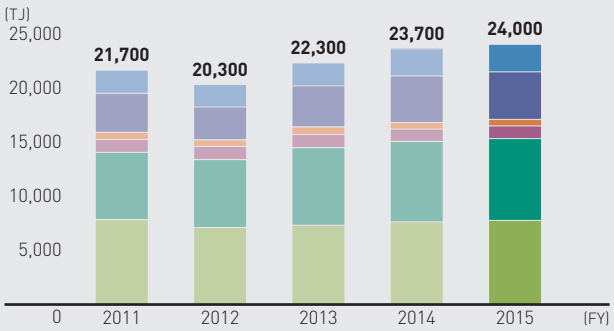


Energy consumption

Direct energy consumption



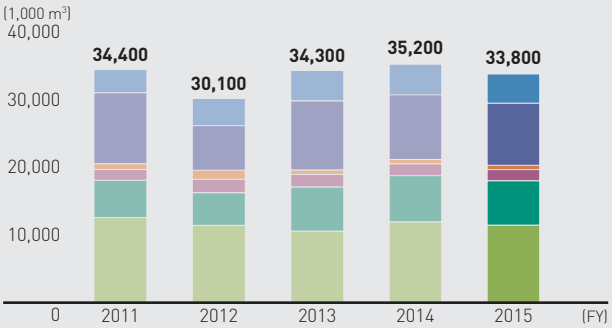
Indirect energy consumption



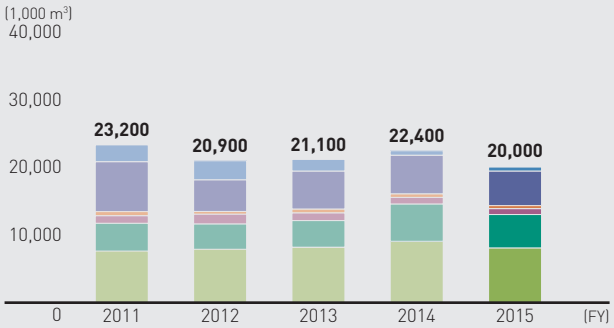
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
- Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.
- Calculations are based mainly on energy consumed by stationary sources.
- A terajoule (TJ) is a unit of energy, "tera" meaning 10^{12}

Water use, wastewater volume

Water use



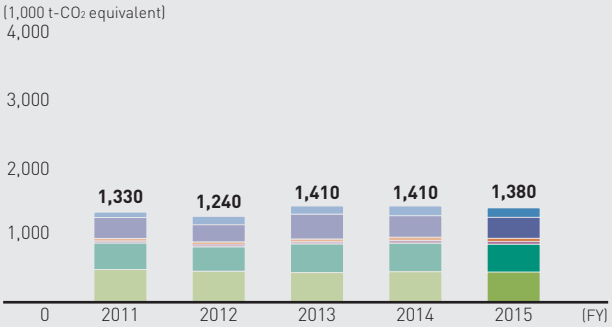
Wastewater volume



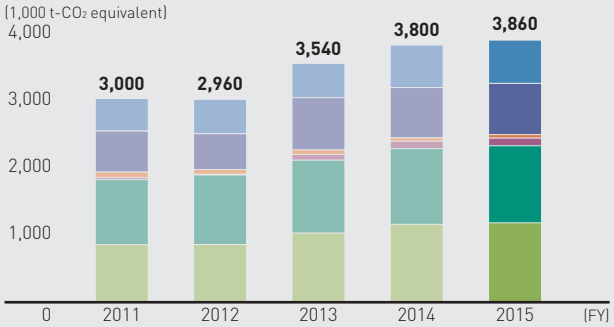
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group

Greenhouse gas emissions

Direct emissions

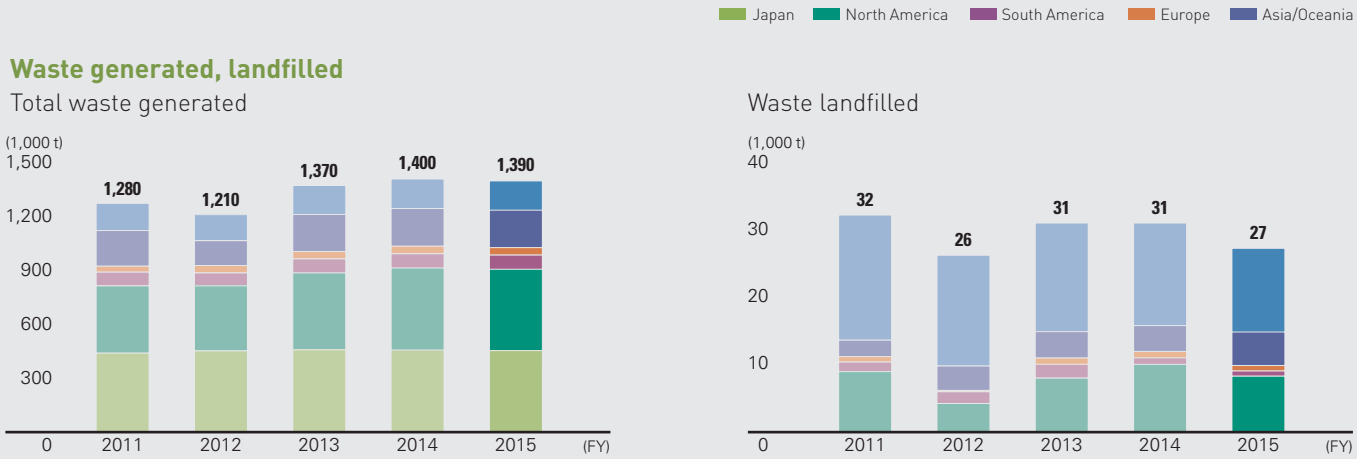


Indirect emissions



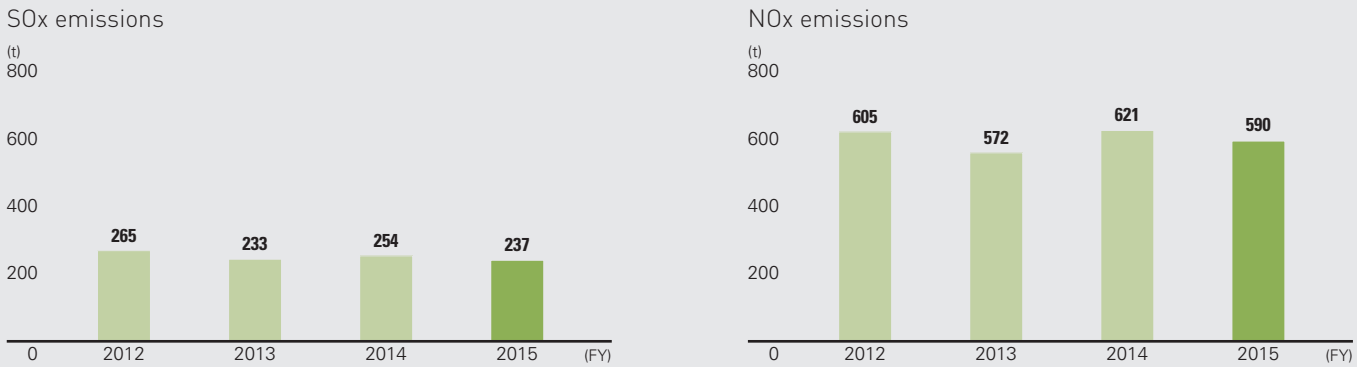
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
- Greenhouse gas emissions were calculated while referring mainly to the WRI and WBCSD's 2004 "The Greenhouse Gas Protocol (Revised Edition)."
- Calculations are based mainly on emissions from stationary sources

Waste generated, landfilled



Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
- Landfilled amounts for waste outside Japan also include other waste treatment methods
- Figures for Japan indicate amounts actually brought to landfills.

Atmospheric pollutants



Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
- Calculations are based on fuel consumption.

Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
- Calculations are based on fuel consumption.

Supplementary information on environmental performance

- **Emissions of ozone-depleting substances**: In line with laws in each country based on the Montreal Protocol, the use of ozone-depleting substances (ODSs) is being completely phased out at each of our operational sites.
- **Import and export of hazardous wastes**: Honda neither imports nor exports hazardous wastes specified under Annex I, II, III, and VII of the Basel Convention.
- **Water resources significantly affected by withdrawal of water**: Honda identifies regions where there will be balance with surrounding water resources as potential sites for plants and establishes plants in line with the environment assessment legislation in each country. Consequently, there are no water resources that are significantly affected by withdrawal of water.
- **Water recycling and reuse**: Honda makes efforts to recycle and reuse water in manufacturing processes. The volume of recycled and reused water is approximately 8 million m^3 a year, which amounts to about 20% of our total water usage. In particular, Honda Engineering Co., Ltd. in Japan, Honda Automobile (Thailand) Co., Ltd. No. 2 Plant in Thailand, and Guangqi Honda Automobile Co., Ltd. No. 2 Plant in China have introduced and operate full recycling systems capable of reusing virtually 100% of their water.
- **Water resources impacted by effluent**: Honda processes effluent and discharges processed effluent in accordance with the laws in each country.
- **Impact on biodiversity from business activities**: Honda recognizes that the release of greenhouse gases (GHGs) and pollutants is the major factor in the loss of biodiversity. Therefore, we established the Honda Biodiversity Guidelines to prioritize and systematically work for their minimisation. Moreover, we conduct biodiversity fact finding studies at our main operational sites in Japan and promote such measures as thinning and pruning depending on the species and elimination of non-native species. We also take part in the Japanese government's Monitoring Sites 1000 (A Nationwide Project for Monitoring Ecosystems and Biodiversity in Japan), associated with the International Union for Conservation of Nature (IUCN), which creates the Red List of Threatened Species each year. As part of this project, we continue fixed-point observation and reporting on ecosystems. None of Honda's sites in Japan are in or adjacent to reserves.
- **Environmental assessments of suppliers**: There are no notable negative environmental impacts in the supply chain.

GLOBAL REPORT

PHILANTHROPY

Honda Group associates participating in a Honda Beach Clean-up activity as volunteers.
Since commencing in 2006, we have performed the activities at more than 100 beaches.

OUR FUNDAMENTAL APPROACH

Honda philanthropy

Developing "Community Initiatives" through communication with local communities

Since the company's foundation, Honda has been bringing joy to communities and customers through our products and technologies. In the 1960s, while the company was still in a period of early growth, Honda began to launch philanthropic initiatives designed to strengthen ties with local communities based on the concept that a company must have local roots and coexist harmoniously with the communities that host its operations.

Today, we strive to undertake initiatives in a total of six regions around the world in our aim to share joy with all and become a company that society wants to exist. We also support initiatives that reflect local circumstances. We at Honda will continue to develop philanthropic initiatives while communicating with customers and local people so that we can share joy with all.

Our fundamental approach to philanthropy

Proceeding to the creation of future society in which everyone can pursue their dreams based on the basic principles and global directions of Honda philanthropy

Honda has established the basic principles and global directions of Honda philanthropy as our fundamental approach to philanthropy. Honda has explicitly stated its approach to step up the development of activities aimed at creating a future society in which everyone can pursue their dreams in the areas of education, the environment and traffic safety based on community initiatives.

Honda will continue to take advantage of its unique management resources to pursue diverse initiatives in line with these principles and directions in six regions around the world.

Honda philanthropy: Basic principles and global directions

Honda philanthropy: Vision

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

Honda philanthropy: Basic principles

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

Global directions

Striving to create a future society in which everyone can pursue their dreams, Honda shall:

- Support educating our youth for the future
- Work to preserve global environments
- Promote traffic safety through education and training

INITIATIVES IN JAPAN

Community

Miyagi Pokerun: an event assisting with Tohoku reconstruction

In summer 2014, Honda was a special supporter of Miyagi Pokerun, an event assisting with Tohoku reconstruction. Miyagi Pokerun was a stamp rally-style event in which competitors went round 71 checkpoints set up throughout Miyagi Prefecture by car, motorcycle or public transport and collected trump cards using a dedicated smartphone app with the aim of competing on the strength of their hands at the final checkpoint. There were designated checkpoints such as reconstruction shopping malls, roadside stations and producers' markets, and participants experienced the current reality in Miyagi by observing reconstruction on the ground while having fun and interacting with local people.

As a special supporter, Honda chose an ICT company from the affected area as a partner to develop and supply a dedicated Pokerun app. In addition to utilising the latest telematics technology to calculate routes to checkpoints using internavi route with high precision traffic information based on Honda internavi, the app was also equipped with tour recording functionality.

The morning after the Great East Japan Earthquake, Honda was first to release information on the actual road traffic situation based on traveling data collected from the vehicles of internavi members, visualising "roads" in the affected area. In this event, Honda supported new encounters in the affected area by getting involved in creating a platform for experiencing "roads" today in the affected area through the joy of traveling.

Participants visiting a checkpoint on motorcycles

Education

TOMODACHI Honda Cultural Exchange Program

Honda is supporting the TOMODACHI Initiative being led by the United States' embassy and the U.S.-Japan Council, a Public Interest Corporation (Koeki Zaidan Hojin) and is operating the TOMODACHI Honda Cultural Exchange Program during the three-year period between 2015 and 2017. In collaboration with American Honda Motor Co., Ltd., Honda has created a program to allow students from areas affected by the Great East Japan Earthquake to experience the traditions and culture of the United States. Through this experience, Honda will foster young people with a global perspective who can play an active part on the world stage, boldly address challenges by building dreams and hope and take the lead in reconstruction themselves in the future.

Twenty senior high school students from Miyagi Prefecture were invited to Los Angeles for approximately two weeks from December 26, 2014 until January 8, 2015. The students played their instruments while participating in the Rose Parade, a traditional U.S. celebration, through the universal language of music. Afterwards, they took part in homestays and volunteer activities. They also experienced cultural exchanges with local senior high school and university students, making a range of discoveries before returning to Japan.

Students marching in the Rose Parade

Nature Wagon

Nature Wagon is a traveling environmental learning program led by volunteer staff, who are mainly retired Honda associates. They visit elementary schools, after school clubs and community centres with materials from nature including from the sea and forests loaded into Honda vans. The staff deliver lectures on the workings of nature and the importance of environmental conservation. It provides an opportunity for the children themselves to be aware of nature and the environment while experiencing nature crafts using natural materials such as wood and stone. This initiative promotes children's independence.

During FY2015, around 9,028 children participated in a total 197 Nature Wagon sessions at five Honda facilities in Japan, with a total 2,257 retired associates as volunteer staff.

Students enjoying craft activities

Children's Idea Contest

In the Children's Idea Contest, elementary school students create works depicting products they wished existed, taking the future as their theme. The program was launched in 2002 based on a desire to have children experience how much fun it can be to pursue one's dreams and how interesting it can be to make things. Approximately 30,000 children have participated so far in the program, which marked its 12th year in 2014.

We also invited children who had participated in a similar contest in Thailand and held an international exchange event at Twin Ring Motegi in Tochigi prefecture on March 28 and 29, 2015. The children from Thailand and children in Japan who had won grand and runner-up prizes interacted in various ways, discussing their dreams for the future, presenting their works and communicating the cultures of their countries.

Presenting "Miracle Mute," which won a judge's special prize

Environment

Honda Beach Clean-up activities

Honda Group associate volunteers and local people work together to clean beaches using a proprietary towable Beach Cleaner* developed by Honda with a view to leaving behind clean beaches that the next generation can walk on barefoot. Launched in 2006, beach clean-up activities have been implemented at more than 100 beaches.

There is a lot of non-biodegradable garbage such as vinyl and plastic on beaches which injures people and has an adverse impact on the ecosystem such as when it is accidentally ingested by birds and fish. Therefore, in our beach clean-up activities, we use the towable beach cleaner to efficiently collect small items of garbage such as pieces of glass and plastic which are buried in the sand and difficult to see after picking up the large visible items of garbage by hand. Honda also holds environmental education classes for children at the beach to teach them about the importance of environmental conservation.

During FY2015, the clean-up activities were carried out on a total of 25 occasions in 21 prefectures throughout Japan with a total of 1,693 associate volunteers.

Collecting garbage using the beach cleaner

* Honda's proprietary system that efficiently collects garbage with a cleaner towed by an all-terrain vehicle (ATV) adapted for running on the beach

Watershed preservation in Japan

Forests, which can also be called "green dams," bring many benefits to the community. They have accumulated water over many years and support the healthy flow of rivers as well as creating clean air. Additionally, they help prevent natural disasters by providing stability to the ground. In order to hand these forests that provide water resources on to future generations, volunteers organized by Honda's associates, their families and former associates have continuously implemented forest conservation activities at Honda's worksites throughout Japan.

During FY2015, 12 conservation projects were implemented in forests at eight worksites around Japan. A total of 439 participants planted seedlings, cleared underbrush, removed rotten trees, and carried out thinning and improvement cutting.

Clearing underbrush in Ashio, Tochigi prefecture

Traffic safety

Ayatorii traffic safety education program

Honda implements a range of initiatives to provide safety for everyone. One key theme is protecting children from traffic accidents. Therefore, we have devised the *Ayatorii** traffic safety education program.

The program is constructed to allow children in the important process of development from early childhood through to school age to learn the basics of traffic safety in stages. Children can learn the basics in a hands-on way through classroom education at day care centres, kindergartens and elementary schools.

* The name *Ayatorii* is derived from a Japanese expression that means teaching safety through friendly explanation.

Children learning about Ayatorii

NORTH/CENTRAL AMERICA

Education

Located in the mountains of Colorado, Eagle Rock School and Professional Development Centre is a nationally recognised, tuition-free, residential high school that offers a second chance to students who have not been able to succeed in a traditional high-school setting.

Founded and funded solely by Honda, Eagle Rock opened its doors in 1993 with a mission to help the most disengaged students find their way back to an appreciation of education. Today, Eagle Rock provides a unique learning environment and emphasises responsibility, trust and openness.

Eagle Rock's Professional Development Centre annually draws educators from around the world who come to observe new approaches in teaching and discuss strategies for addressing some of education's most challenging issues.

The Professional Development Centre provides ongoing support for principals and educators who work in a variety of high-school environments across the United States. The Centre also serves as a mentor to high schools in California, New Mexico and Minnesota.

Eagle Rock School graduation ceremony

Traffic safety

Canada: Junior Red Riders program

Nearly 500 children, ages 6–12, have taken part of the Junior Red Riders program, hosted by Honda of Canada Mfg. (HCM). Most recently, 120 participants and their families took part in the event.

Children taking part in the program

Junior Red Riders is a safety program that provides Honda associates with an opportunity to volunteer and teach young riders the fundamentals of riding a motorised bike. Decked out in Fox racing gear, each child builds skills and confidence during the four-hour session, riding Honda-provided CRF 50, CRF 110 and CRF 125 bikes, depending on age, size and ability.

Environment

USA: Collecting resources for Recycle Day

Honda Manufacturing of Alabama (HMA) became the first zero-waste-to-landfill auto plant in North America when it began production in 2001. Now the plant is encouraging its associates to reduce the amount of household waste sent to landfills.

In fall 2014, the Lincoln, Alabama plant held its annual Recycle Day—collecting more than 11,300 kg of recyclable material.

Honda associates and contractors collected household items—including tires, wood, batteries, paint and used oil—and then allowed HMA's Facilities Department to dispose of the scraps.

The biggest collection items included 2,980 kg of metal, 2,230 kg of tires, 1,130 kg of electronics.

Yielding 7,030 kg more than the previous year, HMA's annual Recycle Day is another example of Honda's commitment to improving the environment.

Resources collected by associates

SOUTH AMERICA

Education

Brazil (Recife): Honda Social Project

The Honda Social Project is an initiative to provide occupational training for automobile mechanics supporting employment for young people who are the future. The initiative, which last for eight months, runs in the morning for four months and full-time for four months. It is divided into two modules: technical and personal development training. Twelve young people participated in the activity in the calendar year 2014.

The program is aimed at young people with no career prospects. Since the project began in 2007, 149 young people have participated. The young people develop a clear vision of life, and they gain the motivation to strive for their goals. This has given the Honda initiative a positive reputation among their families and the local community.

Honda employs 85% of the young people who have completed the training, and some of them are playing active roles as managers at motorcycle dealerships. Many other young people who are not working in Honda dealers have decided to continue their studies, studying at public or private colleges. There is also a student taking part in the Brazilian government program Science without Frontiers while living in Canada.

We are also continuing with the extracurricular activities such as Reading Week, Environment Week and expanding those activities.

Students during a practical class of Professional Initiation in Automotive Mechanics

Community

Argentina: Joint Program with Garrahan Children's Hospital

All units of Honda in Argentina, whether manufacturing or administrative, have partnered with Garrahan Children's Hospital to promote a recycling campaign that contributesto environmental preservation. In 2014, 2,929 kg of paper was recycled, representing 50 trees. Additionally, 1,196 kg of plastic bottle caps were collected, which prevented 2,153 kg of CO_2 from being released into the atmosphere.

In addition to protecting the environment, this program returns the profits collected from the sale of materials into the operation and maintenance of Garrahan House, a facility that supports children undergoing treatment at the hospital, as well as the purchase of medical equipment and education and training for healthcare staff.

Honda's Volunteers with the children of Hospital Garrahan

Traffic Safety

Brazil: Establishing Traffic Education Centres

Honda provides training at three Traffic Education Centres in Brazil in the cities of Indaiatuba, Manaus and Recife. These centres provide five courses that are Basic, Advanced, Off Road, ATV and Training Instructor. The courses are divided into a theoretical part (30%) and a practical part (70%).

Participants receive information about proper conduct, driving posture, driving techniques and driving in the actual traffic environment. The courses are aimed at government agencies, automobile owners and motorcycle riders and are geared to improving the riding techniques of motorcycle riders in order to reduce the number of accidents.

Since the project began in 1998 in Indaiatuba City, training has been provided to about 77,500 people, and in 2014 approximately 6,750 people benefited from the training at the three centres.

In addition, the training centres operate other projects, such as talks about harmony in traffic with 53,913 participants in 2014, Clubinho Honda in Mirim City in which 1,920 children participated in 2014, mobile traffic safety education implemented in 12 Brazilian states in 2014, and the website Harmony Traffic.

ASIA AND OCEANIA

Environment

Vietnam: Honda Eco Mileage Challenge

The Honda Eco Mileage Challenge is a competition in which participants make their own vehicles using 110 cc Honda engine and compete on how many kilometers they can travel on 1 liter of gasoline. Honda Vietnam Co., Ltd. has been holding the event since 2010 with the aim of raising awareness about the global environment.

129 teams from Vietnamese universities, automobile-related manufacturers and dealerships took part in the 5th competition in 2014. The winning team recorded 1,164.848 km/l.

Participants competing in self-made vehicles

Traffic Safety

Thailand: Safety Thailand Program

In Thailand, which is undergoing marked economic growth, the number of traffic accidents is rising in conjunction with the sharp increase in the number of vehicles. There were more than 14,000 traffic accident fatalities in 2013, so prompt measures are desirable.

Under these circumstances, A.P. Honda Co., Ltd. has run the Safety Thailand Program to spread knowledge and technology for safe driving since 1989. The main activity is safe riding training at facilities the company established itself. A cumulative total of more than 23 million people have taken part in training up to 2014. Moreover, A.P. Honda has also promoted the establishment of new safe riding training facilities in collaboration with vocational training schools since 2011 with an ultimate plan to provide training in all the provinces of Thailand.

Honda Riding Centre, a facility for providing safe riding training

Education

Thailand: Youth camp for learning about disaster prevention and traffic safety

Honda Automobile (Thailand) Co., Ltd. has run youth camps for local high school students to learn about disaster prevention and traffic safety since 2013 in partnership with the Thai government.

One hundred high school students took part in the camp held in August 2014. Following a lecture on disaster prevention, the students carried out practical training with expert instruction, including responses and rescue and relief methods for the injured in an earthquake or a fire. There was also a module on traffic safety at which an associate from a Honda dealership served as the instructor.

Practical training at the camp

Community

Indonesia: Free rest areas for homecoming motorists

P.T. Astra Honda Motor established free rest areas for homecoming motorists at 24 locations for seven days during Indonesia's major series of Islamic holidays. In addition to space for resting and toilets, the facilities also featured corners for providing automobile and motorcycle maintenance. The rest areas were used by more than 14,000 people during the period.

Prayer rooms were also provided in the facilities

CHINA

Environment

China (Inner Mongolia): Tree-planting project in Inner Mongolia

Honda's tree-planting project known as "the Joyful Forest" in the Khorchin Desert of the Inner Mongolia Autonomous Region began in 2000. In 2007, 14 Honda affiliated companies in China jointly invested and planted 700,000 seedling trees in an area of around 467 hectares near Youyi dam in the Xinghe County of Ulanqab, a prefecture-level city in Inner Mongolia during the five-year period from 2008 to 2012. Every summer, associates representing the 14 companies gathered at the site to participate in the joint tree-planting event. About 200 associates of these companies took part in the completion event of Phase 1 project held in July 2012.

A new five-year project got underway in 2013 on 467 hectares of land close to Phase 1 location. In 2014, approximately 150 associates of 16 affiliated companies took part in the tree-planting event, planting seedling trees with their own hands while learning about the importance of protecting the environment. During the two years of 2013 and 2014, 310,000 seedling trees were planted on approximately 200 hectares of land, and the project is proceeding steadily at a progress rate of 44%.

About 150 associates took part in a tree-planting event

Education

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

In October 2014, the 8th Honda China Eco Mileage Challenge Fuel Economy Contest was held at the Guangdong International Circuit. In the contest, participants compete to see who can travel the farthest with only a small amount of energy.

150 teams took part in the contest in 2014. In the gasoline section, Honda Automobile (China) Co., Ltd. (CHAC) came first with 3,779.638 km/l and set a new Chinese record. Tongji University won the university section with 1,807.653 km/l. Honda Motorcycle R&D China Co., Ltd. (HRCH) won the EV section.

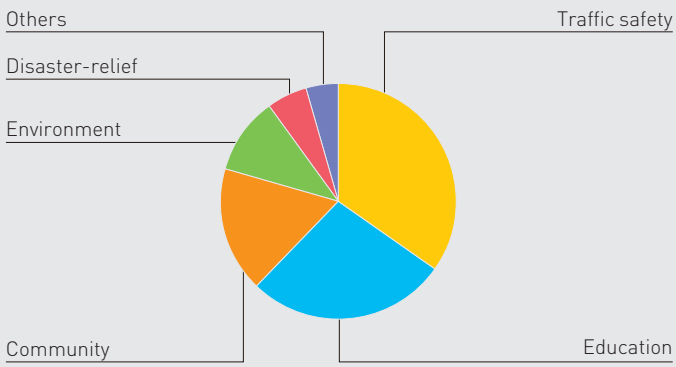
Honda in China will continue to help young people make technological challenges while helping China to address environmental issues and contributing to the development of a mobility society.

The Honda China Eco Mileage Challenge Fuel Economy Contest held in October 2014

PHILANTHROPY DATA

Philanthropy related expenditure

	Expenditure (Millions of yen)
Traffic safety	1,632
Education	1,292
Community	800
Environment	498
Disaster-relief	264
Others	201
Total	4,687



GLOBAL REPORT

SUPPLY CHAIN

Honda works in partnership with suppliers worldwide to promote sustainable initiatives at development and manufacturing sites.
We aim to realize a supply chain which coexist with local communities as a company that society accepts, loves and wants to exist.
We strive to strengthen the supply chain in the areas of purchasing and transportation.

A tree planting activity at TS-TECH (THAILAND) CO., LTD., overseas subsidiary of Honda affiliate supplier.

OUR FUNDAMENTAL APPROACH

Purchasing Philosophy and Three Purchasing Principles

To solidify relationships of trust with our suppliers

Honda's goal is to achieve a sustainable society across the supply chain. We implement initiatives with consideration for the environment, safety, human rights, compliance, social responsibirity, etc. in partnership with our suppliers worldwide.

As the foundation for this, we established our Purchasing Philosophy and Three Purchasing Principles, and we engage in business that are equal, fair, and highly transparent while constantly strengthening relationships of trust with our suppliers.

Purchasing Philosophy and Three Purchasing Principles

Our Purchasing Philosophy

We sustain the procurement of good products at reasonable prices and in a timely manner

Three Purchasing Principles

1. Open business dealings
2. Equal partnership
3. Respect for suppliers

1. Open business dealings
   We do business with suppliers who can satisfy the requirements of quality, quantity, price and timing and who can share the concept of sustainability with us, based on open competition
2. Equal partnership
   We conduct business on an equal footing regardless of the business size of the supplier or their nationality and other factors
3. Respect for suppliers
   We respect suppliers' management policy and dignity

Promoting sustainability

We published our Supplier CSR Guideline to share our approach to sustainability with suppliers worldwide and to promote our initiatives.

We published the guidelines in Japan in 2010, in North America in 2014, and in South America, Europe, Asia and Oceania, and China in 2015.

In addition, we are working across the entire supply chain, preparing check sheets for our suppliers to help assessing their own initiatives and promoting sustainability initiatives at sub-tier suppliers.

In the environment area, which we have always prioritised, in 2011 we revised the Honda Green Purchasing Guideline originally issued in 2001, and provided worldwide. In the revised guidelines we extended the scope for reducing environmental impact from during production to the entire life cycle of products.

When selecting suppliers for components and raw materials based on these sustainability policies, we look into their initiatives on QCDD*, human rights, labor, the environment, safety, compliance, risk, protection of information, etc., to determine the best supplier.

* QCDD: An acronym for Quality, Cost, Delivery, Development

Changes in purchasing practices

- Established Purchasing Fundamental Beliefs and the three purchasing principles
- Issued Honda Green Purchasing Guideline (2001)
- Issued Supplier CSR Guideline (2010)
- Revised Honda Green Purchasing Guideline (2011)
  (Explicitly stated environmental initiatives as a category for evaluation of suppliers)
- Revised Supplier CSR Guideline (Japan, 2013)
  (Added content on handling of conflict minerals)
- Issued Automotive Industry Guideline to Enhance Sustainability Performance in the Supply Chain
  (North America, 2014)
- Issued CSR Guideline in other regions (2015)

GLOBAL PURCHASING MANAGEMENT

System for promoting purchasing activities

Strengthening the global management structure through coordination between Regional and Purchasing Operations

We manage its global business through an organization devided into six regions and established purchasing functions in each. Purchasing Operations, which supervises the global function overall, is located in Japan, providing cross-regional and cross-business coordination and plan sustainability policy and goals.

In addition, Meetings of the International Purchasing Conference, the Global Correlation Meeting, the Six Regional Environmental Purchasing Meeting, and other bodies are held regularly, and we implement the PDCA cycle on a global level by promoting collaboration between Purchasing Operations, and each regional and business operations.

• International Purchasing Conference

The International Purchasing Conference (IPC) is held in each region attended by the Chief Operating Officers of Regional and Purchasing Operations in order to strengthen the links between regional business direction and purchasing direction. In FY2015, the IPC was held in the U.S., Brazil, the U.K., Thailand, and China.

• Global Correlation Meeting

The Global Correlation Meeting is held once a year with management-level associates from Purchasing and each Regional Operations with the objectives of confirming, discussing, and examining Honda's medium- and long-term direction with regards to purchasing activities on a global level and the initiatives in each region. In FY2015, the Global Correlation Meeting was held in Tokyo to coordinate reinforcement of cost and quality competitiveness and the direction of sustainability initiatives.

• Six Regional Environmental Purchasing Meeting

The Six Regional Environmental Purchasing Meeting has been held since 2011 in order to strengthen initiatives aimed at a low carbon society across the global supply chain.

This meeting is composed of working level staff from six regions. It discusses and coordinates policies and methods of reducing CO_2 together with suppliers in each region worldwide.

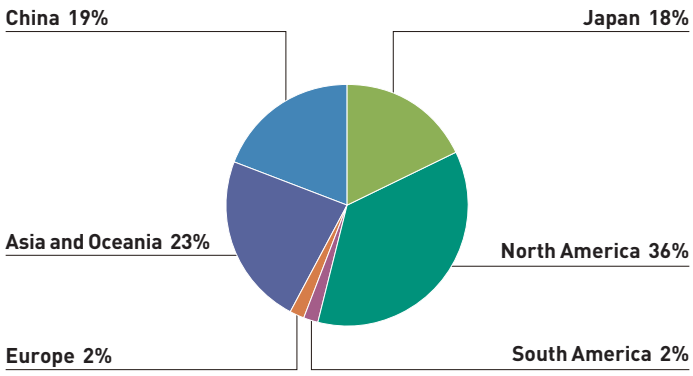
The meeting also shares outstanding actions from each region in efforts to upgrade the level of low carbon activities together with the suppliers.

Honda's global purchasing network

D : Development E : Engineering B : Buying

Global meeting structure

Global meeting structure



Instruction and training for associates

To ensure that every associate involved in Honda's purchasing operations displays their capabilities in promoting honest and fair initiatives, Honda has prepared manuals and personnel development programs in each region.

For example, in North America, we take up various topics through seminars, e-learning, and on-the-job training. In our Basic Training Course, we share our approach in such areas as the selection of suppliers and initiatives to strengthen QCDD. Instruction is also provided in Integrity Workshops on the important matters in building positive, long-term relationships with suppliers, including codes of conduct, legal compliance, and maintenance of confidentiality.

In this way, we have developed programs worldwide that incorporate the cultural and social background of each region in addition to basic knowledge about purchasing operations to provide instruction for associates.

Implementation of instruction for associates in each region

Region	No. of participants	participation rate (%)
Japan	Approx. 900	100%
North America	Approx. 380	100%
South America	Approx. 260	100%
Europe	Approx. 130	100%
Asia/Oceania	Approx. 1,500	100%
China	Approx. 660	100%

TOPICS Holding the 4th Six Regional Environmental Purchasing Meeting in Ohio, U.S. to unify initiatives relating to suppliers worldwide

In order to reduce CO_2 across the global supply chain, it is essential to share our approach with every single one of the suppliers worldwide that support our production activities and to act together with the same methods and the same judgement criteria.

At the three previous Six Regional Environmental Purchasing Meetings, we unified our activities relating to suppliers worldwide, including the dissemination of Honda's environment policy and methods of promotion, on a global level.

At the 4th Six Regional Environmental Purchasing Meeting held in Ohio, U.S. in February 2015, we coordinated the setting of numerical targets based on the visualization of CO_2 emissions at each supplier through a global data management system and the means to achieve those targets.

Information was also shared on topics such as global trends on efficient use of water resources and reducing waste.

Through activities like this, we are definitely promoting reductions in environmental impact together with suppliers.

Dialogue with suppliers

Honda regularly holds conferences around the world to share our business directions and content with suppliers. In FY2015, we held conferences in 28 locations around the world, holding dialogues with senior management from more than 4,000 suppliers.

In Japan, we have held a Suppliers Conference once a year since 1974. Senior management from 308 suppliers attended the conference in January 2015. At the conference, the then President Takanobu Ito explained Honda's companywide policies and initiatives in motorcycle, automobile, and power products operations, and based on this, Naoto Matsui, Chief Operating Officer of Purchasing Operations, explained the purchasing direction.

In addition, Honda presents letters of appreciation as supplier awards at the conferences in each region to suppliers who have produced particularly outstanding results in the areas of cost, quality, development, delivery, etc.

We presented environmental awards in Japan to suppliers with outstanding initiatives in lowering greenhouse gas emissions and other environmental areas.

We presented Corporate Citizenship Awards in North America to suppliers with the most outstanding contributions to compliance, safety and health, community activities, the environment, diversity, human rights, and other social areas.

Presentation in Japan (NOK CORPORATION)

Presentation in North America (Rainsville Technology Inc.)

STRENGTHENING INITIATIVES WITH SUPPLIERS

Reducing environmental impact

Aiming to realise low carbon global supply chain

In the Honda Global Environmental Purchasing Vision, we have adopted the concept of coexisting in shared prosperity with local communities, reducing environmental impact together with our suppliers worldwide in our component procurement operations. Based on this vision, we formulated the Honda Green Purchasing Guideline, which forms our policy, and the Environmental Purchasing Grand Design, which shows the steps toward a low carbon society, which is our priority.

We share this guideline and the grand design with suppliers in each region and work to realize a low carbon supply chain.

Establishing a management system for CO_2 data

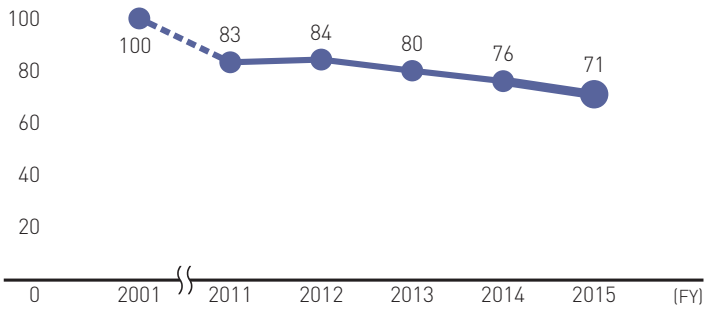
In order to increase the effectiveness of reductions in environmental impacts in the supply chain, Honda has been pursuing the establishment of a system for the integrated management of data on reductions in CO_2 emissions at suppliers since FY2012, which commenced full-scale operation in FY2015.

We are using this system to share reduction targets and achievement status and to implement the PDCA cycle with suppliers worldwide.

At present, approximately 1,600 companies equating to more than 80% of purchasing value on the global level are using the system.

Going forward, we will comprehensively analyse data to assist in activities to reduce CO_2 at suppliers.

Index of CO2 emissions per unit of production



* Scope of data: all consolidated tier 1 suppliers in Japan

Supporting reductions in CO_2 at suppliers

Honda promotes activities in each region to get suppliers to visualise energy consumption and reduce CO_2 emissions. For example, we established a system in Japan in FY2010 under which we visit the production sites of our suppliers and propose energy conservation measures using Honda's expertise.

In the Asia and Oceania region, which is leading our initiatives in regions outside of Japan, approximately 270 companies have introduced energy visualisation to date through our briefing sessions and production site visits for suppliers. We began establishing support structures for our suppliers in FY2014 in other regions, and we are gradually commencing support through collaboration with third party organizations such as academic bodies and other methods.

Support for suppliers through site visits (Asia and Oceania region)

Measures to counter procurement risk

Focusing on reducing risks that impact on production and minimizing their impact

Honda views all phenomena that can impact production, such as natural disasters, fires, financial issues and labor problems at suppliers, as risks for the procurement of components and materials, and works to reduce them and to prevent the spread of any impact when they materialize. For example, we define all components and raw materials that are overly dependent on production at one facility as Mission-Critical Parts, and we implement inspections and countermeasures continually around the world.

We began operating a procurement risk management system with suppliers in Japan in December 2014. Through the operation of this system, we established structures to allow damage and the impact on production at suppliers to be identified within a few hours of the occurrence of a major disaster.

We also perform once-yearly evaluations based on supplier surveys in order to minimise financial risk. In addition, we check risk every month by referring to information from third-party organisations.

Requiring legal compliance from suppliers

Honda seeks to strengthen sustainability, including compliance, throughout the supply chain. We conclude basic agreements on component procurement that specify safety, disaster prevention, environmental preservation, and protection of resources in addition to compliance with each country's laws and regulations in conducting business.

Chemical substance management

We issued the Honda Chemical Substance Management Standard, which aims to ensure that all the components that make up our products comply with laws and regulations and to reduce their impact on the global environment and ecosystem. We request suppliers around the world to establish a structure for managing chemical substances that meets the standard and to submit a conformity declaration to assure supply of components that meet the standard. We also use an industry standard management system for data on specific chemicals contained in components, which we evaluate prior to commencing mass production.

Response to conflict minerals

Surveying the use of conflict minerals at suppliers for all operations worldwide

The final rule for disclosure on conflict minerals adopted by the U.S. Securities and Exchange Commission (SEC) mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act requires corporations to confirm that the purchase and use of conflict minerals from the Democratic Republic of the Congo and adjoining countries are contributing neither to the funding of armed groups nor to the abuse of human rights in that region. Corporations are required to submit reports to the SEC disclosing information on the use of conflict minerals.

Honda has been pursuing initiatives on conflict minerals at the global level to take responsible action against human rights problems.

Since 2013, we have surveyed the use of conflict minerals at our suppliers worldwide and have received responses from more than 6,000 suppliers. In addition to reporting survey results to the SEC, we have published them on our website. In the event that we determine from the survey that there are any minerals of concern, we take appropriate measures in partnership with our suppliers. In addition, Honda asks its suppliers to cooperate in making the same level of effort regarding the issue of conflict minerals in procurement.

Honda also actively engages in activities in cooperation with industry bodies. In North America, we participate in the Conflict-Free Sourcing Initiative (CFSI) as a member of the Automotive Industry Action Group (AIAG)* to support third-party audits of conflict minerals smelters.

We are responding to the problem of conflict minerals on a global level through these initiatives.

* Honda North America, Inc., a Honda subsidiary in the U.S., has joined the Automotive Industry Action Group (AIAG), and AIAG is a partner association of CFSI (an organization that supports conflict mineral supply chain surveys).

Provision of training to suppliers in partnership with industry

Participating in four work groups of AIAG

Honda North America Inc., Honda's U.S. subsidiary, participates in four of the work groups established by AIAG to strengthen sustainability in the supply chain: the Conflict Minerals Work Group, the Working Conditions Work Group, the GHG Work Group, and the Chemical Management Work Group. The Working Conditions Work Group, which Honda co-chairs, promotes training for suppliers. Since 2012, following upon its initiative in North America, the Work Group has been offering training sessions on corporate ethics, environmental regulations, the working environment, human rights, and other topics for tier 1 and sub tier suppliers in China and Mexico. We are striving to strengthen sustainability across the entire supply chain through this kind of collaborative capacity building between the automobile industry and its suppliers.

Increasing transportation efficiency

Reducing CO_2 emissions by increasing transportation efficiency

To fulfill our responsibilities as a high-volume shipper under Japanese regulations, we are working to improve efficiency in the transportation of finished vehicles and equipment, service parts, and parts shipped between factories, and, as a part of this effort, to pick up parts from suppliers. As a result, in fiscal 2015 the transportation of automobiles, motorcycles, power products, and service parts generated 95,911 t-CO_2 emissions.

We achieved our target, a 1% reduction in per-unit CO_2 emissions from fiscal 2014 in the transportation of vehicles and component parts sets and the picking up of parts. CO_2 emissions from service parts transportation were reduced by 55% from fiscal 2001, exceeding our 52% reduction target. We also achieved a 2,480-t-CO_2 reduction at warehouses, a 51% reduction from fiscal 2001.

Picking up parts from suppliers

Many of the parts that make up Honda products are sourced from suppliers. The conventional method of gathering these parts has been to have each supplier ship its parts to Honda production facilities. In fiscal 2014 we started to travel to suppliers across Japan to pick up the parts as part of our efforts to reduce CO_2 emissions from our overall supply chain. We will continue to improve transportation efficiency by working closely with our suppliers.

Initiatives for transport of finished automobiles

As a result of implementing modal shifts*, fiscal 2015 saw a coastal shipping utilization rate of 68% for the transportation of finished automobiles. Switching from truck to rail transport for certain finished automobiles from the Suzuka Factory to Niigata region contributed to further reductions in CO_2 emissions. Focusing on long-distance destinations, we will work to expand these modal shifts through converting to ship and rail transportation.

* Modal shift refers to replacing transportation by automobile and aircraft with transportation by rail and shipping. Shipping services that enable the transportation of large volumes of freight at a time to reduce transportation costs, energy use, and CO_2 emissions per unit of product, so are arguably a method of transportation with low environmental impacts.

Initiatives for transport of finished motorcycles

In the transportation of finished motorcycles, we have been working with our logistics partners to reorganize shipping zones and change shipment frequency according to market conditions. The result has been a major improvement in the loading efficiency of each truck, as well as reductions in total distance traveled and CO_2 emissions.

In addition, we have expanded our shipping policy to new models, to land imported cars at Tokyo and Kobe ports which is closer to major markets in Kanto and Kansai regions, resulting in reducing CO_2 emissions from trucking.

In April 2014, we consolidated the storage capabilities in Kumamoto region into a few closely located warehouses. This cut down on truck transport distance between warehouses, resulting in a decrease in CO_2 emissions. We will continue to apply this strategy as we build warehouses in other regions in the future.

TOPICS | Adopting coastal transportation as the optimum method in Brazil

Every year Moto Honda da Amazonia Ltda. (HDA), a Honda motorcycle production and sales subsidiary in Brazil, procures 390,000 tons of components used at its plant in Manaus from suppliers. It also ships 1.1 million motorcycles produced at the plant nationwide.

HDA has endeavored to create environmental management in order to optimize logistics operations and reduce environmental impact. In 2012, it began using coastal transport for moving domestic freight taking advantage of Brazil's geography, which is ideal for marine transport. As a result, HDA has reduced CO_2 emissions in the transportation of one motorcycle by an average of 12.5 kg and now transports 24% of all its motorcycles by coastal transport.

THIRD-PARTY VERIFICATION

To disclose environmental impact data in a more transparent and reliable manner to our diverse stakeholders, Honda obtained third-party verification of the following information from Bureau Veritas Japan Co., Ltd*1.

〈Organizational scope of verification〉

Environmental impact data from Honda Motor Co., Ltd., and 456 consolidated and affiliated companies in Japan and overseas.

Environmental impact data verified :

Energy consumption, greenhouse gas emissions, water use, wastewater volume, waste generated, waste recycled, waste directly landfilled, waste sold for reuse*2, atmospheric pollutant emissions (NOx, SOx), VOC emissions*2, PRTR emissions*2, CO_2 emissions from product use (scope 3, category 11*3)

Honda Sustainability Report 2015
Independent Verification Report

To: Honda Motor Co., Ltd

GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: Honda Motor Co., Ltd

*1 Bureau Veritas Japan Co., Ltd., frequently conducts internal protocol reviews for Honda to ensure that its operations comply with the latest best practices as well as various published standards, including ISO 14064-3, an international standard on greenhouse gas emissions; AA1000, a standard used for auditing of nonfinancial information; the Global Reporting Initiative's G4 sustainability reporting guidelines; and International Standard on Assurance Engagement (ISAE) 3000.

*2 Data from Japan only

*3 Scope 3, category11 calculations cover the emissions of about 90% of all motorcycles, automobiles, and power products sold worldwide under the Honda brand name. These emissions are calculated using the following formula for each model and adding the results: CO_2 emissions × Annual distance traveled (for power products: annual usage in hours) × Product lifetime in years × Annual unit sales

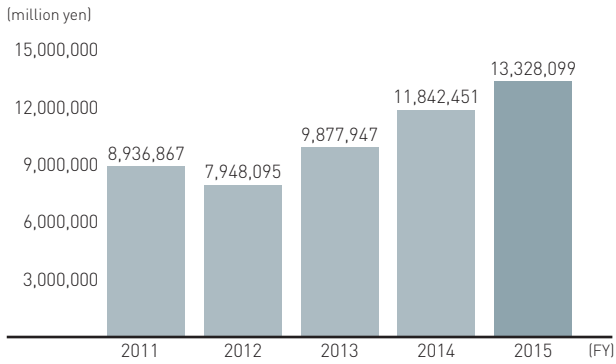
HONDA OVERVIEW

Company overview

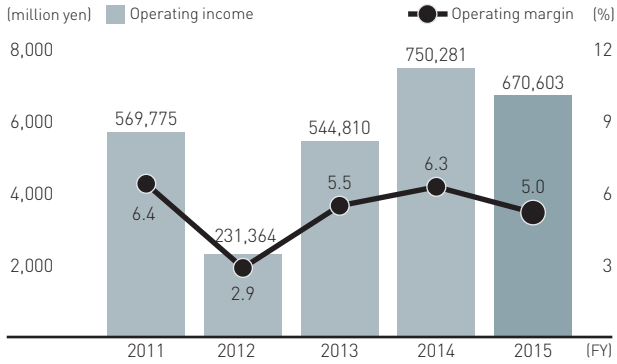
Company Name Honda Motor Co., Ltd.
Head Office 2-1-1, Minami-Aoyama, Minato-ku, Tokyo 107-8556, Japan
Tel: +81-(0)3-3423-1111 (main)
Established September 1948

President, CEO & Representative Director Takahiro Hachigo
(assumption in June, 2015)
Capital 86,067 million yen (as of March 31, 2015)
Number of employment 204,730 (consolidated basis), 22,954 (nonconsolidated basis)
(as of March 31, 2015)

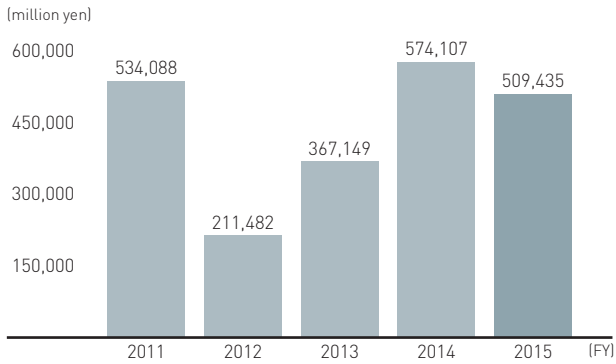
Net sales and other operating revenue



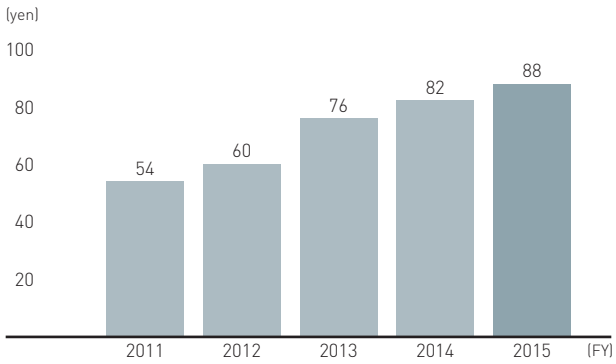
Operating income/Operating margin



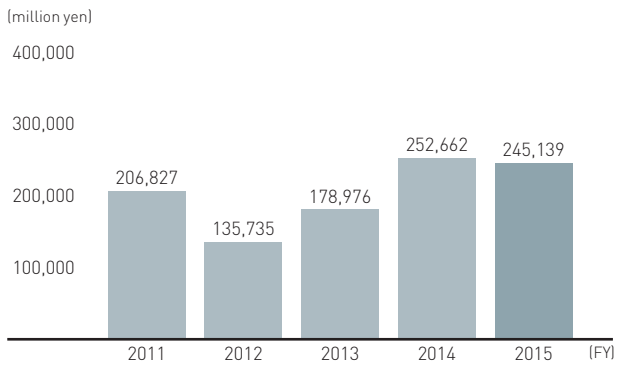
Net income attributable to Honda Motor Co., Ltd. Profit for the Year attributable to Owners of the Parent



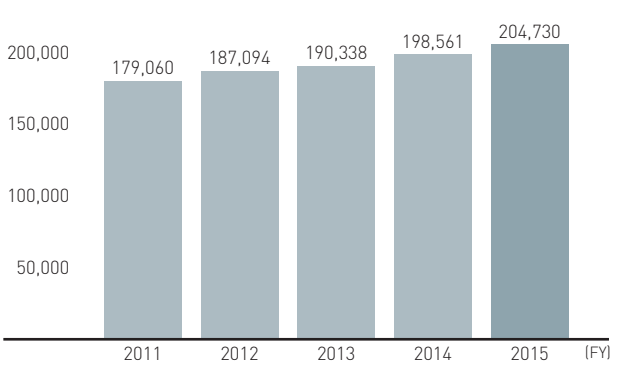
Dividend per share



Income tax



Number of employment



* Data collected in accordance with the criterion of USGAAP until FY2014 and IFRS in FY2015.

Principle businesses

Motorcycles

After World War II, the use of auxiliary engines mounted on bicycles spread quickly in Japan, making it easier for people to move around and transport goods. This was the starting point of manufacturing for Honda. Ever since, Honda has given shape to wide-ranging joys and the fun of riding on two wheels, through such products as the Super Cub, which went on to become the standard in commuter models, and the Dream CB750 Four, which triggered an unprecedented sports bike boom across Japan. Making motorcycles with the basic goal of bringing joy and satisfaction to people serves as the starting point of Honda.

Automobiles

"We will redraw the map of automobile manufacturing." With this commitment, Honda launched the T360 mini truck in 1963 to become the last major domestic automaker to enter the Japanese automotive market. A second model, the S500 sports car, then followed in the T360's footsteps to form a pair of vehicles equipped with Japan's first DOHC automobile engine and to make Honda's debut with a full complement of our distinctive innovation. Then in 1964, Honda took up the challenge of Formula One with the intent of honing Honda's leading edge technology at the pinnacle of racing. Ever since, Honda's automobile business has been filled with a challenging spirit and new value creation in every area including technology development and manufacturing.

Power Products

Honda Power Products operations started with the desire to apply engine technologies in ways useful for people's daily lives and work situations. Beginning in 1953 with a general-purpose engine developed for agricultural equipment, the Power Products business has now passed its 60th year of offering an ever expanding set of products including generators, tillers, snow throwers, and outboard engines. Through products familiar in daily life such as a household gas engine cogeneration unit, Honda continues to offer new values in the area of energy savings or energy generation.

CBR250R

Grace Hybrid

HRG465 Lawnmowers

Honda Group unit sales (January – December 2014)

Motorcycles
17,670,000 units

Automobiles
4,447,000 units

Power Products
5,934,000 units

China

Motorcycles	1,360,000 units
Automobiles	796,000 units
Power Products	530,000 units

Japan

Motorcycles	205,000 units
Automobiles	849,000 units
Power Products	330,000 units

North America

Motorcycles	294,000 units
Automobiles	1,789,000 units
Power Products	2,652,000 units

Europe/Middle East/Africa

Motorcycles	316,000 units
Automobiles	238,000 units
Power Products	1,188,000 units

Asia & Oceania

Motorcycles	14,040,000 units
Automobiles	620,000 units
Power Products	1,101,000 units

South America

Motorcycles	1,455,000 units
Automobiles	155,000 units
Power Products	133,000 units

EUROPEAN REPORT

INTRODUCTION

INTRODUCTION

Environmental Message of Toshiaki Mikoshiba

Toshiaki Mikoshiba
Managing Operating Officer of Honda Motor and President of Honda Motor Europe.

Following the success of the 1.6 i-DTEC engine in the Civic Tourer and CR-V during FY2013, I am pleased to report that in FY2014 a new higher-powered version was introduced in the refreshed CR-V. Together with an optional new nine-speed automatic gearbox this engine delivers the best power-to-consumption ratio of any car on sale today, with a 6% increase in power while achieving an 11% improvement in CO_2 emissions compared to its 2.2 litre i-DTEC predecessor.

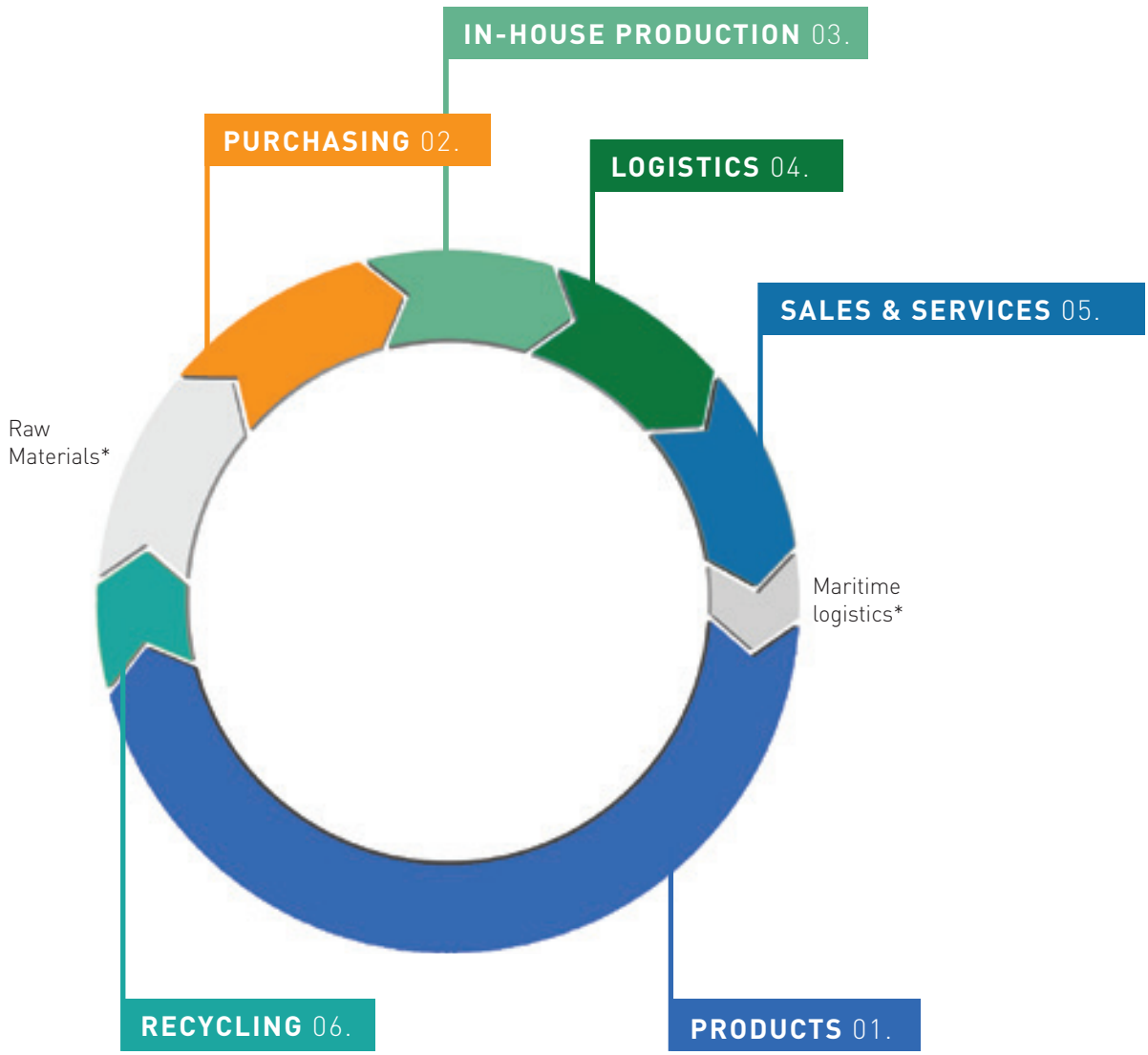
With an eye to the future 'hydrogen society', we continue to demonstrate our leadership in the development of fuel-cell products and infrastructure, with significant developments during FY2014. The Geneva Motor Show in March saw the European debut of the new FCV Concept, which will go on sale in Japan during 2016, followed by the US and Europe. The FCV will be the first fuel-cell car in the world to incorporate its entire powertrain under the bonnet, with the fuel cell stack reduced in size by a third compared to the FCX, delivering an improvement on overall performance of approximately 60%.

This year also saw the opening of the UK's first commercial scale solar powered hydrogen production and refuelling facility at Honda of the UK Manufacturing (HUM). This facility has the ability to produce hydrogen from solar power at the point of use, and to fuel the world's first hybrid trucks running on sustainable biodiesel and hydrogen. This marks a hugely significant step forward in both sustainable manufacturing and the development of a national hydrogen refuelling infrastructure.

I am also delighted to report that in production this year marks the fourth consecutive year of zero waste to landfill for cars, motorcycles and power products, and the third consecutive year for parts. We also continue to see CO_2 emissions from car production fall due to the use of low carbon electricity at HUM and Honda Turkiye (HTR), and the implementation of solar energy at HUM.

Looking forward we will continue to deliver products which exceed customer expectations on fuel efficiency while furthering our response to the challenging CO_2 emissions regulations coming into effect in our region in 2020, and to manufacture these products with the lowest impact on the environment possible.

The LCA Cycle: basis for the Environmental Report



As Honda implements initiatives designed to realise its environmental vision, the company recognises the importance of addressing the environmental impact of products throughout their life cycle, including CO_2 emissions generated through usage.

The life cycle assessment (LCA) approach is very important to Honda, hence the use of this image throughout the regional data within the report. The (grey) aspects of the life cycle (also marked with *) are not in the scope of this report. If sites referenced in the report are responsible for multiple LCA aspects or sub-LCA aspects, the values which are not directly attributable are split, based on the used facility surface share (see the company overview at the end of the report).

For example, if the premises are shared by sales entities, warehousing activities and/or R&D facilities, and there is no separate measurement of the respective environmental data, the split is made based on surface used in the buildings by each of the activities.

EUROPEAN REPORT

01. PRODUCTS

PRODUCTS

HEPS

Response to climate change and energy issues

Establishing independent environmental performance standards and lowering CO_2 emissions during product use

Product use accounts for approximately 80% of CO_2 emissions across the entire lifecycle of Honda's products. We have therefore set a target to lower motorcycle, car, and power products emissions globally by 30% from 2000 by 2020, in line with our goal to achieve zero CO_2 emissions, while expanding our production and sales worldwide

We aim to steadily reduce CO_2 emissions by progressively promoting three scenarios:

1) Reducing emissions through efficiency improvements to internal combustion engines
2) Reducing emissions through environmentally innovative technologies and introducing energy-diversification
3) Eliminating emissions through the use of renewable energy and total energy management

In 2011, we established Honda Environmental Performance Standards (HEPS), an independent set of criteria that defines the framework for which the three scenarios outlined above Honda products should conform to.

HEPS **categorises three types** of products which contribute towards **Honda's ongoing efforts to reduce full life-cycle CO_2 emissions** as follows:

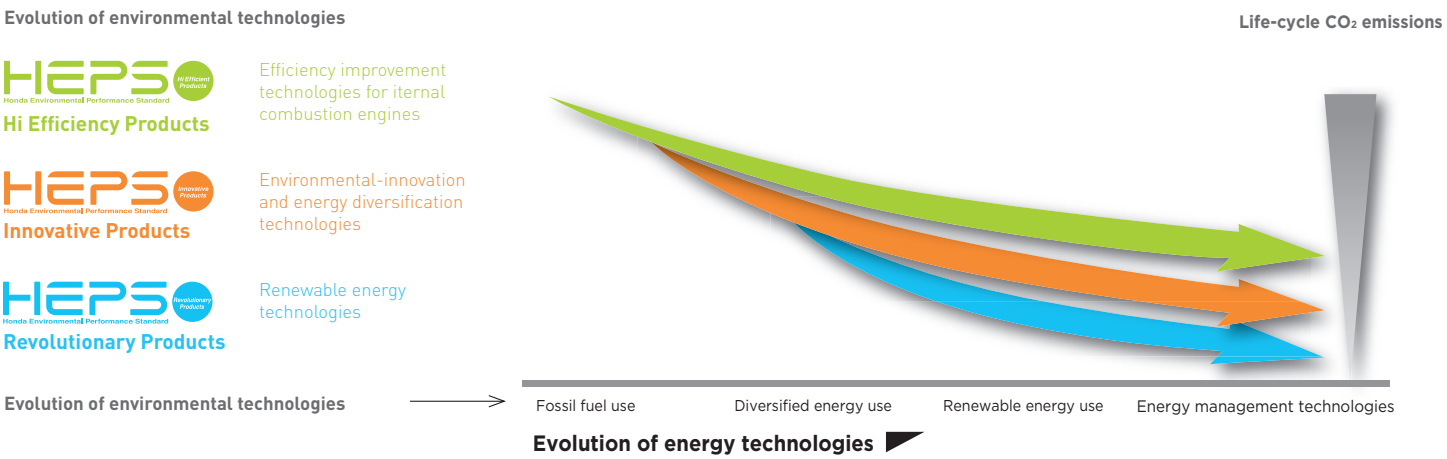
• **High Efficiency Products** - Products that lower CO_2 emissions by improving internal combustion engine efficiency. This category includes products that incorporate technologies for improving fuel combustion and transmission efficiency, and reducing friction between engine parts. Compliance is determined based on how much a product reduces CO_2 emissions during use compared to preceding models.

• **Innovative Products** - Products that lower CO_2 emissions because they use an environmentally innovative technology or a diversified energy source. Environmentally innovative technologies include motorcycles that incorporate Honda's proprietary Idling Stop System, automobiles that incorporate hybrid or direct-injection engine technologies, and power products equipped with a fuel injection system (FI) feature. Diversified energy sources include motorcycles and automobiles that can run on ethanol, and power products that can run on gaseous fuels. Compliance is determined based on how much a product reduces CO_2 emissions during use as compared to preceding models.

• **Revolutionary Products** - Products that aim to achieve zero CO_2 emissions by harnessing renewable energies or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies which utilise renewable energy.

Honda's ultimate goal is to make all of its products HEPS compliant.

Product-based scenarios for addressing climate change and energy issues



Number of HEPS-compliant models increased to 71

Based on the HEPS definition outlined above, 71 Honda products now come under at least one of these categories in Europe, an increase from 65 in the last report. Examples of these products can be found below.*

* Not all of these models are commercially available

Examples of HEPS-compliant models in FY2014

Hi Efficiency Products

Products with a more efficient internal combustion engine that emits less CO_2

Civic Tourer

Civic 5dr

Forza 125

CTX1300

EU3000i Handy

GX240

GX690

Innovative Products

Innovative environmental technologies or unconventional energy source that emit less CO_2

Jazz Hybrid

Wave 110i

PCX 2015

BF90
*BF Series (40-250)

iGX390

Revolutionary Products

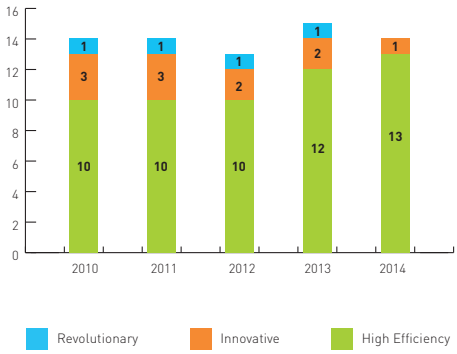
Products designed to reduce or eliminate CO_2 emissions by harmessing renewable energies or facilitating energy management

HRE370

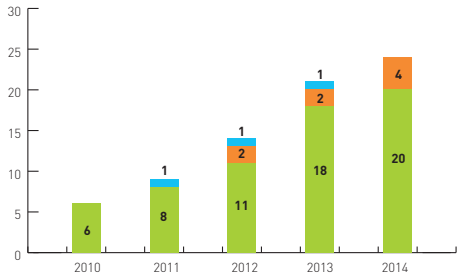
Miimo520

EU HEPS-models

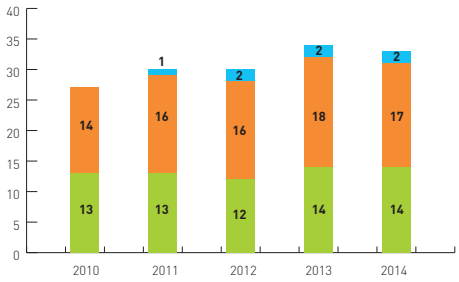
Car Models per HEPS Category



Motorcycle Models per HEPS Category



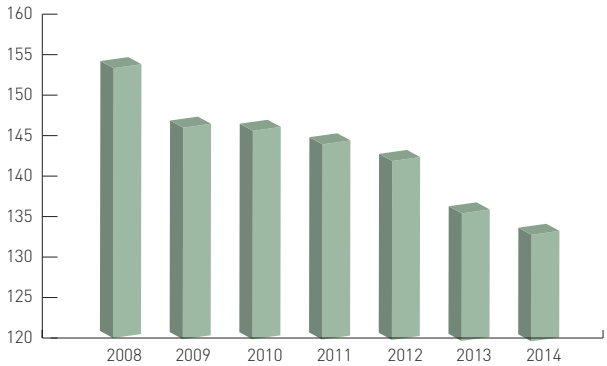
Power Products Models per HEPS Category



Cars

Average CO_2 Emissions

CO_2 in g/km



Average CO_2 emissions across cars continues to fall due to Honda's commitment to introducing more HEPS-compliant models in the mix, for example the Civic and Civic Tourer with the very efficient next-generation 1.6 i-DTEC engine, and the Jazz Hybrid. Looking forward Honda will continue with this commitment to meet increasing customer demand for fuel efficient vehicles and in preparation for the tough emissions regulations which come into force in the region during 2020.

Total CO_2

TOPICS | FCV Concept points to forthcoming 'Hydrogen Society'

The Geneva Motor Show in March 2014 saw the European debut of Honda's next-generation zero emission fuel cell vehicle, the FCV Concept, which will go on sale in Japan during 2016, followed by the US and Europe.

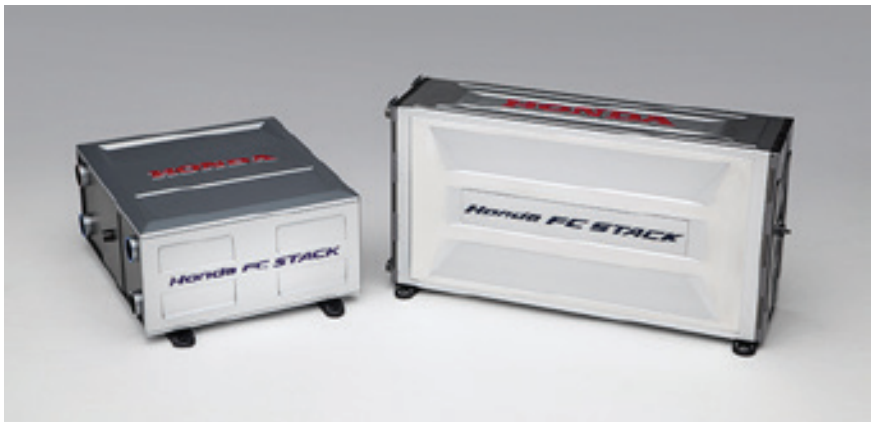
At launch Honda's third production fuel cell vehicle will be the first in the world with its entire powertrain, including the fuel cell stack, housed under the bonnet of a conventional sedan body shape. This packaging layout enables designers and engineers to develop a full cabin package that seats five adults comfortably, while also providing the foundation for further body styles in the future.

The newly-developed fuel cell stack in the FCV Concept is 33% smaller than its predecessor, yet produces an output of more than 100 kW and an output density as high as 3.1 kW/L, contributing to an overall performance improvement of approximately 60% compared to its predecessor. The FCV Concept has a driving range of more than 300 miles and can be refuelled in just three minutes.

Emitting nothing but water, the FCV Concept is the first of a new generation of Honda's future advanced technology vehicles. Its debut continues 25 years of Honda leadership in the development of fuel cell vehicle technology. The original FCX became the first EPA and CARB-certified fuel cell vehicle in July 2002, going on to become the world's first production fuel cell vehicle when it was introduced to the US and Japan in December 2002. In 2003 the FCX became the first fuel cell vehicle to start and operate in sub-freezing temperatures, and the first to be leased to an individual customer, in 2005.

Honda's commitment to fuel cell development was further underlined in 2008 when it became the first manufacturer to build and produce a dedicated fuel cell vehicle on a production line specifically made for fuel cell vehicles, and the first to create a fuel cell vehicle dealer network.

Honda FCV Concept



Fuel cell stacks

TOPICS | New more powerful 1.6 i-DTEC engine debuts in 2015 CR-V

Honda's CR-V is one of the most popular compact SUVs in the world, with more than 750,000 units sold in Europe since its launch in 1997. Fundamental to Honda's success in the region, development has always focussed upon delivering the practicality, performance and capability of an SUV, but with optimum levels of efficiency and fuel economy.

This development journey took a significant step forward in the 2015 European CR-V launched during FY2014, with the introduction of a new more powerful 160 PS version of the 1.6 i-DTEC engine based on the 120 PS unit which debuted on the Civic in 2013. Together with an optional new nine-speed automatic gearbox this engine delivers the best power-to-consumption ratio of any on sale today, with a 6% increase in power while achieving an 11% improvement in CO_2 emissions compared to its 2.2 litre i-DTEC predecessor.

Euro 6b compliant, the new engine uses a NOx storage catalyst (NSC) after-treatment system, continuously alternating NOx adsorption and conversion processes. A number of innovations have been implemented to reduce frictional energy losses, resulting in engine friction levels 37% lower than its predecessor and equivalent to that of a petrol unit. The result is highly impressive fuel economy of 4.9 l/100km (combined cycle).

The newly-developed nine-speed automatic transmission offers a wider spread of gears, with a very low first gear ratio ensuring a quick and powerful launch and a high top-gear ratio delivering excellent fuel economy and lower noise at cruising speeds. The efficient packaging of the new transmission results in a smaller, lighter (by 35 kg) unit, allowing better weight distribution across the vehicle. The new engine and transmission together weigh 65 kg less than the previous equivalent powertrain combination, benefitting ride, handling and steering response, and fuel economy.

Honda CR-V 1.6 i-DTEC

EUROPEAN REPORT

02. PURCHASING

PURCHASING

Introduction by Jason Smith

Jason Smith
Director Purchasing, Finance and Quality
of Honda of the UK Manufacturing Ltd.

Honda works in partnership with suppliers worldwide to promote sustainable initiatives within development and manufacturing sites. We aim to realise a supply chain which coexists with local communities, as a company that society accepts, values and wants to exist. We constantly strive to strengthen the supply chain in the areas of purchasing and transportation.

Explanatory Note

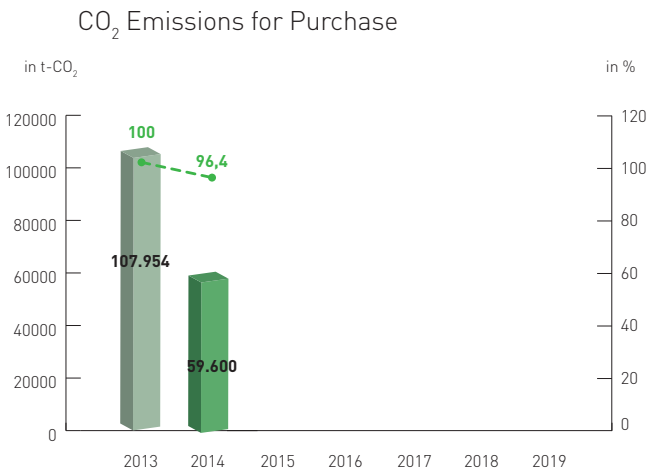
A new data management system was introduced at the beginning of FY2014 to enable Honda's suppliers to provide emissions data. FY2013 greenhouse gas emission data was collected and set as the baseline for reduction. Using this new data management system we were able to collect data from 80% of our mass production suppliers across Europe. In the coming years we aim to collect emissions data from all suppliers across the region.

Scope

Data from mass production suppliers across Europe to all Honda manufacturing facilities in Europe.

Suppliers Data

Honda supplier emission data



In absolute figures, as well as percent wise (based on turnover) CO_2 emissions have dropped due to the efforts implemented over this first monitoring year.

Remark: Data presented as available at the time of publication.

Global Purchasing Vision

Honda's Global Environmental and Safety Vision expresses the company's desire to reduce the environmental impact of suppliers worldwide. We have translated this aim into a policy called the Honda Green Purchasing Guidelines, and a three-step action plan called the Grand Environmental Design for Purchasing, both of which are shared and implemented with Honda suppliers. We also created the Honda Global Purchasing Environmental Vision to show the concept of working together with local communities for mutual harmony and benefit, through our activities to reduce the environmental burdens with suppliers worldwide.

We have established a Grand Environmental Design for the realisation of this low-carbon global supply chain, promoting initiatives through the following three steps:
1. Communicate Honda's environmental policies
2. Make preparations to manage greenhouse gas emissions reduction
3. Reduce greenhouse gas emissions

Honda's Global Environmental and Safety Vision

Honda Green Purchasing Guidelines

TOPICS | Green Excellence Award Programme

In Japan, Honda gives awards to suppliers which make significant achievements in the category of development, cost, quality and parts. The Environmental Awards were launched in 2011 to show Honda's appreciation and respect to the suppliers which make remarkable achievements according to the Honda Green Purchasing Guidelines, with seventeen awards issued to date. Additionally, Honda in North America launched the 'Corporate Citizenship Award' ahead of other regions, and will promote further awards worldwide to raise suppliers' awareness of the reduction of environmental burdens and the expansion of these activities in the product life cycle.

During FY2014, HUM announced to suppliers its wish to recognise and promote good environmental stewardship within the supply chain, and is therefore introducing an environment award of its own. The Green Excellence Award Programme reflects Honda's Green Purchasing Guidelines and Honda strongly encourages all suppliers to achieve Green Excellence in all aspects of Environmental Management. The Honda Green Purchasing Guidelines also consider other Environmental impacts such as responsible sourcing and the management of chemical substances by ensuring compliance against the Honda Chemical Substance Management Standard (HCSMS).

The first Environmental Award in Europe will be presented during the 2015 Annual Supplier Convention at HUM, with the winners published in the next European Environment Report.

EUROPEAN REPORT

03. IN-HOUSE PRODUCTION

IN-HOUSE PRODUCTION

Introduction by Soichiro Takizawa

Soihiro Takizawa
Managing Director of Honda of the UK Manufacturing Ltd.

Honda strives to minimise the impact of its manufacturing activities on the global environment, to improve Associates' working environment, and to enhance cooperation with local communities.

In Europe, Honda operates six manufacturing facilities which demonstrate the principle of reducing their environmental footprints within environmentally conscious factories. Over the past year we have continued to build on our efforts to minimise impact on the environment by utilising increasing quantities of renewable energy. Additionally we have continued to manage the use of natural resources through the introduction of energy savings opportunities, water conservation projects and reducing the amount of consumable materials used to manufacture our products.

Furthermore, at HUM in Swindon, UK, we have implemented a ground-breaking development in the form of a state of the art hydrogen refuelling station generating green hydrogen for use on site in the world's first 80V fuel cell forklift trucks, as well as supporting our local community with their hydrogen needs. This represents a small but significant step towards achieving our vision to realize "the joy and freedom of mobility and a sustainable society where people can enjoy life".

Explanatory Note

The data included within this report has been collected based on the following collection and calculation rules:

For Energy

Energy data related to direct energy consumption (as being primary energy sources as purchased and used by the reporting organisation, including natural gas, fuels from distilled crude oil, or from other renewable resources) and indirect energy consumption (through purchasing of electricity, heat and steam from fossil, nuclear or renewable sources and as used within the respective sites).

Energy used is derived from meter readings and invoices from energy suppliers.
Where conversion is required, the conversion rate is applied as based on;

1. the information provided by the energy supplier, or, if not available;
2. national standard conversion values, or, if not available;
3. international conversion factors;
4. calculations based on chemical conversions.

For the conversion to CO_2 equivalents the following priority of conversion factors is used:

1. the information provided by the energy supplier, or, if not available;
2. national sector standard conversion values, or, if not available;
3. national standard conversion values, or, if not available (GHG Protocol country data);
4. international conversion factors (GHG Protocol data);
5. calculations based on chemical conversions (only applicable for primary energy resources).

These rules apply per site. Site data is consolidated after conversions.

To make the performances comparable we normalise the values:

- For cars, motorcycle and power products production sites and transport: per unit output
- For parts production and transport: per turnover (referring to base year data = 100%)
- For logistics sites and for offices: per area (m^2) building

For Water

The preservation and efficient consumption of water is an important objective across Honda's environmental vision. Water consumption is therefore monitored closely; in production sites primarily through meter readings, and in non-production sites through invoices from utility suppliers.

For Waste

Waste control is a very important element in the environmental control of Honda's manufacturing facilities. FY2014 marks the fourth consecutive year of zero waste to landfill for cars, motorcycles and power products production, and the third consecutive year for parts production.

With this target consistently maintained, Honda's manufacturing sites are also engaged to increase the amount of waste sent for re-use or recycling. As such, from this report onwards, Honda will report the split of waste by treatment process – re-use, recycle, recover, incinerate, landfill.

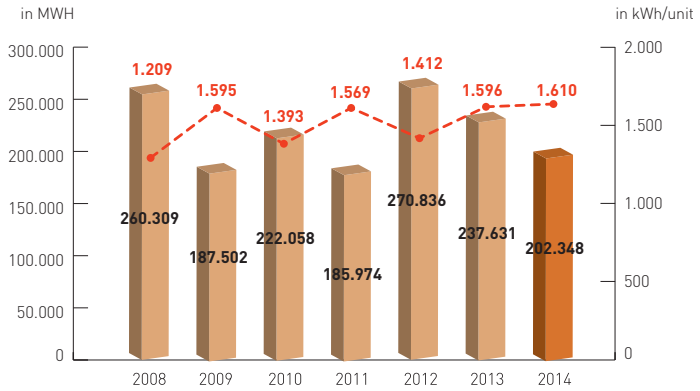
Car Production

Scope

Honda has two factories producing cars in the European region: Honda of the UK Manufacturing Ltd (HUM) and Honda Turkiye A.S. (HTR).

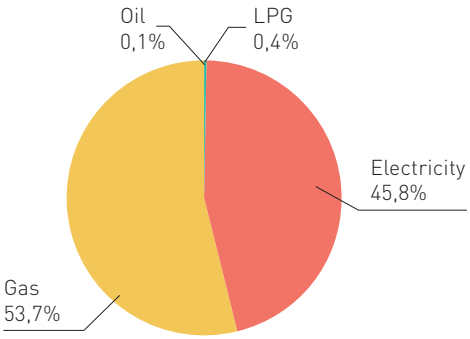
Energy

Energy Consumption for Car Production



Total energy consumption in car production fell during FY2014 due to a reduction in production volumes. Energy consumption per produced car remained relatively stable as the result of measures to control baseline consumption.

Energy by source



The split in energy by source remained stable compared to last year. Electricity share fell by around 1% due to the control of baseline consumption.

TOPICS | Harnessing the power of the sun to reduce CO_2 emissions at HUM

As part of HUM's long-term commitment to bringing down CO_2 emissions, July 2014 saw the completion of the second phase of a project to supply zero-emission electricity generated from solar power through a direct feed to the plant.

The 43-acre Sevor Farm Solar facility, sitting adjacent to HUM, is made up of more than 40,000 solar panels, with the ability to provide around 64% of the annual energy requirement of HUM's Engine Plant, or 8.85% of its total annual energy requirement.

This latest phase builds upon the first phase of the project implemented in 2011, resulting in the amount of solar energy generated annually more than doubling between FY2011 and FY2014, to almost ten million kilowatt hours.

Aerial view of HUM

TOPICS | Harnessing solar power to generate green hydrogen fuel

With traditional fossil fuels becoming increasingly depleted through the rise in global energy demand, Honda has long pursued the use of natural, sustainable sources to power and offset the impact of its manufacturing activities. As a responsible and considerate company with a deep-rooted respect for the natural world, Honda continues to make great strides in the use of sustainable energy resources at its manufacturing facilities.

This commitment took a significant step forward on Thursday 30th October 2014, when the UK's first commercial scale solar powered hydrogen production and refuelling facility opened at HUM, in Swindon, UK. A consortium of leading businesses, including energy partner BOC, joined HUM management, Swindon Mayor, Cllr Teresa Page and several other dignitaries at a ceremony to mark the official launch.

The event was a celebration of several significant 'firsts': in a UK-first, this enhanced facility will produce commercial volumes of truly 'green' hydrogen produced from solar power, by electrolysis, at the point of use. In addition, the station will employ BOC's filling technology to serve a range of uses including the world's first hybrid vans running on sustainable biodiesel and hydrogen, the UK's first hydrogen powered fork-lift trucks - and even a hydrogen-powered Education Centre on the site.

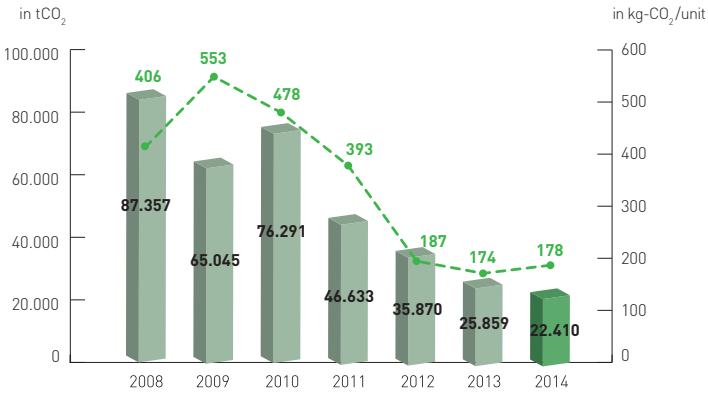
The new facility has been integrated into the existing hydrogen refuelling station, which opened in September 2011. It is hoped that the facility will become a benchmark for other refuelling stations to follow, as well as reinforce the UK's attractiveness as a location for major car manufacturers to roll out fuel cell vehicles and encourage the growth of a national refuelling infrastructure.

Jason Smith, HUM Director, said: "This project is absolutely aligned with Honda Motor's Environmental Vision of striving to realise the joy of freedom of mobility and a sustainable society where people can enjoy life. Through this project we, as a consortium, have made great advances in proving the commercial viability of truly 'green' hydrogen for a wide range of applications. We feel extremely privileged to be a part of this initiative and to host the facility on our site."

Hydrogen refuelling facility at HUM

CO_2 Emissions

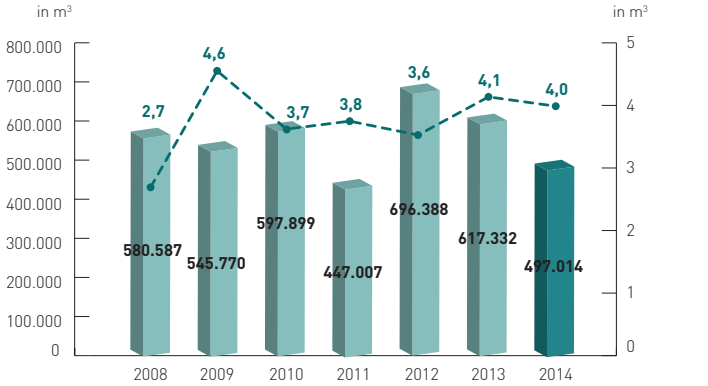
CO_2 Emissions for Car Production



Total CO_2 emissions fell in part due to the continued purchase of certified CO_2-free electricity at HUM and the introduction of CO_2-free electricity at HTR. Additionally the period saw the full benefit of solar implementation at HUM for the first time, the second phase of which was completed during FY2014.

Water

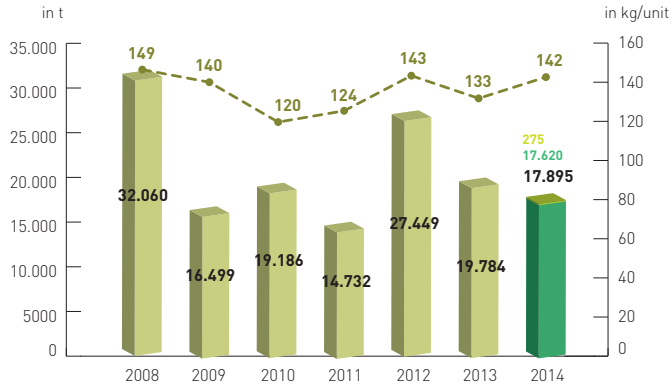
Water Usage for Car Production



Total water consumption fell in-line with the reduction in production volumes.

Waste

Waste for Car Production



Total waste consumption fell in-line with the reduction in production volumes.

As can been seen from this year's data-split almost all waste is recycled with only a small fraction (<2%) being incinerated with energy recovery.

TOPICS | Reducing waste water with new high-efficiency filtration membranes

The painting process requires significant quantities of water with low mineral content, but the amount of mineral content in the local water supply to HUM means that water must be treated before use, through a technique called reverse osmosis.

Previously this treatment process operated at just 50-55% efficiency, as measured by the percentage of clean water produced, resulting in a considerable amount of waste water. During FY2014, 30 new high-efficiency reverse osmosis membranes were introduced at the HUM paint facility, each delivering 75% efficiency and with the ability to treat 2,200 gallons of water per day. The new membranes also operate at a significantly lower pressure than those which they replaced, therefore reducing energy consumption.

As a result HUM has seen water usage from painting reduced by more than 3,000 tonnes each month, realising a return on investment in just 3.5 months.

HUM Multidisciplinary Team receive Return on Environment Award

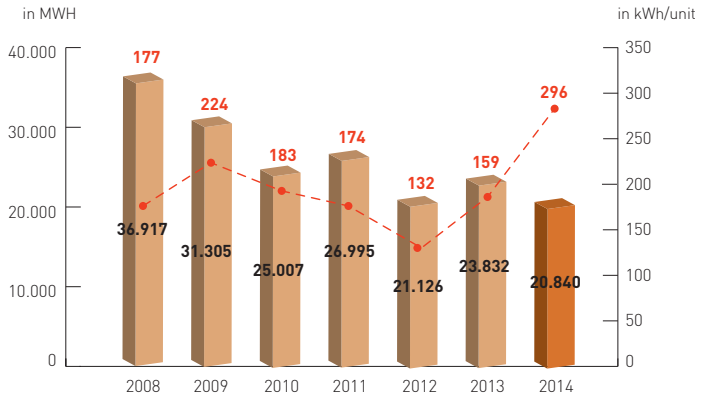
Motorcycle Production

Scope

Due to organisational changes, production data for Honda Mtg. (Nigeria) Ltd. (HMN) is no longer in the scope of this report. This report therefore now covers the two Honda factories producing motorcycles in Europe: Montesa Honda S.A. (MHSA) in Spain and Honda Italia Industriale S.P.A. (HII) in Italy.

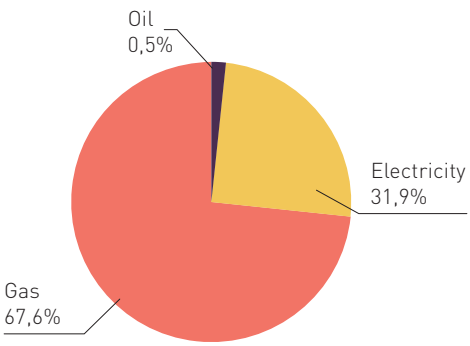
Energy

Energy Consumption for Motor Cycle Production



Total energy consumption in motorcycle production fell during FY2014 partly as the result of the reduction in production volumes resulting from HMN no longer being in the scope of this report. This fall was not absolutely in-line with the reduction in production volumes, however, due to the recommencement of die casting operations at HII during the period. Energy consumption per unit increased due to both this change in scope and these operational changes at HII.

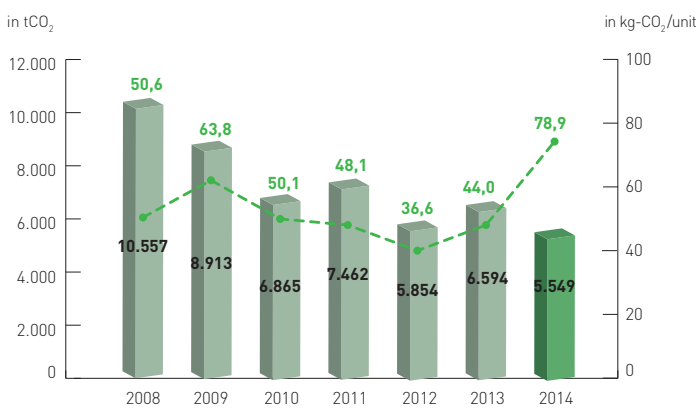
Energy by source



Oil was almost eliminated from the energy mix due to data from HMN, a facility which had a heavy reliance on oil, no longer being in the scope of this report. As a result of this and the use of gas at HII, gas as a percentage of the energy mix increased.

CO_2 Emissions

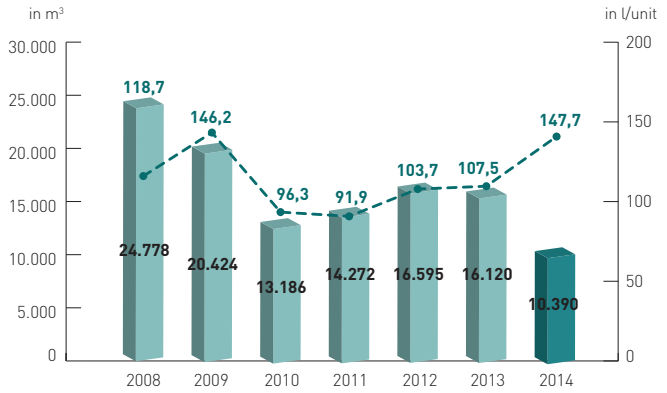
CO_2 Emissions for Motor Cycle Production



Total CO_2 emissions fell in-line with the reduction in production volumes resulting from HMN no longer being in the scope of this report. Per unit emissions increased in-line with the increase in per unit energy consumption.

Water

Water Usage for Motor Cycle Production

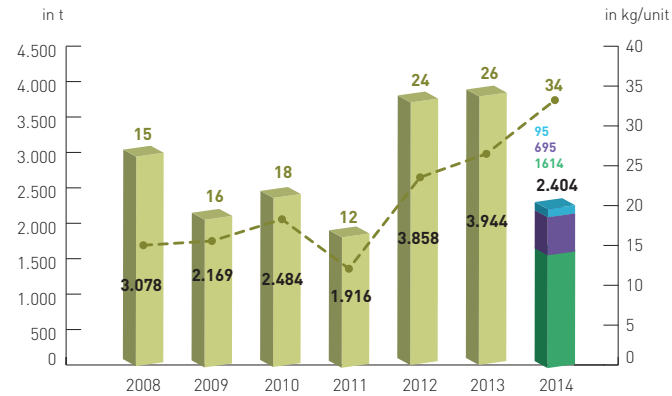


Total water consumption fell in-line with the reduction in production volumes resulting from HMN no longer being in the scope of this report. Per unit water consumption increased as a result of the recommencement of die casting operations and increased production volumes at HII.

Total Water Usage
Water Usage/Unit

Waste

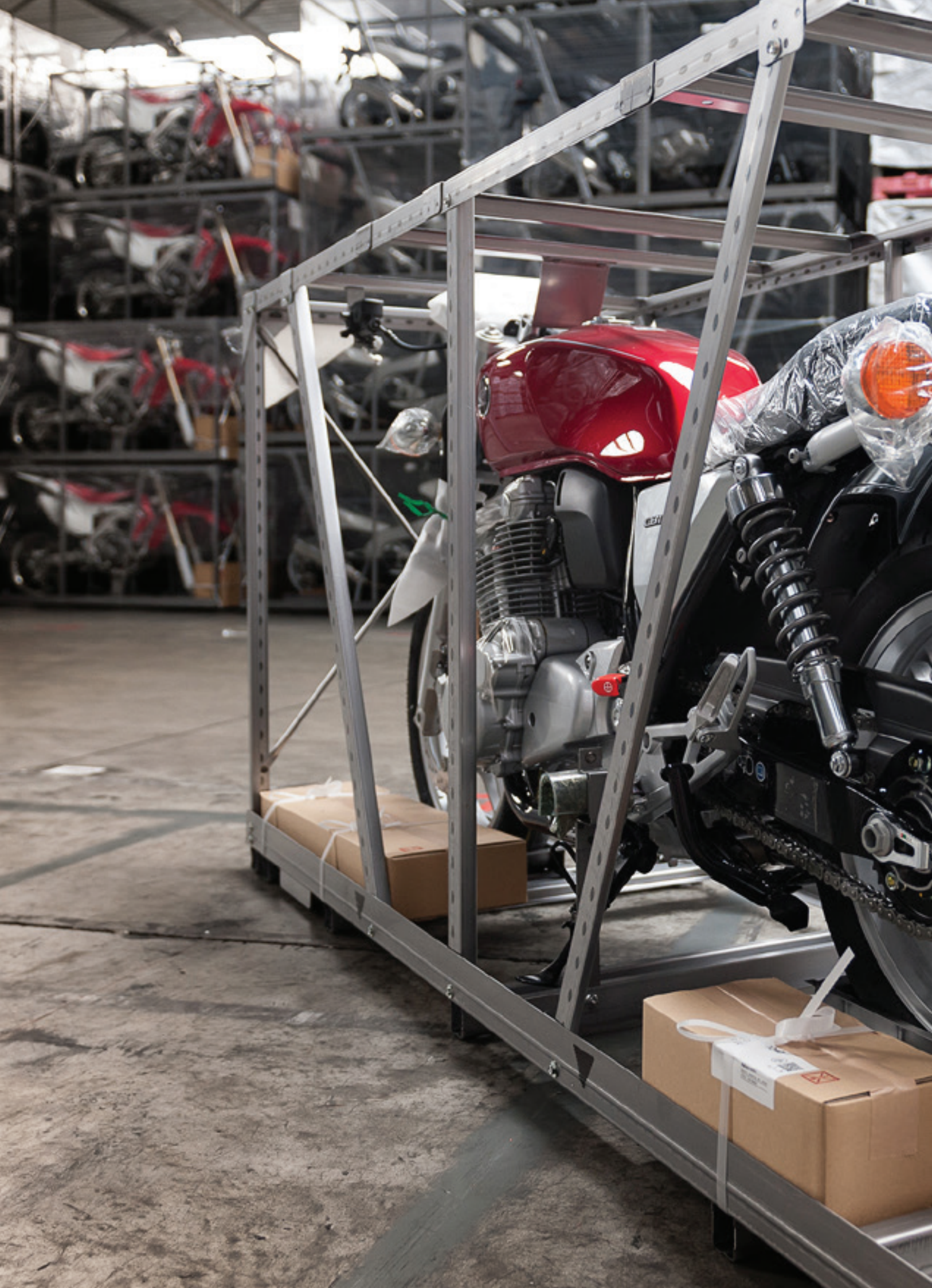
Waste for Motor Cycle Production



Total waste fell in-line with the reduction in production volumes resulting from HMN no longer being in the scope of this report. Per unit waste increased due to an increase in production volumes at HII.

In motorcycle production the waste fraction is to the biggest possible extent recycled. What is not directly up for material recycling is brought to facilities for further treatment (e.g. paint sludge) and what is left is going to incineration to prevent any waste going to direct landfill.

Total Waste
Waste/Unit
Treated
Recycled
Incinerated
Recovered



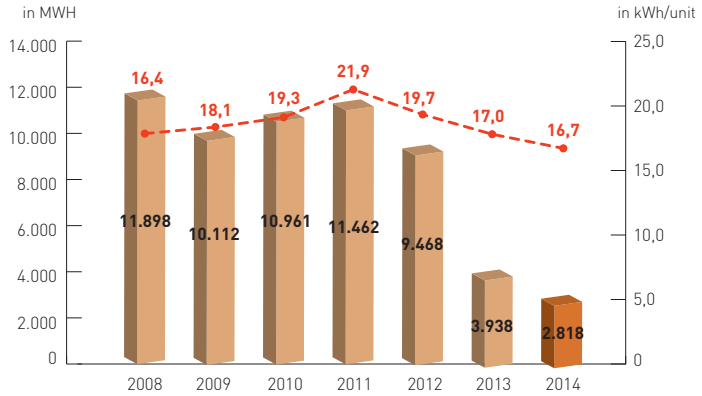
Power Products Production

Scope

Power Products production at Honda Italia Industriale S.P.A. (HII) has been transferred to the United States since the last report. This report therefore now covers the one Honda factory producing Power Products in Europe: Honda France Manufacturing S.A.S (HFM).

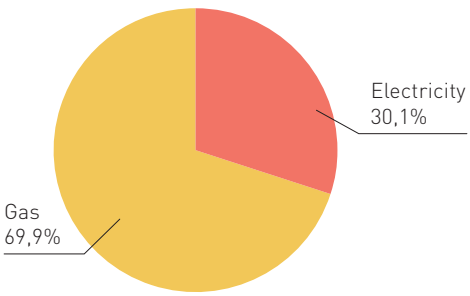
Energy

Energy Consumption for Power Products Production



Total energy consumption in Power Products production fell during FY2014 due to the transfer of production from HII to the United States and the resulting reduction in volumes.

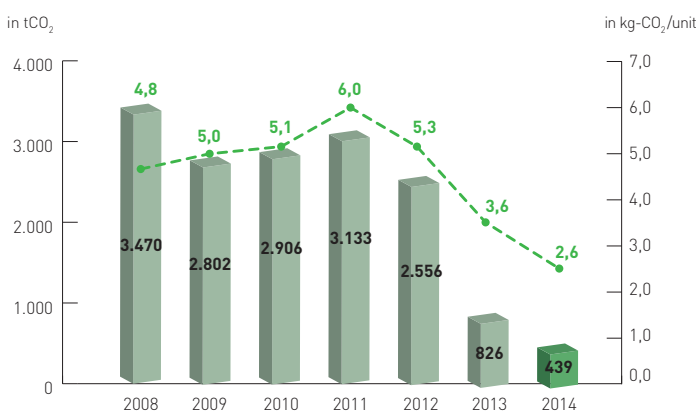
Energy by source



Gas continued to account for the majority of energy in the mix, due to a reliance upon gas in painting operations.

CO_2 Emissions

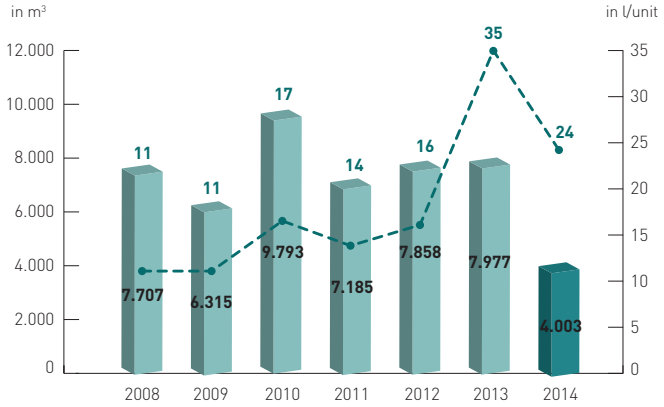
CO_2 Emissions for Power Products Production



Total CO_2 emissions fell in-line with the reduction in production volumes resulting from the shift in production from HII to outside of the region. However, due to the continued efforts of HFM to increase efficiency, per unit emissions fell significantly.

Water

Water Usage for Power Products Production



Total water usage fell in-line with the reduction in production volumes resulting from the shift in production from HII to outside of the region. Per unit water consumption fell from its peak in 2013, when HII was still in scope but had significantly reduced production volumes. Water consumption is largely linked to painting operations, which are independent of production volumes.

Total Water Usage
Water Usage/Unit

Waste

Waste for Power Products Production

Total waste fell in-line with the reduction in production volumes resulting from the shift in production from HII to outside of the region. Per unit waste also fell due to HFM's efforts in recycling 80% of cardboard packaging – the maximum percentage of packaging that can be recycled.

Total Waste
Waste/Unit
Treated
Recycled
Incinerated
Recovered

Remark: Data accuracy improvement for 2013 FY. Due to late delivery of invoices by Service Provider.

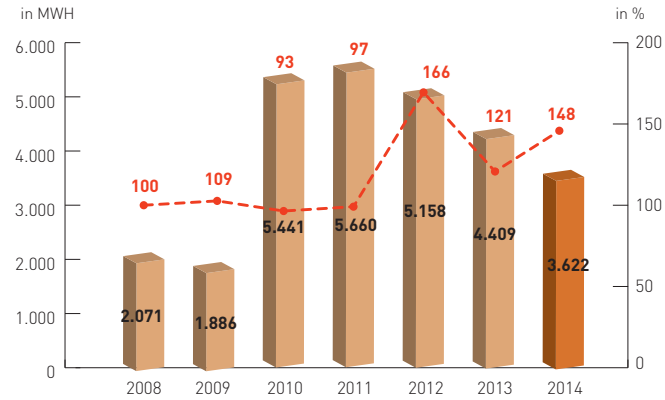
Parts Production

Scope

Honda has two factories producing parts in Europe: Montesa Honda S.A. (MHSA) in Spain and C.I.A.P.S.P.A. (CIAP) in Italy. During FY2014 CIAP moved from producing parts exclusively for Honda to also producing parts for other manufacturers. This is reflected in increases to the per unit data for energy usage, CO_2 emissions and waste; because per unit data is based on the turnover of CIAP's production for Honda rather than CIAP's total production.

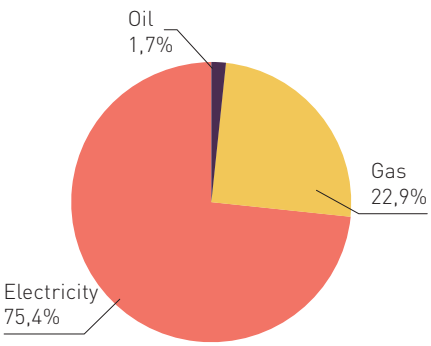
Energy

Energy Consumption for Parts Production



Total energy consumption in parts production fell during FY2014, partly due to the reduction in Honda's share in overall consumption at CIAP. This issue aside, energy consumption still continues to fall significantly since 2011. Per unit consumption increased because per unit data is based on the turnover of CIAP's production for Honda rather than its total production.

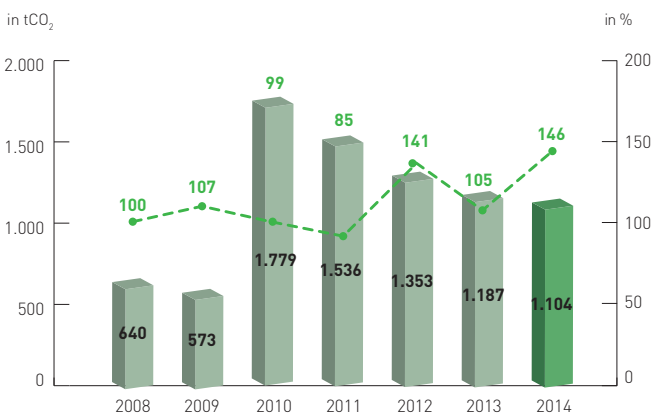
Energy by source



The share of gas in the energy mix fell due to the fall in Honda production at CIAP. CIAP primarily manufactures metal parts, which relies heavily on the use of gas.

CO_2 Emissions

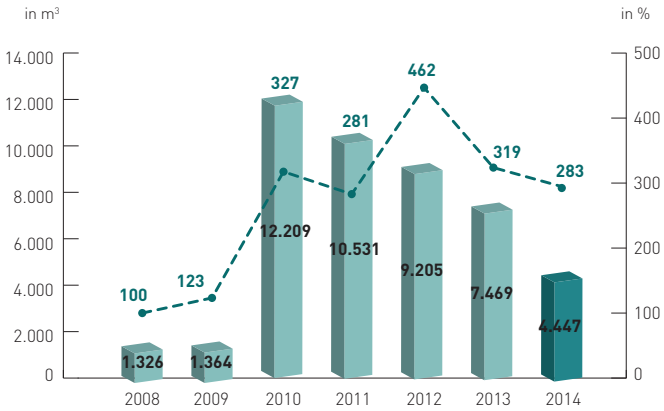
CO_2 Emissions for Parts Production



Total CO_2 emissions remained stable, in-line with energy consumption, representing a continued downward trend since 2010. In this period emissions have fallen significantly from 1700 to 1100 tonnes of CO_2. Per unit emissions increased because per unit data is based on the turnover of CIAP's production for Honda rather than CIAP's total production.

Water

Water Usage for Parts Production

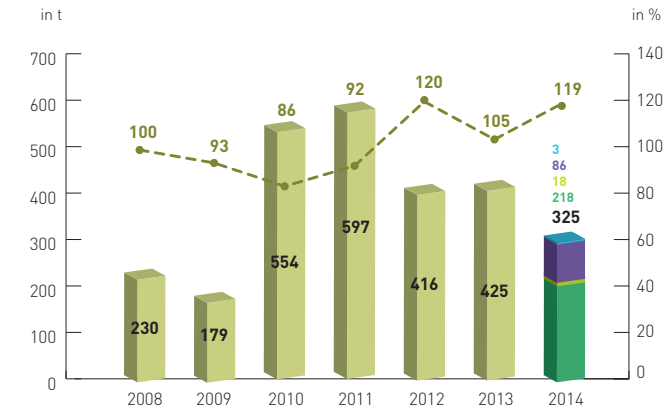


Total water usage fell significantly, partly due to organisational changes during FY2014 which resulted in MHSA bringing warehousing and sales offices on to its production site. As such, some water consumption for the site is accounted for by warehousing and sales. This issue aside, water consumption still continues to fall significantly since 2010. Per unit emissions increased because per unit data is based on the turnover of CIAP's production for Honda rather than CIAP's total production.

Total Water Usage
Water Usage/Unit

Waste

Waste for Parts Production



Total waste fell significantly as the result of the continued efforts of CIAP and MHSA in brining waste levels down. Per unit waste increased because per unit data is based on the turnover of CIAP's production for Honda rather than CIAP's total production.

Total Waste
Waste/Unit
Treated
Recycled
Incinerated
Recovered

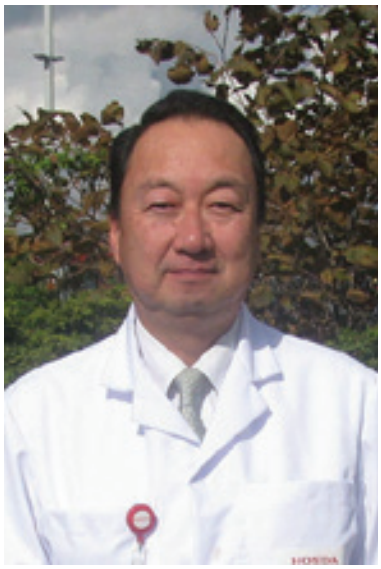
Remark: Per unit data error corrected.

EUROPEAN REPORT

04. LOGISTICS

LOGISTICS

Introduction by Koji Yamaguchi



Koji Yamaguchi
President of Honda Motor Europe Logistics

For Honda the pursuit of environmental preservation is not just limited to product manufacturing. Our responsibility goes far beyond that, including the logistics and warehousing required to distribute products to dealers and distributors across Europe.

We continue to take steps to minimise the environmental impact of our logistics operations by working closely with transport partners to optimise routes, resulting in less journeys. Additionally we are working hard to minimise the amount of packaging that we carry, and increasing the use of reusable crates in transportation. All of which works towards the achievement of optimum truckload efficiency.

While we will continue in these efforts moving forward, we will also closely monitor the use of Euro 6-compliant trucks by our transport partners.

In warehousing we continue to improve energy efficiency and reduce energy consumption, with initiatives including the implementation of new energy-saving technologies such as LED lighting in our warehousing and distribution facilities.

Explanatory Note

For logistics the following data is included:

- Logistics inbound: transport from manufacturing sites in Europe (or the arrival port for deliveries outside the region) to Honda storage facilities
- Logistics outbound: transport from Honda storage facilities to dealers and transport to the border of its regions
- Transport between Honda storage facilities: for logistics outbound, the data provided here covers distribution to dealers in countries which have a Honda controlled importer. As this distribution is carried out by third parties, the distance travelled in country to deliver a product to the dealer is estimated based on the number of required trucks and the surface of the country or considered area.

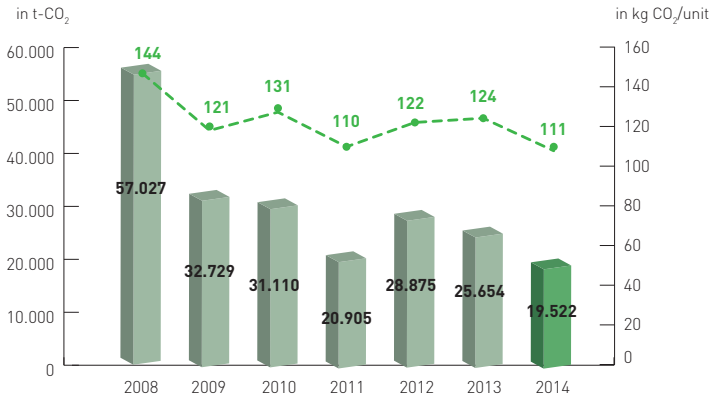
Car Transport

Scope

For car transport, the figures within this report cover all transport organised by Honda entities. The limitations and estimation methods are described in the explanatory note.

CO_2 Emissions

CO_2 Emissions for Car Transport



Total CO_2 emissions in car transport fell during FY2014, primarily due to a reduction in sales volumes in the Russian market. Dealer deliveries by road in Russia have a significant impact on both overall and per unit CO_2 emissions.

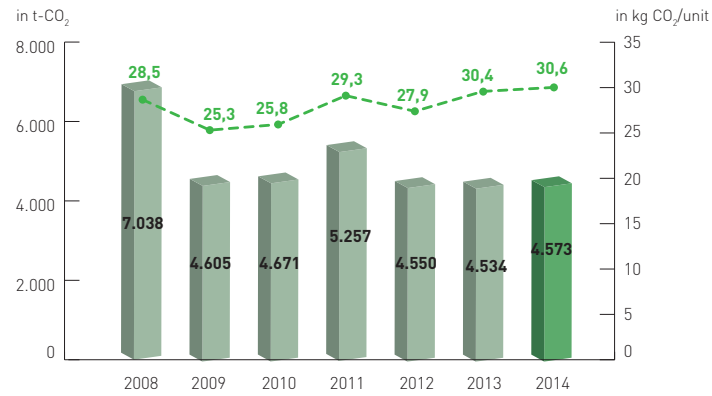
Motorcycle Transport

Scope

For motorcycle transport the figures contained within this report cover all transport organised by Honda entities. The limitations and estimation methods are similar to those in car distribution, as described in the explanatory note.

CO_2 Emissions

CO_2 Emissions for Motorcycle Transport



Total CO_2 emissions in motorcycle transport remained stable during FY2014, for the third consecutive year.

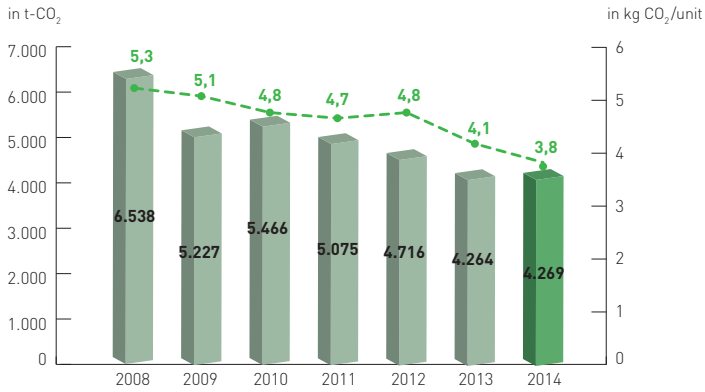
Power Products Transport

Scope

Only Honda-controlled transport is included in the data within this report. Contradictory to the situation with cars and motorcycles logistics, it often happens that full truckloads, particularly of engines, are delivered directly to the purchaser. This process delivers improvements in both efficiency and service.

CO_2 Emissions

CO_2 Emissions for Power Products Transport



Total CO_2 emissions in power products transport remained stable during FY2014. Per unit emissions fell as the result of continued efforts to optimise truckload rates for direct dealer deliveries.

Parts Transport

Scope

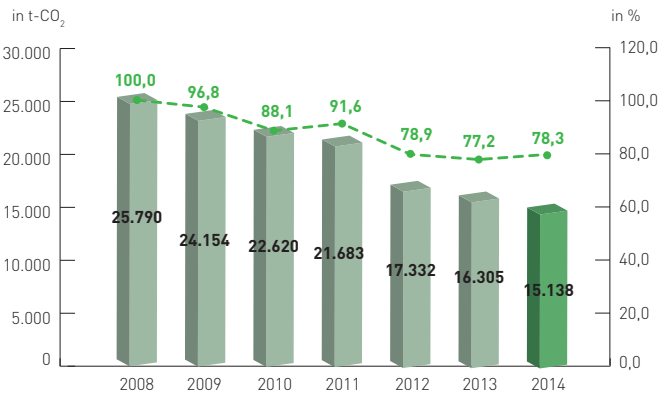
For parts transport the following data is included:

- Logistics inbound: transport from manufacturing sites in Europe (or the arrival port for deliveries outside the region) to Honda storage facilities
- Logistics outbound: transport from Honda storage facilities to dealers
- Transport between Honda storage facilities

The reference value in the parts business is financial turnover rather than per unit. However, as turnover is not a tangible data set, for the purposes of reporting a baseline of 100% was set in 2008, against which Honda has compared data since.

CO_2 Emissions

CO_2 Emissions for Parts Transport



Total CO_2 emissions in parts transport fell once again during FY2014 as the result of continued improvements in truckload efficiency between warehouses across the region. Per unit emissions remained stable.


HONDA

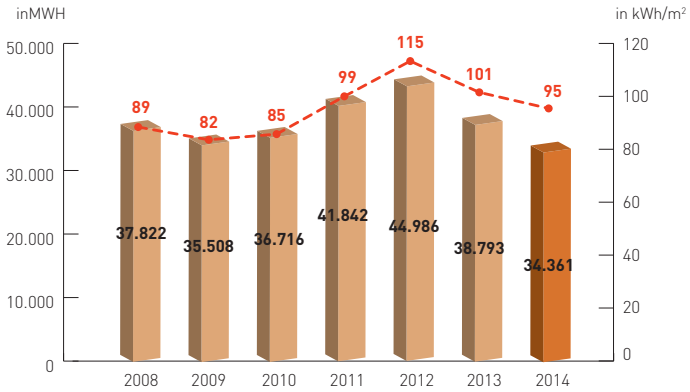
Warehousing

Scope

Honda has an extensive network of dealers in Europe. To provide continuous, fast and efficient delivery of products and parts, it runs several warehouses in the region. The data provided here includes the in-house energy consumption of these warehouses; largely from heating, lighting and cooling.

Energy

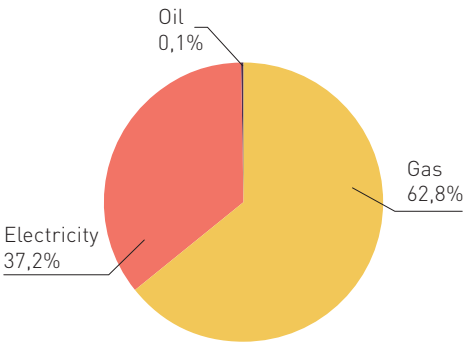
Total Energy for Warehousing



Total and per surface energy consumption in warehousing fell during FY2014 due to a change in the scope of this report which sees Ukraine and South Africa now out of scope, as well as continued efforts to bring down energy consumption (for example: introduction of 8,000 LED lights at HMEL in Gent, see Topic).

Energy by source

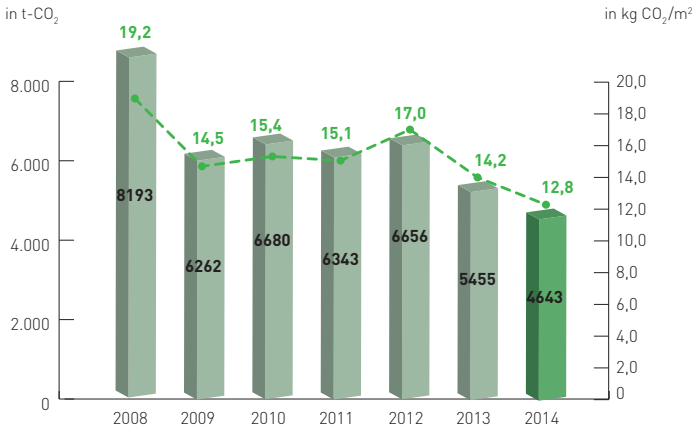
Energy by Source for Warehousing



FY2014 saw an increase in the share of gas in the energy mix for warehousing due to South Africa now being out of the scope of this report. With the higher average temperature in South Africa compared to Europe, the facility used comparatively less gas for heating, but more electricity for air conditioning.

CO_2 Emissions

CO_2 Emissions for Warehousing



Total CO_2 emissions in warehousing fell once again during FY2014, for the third consecutive year, representing a 43% reduction compared to the base year.

Continued efforts to bring down energy consumption, contributed significantly to this fall.

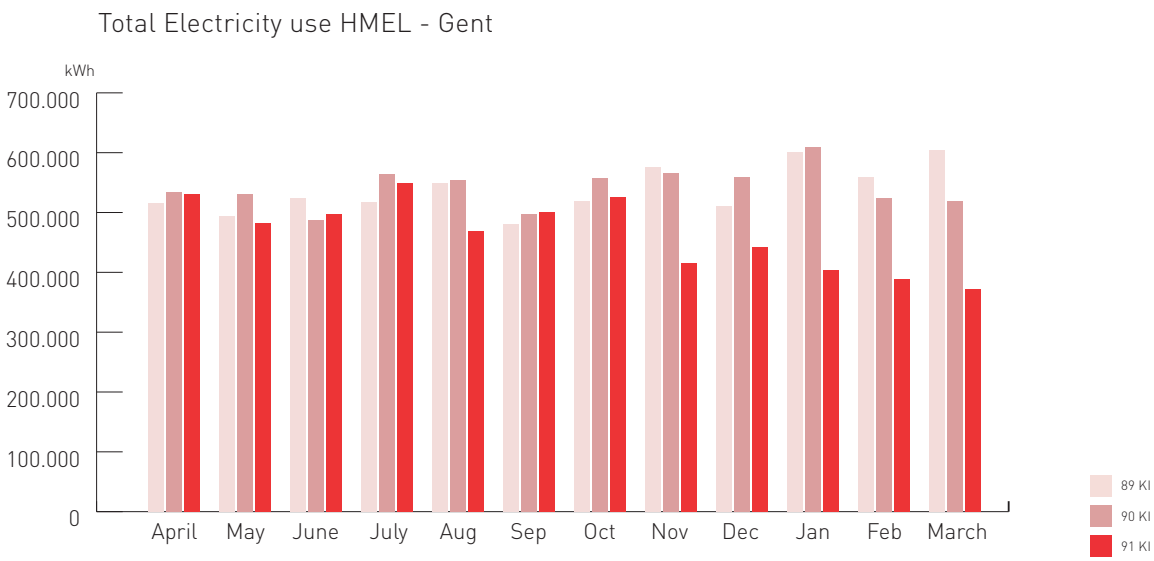
TOPICS | Replacing 8,000 light bulbs with LED alternatives

Honda's European logistics centre (HMEL) in Gent, Belgium, distributes products and parts across Europe, Africa and the Middle East. A site covering more than 123,000 square metres, over half of its total energy consumption comes from lighting.

In November 2014 the HMEL team replaced 8,000 traditional fluorescent light bulbs in the warehousing area with new to the market highly-efficient LED alternatives, in an attempt to reduce both energy usage and CO_2 emissions. The new bulbs consume almost three times less electricity than those which they replaced, and last ten years rather than five – resulting in less maintenance and waste. LED lights are also 95% recyclable, while Associates enjoy the benefit of less heat emitted from lighting.

To date this initiative has delivered a 26% reduction in total electricity consumption, with a positive return on investment to come within just two years.

More than 8000 replaced traditional fluorescent light bulbs, collected for recycling.



EUROPEAN REPORT

05. SALES & SERVICES

SALES & SERVICES

Introduction by Philip Ross

Philip Ross
Senior Vice President, Honda Motor Europe

Honda continues to proactively promote environmental activities in the sales and services domain in order to contribute to reducing energy consumption and emissions in the areas in which we operate. This year, for example, saw the introduction of a co-generation unit for heating at our R&D facility in Offenbach, Germany, which has already delivered very significant CO_2 and energy cost savings. The full details of this excellent initiative are detailed in the pages to follow.

We also continue to explore the use of low-emission energy sources through such initiatives as the purchase of CO_2–neutral electricity derived from renewables, and the use of natural gas for heating.

Moving forward we will continue in these efforts to minimise the environmental impact of our operations.

Explanatory Note

During FY2014 Honda has continued to improve the accuracy of data collection by educating on the reporting requirement those people responsible for reporting at facilities which now fall into the scope of this report.

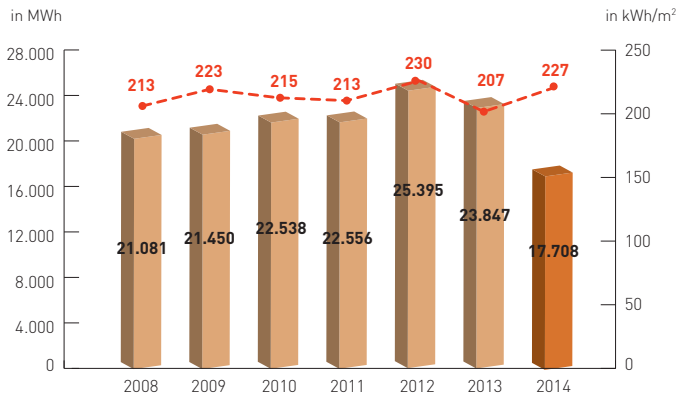
Sales Subsidiaries

Scope

This report covers consolidated Honda sites only. Due to organisational changes the number of subsidiaries differs from that of last year.

Energy

Total Energy National Sales Offices

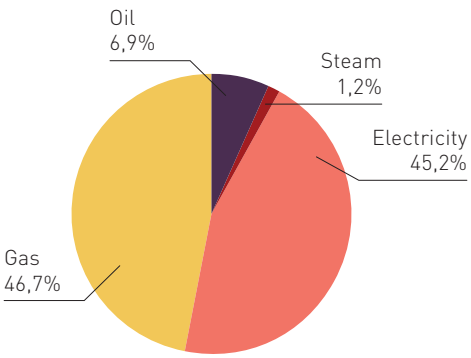


Remark: Retroactive 2013 data for overall energy consumption has been adjusted since the publication of the FY2013 report due to data accuracy improvement by Honda Bank of Germany (Honda Finance Germany).

Total energy consumption in National Sales Offices fell during FY2014 due to organisational changes which have, for example, resulted in the relocation of various sites across the region. Energy consumption by surface increased slightly due to an overlap during the relocation process.

Total Energy Sales
Energy/m²

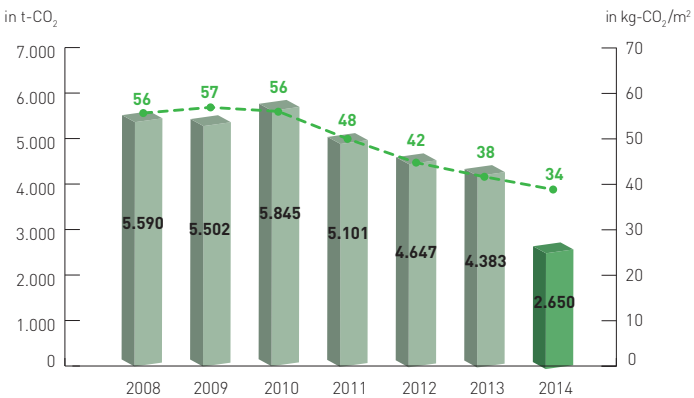
Energy by source



As a result of Honda's ongoing efforts to reduce carbon emissions by using gas in favour of oil for heating, the period saw a 4% shift from oil to gas in the energy mix.

CO_2 Emissions

CO_2 Emissions for National Sales Offices



Remark: Retroactive 2013 data for overall CO_2 emissions has been adjusted since the publication of the FY2013 report due to data accuracy improvement by Honda Bank of Germany (Honda Finance Germany).

Total CO_2 emissions fell during FY2014, as did emissions per surface, despite the slight increase in per surface energy consumption. This resulted from both the organisational changes which have seen the relocation of various sites across the region and Honda's continued commitment to using low-emission energy sources.

Total CO_2 Emissions
CO_2 Emissions/m²

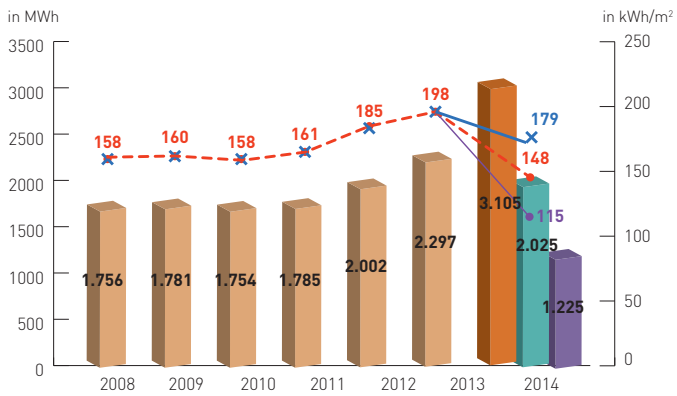
Dealers

Scope

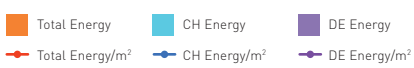
In addition to six consolidated dealer sites in Switzerland, owned by Honda's Swiss sales subsidiary, three new dealers in Germany are now within the scope of this report.

Energy

Energy Consumption for Dealers

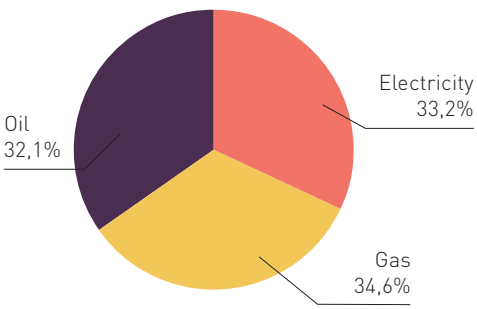


Total energy consumption in dealer sites increased during FY2014 due to the change in scope which sees the inclusion of the three German dealers in the data. The significant difference in per surface consumption between the German (115) and Swiss (179) dealers is due to the German sites being newer, and therefore more efficient, by comparison.



Energy by source

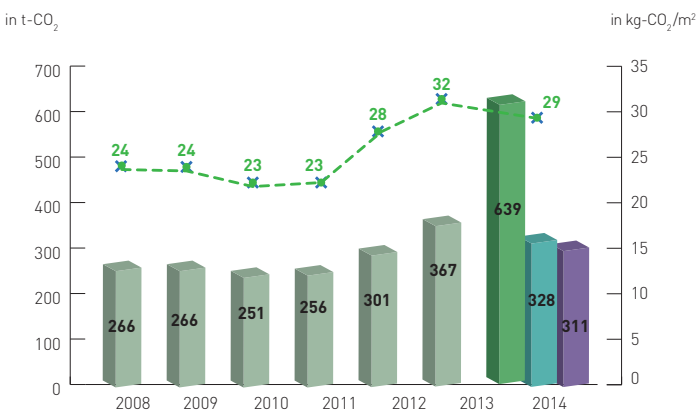
Energy by Source for Dealers



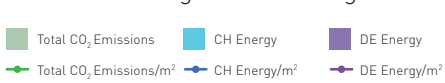
As a result of German dealers' ongoing efforts to reduce carbon emissions by using gas in favour of oil for heating, the period saw a 6% reduction in the use of oil.

CO_2 Emissions

CO_2 Emissions for Dealers



Total CO_2 emissions in dealer sites increased during FY2014 due to the change in scope which sees the inclusion of three German dealers in the data. Per surface emissions were similar for the German and Swiss dealers. While the Swiss dealers realise a CO_2 reduction compared to the German sites as the result of using electricity produced from renewable sources, this is counteracted by the higher energy efficiency of the newer German facilities, and their use of natural gas for heating.

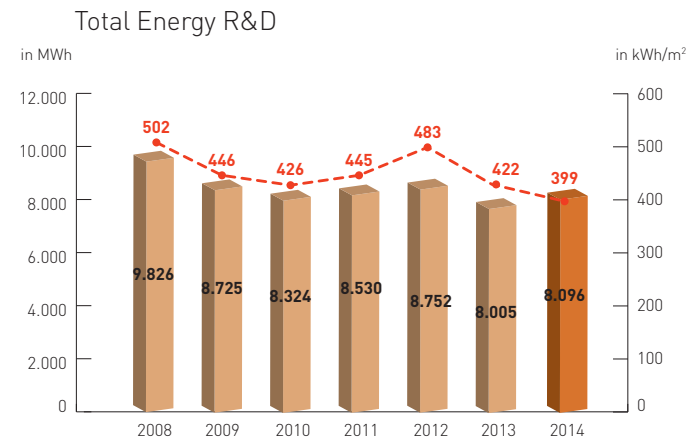


Research and Development (R&D)

Scope

This report consolidates data from Honda's Research & Development entities in the region. This year sees Honda's new Formula 1 development hub in Milton Keynes (UK) come into scope, while its R&D facility in Moscow goes out of scope as data will be included into HMR data (sales subsidary) from this report onwards.

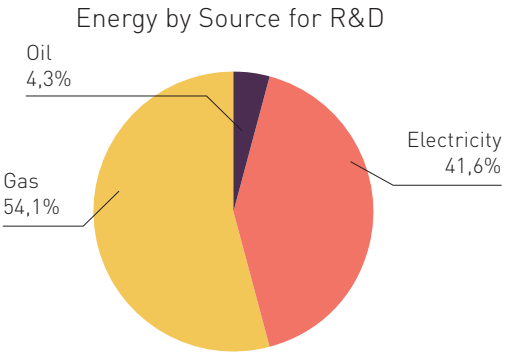
Energy



Remark: Retroactive 2013 data for overall energy consumption has been changed due to data accuracy improvement by Honda's Rome based facility (HRE-I)

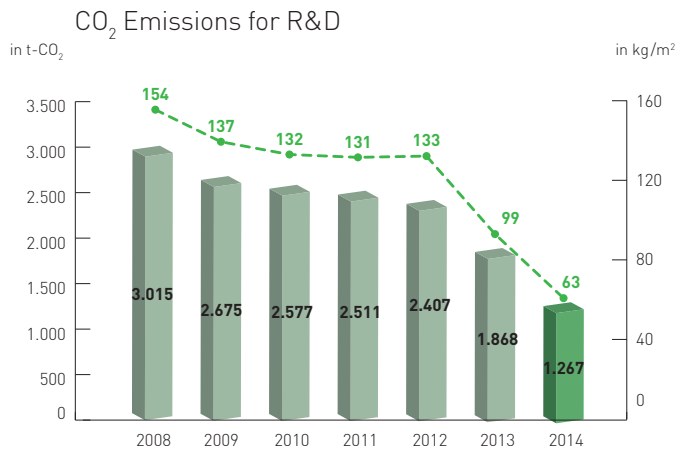
Total energy consumption in R&D remained stable during FY2014 despite the changes in scope mentioned above.

Energy by source



As a result of changes made at Honda's R&D facility in Swindon, UK, the period saw a slight increase in the use of gas in the energy mix.

CO_2 Emissions



Remark: Retroactive 2013 data for overall CO2 emissions has been changed due to data accuracy improvement by our Rome based facility (HRE-I), in-line with energy consumption.

Despite energy consumption remaining stable, total CO_2 emissions once again fell significanly due to the installation of a co-generation heating unit and the continued purchase of CO_2 – free electricity by Honda's R&D facility in Offenbach, Germany.

TOPICS | Turning to co-generation to bring down CO_2 emissions

Honda's German Research & Development base in Offenbach, Germany, is home to HRE-G and the Honda Research Institute. Its most significant running costs are electricity and gas, with heating and hot water previously provided by an ageing, inefficient boiler.

Having championed the switch to CO_2 neutral hydro-power electricity previously that year, in May 2014 the same New Honda Circle* team saw their next ambition realised – with the installation of a co-generation system providing electricity and heat from natural gas.

The initiative aimed to further lower both the facility's operating costs and CO_2 emissions, and with Honda's leadership in the development of its domestic MCHP unit, co-generation seemed like a natural choice.

The site now enjoys zero CO_2 emissions from electricity usage due to the introduction of hydro-power electricity. The implementation of the co-generation heating system has improved the situation further, with a CO_2 saving of 77%, some 1,600 tons, compared to the previous year.

These combined initiatives are expected to deliver a cost saving of 30% in electricity and 8% in gas each year, with a positive return on investment on the installation of the co-generation unit to come within three years.

New Honda Circle* Team (From left to right)
Sigrid Weidner, Karin Möller, Linda Dobos,
Michael Volkwein, Ronny Borsdorf

* Pan-European NHC activities are conducted in small groups at Honda, with the purpose of creating a truly rewarding workplace environment on the associates' own initiative. Each associate respects the different abilities of the other, and there is no management control over the activity. All of these aspects of NHC are related to Honda Philosophy. There are three basic aims of NHC: to contribute to improving the corporate system, to revitalize human resources and the organisation and to improve the abilities of associates.

EUROPEAN REPORT

06. RECYCLING

RECYCLING

Introduction by Julien Van Damme

Julien Van Damme
Manager European Environmental Safety and Planning Office

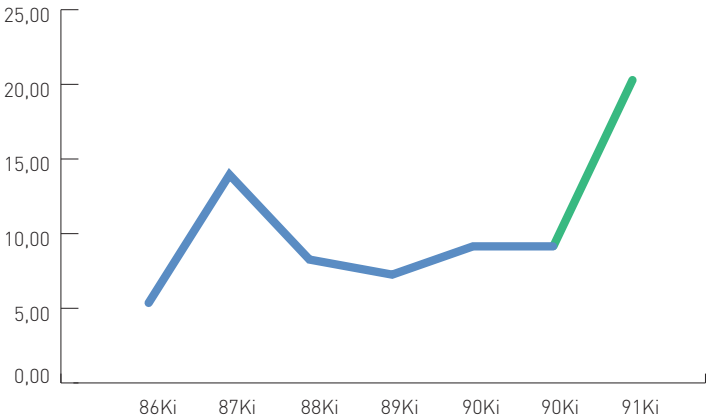
The concept of the 'Circular Economy' has been adopted and is strongly supported by both the European Commission and European Parliament. Based on the waste hierarchy presented in the ladder of Lansink - avoid, re-use, recycle, recover, landfill - landfill must be a last resort, and incineration should be strictly limited.

But first we should do all that we can to prevent waste. Prevention of waste is realised by reducing the frequency of maintenance of our products. But when our products eventually come to the end of their life, our dealer network is there to help the customer dispose of this most valuable waste.

When a car is taken to the dismantler it is firstly depolluted to remove all substances which might have a negative impact when released into the environment. Usable parts are then removed to be sold on as spares, keeping other cars on the road for longer. Further parts are retrieved, allowing valuable substances to be extracted for use in other products or in other cars. The hulk of the car is then shredded, opening up a process to retrieve steel and other metals. The resulting non-metal fraction is treated to recover plastics and rubbers which can be sorted into further fractions, which in turn are recycled to be used again in our cars.

But inevitably parts will need to be replaced. In the case of metal parts, our repairers know how to treat these, recognising metal as a valuable material. The efficient handling of plastics, however, is not so well understood. For several years Honda has been running a successful programme in the UK to encourage all dealers to collect and recycle used bumpers. During FY2014 this programme was extended to include all replaced plastic parts, resulting in a marked increase of more than 100% in the amount of plastics collected. These plastics are then treated to feed the production line at our UK manufacturing facility with usable parts.

Collected plastics (Tonnes)



As from this year not only replaced bumpers but all replaced plastic parts are being collected from all motorvehicle dealers in the UK.

TOPICS | Extending the collection network for used hybrid car batteries

In September 2013 Honda signed a long-term agreement with French company SNAM to ensure the traceability of end-of-life IMA batteries* from hybrid vehicles. Used batteries are collected from Honda dealers and processed at one of SNAM's two facilities in France.

This collection network is now well developed and is operating across Europe in all countries where the export of these batteries is permitted. A simple online request from a Honda dealer to SNAM triggers a stream of activities, resulting in the collection of the used battery from the dealer by a local authorised waste battery collector, which is in turn taken to be recycled. Authorised dismantlers can also register with SNAM to make use of its facilities to dispose of built-out IMA batteries in an environmentally-friendly manner.

* IMA : Integrated Motor Assist - the Honda technology for hybrid vehicles. IMA batteries are identified as industrial batteries under the European Battery Directive.

Logistical Flow

EUROPEAN REPORT

07. CSR

CSR

TOPICS | Inspiring the next generation of computer programmers

On Friday 24th October 2014 the latest incarnation of the advanced humanoid robot, ASIMO, made its debut at HUM, giving hundreds of Associates the chance to see this incredible piece of Honda innovation in the flesh.

As part of its CSR programme to engage with the local community, the HUM team took the opportunity to invite students from the surrounding area to share in this unique experience, and were joined by students from Wiltshire College, Stratford-upon-Avon College and St Mary's Primary School in Swindon.

Rachael Weaver, Assistant Head and Computing Coordinator at St Mary's Primary School, commented: "The children were so excited at the prospect of meeting ASIMO and were absolutely amazed when they saw it in action. As part of our computing curriculum at school, pupils have been learning how to programme and Honda has provided a unique opportunity to inspire them to become programmers of the future."

The HUM team also used the event as a fundraising and engagement opportunity for one of its key charity partners, BEN - the Motor and Allied Trades Benevolent Fund - which supports automotive workers and their families in troubled times. Associates were able to find out more about BEN's work, and £500 was raised from ticket sales which was donated to the charity.

ASIMO demonstration


ASIMO
HONDA

TOPICS | Developing young people to look after our customers

Since 2001 more than 1,255 candidates have joined Honda UK's Apprenticeship programme, one of the industry's most advanced programmes of its kind, enabling young people to enter the world of work whilst simultaneously furthering their education.

The Honda Apprenticeship programme takes place over two years for Power Products and Parts Operations, and three years for Car and Motorcycle/ATV. During this time apprentices are employed by their local Honda dealership and attend block training at the Honda Institute working on products within one of the four divisions.

The programme consistently scores above the national average for completion rates – with its latest timely success rates more than 37.6% higher than the industry average.

In May 2015 the latest crop of 49 successful graduates were awarded their certificates at a ceremony held at the Honda Institute near Slough, UK, by Philip Crossman, Managing Director of Honda (UK). Philip commented: "The apprentice graduation is always a date I look forward to as it recognises the incredible talent looking after our customers across the Honda network. These young people are some of the best-prepared in the industry, and I'm very proud to toast their excellent achievements. They have all worked very hard to get here, and I know they'll go on to achieve even more success in the future."

Honda Yuasa Racing drivers Matt Neal and Gordon Shedden also joined the celebrations, with Matt commenting: "It's great to be here taking part in such a fantastic celebration of achievement. All of the graduates should be very proud of themselves, and it's inspiring to see such hard work and commitment from these young people."

The Honda Apprenticeship graduation ceremony

EUROPEAN REPORT

ENVIRONMENT RELATED CERTIFICATES AND REGISTRATIONS

ENVIRONMENT RELATED CERTIFICATES AND REGISTRATIONS

Safety and the Environment are now an integral part of any company's business operations. This is true of Honda for all its global and local operations – including all factories and logistics operations in the region. A healthy, safe and environmentally responsible workplace and workforce is vital to us, and to achieve it we operate all aspects of our business in compliance with our stated policies and procedures. We also comply with all relevant legislation as an absolute minimum, aiming to exceed these standards wherever we can. Our Safety and Environment policies are the starting point of this activity, supported by company action guidelines that provide direction to our improvement activities and clearly establish our responsibilities.

Honda's environmental and safety activities are reinforced by the achievement of the Environmental Management standard ISO 14001:2004 and the Safety Management standard OHSAS 18001:2007. This has strengthened the process of continuous improvement and assured compliance with legislation.

EMAS Report

All factories in Europe and HMEL in Belgium achieved certification to the Eco-Management and Audit Scheme (EMAS). As part of this, each of them produced a Safety and Environment report to make our policies and performance publicly available. The first report was issued in 2002 and subsequent annual updates are available from their Safety and Environment Departments.

Safety Policy

Honda will ensure a safe and healthy working environment by building safety into our process and equipment and by achieving the highest level of safety awareness in our associates. There can be no production without safety.

In a global capacity, Honda's quest for safety in its products is not limited to the needs of car drivers and motorcycle riders. Honda's total commitment to 'Safety for Everyone' extends to passengers, pedestrians, occupants of other vehicles and everyone on the road. Honda will continue to develop and refine its innovative technologies to realise a safer society.

Environment Policy

Honda will make every effort to protect the environment from the effects of our manufacturing operations and will achieve, by means of continuous improvement, the expectations of society and our local community.

From its early days, Honda has implemented proactive measures to help solve environmental challenges. As we continue our ongoing efforts, we have set for ourselves clear targets to help preserve our environment and strive to be 'a company society wants to exist' through leadership in environmental and energy technologies.

Factories

Validity Date	ISO 14001	EMAS	OHSAS 18001
Honda of the UK Manufacturing Ltd.	2016	-	2016
Honda Turkiye A.S.	2017	2015	2017
Honda Italia Industriale S.P.A.	2016	2016	2016
C.I.A.P. S.P.A.	2015	2015	2015
Montesa Honda S.A.	2015	2015	2015
Honda France Manufacturing S.A.S.	2015	2017	2015

Logistics Centres

Validity Date	ISO 14001	EMAS	OHSAS 18001
Honda Motor Europe Logistics - Aalst	2018	2018	2016
Honda Motor Europe Logistics NV	2017	2017	2017
Honda Motor Europe Logistics - Austria		-	
Honda Motor Europe Logistics - Central Europe Sp.z.O.Z.		-	
Honda Motor Europe Logistics - Spain AS		-	
Honda Motor Europe Logistics - Italy SPA		-	
Honda Motor Europe Logistics - Sweden AB		-	
Honda Motor Europe Logistics - UK Ltd.		-	

HMEL NV centralises the environmental and health management system for itself and the Honda Logistics Centres in Europe. All sites are covered by the same system. In relation to EMAS it has been decided not to extend it to the Honda Logistics Centres as they are too small and their environmental impact is limited. However they are already following the HMEL NV approach.

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HONDA SITES

HONDA SITES

Production

	Name	City	Country
HUM	Honda Of The U.K. Manufacturing LTD.	Swindon	UK
HTR	Honda Turkiye A.S.	Gebze	Turkey
HII	Honda Italia Industriale. S.P.A.	Attessa	Italy
CIAP	Costruzione Italiana Apparecchi Precisione S.P.A .	Bologna	Italy
MHSA	Montesa Honda S.A.	San Perpetua de Mogoda (Barcelona)	Spain
HFM	Honda France Manufacturing S.A.	Ormes (Orléans)	France

Logistics - Distribution

	Name	City	Country
HMEL	Honda Motor Europe Logistics NV	Gent & Aalst	Belgium
HMEL AT	Honda Motor Europe Logistics Austria Branch	Guntramsdorf	Austria
HMEL CE	Honda Motor Europe Logistics Central Europe Branch	Priewy	Poland
HMEL ES	Honda Motor Europe Logistics Spain Branch	Barcelona	Spain
HMEL IT	Honda Motor Europe Logistics Italy Branch	Collogna Al Colli	Italy
HMEL SE	Honda Motor Europe Logistics Sweden Branch	Arlöw	Sweden
HMEL UK	Honda Motor Europe Logistics UK Branch	South-Marston	UK
HACE	Honda Access Europe N.V.	Aalst	Belgium
HBD	Honda Gulf FZE	Dubai	United Arab Emirates
HMR	Honda Motor Russia LLC	Moscow	Russia

Barcelona, Spain

Malmö, Sweden

Pniewy, Poland

Swindon, UK

Sales Subsidiaries (Administration)

	Name	City	Country
HME	Honda Motor Europe Ltd.	Bracknell	UK
HME-DE	Honda Deutschland Niederlassung der Honda Motor Europe Ltd.	Frankfurt	Germany
HME-CH	Honda Motor Europe Ltd, Succursale de Satigny/Geneve	Satigny Geneve	Switzerland
HME-AT	Honda Austria Branch or Honda Motor Europe Ltd.	Wiener Neudorf	Austria
HME-NL	Honda Motor Europe Ltd. (The Netherlands)	Zellik (Brussels)	Belgium
HME-BEB	Honda Motor Europe Ltd. Belgian Branch	Zellik (Brussels)	Belgium
HME-FR	Honda Motor Europe Ltd. (France)	Marne la Vallée	France
HME-IT	Honda Motor Europe Ltd. (Italia)	Rome	Italy
HME-ES	Honda Motor Europe Ltd. Sucursal en Espana	San Perpetua de Mogoda (Barcelona)	Spain
HME-BEA	Honda Motor Europe Ltd.Belgian Branch - Aalst Office	Aalst	Belgium
HME-PT	Honda Motor Europe Ltd. Sucursal en Portugal	Sintra	Portugal
HME-CZ	Ceska Republica	Praha 5	Czech Republic
HME-SK	Organizacna Zlozka	Bratislava	Slovakia
HME-HU	Honda Motor Europe Ltd. Magyarorszagi Fioktelepe	Budaörs	Hungary
HME-PL	Honda Motor Europe Ltd. (Spolka Z Orgraniczona Odpowiedzialoscia) Odzial W Polsce	Warszawa	Poland
HME-NR	Honda Motor Europe Ltd. Filal Sverige	Malmö	Sweden
HME-EE	Honda Motor Europe Ltd. Eesti Fillaal	Tallinn	Estonia
HME-NO	Honda Motor Europe Ltd. Norge - Norsk avdeling av utenlansk foretak	Drammen	Norway
HME-FI	Honda Motor Europe Ltd. Suomen sivullike	Helsinki	Finland
HME-DK	Honda Motor Europe – Denmark filial af Honda Motor Europe Ltd. United Kingdom	Kolding	Denmark
HUA	Honda Ukraine LLC	Kyiv	Ukraine
HMR	Honda Motor Rus LLC	Moscow	Russia

Finance Subsidiaries (Administration)

	Name	City	Country
HFE	Honda Finance Europe PLC	Bracknell	UK
HBG	Honda Bank GmbH	Frankfurt	Germany
HVG	Honda Versicherungsdienst GmbH	Frankfurt	Germany

Research and Development

	Name	City	Country
HRE-UK	Honda R&D Europe (U.K.) Ltd.	South Marston (Swindon)	UK
HRE-G	Honda R&D Europe (Germany) Ltd.	Offenbach	Germany
HRI-EU	Honda Research Institute Europe G.M.B.H.	Offenbach	Germany
HRE-I	Honda R&D Europe (ITALIA) S.R.L.	Roma	Italy
HRD-MK	Honda Racing Development - Milton Keynes	Milton Keynes	UK

Dealers

	Name	City	Country
GG	Garge Du Golf	Aigle	Switzerland
GCS	Garage City Servette S.A.	Geneve	Switzerland
GB	Garage de Bellevaux S.A.	Lausanne	Switzerland
GJ	Garage des Jordils S.A.	Neuchatel	Switzerland
GVC	Garage de Villars Chandolan S.A.	Fribourg	Switzerland
LG	Letzigraben Garage AG	Zurich	Switzerland
HC-G	Honda Center - Germany GmbH	Frankfurt	Germany
	Honda Center - Germany GmbH	Düsseldorf	Germany
	Honda Center - Germany GmbH	Leipzig	Germany

Organization Changes since 31/03/2014

New Entities	Mergers	No longer in scope
Honda Access Europe N.V. (HACE) Data Included in HMEL data	Honda Belgium Factory N.V. (BHF) Merged with HMEL	Honda Manufacturing Nigeria Ltd. (HMN) Data out of scope of this report as from this reporting year
Honda Motor Europe Ltd. - Aalst Office (HME-BEA) Data Included in HMEL data	Honda Motor Europe Ltd. Netherland (HME-NL) Merged with HME-BEB	Honda Sout Africa PTY Ltd. (HSAF) Data out of scope of this report as from this reporting year
Honda Racing Development - Milton Keynes (HRD-MK) Data collected as from this reporting year	Honda Italia Industriale - Rome Office (HIR) Merged with HME-IT	Honda Ukraine LCC - Logistic Distribution Data out of scope of this report as from this reporting year (Outsourced)
Honda Center Germany GmbH (HC-G) Data collected as from this reporting year		
Honda Versicherungsdienst GmbH Data Included in HBG data		
Honda Finance Europe PLC Data Included in HME data		
Honda Access Europe N.V. Data Included in HMEL data		

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GRI REFERENCE LIST

GRI REFERENCE LIST

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