HONDA
The Power of Dreams

Honda SUSTAINABILITY REPORT 2015

Editing Policy

About the Honda Sustainability Report

As a company that aims to realize a sustainable society, Honda identifies the environment, safety, quality, and society as important themes for conducting diverse activities. In order to ensure that stakeholders understand these activities systematically, we have decided to improve our CSR Report of the past and issue it as the Sustainability Report starting in FY2016. We have reported on the status of our initiatives for each theme during FY2015.

• Organizational scope

This report covers the entire Honda Group, including Honda Motor Co., Ltd. and 372 consolidated subsidiaries and 85 equity-method affiliates (a total of 457 companies) inside and outside Japan. The specific scope is indicated where the scope of reporting is not the entire Honda Group.

• Reporting period

This report primarily covers activities from April 1, 2014 to March 31, 2015. Some historical background of these activities and references to events up to the time of publication, as well as forecasts and plans, may also be included.

• Guidelines referenced

GRI Sustainability Reporting Guidelines (G4)

The guidelines referenced and the basis for calculation used in the computation of data is indicated in the individual parts of the report.

• Publication date

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Realizing the joy and freedom of mobility and a sustainable society. Creating new value through innovation and challenge, the Honda way.

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 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 organization 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 organization strengthens regional autonomy while coordinating operations to consolidate and optimize resources. Emphasizing 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 realizing 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

Strengthening quality initiatives across the entire company and working to restore the trust of customers and society.

Recall of Fit Hybrid and Vezel Hybrid

Since the founding of our company, Honda has engaged in the development of advanced and innovative technologies, out of a wish to be of service to society. However, due to the recalls of the Fit Hybrid and Vezel Hybrid in Japan, we have caused widespread inconvenience to customers and society.

To regain the trust of our customers and society, we are thoroughly investigating the causes of the recalls and are making efforts to strengthen quality.

Overview of the Quality Issues

	Occurrence	Market Actions
Fit Hybrid **Vezel Hybrid**	No acceleration, sudden acceleration, engine stalling, etc.	Change the control software program for engine and transmission.

Causes of the Quality Issues

The hybrid systems that were the subject of the recalls aimed for unprecedented high efficiency through the interoperation of various functions of the vehicle. Because of this, the control system that integrates the functions of each part is unprecedentedly complex and expansive, and we were unable to fully identify all of the concerns in the evaluation system at the time of development.

Moreover, we have found that an insufficient system to verify and evaluate customers' ways of using the vehicle from all standpoints were also a cause behind the occurrence of the issues.

Response to the Quality Issues

Acting on the causes noted above, in order to integrate the complex functions of each part into vehicles as a whole, development of an electronic control system for the engine, transmission, and chassis (brake, steering, etc.) was coordinated into one unified organization.

In addition, through closer cooperation between our development and service departments, starting from the pre-development stage, we will thoroughly identify all usages from the viewpoint of customers in actual road conditions, and will reflect the findings in our evaluation system.

Furthermore, we will clarify the achievement for technologies at each stage from pre-development to production preparation, and will reflect such criteria in evaluation system and quality assurance rules.

Furthermore, while undertaking these initiatives, we will strengthen the mechanisms for promptly collecting, analyzing, and handling quality information around the world, aimed at preventing recurrence of a series of quality issues.

We will advance these initiatives company-wide in an effort to regain the trust of customers and society and meet the expectations of our customers with the high quality that characterizes Honda.

Content of Specific Quality Improvement Initiatives

(1) Strengthen Verification of Customers' Usage and Verification of Actual Vehicle Testing

At the development stage, our development and service departments will collaborate to incorporate the standpoint of customers in strengthening verification that envisions a variety of usages by customers.

Also, at the production preparation stage, we will work to strengthen verification of vehicle testing that encompasses users' actual driving behavior.

(2) Enhancement of Evaluation System

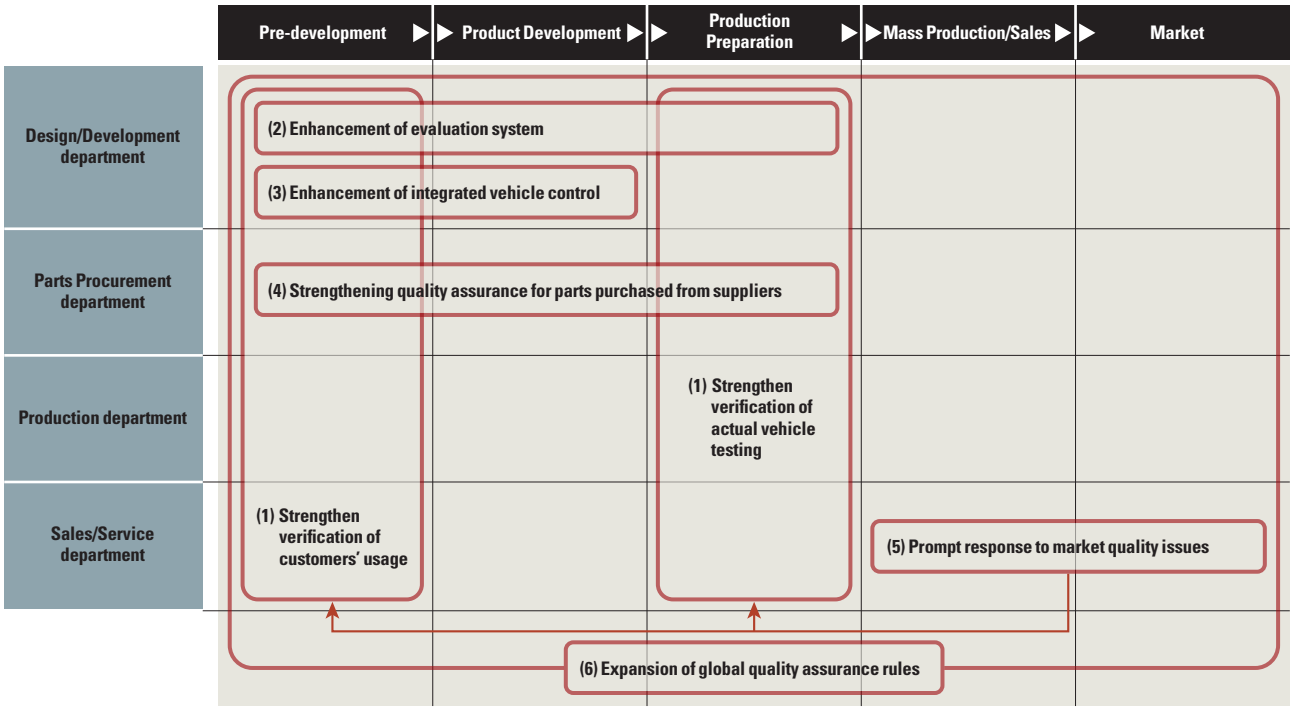
At each stage from pre-development to production preparation, we will make efforts toward clarification and visualization of the criteria for hardware and software achievement regarding new technologies/new mechanisms. We will also gather experts and strive to enhance our multifaceted and versatile evaluation system, and to develop products that meet our customers' demand for safety.

(3) Enhancement of integrated vehicle control

Regarding the various control systems including the engine, transmission and vehicle body (braking, steering, etc.), we have started to run an organization that can comprehensively design the systems for the entire vehicle and can also conduct meticulous yet overall verification, aiming to ensure a high level of both quality and performance.

(4) Strengthening Quality Assurance for Parts Purchased from suppliers

Coordinating with suppliers from the planning stage, we will work to ensure the clarification of required specifications that meet development types such as consignment development or joint development, and important items within supplier manufacturing control items, and engage in strengthening quality assurance for parts purchased from suppliers.



(5) Prompt Response to Market Quality Issues

By preparing an information system platform to collect quality information and customer complaints from every region, and constructing a system for the unified management of market quality issues, we will ensure swifter response to complaints. We will also strengthen mechanisms to provide feedback on market quality information to our development and production departments and undertake quality enhancements.

(6) Expansion of Global Quality Assurance Rules

In order to coordinate every department and region in globally rolling out the above initiatives, we will reflect the initiatives in the Global Honda Quality Standard (G-HQS), our rules for global quality assurance.

As described above, by enhancing close cooperation among departments, strengthening verification from the standpoint of customers, reviewing our development structure, and expanding our global quality assurance rules, we will strive to reliably make quality products (at the development, procurement, and production stages) and construct a quality assurance system that responds promptly to market issues as we work to regain the trust of customers and society.

The Airbag Inflator Issue

The airbag inflator issue has resulted in concern among our customers and society.

Honda prioritizes customer safety, and in order to minimize the impact of the issue, we are currently performing prompt replacement of the affected parts while making all-out efforts to investigate the causes of the issue in cooperation with the automobile industry.

Overview of the Quality Issues

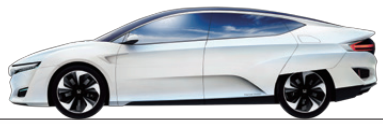
	Occurrence	Market actions
Airbag inflators	The inflator's case is damaged when the airbag is deployed	Replacement of air bag inflator including the investigative recall

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

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Perspective 2

From safe driver assistance to automated driving

Automated driving opens a new future

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Image of Honda FCV CONCEPT

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 commercialization 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.

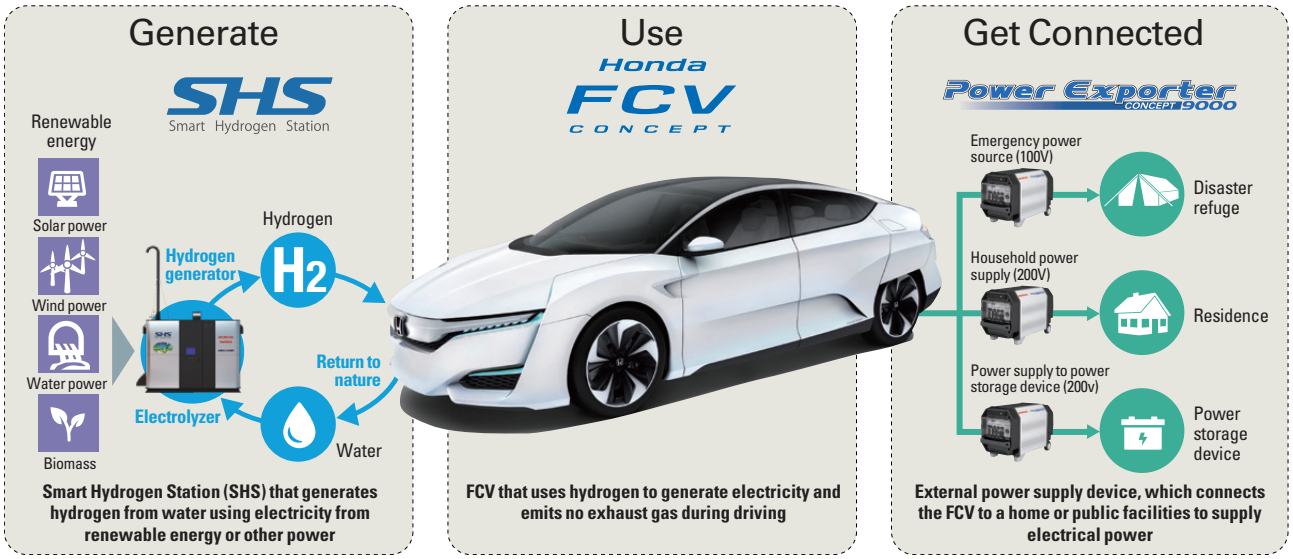
In order to contribute to the development of a sustainable transportation society while responding appropriately to such regulatory strengthening, Honda has developed various environmental technologies including fuel-efficient gasoline engines, hybrid and plug-in hybrid vehicles, and electric vehicles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

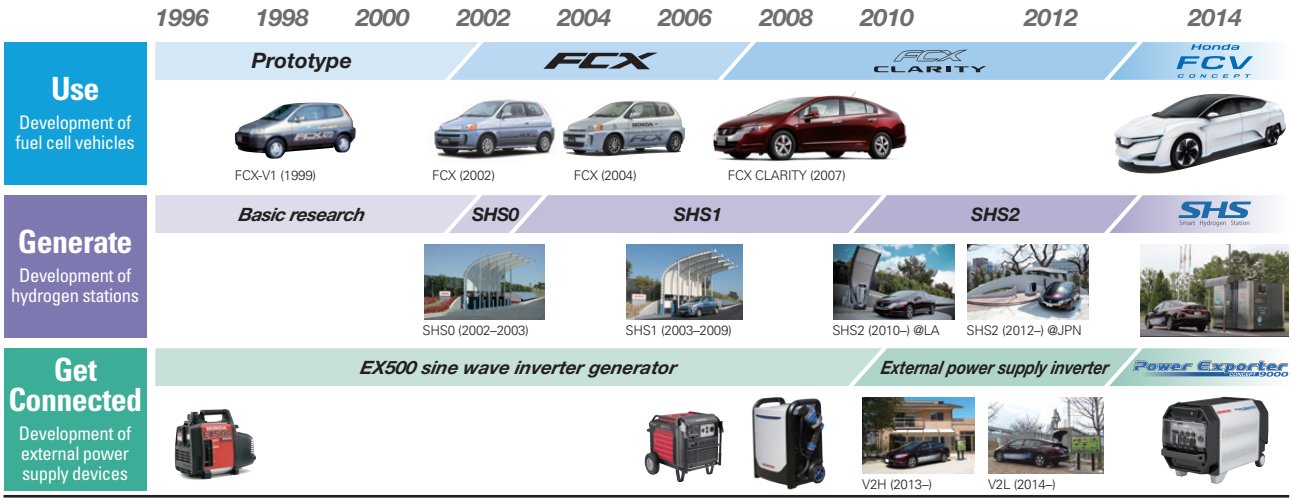
The hydrogen that fuels FCVs can be extracted from natural gas or coal, or can be generated through various means including electrolysis of water. It can also be transported and stored, making it a promising form of next-generation energy. As an example, using surplus electric power from renewable energy 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 commercialization 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 rationalization 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 electrolyzer system. SHS units were installed at the Saitama City Eastern Area Environment Center in September 2014 and at the Kitakyushu Eco-Town Center in December 2014.

By using a high-differential-pressure electrolyzer 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 realize 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 electrolysis 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

Perspective 2 From safe driver assistance to automated driving

Automated driving opens a new future

An age is coming when automated driving system will make decisions about surrounding traffic conditions and automatically drive themselves, bringing us closer to Honda's goal of a mobility society with "zero accidents." However, the convenience by which everyone can arrive safely at their destination is also cause for concern. Some wonder whether the joy and excitement of driving, a quality that Honda has treasured, may become lost. What sort of value will Honda create in the age of automated driving? Toshio Yokoyama of the Honda R&D Co., Ltd., Automobile R&D Center provides an answer.

Toshio Yokoyama

Senior Chief Engineer
Automobile R&D Center
Honda R&D Co., Ltd.

Aiming for a sustainable mobility society

Recently, the world has increasingly focused attention on what has been termed "automated driving." Behind this, we believe, lie global social and economic issues.

Social issues include the advance of motorization in emerging countries and the resulting increase in traffic accidents worldwide. In developed countries traffic accidents are actually declining in number, but this rate of decline appears to have stalled. About 1.2 million people annually die in traffic accidents worldwide, about 90% of which are said to be caused by driver error. Furthermore, in the regional cities of developed countries, automated driving is seen as a promising solution for the problem of the "mobility poor," or those who suffer reduced freedom of movement amid the aging of societies.

Looking at economic issues, Japan's loss from traffic accidents is as high as ¥6.3 trillion*. Taking into account fuel consumption and lost time due to traffic congestion, a

massive economic loss is being generated. The role that automated driving will play is expected to be large, from both economic and social perspectives.

Honda has put forth a goal of "Zero accidents through collision-free cars," and has realized a number of advanced technologies to support safe driving and contribute to preventive safety, crash safety, and collision safety. Moreover, in 2014 we gave the names Honda SENSING and AcuraWatch to the major safe driver assistance technologies installed in the automobiles that we will sell going forward. We also announced our safety technology roadmap through 2020 (→ P51). Within this roadmap, we have included "Automated driving systems," an expression of our will to go beyond "safe driver assistance" and create new value for mobility.

* "FY2011 Investigative Report on the Economic Analysis of Damage and Losses from Traffic Accidents," Cabinet Office

Leveraging the advanced robotics technology of ASIMO

Competition in the development of automated driving technologies is occurring not only among the world's automobile manufacturers but also within the industries of IT and electronics. Areas of focus differ by company, but competition is certain in the four domains of technology known as the core technologies of automated driving:

- "Localization" technology for checking a vehicle's current location using digital maps and GPS
- "Recognition of course environment" technology that fuses multiple cameras, milliwave radar, laser radar, and other technologies to recognize road conditions, other vehicles, pedestrians, etc.
- "Path planning" technology that uses the results of the aforementioned technology to guide cars to their destinations by optimal routes
- "Vehicle control" technology that achieves safe and comfortable mobility

The degree of advancement of these four technologies determines the course environments, weather, and traffic conditions under which automated driving is possible.

Honda's greatest advantage in developing these technologies is the technological know-how gained through ASIMO, our bipedal robot. Aggregating cutting-edge robotics technologies including advanced control technology, sensor technology, and mechatronics, ASIMO can recognize its current position and surrounding conditions to walk autonomously. The ASIMO development staff is also involved in the development of automated driving technology, and is a great strength in developing advanced technologies including the merging, forking, and maintenance or change of driving lane required for expressway driving.

In September 2014, Honda conducted a demonstration of its advanced safe driver assistance technology and

automated driving technology at ITS World Congress – Detroit 2014. In the demonstration, we showed automated driving, including merging, forking, and lane changing on expressways and the advanced safe driver assistance technology that combines our Honda SENSING safe driver assistance technology and dedicated short-range communications (DSRC) technology. The demonstration was a display of Honda's intent to make automated driving on expressways a reality in the near future.

Actively participating in map creation through public-private cooperation

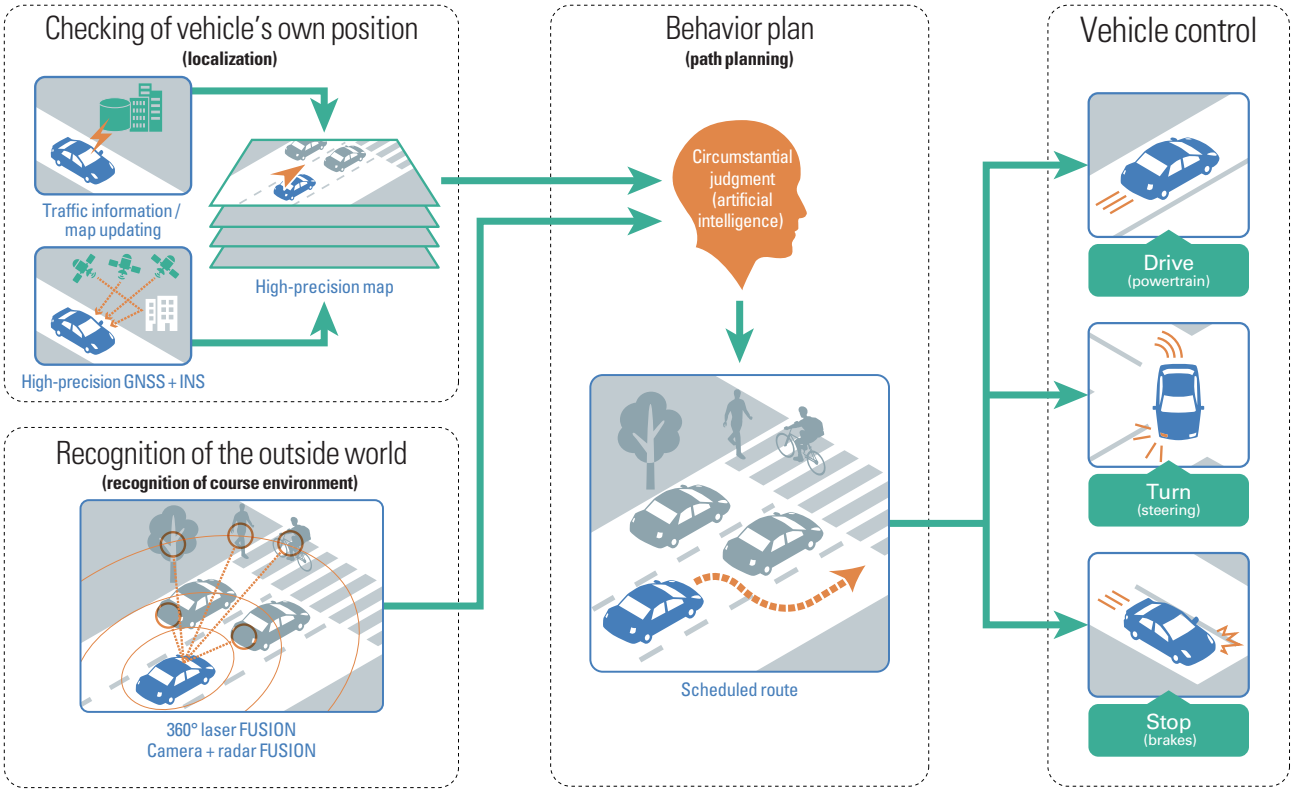
To achieve automated driving on expressways and on general roads, initiatives undertaken with other companies in multiple industries, government sectors, and other parties – in other words, in the domain of cooperation – will be important.

Pedestrians and bicycles occupy general roads. There are streets with intersections and traffic signals, as well as streets lacking marked lanes. The environment of these general roads is far more complex than that of expressways. Achieving automated driving in this environment requires the acquisition of real-time maps and information on upcoming road conditions. Society must also move forward in creating laws to determine where responsibility lies in the event of traffic accidents once full automated driving has been achieved. In other words, achieving automated driving will require engaging in both a "domain of competition" that calls for improving core technologies and for competing on the basis of safety and precise recognition of course environment; and a "domain of cooperation" that calls for external parties to work together to prepare laws and social infrastructure such as roads and digital maps.

Research into dynamic maps conducted under the Japanese government's Cross-ministerial Strategic Innovation Promotion Program (SIP) Automated Driving System Research and Development Program is an example of an initiative in the domain of cooperation.

By undertaking original research and development and by actively participating in public-private cooperative initiatives worldwide, Honda is advancing the development of automated driving based on international standards.

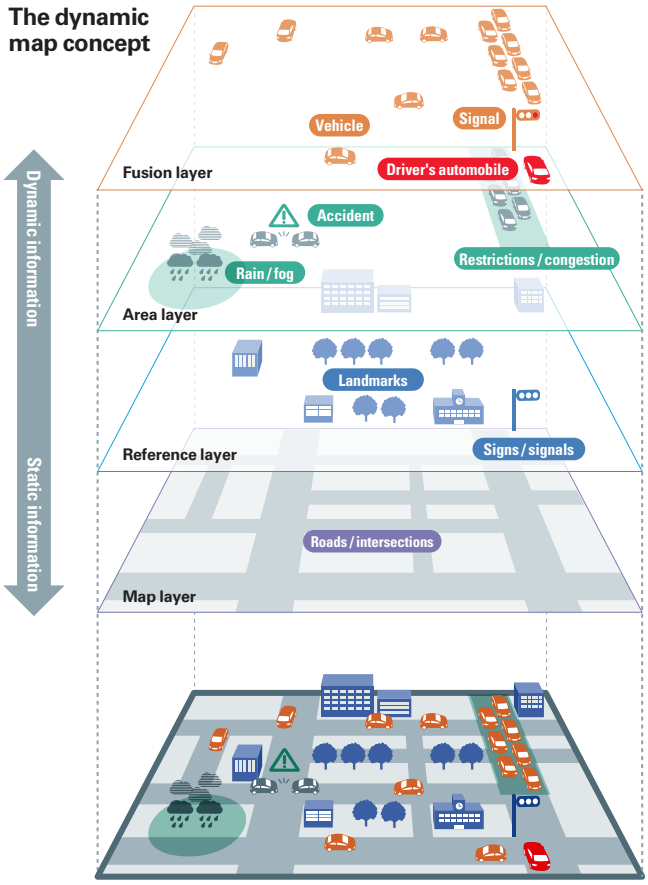
Example of automated driving system configuration



Honda-like joy of mobility in automated driving too

At present, Honda and a variety of companies and organizations are designing concepts for mobile libraries, living rooms, meeting rooms, entertainment spaces, and so on, as the form of the future automobile. What Honda wishes to emphasize, though, is that even as we put forth such ideas, we will continue to provide the values that drivers have always sought in personal mobility: the joy and excitement of driving, and even enjoyment of the drive itself, with no destination in mind.

Mobility that heightens its positive impacts to the highest level in social, economic, and environmental aspects; mobility that causes no traffic accidents, traffic congestion, or environmental pollution; mobility that offers "the Joy and Freedom of Mobility" by which "anyone can go anywhere, anytime" – that is the automated driving system that Honda seeks to build.

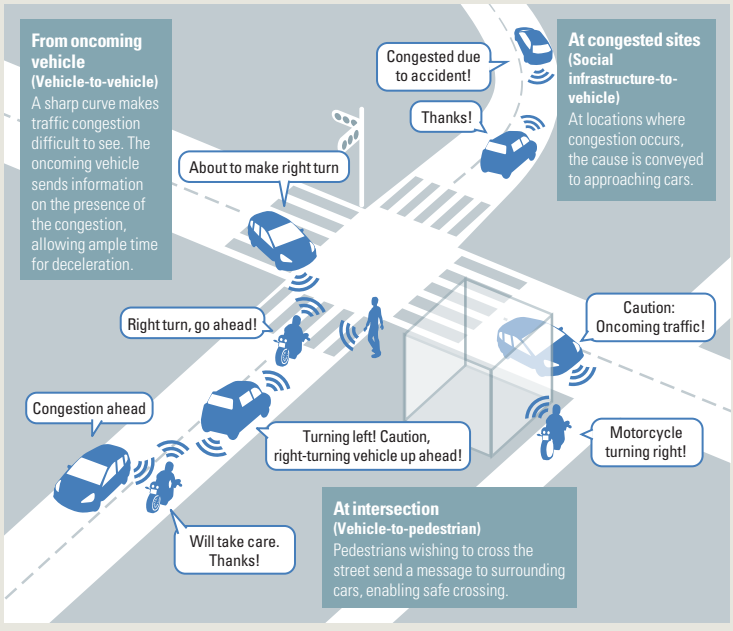


The dynamic map provides each vehicle with an integrated digital map that displays static information (maps, surrounding structures, etc.) and dynamic information (weather information such as rain or fog, information on traffic restrictions and congestion, traffic signal information, positional information for the vehicle and surrounding vehicles, etc.), each in its own layer.

TOPICS

Realizing "omnidirectional safe driving" in cooperation with motorcycles, bicycles, and pedestrians

Along with our expressway automated driving demonstration at ITS World Congress – Detroit 2014, Honda conducted a demonstration of "omnidirectional safe driving" that uses technology called V2X on municipal streets. This system leverages a vehicle's built-in sensors, dedicated short-range communications (DSRC), and other technologies to exchange location information with communication devices built into motorcycles (Vehicle to Motorcycle, or V2M), bicycles (Vehicle to Bicycle, or V2B), and the smartphones of pedestrians (Vehicle to Pedestrians, or V2P), informs the driver of the presence of other persons at places such as intersections that present unseen risks, and works the vehicle's automatic brakes when deceleration is needed.



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

Fundamental beliefs

Respect for the Individual

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

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

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

The Three Joys

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

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

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

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

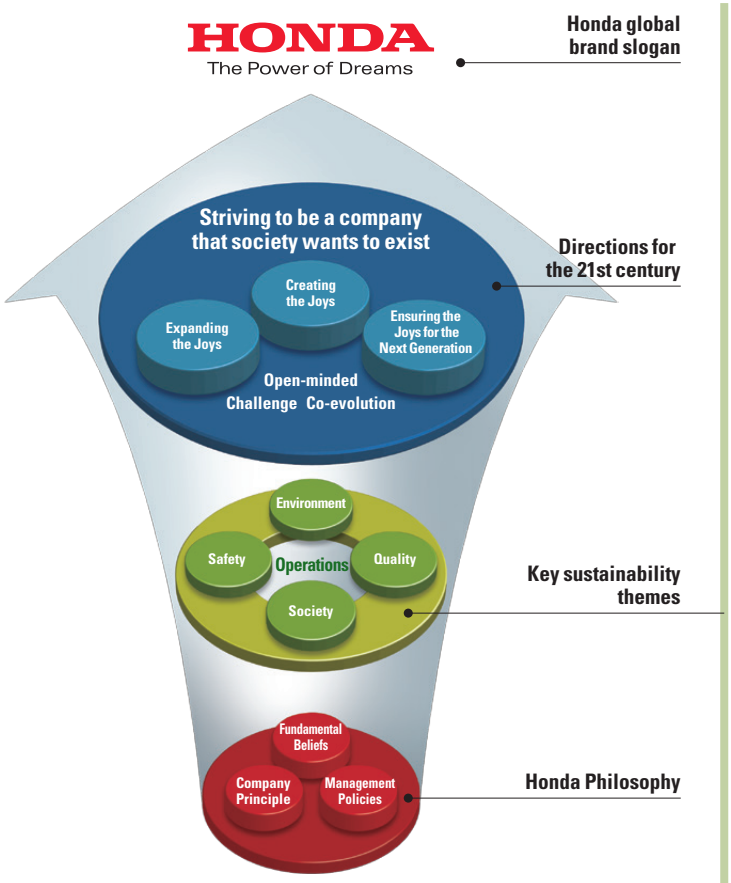
- Proceed always with ambition and youthfulness.
- Respect sound theory, develop fresh ideas and make the most effective use of time.
- Enjoy your work, and encourage open communications.
- Strive constantly for a harmonious flow of work.
- Be ever mindful of the value of research and endeavor.

believes that we have a social responsibility to enhance quality and safety while minimizing 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.



Environment

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.

Safety

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."

Quality

Amid the expansion of global parts procurement and the localization 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.

Society

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.

The Honda Philosophy and sustainability

Sustainability management structure

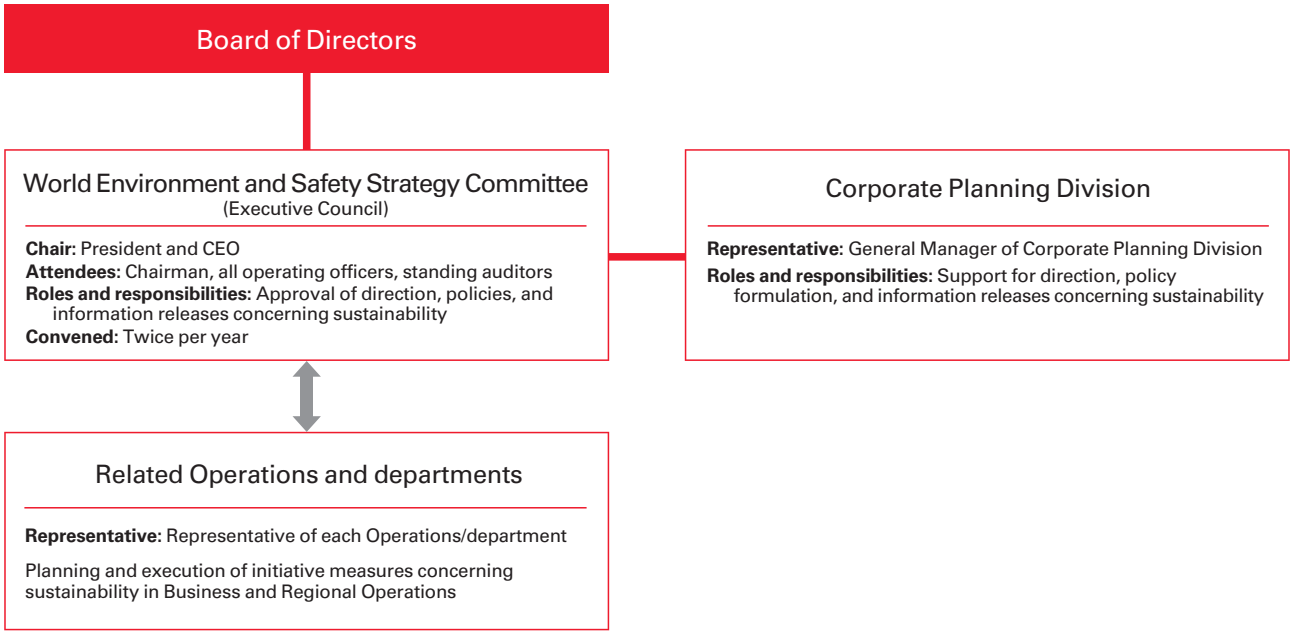
Around the world, the growth potential of companies is evaluated increasingly not by short-term performance but from a medium- to long-term perspective. Adapting to this tide, Honda believes that as a part of our growth strategy we must strengthen corporate governance and activities related to environment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

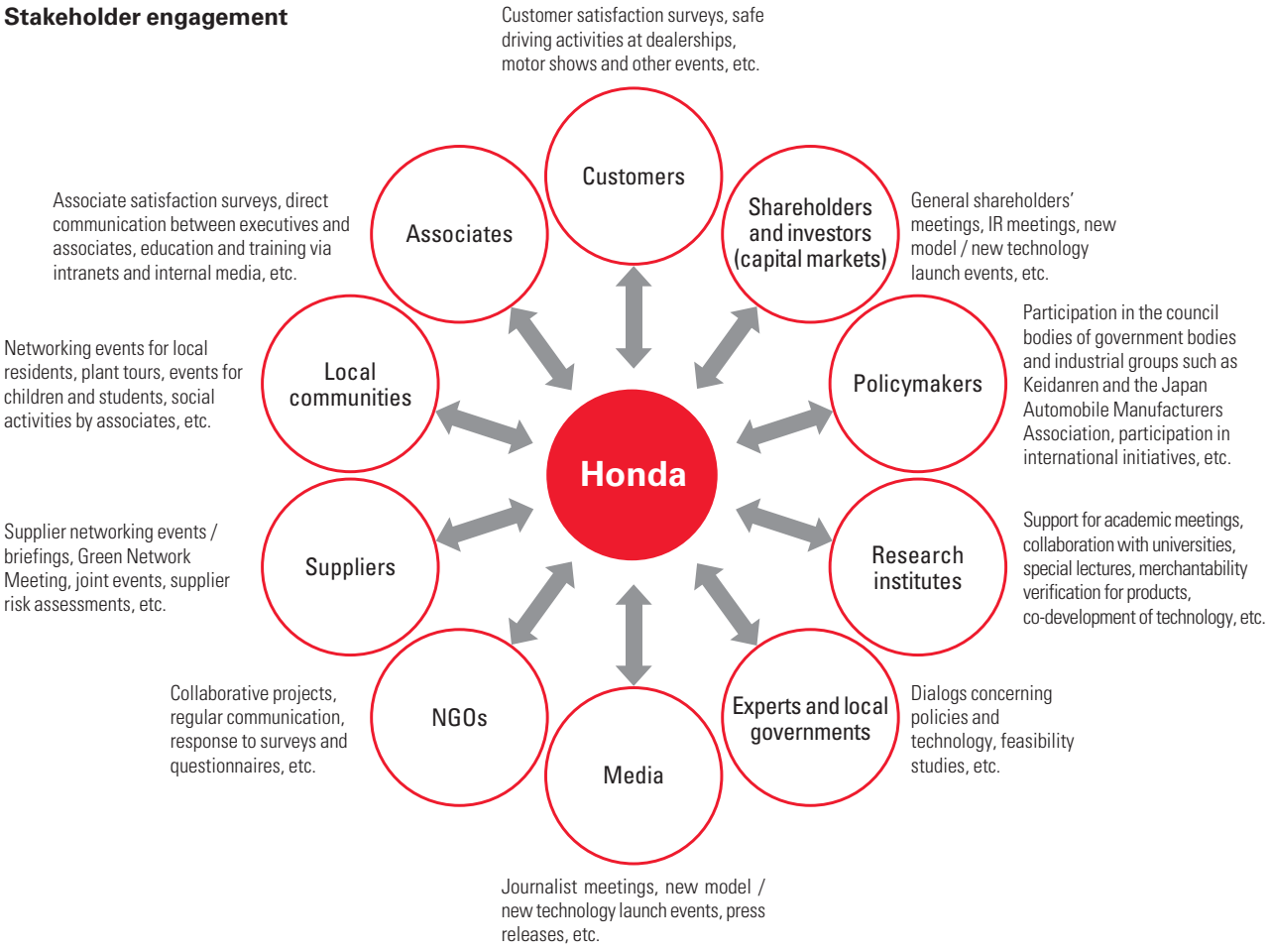
Our approach to stakeholder engagement

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 globalization 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 Center 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



Honda and our stakeholders

● 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 non-profit organization 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."

Corporate governance

Our fundamental approach

Recognizing corporate governance as one of the most important management issues, Honda works toward its enhancement to build on our fundamental beliefs and heighten the trust of shareholders, investors, customers, and society to become "a company that society wants to exist."

In order to increase the level of trust and understanding of shareholders and investors, customers, and the general public, we are working on the timely and accurate release and disclosure of quarterly financial results and management policies. Going forward, we will continue working to realize robust and highly transparent management.

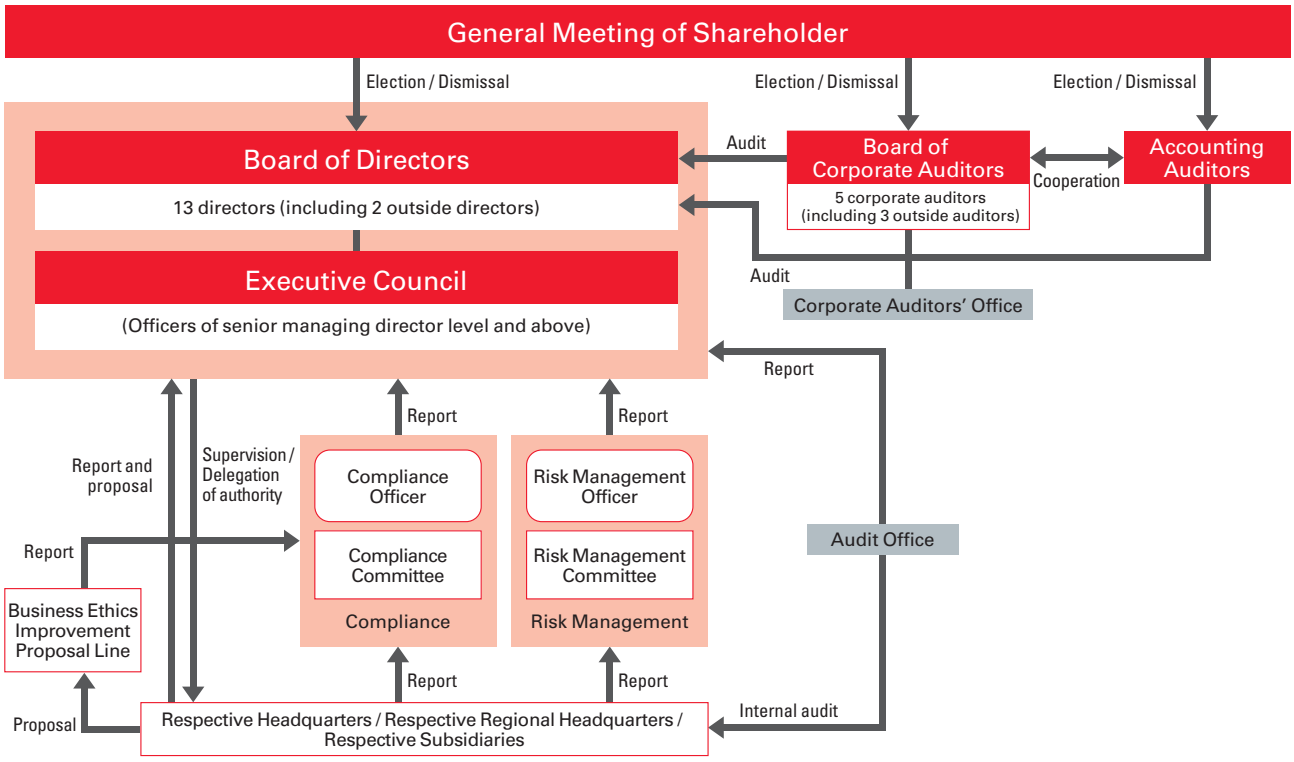
Corporate governance

● Decision-making in business execution

In principle, Honda bases its decision-making for business execution on resolutions of the Board of Directors. However, in order to make prompt management decisions, the company delegates a portion of decision-making to an Executive Council in accordance with established rules of procedure. The Executive Council, in turn, delegates a portion of decision-making to Regional Operating Boards.

The Executive Council conducts prior deliberation on resolution items of the Board of Directors, while also deliberating important management items within the scope of authority delegated by the Board of Directors. The

Corporate governance structure



Overview of corporate governance (as of March 31, 2015)

Organizational form	Companies with auditors
Number of directors (Number concurrently serving as operating officers)	13 (10)
Included number of outside directors	2
Included number appointed as independent executives	1
Included number of female directors	1

Number of corporate auditors	5
Included number of outside corporate auditors	3
Included number appointed as independent executives	2
Term of directors	1 year
Adoption of operating officer system	Yes

Corporate governance

Regional Operating Boards deliberate regional important management items within the scope of authority delegated by the Executive Council.

Corporate auditors conduct audits of directors' execution of duties by attending Board of Directors meetings and by inspecting the state of work and assets.

Board of Directors

The Board of Directors is composed of internal directors who are well versed in the company's work, and two outside directors who bring objective, broad, and high-level perspectives. With regard to important management items, including important matters of business execution and other statutory matters, the Board of Directors conducts deliberations based on rules of procedure, evaluates business risks, and, following consideration, performs decision-making, while also overseeing the execution of work by directors. Candidates for director are proposed by the representative director to the Board of Directors, which determines appointment through resolution.

Meetings of the Board of Directors (FY2015)

Number of times convened	11
Attendance ratio of directors	100%
Attendance ratio of outside directors	100%
Attendance ratio of corporate auditors	98.2%
Attendance ratio of outside corporate auditors	97.0%

Outside directors

Honda appoints outside directors who provide counsel on our corporate activities from an objective, broad, and high-level perspective based on extensive experience and deep knowledge. Of two appointed outside directors, Honda has designated one as an independent officer as provided for by the Tokyo Stock Exchange, and has submitted notification to that effect to the Tokyo Stock Exchange. In principle, the Board of Directors includes outside directors who have a high level of independence and who do not present conflicts of interest with general shareholders.

Honda provides outside directors with minutes of Board of Directors meetings and other information as necessary and appropriate.

● Execution of business (organizational management)

In order to conduct business that is based on our fundamental beliefs, takes a long-term perspective, and has roots in local communities the world over, we execute our business through six Regional Operations. In addition, our Motorcycle, Automobile, and Power Product Operations perform planning of medium- to long-term development of products, cooperating and coordinating with the six Regional Operations to smoothly execute optimal business operations worldwide. The Business Management, Business Support, IT, Purchasing, Customer Service, and other functional Operations perform support and coordination work in terms of each function in order to improve the efficiency and effectiveness of the Honda group overall.

Research and development activities are conducted principally at Honda's independent subsidiaries. Honda R&D Co., Ltd. is responsible for product research and development, while Honda Engineering Co., Ltd. handles research and development in the area of production technology. In this way, through its advanced technologies the Honda Group is aiming to create products that are distinctive and internationally competitive.

Honda deploys operating officers in these regional, business, and functional operations, in R&D subsidiaries, and in other principal organizations. These officers work to make prompt and appropriate management decisions in their respective regions and workplaces.

● Auditing body

The Board of Corporate Auditors, an auditing body, is composed of 5 corporate auditors (including 3 outside corporate auditors). Each auditor follows auditing standards, auditing policies, and apportionment of responsibilities set by the Board of Corporate Auditors, and conducts audits of directors' performance of duties by attending Board of Directors meetings and by inspecting the state of work and assets.

To provide timely and accurate reports to the Corporate Auditors, the Standards for Corporate Auditor Reports has been established. Based on these standards, reports are made periodically to the Corporate Auditors on the status of the business operations of the Company and its subsidiaries etc., the design and operation of internal control systems and other matters. Also, when events occur that have a major impact on the Company, reports are prepared for the Corporate Auditors. Moreover, the Corporate Auditors attend the meetings of the Executive Council and other important meetings.

Candidates for corporate auditor are determined through resolution of the Board of Directors, with the agreement of the Board of Corporate Auditors.

Meetings of the Board of Corporate Auditors

Number of times convened	10
Attendance ratio of corporate auditors	100%
Attendance ratio of outside corporate auditors	100%

Outside corporate auditors

Honda appoints outside corporate auditors who conduct audits from a broad and high-level perspective based on extensive experience and deep knowledge. Of three appointed outside corporate auditors, Honda has designated two as independent officers as provided for by the Tokyo Stock Exchange, and has submitted notification to that effect to the Exchange. Honda provides outside corporate auditors with the minutes of Board of Directors meetings and other information as necessary and appropriate.

● Training for executives

Honda performs in-house and outside training, centered on the theme of corporate governance, when newly appointed executives take office. We train executives to have associates explain impacts not only in financial terms but also environmental and social terms when making work reports.

Looking ahead, we plan to design even more systematic training, including training for outside directors.

Executive remuneration

Remuneration for executives is paid according to remuneration standards approved by the Board of Directors, within the scope of total director remuneration set by resolution of the General Shareholders' Meeting. Bonuses are determined through resolution of the Board of Directors, taking into account performance during each fiscal year, dividends to shareholders, bonus standards for associates, and other factors, within the limits set by resolution of the General Shareholders' Meeting.

Total amount of executive remuneration, total amount by type, and number of eligible directors (Units: Number of persons: millions of yen)

Category	Directors (including outside directors)		Corporate auditors (including outside corporate auditors)		Total (including outside executives)	
	Persons	Amount	Persons	Amount	Persons	Amount
Executive remuneration	15 (3)	595 (24)	5 (3)	181 (47)	20 (6)	776 (71)
Executive bonuses	13 (2)	252 (7)	– –	– –	13 (2)	252 (7)
Total	–	847 (31)	–	181 (47)	–	1,028 (78)

Annual total remuneration of highest-paid individuals (Japan)

Annual total remuneration of highest-paid individuals (millions of yen)	140
Ratio compared to median annual total remuneration for all associates (%)	1,788

Rate of increase in annual total remuneration of highest-paid individuals (Japan)

Rate of increase in annual total remuneration of highest-paid individuals (%)	–6.6

● Auditor remuneration

Honda undergoes accounting audits by KPMG AZSA & Co., in accordance with the Companies Act, the Financial Instruments and Exchange Act, and the U.S. Securities and Exchange Act. Audit work by KPMG AZSA & Co. is carried out by 3 certified public accountants who perform accounting audit work (Takuji Kanai, Hiroyuki Yamada, and Tsutomu Ogawa), along with 110 assistants (58 certified public accountants, 5 U.S. certified public accountants, and 47 others).

Audit remuneration for certified public accountants and other roles is determined through deliberation with accounting auditors, taking into account elements including the scale and characteristics of Honda, and audit schedule. Moreover, in order to maintain the independence of the accounting auditors, audit remuneration is subject to prior agreement by the Board of Corporate Auditors and is resolved by the Board of Directors.

Compliance

Conduct Guidelines

In order to earn the trust of customers and society and grow sustainably, companies must comply with laws and regulations while going beyond those legal structures in putting ethical corporate conduct into practice.

Recognizing this, in 2003 Honda formulated The Honda Conduct Guidelines as the code of conduct for the Honda group, including overseas subsidiaries. Moreover, work to impress our conduct guidelines onto each and every associate by means including distribution of leaflets, display of posters, and hosting of the information on our intranet.

Once per year, each of our departments and subsidiaries checks the status of activities to ensure awareness of the guidelines, and through the Compliance Committee reports to the Executive Council and the Board of Directors.

The Honda Conduct Guidelines

Compliance Committee

To strengthen compliance within our group, Honda has established a Compliance Committee headed by a Compliance Officer committed by the Board of Directors, and composed of directors and operating officers nominated by the Compliance Officer and the Executive Council. The Committee sets compliance policies and makes decisions on directions concerning important matters of compliance, issues guidance on improvement to relevant departments, and performs oversight of appropriate management of the Business Ethics Improvement Proposal Line. For matters of particular importance, the Committee makes proposals to the Executive Council and issues reports to corporate auditors.

The Compliance Committee met five times in FY2015.

Business Ethics Improvement Proposal Line

In 2003, Honda established the Business Ethics Improvement Proposal Line as a mechanism for addressing issues involving corporate ethics in cases of actions that violate laws or internal rules. This allows the company to accept suggestions and provide consultation, from a fair and neutral standpoint, for associates who face hindrances in improving or resolving issues in the workplace, for reasons such as difficulties in consulting with superiors.

In addition to cases of clear violation of laws or internal rules, the Business Ethics Improvement Proposal Line provides consultation and responds to inquiries about the details of internal rules in the event that questionable actions have occurred, and also engages in fact checking related to such cases. Suggestions are accepted by email, letter, telephone, or FAX, from all subsidiaries in Japan and overseas as well as from the parent company. Anonymous suggestions are also accepted, for the protection of submitters.

In October 2013 Honda also added a point of contact within an external law office as a part of facilitating the submission of suggestions. In addition, we have added local points of contact for suggestions in all regions, and some subsidiaries have set up their own points of contact.

In FY2015, 352 suggestions and consultations were handled by the Business Ethics Improvement Proposal Line (including points of contact outside the company). Among these, 142 concerned the parent company and 192 concerned subsidiaries. Following investigations, disciplinary action was taken in one case involving the parent company and nine cases involving subsidiaries (including one case of disciplinary dismissal). None of the suggestions involved violation of the Honda Policy on the Prevention of Bribery.

Initiatives to prevent bribery

The Honda Conduct Guidelines require compliance with laws and regulations, and prohibit the bribing of politicians and civil servants, stating that Honda, as an independent private enterprise, will maintain sound relationships with political entities (political bodies and politicians) and government (government offices and their staffs), and will not offer to politicians or government office staff any gifts or entertainment that are in violation of law or that are in excess of business customs and general social norms, whether in Japan or overseas.

In 2014 we also established the Honda Policy on the Prevention of Bribery, which stipulates basic policy, and the Honda Guideline for the Prevention of Bribery, which stipulates compliance items and prohibited items with a focus on prevention of bribery.

Moreover, in addition to awareness-raising by integrating bribery prevention-related knowledge into our training programs for each level of the organization, we are also incorporating e-learning-based training for departments that face a higher risk of bribery. With regard to our subsidiaries, we are preparing training programs, matched to conditions in each company, aimed at raising awareness.

Initiatives for the prevention of anti-competitive behavior

As a company engaged in business globally, Honda takes great care in its daily business activities to avoid violating countries' laws concerning competition.

As a part of our measures to strengthen compliance, Honda incorporates programs on the topic of anti-competitive behavior in level-specific training at the time of personnel promotions, and in pre-assignment training for persons stationed overseas. Honda also places awareness-raising content concerning anti-competitive behavior on our intranet for associates.

Response to rules on conflict minerals

The U.S. Securities and Exchange Commission (SEC) has adopted a final rule for disclosure mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), requiring companies to disclose information concerning their usage of conflict minerals originating in the Democratic Republic of the Congo or adjoining countries. The purchase and usage of these minerals provides funding for armed groups and contributes to the abuse of human rights in the regions of conflict.

Honda is enacting initiatives aimed at resolving the conflict mineral issue, including the setting of policy to survey the supply chain through cooperation with domestic and international industry bodies. If the survey reveals minerals that present cause for concern, we will enact appropriate measures in cooperation with suppliers to promote responsible procurement. We also intend to request that suppliers make efforts toward sound procurement on the same level.

Compliance on early warning reports

In the U.S., Honda is required to submit early warning reports to the National Highway Traffic Safety Administration (NHTSA) under the US Transportation Recall Enhancement, Accountability and Documentation Act (TREAD Act). Early warning reports submitted by Honda's U.S. subsidiary American Honda Motor Inc. were found to have been inadequate over the past ten years, containing errors in the entry of data, misinterpretations of regulations, errors related to warranty claims, and other error in reporting. As a result, the company paid USD70 million in civil penalties under a Consent Order agreed to between the company and NHTSA.

Honda has taken measures to correct the errors already pointed out in order to fully comply with its early warning reporting obligations. The company has also implemented new training programs, revised in-house policies on reporting, and changed the assignment of personnel and organization structure, and is strengthening the monitoring system for the early warning reporting process.

Risk management

Risk management system implementation

To strengthen its risk management system across the company, Honda has established Companywide Risk Management Policies that clarify the persons responsible for risk in Regional Operations and standards of conduct for Response Operations. Honda has also formulated the Honda Risk Management Rules that set forth systems for predicting and responding to natural disasters and other risks.

The Honda Risk Management Rules, created in 2012 following the Great East Japan Earthquake, are a complete revision to the earlier Honda Crisis Response Rules. At the same time, Honda formulated a BCP Policy with the aim of ensuring the business continuity of the Honda group in times of crisis. Since then, Honda has convened the Companywide Risk Response Committee at appropriate times. The Committee evaluates the risks stipulated in the Honda Risk Management Rules, checks and considers directions and systems for response, and reports to the Risk Management Officer appointed by the Executive Council.

In 2013 we began using risk templates to identify key risks at the operations level, aiming to firmly establish the practice by the end of FY2017.

Risk analysis

In October 2013, following the Great East Japan Earthquake and flooding in Thailand, Honda began working to identify key risks at the Operations level using risk templates. The goal of the effort is to uncover potential risks and, through the creation of countermeasures, turn those risks into opportunities for growth.

In terms of specific procedures, Honda uses new evaluation standards to calculate the impact level and frequency of occurrence of 91 risk items foreseen by the group, including economic crises and slowdowns and fluctuations in exchange and interest rates, and ranks each of these according to one of four risk priority levels. From this list of risks, persons responsible for execution in each region and Operations will use their own judgment in selecting "key risks" subject to focused management in the next term, and every year will report on progress in each area to the Companywide Risk Management Office.

This activity was launched in FY2015 on a trial basis. Honda will perform this identification of key risks every term, and plans to enact the initiative throughout the group and establish a key risk response framework for each Operation by the end of FY2017.

Business continuity planning (BCP)

In March 2013, Honda established a BCP Policy to ensure business continuity of the Honda group overall in the event of a major earthquake or other crisis.

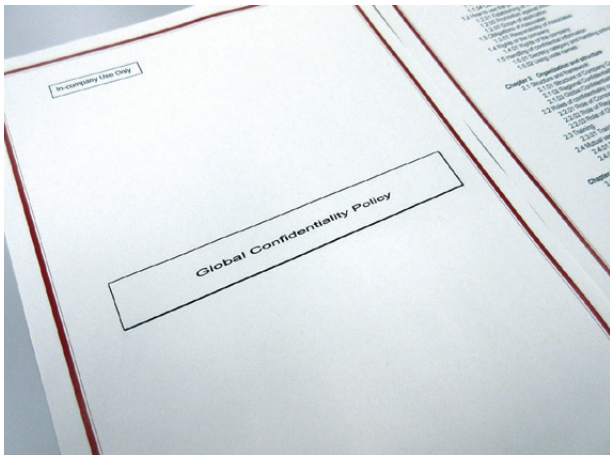
Working under the BCP Policy, in Japan we directed all workplaces to complete earthquake-resistant construction, envisioning a Tokyo metropolitan earthquake and a large-scale Nankai Trough earthquake, and are now working to prepare emergency communication networks and stocks of disaster readiness supplies.

Looking ahead, we plan to inspect the effectiveness of our BCP and points for improvement through means including the companywide disaster readiness drills we hold twice per year, and the cooperative training that we will hold once per year for the Companywide Response Operations and each workplace.

Information management

To ensure the protection of customers' and associates' personal information and the proper management of company information, Honda established the Confidential Information Management Committee. This Committee, which conducts initiatives to strengthen information management throughout the year, is composed of persons in charge of information management in workplaces in Japan and major subsidiaries, and is chaired by an executive in charge of management.

Moreover, with the handling of 3D data and other highly confidential information increasing worldwide, in FY2015 we drew on the Honda Security Policy (HSP) that had served as information management rules in Japan, and formulated the Global Confidentiality Policy (GCP) as our rules for information management. GCP is composed of three sections: main rules, design data management rules for products and equipment, and global IT security policy.



Global Confidentiality Policy (GCP)

Each of these sections stipulates global rules, regional rules, and rules for workplaces and individual companies, which are operated by confidential information committees in each location. Furthermore, in January and December of 2014 we held confidential information conferences for the Honda group, including overseas companies, to exchange ideas on the operation of GCP. We plan to hold the conference again in FY2016, launching it as a formal committee by 2017.

● Protection of personal information

Honda has set out domestic rules related to personal information within the HSP, the company's rules for information management.

To strengthen information management globally, in 2014 we established the GCP, an evolution of the HSP. Using the GCP as a base, we have further formulated a Global Privacy Policy addendum covering rules for personal information protection.

In departments where these personal information protection rules are applied, information handlers, managers, and persons responsible for management are specified, and all staff undergo training on the handling of personal information. In addition, personal information is converted to databases and is stored under strict supervision in safe solutions such as access-restricted electronic vaults or locked cabinets. Furthermore, at least once per year we inspect databases and delete unnecessary personal information.

In FY2015, no complaints were filed with Honda concerning leaks of personal information.

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 minimize and find appropriate methods to dispose of waste and contaminants that are produced through the use of our products, and in every stage of the life cycle of these products.
3. As both a member of the company and of society, each associate will focus on the importance of making efforts to preserve human health and the global environment, and will do his or her part to ensure that the company as a whole acts responsibly.
4. We will consider the influence that our corporate activities have on the local environment and society, and endeavor to improve the social standing of the company.

Established and announced in June 1992

Honda Environmental and Safety Vision

Realizing 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

Recognizing 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, analyzing, 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 analyzed 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.

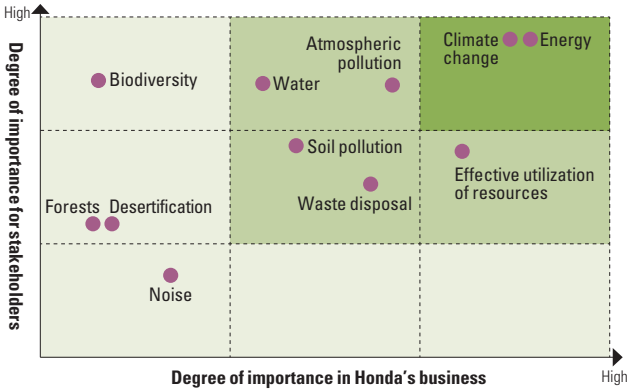
Key environmental issues

Honda's key environmental issues

Defining climate change issue, energy issue, and effective utilization 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.

Key environmental issues



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 realize 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 utilization of renewable energy, it will become difficult to sustain our business.

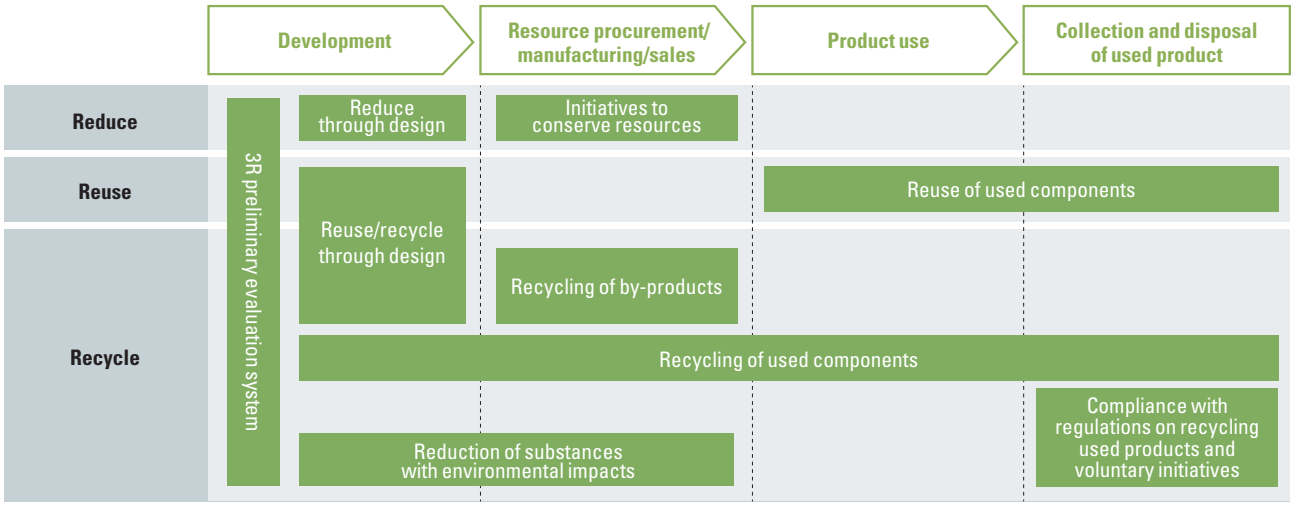
We are addressing energy issues by diversifying energy sources used in our products and business activities with the aim of completely eliminating energy risk due to high dependence on fossil fuels. We have set an interim target to establish technologies that diversify home energy sources and reduce CO_2 emissions from personal mobility and home living to half of 2000 levels. 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 utilization 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 utilization 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

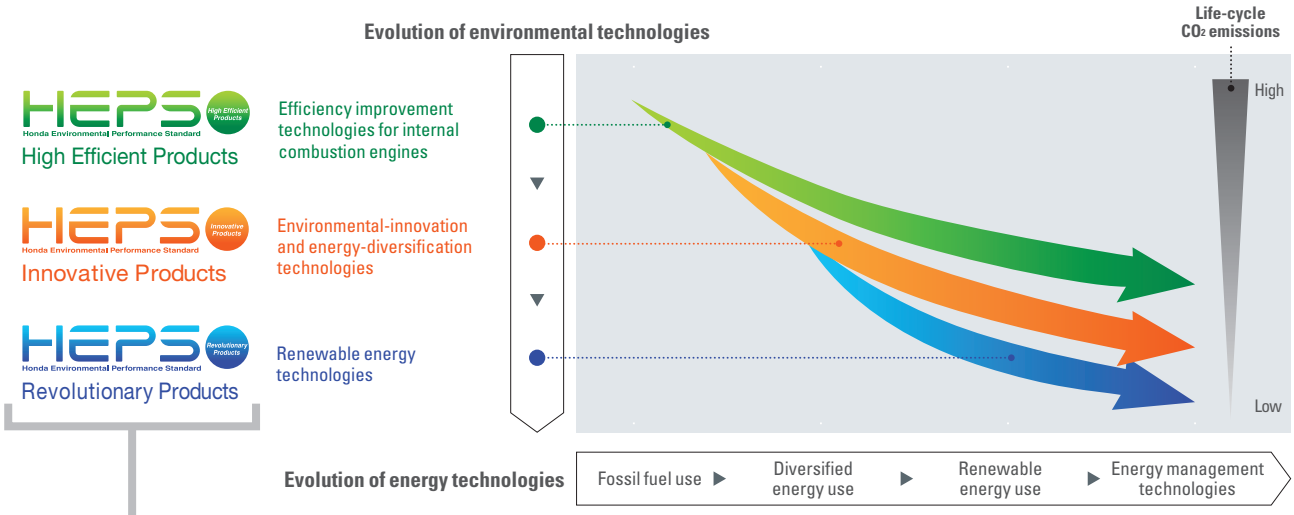
Establishing independent environmental performance standards and lowering CO_2 emissions during product use

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 realize 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 realizing 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

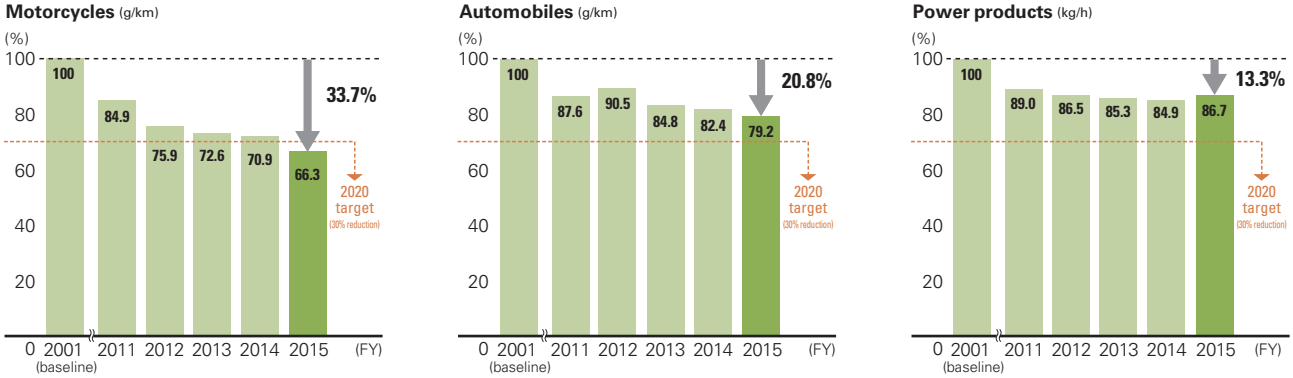
Products that aim to achieve zero CO_2 emissions by harnessing renewable energies or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies which utilize renewable energy.

Number of HEPS-compliant models increased to 271

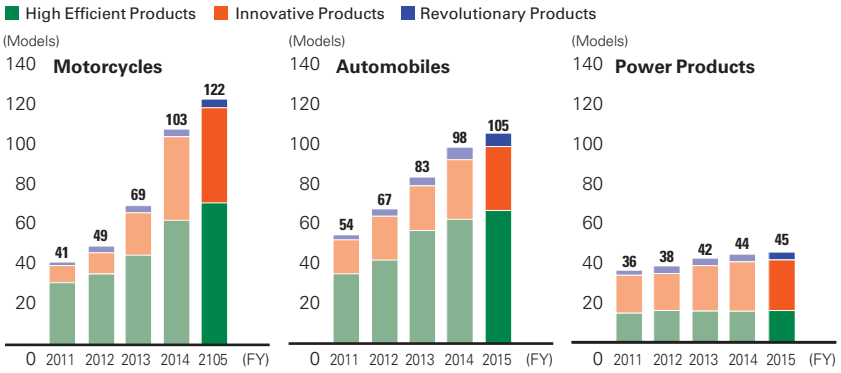
As a result of performing certifications for products released in the FY2015, 19 motorcycle models, six automobile models, and one power product model – a total of 26 models – were newly HEPS-certified. Cumulatively, this brings the number of HEPS-compliant products to 122 motorcycle models, 104 automobile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

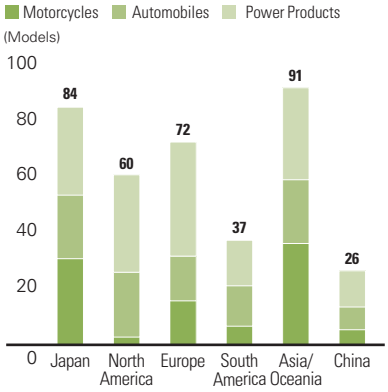
Progress in meeting the 2020 product CO_2 emissions intensity reduction targets



Global number of HEPS-compliant models



Number of HEPS-compliant models by region (FY2015)



* FY2011 data were calculated based on standards set in FY2012.

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

Products

Effective utilization 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.

Reuse and recycle design

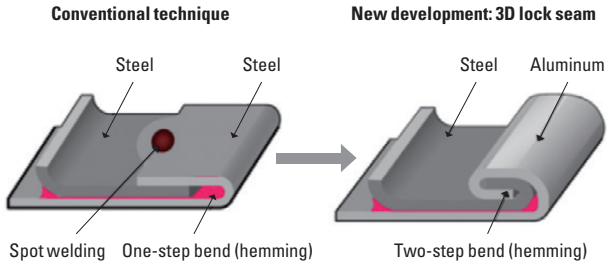
We strive for structural design with an emphasis on easier recycling and maintenance, by using easy-to-recycle materials and recycled plastic, and labeling materials for plastic and rubber components. In the area of automobiles, for the all-new Legend, we employed easy-to-recycle materials for a wide 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

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.

Recyclability rates for main components

	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.

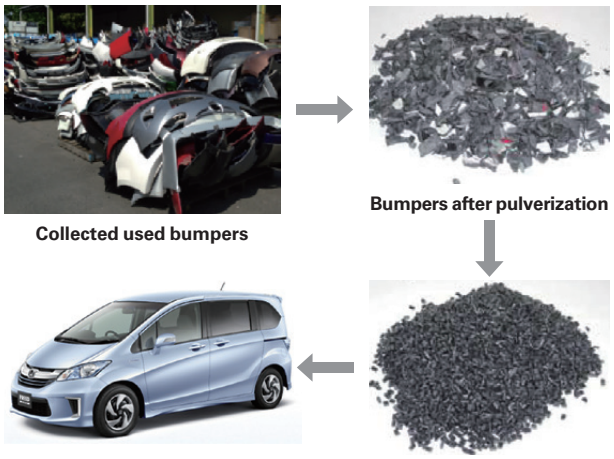
Initiatives at the stage of use

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 centers free of charge to be sent for proper handling at recycling facilities.

The end-of-life motorcycles accepted at certified collection centers 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 utilization 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 recognizing 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

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.

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

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.

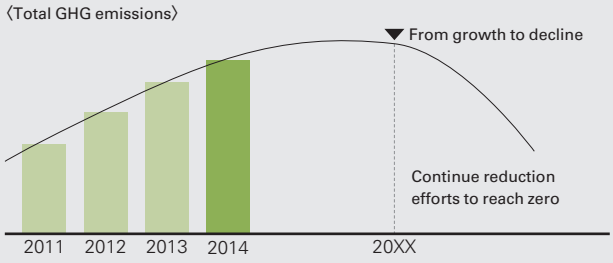
For the foreseeable future, however, our production volume is likely to outpace expected improvements in fuel efficiency, so even if we achieve this target, we still predict an increase in scope 3, category 11 emissions. Nevertheless, it is essential for us to find ways to reverse this rising trend.

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.

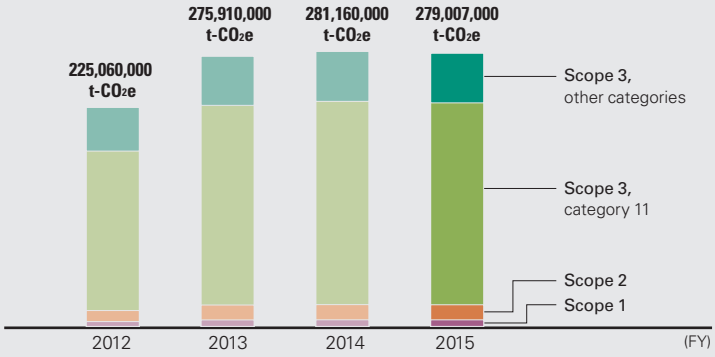
Emissions from Honda operations: Conceptual projection



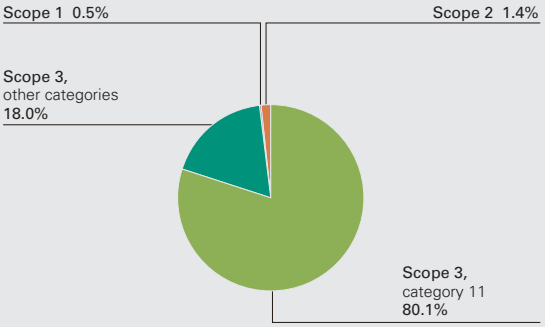
Honda's total greenhouse gas emissions

			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.

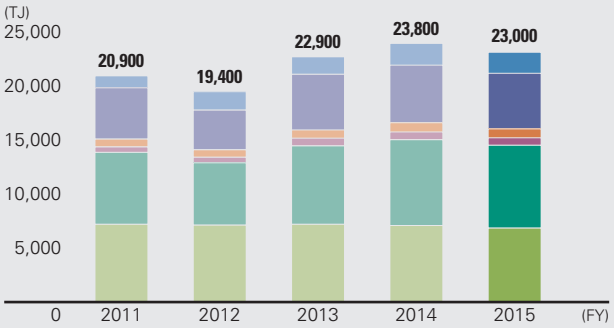
We are also calculating and assessing CO_2 emissions across product life cycles—from raw material procurement to product disposal—and making use of this information in our efforts to reduce CO_2 emissions for each model. This information is also important when considering applications for the many next-generation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

Environmental performance data

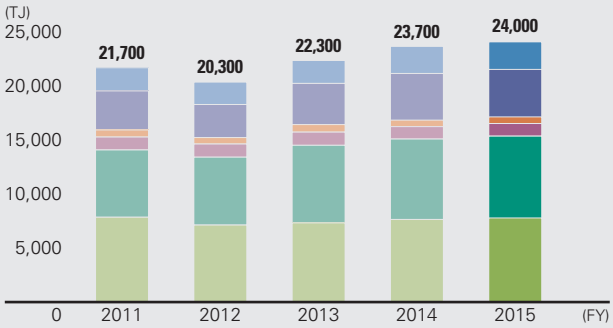
Japan North America South America Europe Asia/Oceania China

Energy consumption

Direct energy consumption



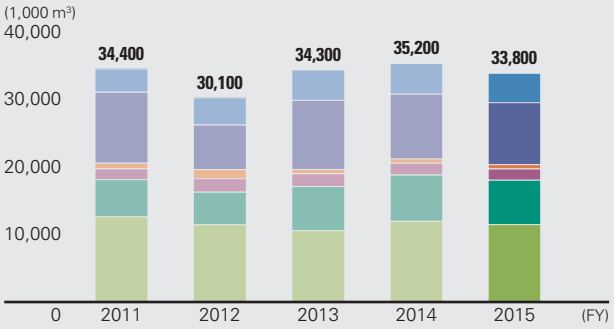
Indirect energy consumption



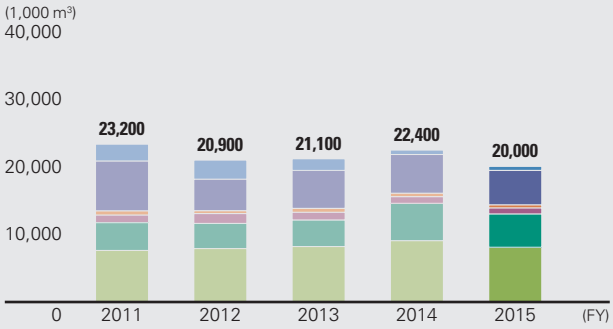
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
- Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.
- Calculations are based mainly on energy consumed by stationary sources.
- A terajoule (TJ) is a unit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

Water use, wastewater volume

Water use



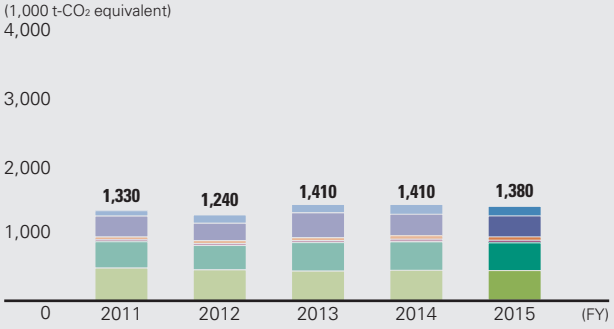
Wastewater volume



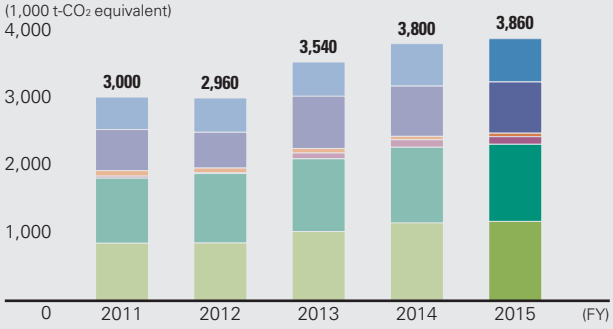
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group

Greenhouse gas emissions

Direct emissions



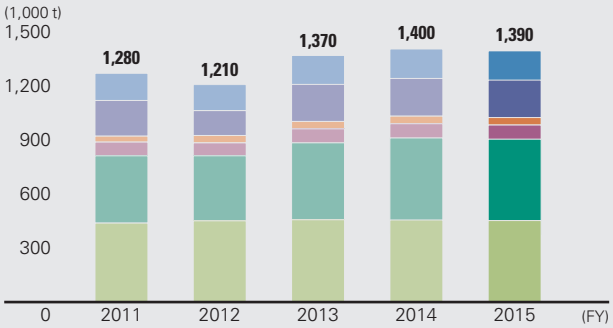
Indirect emissions



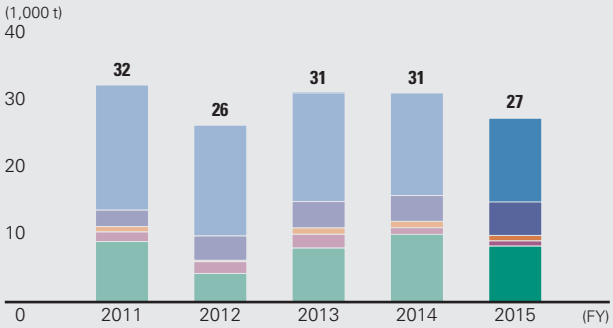
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
- Greenhouse gas emissions were calculated while referring mainly to the WRI and WBCSD's 2004 "The Greenhouse Gas Protocol (Revised Edition)."
- Calculations are based mainly on emissions from stationary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

Waste generated, landfilled

Total waste generated



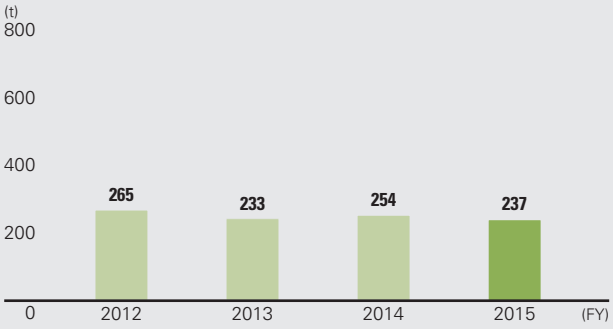
Waste landfilled



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.

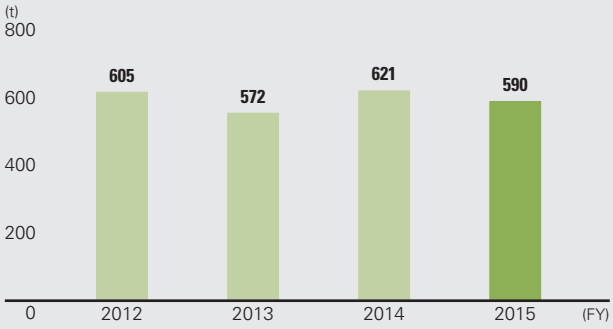
Atmospheric pollutants

SOx emissions



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

NOx emissions



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 minimization. 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.

Safety

India where the number of motorcycles owned is increasing. Staff at Indian dealerships, who were trained in Japan, act as instructors to provide traffic safety education.

Our fundamental approach

Basic policy

Aiming for realization of "collision-free mobile society"

Soichiro Honda, Honda's founder, left behind the words *"The means of transportation must respect human life."* Based on these words, Honda has adopted the concept of safe coexistence where our customers, and everyone sharing the road, can safely and confidently enjoy the freedom of mobility with the goal of a collision-free mobile society.

Honda has a long history of safety initiatives stretching back to the 1960s. In the period during which motorization was developing in Japan, when there was no explicit concept of "traffic safety," Honda was the first motorcycle and automobile manufacturer to launch traffic safety promotion activities. Among other innovations, Honda later developed the driver's seat SRS airbag system, the world's first pedestrian crash test dummy, and the crash-compatibility body, which not only protects its own occupants but the occupants of the other vehicle as well. In 2000, Honda built the world's first indoor, all-weather, omnidirectional crash test facility to perform crash testing in an environment that reproduces real-life road conditions.

Honda contributed extensively to pedestrian safety research by lending its pedestrian crash test dummy to other companies and research institutions rather than only using it for in-house product development with the aim of improving overall traffic safety in society.

Honda is actively working on traffic safety, with an eye on the actual conditions of collision that exist in each era and region.

Global slogan

Safety for Everyone

Honda dreams of a collision-free mobile society where our customers, and everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

Direction of activities

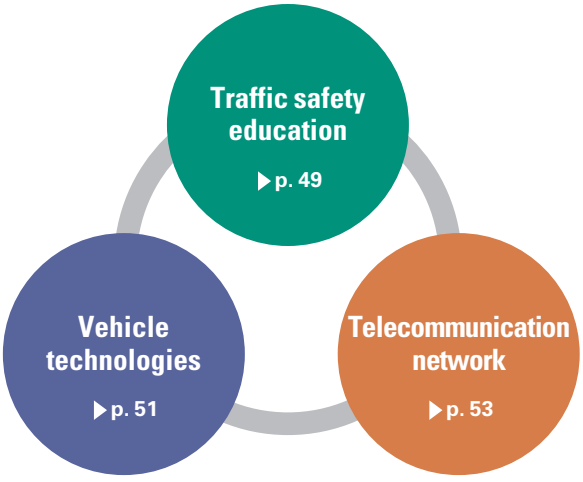
Promoting effective traffic safety activities combining three areas

The causes of traffic problems diverse depending on the region and include traffic congestion and lack of infrastructure. In order to effectively resolve these problems, Honda implements activities based on the three pillars of Traffic safety education, Vehicle technologies and Telecommunication network together in accordance with local traffic circumstances.

Motorcycle collisions have risen in particular in recent years in tandem with the rapid development of motorization in Thailand. Therefore, Honda first concentrated its efforts on the pillars of Traffic safety education, which is highly effective in these circumstances. In an example of this, we have developed unique programs not only for Honda customers but also for young people who will likely be the drivers and riders of the future taking advantage of the company's expertise accumulated over many years that include the local traffic environment and the attitudes of local people toward traffic safety.

In the pillar of Vehicle technologies, Honda has developed LaneWatch, which is effective in preventing failure to notice motorcycles in the blind spot when an automobile changes lanes.

Three pillars of safety promotion activities



Traffic safety education

Honda's approach

Promoting Instructor Training, Opportunity Creation and Software Development

The company established the Honda Driving Safety Promotion Center in 1970. Since then, Traffic Education Centers* have provided education related to traffic safety and driving to over nine million customers to date at automobile, motorcycle and power products dealers in cooperation with local corporations and schools.

Activities are built on three pillars on the basis of initiatives to pass on safety education from person to person that focus on people, and hands-on safety education that gives the learner the opportunity to experience danger in safe conditions. The first pillar is "developing human resources." We are nurturing instructors who are responsible for traffic safety education. The second is "providing opportunities." We offer people venues and opportunities to think and learn about traffic safety. The third is "developing educational tools." We are developing educational programs and equipment to help increase learning results.

Overseas, since we launched traffic safety promotion activities in Brazil in 1972, we have established Traffic Safety Centers as well as partnering with local dealerships. Today, we implement activities in 37 countries around the world including Japan.

There are many emerging countries where motorization is advancing rapidly, but the legal system, traffic rules and road infrastructure are inadequate and the increase in the incidence of fatal traffic collisions has become a social problem. Therefore, Honda acts in partnership with the relevant countries and local governments.

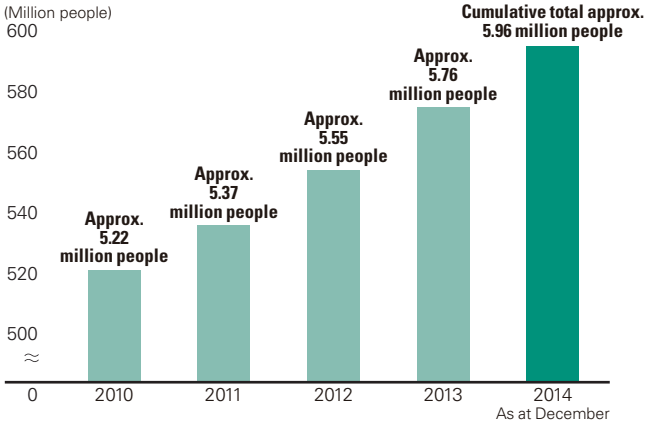
* Traffic Safety Centers are Honda facilities that train in-house and external instructors on traffic safety and provide traffic safety education for corporations, schools and individual customers.

Activities in FY2015

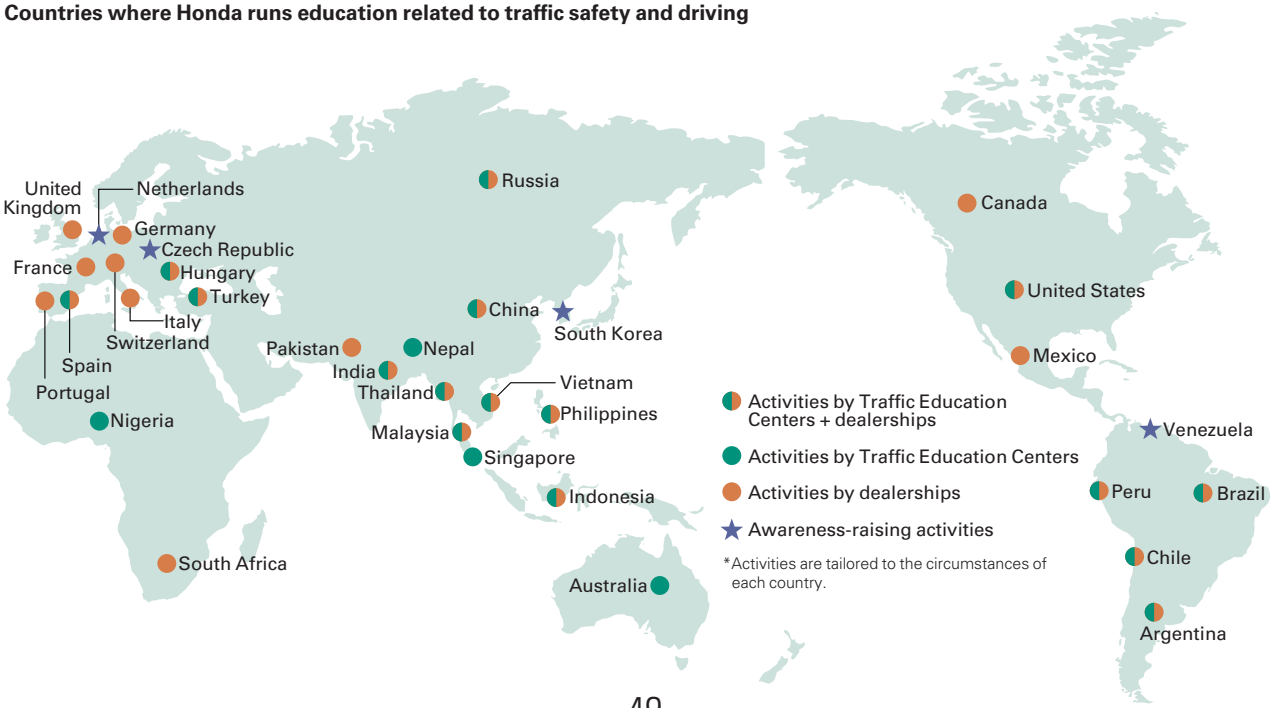
Expanding traffic safety promotion activities in many regions

Honda holds test drive meetings to get customers to understand the latest safety technology properly. In Japan, we held test drive meetings in vehicles fitted with the City-Brake Active System (CTBA). This system provides

Attendance at traffic safety promotion activities in Japan (cumulative)



Countries where Honda runs education related to traffic safety and driving



automatic braking assistance to slow or stop a vehicle at speeds of approximately 30 kmph or less to avoid and mitigate collisions with vehicles in front.

Honda also developed a Self-operated Vehicle Safe Driving Support Program to assist with evaluation of driving skills and training when patients undergoing rehabilitation, including for higher brain dysfunction and other conditions, resume driving. In addition to providing a program that can be attended at Traffic Education Centers throughout Japan, Honda has launched programs to provide total support until resuming driving in partnership with local driving schools and medical institutions. We are currently seeking to expand the regions in which we conduct these programs. Furthermore, in view of the increase in transportation services for people requiring nursing care and assistance as Japan's society ages in the future, Honda developed a Safe Driving Program for care drivers to enable service providers to obtain driving expertise and knowledge for during the transportation.

In India, where the increase in the number of motorcycles owned and collisions poses a social issue, Honda invited staff for training at a Traffic Education Center in Japan in order to increase the number of instructors to carry out traffic safety promotion activities at dealerships.

TOPICS Promoting the One Dealer One School activities to teach motorcycle traffic safety to young Thai people

In Thailand, which is ahead of other ASEAN countries with regard to motorization, frequent congestion and traffic collisions in urban areas pose serious problems for society. Following the explosive spread of motorcycles, the number of automobiles has also been rapidly increasing. In addition, motorcycle taxis that travel with passengers onboard are widespread.

Since the Thai motorcycle dealer A.P. Honda Co., Ltd. (A.P. Honda), which was established in 1986, launched traffic safety promotion activities in 1989, it has played a pioneering role in the field of traffic safety education in Thailand. A.P. Honda implements practical rider training as well as traffic safety education and awareness-raising activities for the public in close partnership with local government. Moreover, it provides cooperation with police investigations into the cause of motorcycle collisions and support for motorcycle training in the Traffic Section. Honda A.P. also achieved a number of successes in lobbying government organizations to make it mandatory to wear helmets and undergo training prior to the acquisition of a license.

Safe riding skills contest held at training center as part of the One Dealer One School activity

One of the activities on which A.P. Honda has been concentrating its efforts in recent years is the One Dealer One School activity launched in 2011. Under the activity, each dealership provides traffic safety education to one local vocational training school. The young 15 – 19 year old students at the vocational training schools are at the age when they start riding motorcycles as well as being at the age with the most fatal collisions. The statistics show that the motorcycle collision rate is also higher than in the cities in regional areas where the provision of roads is lagging behind. Therefore, A.P. Honda proposed an activity for students at local vocational training schools to learn about traffic safety and safe motorcycle riding utilizing dealerships nationwide to Thailand's Ministry of Education. As a result, the activity is now being implemented at all 314 vocational training schools with an automotive department.

Message from A.P. Honda staff

Since 2005, A.P. Honda has been promoting efforts to establish training centers in conjunction with dealerships, and nine centers around the country are now sites for local traffic safety education. Moreover, we have provided motorcycles to the automotive departments of vocational training schools as educational materials as well as dispatching technical instructors. These activities pave the way for relationships of trust with dealerships, and dealerships can also be places of employment for graduates.

Vehicle technologies

Honda's approach

Developing advanced safety technologies with sights set on realization of self-drive systems

Honda has endeavored to develop safety technologies focused on the actual traffic environment which is a mix of various forms of mobility, such as motorcycles and automobiles, and the circumstances of traffic collisions in the real world with consistently high targets for development that go beyond the developing safety technologies that comply with the existing regulations, including traffic laws. Right from the beginning, Honda was creating things that people truly need that had never existed before, and we have produced a number of world-first and Japan-first achievements.

For example, we developed the world's first pedestrian crash test dummy in 1998. We built the world's first indoor all-weather omnidirectional crash safety test facility in 2000. In 2003, we developed the crash-compatibility body and the world's first Collision Mitigation Brake System (CMBS).

In 2014, Honda unveiled its new safe driver assistance system Honda SENSING/AcuraWatch. This is the collective term for a suite of advanced safety technologies which assist with normal driving as well as collision avoidance based on information from the surroundings of the vehicle obtained utilizing cameras and sensors and will support automated driving technologies of tomorrow.

Going forward, Honda will continue to steadily develop technologies in accordance with our roadmap for safety technologies in automobiles (figure below).

Activities in FY2015

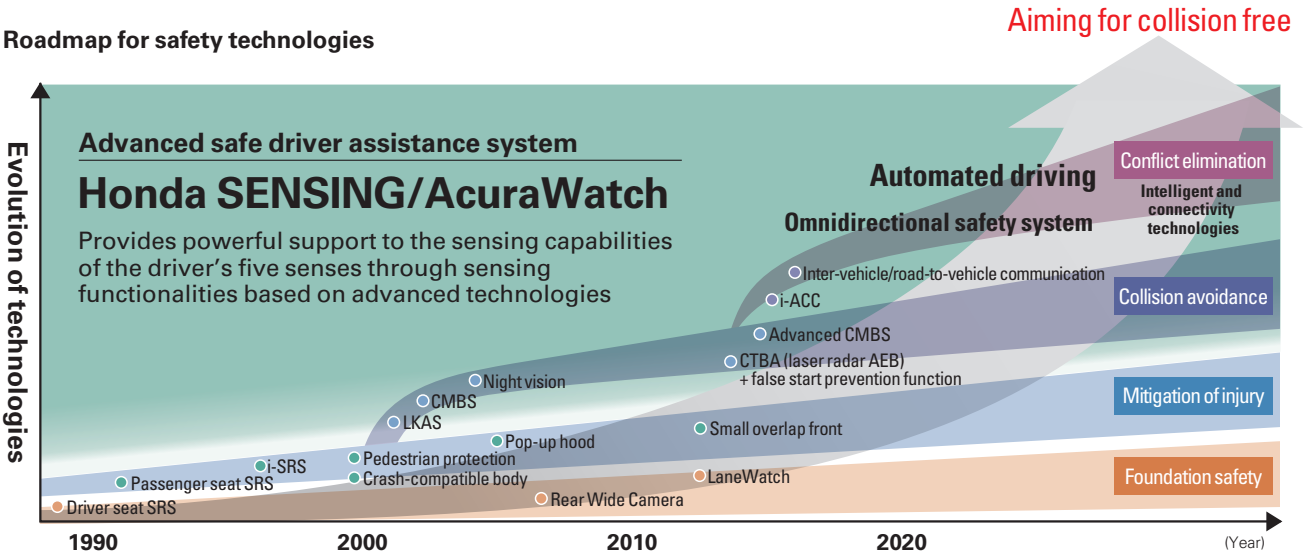
Fitting models with advanced safe driver assistance systems

In Japan, we have fitted Honda SENSING/AcuraWatch to the ODYSSEY minivan which went on sale in January 2015 and the JADE minivan and LEGEND sedan which went on sale in February. In the United States the system was fitted to the Acura TLX sedan launched in August 2014 and the CR-V released in September the same year while in Europe it was fitted to the CR-V, which went on sale in February 2015. The technologies fitted include the world's first Pedestrian Collision Mitigation Steering System that detects pedestrians and controls steering and Road Departure Mitigation system to correct steering when a vehicle is likely to depart from its lane.*1

Honda demonstrated its latest Connected Car technology and automated driving technologies at the 21st ITS*2 World Congress – Detroit 2014, held in Michigan, U.S. in September.

*1 The technologies adopted as part of Honda SENSING/AcuraWatch vary according to the model.
*2 ITS: Intelligent Transport Systems

Roadmap for safety technologies



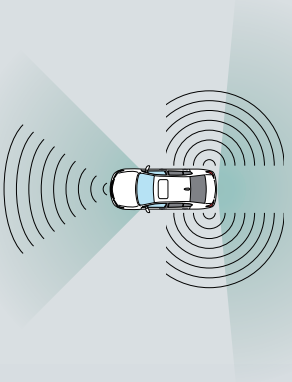
TOPICS Providing safe driving with high accuracy sensing capability

Based on the fact that many automobile traffic collisions involve collisions with pedestrians or collisions with oncoming vehicles due to lane departure, Honda combined two types of sensor that separately feature millimeter-wave radar and a monocular camera to establish a technology that achieves highly accurate recognition of pedestrians and traffic lanes. We developed the world's first Pedestrian Collision Mitigation Steering system in a driver-assistive system.

Forward safety

Avoidance
- Collision Mitigation Brake System (CMBS)
- False start prevention function
- Road Departure Mitigation
- Pedestrian Collision Mitigation Steering System

Prevention
- Adaptive cruise control (ACC) with low speed follow
- Lane Keep Assist System (LKAS)
- Lead car departure notification system
- Traffic Sign Recognition system



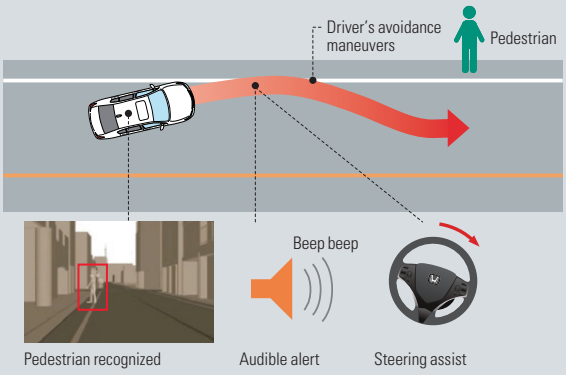
Lateral safety
- Blind Spot Information system
- LaneWatch

Rear safety
- Multi-view camera system
- Rear wide camera
- Parking sensor
- Cross traffic monitor

World's First Pedestrian Collision Mitigation Steering System*

The millimeter-wave radar and a monocular camera detect pedestrians and traffic lanes. When there is a risk of lane departure and collision with a pedestrian, the system uses an indicator on the display and sound to raise the alert. It also assists in the driver's collision avoidance maneuvers, by controlling the direction of steering to avoid a collision.

* The above may not apply to some models.



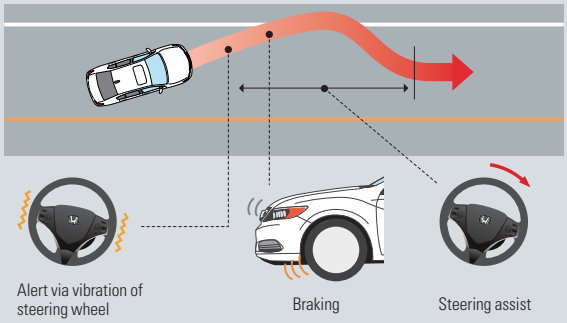
A message from the engineer

We established a technology that can provide steering assistance in case of emergency even under complicated circumstances like an urban area through the integration of information recognized by radar/camera and the highly accurate detection of lanes and pedestrians. A traffic accident puts whoever caused the accident as well as its victim(s) in harrowing situations. We developed this technology with our desire to prevent such heartbreaking traffic accidents.

Japan's First Road Departure Mitigation system*

The monocular camera detects traffic lanes. When the vehicle is likely to leave the road, the system uses an indicator on the display and vibration in the steering wheel to raise the alert while controlling steering to bring the vehicle back into the traffic lane. When the system predicts that the vehicle will make a major departure, it also provides assistance to reduce the amount of the departure while controlling braking.

* Control may not be possible depending on driving conditions and condition of road surface.



A message from the engineer

A warning from the Road Departure Mitigation (RDM) system can draw a driver's attention most effectively if it can be issued as soon as possible. However, early warnings can be annoying to the driver. Therefore, we developed a function that can effectively reduce collisions without annoying the drivers, by actuating the function only when insufficient response to hazards is detected in driving.

Telecommunication network

Honda's approach

Utilizing telematics services to provide hazard prevention information

Honda launched the internavi service, a car navigation system with a communications function, in 1998. Since then, we have developed a range of telematics services to assist with safe and comfortable driving.

Moreover, Honda has started to provide weather information in 2004 and disaster information from 2007 utilizing the service, the merger between vehicle information and communication system, to support conformable driving with enhanced safety.

In Japan, the system puts together and analyzes information on sharp braking by Honda vehicles, traffic collision information held by the police and local governments and information on hazardous roads provided by local people via the Internet to create SAFETY MAP. This is used by a large number of people, particularly drivers.

In addition, we are currently focusing on building a system that will provide information on traffic conditions in surrounding areas and traffic collision risks on a real-time basis, through the fusion of technologies of "Honda SENSING" with telematics service, and the connection with other automobiles/motorcycles equipped with sensors/GPS, and people in surrounding areas who are carrying smartphones, via wireless communication such as Wi-Fi. We are striving to realize a collision-free mobile society where everyone sharing the road can safely and confidently enjoy the freedom of mobility.

Activities in FY2015

Expanding scope of use and application of safety information

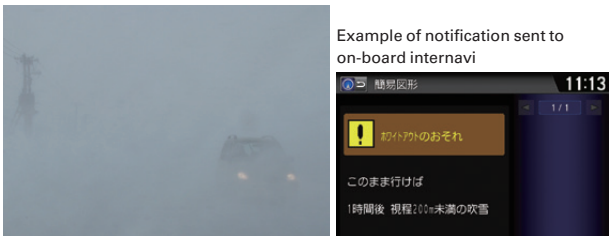
In January 2014, Honda launched the delivery of information on whiteout forecasts through internavi in Hokkaido, Japan in order to protect drivers from whiteouts when visibility is extremely poor as a result of blizzards. This service was extended as a field test to Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima, Tochigi, and Gunma Prefectures as well as parts of Niigata and Nagano Prefectures in December 2014.

Honda has participated in joint public-private activities to increase the safety of the mobility society. In December 2014, we took part in Project Verification and Testing on Provision of Disaster Information to Travelers* run by Japan's Ministry of Land, Infrastructure, Transport and Tourism. This is a project to send useful evacuation information to car navigation systems and smartphone apps for people and drivers caught up in a tsunami or heavy rain and to verify its effectiveness in disaster mitigation.

In FY2015, we also added information on traffic collisions (mapping information on hazardous roads) from police headquarters in nine prefectures to the SAFETY MAP for all regions of the country that we have been publishing since September 2013.

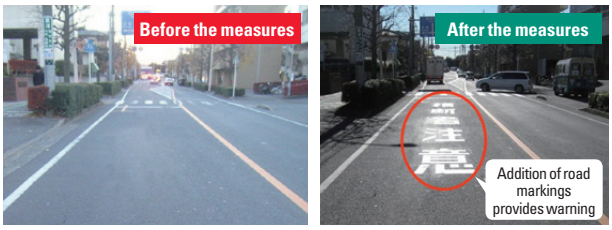
* A project adopted under the Ministry of Land, Infrastructure, Transport and Tourism's FY2015 G-Space and Society Verification Projects implemented in Shizuoka Prefecture by the Council on Providing Disaster Information for Travelers consisting of Mizuho Information & Research Institute, Inc., Shizuoka Prefecture, the Hyogo Earthquake Memorial 21st Century Research Institute and ITS Japan.

Example of dissemination of weather forecast information



If a driver caught in a whiteout stops his or her vehicle, it can quickly be buried by snow. If the muffler exhaust vent becomes blocked up by snow, there is a danger that exhaust gas will enter the vehicle and cause carbon monoxide poisoning. There is also a danger that the driver could freeze to death if the engine is switched off and the doors will not open. Therefore, Honda offers a service that indicates the degree of low visibility and the distance before the blizzard is encountered with a verbal message urging caution using internavi and smartphone apps when a blizzard is forecasted for the area within a 30 km radius of the driver's travel route.

Example of traffic safety measures utilizing SAFETY MAP



Honda has signed an agreement with Saitama Prefecture regarding the exchange of road traffic data. Based on this agreement, Saitama Prefecture is continuously implementing traffic safety measures including the enhancement of road marking by coordinating the Safety Map with data on road traffic within the prefecture.

Third-party evaluation

Many Honda models have received a high safety rating in the New Car Assessment Programs (NCAP)*1 that run in each region. Four models were awarded an ASV*2 rating and one model received the highest ASV+*2 rating in the J-NCAP Preventive Safety Performance Assessment. In the United States, a number of models received a Top Safety Pick or a Top Safety Pick+ rating as vehicles with outstanding safety in safety performance assessments by the Insurance Institute for Highway Safety (IIHS)*3.

*1 NCAP is an acronym for New Car Assessment Program, which are programs to test and assess the safety performance of automobiles operated by public organizations in each region. Testing and assessment methods differ in each region. Assessments range from 0★ to 5★ (the highest rating is 5★+ in some regions).
*2 ASV and ASV+ is an acronym for Advanced Safety Vehicle. This tests and assesses an automobile's advanced safety performance, such as technology to apply the brakes automatically when a collision cannot be avoided. The ratings are divided into two levels of assessment: ASV and ASV+.
*3 The Insurance Institute for Highway Safety (IIHS) runs automobile evaluations that test and assess the safety performance of cars. Only automobiles with outstanding test results are assessed as TSP or TSP+, TSP is an acronym for Top Safety Pick.

Main third party evaluations

Country	Third Party Evaluation		List of Models
Japan	JNCAP	5★	VEZEL*4 / Accord HYBRID*4 / N-WGN*4 / FIT*4 / CR-V*4
	ASV+		ODYSSEY*4
	ASV		FIT*4 / VEZEL*4 / N-BOX*4 / N-WGN*4
Europe	Euro NCAP	5★	CR-V*5 / CIVIC*6 / CR-Z*7 / JAZZ*8 / Accord *8
China	C-NCAP	5★+	Accord*8
		5★	FIT*4 / Accord*4 / JADE*4 / CR-V*6 / ELYSION*6 / CRIDER*6 / CIVIC*8 / FIT*8 / ODYSSEY*8 / SPIRIOR*8
South Korea	KNCAP	5★	Accord*8 / CR-V*9
U.S.	NCAP	5★	Accord 4door*4 / Accord 2door*4 / Accord HYBRID*4 / CIVIC 4door*4 / CIVIC HYBRID*4 / FIT*4 / ODYSSEY*4 / Acura ILX*4 / Acura MDX*4 / Acura RDX*4
	IIHS	TSP+	Acura TLX*4 / Acura RLX*4 / Acura MDX*4 / CR-V*4
		TSP	FIT*4 /CIVIC 2door*4 / CIVIC 4door*4 / Accord 2door*4 / Accord 4door*4 / ODYSSEY*4
Australia	ANCAP	5★	CITY*4 / Accord*4 / ODYSSEY*4 / JAZZ*4
Southeast Asia	ASEAN NCAP	AOP5★*10	CITY*6 / CIVIC*6 / CR-V*6 / JAZZ*6

*4 Assessed in 2014 *5 Assessed in 2013 *6 Assessed in 2012 *7 Assessed in 2010 *8 Assessed in 2009 *9 Assessed in 2008
*10 Occupant (adult) protection performance

TOPICS N-WGN becomes first mini-vehicle to receive Five Star Award

The N-WGN mini-vehicle launched in November 2013 became the first mini-vehicle to receive the Five Star Award in the new overall evaluation for vehicle safety, which is the highest rating level in the JNCAP vehicle assessments for FY2014*. The body construction based on Honda's unique collision safety technology G-CON that not only protects its occupants but also mitigates damage to other vehicles and pedestrians was highly rated.

* First mini-vehicle since FY2012 when the new evaluation criteria were adopted.

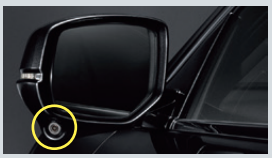

N-WGN


New overall evaluation for vehicle safety Five Star Award Award logo

TOPICS LaneWatch awarded Safety Technology Award

At the 1st ASEAN NCAP Grand Prix Awards held in Malaysia in September 2014, the safety of LaneWatch was highly rated, and it was awarded the Safety Technology Award.

LaneWatch is a system that assists with the driver's safety checks by displaying the view diagonally behind the vehicle on the navigation screen using a camera mounted on the door mirror.


Camera installed on passenger seat side mirror


Display on navigation screen

Quality

Quality inspection for finished vehicles at the Kumamoto Factory. The factory supplies a range of quality Honda motorcycles not only to Japan but to the world as well.

Our fundamental approach

Aiming for 120% product quality

Honda's Quality Cycle achieves high quality

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

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

In order to realize the basic principles of "respect for the individual" and the "Three Joys" (the joy of buying, the joy of selling, the joy of creating), Honda works in partnership with dealers to increase customer satisfaction to allow them to continue handling products with confidence at every stage, from purchase to after sales service, maintaining provision of a high level of satisfaction to customers at all times.

Implementing the Global Honda Quality Standard (G-HQS)

Raising the quality of Honda brand products produced and sold worldwide

As Honda's production and parts and materials sourcing expand globally, shared global quality assurance rules are essential to ensure that all Honda facilities continue to generate 120% product quality.

To address this need, Honda established the Global Honda Quality Standard (G-HQS) in April 2005. Based on ISO 9001*1 and ISO/TS 16949*2 criteria under which Honda facilities in Japan and around the world have been or are to be certified, G-HQS is the accumulation of knowledge Honda has gathered in producing quality products and preventing previous issues from recurring. It will continue to conform to ISO certification standards.

As of March 2015, all 51 Honda production facilities around the world have attained ISO certification.

G-HQS is designed to enhance the quality of Honda-brand products manufactured and sold worldwide. By ensuring that all facilities comply with these standards, horizontal expansion of G-HQS between all factories can be devised, contributing to quality assurance not only in production activities, but also in distribution and service.

*1 ISO 9001: An international quality control and quality assurance standard
*2 ISO/TS 16949: An international quality management system standard for the automotive industry

Quality initiatives

Honda's Quality Cycle

Development of Honda's quality initiatives based on design and development expertise

By applying and reflecting design and development expertise at the design and development, production preparation, and production (mass production) stages, we are able to deliver enhanced quality through the creation of drawings designed to facilitate manufacturing, and develop manufacturing control techniques that limit process variability.

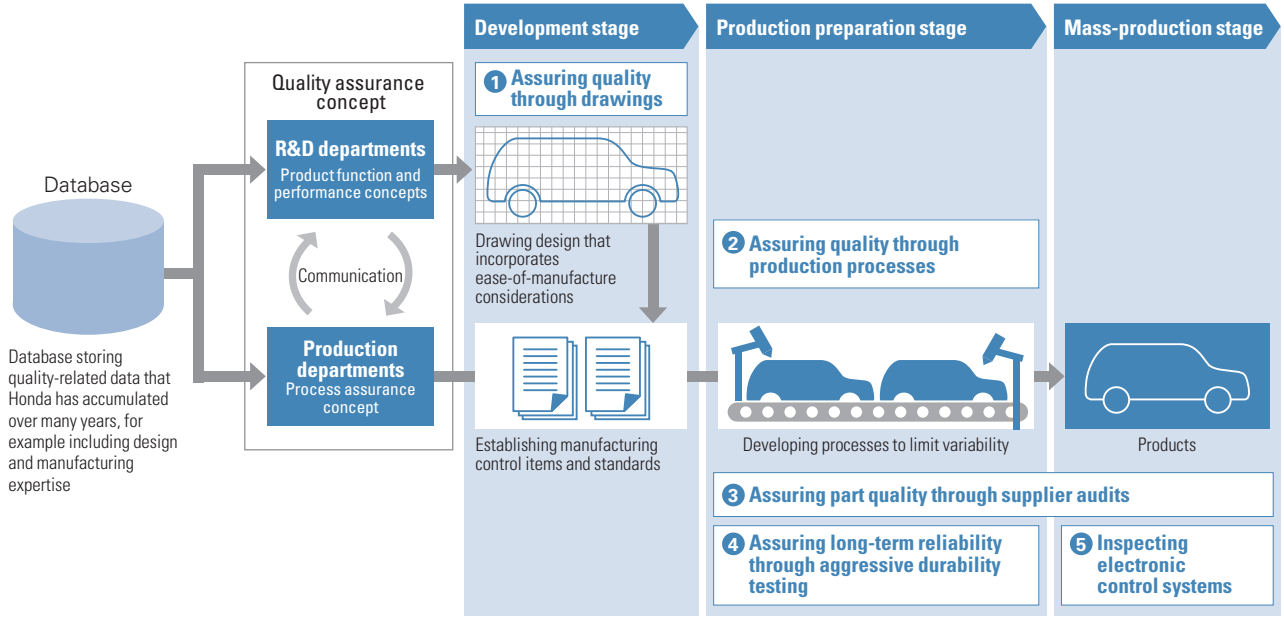
Initiatives in design and development and production

Aggressively ensuring quality in both design and manufacturing

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

Honda's Quality Cycle

Processes that create new levels of enhanced quality (automobiles)



● 1. Assuring quality through drawings

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

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

● 2. Assuring quality through production processes

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

● 3. Assuring part quality through supplier audits

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

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

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

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

Quality initiatives

4. Assuring long-term reliability through aggressive durability testing

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

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

Verification of parts following duravility testing

5. Using Line End Testers (LETs) to inspect electronic control systems

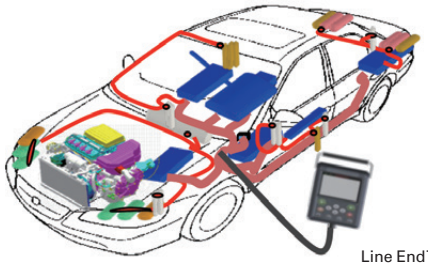
Use of electronic control systems in vehicles has grown dramatically in recent years as part of an effort to achieve more environmentally friendly designs and improve driver and passenger convenience and comfort, creating a need for efficient inspection methods to assure the quality of these components.

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

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

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

Overview of the LET System



Line End Tester (LET)

Initiatives in sales and service

Establishing Services Division with focus on enhancing customer satisfaction levels

Honda has established the Services Division in order to realize optimal service operations in markets worldwide. The division aims to expand customer joy worldwide through service and the priority goal of its activities is to be the truly exceptional No. 1 in customer satisfaction.

"Truly exceptional No. 1 in customer satisfaction" refers to the creation of customer joy and excitement by providing a level of value that not only satisfies the expectations that customers have when they receive services based on their past experiences and memories, but also exceeds them. The experience of excitement through these services forges an emotional connection between customers and Honda, ensuring that the company will be recognized as a mobility manufacturer that customers retain as their first choice based on their high expectations.

To attain this goal, the Services Division has adopted three activity policies, which are offering service in a sincere, speedy, assured, affordable and convenient manner; developing an advanced service environment; and maximizing business efficiency and expanding business operations. They are also focused on creating an environment allowing regional dealers—Honda's point of contact with customers—to address customer satisfaction enhancement more effectively and efficiently.

● Customer Relations Center

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

The Center receives feedback in the form of customer questions, suggestions, requests and complaints 365 days a year, and during FY2015 it processed 274,791 inquiries. To ensure that this valuable information is put to good use in Honda's operations, the facility shares it in a timely manner with the company's R&D, manufacturing, service, and sales departments in compliance with laws and regulations as well as Honda's own policies concerning the handling of personal information.

Sharing customer feedback among departments

Quality initiatives

Improving quality based on customer feedback

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

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

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

● Quality Innovation Center Tochigi

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

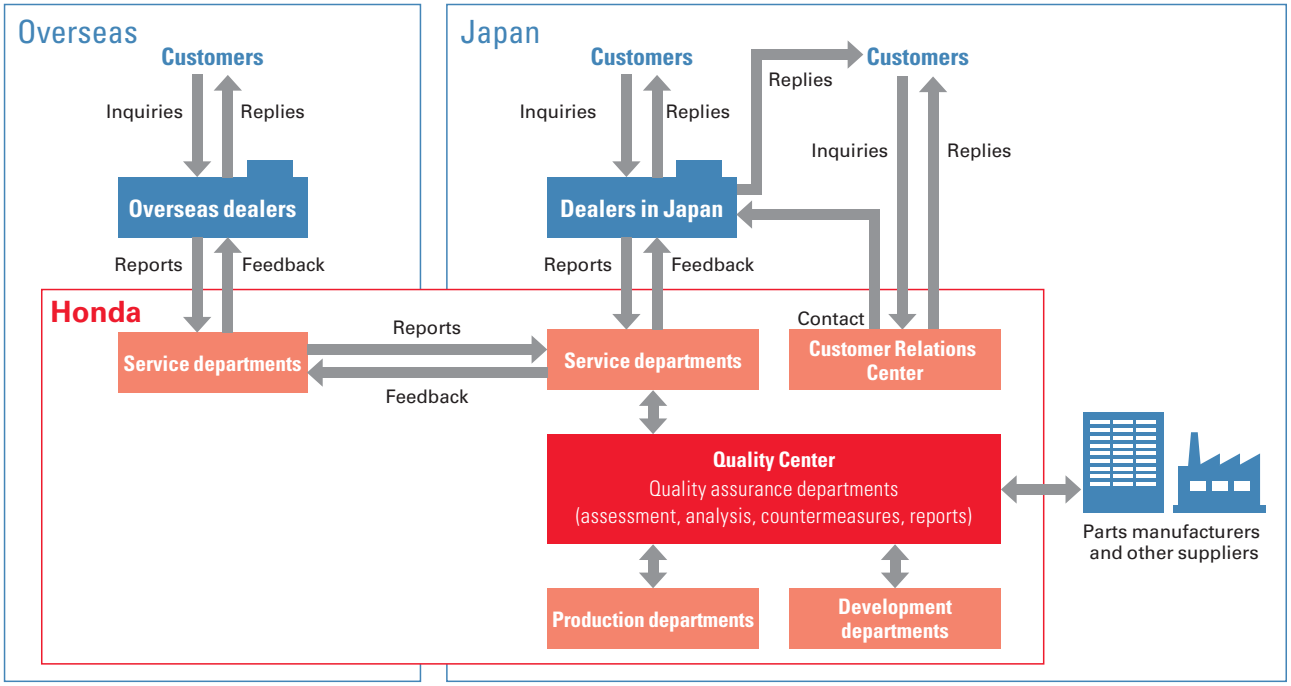
In particular, the colocation of quality and service departments facilitates effective analysis and countermeasures thanks to the ability to share information quickly.

Quality Innovation Center Tochigi

Operations at Quality Innovation Center Tochigi (automobiles)

Quality enhancement operations at Quality Innovation Center Tochigi consist of pulling together market quality data and sharing information about collected parts and market quality issues. Personnel analyze such parts,

Market quality enhancement system (automobiles)



investigate causes, and develop countermeasures and improvements in a timely manner.

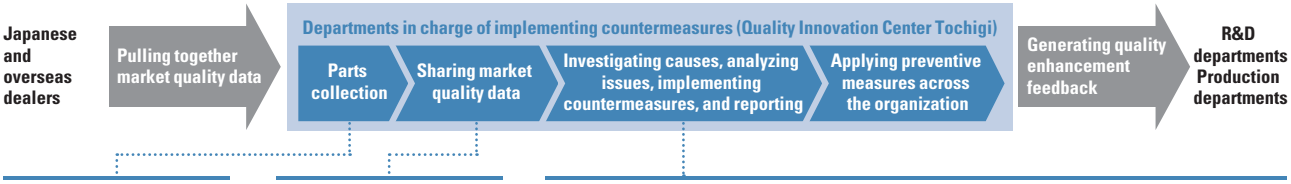
Specialized teams with extensive product knowledge are able to obtain detailed data using a range of analytical equipment. The operational process is configured to facilitate objective, appropriate decision-making based on gathered data.

Analysis in partnership with overseas entities

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

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

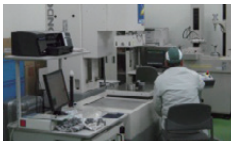
Quality improvement operation process



Parts collection
Parts collected from the market are classified by category and managed to facilitate quick analysis.

Sharing market quality information
Service, R&D and analysis departments gather and share information from the market.

Analyzing materials
Issues caused by materials are analyzed using the latest scientific equipment, including composition analysis and X-ray diffraction analysis systems.



Measuring part precision
Parts' dimensional precision is verified using three-dimensional measurement and the latest roundness measurement equipment.

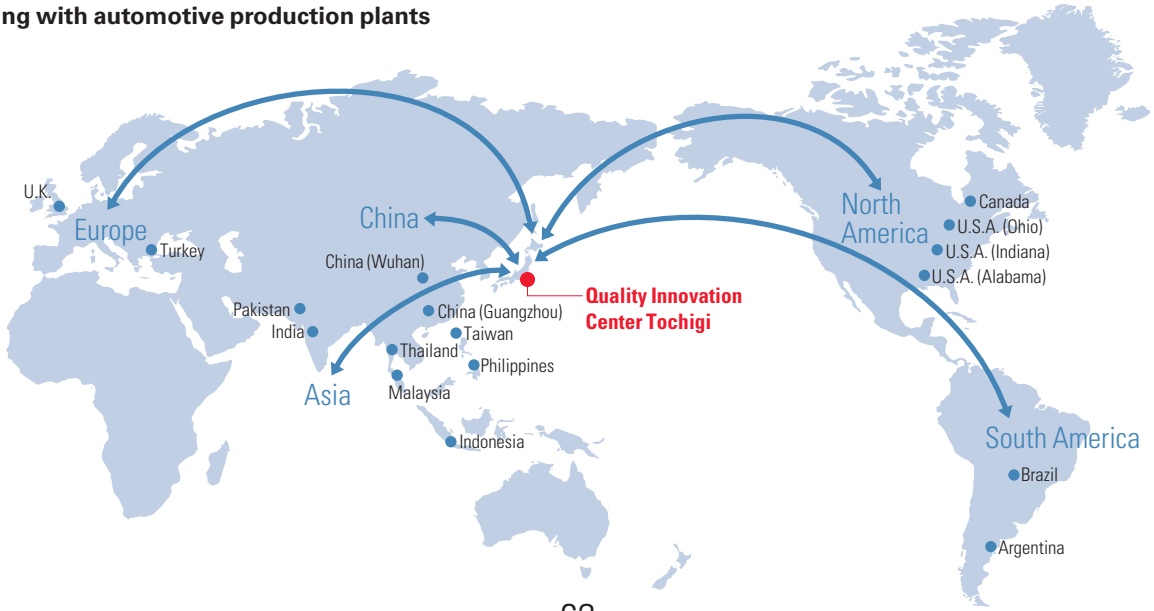
Testing engine functionality and performance
The functionality and performance of finished engines is verified on a bench.

Analyzing the brake noise
Brake noise is analyzed under conditions ranging from -30°C to room temperature.

Exhaust gas and mode driving verification
The compliance of exhaust gas components with emissions regulations and proper system operation during mode driving are verified.

Vibration test on a bench
Issues are analyzed while reproducing actual vehicle vibrations on a bench.

Working with automotive production plants



Quality initiatives

Quality management education

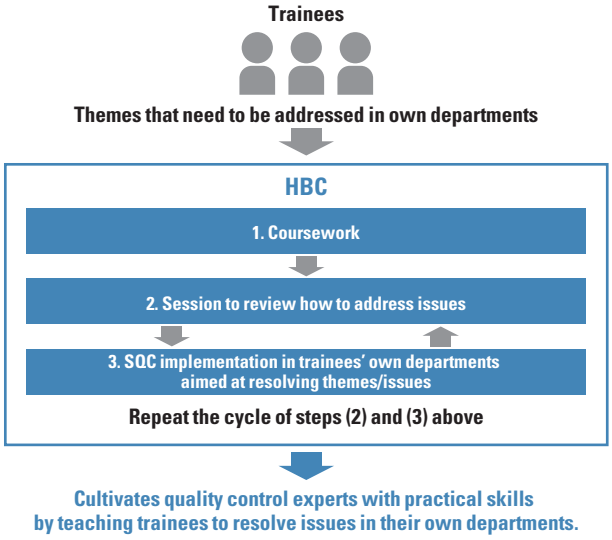
Implementing quality management education

Honda offers quality management training according to in-house qualifications and the level of quality control responsibilities with the aim of improving associates' quality assurance skills.

In Japan, Honda offers a training curriculum with four courses divided into basic training and specialized training.

As part of this, the Honda QC Basic Course (HBC) is open not only to Honda associates but also to suppliers, and focuses on training experts in all Honda quality management. Outside Japan, the QC Junior (QC J) Course and the QC Foreman (QC F) Course are offered as basic training.

Honda Basic Course Flow



Overseas quality control training

Training curricula content

Category	Course name	Course content	Period
Basic training	QC Junior (QC J) Course	Targets associates six months to one year after joining Honda to learn the basics of quality control techniques.	Total of 1 day
	QC Foreman (QC F) Course	Targets associates engaged in production and quality duties to learn the quality control techniques and approaches required for quality assurance activities.	Total of 2 days
Specialized training	Statistical Quality Control (SQC) Course	Targets associates whose principal responsibility is quality control and quality improvement activities to learn professional quality control techniques and approaches.	Total of 2 days
	Honda QC Basic Course (HBC)	Targets associates who are responsible for the core of quality control activities to learn skills that allow them to resolve difficult problems/issues with the aim of becoming quality control experts.	Total of 22 days

Handling quality issues

Global Quality Committee makes decisions on market actions including recalls

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

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

Number of recalls

Segment	Number of recalls
Automobiles	35
Motorcycles	10
Power Products	3
Total	48

* Number of recalls worldwide in FY2015

Independent evaluations of quality

Gained high rating in an Initial Quality Study conducted by an independent evaluation organization

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

Results of the 2014 Initial Quality Study (IQS) for automobiles: J.D. Power Asia Pacific

< By brand and production facility >

Country	Brand and production facility	Ranking
US	Honda	No.8
	Acura	No.25
Japan	Honda	No.3

< By model segment >

Country	Segment	Model	Ranking
US	Compact Car	Civic	No.3
	Midsize Pickup	Ridgeline	No.1
	Compact Premium Car	Acura TL	No.2
		Acura ILX	No.3
Japan	Mini-vehicle	N-BOX	No.2
	Midsize Car	Vezel	No.3
China	Compact Upper	Fit	No.2
	Mid-Size Upper	Accord	No.2
	Midsize Car SUV	CR-V	No.3
	Large SUV	Crosstour	No.3
	Large MPV	Odyssey	No.1
India	Upper Compact Car	Brio	No.1
	Midsize Car	City	No.3
Thailand	Compact Car	Brio Amaze	No.1
	Entry Midsize Car	Jazz	No.2
		City	No.3
	Midsize Car	Civic	No.1
	Premium Midsize Car	Accord	No.1
	Midsize Car SUV	CR-V	No.1

* Includes top three vehicles in major markets from January to December 2014.

J.D. Power and Associates 2014 U.S.
Initial Quality Study SM (based on responses from more than 86,000 owners who purchased or leased a new vehicle as surveyed from February to May 2014)
J.D. Power and Associates 2014 Japan
Initial Quality Study SM (based on responses from more than 15,000 owners who purchased a new vehicle as surveyed from May to June 2014)
J.D. Power and Associates 2014 China
Initial Quality Study SM (based on responses from more than 21,000 owners who purchased a new vehicle as surveyed from April to August 2014)
J.D. Power and Associates 2014 India
Initial Quality Study SM (based on responses from more than 8,000 owners who purchased a new vehicle as surveyed from May to September 2014)
J.D. Power and Associates 2014 Thailand
Initial Quality Study SM (based on responses from more than 5,000 owners who purchased a new vehicle as surveyed from April to September 2014)

Human Resources

Conducted global hiring to expand diversity of human resources.

Our fundamental approach

Fundamental Policy of Human Resources (HR) Management

Ensuring HR Management based on the "three principles" centering on "respect for the individual"

Honda believes that human beings are born to think, create, and express their individuality, thereby realizing their hopes and dreams. Our wish is to be a company at which our associates are able to share joy with each other by striving to attract individuals who share this belief, who are prepared to respect one another's individuality and realize their potential in an atmosphere of mutual trust and fairness.

Based on this perspective, Honda places the spirit of respect for the individual, including the three elements of independence, fairness, and trust as the basic principle for relationships, not only for those working in the Honda Group, but also for everyone we do business with. As the three principles of respecting independence, ensuring fairness, and fostering mutual trust are part of our personnel policies in areas such as recruitment, training, assignments, and performance management, we strive to foster an environment that encourages each associate to raise their ambitions and abilities and a workplace in which each person's potential can be developed with vitality.

Furthermore, with Honda's business activities expanding around the globe, in March 2012, we formulated our Associate Relations Policies based on international standards including the Universal Declaration of Human Rights to give more concrete shape to the Three Principles of HR Management. We are harnessing this policy for daily activities.

Fundamental Policy

Respect for the individual

Initiative | **Equality** | **Trust**

Three HR Principles

Respect for initiative
Honda respects the individuality, creative thinking and judgment of each associate.

Principle of fairness
At Honda, every person should have equal employment opportunities. An individual's race, gender, age, religion, national origin, social or economic status has no impact on the individual's opportunities.

Mutual trust
Honda and its associates should respect, trust and recognize each other as individuals and make sincere efforts to fulfill our responsibilities.

Associate Relations Policies

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

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

2. No discriminations
- Based on the principle that all human beings should have equal employment opportunities, we will strive to create opportunities for free and fair competition.
- We will not tolerate discrimination or harassment of any form in the workplace on base of an individual's race, ethnicity, national origin, religion, or gender, among other characteristics.

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

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

5. Maintaining a working environment where each associate can work with a sense of security.
- The company will provide a safe and healthy workplace where all associates can concentrate on work with a sense of security.

Global HR Management

HR Vision and Strategy

Strengthening associates to support independence in six regions worldwide and enhance Honda's overall capabilities

"Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction." Since being founded, Honda has actively expanded its business with an eye on the global market based on this principle. In addition, in expanding our business overseas, we have advanced our business model from exports to local production and to local development with the aim of autonomy for local operations in six regions worldwide. In recent years, this not only includes developed countries, but also the strengthening of production and development functions in emerging countries, where demand for motorization is growing.

In order to achieve this, Honda has pursued global HR Management to plan, design, and develop products tailored to demand that gain acceptance in the market and to train and assign global associates who deliver high quality products in a stable manner.

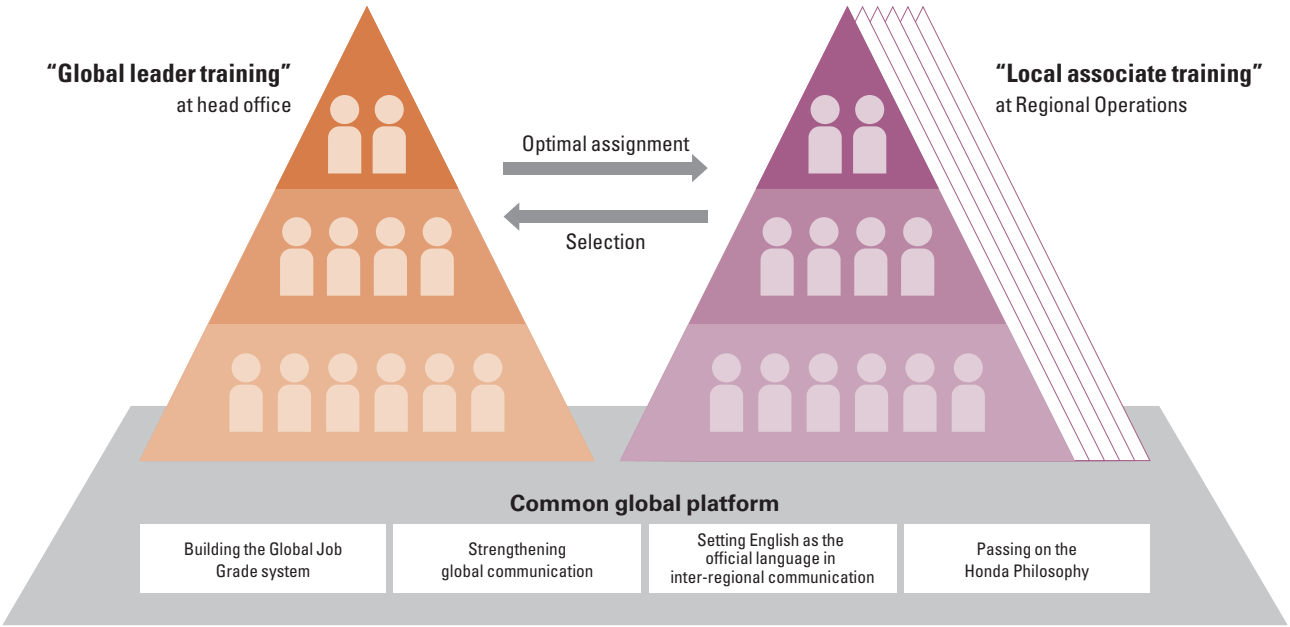
Specifically, while Japanese associates (expatriates) led management at Honda's sites in each region in the past, we have now shifted to a system of management by local associates who are most familiar with local characteristics. In addition, we have promoted the diversification and localization of our associates by assigning associates with experience of local/global operations to global functions, enabling prompt and flexible responses to changes in the market. At the same time, we have been endeavoring to establish a system that allows Honda's comprehensive capabilities to be developed even further through global collaboration.

Honda's approaches

Aiming to train associates who can play an active role on the global stage and assign them to the best place

Honda has promoted two approaches with the aim of training and assigning our associates to support independence in six regions worldwide and enhance Honda's comprehensive capabilities.

Approach of Global HR Management



The first approach is the training and strengthening of our local associates. We implement training programs that are tailored to local characteristics. At the same time, we share values as Honda Group associates and encourage communication by creating an environment for it that starts with sharing the Honda Philosophy and Honda's core values and competencies and setting English as the official language in inter-regional communication. Together with this, we have developed common training programs for global leaders at the global level.

In addition, Honda has introduced a Global Job Grade system (p. 69) to enable such associates to play active roles all over the world. Our goal is to achieve the optimal assignment of management personnel in which outstanding local associates display their skills to match the needs of sites worldwide under a system that uses a common Group grade to show posts everywhere in the world.

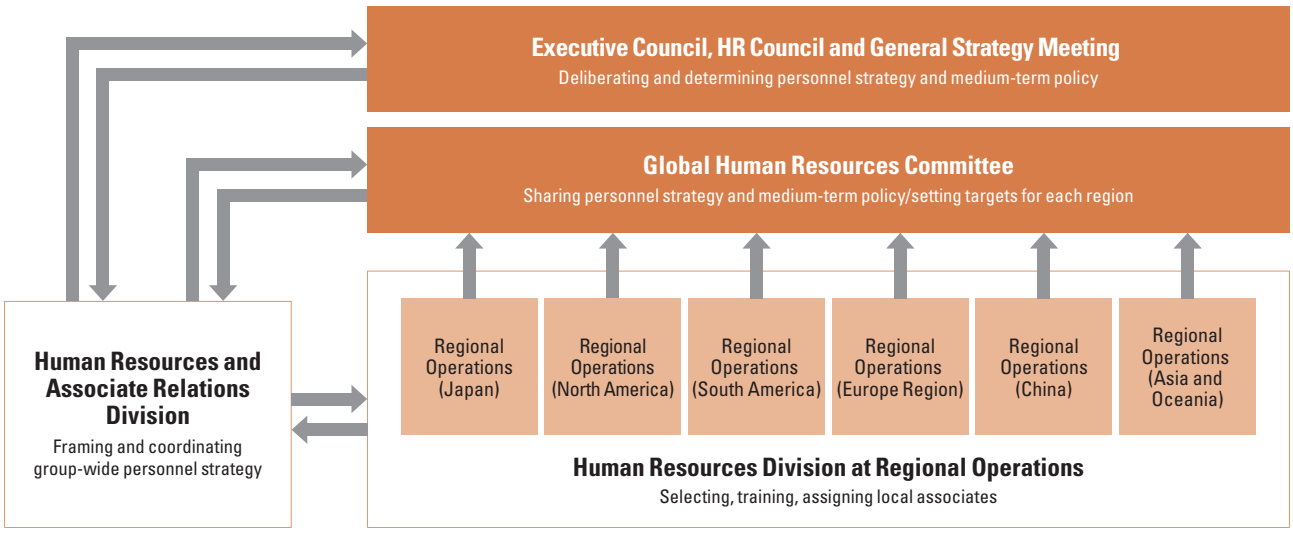
HR Management system

Determining company-wide and local strategies and targets through two meeting structures

At Honda, the Human Resources and Associate Relations Division collaborates with each region to frame the global personnel strategy based on a medium to long-term perspective, with the strategy being discussed at the General Strategy Meeting in which members of management participate once a year.

The direction of Honda's "People" strategy and the strategy discussed here are debated theme by theme at the Global Human Resources Committee where people with responsibility for personnel in six regions worldwide come together once a year. Concrete company-wide strategies, local strategies and achievement targets are formed and activities are developed throughout the company.

Graphic display of global HR Management



HR Management activities

Establishing a Common Global Base, and HR Development

HR Development based on on-the-job training

Developing careers and skills for associates through both on-the-job and off-the-job training

Honda's approach to HR Development is based on on-the-job training: building specialized skills and professional capabilities through direct experience. Honda has established on-the-job training programs for every job description, setting qualitative and quantitative targets for the knowledge and skills to be acquired. These programs provide an opportunity for associates to acquire specialized skills and managerial capabilities, while helping supervisors assess and foster the aptitude of the associates they manage. Honda has also adopted off-the-job training programs to mutually complement our on-the-job training as we aim to enhance career development, skill development and management capabilities by providing specialized education for each job category and cascade training such as new associate training, Honda fundamental course (Honda philosophy-based), management training, quality training for each level.

Principal off-the-job training programs

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

Time and cost of training per associate

	Annual training time (hour)	Annual training cost (yen)
Japan	22.3	approx. 45,000
North America	6.1	approx. 66,000
South America	10.7	approx. 40,000
Asia and Oceania	8.9	approx. 4,000
China	24.6	approx. 10,500

Global Leadership Development

Promoting training programs for the associates shouldering the next-generation of global management

Honda selects and trains associates to form the next generation of global management from sites worldwide, including Japan, with the aim of developing global leadership.

Starting in 2012, we launched the Honda Executive Advanced Development School (HEADS) Program, which combines Executive Leadership Training (off-the-job training) with activities in which participants work in cross-functional teams to draft plans to resolve management issues, and Leadership Development Training (LDT).

Establishing the Global Job Grade system

Introducing common global grades to achieve optimal assignment of associates around the world

In addition to providing training with the aim of developing global leaders who are involved in management at a global level, Honda established the Global Job Grade system in 2011 to achieve the optimal assignment of associates.

This is a system to make it easier for associates to transfer to positions and locations where they can better display their individual skills irrespective of operation and region by evaluating and weighting the roles and responsibilities related to individual job categories at each of Honda's development, manufacturing, and sales sites and indicating a common grade for the Group. Honda has applied the system to job titles equivalent to department manager and higher at head office and has been making positive efforts aimed at the appointment of local associates. In the appointment of associates, Honda is flexible in its assignment and utilization of the most suitable associates to match our growth strategy from sites around the world through the Global Talent Board and the Regional Talent Boards for managing key posts and talent worldwide.

Passing on the Honda Philosophy

Associates worldwide sharing values

In order to promote management localization, it is necessary to have common standards for decisions and conduct in business. In other words, we need to share our values with our global associates, including the Honda Philosophy and Honda's core values and competencies.

Based on this recognition, Honda provides training programs that educate associates about the Honda Philosophy in the grade-specific training that it runs worldwide. Moreover, to make the training programs more practical, officers from head office and senior management in each region feature examples from business while taking up practice cases related to decision making and management decisions referencing ways of thinking about things and making decisions based on the Honda Philosophy.

English as the Official Language

Setting English as the official language in inter-regional communications

It is vital to develop an environment that achieves close communication between associates in six regions worldwide in order for the Honda Group to display its comprehensive capabilities while local sites are independent.

Therefore, Honda is working to set English as the official language when we engage in inter-regional communication by 2020 by using English in the documents used at inter-regional conferences, including the use of English for questions from communicators of information, and in interactions for the sharing of information.

As part of this, Honda has implemented measures in Japan that include study programs aimed at boosting English language skills and plans to make English language skills a requirement for promotion to management level in the future.

TOPICS Launching training programs for personnel shouldering the future of U.S. manufacturing industry

According to surveys by Deloitte, a U.S. accounting firm, and The Manufacturing Institute, a U.S. N.P.O., U.S. manufacturing industry will generate employment for more than 3.4 million people over the next ten years, but there is expected to be a shortfall of 2.0 million, or approximately 60%, in human resources.

In light of this situation, Honda North America, Inc. announced in March 2015 that it will implement a new program to train the next generation who will shoulder cutting edge technology in manufacturing industry. The objective of the program is to offer educational and training opportunities to junior and senior high school and university students and stimulate interest in manufacturing industry in addition to providing associates in manufacturing departments at the Honda Group with the chance for ongoing education.

The program will be conducted in Ohio, where Honda's production site is located, and it will roll out a range of educational programs to suit each generation. For example, the programs prepared for junior high school students involve video games with a manufacturing theme and a mobile laboratory allowing them to have fun while learning. For senior high school students, the program is working with local high schools to offer the essential curriculum for manufacturing jobs as well as assisting with funding for curriculums in science and engineering. In addition, for university students, the program offers scholarships for manufacturing engineering technology and students hoping to gain associate degrees in manufacturing engineering or mechanical engineering as well as operating a work-study program for working at Honda while attending university.

These programs have been developed to assist in HR Development at Honda suppliers as well.

Through this initiative, Honda will consistently secure personnel with ambition and skills as well as contributing through its ongoing activities to the progress of manufacturing industry, which is a must for the U.S. economy.

Statistics on HR

Employment of personnel

Number of associates (consolidated)

	FY2013	FY2014	FY2015
North America	41,260	44,608	48,024
South America	18,255	18,144	16,635
Europe	10,198	9,055	8,597
Asia and Oceania	54,013	47,067	50,649
China	–	13,332	15,037
Japan	66,612	66,355	65,788
Total	190,338	198,561	204,730

Number of associates by gender

		FY2013	FY2014	FY2015
Japan	Male	44,695	46,478	44,363
	Female	3,173	3,385	3,326
	Total	47,868	49,863	47,689

Number of associates by employment contract and category

			FY2013	FY2014	FY2015
Japan	Breakdown by employment contract	Permanent employees	43,532	42,953	42,342
		Non-permanent employees	4,336	6,910	5,347
	Breakdown by employment category	Full-time	47,744	49,736	47,549
		Part-time	124	127	140

Number of new associates

			FY2013	FY2014	FY2015
Japan	Total number of new associates		683	726	719
	Breakdown by male/female	Male	595	621	636
		Female	88	105	83
North America			–	5,012	4,778
South America			1,773	1,259	814
Asia and Oceania			5,636	8,055	5,996
China			2,018	2,955	2,190

Turnover rate (includes mandatory age retirees) (%)

			FY2013	FY2014	FY2015
Japan	Turnover rate		2.1	1.8	1.8
	Breakdown by male/female	Male	2.0	1.7	1.8
		Female	2.9	3.1	2.5
North America			–	6.4	6.0
South America			12.5	12.8	10.9
Asia and Oceania			7.0	5.8	6.6
China			3.6	4.2	2.4

Proportion of senior management from local community (%)

Region	Members of local community as a proportion of all senior management
North America	59
South America	36
Europe	40
Asia and Oceania	38

Human rights

Human rights training for associates

Honda has stated its policy on human rights in the Honda Philosophy, the Three Principles of HR Management based on it and the Honda Conduct Guidelines. We are committed to provide training worldwide to educate associates joining Honda about the Honda Philosophy. In Japan, we provided training to all of the 812 associates who joined in FY2015 (406 hours of training in total).

Note: With the exception of the item "Number of associates (consolidated)," HR data for Japan is tabulated from numbers for the companies below
Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Engineering Co., Ltd., Honda Racing Corporation, Honda Technical College, Honda Access Corporation

Promoting diversity

Basic approach to promoting diversity

Based on our basic principle "Respect for the Individual," Honda has been promoting initiatives to maximize overall corporate capabilities, positioning the promotion of diversity as a means of recognizing and respecting individual differences, regardless of nationality, ethnicity, sex, age, education, or disability, and enabling each member of a diverse workforce to make the most of their abilities.

Going forward, Honda intends to create new products and services centering on motorcycles, automobiles and power products but also including new business fields such as jets and robotics to increase our encounters with customers worldwide. We will promote progress in diversifying personnel in line with this diversified expansion in our business.

Expanding participation by women

In Japan Honda has been focusing on expanding participation by women since 2008 through such initiatives as disseminating information through company magazines, holding lectures, and training sessions. As a result, the proportion of female associates has increased from 5.0% to 6.7% over the past ten years.

However, the proportion of female managers is only 0.5%, and there is a need to further strengthen career development support for women. Therefore, Honda established the Diversity Promotion Office, a specialized organization responsible for promoting diversity of HR, in January 2015, and we assigned full-time career advisors to the office to provide career support for female associates and their superiors.

In addition, as a management indicator on career development for women, Honda has set goals to increase women in management positions threefold by 2020 and more than ninefold by 2025 compared to FY2015.Going forward, led by the Diversity Promotion Office, we will step up career development support with a focus on individual female associates and work to enhance programs that provide support for child raising with the aim of promoting career development for women.

Proportion of women in FY2015 (%)

	Proportion of female associates	Proportion of female managers
Japan	6.8	0.6
North America	22.3	17.5
South America	11.6	3.0
Asia and Oceania	14.4	12.4
China	10.8	11.0

Male/female comparison for base salary and total remuneration

	Base salary (female:male)	Total remuneration (female:male)
Management	1:1.005	1:1.012
Ordinary associates	1:1.202	1:1.202

* The same salary system is applied. Disparities are the result of age and grade, etc. structure.

Global hiring

As part of our efforts to diversify our human resources, we have started a global employment program where some new graduates are hired directly from overseas labor markets. In particular, we have stepped up our recruitment of human resources from markets in emerging countries where we are aiming to reinforce the expansion of our business.

Going forward, we will develop them as core associates driving Honda's global business as we seek to maximize the overall HR capabilities of global Honda.

Number of global hires

	FY2014	FY2015	FY2016 (planned)
Number of people recruited	15	15	17

Statistics on HR

Employment of people with disabilities

Honda employs people with disabilities at its operational sites in accordance with the law in each country. We strive to create an environment that allows associates with and without disabilities to work alongside one another, while also giving consideration to the circumstances of individual disabilities.

In Japan, we promote employment at designated affiliates Honda Sun Co., Ltd., Honda R&D Sun Co., Ltd, and Kibounosato Honda Co., Ltd. Employment of individuals with disabilities in FY2015 stood at 2.28%, or 1,089 individuals, above the legally mandated level of 2.0%.

Number and percentage of employment for individuals with disabilities in Japan

	FY2011	FY2012	FY2013	FY2014	FY2015
Number of associates*	1,036	1,052	1,066	1,084	1,089
Percentage of employment* (%)	2.28	2.27	2.31	2.27	2.28

* In accordance with Japan's Act on Employment Promotion, etc. of Persons with Disabilities, the employment of one person with a severe disability is deemed equal to employment of two less severely disabled individuals for purposes of calculating the number of disabled employees and percentage of employment. Figures are current as of June 1 of each year.

Rehiring retirees

Japan is on the verge of becoming a super-aged society in which around one quarter of the population is aged 65 or older, which has created challenges around stable employment for the elderly and passing on their skills and expertise.

Starting in April 2003, before the amendment of the Act on Stabilization of Employment of Older Persons in 2004, Honda introduced re-employment programs for associates who reach the retirement age of 60. Honda instituted changes in April 2010 to create a re-employment program designed in principle to offer re-employment to all interested associates until age 65 in operations that utilize each individual's specialized knowledge.

As a result, about 75% of all associates faced with mandatory retirement are re-employed, which allows them to draw on their extensive experience and specialized knowledge to contribute actively in a variety of workplaces throughout the company.

Re-employment of retirees in Japan

	FY2011	FY2012	FY2013	FY2014	FY2015
Number of retirees who were re-employed	415	452	434	567	622

Building healthy working environments

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

The establishment of an environment to achieve balance between the demands of work, parenting, and nursing care has become a challenge for society in Japan, which faces a dwindling birthrate and an aging population. Under these circumstances, Honda has established programs to help associates balance the demands of work, parenting, and nursing care as well as promoting understanding of these programs by disseminating information through the Guidebook on Balancing Work and Family Life Care Responsibilities and the company intranet.

In April 2014, we introduced a selection-based welfare program giving associates the options of support for nursing care, as well as life events such as childbirth and childcare, including babysitter agent services and childcare item rental.

As a result of these initiatives, Honda has been certified as a company that supports child-raising by the Japanese Minister of Health, Labour and Welfare.

Number of associates taking advantage of parenting and nursing care support programs in Japan

	FY2011	FY2012	FY2013	FY2014	FY2015
Short working hours to facilitate childcare	82	108	171	153	172
Childcare leave	250	297	314	305	392
Short working hours to facilitate nursing care	0	0	0	1	3
Nursing care leave	10	7	11	15	9

Return to work rate for associates taking childcare leave in Japan (%)

	FY2011	FY2012	FY2013	FY2014	FY2015
Return to work rate	99.6	99.7	99.7	99.7	99.2

Reducing working hours

In Japan, where long working hours and low rates of taking annual paid vacation, have been social issues, Honda has been an industry leader in actively striving to reduce working hours. The company instituted a five-day workweek in alternating weeks in 1970, followed by a true five-day workweek in 1972. Other initiatives enjoyed by associates for more than 40 years include the banning of overtime as a rule on Wednesdays and Fridays when all associates

leave the company at the allotted time and encouraging all associates – both labor and management – to use their annual paid vacation in full*.

More recently, to increase motivation by encouraging our associates to take planned annual paid vacations and to use their vacation time effectively, Honda has introduced a system whereby associates are accorded blocks of three to five consecutive paid holidays, depending on their years of continuous service.

As a result, total working hours averaged 1,890 per associate in FY2015, and associates averaged 19.4 paid vacation days, putting Honda at the top level of the automobile industry in terms of reducing actual working hours.

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

Total working hours per associate/average number of annual paid vacation days taken in Japan

	FY2011	FY2012	FY2013	FY2014	FY2015
Total working hours per associate	1,920	1,840	1,950	1,900	1,890
Average number of annual paid vacation days taken	17.8	19.9	18.7	19.2	19.4

Counseling hotlines for associates

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

Examples of counseling hotlines in Japan

Counseling hotline	Outline of counseling hotline
Counseling hotlines dedicated to balancing work, parenting, and nursing care responsibilities	Honda created a counseling hotline at each operational site's general affairs department in order to accommodate counseling requests from associates striving to balance work and family responsibilities and to promote awareness and utilization of the company's support programs. Each hotline is staffed by a pair of male and female counselors who field counseling requests from both associates themselves and their supervisors.
Sexual harassment counseling hotline	Honda established a sexual harassment counselling hotline for all associates in order to prevent sexual harassment and to facilitate the rapid and appropriate resolution of incidents.
Life planning seminar hotline	Honda offers life planning seminars to give associates and their spouses an opportunity to start thinking about life purpose, health, and economic planning so that they will be able to lead a rich and fulfilling life after age 60. In-house seminar instructors and a secretariat offer one-on-one counselling for associates who have participated in the seminar.

Performance management

Evaluation system

In accordance with respecting independence and ensuring fairness in the Three Principles of HR Management, Regional Operations in six regions worldwide have introduced evaluation programs that fit the characteristics of the particular region. For example, associate development and evaluation in Japan places emphasis on two-way communication, and all associates have at least three interviews with their supervisors each year.

During the interview in April, associates clarify their vision for the future and their direction going forward while receiving advice from their supervisor. They then work out their individual role based on the organization's business goals for the fiscal year in question. During subsequent interviews in June and December, supervisors evaluate associate performance during the preceding six months, and share an assessment of each associate's strengths and weaknesses. By facilitating a discussion of subjects such as future objectives and career, the interviews pave the way for associates' skill development.

Percentage of associates covered by evaluation programs (%)

Region	Percentage of associates covered by evaluation programs
Japan	100
North America	99.9
South America	100
Asia and Oceania	82
China	99.6

Statistics on HR

Compensation

Based on the Three Principles of HR Management, we provide equal opportunities for individuals to display their skills, and we have built compensation and evaluation systems that take account of the characteristics of each region based on our basic approach that accords equal recognition and respect to abilities and results irrespective of personal attributes.

In Japan, associate grades are divided according to level of development of skills and level of display of skills and structured to emphasize the growth of skills for the former and the display of skills and results for the latter. We have adopted an annual salary system for management above, and it is structured so that the higher the rank, the greater the emphasis on the results of associates and Honda's performance.

Percentage of performance-linked remuneration in Japan (%)

Grade	Percentage of overall remuneration that consists of performance-linked remuneration
Executives	44.9*
Managers	37.3

* Percentage for executives includes the specified amount of stock options.

Building good relationships with associates

Creating an environment of free and open-minded dialogue

In accordance with fostering mutual trust in the Three Principles of HR Management, Honda has set out in its Associate Relations Policies that "The associates and the company will respect each other's views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, the associates and the company will make every effort to engage in sincere discussions about any issues that might arise or exist." Honda strives to maintain positive relationships and resolve any individual issues with our associates through constructive dialogue.

Associate survey

Honda conducts an associate survey in each region to solicit work feedback for building a healthier work environment.

Honda conducts the surveys once every three years in Japan in conjunction with the company mid-term plan, and they include a wide variety of questions designed to gauge associate views on organizational culture, the company's HR system, and management. Survey results are fed back to associates through in-house publications and are also incorporated into HR-related initiatives, such as management training and changes to the personnel system.

Associate survey results in Japan (Level of satisfaction: Working at Honda) (%)

	FY2011	FY2014
All associates	80.8	80.0
Male	81.0	80.2
Female	79.5	77.9
Respondents as a percentage of all associates	95.1	94.3

Occupational health and safety and health management

Occupational health and safety

With our fundamental belief in respect for the individual, the "no safety, no production" slogan has been the shared Group value passed down since the founding of Honda. Based on this value, Honda Group companies worldwide formulate basic policies on occupational health and safety that are rooted in each region and promote activities from the perspective of preventing the occurrence and recurrence of industrial accidents.

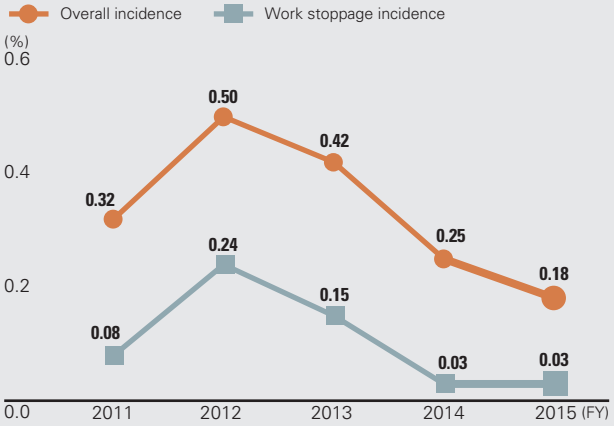
Moreover, we have set forth "nurturing a safety-first culture and building organizational infrastructure to instill safety assurance as part of our corporate foundations" as our global medium-term policies on occupational safety, and we are developing the key measures described below.

(1) Instigating area-specific initiatives in development, purchasing, production, sales, management and so on aimed at totally eliminating industrial accidents;
(2) Building up safety support systems for globalized operations;
(3) Standardizing fire prevention management systems;
(4) Totally eliminating traffic accidents through strengthening of safe driving management and thorough implementation of awareness-raising activities.

During FY2015, we completed the entrenchment of measures for strengthening safety functions focused on the high risk production area, and built the foundation for the stable operation of our tripartite approach*. In FY2016, we will promote initiatives to strengthen safety management functions in each region and efforts to entrench industrial accident prevention activities at a high level worldwide.

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

Incidence of industrial accidents in Japan (overall incidence, work stoppage incidence)



Establishing global safety control

Honda is promoting the establishment of global safety controlled by the companies that oversee each region.

We place an emphasis on the operation of occupational health and safety management systems, the spread and implementation of risk assessment, and the entrenchment of activities to prevent explosions and fires, developing vigorous locally-led efforts to enhance the effectiveness of safety management in each country and region, particularly in the area of production. Moreover, in addition to implementing safety and health audits and safety and health verification meetings whenever needed to share perceptions of safety and health management, we are striving to improve management systems and develop human resources in each country and region.

Health management

Honda has adopted a policy of helping associates lead healthy, well-balanced lives, and we have developed a range of activities aimed at promoting the health of our associates.

Health management initiatives in Japan

Medical checkups	Honda has implemented a program of medical checkups for new hires and regular checkups as required by law. In addition, we offer other checkups including checkups for overseas business trips and overseas in-country postings as needed. We also focus on early detection of abnormalities by offering the special checkups for associates aged 40 or older mandated by law five years early to associates aged 35 or older at the same time as providing targeted health advice aimed at preventing lifestyle diseases.
Preventing musculoskeletal disorders*	Honda is incorporating the perspective of ergonomics into the creation of work environments in line with its concept of people-friendly production processes. Under this approach, worker movements are analyzed and improvements made in order to ensure optimal work position and scope. We are also installing assistive devices and auxiliary lifts in workplaces where heavy lifting work is required. In addition, since 2013, we have introduced systems to scientifically analyze actual physical stress. These systems are helping to improve the work environment with the aim of reducing the burden imposed on associates using original analysis tools developed by Honda.
Health guidance	Honda provides health promotion support utilizing optional welfare benefits and began offering targeted health guidance in 2009 for the prevention of lifestyle diseases based on the results of medical checkups. At-risk associates receive advice on improving their life rhythm, nutrition guidance that proposes improvements in diet, and exercise instruction with a daily exercise regimen, providing support for independent health promotion.
Health events	Honda holds health events, such as walking, conceived to spur associates to relax and develop good exercise habits as well as activities to raise awareness of health promotion.
Preventing passive smoking	Honda is striving to achieve a work environment that is free from passive smoking. We implement activities that suit the characteristics of the operational site such as prohibiting smoking indoors, prohibiting smoking at specific hours, holding events to coincide with World No Tobacco Day, and establishing a no-smoking challenge day. We have also developed activities to raise awareness among associates who smoke and provide support to associates who want to give up smoking.
Mental health care	Honda has formed mental health promotion teams in each operational site and strives to foster associates' mental health based on key measures of education to prevent mental health problems, improving the work environment, stress checks, enhancement of counselling programs, and support for returning to work after a mental health-related leave of absence. We have also distributed leaflets and pamphlets to associates in an effort to promote understanding of mental health.

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

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 utilizing 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, visualizing "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 centers 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 centers, 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

● USA: Educational support through Eagle Rock School and Professional Development Center

Located in the mountains of Colorado, Eagle Rock School and Professional Development Center is a nationally recognized, 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 emphasizes responsibility, trust and openness.

Eagle Rock's Professional Development Center 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 Center provides ongoing support for principals and educators who work in a variety of high-school environments across the United States. The Center 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 motorized 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 contributes to 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 Centers

Honda provides training at three Traffic Education Centers in Brazil in the cities of Indaiatuba, Manaus and Recife. These centers 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 centers.

In addition, the training centers 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.

Europe, Middle and Near East, and Africa

Education

● United Kingdom: All-New ASIMO demonstration event

On Friday 24th October, 2014, The All-New ASIMO or 'Advanced Step in Innovative Mobility' made its debut at HUM and hundreds of our associates attended one of the seven demonstrations that were given.

As part of our CSR activity, we decided to use this opportunity to engage with the local community and offer students from the surrounding area a chance to meet ASIMO. We were joined by students from Wiltshire College and Stratford-upon-Avon College, as well as primary age students from St Mary's Catholic Primary School in Swindon.

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

Additionally, the event was used as a fundraising and engagement opportunity for one of HUM's key charity partners, BEN – the Motor and Allied Trades Benevolent Fund who support automotive workers and their families in troubled times. ASIMO's demonstrations provided a chance for associates to find out more about BEN's work and £500 raised from associate ticket sales was donated to the charity.

ASIMO demonstration

Community

● United Kingdom: Associate-driven support for charitable organizations

In February 2014, HUM launched an exciting new associate-driven corporate social responsibility initiative to offer support to our local charities and community groups.

This new quarterly scheme allows us to support twelve different charities during each campaign. Associates are asked to nominate their charity of choice to be included. They are then asked to vote for their favoured charity via our token units in our restaurants across the site. The charity with the most votes at the end of the voting period receives a donation of £700, with second and third place receiving £500 and £250 respectively.

So far the scheme has been a success, with 85% of HUM associates taking part in the vote and six different local causes receiving a combined total of £4,500 in donations from HUM.

In February 2015, after Parkinson's UK Swindon and District branch were announced the winning charity, we invited them to HUM to for a factory tour. The charity also received their donation on the day and explained that the money would be contributed to a Balance and Exercise Class which is an important part of the management of Parkinson's symptoms – prolonging the life of the brain cells that produce dopamine.

Voting booth in a restaurant

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 Center, 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.

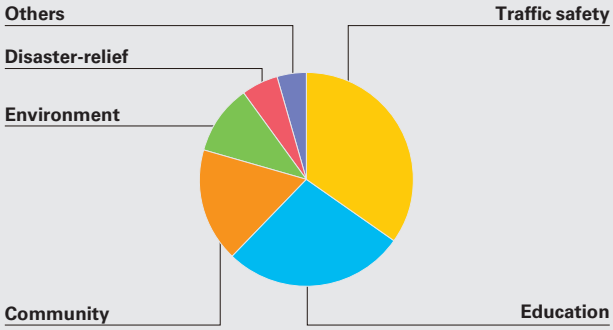
Honda in China will continue to help young people make technological challenges while helping China to address environmental issues and contributing to the development of a mobility society.

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



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 responsibility, 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.

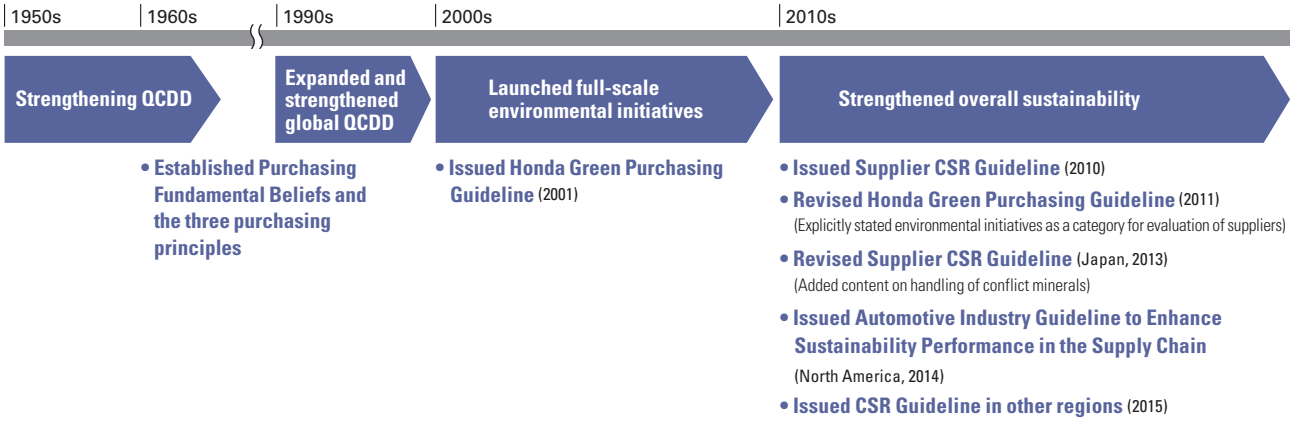
In addition, we are working across the entire supply chain, preparing check sheets for our suppliers to help assessing their own initiatives and promoting sustainability initiatives at sub-tier suppliers.

In the environment area, which we have always prioritized, 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



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.

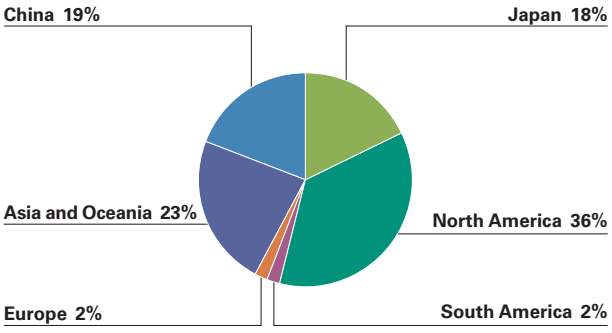
This meeting is composed of working level staff from six regions. It discusses and coordinates policies and methods of reducing CO_2 together with suppliers in each region worldwide.

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

Global meeting structure

Regional distribution of purchasing volume



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.

Global purchasing management

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 (RainsvilleTechnology Inc.)

Strengthening initiatives with suppliers

Reducing environmental impact

Aiming to realize 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

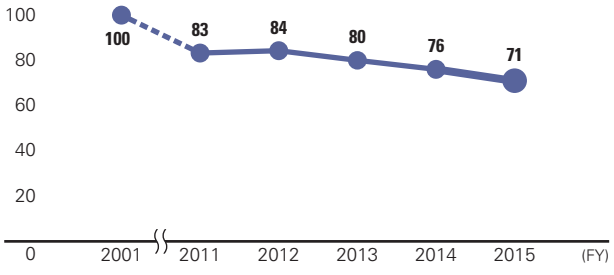
In order to increase the effectiveness of reductions in environmental impacts in the supply chain, Honda has been pursuing the establishment of a system for the integrated management of data on reductions in CO_2 emissions at suppliers since FY2012, which commenced full-scale operation in FY2015.

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 analyze data to assist in activities to reduce CO_2 at suppliers.

Index of CO_2 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 visualize 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 visualization 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 minimize financial risk. In addition, we check risk every month by referring to information from third-party organizations.

Strengthening initiatives with suppliers

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.

Initiatives in transportation

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.

GRI Index

	Indicators		Page
Strategy and Analysis	G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	3,4
	G4-2	Provide a description of key impacts, risks, and opportunities.	3,4,9-18,33
Organizational Profile	G4-3	Report the name of the organization.	101
	G4-4	Report the primary brands, products, and services.	102
	G4-5	Report the location of the organization's headquarters.	101
	G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	102
	G4-7	Report the nature of ownership and legal form.	101
	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	102
	G4-9	Report the scale of the organization.	101 Form20F (8,26-28)
	G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	71
	G4-11	Report the percentage of total employees covered by collective bargaining agreements.	Form20F (68)
	G4-12	Describe the organization's supply chain.	87-94
	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	N/A
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	27-28
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	4,21,32,93
	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations.	21,93
Identified Material Aspects and Boundaries	G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Form20F (26-27)
	G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	17,18,31
	G4-19	List all the material Aspects identified in the process for defining report content.	17,18,33,34
	G4-20	For each material Aspect, report the Aspect Boundary within the organization.	1
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	1
	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	N/A
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	1
Stakeholder Engagement	G4-24	Provide a list of stakeholder groups engaged by the organization.	20,21
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	20,21
	G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	20,21
	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	20,21
Report Profile	G4-28	Reporting period (such as fiscal or calendar year) for information provided.	1
	G4-29	Date of most recent previous report (if any).	1
	G4-30	Reporting cycle (such as annual, biennial).	1
	G4-31	Provide the contact point for questions regarding the report or its contents.	1
	G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	–

	Indicators		Page
Report Profile	G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	100
Governance	G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	19,22
	G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	19,22
	G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	19,22
	G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	19
	G4-38	Report the composition of the highest governance body and its committees.	22-24
	G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	22-24
	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	22-24
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	22-24
	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	19,22-24
	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	19
	G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	19,22-24
	G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	19-21
	G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	19
	G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	19
	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	19
	G4-49	Report the process for communicating critical concerns to the highest governance body.	19
	G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	26
	G4-51	a. Report the remuneration policies for the highest governance body and senior executive. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	24
	G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	24
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	–
	G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–
	G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–

	Indicators		Page
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	17,18,25
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	25,26
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	25,74
Disclosures on Management Approach	G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	3,4,17,18
Economic			
Economic Performance	G4-EC1	Direct economic value generated and distributed	86,101
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	32,33,34
	G4-EC3	Coverage of the organization's defined benefit plan obligations	Form20F (44)
	G4-EC4	Financial assistance received from government	–
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	–
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	71
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	9-12,53
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	–
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	89
Environmental			
Materials	G4-EN1	Materials used by weight or volume	–
	G4-EN2	Percentage of materials used that are recycled input materials	–
Energy	G4-EN3	Energy consumption within the organization	45
	G4-EN4	Energy consumption outside of the organization	45
	G4-EN5	Energy intensity	–
	G4-EN6	Reduction of energy consumption	44,45
	G4-EN7	Reductions in energy requirements of products and services	35,36,40,44
Water	G4-EN8	Total water withdrawal by source	45
	G4-EN9	Water sources significantly affected by withdrawal of water	46
	G4-EN10	Percentage and total volume of water recycled and reused	46
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	46
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	46
	G4-EN13	Habitats protected or restored	46
	G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	46
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	43,44
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	43,44
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	43,44
	G4-EN18	Greenhouse gas (GHG) emissions intensity	41
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	40
	G4-EN20	Emissions of ozone-depleting substances (ODS)	46
	G4-EN21	NOx, SOx, and other significant air emissions	46
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	46
	G4-EN23	Total weight of waste by type and disposal method	46
	G4-EN24	Total number and volume of significant spills	31
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	46
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	46

	Indicators		Page
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	35-42
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	37,38
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	31
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	42-44
Overall	G4-EN31	Total environmental protection expenditures and investments by type	38
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	88
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	46
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	31
Social: Labor practices and decent work			
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	71
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	73-76
	G4-LA3	Return to work and retention rates after parental leave, by gender	73
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	–
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	Form20F (68)
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	75,76
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	–
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	75,76
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	69
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	67-70,73
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	74
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	22,71
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	72
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	88
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	–
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	–
Social: Human Rights			
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	71
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	–
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	–
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	–
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	–
Security Practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	71
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	–
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	–

	Indicators		Page
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	88
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	93
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	–
Social: Society			
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	49,50,53,77-86
	G4-SO2	Operations with significant actual or potential negative impacts on local communities	–
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	26
	G4-SO4	Communication and training on anti-corruption policies and procedures	26
	G4-SO5	Confirmed incidents of corruption and actions taken	N/A
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	–
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	N/A
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	26
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	88
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	–
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	–
Social: Product Responsibility			
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	54
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	5-6,64
Product and Service Labeling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	35-36
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	N/A
	G4-PR5	Results of surveys measuring customer satisfaction	60-62,64
Marketing Communications	G4-PR6	Sale of banned or disputed products	5,6,64
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	N/A
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	28
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	26

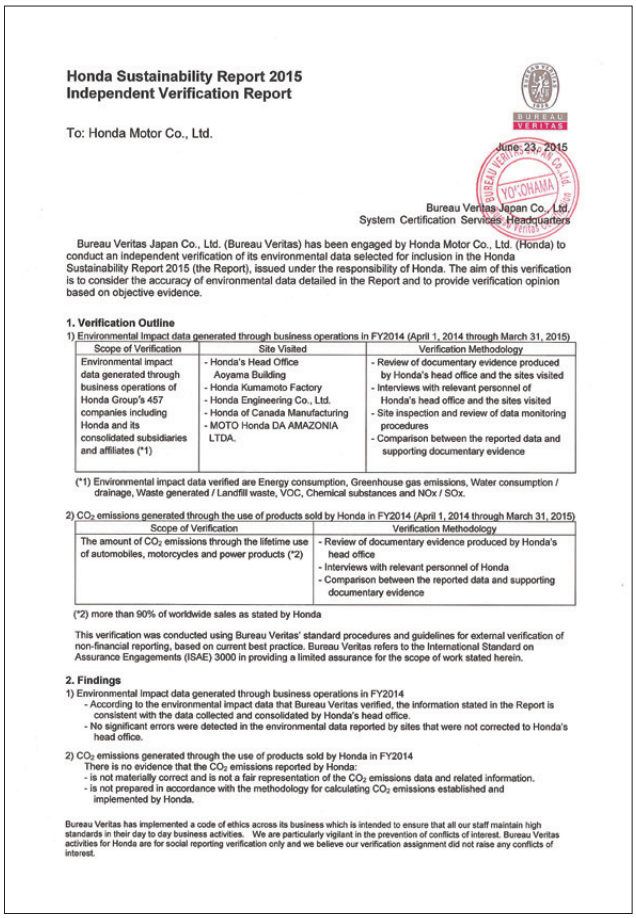
N/A: No significant cases of any relevance

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.

June 23, 2015

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Honda Motor Co., Ltd. (Honda) to conduct an independent verification of its environmental data selected for inclusion in the Honda Sustainability Report 2015 (the Report), issued under the responsibility of Honda. The aim of this verification is to consider the accuracy of environmental data detailed in the Report and to provide verification opinion based on objective evidence.

1. Verification Outline

1) Environmental Impact data generated through business operations in FY2014 (April 1, 2014 through March 31, 2015)

Scope of Verification	Site Visited	Verification Methodology
Environmental impact data generated through business operations of Honda Group's 457 companies including Honda and its consolidated subsidiaries and affiliates (*1)	- Honda's Head Office Aoyama Building - Honda Kumamoto Factory - Honda Engineering Co., Ltd. - Honda of Canada Manufacturing - MOTO Honda DA AMAZONIA LTDA.	- Review of documentary evidence produced by Honda's head office and the sites visited - Interviews with relevant personnel of Honda's head office and the sites visited - Site inspection and review of data monitoring procedures - Comparison between the reported data and supporting documentary evidence

(*1) Environmental impact data verified are Energy consumption, Greenhouse gas emissions, Water consumption / drainage, Waste generated / Landfill waste, VOC, Chemical substances and NOx / SOx.

2) CO_2 emissions generated through the use of products sold by Honda in FY2014 (April 1, 2014 through March 31, 2015)

Scope of Verification	Verification Methodology
The amount of CO_2 emissions through the lifetime use of automobiles, motorcycles and power products (*2)	- Review of documentary evidence produced by Honda's head office - Interviews with relevant personnel of Honda - Comparison between the reported data and supporting documentary evidence

(*2) more than 90% of worldwide sales as stated by Honda

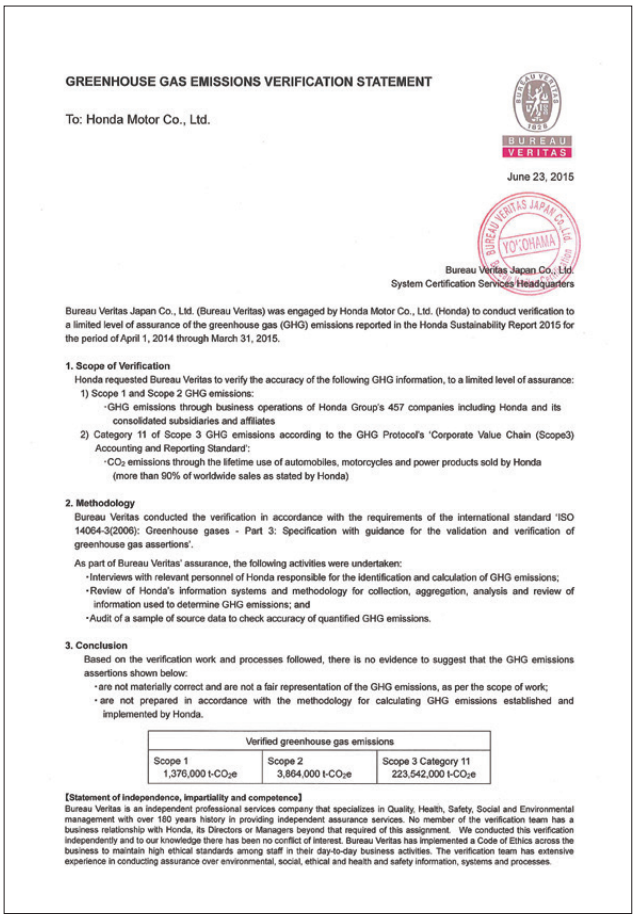
This verification was conducted using Bureau Veritas' standard procedures and guidelines for external verification of non-financial reporting, based on current best practice. Bureau Veritas refers to the International Standard on Assurance Engagements (ISAE) 3000 in providing a limited assurance for the scope of work stated herein.

2. Findings

1) Environmental Impact data generated through business operations in FY2014
- According to the environmental impact data that Bureau Veritas verified, the information stated in the Report is consistent with the data collected and consolidated by Honda's head office.
- No significant errors were detected in the environmental data reported by sites that were not corrected to Honda's head office.

2) CO_2 emissions generated through the use of products sold by Honda in FY2014
There is no evidence that the CO_2 emissions reported by Honda:
- is not materially correct and is not a fair representation of the CO_2 emissions data and related information.
- is not prepared in accordance with the methodology for calculating CO_2 emissions established and implemented by Honda.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all our staff maintain high standards in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest. Bureau Veritas activities for Honda are for social reporting verification only and we believe our verification assignment did not raise any conflicts of interest.



GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: Honda Motor Co., Ltd.

June 23, 2015

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by Honda Motor Co., Ltd. (Honda) to conduct verification to a limited level of assurance of the greenhouse gas (GHG) emissions reported in the Honda Sustainability Report 2015 for the period of April 1, 2014 through March 31, 2015.

1. Scope of Verification

Honda requested Bureau Veritas to verify the accuracy of the following GHG information, to a limited level of assurance:
1) Scope 1 and Scope 2 GHG emissions:
- GHG emissions through business operations of Honda Group's 457 companies including Honda and its consolidated subsidiaries and affiliates
2) Category 11 of Scope 3 GHG emissions according to the GHG Protocol's 'Corporate Value Chain (Scope3) Accounting and Reporting Standard':
- CO_2 emissions through the lifetime use of automobiles, motorcycles and power products sold by Honda (more than 90% of worldwide sales as stated by Honda)

2. Methodology

Bureau Veritas conducted the verification in accordance with the requirements of the international standard 'ISO 14064-3(2006): Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions'.

As part of Bureau Veritas' assurance, the following activities were undertaken:
- Interviews with relevant personnel of Honda responsible for the identification and calculation of GHG emissions;
- Review of Honda's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of a sample of source data to check accuracy of quantified GHG emissions.

3. Conclusion

Based on the verification work and processes followed, there is no evidence to suggest that the GHG emissions assertions shown below:
- are not materially correct and are not a fair representation of the GHG emissions, as per the scope of work;
- are not prepared in accordance with the methodology for calculating GHG emissions established and implemented by Honda.

Verified greenhouse gas emissions		
Scope 1	Scope 2	Scope 3 Category 11
1,376,000 t-CO_2e	3,864,000 t-CO_2e	223,542,000 t-CO_2e

[Statement of independence, impartiality and competence]
Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services. No member of the verification team has a business relationship with Honda, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes.

*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 equipment: 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)

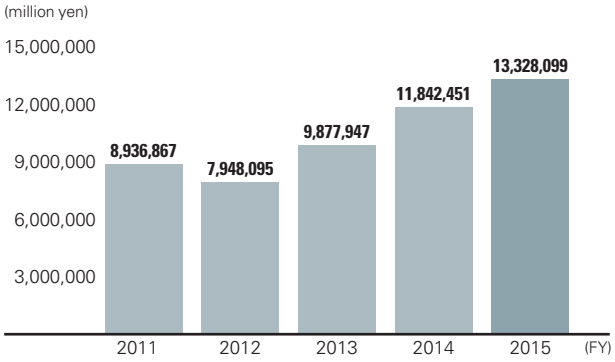
Established September 1948

President, CEO & Representative Director Takahiro Hachigo
(assumption in June, 2015)

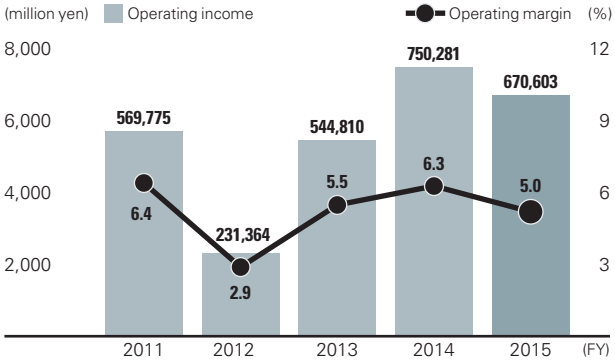
Capital 86,067 million yen (as of March 31, 2015)

Number of employment 204,730 (consolidated basis),
22,954 (nonconsolidated basis)
(as of March 31, 2015)

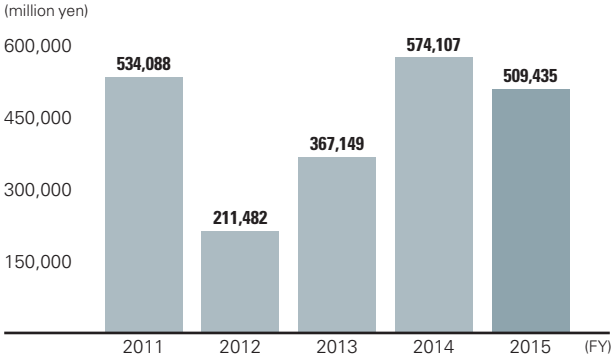
Net sales and other operating revenue



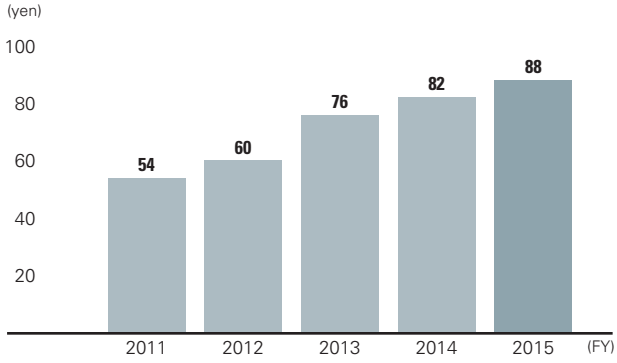
Operating income/Operating margin



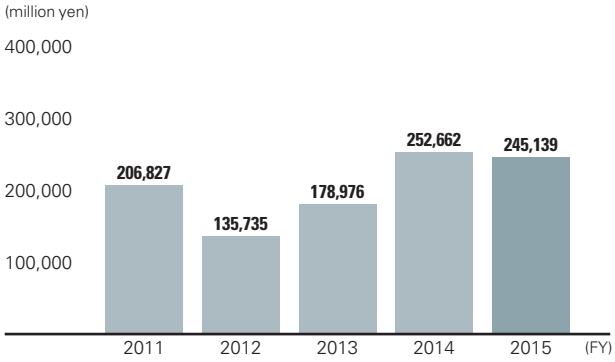
Net income attributable to Honda Motor Co., Ltd. Profit for the Year attributable to Owners of the Parent



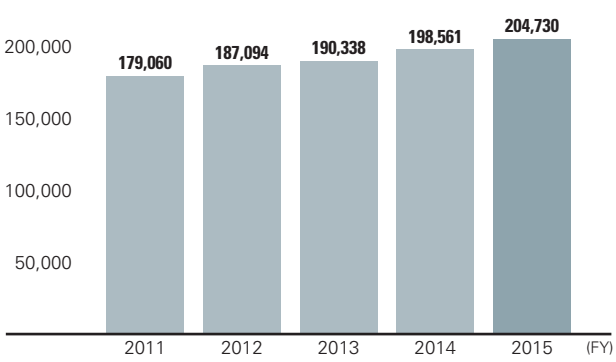
Dividend per share



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.

CBR250R

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.

Grace Hybrid

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.

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		Japan		North America	
Motorcycles	1,360,000 units	Motorcycles	205,000 units	Motorcycles	294,000 units
Automobiles	796,000 units	Automobiles	849,000 units	Automobiles	1,789,000 units
Power products	530,000 units	Power products	330,000 units	Power products	2,652,000 units

Europe/Middle East/Africa		Asia & Oceania		South America	
Motorcycles	316,000 units	Motorcycles	14,040,000 units	Motorcycles	1,455,000 units
Automobiles	238,000 units	Automobiles	620,000 units	Automobiles	155,000 units
Power products	1,188,000 units	Power products	1,101,000 units	Power products	133,000 units

HONDA

The Power of Dreams

Honda Motor Co., Ltd.

2 -1-1 Minami-Aoyama, Minato-ku,
Tokyo 107-8556, Japan
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