

HONDA

The Power of Dreams



H o n d a

E n v i r o n m e n t a l A n n u a l R e p o r t

2 0 1 0



Environmental information disclosure

The Honda Environmental Annual Report is published yearly. It presents environmental corporate information, including Honda's policies and future direction with respect to the environment. The report focuses particularly on the results of the year's initiatives in each management domain, and on progress made toward targets from the point of view of Honda's corporate activities throughout its products' life cycles.

Complementing the disclosure of environmental corporate information, Honda's website (<http://world.honda.com/environment/>) provides further details about the results in each domain (for instance, environmental impact data for each Honda facility), and also presents the history of Honda's environmental initiatives.

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

Information focusing on annual initiatives



This book



Case Studies and Supplementary Information

Environmental annual report

The Honda Environmental Annual Report is issued in two parts. The second part, titled Case Studies and Supplementary Information, focuses on specific initiatives in each of the domains introduced in this report, and is available on the website.

Comprehensive environmental information



Web

The Honda Worldwide website's environment section

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

Global Operations and Marketplace

Advancing operations in 6 regions



Driven by its philosophy of building products close to the customer, Honda has manufacturing operations in six different regions worldwide. In FY2010, Honda delivered 24 million products to its customers around the world. Always conscious of the environmental impact of its operations, Honda is working hard to take environmental responsibility to ever higher levels around the world.

In 2006, Honda became the world's first automaker to announce global CO₂ reduction goals for its products and production activities (see p.12). It also implemented a proactive strategy to help stabilize climate change, taking efforts to even higher levels. As a global manufacturer, Honda strives to develop products with the lowest in-use CO₂ emissions manufactured at plants with the lowest per-unit CO₂ emissions. Honda Group companies worldwide continue to advance a wide range of initiatives for the reduction of environmental impact.



Annual sales in Honda's six regions by unit volume (FY2010)

Report structure

Covering initiatives in Japan and around the world, the Honda Environmental Annual Report 2010 aims to foster a deeper understanding of Honda's environmental initiatives.

CONTENTS

2–25

GLOBAL

Global Initiatives

| | |
|---|---|
| Environmental information disclosure | 2 |
| Top Message | 4 |
| Honda philosophy and direction for the 21 st century | 6 |
| Honda Environment Statement | 7 |
| Global environmental management policy | Policy on monitoring and responding to environmental impact from operations/Honda's approach to environmental issues8 |
| Global environmental management system | Organization/Environmental management at Honda facilities/Environmental risk management 10 |
| 2010 CO ₂ reduction targets and progress | 12 |
| Global environmental impact | 14 |
| Product development and corporate activities | 16 |
| Featured initiatives | |
| Regional topics | 20 |
| North America/South America/Europe/Asia and the Pacific/China/Japan | |

26–63

JAPAN

Initiatives in Japan

| | |
|--|--|
| Environmental management systems in Japan | Organization/Environmental audits/Environmental risk management/Environmental accounting/Environmental education..... 26 |
| FY2011 Japan targets and progress | 30 |
| Results of FY2010 initiatives and targets for FY2011 | 32 |
| Environmental impact in Japan | 34 |
| Product development | 36 |
| Automobiles | Fuel economy/Exhaust emissions/Alternative fuel vehicles |
| Motorcycles | Fuel economy/Exhaust emissions |
| Power Products | Alternative fuels |
| Other initiatives | Alternative fuels |
| Purchasing | Environmental management in Purchasing domain/Saving energy and resources with suppliers/Zero emissions from suppliers42 |
| Production | Flow of materials in production in FY2010/Saving energy and resources/Zero emissions44 |
| Transportation | Improving efficiency/Reducing packaging.....48 |
| Sales and service | CO ₂ emission reductions by dealers/Automobile dealers/Motorcycle dealers/Power products dealers52 |
| Product recycling (reduce, reuse, recycle) | Development initiatives/Recycling and reuse initiatives/Disposal initiatives54 |
| Administration | Honda initiatives/Honda Group initiatives/ISO 14001 certification of Honda and Honda Group companies58 |
| Principal Honda Group companies in Japan | Honda R&D initiatives/Honda Engineering initiatives/Honda Access initiatives 60 |

64–71

INFORMATION

Additional Information

| | |
|--|----|
| Biodiversity initiatives | 64 |
| Philanthropic environmental initiatives | 66 |
| History of Honda environmental initiatives | 68 |
| Third-party comment | 69 |
| Company overview and financial information | 70 |

Report scope

● Period covered

FY2010 (April 1, 2009–March 31, 2010) Note: The report also refers to activities conducted in FY2011, as well as to previous ongoing initiatives.

● Organizations covered

This report covers Honda Motor Co. Ltd., as well as group affiliates in Japan and overseas (500 consolidated subsidiaries and affiliates). Performance data are appended to the corresponding graphs and diagrams. For details about the main

companies covered in the report, please refer to the Financial Report published at the end of June 2010.

The report primarily focuses on environmental initiatives undertaken in Japan by Honda Motor Co., Ltd. and the following major affiliates in Japan, and provides detailed results for these.

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

Note: FY2010 performance data include figures that have changed due to companies merging and other developments.

Top Message

Striving to be a company that society wants to exist by creating new value that makes Honda unique and exceeds expectations

The Honda's direction

Even in the rapidly changing business environment of FY2010, Honda supplied more than 24 million products to customers worldwide. We are proud of the support and confidence we have earned from customers as a leading mobility manufacturer, but we are also aware of the high expectations placed on Honda, and that our role in society is extremely important.

Although last year's COP15 meeting in Copenhagen failed to produce targets for action on the climate change problem, there is no longer room for debate on the need to reduce greenhouse gas emissions. The establishment of a low-carbon society is an essential step on our path to the future, and humanity's top priority now is to use Earth's limited energy resources carefully. Honda has focused its management resources on the goal of reducing greenhouse gas emissions, and we have made a drastic shift in the direction of our management strategies toward the realization of a low-carbon society.



A vision for the next 100 years

Honda's vision for personal mobility for the next 100 years of mobility calls for an accelerated shift away from fossil fuels, and for the early development of technologies that will reduce greenhouse gas emissions to zero. This is because continuing growth in the world's population is likely to result in continuing growth in the demand for mobility.

Honda's vision for the sustainable mobility society of the future is based on the concept of mobility that uses energy generated by Honda technology. However, this will not be an easy goal to achieve. We will need to overcome challenges far greater than anything we have experienced in the past. Honda is determined to meet these challenges and realize this vision by accelerating initiatives in response to environmental problems.

Honda's challenge

In Honda's view, the ideal way to reduce environmental impact is to earn the support of consumers by promoting the use of products with a small environmental footprint. We want to achieve this by contributing to lower greenhouse gas emissions through the timely creation of attractive and affordably priced products with extremely low CO₂ emissions and fuel consumption.

Last year saw the global launch of the PCX, a low-priced 125 cc scooter that provides dramatically improved fuel efficiency thanks to the addition of a computer-controlled fuel injection system and idle stop system. We also launched the Insight, a compact, lightweight hybrid automobile equipped with the Honda IMA hybrid system, which delivers superb fuel efficiency.

We also used the IMA hybrid system in the CR-Z compact car. This vehicle incorporates features designed to combine fuel efficiency with driving fun, including the world's first 6-speed manual transmission in a hybrid vehicle, and it has contributed significantly to the global popularity of hybrids.

Honda is also active in energy production technologies. We develop and sell a variety of unique systems: home cogeneration systems that minimize energy waste, and solar power systems that enable customers to make use of the most abundant renewable energy resource of all—the sun.

In the current fiscal year, we will make another important contribution to a sustainable mobility society with the start of lease sales of the EV-neo electric scooter. We see hydrogen as the eventual replacement for gasoline, and since 2001 we have also been developing hydrogen stations in preparation for the introduction of the ultimate clean car, the FCX Clarity hydrogen fuel cell electric vehicle.

In January 2010, Honda began trials of a next-generation solar hydrogen station, which will produce hydrogen from water using power produced by solar cells. The station's solar panels are based on original Honda technology,

and could potentially be used in household hydrogen supply systems in combination with a new hydrogen production system that dramatically reduces power consumption during hydrogen production and storage.

Liquid fuels are likely to remain in use because of advantages that include high energy density and ease of handling. For this reason, Honda is also conducting research relating to bio-ethanol, which has a small environmental footprint. Our goal is to create practical bio-ethanol manufacturing technologies that will allow this fuel to be produced from cellulose obtained from non-food portions of crops, such as stems and leaves.

Honda will continue to move forward boldly toward the goal of creating a low-carbon society. We are working to realize that vision through comprehensive initiatives to support judicious use of the world's limited energy resources and a shift away from fossil fuels, and through the development of alternative-energy technologies.

A new era

A time of dramatic change is also a time of opportunity for the creation of new value. The key drivers for the Honda revolution are our ability to adapt quickly and seize these opportunities, and our potential as a creator of new value.

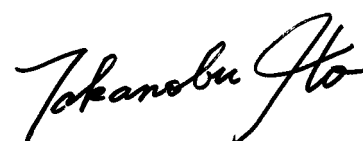
In the past, there have been many challenges, and Honda has overcome each of these with technology. Throughout our history, we have strived to bring satisfaction to users worldwide through business activities in many countries. In this foreword, I have sought to express our determination to continue this tradition of exceeding expectations by offering new value to people everywhere from a global perspective, so that Honda can continue to be a company society wants to exist.

The Honda environmental annual report 2010

The Honda Environmental Annual Report presents the results of Honda's global environmental initiatives for the past fiscal year. Since the 2009 edition, we have also published on our corporate website case studies and supplementary information related to our initiatives in each management domain. We hope that you will enjoy reading this report, and we look forward to receiving your frank comments and assessments.

June 2010

President and CEO
Chairman, Honda World Environmental Committee

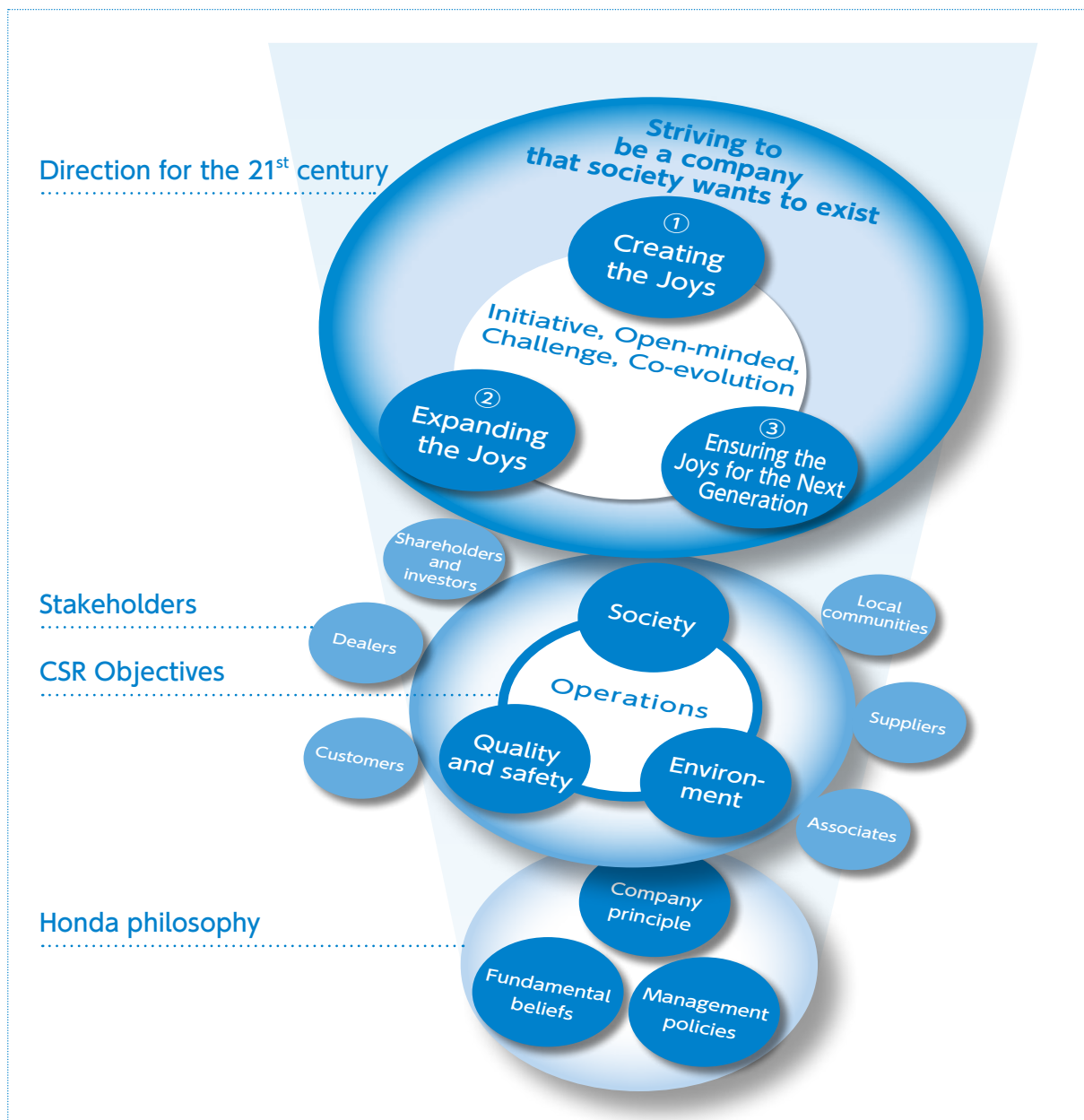


Honda philosophy and direction for the 21st century

All of Honda's environmental activities are an expression of the Honda philosophy of Respect for the Individual and The Three Joys, which are reflected in our fundamental beliefs, management policies and company principle. These values are shared by all Honda Group associates, and form the basis of all activities and decision-making. They are the cornerstones of all of the Group's business activities.

In 1998, the company's 50th anniversary, Honda established the "Direction for the 21st Century," expressing its commitment to strive to be a company that society wants to exist by sharing joys with people throughout the world. To realize this vision, we have established three directions for the joys we seek to share: 1) Creating the Joys (new value creation); 2) Expanding the Joys (doing business all around the world; and 3) Ensuring the Joys for the next generation (co-existence with the Earth)—by bringing to fruition key elements of Honda's corporate culture, "Initiative, Open-minded, Challenge and Co-evolution."

"Creating the Joys" means continuing to dream and create new value ahead of the times with free-spirited thinking to enhance The Three Joys. "Expanding the Joys" means realizing dreams with more people and contributing to local society to expand The Three Joys around the world. "Ensuring the joys for the next generation" means working toward the sustainable development of society and achieving the highest level of environmental and safety performance to ensure The Three Joys for the next generation. By steadily advancing in these three directions, Honda ensures communication with all stakeholders, while fulfilling its social obligations and contributing to the creation of a sustainable society.



Honda Environment Statement

Honda has been implementing proactive measures to help resolve environmental challenges since the 1960s, when concerns about air pollution began to grow. In 1966, soon after expanding into automobile production, we established a department to research air pollution measures. In 1972, under the theme "Blue Skies for Our Children," we introduced the CVCC engine, becoming the world's first automaker to comply with the U.S. Clean Air Act without the use of a catalytic converter—a challenge thought by many to be nearly insurmountable. Believing that problems caused by technology should be solved by technology, we've continued to confront environmental challenges.

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

H o n d a E n v i r o n m e n t S t a t e m e n t

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.



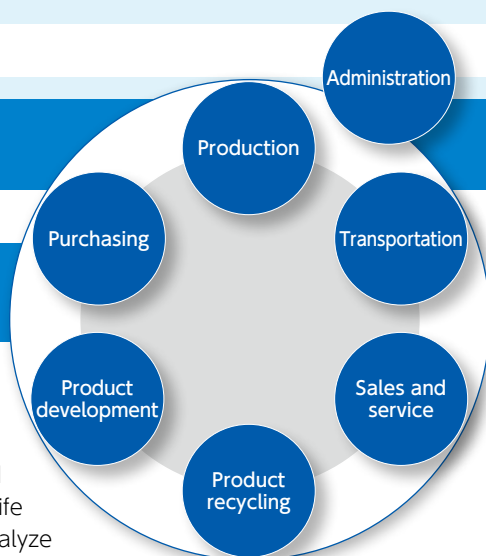
Established and announced in June 1992

Global environmental management policy

Policy on monitoring and responding to environmental impact from operations

Honda is aware of its responsibility for the environmental impact generated by its corporate activities and the use of its products, and is committed to minimizing that impact.

To achieve this, it is essential that we identify specific issues and set targets for action. We set specific goals in the context of our Life Cycle Assessment system, which is used to measure, assess and analyze environmental impact.



| Honda corporate activities | | Environmental impact | Honda response | |
|-----------------------------------|---|--|---|--|
| Lifecycle of corporate activities | Concerns | | Major initiatives | |
| Product development | CO ₂ Exhaust emissions Noise | Global environmental issues Climate change Ozone depletion Resource depletion Biodiversity | <ul style="list-style-type: none"> Fuel economy improvements Exhaust emissions reduction Development of alternative energy products Designing the 3R's Noise reduction | |
| Purchasing | CO ₂ Waste Wastewater Exhaust emissions Noise Chemicals | | <ul style="list-style-type: none"> Green purchasing <ul style="list-style-type: none"> Environmental management Saving energy and resources with suppliers Zero emissions from suppliers* | |
| Production | CO ₂ Waste Exhaust emissions Noise Chemicals | | <ul style="list-style-type: none"> Green Factories <ul style="list-style-type: none"> Environmental management Saving energy and resources Zero emissions* | |
| Transportation | CO ₂ Waste | Air pollution | <ul style="list-style-type: none"> Green logistics <ul style="list-style-type: none"> Environmental management Improving transportation efficiency Reducing packaging | |
| Sales and service | CO ₂ Removed parts Fluorocarbons Waste | Waste Water pollution | <ul style="list-style-type: none"> Green Dealers (automobiles, motorcycles and power products) <ul style="list-style-type: none"> Environmental management Energy efficiency improvement Implementing environment managing system Social contribution | |
| Product recycling | CO ₂ End-of-life products (chemical) | Soil pollution Noise | <ul style="list-style-type: none"> Recovery, recycling and reuse of parts Proper disposal of end-of life products Technical support for the recycling | |
| Administration | CO ₂ Waste | Local environmental issues | <ul style="list-style-type: none"> Green offices <ul style="list-style-type: none"> Environmental management Energy conservation Waste reduction and improvement in recycling rates Environmental contribution to local communities | |

* Zero emissions means that waste and other harmful substances have been reduced as close to zero as possible.

Honda's approach to environmental issues

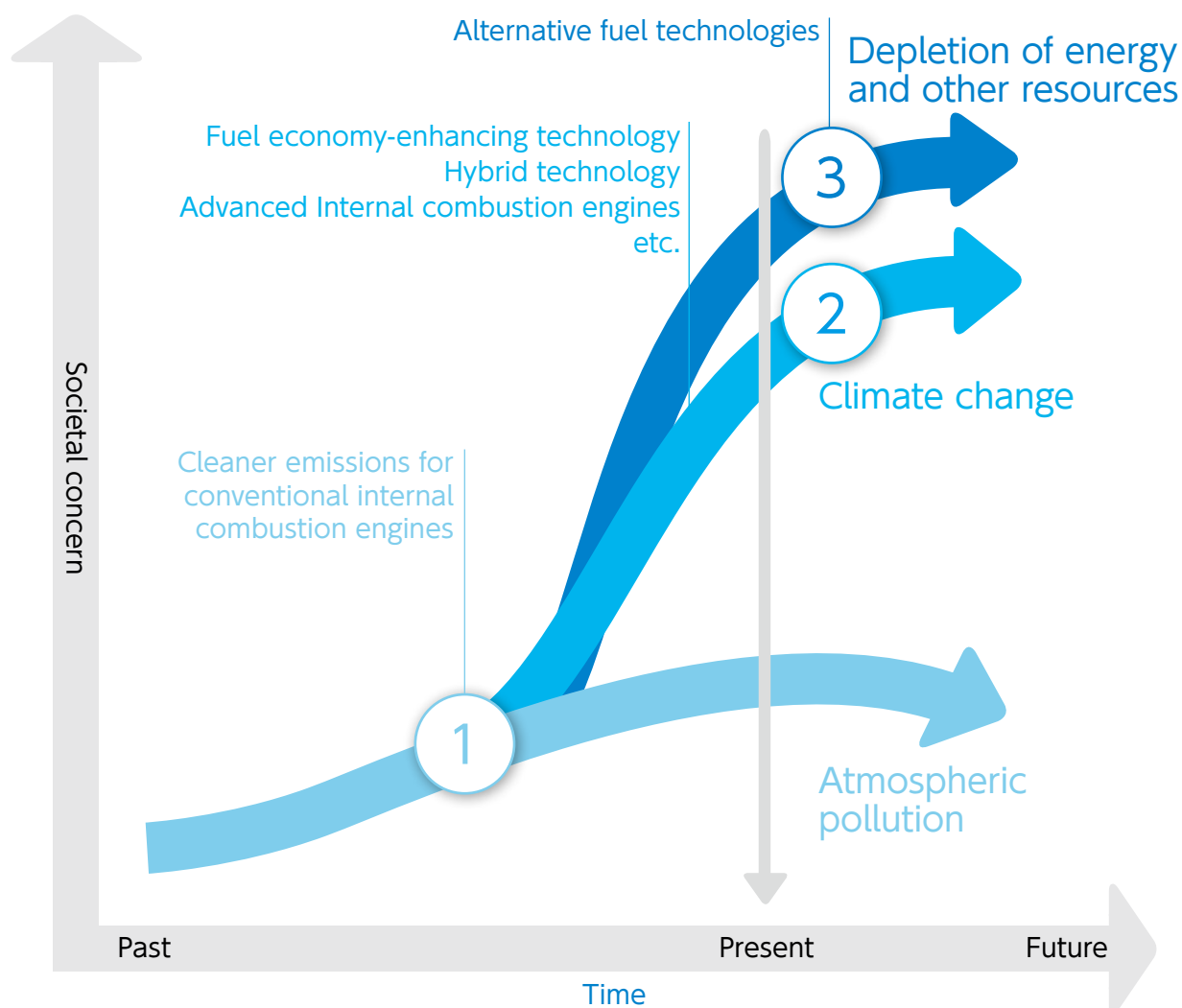
The graph below provides a visual illustration of Honda's approach to some of the environmental issues that face us. Honda has long been committed to tackling issues related to atmospheric pollution, developing such combustion technologies as the CVCC engine (introduced in 1972) to comply with the U.S. Clean Air Act—the world's most stringent emissions regulations at the time. Honda has since continued to refine its engine, catalytic converter and other clean-emissions technologies, with the result that, over the past 40 years, vehicles emissions have been reduced to 1/1,000 of 1970 levels, when the U.S. Clean Air Act became law. Honda believes that, as the use of vehicles with outstanding emissions performance becomes more widespread, the effect of vehicles on the world's atmosphere will be further mitigated.

Mobility is indispensable to improving the quality of life for people around the world, and Honda is aware that it is of utmost importance that it addresses, in all of its activities, the conflicting global issues of climate change and expanding demand for mobility.

Climate change is thought to be caused by the sudden rise in atmospheric concentrations of CO₂, CFCs and other greenhouse gases, and Honda is addressing this issue by increasing the fuel efficiency of engine and vehicle technologies; by introducing hybrid vehicle and other fuel-economy-enhancing technologies that reduce CO₂ emissions from Honda vehicles; and by reducing CO₂ emissions throughout the entire spectrum of its corporate activities.

Honda is also addressing concerns over resource depletion by developing technologies to support a sustainable society. This entails not only energy usage, but also power generation technologies such as the fuel cell technologies embodied in the FCX Clarity, engaging in solar cell development, researching biofuels, and developing recycling and energy-saving technologies.

Honda continually strives to be "a company that society wants to exist" by presenting value that surpasses everyone's expectations.



Global environmental management system

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

Organization

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

Continuing its focus on issues common to the global organization, the company initiated the Green Factory initiative^{*1} in 1997 and the LCA Project in 2000. The Green Factory Promotion Center^{*2} was established in 2004 to intensify environmental initiatives in the production domain and to advance the Green Factory initiative.

Based on mid-term policies determined by the Executive Council, environmental action plans are developed by individual departments. These plans are then discussed and approved by Regional Environmental Committees. Next, individual departments take responsibility for implementation based on the commitments specified in their plans. Results are evaluated by Regional Environmental Committees, and, on the basis of their guidance, plans and targets are developed in each of Honda's six regions, completing the PDCA^{*3} cycle at the regional level. Issues considered to be global in scope are referred to the World Environmental Committee, which is chaired by the President and CEO in his role as Chief Environmental Officer. The deliberations of the World Environmental Committee are reflected in mid-term policy statements.

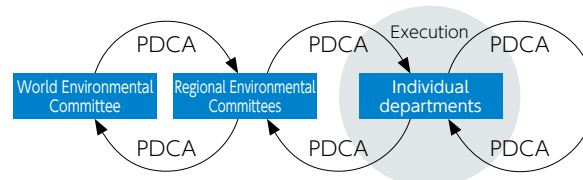
A hallmark of Honda environmental initiatives is that planning and execution are not delegated to specialists; rather, associates in all departments are directly involved. All associates are engaged with environmental issues as part of their duties.

^{*1} In addition to the Green Factory initiative, energy conservation and waste reduction measures are being implemented at Honda factories worldwide.

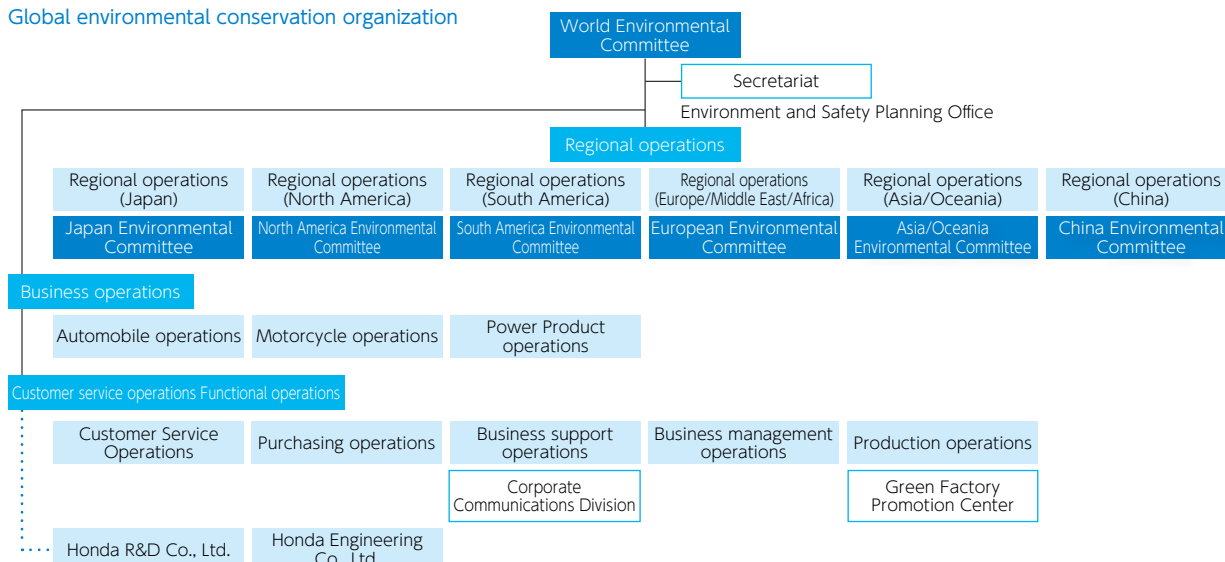
^{*2} The Green Factory Promotion Center oversees environmental initiatives in the production domain, supervising and coordinating environmental measures implemented at Honda factories. The Center serves as a secretariat for internal environmental audits conducted by Honda factories and monitors the administration of environmental management throughout the organization.

^{*3} The Plan, Do, Check, Act cycle.

Environmental preservation based on the PDCA cycle



Global environmental conservation organization



Environmental management at Honda facilities

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

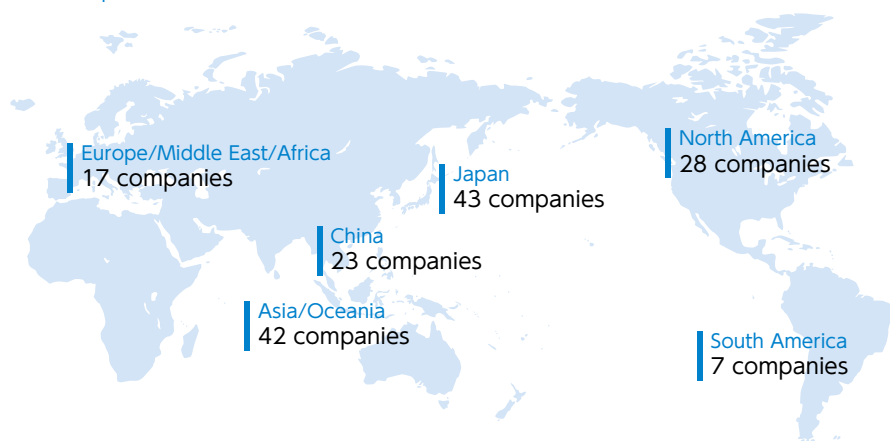
All of Honda's production facilities in Japan had acquired certification by FY1998. As part of the Green Office initiative, the Honda Motor headquarters building in Aoyama acquired ISO 14001 certification in FY2000, as did the new Wako building in FY2006. Honda is also working toward certification of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

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

ISO 14001 certification extends beyond production, and 163 Honda affiliates have received certification worldwide. The adjacent chart provides details on ISO/EMAS certification at Honda manufacturing facilities.

For further information, please see the Honda Worldwide website's environment section:
<http://world.honda.com/environment/index.html>

ISO 14001-certified companies



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

Environmental risk management

Compliance with laws and regulations

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

In April 2003, Honda established the Honda Conduct Guideline and is implementing it worldwide. In the guideline, compliance is defined as "compliance with laws, company rules and social norms," while environmental conservation is defined as the "proper processing of waste and pollutants," "efficient use of natural resources and recycling," and "legally required measurements, recording

and reporting." Upon the introduction of the guideline, a director was nominated as compliance officer, and Honda has continued to work to strengthen compliance and risk management frameworks under the supervision of the director in charge of each part of the organization.

Emergency protocols

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

2010 CO₂ reduction targets and progress

Rapidly increasing emissions of carbon dioxide, CFCs and other greenhouse gases are considered to be the key cause of global climate change. This problem cannot be resolved solely by action at the regional level, so Honda is addressing the problem on a global scale.

Currently, there is a significant gap between developed and developing countries in terms of the availability of convenient transportation. Since improvements in the quality of mobility are essential to improvements in the quality of life, the demand for automobiles and other forms of transportation will continue to grow.

Honda is working to further develop its technology to reconcile the threat of global climate change with the growing demand for mobility. Our overall goal is to manufacture products with the lowest in-use CO₂ emissions at plants with the lowest CO₂ emissions per unit of production.

Concepts used in establishing targets

The Honda LCA System

In March 2002, Honda established the Honda LCA System in Japan to measure the environmental impact of products from manufacturing to disposal. Applying this system, Honda is working to reduce its environmental impact.

One of the key elements Honda is monitoring is CO₂ emissions. Based on emissions measurements, Honda is setting targets for production, purchasing, sales and service, administration, transportation and other domains, and implementing effective initiatives to reduce emissions.

Product life cycle assessment (LCA)

In FY2007, Honda introduced a new product LCA system to represent the volume of CO₂ emissions associated with the life cycle of a single vehicle, from the procurement of raw materials to disposal. The adjacent graphs display calculations for major automobile and motorcycle models introduced in the past year.

The results provide confirmation of the importance of the use stage in reducing CO₂ emissions. Using this system, Honda can more accurately assess the volume of CO₂ emissions for all aspects of a vehicle's life cycle, reinforcing reduction efforts.

LCA system calculations show that 83% of CO₂ emissions are generated in use of Honda products, 6% in their production. Honda targets for reduction of product and production-related CO₂ emissions can thus be considered to cover more than 80% of total emissions.

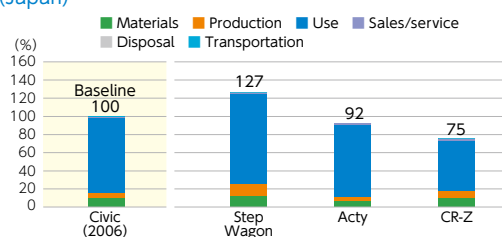
Enhancing product and production efficiency

To address the issue of climate change, Honda has led the industry in establishing worldwide CO₂ emission reduction targets and implementing initiatives to attain them.

Believing that the internal combustion engine will remain the principal source of mobility power until at least the year 2020, Honda views fuel efficiency and fuel economy enhancement as a key issue. Stringent regulations such as Corporate Average Fuel Economy (CAFE) standards have been introduced in the U.S., Europe and other regions to mandate fuel economy improvement for automobile fleets. Recognizing the need for global initiatives, Honda is moving from measuring regional fuel economy averages to measuring global fuel

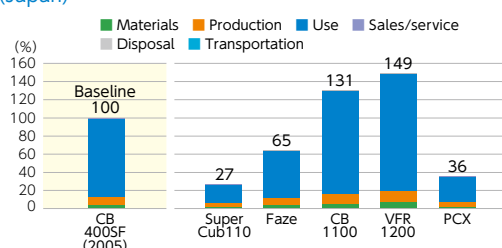
economy averages, and from fuel economy averages based on vehicle categories to average targets for its entire worldwide vehicle lineup. Honda is also committed to further improving the efficiency of its worldwide manufacturing processes and reducing CO₂ emissions. To this end, in 2006, Honda established global targets for average per-unit CO₂ emissions in manufacturing and is working steadily to reach these targets.

LCA results for major automobile models released in FY2010 (Japan)



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

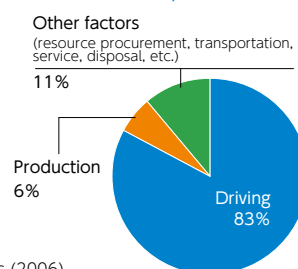
LCA results for major motorcycle models released in FY2010 (Japan)



Note: Calculations are based on a total vehicle mileage of 50,000 km.

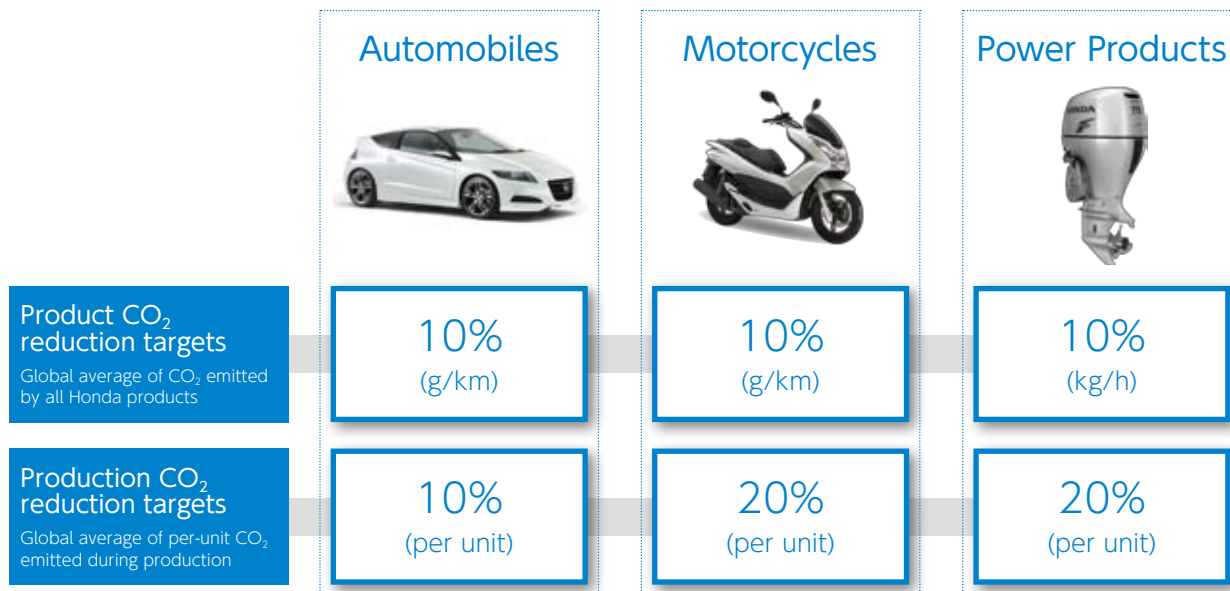
For more information on LCA results of other new motorcycle models, see Case Studies and Supplementary Information.

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



Example: Civic (2006)

2010 CO₂ reduction targets and progress (baseline: 2000)



Note: Target scope:

Automobiles : Japan, North America, Europe/Middle East/Africa, Asia/Oceania, China, South America (more than 90% of worldwide sales)

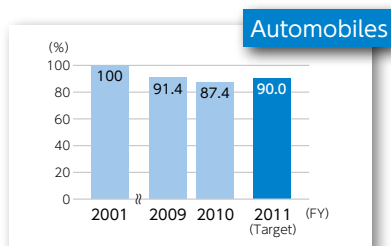
Motorcycles : Japan, North America, Europe, Thailand, India, China, Indonesia, Vietnam, Brazil, Philippines, Malaysia, Pakistan (more than 90% of worldwide sales)

Power products : All sales in all regions (excluding marine outboards)

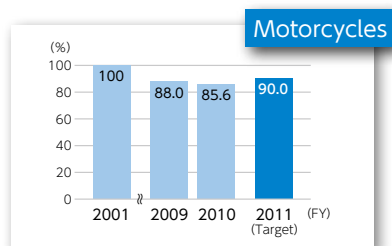
Production : All manufacturing by Honda Motor and 75 other Honda Group companies worldwide engaged in the assembly of products and major components

FY2010 results (in progress)

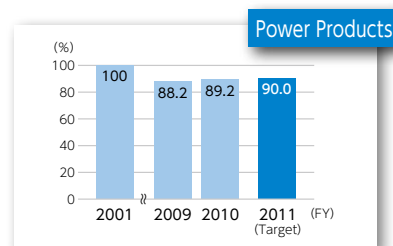
Product CO₂ reduction



Public campaigns and other CO₂-reducing measures, primarily carried out in developed countries, have dramatically increased sales of products with high fuel efficiency (smaller automobiles and hybrid vehicles). As a result, Honda has exceeded its CO₂ reduction targets.

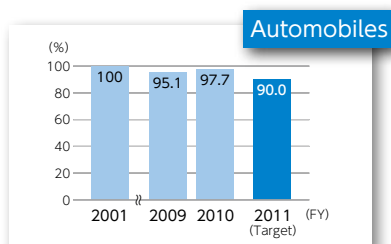


Sales for FY2010 were largely unchanged year on year, but sales of small vehicles that use both PGM-FI and low-friction engines expanded, further reducing average CO₂ emissions.

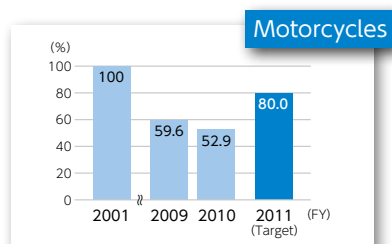


Per-unit average CO₂ emissions for power products increased from FY2009 levels. This was due to increased sales of large engines, and a lower percentage of sales of mid-sized engines, handheld engines and compact household cogeneration units that have relatively low per-unit emissions.

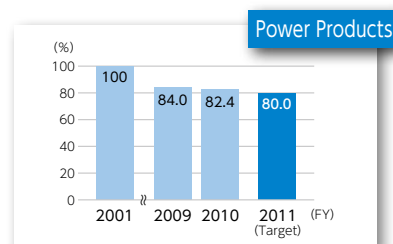
Production CO₂ reduction



The per-unit increase stems from a decrease in production quantities, but non-production energy reduction measures held CO₂ emissions to a 2.6% increase over FY2009 levels.



Consolidation of production bases and measures to reduce non-production energy use resulted in a per-unit drop of 6.7% from FY2009 levels.



Consolidation of production bases and measures to reduce non-production energy use resulted in a per-unit drop of 1.6% from FY2009 levels.

Global environmental impact



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

Energy consumption (FY2010)

Companies covered:

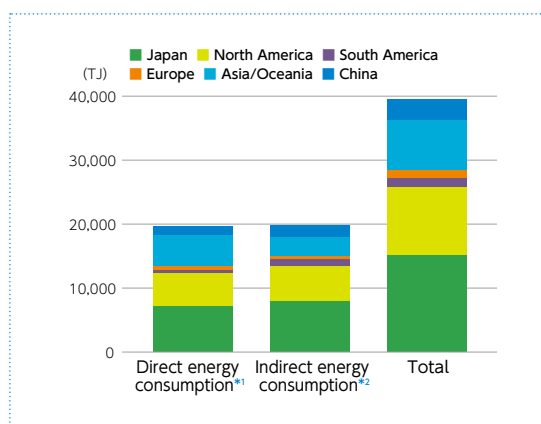
Honda Motor Co., Ltd.,
subsidiaries and affiliates: **501**

Manufacturing companies: **197**

Non-manufacturing companies: **304**

*1 Direct energy consumption:
Energy consumption through fuel combustion, etc.

*2 Indirect energy consumption:
Consumption of externally supplied energy, such as purchased electric power



Notes:

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

Greenhouse gas emissions (FY2010)

Companies covered:

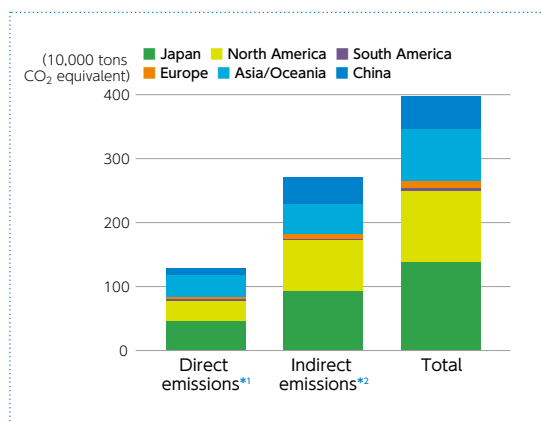
Honda Motor Co., Ltd.,
subsidiaries and affiliates: **501**

Manufacturing companies: **197**

Non-manufacturing companies: **304**

*1 Direct emissions (Scope 1)
Direct greenhouse gas emissions caused by fuel combustion, etc. (For Scope 1 and Scope 2 definitions, see WRI/WBCSD (2004), "The Greenhouse Gas Protocol (Revised Edition)" or IPCC (2006), "Guidelines for National Greenhouse Gas Inventories" for information about coefficients used in countries other than Japan for greenhouse gas emissions during fuel combustion. The main source of information about emissions in Japan is Onshitu Koka Gas Haishutsuryo Santei/Hokoku Manyaru [Greenhouse Gas Calculation and Reporting Manual] Ver. 2.41 (2004, issued by the Ministry of Economy, Trade and Industry and the Ministry of the Environment).

*2 Indirect emissions (Scope 2)
Indirect greenhouse gas emissions resulting from the use of electricity, etc., supplied by other parties. They consist mainly of greenhouse gases emitted by power stations from which power is purchased, including part of greenhouse gases from supply sources for steam, etc. The CO₂ coefficient for electric power is based on the latest figure cited in local laws and regulations, etc., or IEA (2009), "Emissions from Fuel Combustion (2009 Edition)."



Notes:

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

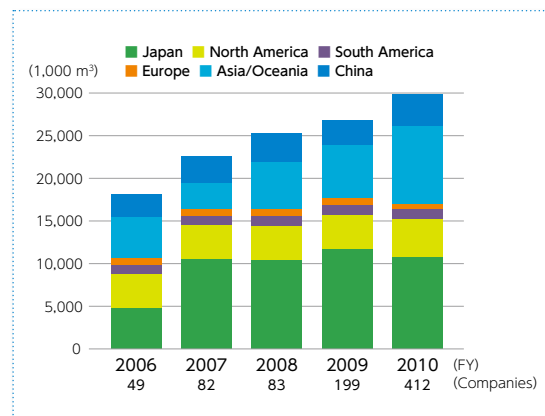
Water consumption

Companies covered:

Honda Motor Co., Ltd.,
subsidiaries and affiliates: **412**

Manufacturing companies: **135**

Non-manufacturing companies: **277**

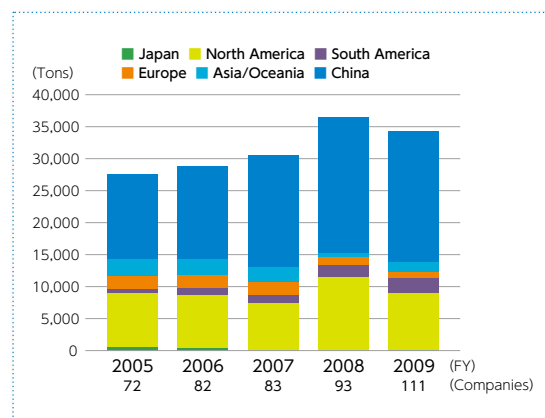


Note: Non-manufacturing companies included as of FY2009.

Landfill waste

Companies covered:

Honda Motor Co., Ltd.,
manufacturing-related
subsidiaries and affiliates: **111**



Notes:

- Overseas landfill waste also includes other landfill waste.
- Japan figures represent final disposal amount.

Manufacturing-related energy and water consumption, and waste by region (FY2010)

| Issue | Region | North America | South America | Europe | Asia/Oceania | China | Japan |
|------------|-----------------------------------|---------------|---------------|---------|--------------|---------|-----------|
| Energy use | Electricity (MWh) | 1,387,570 | 265,807 | 120,310 | 776,723 | 526,173 | 1,589,321 |
| | Natural gas (GJ) | 3,833,362 | 143,442 | 472,247 | 759,180 | 544,783 | 3,602,467 |
| | Petroleum gas (GJ) | 98,871 | 238,231 | 0 | 1,179,556 | 457,888 | 1,036,234 |
| | Oil-based fuels, other (GJ) | 240,427 | 138,430 | 3,228 | 2,512,525 | 168,699 | 1,124,973 |
| Waste | External landfill disposal (Tons) | 6,987 | 2,298 | 525 | 792 | 20,613 | 6 |
| | Recycled volume (Tons) | 191,025 | 47,959 | 21,069 | 110,568 | 101,083 | 393,657 |
| Water use | Tap water (1,000 m³) | 2,031 | 129 | 410 | 4,872 | 3,543 | 4,074 |
| | Groundwater (1,000 m³) | 1,692 | 1,128 | 71 | 3,907 | 64 | 4,084 |
| | Rainwater (1,000 m³) | 14 | 0 | 3 | 8 | 0 | 65 |

Product development and corporate activities

GLOBAL

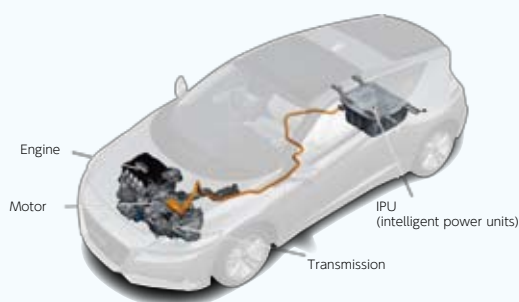
Honda is striving to research and develop new environmental and energy technologies and bring them to market as quickly as possible. We contribute to the sustainability of our mobility society by reducing the environmental impact of our products and addressing the transportation needs of our customers.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

Featured Initiatives

Automobiles



1.5-liter i-VTEC engine paired with compact IMA in the Honda hybrid system.



The Honda Hybrid System in the CR-Z, combined with CVT.

The Honda IMA Hybrid System in the CR-Z

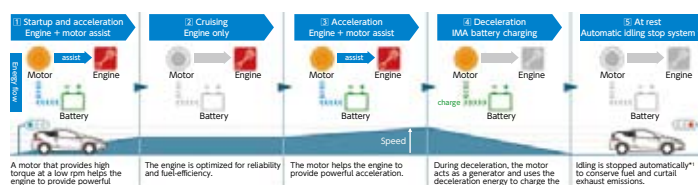
Launched in Japan in February 2010, the CR-Z is exclusively a hybrid model. In the Honda hybrid system, which is used in three models, the 1.5-liter i-VTEC engine joins with the Integrated Motor Assist (IMA), which provides a powerful boost to the engine in all forward gears. The Honda Hybrid System, which provides excellent fuel efficiency and extremely low emissions, has been combined with a lightweight body to achieve acceleration performance equivalent to that of a car with a 2.0-liter gasoline engine.

The CR-Z has a 1.5-liter in-line four-cylinder engine that at higher output levels and high RPMs delivers responsive, stress-free acceleration. At low RPMs, one of the two intake valves per cylinder is idled by the VTEC idle valve mechanism, creating a swirl effect that optimizes the distribution of the air-fuel mixture in the cylinder and allows a higher level of exhaust gas recirculation. This ensures stable combustion, which improves fuel efficiency and reduces emissions.

In addition, sliding friction has been reduced through the use of plateau honing to smooth the inner surface of the cylinders. This was made possible through the use of piston pattern coating, which consists of a dot pattern applied to the coating of the piston skirt, to improve oil retention. A wide range of other innovations have been used to reduce friction, including a narrow camshaft drive chain and an auxiliary belt-drive system auto-tensioner. The exhaust manifold, in which all combustion gases are collected, has been integrated with the cylinder head, and a catalyzer capable of withstanding high temperatures has been positioned directly beneath the manifold. This arrangement was developed with the aim of reducing heat loss from the combustion gases and enabling earlier activation of the catalytic converter to improve environmental performance, including emission purification performance during cold starts.

To ensure smooth running without gear change shock, the transmission used with the Honda Hybrid System in the CR-Z has been combined with continuously variable transmission (CVT). This also improves fuel economy by making effective use of ranges that

Motor assist in operation



The power of the engine increases in step with rpm, while the motor provides power even at a low rpm. The advantages of each are combined to achieve effective energy control. During the deceleration, the motor acts as generator and charges the IMA battery.

provide optimal fuel economy. The CR-Z is also the world's first hybrid car with 6-speed manual transmission. This allows the driver to take full advantage of the strong torque provided by the motor assist.

The fuel economy and environmental performance of the CR-Z have been confirmed in tests conducted by the Ministry of Land, Infrastructure and Transport. In JC08 mode, fuel economy was 20.6 km/liter with 6-speed manual transmission and 22.8 km/liter with a CVT. In 10/15 mode, the vehicle achieved 22.5 km/liter with a six-speed manual transmission and 25.0 km/liter with a CVT. All results are 25% better than the 2010 fuel economy standard and also meet the 2015 fuel economy standard*. The CR-Z has also been certified as achieving a 75% reduction compared with the 2005 emission standards.

* This is a new fuel economy standard based on Japan's Rationalization in Energy Use Law.

Aerodynamic performance—the key to improving the CR-Z's driving performance and fuel efficiency

One of Honda's priorities was to optimize aerodynamic performance, which affects fuel efficiency, cabin noise and stability at high speed. The aerodynamic attributes of the CR-Z include its low overall height, the steeply raked profile at the rear of the cabin and tailgate. Honda has also sought to create flush surfaces*¹ throughout the vehicle, including the use of newly designed front pillars to minimize the step between the roof pillars and the edges of the windshield edges. Undersurface body elements, including an engine under cover, have also been streamlined to create a flat under-floor profile. Honda also optimized the aerodynamic shapes of other elements, including the stays, door mirrors and the rear sides of wheel arches. Despite its reduced length and increased overall width, both of which have the potential to increase aerodynamic drag, these innovations have allowed the CR-Z to match the aerodynamic performance of the Insight*² (CDA = CD × frontal projected area).

*¹ The elimination of protrusions, etc., to create a smooth body surface

*² This refers to the 2009 model of the CR-Z.

Honda begins operation of new solar hydrogen station

Honda R&D Americas, Inc. is developing a next-generation solar hydrogen station as a fueling appliance for hydrogen-powered fuel cell electric vehicles. The California-based subsidiary of Honda R&D Co., Ltd. is now conducting trials of the new system at its Los Angeles Center. The earlier version of the solar hydrogen station, which was operational from 2001 until 2009, required water electrolysis equipment and a hydrogen compressor to produce high-pressure hydrogen. Hydrogen production and compression have been integrated into the next-generation system, using high-pressure water electrolysis technology developed by Honda.

By eliminating the compressor, Honda has reduced cost, size and noise, opening up the possibility of a home-use hydrogen supply system. Hydrogen production efficiency has also been improved by 25%* compared with the previous system, allowing the new system to supply approximately 0.5 kg of hydrogen via an eight-hour refueling process, enough to power the FCX Clarity fuel cell electric vehicle approximately 50 km. Like the earlier system, this next-generation system uses Honda-developed CIGS-type thin-film solar cell modules, now manufactured by Honda Soltec Co., Ltd.

Honda sees fuel cells as the ultimate source of clean energy for the future. Its goal in operating the next-generation solar hydrogen station is to develop the technology needed for a hydrogen production, storage and supply with zero CO₂ emissions.

* Calculation based on simulation.

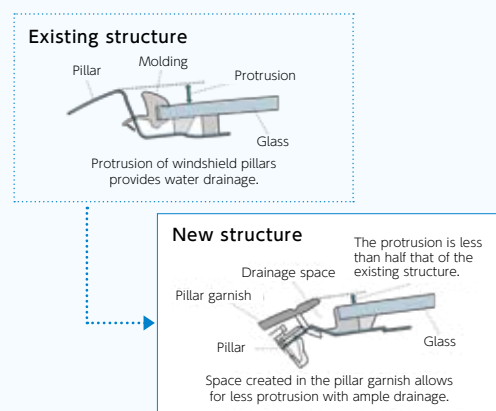
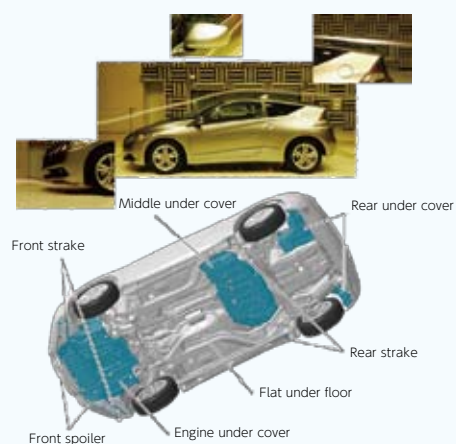
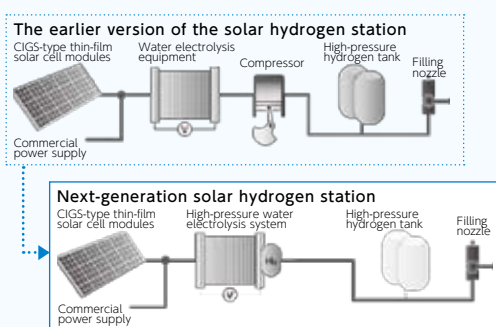


Diagram showing front pillar structure.



The aerodynamically shaped CR-Z body.



Comparison of solar hydrogen station system.

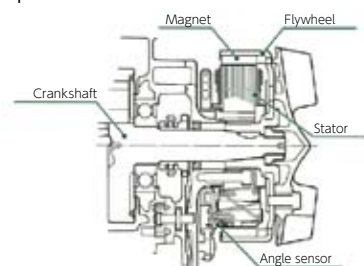


The solar hydrogen station in Los Angeles.



The PCX, which has the idling stop system.

Components of brushless ACG starter



The ACG starter minimizes engine starter noise.



Honda used a palladium-based catalyst in the Super Cub 110 Pro.

Motorcycles

Idle stop system for PCX global-model scooter

Features of Honda's new PCX scooter include advanced chassis design and an idle stop system, as well as a newly developed 125 cc engine with superb environmental performance. Honda launched the new scooter in Japan in March 2010 and also plans to introduce it in the ASEAN markets, Europe and the United States.

When developing this next-generation 125 cc scooter, Honda's priority was to combine superior power characteristics with excellent environmental performance. The PCX will meet a wide range of needs in the market for 125 cc scooters, which have become increasingly popular worldwide for their economic performance and convenience.

Honda used low-friction technologies to improve the fuel efficiency of the newly developed water-cooled four-stroke single-cylinder engine. The starter motor and alternating current generator (ACG) have been integrated to create the extremely quiet ACG starter. This allowed Honda to add an idle stop system as a standard feature on the PCX (except for the U.S. model). The engine automatically stops when the scooter is waiting at traffic lights or in congestion and is instantly restarted when the throttle is opened to resume driving. By eliminating idling, this system reduces fuel consumption by approximately 7%. Fuel efficiency is further improved by a programmed fuel injection (PGM-FI) system. This optimizes the supply of fuel to the engine, allowing it to deliver 51.5 km/liter in ECE40 mode. The PGM-FI system and a catalyzer in the muffler ensure that the PCX's environmental performance meets the emission standards in various countries.

New emission cleaning technology dramatically reduces precious metal use

Honda regards emissions reduction as an important priority for motorcycles and other types of vehicles. Honda uses exhaust gas catalyzers to reduce the levels of carbon monoxide, hydrocarbons and nitrogen oxides. Unfortunately, conventional catalyzers add significantly increase cost because they contain substantial quantities of precious metals, including platinum and rhodium.

The programmed fuel injection (PGM-FI) system used on Honda's latest motorcycles allows the fuel supply to be controlled with extreme precision. As a result, Honda has been able to reduce the cost of the catalyzers by using palladium, a much less expensive precious metal, and reducing the amounts of platinum and rhodium required. Motorcycles equipped with the new catalyzer were introduced in 2009.

Honda will continue to work toward reducing motorcycle emission levels by developing new technologies to minimize the cost of environmental countermeasures. In 2012, it plans to launch motorcycles equipped with a new catalyzer that will reduce costs by a further 20% thanks to an improved internal structure.

Initiatives Relating to Power Products

PGM-FI and lean burn control technologies used to improve fuel efficiency of marine outboard engines

Honda's BF60 (60 horsepower) marine outboard engine, which was introduced in Japan in May 2009, offers the best acceleration and fuel efficiency in its class. The superb fuel efficiency of the BF60 is

based on Honda's exclusive programmed fuel injection (PGM-FI) system technology, and on lean-burn control technology that maintains an air-fuel ratio lower than the theoretical level required to ensure continuing combustion at cruising speed. This lean-burn control technology is used in ECOMo mode, which allows the engine to be operated even more economically. Honda has also improved acceleration with its BLAST computerized ignition timing system, which links ignition timing control with air-fuel ratio control.

The newly designed in-line three-cylinder engine is extremely compact, and its weight has also been reduced through the use of lightweight materials, including an aluminum mounting frame and plastic oil strainer. Honda has also dramatically reduced noise by using a plastic inlet manifold and large-capacity idle chamber. The BF60 provides excellent environmental performance and meets the emission standards of the U.S. Environmental Protection Agency and the California Air Resources Board (CARB). Its recyclability rate, based on Honda's in-house standard, is 97%.

Compact generator with eco throttle for enhanced fuel efficiency

The EU26i compact generator was launched in Japan in July 2009 as the latest in Honda's series of sine-wave inverter generators. It produces reliable, high-quality electric power and also provides excellent fuel efficiency thanks to its eco throttle system.

This inverter-type generator initially produces direct current electricity, which is then converted into alternating current by an electronic control unit. It provides a reliable source of clean sine-wave (AC) power that can be used in computers and other precision equipment. Honda has also enhanced the economic performance of the generator by equipping it with an eco throttle system. This automatically adjusts the engine speed to match the power load, so that only the required amount of fuel is used. When the load is low, the engine speed is reduced, resulting in a lower noise level and reduced fuel consumption. The EU26i is suitable for prolonged use and can operate continuously for up to 7.7 hours. Honda has introduced a number of features to reduce operating noise levels, including an air intake resonator, acoustic materials, inverter unit and muffler. It has been granted a type designation as an "ultra low-noise construction machine" under the low-noise standards of Japan's Ministry of Land, Infrastructure and Transport.

GX Series and GXV Series launched with new V-Twin engine

Honda has developed a new V-twin engine with enhanced environmental performance, including excellent fuel efficiency and low emissions. The new engine is based on the technology used in the GX Engine series, which are large general-purpose engines sold as power units for construction machinery and other types of machinery. In May 2009, six models went on sale in the United States, including three from the GX Series (GX690, GX660, GX630) and three from the GXV Series (GXV690, GXV660, GXV630).

Although air-cooled, the new V-twin engine has an extremely efficient cooling structure. Other original enhancements introduced by Honda include improved fuel-combustion and friction-reduction technology. The result is an increase in power, combined with enhanced fuel efficiency and low emissions. Without using catalysts, Honda has developed an engine that meets the Tier 3 emission standard of the California Air Resources Board (CARB), which is the most stringent in the United States. Engine noise, including cooling fan noise and exhaust noise, has also been reduced.



The BF60 combines power with fuel efficiency.



The EU26i generator is equipped with an eco throttle system.



The GXV690 is equipped with the new V-twin engine.

North America



The FCX Clarity was chosen as the 2009 World Green Car of the Year.

Product Development Domain

FCX Clarity chosen as World Green Car of the Year

Honda's FCX Clarity received the World Green Car of the Year award at the 2009 New York International Auto Show. The award is part of the World Car of the Year (WCOTY) program and is given to models that are revolutionary from an environmental perspective. Judging criteria include exhaust-gas performance, fuel efficiency, the level of power plant technology and an emphasis on the reduction of environmental impacts. The FCX Clarity was chosen from among 22 entries by 59 judges from 25 countries.

Designed to be powered solely by fuel cells, the FCX Clarity emits absolutely no CO₂ in use. The judges concluded that, in addition to its environmental performance, the FCX Clarity also offered new value and appeal as an automobile. It has been available for lease in Japan and the United States since 2008.



Reusable utensils have been introduced at plants in North America.

Production Domain

A successful strategy for reducing landfill waste

Honda's automobile plant in Alabama, which began production in 2001, was the first automobile manufacturing facility in North America to reduce landfill waste to zero. Honda continued its efforts to reduce landfill waste and has achieved zero landfill waste status at seven of 14 North American production facilities and near-zero waste to landfill (less than 1%) for two additional plants. In 2009, Honda of America Mfg. Inc. (HAM) worked to reduce the amount of scrap steel produced when stamping brake components while also improving yields. The company also started recycling some of the scrap as materials for brake components and drive trains.

At its three Ohio plants—the Marysville and East Liberty automobile plants and Anna engine plant—HAM began reducing cafeteria waste, previously amounting to over 500 tons annually, by switching to reusable dishware and utensils in cafeteria facilities, and by capturing organic waste for composting. As a result of these and numerous other initiatives, the company has reduced the total amount of landfill waste from its North American manufacturing facilities by more than 86% from 2001 levels.



Water-based coatings, which contain fewer substances of concern, are used on painting lines at the Marysville automobile factory.

Production Domain

Assessing the environmental performance of plants in Ohio

Honda has four factories in Ohio: the Marysville and East Liberty automobile plants, the Anna engine plant and the Russells Point transmission factory. In 2009, these facilities received commendations from the Ohio branch of Environmental Protection Agency (EPA) in recognition of their progress toward environmental goals. The agency recognized the facilities for their efforts to record detailed environmental performance data, and for setting specific environmental targets. In October 2009, EPA inspectors examined various facilities and initiatives at the factories, including recycling facilities at the Russells point transmission factory, utility metering recycling activities at the East Liberty Auto Plant, and efforts to reduce energy and air use at the Marysville automobile plant. Separately, both the Marysville and East Liberty automobile plants received the U.S. EPA's "Energy Star" award for 2009.

Administration Domain

LEED environmental performance certification at two more facilities



This marine outboard engines research facility in Florida achieved LEED Gold certification.

In FY2010, another two facilities were certified under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) environmental performance assessment system for buildings. Six Honda office buildings in North America have already been certified under this program. Honda Financial Services achieved certification under the LEED-CI category, which covers commercial interiors, for its offices in Wilmington, Delaware, while Honda R&D Americas, Inc. achieved LEED Gold certification for its new marine engine research facility in Grant-Valkaria, Florida.

American Honda Motor Co., Inc. has implemented a range of initiatives to further reduce CO₂ emissions from its head office. It has reduced energy consumption by 41% by replacing 603 printers, 204 facsimile machines and 122 copiers with energy-saving multifunction systems. The company is also saving 1.4 million kWh annually by using sleep mode and shutdown settings on more than 7,000 of its associate's desktop and laptop computers. The company further reduced electric power consumption by an estimated 845,000 kWh annually through the virtualization of computer servers.

South America

Product Development Domain

Honda selling automobiles and motorcycles in Brazil's expanding market for flexible-fuel vehicles

In July 2009, Honda Automoveis do Brasil Ltda. (HAB) began production and sales of the City FFV. Based on the third-generation City sold in Thailand, the new vehicle is specified for the Brazilian market with features including the capacity for flexible-fuel use.

Flexible-fuel vehicles (FFVs) capable of using a mixed fuel consisting of gasoline and ethanol were introduced in Brazil in 2003. Since then, FFVs have gained popularity and now make up around 90% of the market. In 2006, HAB began to manufacture and sell the Civic FFV and Fit FFV, both of which were specified to use 100% ethanol fuel. By 2008, 76% of all Honda automobiles sold in Brazil were FFV models.

In March 2009, Moto Honda da Amazonia Ltda. (HAD) began sales of the CG150 Titan Mix, the world's first motorcycle with flexible-fuel technology. In September, HAD launched the NXR 150 MIX, which is designed to use 100% ethanol fuel.



The City FFV was launched in the Brazilian market in 2009.



The new NXR150 MIX.

Production Domain

Reducing VOC and CO₂ emissions

Honda Automoveis do Brasil Ltda. (HAB) has implemented measures to reduce emissions of volatile organic compounds (VOCs) and CO₂ in the production domain. It is also taking steps to reduce atmospheric releases of substances of concern.

In 2009, HAB invested US\$25 million in a new coating process for plastic parts at its automobile factory in Sumare, Sao Paulo. The introduction of the new system has reduced VOC emissions by 30%. At the same factory, HAB has also developed a collection system for cleaning agents and solvents used in chassis and plastic painting processes. Solvents previously released from painting booths are now fully recycled. The new system also prevents VOC emissions. Energy conservation measures at the plant include replacing roofing materials with translucent tiles. The factory interior is brighter as a result, reducing the amount of power used for daytime lighting. This measure has also helped to reduce CO₂ emissions.



Honda Automoveis do Brasil Ltda. (HAB).

Production Domain

Large forest area planted to absorb CO₂ emissions

Moto Honda da Amazonia Ltda. (HDA) has implemented a variety of environmental measures at its motorcycle manufacturing and sales facilities in Manaus City in the Brazilian state of Amazonas. A key initiative is the company's ownership of a large forest capable of absorbing 100% of the CO₂ emitted by its business operations. The 910 hectare forest consists of a 580 hectare protected area and 330 hectares under cultivation. The company has planted approximately 26,000 trees, including endangered species, such as mahogany and rosewood. It is also cultivating fruit trees, such as acerola and lemon trees. The area along the Mindu River has been designated as a nature reserve for local flora and fauna.

Other initiatives include installing a solar power generation system, using robots to reduce VOC emissions from painting processes and using wastewater for irrigation. In addition, waste was reduced by 23% in FY2010 through the use of recycled casting materials and by changing packaging methods.



Treated water is used to irrigate green areas.

Europe



Honda receives the Grove Medal at the Grove Fuel Cell Symposium.

Product Development Domain

Honda receives Grove Medal for FCX Clarity fuel cell technology

Honda received the 2009 Grove Medal in recognition of its achievements in the development of the FCX Clarity fuel cell electric vehicle. The award, named after Sir William Robert Grove, the inventor of the fuel cell, was presented at the 11th Grove Fuel Cell Symposium, Europe's foremost international conference on fuel cell technology.

Recipients of this prestigious award are selected based on criteria including technological innovation in fuel cell development, importance to the fuel cell industry, progress made in the implementation or development of technology, and an ongoing commitment to fuel cell development. The reasons given by the Grove Symposium Steering Committee for its unanimous selection of Honda were Honda's ongoing commitment to fuel cell R&D over many years, its move to automated production, and its creation of the FCX Clarity as a vehicle that not only embodies scientific breakthroughs but also styling that has captured the public imagination, and its move to automated production.



Honda Italia Industriale S.P.A has installed a highly efficient boiler for its hot water supply system.

Production Domain

Boiler upgrade brings efficiency improvement

Honda Italia Industriale S.P.A manufactures and sells power products and motorcycles in Italy. In November 2009 it installed an advanced hot water system at its factory in Atessa. By replacing the existing natural circulation boiler with a high-pressure air blown boiler, the company reduced the amount of gas used in its heating and hot water systems during the 2009/2010 winter by 5%. This reduction in gas use, combined with the ability to use heat more efficiently, has resulted in a 10% efficiency improvement across the entire facility, while also helping to reduce total CO₂ emissions.



Honda France Manufacturing S.A.S. has integrated quality management, environmental management and workplace safety and health management.

Production Domain

Integrated management system launched in France

Honda France Manufacturing S.A.S., which manufactures lawnmowers and generators at Orleans, has integrated quality management, environmental management and employee workplace safety and health management into a single system. In October 2009, after completing the transition to new standards, it achieved the following certifications: ISO 9001 for quality management systems, ISO 14001 for environmental management systems, and OHSAS 18001 for workplace safety and health management systems.

The new integrated management system meets requirements under the EU's Eco-Management and Audit Scheme (EMAS) standard, which goes beyond ISO 14001.



HTR receives an award as the company with the highest battery recycling record in Turkey.

Product Recycling (Reduce, Reuse, Recycle) Domain

Used battery recovery award in Turkey

Based in Gebze City, Turkey, Honda Türkiye A.S. (HTR) manufactures and sells automobiles and sells motorcycles. In May 2009, it received an award from AKÜDER, a battery recycling industry organization in Turkey, as the company with the highest recovery rate for used batteries in 2008.

A Turkish regulation requires businesses to recover a specific quantity of used batteries, determined by the amount of batteries imported in the previous year. The regulation covers only replacement batteries; batteries imported in vehicles are not included. HTR, which imported 4,650 kg of batteries in 2008, has established a nationwide battery recovery service in Turkey. The award recognizes that HTR recovered 26,721 kg of batteries and achieved a recycling rate of 573.66% in 2008.

Asia and the Pacific

Product Development Domain

PCX scooters to be exported from Thailand to global markets in 2010

Thai Honda Manufacturing Co., Ltd. (Thai Honda) began to sell the new PCX 125 cc scooter in November 2009. In addition to ASEAN markets, it will also start to export the scooter to other markets, including Japan, Europe and North America, in 2010.

With its idle stop system and low friction technology, the PCX offers excellent environmental performance. Developed with the global market in mind, the scooter combines an innovative chassis design with superb ease of use. Honda has also achieved a dramatic improvement in production efficiency by commonizing basic designs for major parts, such as the frame and engine, throughout the world.

Thai Honda, which will manufacture the PCX, has been producing motorcycles since 1967. It supplies both completed motorcycles and parts to the Thai market and also to ASEAN markets. As it begins to supply the PCX to global markets, Thai Honda will be able to draw on assets developed over four decades, including its outstanding cost competitiveness, excellent quality and highly efficient supply systems.



A PCX specified for the Thai market.

Product Development Domain

New Jazz compact vehicle with 1.2-liter i-VTEC engine launched in India

In June 2009, Honda's Indian subsidiary, Honda Sael Cars India Limited (HSCI), began sales of the Jazz (marketed as the Fit in Japan). The Jazz is the smallest Honda vehicle to be launched in the Indian market, where competition is intensifying for compact vehicles with engine capacities of 1.2 liters or lower. The market for cars in this class has expanded rapidly since March 2006, when India introduced a tax system favoring compact vehicles. HSCI developed a 1.2-liter i-VTEC engine used in the Jazz specifically for the Indian market. With its excellent safety, functionality, fuel economy and modern styling, the Jazz has brought new value to the compact car market. Since the initial launch in Japan in 2001, more than 2.8 million units have been sold in about 130 countries.



The Honda Jazz has been respecified for the Indian market.

Production Domain

Solar-powered lighting installed

Honda Cars Philippines, Inc. (HCPI) manufactures and sells automobiles in the Philippines. In June 2009, it switched on a new solar power generation system at its Santa Rosa factory in Laguna Province. The system, consisting of 40 solar panels, powers 20 light fixtures on, including CO₂ emissions reduction, the factory's periphery. Solar power generation systems can yield significant benefits in countries with extended periods of sunshine, such as the Philippines. By using solar-powered lighting, HCPI expects to reduce its electric power consumption by around 58,000 kWh annually.



Honda Cars Philippines recently installed a solar power generation system.

China

Production Domain

Honda Soltec installs solar panels at Dongfeng Honda



Dongfeng Honda has installed solar panels on the roof of its administration building.

Dongfeng Honda Automobile Co., Ltd. (Dongfeng Honda), a Honda joint venture established to manufacture and sell automobiles in China, switched on a solar power generation system in February 2010. Thin-film solar panels supplied by Honda Soltec Co., Ltd. were installed on the roof of the company's administration building. The systems will produce an estimated 100,000 kWh annually and is expected to reduce yearly CO₂ emissions by about 100 tons (based on research by Dongfeng Honda). Solar power will be used for some of the lighting in the administration building. The output from the system is equivalent to about 4% of the building's annual power consumption.

Dongfeng Honda plans to build a second factory in the second half of 2012 to keep pace with growing demand in the Chinese market. This new facility will be the first Honda factory to use solar power generation to meet part of the power requirements for production processes. Dongfeng Honda expects the use of solar power to reduce annual CO₂ emissions by around 500 tons. The company will further reduce emissions by using natural lighting and waste heat.

Production Domain

ISO 9001 and ISO 14001 recertification achieved



Jialing-Honda achieved recertification under revised ISO standards.

Jialing-Honda Motor Co., Ltd. (Jialing-Honda) manufactures power products, lawnmowers and pumps. In October 2009, its quality management system (QMS) was certified under ISO 9001 (2008 version) and its environmental management system (EMS) under ISO 14001 (2004 version) by the China Quality Certification Center.

In September 2009, China Certification & Inspection (Group) Co., Ltd. and the China Quality Certification Center inspected documentation supplied by Jialing-Honda and carried out on-site inspections in preparation for the company's recertification under ISO 9001 and ISO 14001. This process reconfirmed that the QMS and EMS implemented by Jialing-Honda were compliant with the ISO standards and the relevant laws and regulations.

By administering its QMS and EMS, Jialing-Honda raised employee awareness of quality management and environmental management. It has also laid the foundations for achieving its financial targets and realizing its development strategy by raising operational standards in various areas, including production, service and administration.

Environment-related Social Activities

Tree planting program for schoolchildren in Inner Mongolia launched in 2008



Honda associates plant trees with elementary schoolchildren in Inner Mongolia.

In July 2009, 14 Honda subsidiaries and affiliates in China implemented a tree planting program in Inner Mongolia. Associates from the 14 companies and 40 children from local elementary schools planted trees near the Friendship Dam in Xinghe County in Inner Mongolia. The program also included a lecture by a conservation expert on the importance of environmental protection and tree planting. The schoolchildren drew pictures on cards representing their ideas for a green future, which they attached to the trees.

According to the conservation expert, China is currently ranked 130th in the world with a forest coverage ratio of 18.21%, compared with the world average of 29.6%. It is ranked 134th in the world in terms of its per capita forest area, which currently is 0.132 ha. The environmental situation in Inner Mongolia is especially severe, with 81.5% of the region's area affected by soil erosion, resulting in the loss of approximately 5,430,000 tons of soil each year. This situation prompted the 14 Honda subsidiaries and affiliates to launch a tree planting initiative in partnership with local communities to encourage environmental activities that will lead to a greener future.

Japan

Production Domain

Construction of lithium-ion battery factory begins

Blue Energy Co., Ltd. manufactures and sells lithium-ion batteries for hybrid vehicles and carries out related R&D. In April 2009, it began construction of its new Osadano plant at the GS Yuasa complex in Fuchiyama, Kyoto. Blue Energy was established in April 2009 as a joint venture between Honda Motor Co., Ltd. and GS Yuasa Power Supply Ltd..

GS Yuasa Power Supply is a subsidiary of GS Yuasa Corporation, Japan's leading manufacturer of lead-acid storage batteries. Blue Energy's mission is to manufacture and sell high-performance lithium-ion batteries, especially for use in hybrid vehicles, and to carry out related research and development. It will help to meet the expanding demand for hybrid vehicles by developing, manufacturing and selling high-performance, high-quality lithium-ion batteries. Production at the factory is scheduled to begin in the fall of 2010.



An artist rendering of the Blue Energy plant at Osadano, Kyoto.

Product Development Domain

Awards for InterNavi and Eco Grand Prix

In October 2009, Honda's InterNavi Traffic Information service received the top prize in the inaugural ATTT Awards for automotive telecommunication technology. These awards were established to acknowledge products and services developed using innovative technologies based on the convergence of the automotive and telecommunication fields. The award to Honda reflects Internavi's significant contribution to telematics and ITS in Japan and overseas. The InterNavi Disaster Prevention Information and InterNavi Ecology systems also won prizes for excellence in the Advanced Safety and Environmental Technology category of the awards.

Also in October 2009, Honda's Eco Grand Prix system, which displays eco-driving ranks on a website, won the Idea Prize in the Green IT User awards at the IPro EXPO 2009 in Tokyo. These awards are presented to companies whose use of IT contributes to both business growth and reduced environmental impacts. Honda received the award in recognition of its success in planning and creating a system that lets users improve their eco-driving skills while enjoying a game.

[See Case Studies and Supplementary Information](#)



Honda also earned recognition for the environmental technology used in its InterNavi Ecology system.

Activities of Major Consolidated Group Companies in Japan

Honda soltec thinfilm solar panels used in Hanshin Koshien Baseball Stadium

Honda Soltec Co., Ltd. is a Honda subsidiary involved in the manufacture and sale of solar panels. In March 2010, thin-film solar panels supplied by Honda Soltec began to generate electric power in the Hanshin Koshien Baseball Stadium.

The solar power generation system, which has 1,600 solar panels, was installed on the roof of the infield stands as part of a comprehensive renovation project at the stadium, creating a structure known as the "Silver Umbrella." Honda Soltec estimates that the system will produce around 193,000 kWh of electric power annually. It represents about 5.3% of the stadium's total annual power needs. Hanshin Electric Railway, Co., Ltd. estimates that system will reduce CO₂ emissions by approximately 133 tons per year.

Another advantage of thin-film solar panels manufactured by Honda Soltec is that their generating layer consists of a thin film of compound semiconductor material. This technology reduces the amount of energy consumed during the manufacturing process.



The Hanshin Koshien Stadium is equipped with thinfilm solar panels manufactured by Honda Soltec.

Initiatives in Japan



In FY2010 Honda produced 5.8 million units at its five manufacturing facilities in Japan. After assessing the environmental impact of its operations, and in accordance with the 2006 announcement of its global CO₂-reduction targets for 2010, in 2007 Honda announced its environmental impact reduction targets for FY2011 for Japan. Striving to achieve its worldwide environmental conservation goals, Honda is taking the initiative and working ever more proactively.

Environmental management systems in Japan

Organization

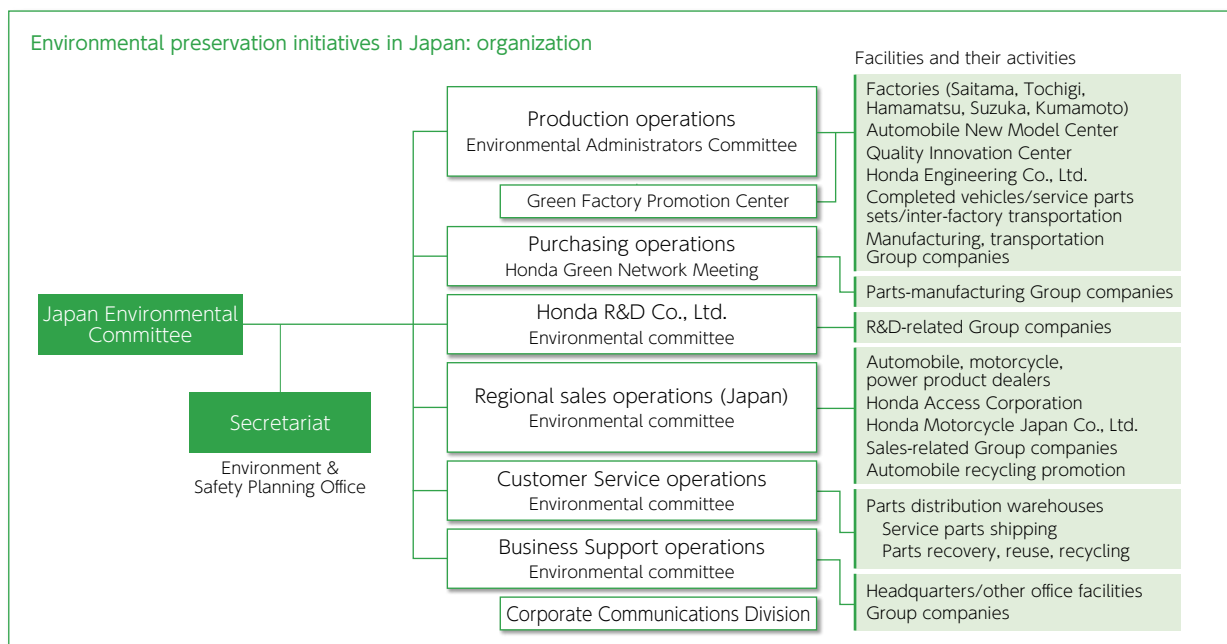
In December 1991, Honda established the Japan Environmental Committee to ensure that environmental initiatives undertaken in Japan are executed to the highest standards and that Honda maintains leadership in the field. Operating officers and administrators from the production and purchasing domains,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

As it works to address social concerns about the environment, the committee proposes mid-term policies and targets while monitoring the progress of individual departments. In addition, the committee proposes measures to respond to interdepartmental issues and strives to

maintain and enhance environmental initiatives in Japan, ensuring that they are executed to the highest standards.

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

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



Environmental audits

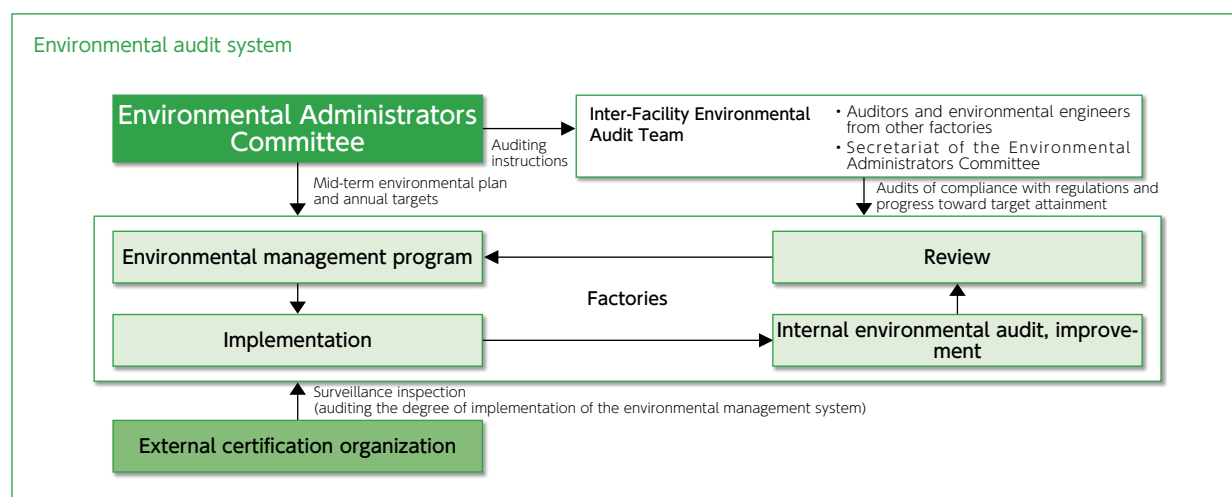
Environmental initiatives at facilities in Japan are implemented in accordance with an environmental management program based on annual targets and the Mid-term Environmental Plan determined by the Environmental Administrators Committee. To verify that the environmental management systems are appropriately implemented and continuously improved, internal environmental audits and renewal/surveillance inspections by external certification organizations are conducted at Honda facilities.

The internal environmental audits conducted in FY2010 led to two major recommendations, 109 other recommendations and 155 findings. The external surveillance inspections conducted in FY2010 led to three

citations and 24 findings. In all cases, Honda responded promptly with corrective action.

Engineers and auditors are dispatched by the Environmental Administrators Committee to visit other facilities to confirm their compliance and the level of progress made in achieving their environmental conservation targets. The Inter-Facility Environmental Audit is conducted by engineers and auditors from other factories in accordance with instructions provided by the Environmental Administrators Committee. In FY2010, these audits were conducted from June through September 2010.

Note: In these peer audits, one factory audits another. Similar peer audits are exchanged by nonproduction facilities and divisions within non-production facilities



Environmental risk management

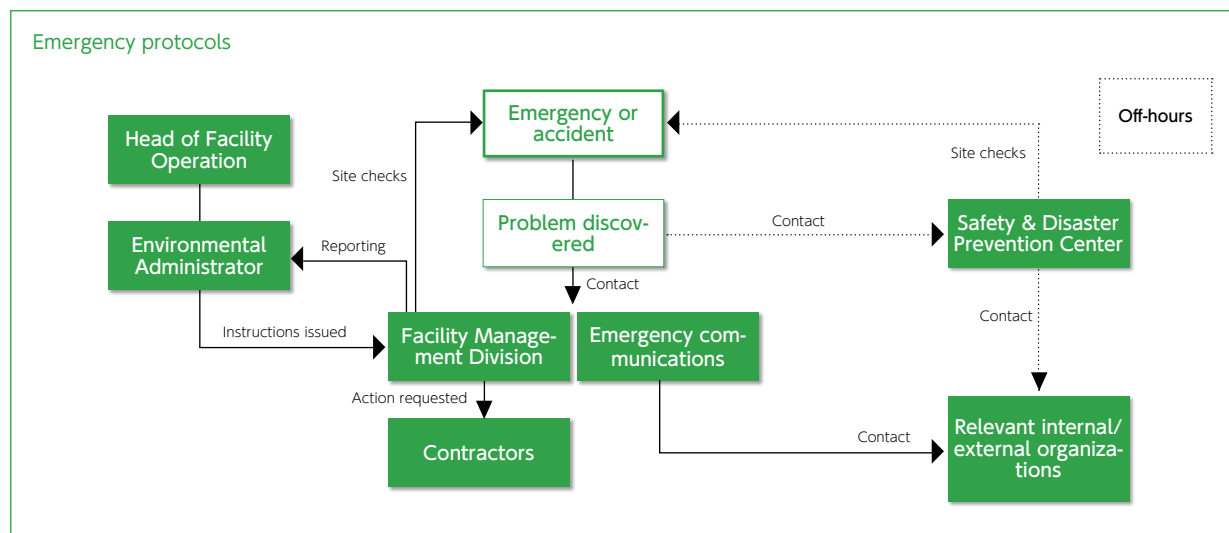
Product recalls

As necessary, Honda conducts product recalls in accordance with the guidelines of the Quality Committee. There were no product recalls in FY2010.

Emergency protocols

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

training events are held regularly in Japan to increase emergency preparedness. There were no environment-related emergencies in FY2010.



Compliance with laws and regulations

There were no environment-related lawsuits filed against Honda in FY2010. Honda received three complaints and requests about noise and other disturbances relating to the products. Honda responded promptly and reminded all suppliers and personnel of their responsibility to be proactive in resolving such issues and preventing their recurrence.

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

Other issues

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

For further information, please see the Honda Worldwide website's environment section:
<http://world.honda.com/environment/index.html>

Environmental accounting

Honda is engaged in identifying the cost of environmental conservation efforts, with the following objectives:

- Environmental accounting is to be used in support of management decision-making in environmental affairs.

- Environmental accounting provides society a means of evaluating Honda's actions.

The table below shows the environmental conservation costs incurred by Honda in FY2010.

Costs and effects of environmental conservation initiatives in FY2010

| Category | Outline of main initiatives | Investment (million yen) | Expenses (million yen) | Effects |
|--------------------------------|--|-----------------------------|---------------------------|---|
| Business area costs | Pollution prevention costs | 8,003 | 2,271 | Production Total CO ₂ emissions: 438,000 CO ₂ tons 82,000 tons under target |
| | Global environment conservation costs | 591 | 459 | |
| | Recycling costs | 30 | 1,046 | |
| Upstream/downstream costs | <ul style="list-style-type: none"> • Green purchasing (balance) • Collection, recycling, reuse and proper disposal of products manufactured and sold • Industry organization and other membership fees | 1,036 | 791 | |
| Management costs | <ul style="list-style-type: none"> • Associate environmental training • Implementation, operation and acquisition of certification for environmental management systems • Monitoring and measurement of environmental impact • Management of organizations responsible for environmental conservation | 0 | 1,287 | |
| Research and development costs | <ul style="list-style-type: none"> • Research and development on products contributing to environmental conservation • Research, development and design for reduction of environmental impact throughout the product life cycle | 10,265 | 164,946 | |
| Philanthropic initiative costs | <ul style="list-style-type: none"> • Environmental improvement measures, including ecosystem protection, greenification and natural landscape conservation • Support and distribution of information to local citizens • Donations to and support of organizations engaged in environmental conservation • Disclosure of environmental information | 0 | 164 | |
| Environmental damage costs | <ul style="list-style-type: none"> • Remediation of polluted soil | 0 | 11 | |

Notes:

- Scope of calculations:
Companies covered:
Honda Motor Co., Ltd., Honda R&D Co. Ltd., Honda Engineering Co., Ltd.
Domains covered:
All domains impacting the life cycle of Honda products
Period: April 1, 2009, to March 31, 2010

- Due to the difficulty in certain situations of deriving precise figures, some figures are estimates
- Some calculations are based on reference materials, particularly guidelines and guidebooks published by Japan's Ministry of the Environment
- Costs are quoted on a cash-flow basis with depreciation costs excluded
- For further information on the effects of initiatives, please refer to other sections of this Report

Environmental education

Environmental management and environmental education

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

As part of Honda's training curriculum for all new hires, environmental education programs are provided to ensure that associates recognize their responsibilities for environmental conservation as an integral part of their duties. As a responsible corporate citizen, Honda provides training on the company's environmental and safety policies to new associates to help deepen their environmental awareness and recognition of the importance of the responsibilities of a mobility

manufacturer. Immediately after joining Honda, new associates visit Honda plants to receive presentations about Honda's environmental philosophy and initiatives, and to get hands-on experience in environmental measures implemented in automobile and motorcycle manufacturing.

Small group initiatives

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

FY2011 Japan targets and progress



To further strengthen environmental impact reduction initiatives at Honda facilities, Honda announced new targets to be achieved by FY2011. Having established ambitious targets for each stage in the product life cycle, Honda is engaged in a wide variety of initiatives to reduce its environmental impact.

Working to protect the environment since the 1960s

Honda has been implementing proactive measures to help resolve environmental challenges since the 1960s, when concerns about air pollution began to grow. In the 1990s, Honda strengthened its organizational structure to reflect its commitment to the environment and published the Honda Environment Statement to define its approach. Honda has continued to strengthen initiatives in accordance with this statement. In 1999, Honda defined specific environmental targets, primarily for cleaner exhaust emissions and higher fuel economy, and implemented the measures necessary to achieve them by

the end of FY2006. In 2006, Honda became the world's first automaker to announce voluntary targets for reduction of CO₂ emissions by FY2011. Recognizing the importance of reducing the environmental impact of its corporate activities on a regional basis, Honda set new targets for the reduction of its environmental impact in FY2008. In June 2007, Honda announced new environmental reduction targets for its Japan operations. A leader in environmental conservation, Honda is setting high standards and working ever harder to attain them.

Reducing environmental impact: targets for FY2011

In FY2008, Honda announced its environmental impact reduction targets for FY2011 for Japan. The company seeking to reduce CO₂ emissions produced in transportation, reduce the output of substances having a negative environmental impact, and increase the recycling of resources. Honda established voluntary targets in eight separate categories: CO₂ emissions, VOC (volatile organic compound) emissions, waste generated, waste, water use,

use of packaging materials, ASR recycling rate and motorcycle recycling rate (see table below).

The company announced targets for reducing environmental impact from all products and production operations by FY2011 as part of its overall strategy for the reduction of CO₂ emissions worldwide announced in May 2006. Honda is intensifying efforts to attain these targets.

| Issue | Scope | Item | Target | |
|---------------------------|---|-----------------------------|--|-------------------------|
| Energy/ global warming | Production* ¹ | CO ₂ emissions | 30% reduction (baseline: FY1991)* ² | Unit energy consumption |
| | Transportation* ³ | CO ₂ emissions | 10% reduction (baseline: FY2007) | As % of revenue |
| SOCs | Production | VOC* ⁴ emissions | 35% reduction (baseline: FY2001) | Per area painted |
| Recycling | Total of corporate activities* ⁵ | Landfill waste | Zero waste for all facilities | |
| | Production* ¹ | Waste generated | 10% reduction (baseline: FY2001) | As % of revenue |
| | | Water consumption | 30% reduction (baseline: FY2001) | As % of revenue |
| | Transportation* ⁶ | Use of packaging materials | 45% reduction (baseline: FY2001) | As % of revenue |
| | Vehicle recycling | Automobiles | ASR recycling rate | |
| | | Motorcycles | Recycling rate | |
| | | | 70% or more* ⁷ | |
| | | | 95% or more (by FY2016)* ⁸ | |

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

*2 Targets for production announced in 1998

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

*4 Primarily SOC's such as organic solvents included in paints and thinners that may cause photochemical oxidation

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

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

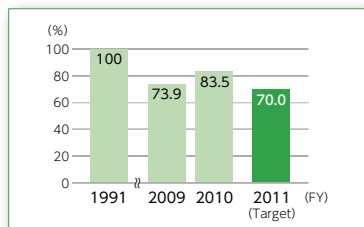
*7 95% recycling defined as recycling of entire automobile

*8 Scale as used in former MITI Used Automobile Recycling Initiative

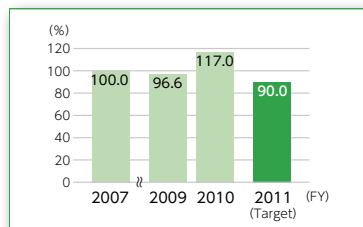
FY2010 results (in progress)

Production CO₂ reduction

(Units of energy used)

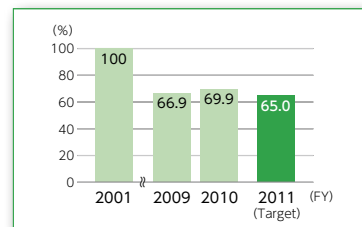
CO₂ emissions in transportation

(As % of revenue)

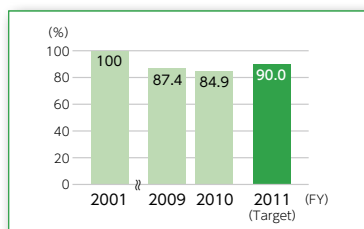


VOC emissions in production

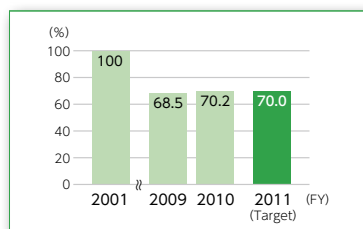
(Per automobile painted)



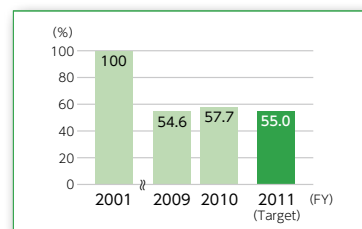
Waste in production



Water use in production



Use of packaging materials in transportation

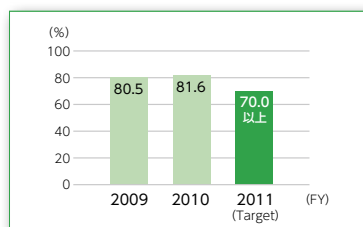


Landfill waste

Zero waste for all facilities
(48 companies)

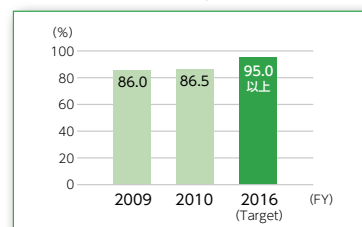
ASR recycling rate

(Automobiles)



Recycling rate

(Motorcycles)



Strategies for achieving targets

| Item | Strategy | See |
|------------------------------|--------------------|---|
| Energy/ global warming | Fuel conversion | Conversion of all factories to natural gas completed (FY2007) |
| | Energy savings | Introduction in all factories of high-efficiency devices (boilers, refrigerators, compressors, etc.); reduction of air pressure loss; calibration of temperature in painting chambers; adjustment of cogeneration equipment for higher efficiency operation; reduction of power consumption by robots in standby mode, etc. |
| | | Reduction of CO ₂ emissions at dealers through use of environmental accounting |
| | | Conversion from trucking to marine/rail transport, reduction of transport distances, improvements in fuel economy resulting in reduction in CO ₂ emissions |
| | Alternative energy | Proactive introduction of Honda-designed solar panels |
| SOCs | VOC | Shift to waterborne paints, increase in operational efficiency and reduction of losses for reduced VOC emission |
| Recycling | Disposal | Zero landfill waste at factories and 32 manufacturing suppliers (by FY2008) |
| | | Introduction of returnable containers, conversion to simpler packaging and other means of reducing the volume of packaging materials |
| | | Increased use of authorized recycling facilities, expansion of full recycling |
| | Water use | Recycling of forging coolant, use of rainwater, etc. |

Note: Designed as a Green Factory that recycles resources and reduces energy consumption for greatly reduced CO₂ emissions per automobile produced, the new Yorii automobile plant was slated to begin operations in 2010, but the production start date was delayed (now scheduled for 2013).

Results of FY2010 initiatives and targets for FY2011

| Domain | | | Major objectives | FY2010 Targets |
|--|-----------------------------|---|--|--|
| Purchasing | Green purchasing initiative | | Saving energy and resources with suppliers*1 | Ensure that suppliers*1 reduce CO ₂ emissions |
| | | | | Ensure that suppliers*1 reduce per-unit water consumption |
| | | | | Ensure that suppliers*1 reduce waste generated |
| | | | Zero emission*2 from suppliers*1 | Ensure that suppliers*1 reduce per-unit waste generation |
| | | | | Promote green purchasing guidelines*3 |
| Production | Green factory initiative | | Conserving energy and other resources | 28.5% reduction in units of energy use (baseline: FY1991) |
| | | | | CO ₂ emissions: 438,000 CO ₂ tons |
| | | | | Maintain zero landfill waste |
| | | | Zero emissions*2 | Increase use of scrap |
| | | | | VOC emissions (automobiles): 32.7 g/m ² |
| Transportation | Green logistics initiative | | Improve transportation efficiency | CO ₂ emissions: 89.37 g CO ₂ /tkm (per ton per km transportation of complete automobiles) |
| | | | | — |
| | | | | — |
| | | | Reduce the use of packing materials | 44% reduction in service parts set packaging (baseline: FY2001) |
| | | | | |
| Sales and Service | Automobiles | Green Dealers initiative | Improve energy efficiency | Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2009) |
| | Motorcycles | Green Dealers initiative | Improve energy efficiency | Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2008) |
| | Power products | Green Dealers initiative | Improve energy efficiency | Power products dealer (consolidated subsidiaries) per-unit CO ₂ emissions: maintain FY2009 level (baseline: FY2009) |
| | | | | |
| | | | | |
| Recycling | Automobiles | Technical support for proper disposal and recycling of end-of-life products | | Continue to maintain recycling systems |
| | | | | Automobile bumper recycling |
| | Motorcycles | Technical support for proper disposal and recycling of end-of-life products | | Maintain stable operation of system |
| | | | | |
| | | | Increase parts recovery, reuse and recycling | Expand recyclable parts and recycling activity |
| Administration | Green office initiative | | Conserve energy | CO ₂ emissions at all facilities of 16 Honda Group companies*4 in Japan: 1.0% reduction (baseline: FY2009) |
| | | | Use resources efficiently | Waste generated at all facilities of 16 Honda Group*4 companies in Japan: 1.0% reduction (baseline: FY2009) |
| | | | Make environmental and social contributions | — |
| | | | | |
| | | | | |
| Principal Honda Group companies in Japan | Honda R&D | Green laboratories | Conserve energy and other resources | Total CO ₂ emissions: 162,000 CO ₂ tons |
| | | | | Per-unit CO ₂ emissions: 6% reduction (baseline: FY2001) |
| | | | | Total waste generated: 6,600 tons |
| | | | Zero emissions*2 | Per-unit waste generated: 30% reduction (baseline: FY2001) |
| | | | | |
| | Honda Engineering | Green factory initiative | Conserve energy and other resources | Total CO ₂ emissions: 21,210 CO ₂ tons |
| | | | | Per-unit CO ₂ emissions: 11.2% reduction (baseline: FY2001) |
| | | | | Per-unit waste generated: 3% reduction (baseline: FY2007) |
| | | | Zero emissions*2 | Total waste generated: 1,984 tons |
| | | | | |
| | Honda Access | Green factories | Conserve energy | Per-unit CO ₂ emissions: 9% reduction (baseline: FY2001) |
| | | | | Total CO ₂ emissions: 1,596 CO ₂ tons |
| | | | | Per-unit waste generation: 25% reduction (baseline: FY2001) |
| | | | Conserve resource | Waste generated: 257 tons |
| | | | | |
| | | Cleaner transport, greener offices | Reduce packaging materials | Packaging: 64.9% per-unit reduction (baseline: FY2001) |
| | | | | Total packaging: 888 tons |
| | | | | |
| | | | | |
| | | | | |

*1 32 target suppliers.

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

*3 Discontinued green purchasing guidelines and published the Honda Chemical Substance Management Standard.

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

Note: For FY2010 results of product development, see p. 36.

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

○ : Attained △ : ≥ 95% × : < 95%

| FY2010 Results | Status | FY2011 Targets | See |
|--|--------|--|-----------|
| Suppliers reduced per-unit CO ₂ emissions by 7.8% (baseline: FY2001) | ○ | Ensure that suppliers* ¹ reduce CO ₂ emissions | P. 43 |
| Increased per-unit water consumption by suppliers by 7.8% (baseline: FY2009) | × | Ensure that suppliers* ¹ reduce per-unit water consumption | |
| Suppliers continued to maintain zero waste generated | ○ | Ensure that suppliers* ¹ reduce waste generated | |
| Per-unit waste production by suppliers* ¹ reduced by 2.5% (baseline: FY2009) | ○ | Ensure that suppliers* ¹ reduce per-unit waste generation | |
| Published the Honda Chemical Substance Management Standard | — | Promote the Honda Chemical Substance Management Standard | |
| 16.5% reduction in units of energy use (baseline: FY1991) | × | 30% reduction in units of energy use (baseline: FY1991) | P. 45 |
| CO ₂ emissions: 367,000 CO ₂ tons | ○ | CO ₂ emissions: 400,000 CO ₂ tons | P. 46 |
| Maintained zero landfill waste | ○ | Maintain zero landfill waste | |
| Increased use of scrap | ○ | Increase use of scrap | |
| VOC emissions (automobiles): 33.5 g/m ² | △ | VOC emissions (automobiles): 30.7 g/m ² | P. 49 |
| CO ₂ emissions: 80.56 g CO ₂ /tkm (per ton per km transportation of complete automobiles) | ○ | CO ₂ emissions: 82.89 g CO ₂ /tkm (per ton per km transportation of complete automobiles) | |
| — | — | Reduce per-unit CO ₂ emissions by 14% (baseline: FY2007) (transportation of components parts) | P. 50 |
| — | — | Reduce per-unit CO ₂ emissions from warehouses by 30% (baseline: FY2008) | P. 51 |
| 49.5% reduction in service parts set packaging (baseline: FY2001) | ○ | 45% reduction in service parts set packaging (baseline: FY2001) | P. 53 |
| Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 0.6% reduction (baseline: FY2009) | △ | Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2010) | |
| Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 6.4% reduction (baseline: FY2009) | ○ | Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2010) | |
| Power product dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 4.4% increase (baseline: FY2009) | × | Power products dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2010) | P. 55 |
| Continued to maintain recycling systems | ○ | Continue to maintain recycling systems | P. 57 |
| Reprocessed 38 tons of recycled resin, polypropylene by recovering 18,000 used bumpers | ○ | Automobile bumper recycling | |
| Maintained stable operation of system | ○ | Maintain stable operation of system | |
| Decision regarding additional power steering gearbox and pump equipment | △ | Expand recyclable parts and recycling activity | P. 58, 59 |
| CO ₂ emissions at all facilities of 16 Honda Group companies in Japan: 7.9% reduction | ○ | CO ₂ emissions at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2010) | |
| Waste generated at all facilities of 16 Honda Group companies in Japan: 1.1% reduction | × | Waste generated at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2010) | P. 59 |
| — | — | The employees of each facility engage in neighborhood clean-up activities together with local people, several times over the year if possible. | — |
| Total CO ₂ emissions: 150,000 CO ₂ tons | ○ | Total CO ₂ emissions: 150,000 CO ₂ tons | P. 61 |
| Per-unit CO ₂ emissions: 3% increase (baseline: FY2001) | × | | |
| Total waste generated: 5,851 tons | ○ | Total waste generated: 5,800 tons | |
| Per-unit waste generated: 25% reduction (baseline: FY2001) | × | | P. 62 |
| Total CO ₂ emissions: 19,547 CO ₂ tons | ○ | Total CO ₂ emissions: 20,638 CO ₂ tons | |
| Per-unit CO ₂ emissions: 17.4% increase (baseline: FY2001) | ○ | Per-unit CO ₂ emissions: 12% reduction (baseline: FY2001) | |
| Per-unit waste generated: 20% reduction (baseline: FY2007) | ○ | Per-unit waste generated: 4% reduction (baseline: FY2007) | |
| Total waste generated: 1,880 tons | ○ | Total waste generated: 1,969 tons | P. 63 |
| Per-unit CO ₂ emissions: 28% reduction (baseline: FY2001) | ○ | Per-unit CO ₂ emissions: 10% reduction (baseline: FY2001) | |
| Total CO ₂ emissions: 1,232 CO ₂ tons | ○ | | |
| Per-unit waste generation: 40% reduction (baseline: FY2001) | ○ | Per-unit waste generation: 30% reduction (baseline: FY2001) | |
| Waste generated: 219 tons | ○ | | |
| Packaging: 66.8% per-unit reduction (baseline: FY2001) | ○ | Packaging: 65.1% per-unit reduction (baseline: FY2001) | |
| Total packaging: 988 tons | × | | |

Continuing items:

- Potential recycling ratio (automobiles): At least 90% for all new models and full model-change cars
- Potential recycling ratio (motorcycles): At least 95%
- Potential recycling ratio (power products): At least 95%

Environmental impact in Japan



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

Energy consumption (FY2010)

Companies covered:

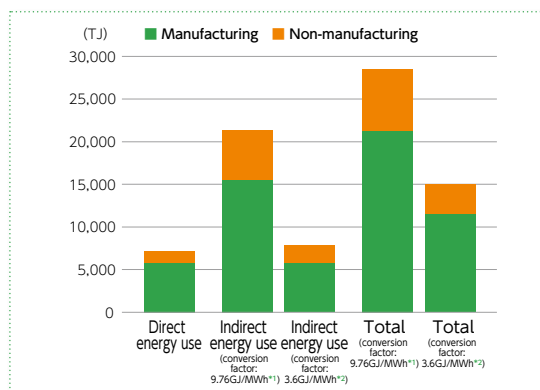
Honda Motor Co., Ltd.,
subsidiaries and affiliates: **163**

Manufacturing companies: **47**

Non-manufacturing companies: **116**

* Direct energy consumption:
Energy consumption through fuel combustion, etc.

* Indirect energy consumption:
Consumption of externally supplied energy, such as purchased electric power



Notes:

- Calculations based mainly on energy from fixed sources.
- A terajoule (TJ) is a unit of energy. "Tera" means 10^{12} .

Calculation of purchased energy:

*1 The energy conversion factor of 9.76 GJ/MWh is in accordance with Japan's Rationalization in Energy Use law. Electricity used is converted to its fossil fuel equivalent.

*2 The energy conversion factor of 3.6 GJ/MWh is applied to point-of-use electrical power.

Greenhouse gas emissions (FY2010)

Companies covered:

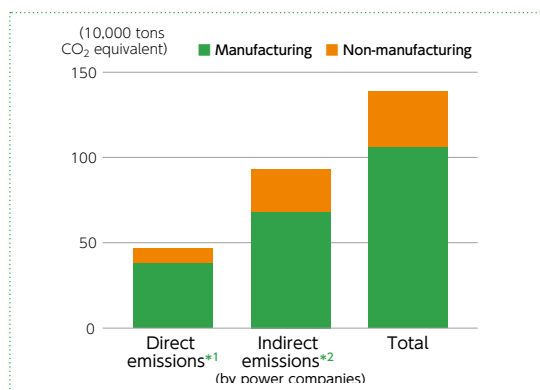
Honda Motor Co., Ltd.,
subsidiaries and affiliates: **163**

Manufacturing companies: **47**

Non-manufacturing companies: **116**

*1 Direct emissions (Scope 1)
Direct greenhouse gas emissions caused by fuel combustion, etc.

*2 Indirect emissions (Scope 2)
Indirect greenhouse gas emissions resulting from the use of electricity, etc., supplied by other parties. They consist mainly of greenhouse gases emitted by power stations from which power is purchased, including part of greenhouse gases from supply sources for steam, etc.



Notes:

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

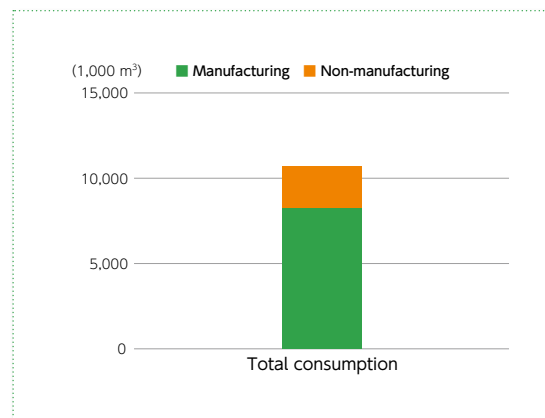
Water consumption (FY2010)

Companies covered:

Honda Motor Co., Ltd.,
subsidiaries and affiliates: **154**

Manufacturing companies: **46**

Non-manufacturing companies: **108**



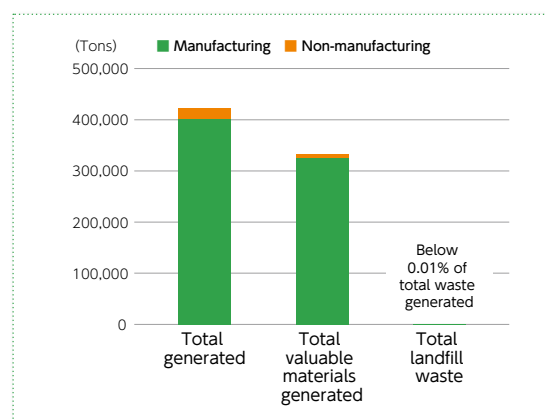
Waste (FY2010)

Companies covered:

Honda Motor Co., Ltd.,
subsidiaries and affiliates: **148**

Manufacturing companies: **46**

Non-manufacturing companies: **102**



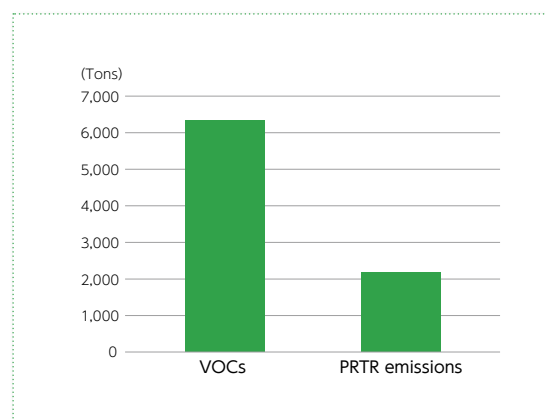
Other emissions (FY2010)

Companies covered—VOCs*1

Honda Motor Co., Ltd.,
manufacturing-related
subsidiaries and affiliates: **45**

Companies covered—PRTR emissions*2

Honda Motor Co., Ltd.,
manufacturing-related
subsidiaries and affiliates: **49**

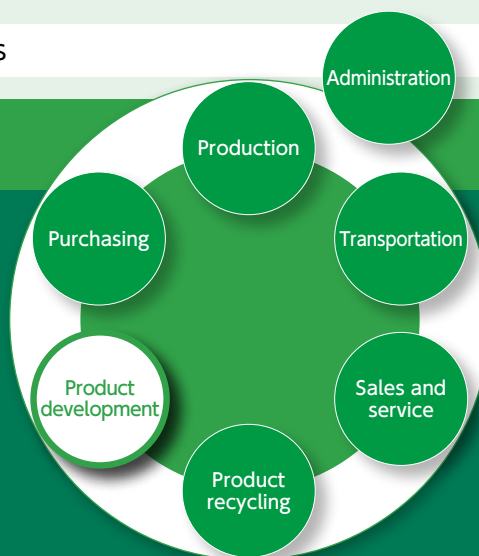


*1 VOCs (Volatile Organic Compounds)
VOCs mainly consist of organic solvents contained in paints and adhesives. They remain toxic for a long period of time, causing depletion of the ozone layer in the stratosphere and photochemical smog in the troposphere. For these reasons, their use is regulated in many countries.

*2 PRTR emissions
Emissions of substances treated under the PRTR (Pollutant Release and Transfer Register) system, which is based on Japan's Law Concerning the Reporting of Specified Chemical Substances Released into the Environment and the Promotion of Improvements in their Management.

Product development

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



Major initiatives in product development



See p. 55 for annual results regarding 3R use in product design.

Annual targets and results

FY2010 targets

Automobiles

- Further increase availability of ULEVs and SULEVs
- Further improve fuel economy
- Expand alternative energy products

FY2010 results

- 3 additional models (5 types) approved
- Average fuel economy improved 38.5% (baseline: FY2001)
- Leasing of FCX Clarity fuel vehicle expanded

Note: The new regulations introduced by Japan's MLIT, created to encourage automakers to provide low-emission vehicles, established two categories of vehicles with particularly low HC and NOx emissions: ultra-low-emission vehicles (ULEV) with emissions 50% lower than the levels required under the 2005 exhaust emission standards, and super ultra-low-emission vehicles (SULEV) with emissions 75% lower than the levels required by the 2005 standards.

Motorcycles

- Expand fuel injection system implementation to products other than scooters
- Expand low-friction engine implementation

- HC and NOx emissions reduced to one-fifth (baseline: FY2001)
- Average fuel economy improved 20.0% (baseline: FY2001)

Power Products

- Further expand compliance with regulation
- Further improve fuel efficiency

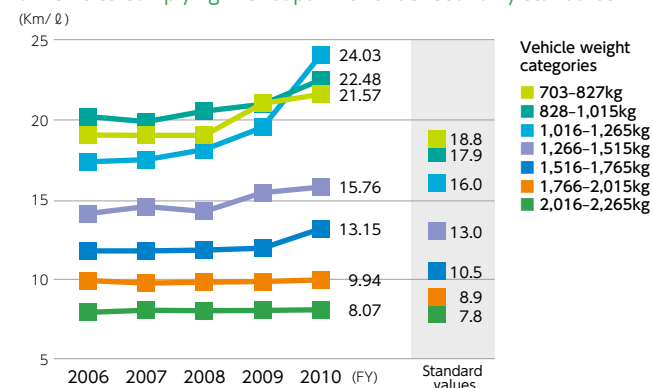
- Expanded implementation of fuel injection system technology, such as the eco throttle system, etc.
- Expanded sales of gas-powered products

Automobiles

Fuel economy

Honda has introduced a wide range of technologies to improve fuel efficiency and reduce CO₂ emissions that contribute to mitigate climate change. In addition to launching the CR-Z hybrid vehicle, we have further improved the fuel efficiency of the Fit, Life and Stream models, which now qualify for reduced taxes in Japan. This means that Honda has improved fuel efficiency in all of the seven categories established when the 2010 fuel economy standards were introduced. The average FY2010 fuel economy was 38.5% higher than the baseline FY2001 level.

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



Types complying with 2010 fuel economy standards and units shipped*

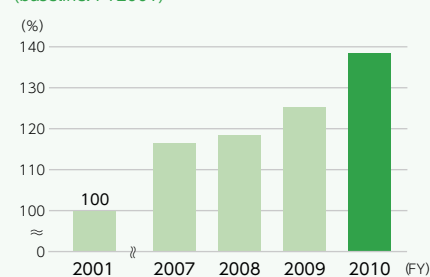
In accordance with an amendment to Japan Rationalization of Energy Use law, fuel economy standards for 2010 were announced. Honda is striving to expand the lineup of vehicle types that exceed these standards. Of the vehicles sold in FY2010, eight additional models (12 types) attained the 2010 fuel economy standards. A total of 25 models (53 types) have now attained the standards. Also, one model (2 types) was newly certified as meeting the 2010 fuel economy standards +5% requirement. Further, three models (4 types) were newly certified as meeting the 2010 fuel economy standards +15% requirement. Two models (2 types) were newly certified as meeting the 2010 fuel economy standards +20% requirement, four models (4 types) were newly certified as meeting the 2010 fuel economy standards +25% requirement. A total of 654,126 vehicles—approximately 96.8% of all Honda vehicles sold in Japan in FY2010—attained these standards.

* Shipping figures reported to Japan's MLIT and Ministry of Economy, Trade and Industry (amended Feb. 24, 2010).

Driver-assist systems for eco-driving

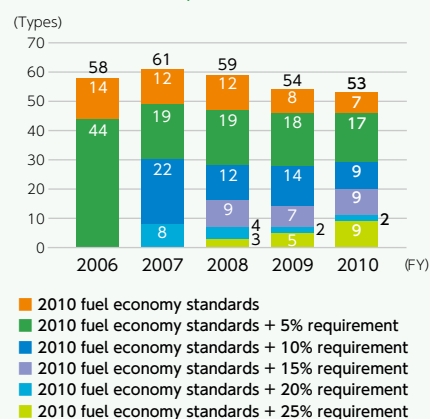
The driver-assist systems for environmentally responsible driving, for example fuel consumption monitoring devices and the ECON Mode, which optimizes air-conditioning use and other functions to enhance fuel economy, are now available in a wide range of Honda vehicles. New Step Wagon models introduced in FY2010 are the first non-hybrid vehicles to be equipped with an expanded range of driver-focused fuel efficiency enhancement technology, including the Eco Assist™ system, as standard equipment. The percentage of Honda passenger vehicles sold in Japan with these features increased by 8.6%, to 97.2%.

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

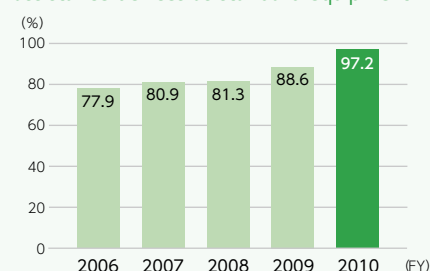


* Average fuel economy for Japan-market vehicles.

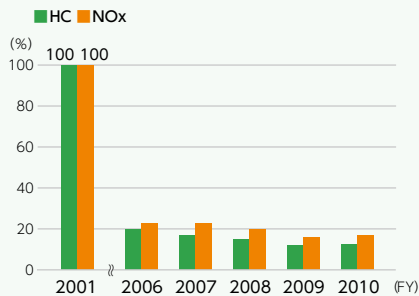
Trend in the number of types attaining 2010 fuel economy standards



Trend in vehicles with ecological driver assistance devices as standard equipment

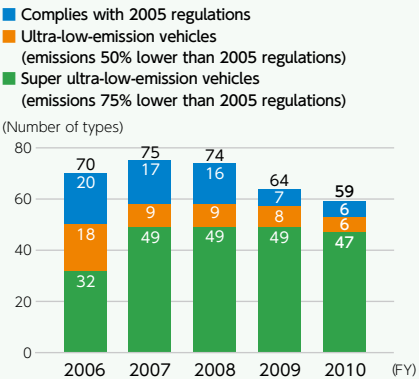


Trend of total HC and NOx emissions in Japan (baseline: FY2001)



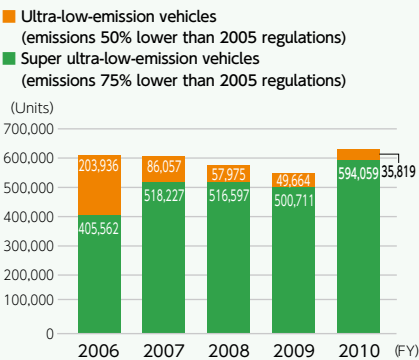
- Notes:
- Since a new low-emission vehicle certification program under the 2005 exhaust emission standards was introduced in FY2004, total FY2004 emissions of HC and NOx of models subject to the 2000 exhaust emission standards, and of older models, are calculated based on the 10-15 mode. For models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

Types complying with exhaust emission standards or earning special certification



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

Sales trend



Exhaust emissions

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

Honda continues to prioritize cleaner exhaust emissions from gasoline vehicles. Honda is working to reduce the levels of CO, HC and NOx contained in exhaust emissions. In FY2010, Honda achieved its targets to reduce HC exhaust emissions 87.4% and NOx emissions 83.0% (baseline: FY2001).

As early as FY2004, Honda complied with the 2005 exhaust emission standards for all models and has since expanded the number of models certified as ULEV and SULEV. In FY2010, Honda released three models (5 types) for a total of 24 models (53 types) certified as ULEV or SULEV. Going forward, Honda will expand the lineup of vehicles earning these certifications and make automobile exhaust emissions even cleaner.

Models and sales results for certified low-emission vehicles

Honda has endeavored to expand the number of models that comply with the 2005 exhaust emission standards and are certified by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as low-emission vehicles. Three models introduced in FY2010—Step Wagon, Step Wagon SPADA and CR-Z—were certified as SULEV. Sales of vehicles that comply with the 2005 emission standards of Japan's MLIT and certified as low-emission vehicles totaled 629,878 units in FY2010, accounting for 95.1% of Honda's total unit sales in Japan (97.1% of passenger car unit sales).

Low-emission vehicles released in FY2009 (certified under Japan's MLIT 2005 standards)

| | |
|---|------------------|
| Super ultra-low-emission vehicles (SULEV) (emissions 75% lower than 2005 regulations): 3 models | Step Wagon |
| | Step Wagon SPADA |
| | CR-Z |

Alternative fuel vehicles

FCX Clarity fuel cell electric vehicles supplied to two private-sector businesses

In September 2009, Honda delivered FCX Clarity fuel cell electric vehicles to Idemitsu Kosan Co., Ltd. and Iwatani Corporation. Since its launch in November 2008, the FCX Clarity has been leased to the Cabinet Office, the Ministry of the Environment and Teito Motor Transportation Co., Ltd.

As participants in the Japan Hydrogen & Fuel Cell Demonstration Project (JHFC), Idemitsu Kosan Co., Ltd. and Iwatani Corporation are involved in research aimed at verifying the viability of fuel cell electric vehicles and hydrogen stations. They recently signed lease agreements covering the FCX Clarity to replace units leased since 2004, which have now reached replacement age. During 50,000 km of travel, the FCX Clarity has confirmed that it can be driven for more than 400 km on a single charge.

The FCX Clarity is designed to operate on fuel cell-generated electricity, and sets new standards in design, packaging and driving experience. At the heart of the vehicle is the V Flow FC Stack, a fuel cell stack system developed exclusively by Honda. Apart from its clean performance, including zero CO₂ emissions during operation, the FCX Clarity offers new value as a car that is extremely attractive in its own right.

As in 2008, the FCX Clarity was chosen as the official car for the 2009 Bridgestone Indy Japan 300 Mile, which was held at the Twin Ring Motegi racing track in Tochigi Prefecture between September 17 and 19, 2009, as part of the 16th IRL Indy Car Series.



Mr. Hideki Ishizaki, Manager, Hydrogen Business Development Department, Idemitsu Kosan Co., Ltd. (left), Mr. Kazuyuki Yoshikawa, Manager, Corporate Sales Section, Honda Corporate Sales Division (right).

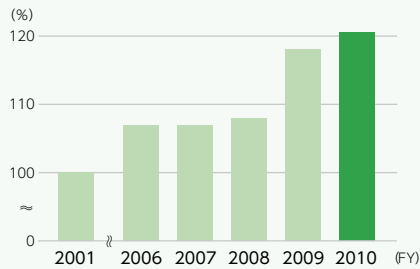


Mr. Akira Tatemoto, Senior Director, Manager, Hydrogen Energy Division, Iwatani Corporation (left), Mr. Hideki Kuji, Manager, Honda Corporate Sales Division (right).

Motorcycles

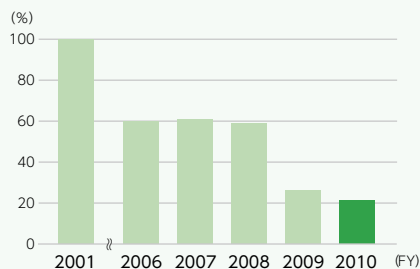
Fuel economy

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



Super Cub 110 (introduced in June 2009).

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



Faze (introduced in July 2009).

In FY2010, Honda launched the fuel-efficient Super Cub 110, and the higher load capacity Super Cub 110 Pro. In addition, almost every Honda vehicle sold was equipped with the PGM-FI fuel injection system. As a result, there was a year-on-year improvement in Corporate average fuel efficiency.

The technology behind the enhanced fuel efficiency of the Super Cub 110

In FY2009, Honda celebrated the 50th anniversary of its iconic Super Cub series of motorcycles. In FY2010, we launched a new model, the Super Cub 110.

The new Super Cub 110 has a newly developed engine, in which the cylinder capacity has been increased to 110 cc to better balance power characteristics and fuel efficiency. It is also equipped with the PGM-FI system, which optimizes fuel injection system timing and amount. Tests conducted by Honda show a 5.8% improvement in fuel efficiency.

Every aspect of the engine, including details of its internal structure, was carefully refined, and various low-friction technologies were implemented. The cylinder has been offset relative to the crankshaft to reduce resistance between the piston and the cylinder so that combustion pressure generated in the cylinder can be transferred more efficiently to the crankshaft. Another enhancement is the roller rocker arm system, which reduces friction between the cam and the roller arm by means of a roller mechanism on the sliding service of the rocker arm. In addition, the grooves on the sliding surface of the piston have been expanded to increase oil retention and reduce friction. The weight of the piston itself has also been reduced to less than that of a 90 cc motorcycle, although the new Super Cub is a 110 cc model.

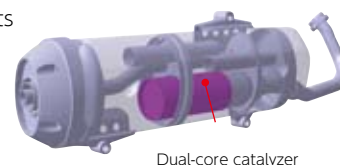
The Super Cub 110 engine represents Honda's collective knowledge of fuel efficiency technology. Despite its higher cylinder capacity, its friction level in the normal RPM range is around 10% lower than that of the Super Cub 90.

Exhaust emissions

In FY2010, Honda further reduced exhaust emission levels by adding catalyzers to all models of motorcycles, and by increasing the number of models equipped with the PGM-FI system. This reduced the average hydrocarbon (HC) and nitrogen oxide (NOx) emission levels of motorcycles sold in Japan to about one-fifth of the 2001 level.

Faze emissions less than one-half of standard levels

In July 2009, Honda launched the Faze, a 250 cc scooter. In addition to PGM-FI technology, this large scooter is also equipped with a highly efficient dual-core catalyzer installed inside the muffler. It also has an O₂ sensor, which helps to control the air-to-fuel ratio and reduce exhaust emission levels. With these enhancements, the Faze meets the Japanese motorcycle exhaust emission regulations introduced in 2006. Tests conducted by Honda indicate that the vehicle's carbon monoxide (CO), HC and NOx emission levels are less than one-half of those of a standard 250 cc scooter.



Dual-core catalyzer

Power Products

Alternative fuels

Butane gas-powered version added to Pianta range of tillers—10,000 units sold

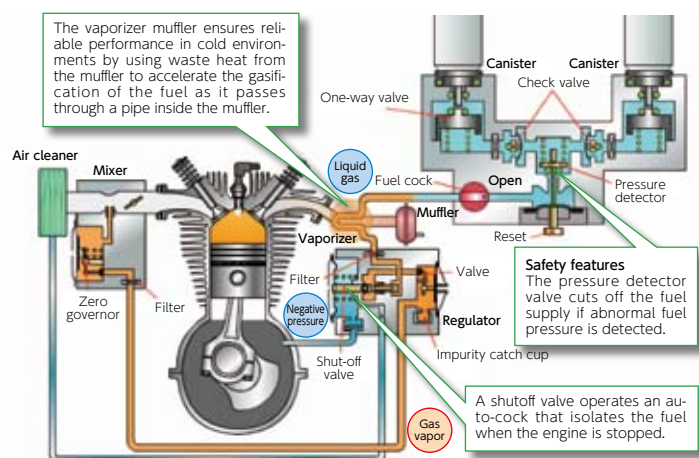
In March 2009, Honda launched the Pianta FV200 butane gas-powered tiller, which reached sales of 10,000 units in less than a year after its introduction. Compared with gasoline-powered models, which require special portable fuel tanks, the butane gas-powered model can be refueled simply by replacing a home-use butane gas canister. Its popularity also reflects the ease with which it can be moved and stored. There are also environmental advantages, including that the Pianta FV200 emits about 10% less CO₂ per hour of operating time than a gasoline-engine model of the same cylinder capacity.

In May 2010, Honda launched its second butane gas-powered product, the Enepo EU9iGB compact generator. Capable of 900 watt output, the Enepo uses an inverter system to provide a reliable supply of quality electric power suitable for computers and other precision equipment, as well as for cooking and other appliances. It can operate continuously for up to two hours on two gas canisters. Like the Pianta, it emits about 10% less CO₂ than a gasoline engine with the same output.



Enepo EU9iGB, a gas-powered generator that uses butane gas canisters as fuel.

A gas supply system (as used in Enepo EU9iGB)



Other initiatives

Alternative fuels

New R&D facility for use in development of bio-ethanol manufacturing technology

Honda's Kazusa Laboratory, a branch of the Honda R&D Co., Ltd., Fundamental Technology Research Center, does research related to the development of technology to produce bioethanol from non-edible cellulosic material, such as plant stems and leaves. Located at the Kazusa Akademia Park* in Kisarazu City, Chiba Prefecture, the new facility has been operational since April 2010. It is equipped with large-scale experimental facilities and will be able to conduct high-precision research in preparation for commercial production in the future.

* Kazusa Akademia Park is a research and development zone combining research, academia, production and resort functions.



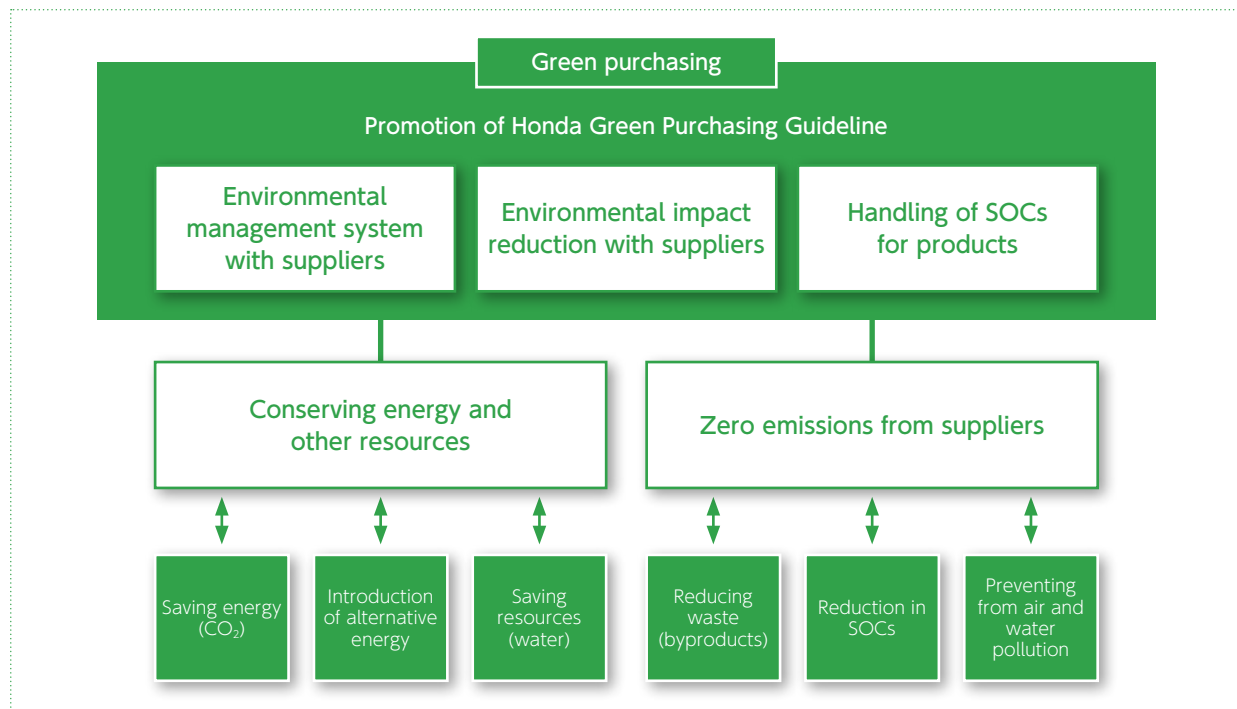
Kazusa Akademia Park
(site area: 5,000 m² floor area: 1,249 m²)

Purchasing

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



Principal purchasing initiatives



Annual targets and results

FY2010 targets

- Ensure that suppliers reduce CO₂ emissions
- Ensure that suppliers reduce per-unit water consumption
- Ensure that suppliers reduce landfill waste
- Ensure that suppliers reduce per-unit waste generation

FY2010 results

- Suppliers reduced per-unit CO₂ emissions by 7.8% (baseline: FY2001)
- Increased per-unit water consumption by suppliers by 7.8% (baseline: FY2009)
- Suppliers continue to maintain zero landfill waste by suppliers
- Per-unit waste production by suppliers reduced by 2.5% (baseline: FY2009)

Note: Policies target 32 supplier companies.

Environmental management in Purchasing domain

Honda Green Purchasing Guideline

Honda has established its own independent green purchasing guidelines and is working with its suppliers to promote parts and materials procurement practices, which have a reduced environmental impact. The green purchasing guidelines were formulated in FY2002 in an effort to proactively implement environmentally responsible purchasing of parts and materials. Also, a system for reducing the environmental impact over the life cycles of parts is now under consideration.

Managing SOC in products

In the past, chemicals were managed on a voluntary basis under guidelines for SOC. However, the proliferation of regulations concerning SOC led to the abolition of these guidelines, and to the establishment of the Honda Chemical Substance Management Standard. All suppliers of materials used in motorcycles, automobiles and power products have been briefed on these standards and have begun their application.

Conserving energy and other resources

CO₂ emissions and water use

Honda is working to extend to its suppliers its own initiatives to reduce environmental impact. These include detailed programs to minimize electric power and water consumption by identifying systems that have continued to operate even after facilities have halted operations because of the decline in operating rates brought on by the global recession. Honda holds regular information-sharing seminars at its production sites to inform suppliers about these initiatives.

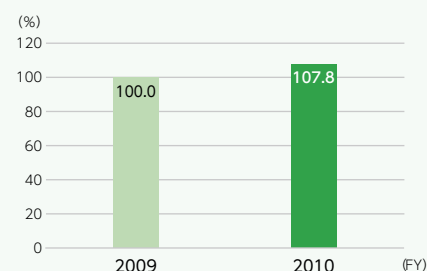
[See Case Studies and Supplementary Information](#)

In FY2010, 32 participating suppliers reduced CO₂ emissions by 7.8% compared with the FY2001 level, and increased their water consumption by 7.8% from the FY2009 level. Honda will continue to target further improvements by sharing its initiatives and extending measures to suppliers.

Per-unit CO₂ emissions



Per-unit water consumption

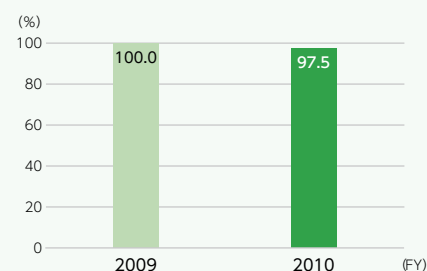


Zero emissions from suppliers

Waste

Suppliers are continually working to improve their material yields. In FY2010, the 32 participating suppliers achieved a 2.5% reduction in the per-unit production of waste and other emissions compared with the FY2009 level.

Per-unit waste production

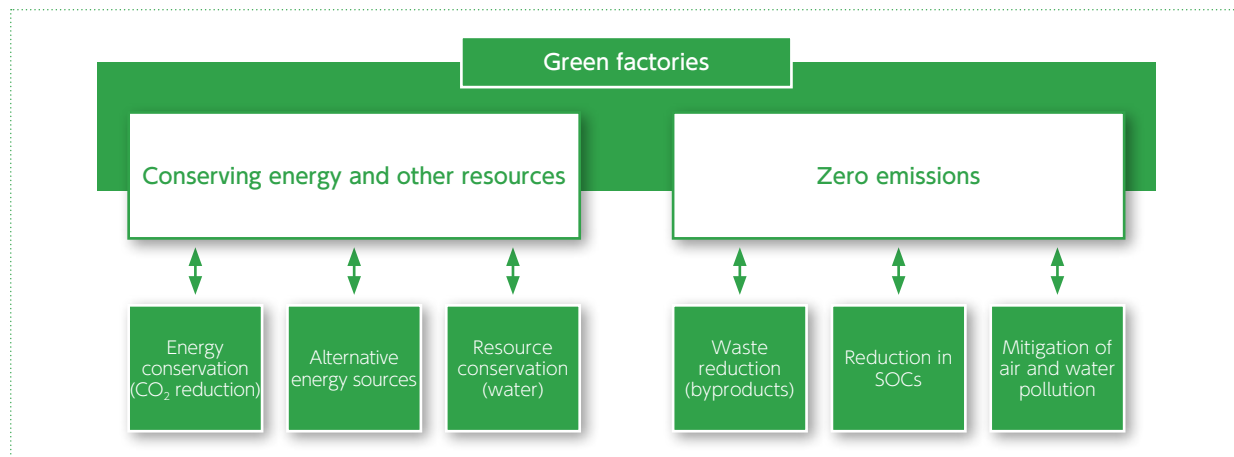


Production

Honda is working to minimize the impact of its manufacturing operations on the global environment, and seeking to improve the working environment for associates and enhance cooperation with local communities. Through these efforts, we strive to give local communities reason to be proud to host our factories. These are the goals of our worldwide Green Factory initiative.



Major production initiatives



Annual targets and results

FY2010 targets

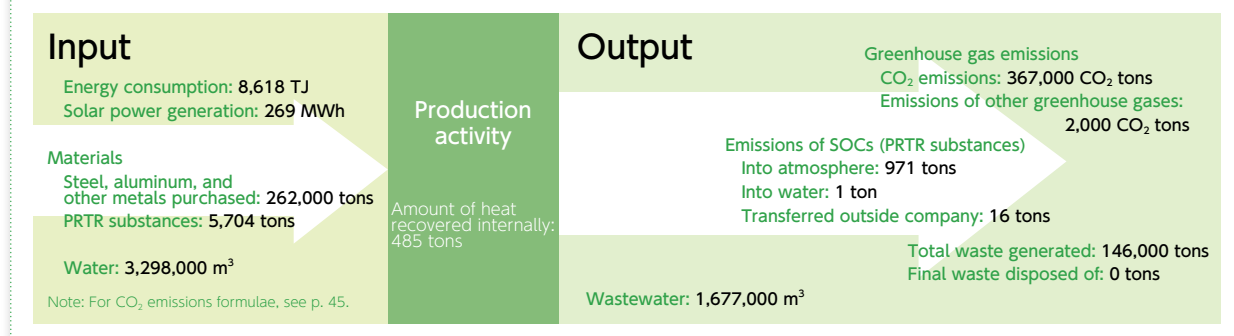
- 28.5% reduction in units of energy used (baseline: FY1991)
- CO₂ emissions: 438,000 CO₂ tons
- Maintain zero landfill waste
- Reduction in waste output
- VOC emissions (automobiles): 32.7 g/m²

FY2010 results

- 16.5% reduction in units of energy used (baseline: FY1991)
- CO₂ emissions: 367,000 CO₂ tons
- Maintained zero landfill waste
- Increase use of scrap
- VOC emissions (automobiles): 33.5 g/m²

Note: Covers six factories in Japan: Saitama, Tochigi, Hamamatsu, Suzuka, Kumamoto and Automobile New Model Center.

Flow of materials in production in FY2010



Conserving energy and other resources

Energy conservation initiatives

In FY2010, CO₂ emissions attributable to use of energy in the production domain amounted to 367,000 CO₂ tons, 14.1% less than in FY2009 and 16.2% below the target level. Per-unit energy use was 12.0% above the target level because of reduced production. The year-on-year increase was held to 9.6% through various measures, including the centralization of production and the reduction of non-production energy consumption.

Emissions of greenhouse gases other than CO₂ were equivalent to 2,000 tons of CO₂. This brought total greenhouse gas emissions to 369,000 tons.

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

CO₂ emissions formulae

| | |
|------------------------|--|
| Electricity | 0.378 CO ₂ tons/MWh |
| Natural gas (13A 46MJ) | 2.330 CO ₂ tons/1,000 Nm ³ |
| Natural gas (13A 45MJ) | 2.277 CO ₂ tons/1,000 Nm ³ |
| Kerosene | 2.489 CO ₂ tons/kℓ |
| Diesel | 2.619 CO ₂ tons/kℓ |
| Gasoline | 2.322 CO ₂ tons/kℓ |
| LPG | 3.000 CO ₂ tons/ton |

Introduction of alternative energy sources

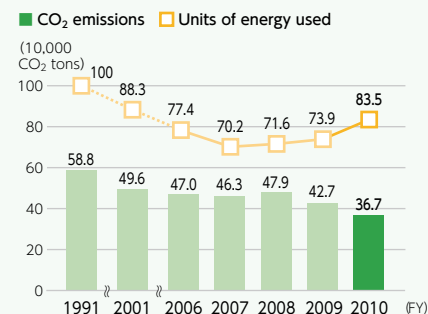
In FY2010, 47.3 million kWh of energy was generated in the production domain using solar power generation, natural gas cogeneration and other alternate energy sources. This is equivalent to 7.1% of total electric power used.

Principal initiatives to reduce water consumption (resource conservation)

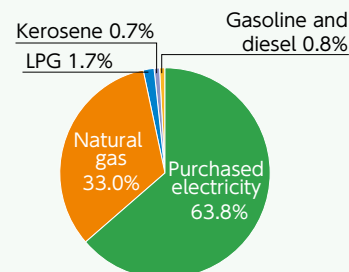
In FY2010, total water consumption in the production domain was reduced 37.4% from FY2001 levels to 3,298,000 m³. Per-unit water consumption was reduced to 20% below the FY2001 level.

In addition to the use of recycled water in factory production processes, Honda has also reduced drinking water consumption by installing water-saving discs and auto-stop faucets. In addition, the amount of water used in air conditioning systems has been reduced through the introduction of flex-time in workplaces. Sustained efforts in these areas are steadily reducing water consumption.

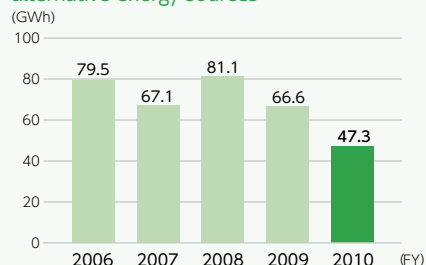
CO₂ emissions and units of energy used



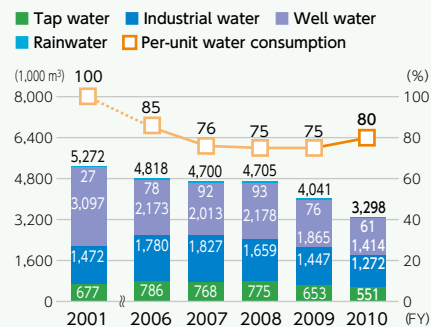
Energy consumption (CO₂ equivalents)



Power generation from alternative energy sources



Water consumption and per-unit water consumption



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

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

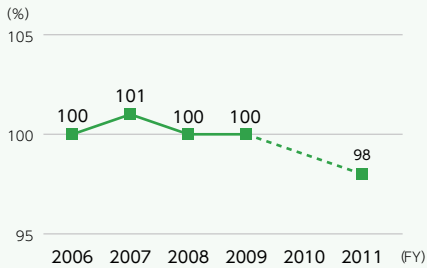
| Waste type | FY2007 | FY2008 | FY2009 | FY2010 |
|----------------------------------|--------|--------|--------|--------|
| External disposal by contractors | 0.12 | 0.22 | 0.15 | 0.08 |
| Internal incineration | 1.35 | 1.03 | 0.67 | 0.49 |
| Internal concentration | 6.27 | 8.09 | 7.43 | 6.79 |
| Recycling | 206.35 | 217.65 | 187.47 | 145.34 |
| Total waste | 214.09 | 226.98 | 195.71 | 152.70 |

Notes:

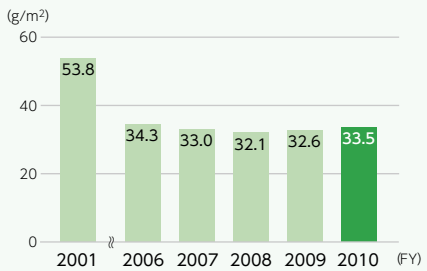
- Residues of incineration are excluded.
- Recycling ratio = $\frac{\text{Total waste} - \text{Internal concentration} - \text{Internal incineration}}{\text{Total waste} - \text{Internal concentration}}$

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

Per-unit byproduct generation



Trend in per-unit VOC emissions



Zero emissions

Reduction in waste

In FY2010, waste from the production domain waste amounted to 22,400 tons, a reduction of 45.7% from the FY2001 level. Per-unit waste was reduced 30% from FY2001 levels. Honda will continue to use appropriate methods to dispose of waste, and to maintain its zero-waste-to-landfill status.

Initiatives to reduce byproduct generation

Honda is working to reduce the amounts of byproducts, specifically scrap metals and casting aggregates. In FY2008, as required under Japan's Law for the Promotion of Effective Utilization of Resources, the company set a new reduction target calling for a 2% reduction relative to the FY2008 level by FY2012. Despite the impact of changing production levels, byproducts per unit of production in FY2010 were maintained at the previous year's levels through measures that included increased use of byproducts as secondary materials.

Reducing the use of SOCs

● VOC* emissions

The main sources of VOC emissions are solvents used in automobile paint processes. Average per-unit VOC emissions in FY2010 were 33.5 g/m², a year-on-year increase that was held to a marginal 0.9 g/m², mainly through improvements in painting quality. Honda implemented a range of measures, such as introducing water-based paints and using VOC processing facilities. We will continue our efforts to reduce VOC emissions.

* VOCs mainly consist of organic solvents contained in paints and adhesives. They remain toxic for a long period of time, causing depletion of the ozone layer in the stratosphere and photochemical smog in the troposphere. For these reasons, their use is regulated in many countries.

●PRTR* emissions

Within the scope of the PRTR system, the volume of emissions discharged into the atmosphere/hydrosphere was approximately 972 tons, 64% below FY2001 levels. The PRTR per-unit emission index declined 51% from FY2001. This favorable trend is the result of increased use of materials that offer a lower level of environmental impact. Going forward, Honda will continue to aim for further emission reductions.

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

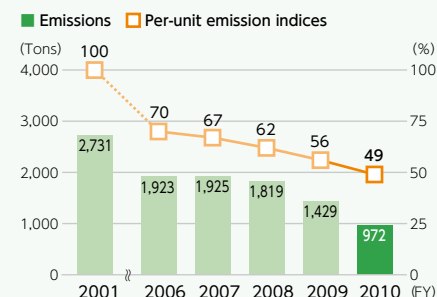
●Storage and disposal of devices containing PCBs and other items

Honda has signed an agreement with the Japan Environmental Safety Corporation concerning the pre-processing of 740 transformers and capacitors containing PCBs, and is currently storing the devices in accordance with Japanese regulations to ensure that these substances do not enter the environment. Honda will continue to manage these devices carefully while gathering information in preparation for their early disposal using proper methods.

Preventing air and water pollution

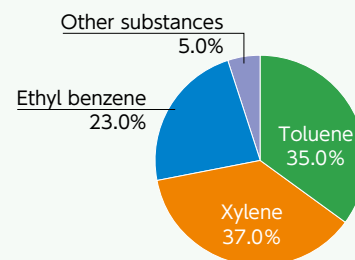
Air and water quality indicators at all production sites are regularly measured and monitored. Honda's voluntary standards for gas emissions from combustion systems and factory wastewater are more stringent than government regulations.

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



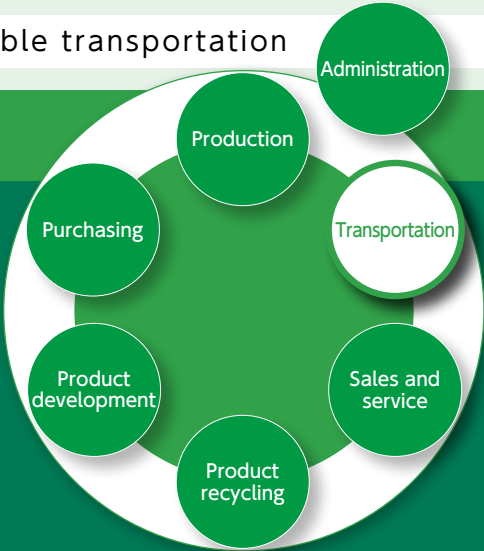
Note: PRTR per-unit emission values are indices (FY2001=100).

Breakdown of emissions of substances treated within PRTR system

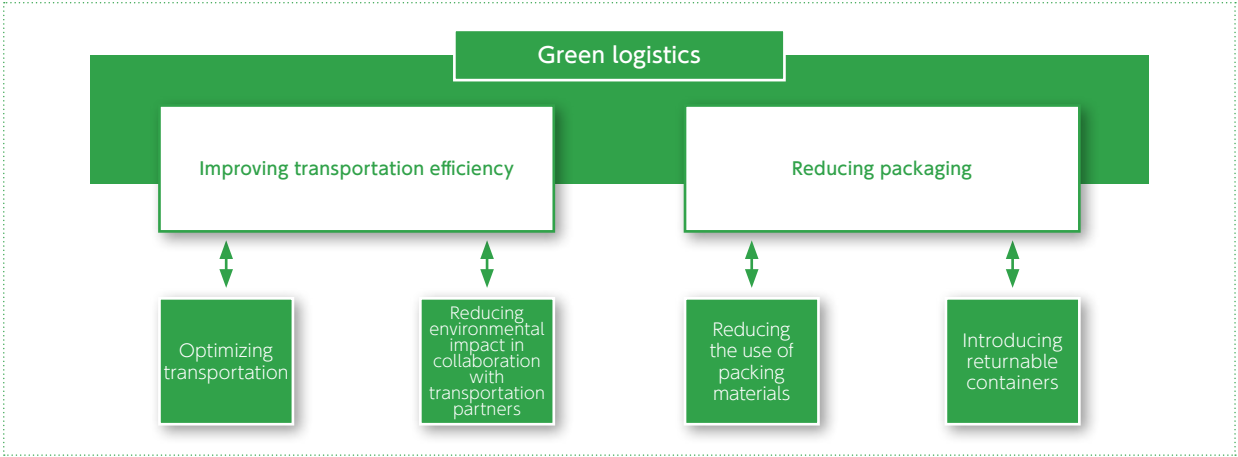


Transportation

Honda is continually striving to improve efficiency in every area, including the transportation of finished products. Wherever possible we are changing the means of transportation from truck to ship rail. We're developing environmental management systems jointly with our partners and implementing other environmentally responsible logistics measures. We are also reducing the use of packaging materials by introducing more efficient packaging, using new packaging materials, altering specifications and promoting the use of returnable containers.



Major transportation initiatives



Annual targets and results

FY2010 targets

- CO₂ emissions: 89.37 g CO₂/tkm (per ton per km transportation of complete automobiles)
- 44.0% reduction of service parts set packaging (baseline: FY2001)

FY2010 results

- CO₂ emissions: 80.56 g CO₂/tkm (per ton per km transportation of complete automobiles)
- 49.5% reduction in service parts set packaging (baseline: FY2001)

Improving transportation efficiency

In FY2010, CO₂ emissions associated with the transportation of automobiles, motorcycles, power products and parts in Japan totaled 72,449 CO₂ tons.

Japan's Rationalization in Energy Use Law, which took effect in April 2006, defines a "consigner" as any company that transports over 30 million tkm (ton-kilometer = mass of shipments in tons × distance shipped in kilometers) in a year. The law requires not only consigners but also companies that employ consigners to engage in initiatives to reduce energy consumption. To fulfill its responsibilities as a consigner under the law, Honda has established the following goal for the shipping of finished vehicles and parts within Honda and outside Honda: a ratio of CO₂ generated to revenue of no more than 90% of the FY2007 figure by FY2010 (see p. 30).

Initiatives in the transportation of completed automobiles

Honda is continually encouraging its automobile transportation partners to improve average fuel efficiency by implementing environmentally responsible driving and switching to new types of trailers.

For a number of years, Honda has been implementing a modal shift from overland transport to marine transport for distances of more than 500 km and for shipments to certain regions, such as Niigata and Chiba. In FY2010, this modal shift will be further expanded (see chart below), with automobiles transported over distances of less than 500 km between the Kanto and Kansai regions to be carried on ships rather than car carrier trucks.

Transportation of completed automobiles from Suzuka and Saitama factories

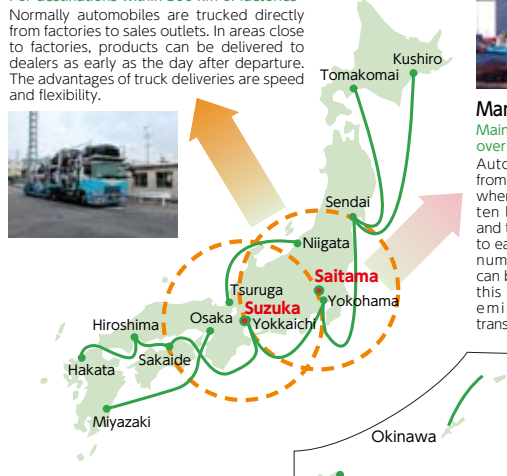
Marine transportation to destinations beyond a 300 km radius from each factory, truck transportation to closer locations.

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

Truck transportation

For destinations within 300 km of factories

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



Marine transportation

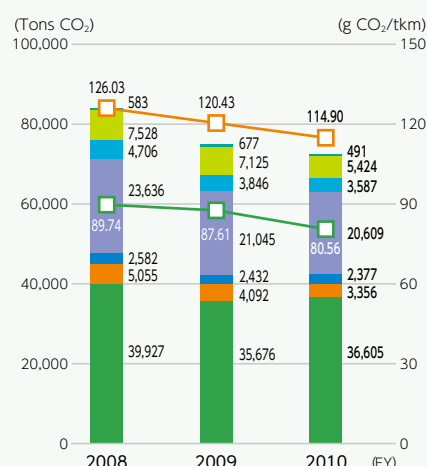
Mainly for destinations over 300 km from factories
Automobiles are trucked from factories to ports, from where they are shipped to ten locations nationwide and the dealerships nearest to each port. Because large numbers of automobiles can be transported at once, this method reduces CO₂ emissions per vehicle transported.

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

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

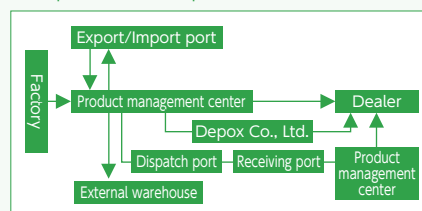
CO₂ emissions units calculated based on Japan's Rationalization in Energy Use Law (right scale)

□ Automobiles □ Total of all shipments



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

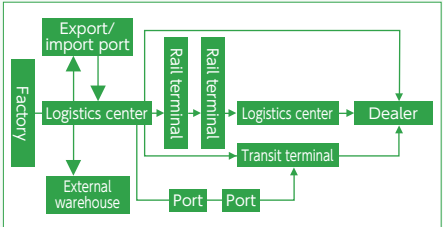
Transportation operations covered by CO₂ emission calculations (transportation of completed automobiles)



CO₂ emissions reductions in automobile transportation (FY2010)

| Measure | Start | CO ₂ reduction |
|---|--------|---------------------------|
| Energy-efficient driving initiatives and introduction of new trailers | FY2005 | 344 tons |

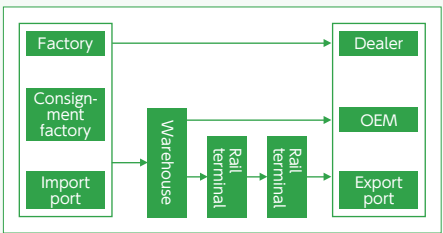
Transportation operations covered by CO₂ emissions calculations (transportation of completed motorcycles)



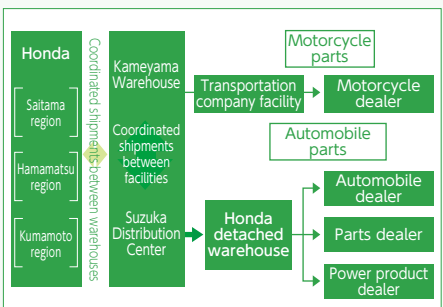
CO₂ emissions reductions in motorcycle transportation (FY2010)

| Measure | Start | CO ₂ reduction |
|--|--------|---------------------------|
| Receiving motorcycles from China at one of two ports (Tokyo or Kobe), whichever is closer to final destination | FY2009 | 349 tons |

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



Transportation operations covered by CO₂ emissions calculations (transportation service parts)



Initiatives in the transportation of completed motorcycles

Honda is continually working with transportation partners to improve transportation methods for completed motorcycles, including the use of responsible driving techniques. In addition, annual CO₂ emissions in this area have been reduced by approximately 10% through a change in the ports used for motorcycles imported from China, which has reduced overland transportation distances. Previously these motorcycles were imported solely through Nagoya, but in November 2008, Honda switched to the ports of Tokyo and Kobe, which are both closer to the major markets of the Kanto and Kansai regions.

Initiatives relating to the transportation of service parts

Honda has consolidated parts distribution at the Suzuka Distribution Center, which began operations in June 2007. With the completion of the centralization process in September 2008, Honda began to use charter trucks* to improve transportation efficiency. This method is used for most destinations in Japan.

Centralization has resulted in an increased amount of coordinated parts shipments between Honda facilities. Honda has also expanded its modal shift on this level by switching to container shipments via rail between the Sayama and Suzuka areas. Initially there were four containers per shipment, but this has now increased to 18. Honda remains actively committed to this modal shift, which has brought significant reductions in transportation-related CO₂ emissions.

Since November 2009, Honda has reduced the frequency of shipments to detached warehouses in remote regions (Kagoshima, Miyazaki, Aomori) by combining multiple shipments into one. It is also reducing coordinated parts shipments between business sites by arranging direct deliveries by suppliers. Coordinated parts shipments between warehouses have also been reduced by cutting the number of leased warehouses used.

* Charter trucks: This service only carries goods belonging to Honda or the Honda Group, which facilitates the development of measures to improve transportation efficiency.

Energy conservation initiatives in warehouses

Honda has implemented a variety of energy-saving measures in warehouses, including optimized air conditioning and ventilation systems. At the Suzuka Distribution Center, lighting is controlled by motion sensors in the passageways between stacks. Honda is also reducing the amount of leased warehouse space through inventory cuts and improvements in storage methods, thereby reducing the total energy consumption of warehouses and improving transportation efficiency.

Reducing packaging

Initiatives relating to packaging of knockdown parts*1

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

Honda uses returnable containers for all parts for the Jazz (marketed as the Fit in Japan), which went into production in Europe and South America in FY2010. It is also working to increase the use of returnable containers for parts for the Freed, which is manufactured in Indonesia. These efforts have already helped to reduce the amount of packaging materials used for knockdown parts. Honda will continue to shift from disposable to returnable shipping materials.

Usage rate for returnable containers for exterior service parts sets

| Destination | Usage rate | | |
|---------------|------------|--------|--------|
| | FY2008 | FY2009 | FY2010 |
| North America | 82.1% | 84.1% | 87.1% |
| South America | 41.7% | 44.0% | 60.6% |
| Europe | 67.8% | 74.5% | 92.5% |
| Asia/Oceania | 57.5% | 67.0% | 71.6% |
| China | 24.9% | 43.3% | 42.8% |
| Total | 60.2% | 68.2% | 73.4% |

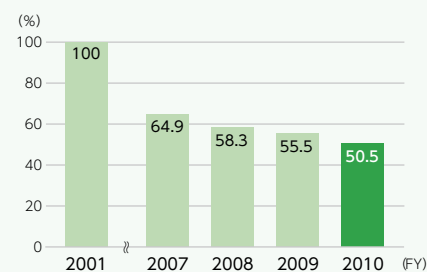
Initiatives relating to packaging for maintenance parts

In FY2010, Honda used 14,121 tons of packaging materials, a reduction of 3,948 tons, or 21.8%, from the FY2009 level. As in the previous year, charter flights and the simplification of packaging through the use of returnable containers greatly contributed to this reduction.

Another measure that is gradually yielding benefits is the introduction of returnable containers in warehouses, especially for small items. These reduce the consumption of corrugated paperboard containers, which are used for inward and outward transportation, for operations inside warehouses, and for storage purposes. In the future, Honda will expand the use of returnable containers in warehouses.

Honda has simplified packaging for large items by developing its own packaging specifications specifically for bumpers, which are one of the most common types of large parts.

Change in service parts sets packaging index over time



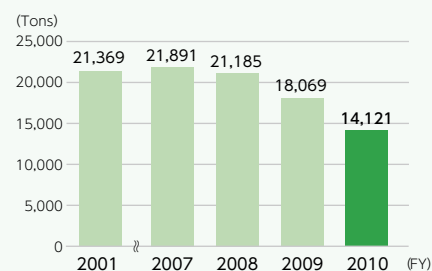
Note: Service parts sets are delivered to overseas plants for local assembly.

Less packaging material with service parts sets

| Measure | Reduction |
|--------------------------|-----------|
| Reduced use of steel | 1,946 ton |
| Reduced use of cardboard | 313 ton |

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

Amount of packaging material used for service parts

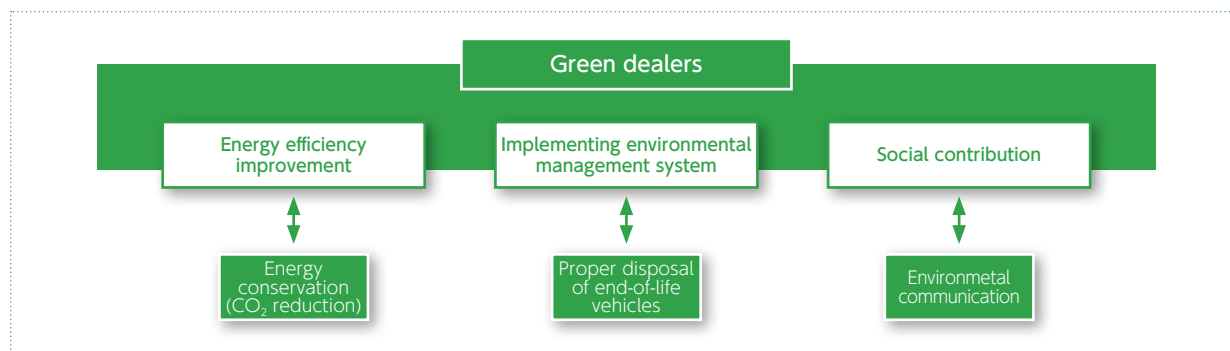


Sales and service

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



Sales and service initiatives

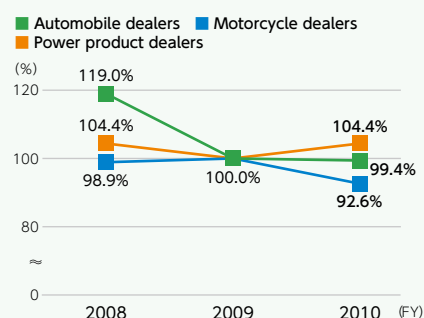


Annual targets and results

| | FY2010 targets | FY2010 results |
|-----------------------|--|--|
| Automobiles | Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2009) | Automobile dealer (consolidated subsidiaries and affiliates) per-unit CO ₂ emissions: 0.6% reduction (baseline: FY2009) |
| Motorcycles | Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 1.0% reduction (baseline: FY2009) | Motorcycle dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 6.4% reduction (baseline: FY2009) |
| Power Products | Power products dealer (consolidated subsidiaries) per-unit CO ₂ emissions: maintain FY2009 level | Power products dealer (consolidated subsidiaries) per-unit CO ₂ emissions: 4.4% increase (baseline: FY2009) |

CO₂ emission reductions by dealers

Deal per-unit CO₂ emissions



Note: The FY2009 figure for motorcycle dealers has been adjusted.

Honda dealers monitor their CO₂ emissions on a per-unit basis. In FY2010, per-unit CO₂ emissions by consolidated and affiliated automobile dealers were reduced by 0.6% year on year. Despite a reduction in total CO₂ emissions, the per-unit reduction fell short of the target, mainly due to a decline in the unit denominator, which is the number of service visits. Per-unit CO₂ emissions by consolidated motorcycle dealers were reduced by 7.4% year on year. CO₂ emissions by consolidated power product dealers increased by 4.4%.

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

Automobile dealers

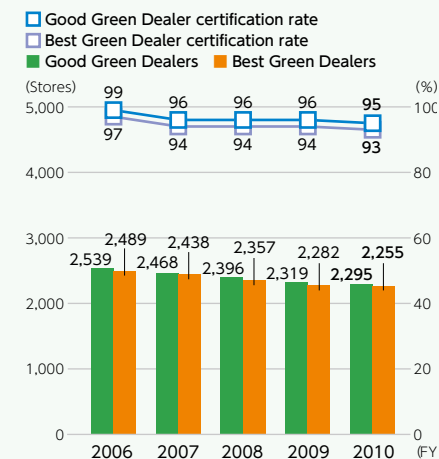
Introduced in 2001, Honda's Green Dealer certification system has been used to improve environmental initiatives in the sales and service domain of the product life-cycle. By the end of March 2010, 2,255 dealers had earned "Best Green Dealer" certificates.

Best Green Dealers work to enhance energy efficiency, contribute to their communities and improve environmental protection. Steps to enhance energy efficiency include the promotion of energy conservation and environmentally responsible driving. Outlets with Green Dealer certification have enhanced their safe-driving instruction sessions for customers by including environmentally responsible driving practices, such as accelerating gently and maintaining lower cruising speeds. In FY2010, 23,183 people nationwide participated in safe-driving instruction sessions that included techniques for environmentally responsible driving.

All dealers began to implement "Environmentally Responsible Manners" in February 2010. The aim is to further reduce CO₂ emissions by raising the awareness of individual employees.

Note: The number of certified dealers and the certification rate may vary in conjunction with the consolidation, closure and opening of dealerships.

Trend in Green Dealer certification



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

Motorcycle dealers

Honda Motorcycle Japan Co., Ltd., a wholesaler in Japan, reduced its CO₂ emissions in FY2010 by 10.7% compared with the FY2009 level. This reduction was achieved through measures to reduce electricity power and gasoline consumption, including the use of virtual computer servers. Environmental information and information about environmental activities at various business sites was shared within the company via email. In November 2009, Honda Motorcycle Japan also began to implement "Environmentally Responsible Manners" to encourage employees to save energy in their day-to-day activities.

Honda is building a network of Dream Dealers specializing mainly in sports models. In FY2010, one new outlet was opened, bringing the total to 109. All Dream Dealers are continually working to ensure full compliance with environmental regulations, engage in environmental conservation, and promote the recycling of motorcycles. With Dream Dealers accounting for 51% of the outlets that accept motorcycles for recycling, the network has made a major contribution in this area.

In FY2010, seven consolidated motorcycle dealer subsidiaries implemented a variety of initiatives tailored to individual outlets. These initiatives, coordinated by environmental initiative managers, included the introduction of demand management systems, the involvement of all employees in environmental activities, an exhibit at the Kyoto Environmental Festival, and an environmental road tour by the presidents of Dream Dealers.



Exhibiting at the Kyoto Environmental Festival.



An environmental road tour by the presidents of Dream Dealers in the Kinki area.

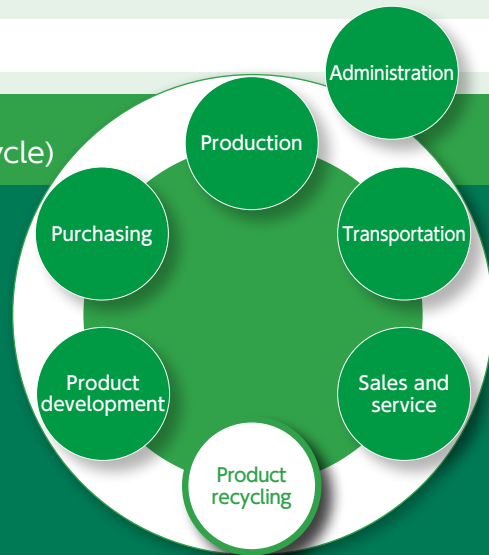
Power product dealers

In FY2010, two of the Green Dealers continued to raise environmental awareness through activities at their five outlets. Specific efforts included the reduction of CO₂ emissions through participation in the Cool Biz and Warm Biz programs, which are designed to reduce air conditioning and heating requirements by modifying company dress codes over the summer and winter seasons.

Awareness initiatives at other outlets included adding environmental messages to monthly invoices. These messages informed customers about Honda's environmental initiatives and explained various environmental terminology.

Product recycling (reduce, reuse, recycle)

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

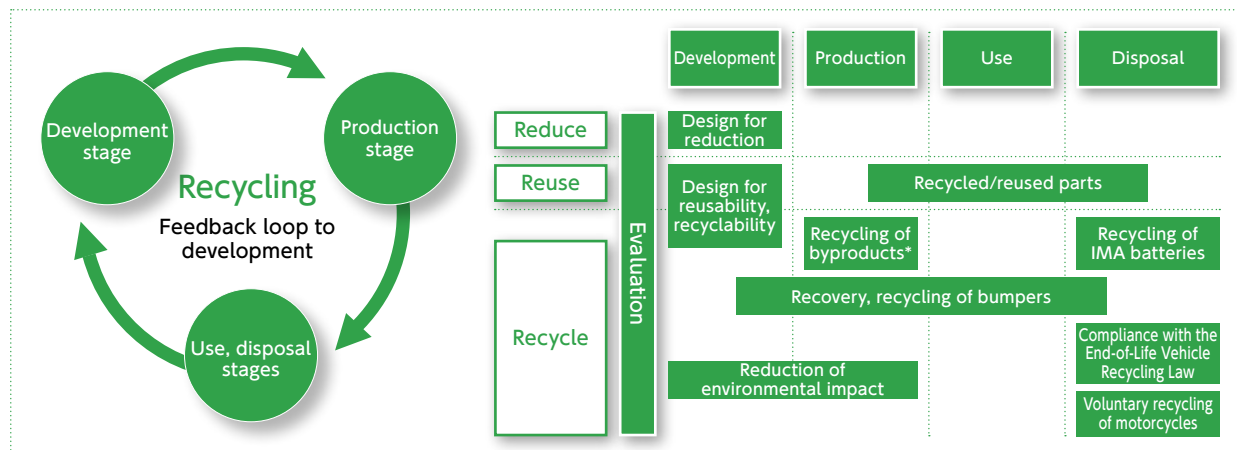


Note: We are continually working to recover and recycle oil filters, as well as bumpers that have been replaced during vehicle repairs.

Honda's policy on product recycling

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

Product recycling



Note: For more information on the recycling of byproducts, see p. 42.

Annual targets and results

| | FY2010 targets Increase recyclability rate* | FY2010 results Increased recyclability rate* |
|----------------|---|---|
| Automobiles | <ul style="list-style-type: none"> Continue to maintain recycling systems Automobile bumper recycling | <ul style="list-style-type: none"> Continued to maintain recycling systems Reprocessed 38 tons of recycled resin, polypropylene by recovering 18,000 used bumpers |
| Motorcycles | <ul style="list-style-type: none"> Maintain stable operation of system | <ul style="list-style-type: none"> Maintained stable operation of system |
| Power Products | <ul style="list-style-type: none"> Expand recyclable parts and recycling activity | <ul style="list-style-type: none"> Decision regarding additional power steering gearbox and pump equipment |

Note: Based on JAMA guidelines for defining and calculating new-vehicle recyclability.

Development initiatives

Reduce, reuse, recycle assessment system

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

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

Reducing by design

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

Innovations in the CR-Z include efficient use of high-tensile sheet steel to reduce weight, extra-strong high-tensile steel (780MPa or higher) has been used in the front pillar inner lower, side sills, and middle-floor cross members.

The weight of the VFR1200F was reduced through the use of a thin, hollow aluminum diecast frame, a technology that also reduced the weight of the CBR600RR and CBR1000RR each by approximately 20%.

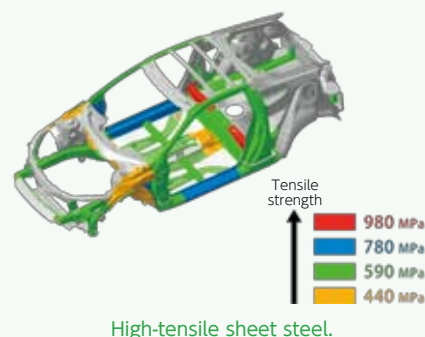
Reusing and recycling by design

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

As a result of these initiatives, in FY2009 Honda achieved 90% or greater recyclability for all newly introduced and redesigned automobile models, according to the definitions and calculation methods of the Japan Automobile Manufacturers Association (JAMA).

Honda also uses reprocessed resins in splash shields for its Step Wagon and in air conditioning ducts and sound-absorbent materials for the CR-Z.

Mufflers on Honda motorcycles are labeled to indicate that they contain catalyzers. Reprocessed resins are used in various parts for the Faze, including inner covers. Also, over 95% of the parts and materials used in Honda power products are recyclable.



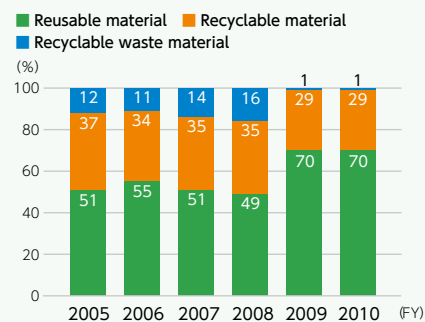
A thin, hollow aluminum diecast frame of VFR1200F.

Examples of recycled parts



Recycled parts (torque converter, power steering pump, power steering gear box)

Increased reuse of recovered parts



Use initiatives

Recovery, recycling and reuse of parts: expanding Honda's parts recycling business

In 1998, Honda began to sell highly functional recycled (remanufactured) parts, such as torque converters. Since July 2001 these products have been sold as "Honda Recycle Parts."

In recent years, the number of vehicles in which recycled parts can be fitted has declined, and both the performance and durability of original parts have improved. This is reflected in reduced demand for replacement parts.

However, Honda is considering changes to the line-up, including the introduction of additional types of recycled parts, in response to these new circumstances and to ensure continuing customer satisfaction. The graph at left traces trends in the reuse of parts recovered for recycling. By recycling parts and materials, Honda has increased its reuse ratio to 99%.

Since January 2002 (July 2001 in the Tokyo area) customers in Japan have been offered the convenience of ordering both used and new parts through Honda's genuine-parts distribution channels. To expand the supply of used parts, in FY2010, Honda continuously examined the viability of providing even more convenience for customers through the use of external distribution channels. Honda is still examining the possibility of building a cooperative sales system for reused parts involving used parts sales networks and outstanding automotive dismantlers.

Disposal initiatives

Automobiles

End-of-life recycling law

As a manufacturer of automobiles, Honda is optimizing recycling-oriented measures applied throughout the life cycle of the automobile, from development to disposal. Japan's End-of-Life Vehicle Recycling Law, enacted in January 2005, is intended to promote environmental conservation and the effective use of resources through measures that ensure the responsible and efficient recycling of end-of-life vehicles. Under the law, automakers are obliged to collect and properly dispose of the following three items:

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

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

Recycling results for FY2010

| | | |
|-----------------------------------|---|------------------------------------|
| Fluorocarbons | Amount recovered | 115,842.2kg/ 378,465 vehicles |
| Airbag inflators | Recovered | 48,241 units/ 21,961 vehicles |
| | Recovered after deployment | 482,672 units/ 196,007 vehicles |
| | Recycling rate | 94.2% (Standard > 85%) |
| Shredder residue | Volume received | 78,516 ton/ 414,556 vehicles |
| | ASR that would have been generated had full recycling not been done | 6,072 ton/ 31,718 vehicles |
| | Recycling rate | 81.6% |
| | | |
| Total recycling deposits received | | ¥ 4,224,130,811 |
| Total recycling costs | | ¥ 4,069,442,244 |

For further information on recycling results in FY2010, please see:

http://www.honda.co.jp/auto-recycle/recycle_06_2009.html (only in Japanese)

FY2009 accomplishments: compliance with the End-of-Life Recycling Law

In FY2010, in compliance with the End-of-Life Recycling Law, Honda was obliged to collect and properly dispose of three items with the following results: approximately 450,000 end-of-life vehicles were shredded, up 14.0% from the previous fiscal year; fluorocarbons were collected from approximately 380,000 vehicles, up 17.9% from the previous fiscal year; and airbags from 220,000 vehicles were processed, up 31.2% from the previous fiscal year due to a continued increase in the number of end-of-life vehicles equipped with airbags.

Recycling deposits received to handle these three items totaled ¥4,224,130,811, and recycling costs including internal costs totaled ¥4,069,442,244.

Recycling end-of-life vehicles

Since FY2008, Honda has experimented with the economic feasibility of having used bumpers recovered by automotive disassembly companies and processed by recycling companies into reprocessed resin pellets. In FY2009, in cooperation with Honda Trading Corporation, Honda continued to expand this initiative. In FY2010, Honda recovered approximately 18,000 bumpers from end-of-life vehicles, reclaiming about 38 tons of polypropylene (recycled resin).

Note: Participating companies: Parts Line; Auto Recycling Nakashima Fukuoka, West-Japan Auto Recycling, Nishiki; Kaiho Sangyo, Harita Metal, Showa Chemical Industry Corporation

Motorcycles

Voluntary recycling activities

In cooperation with other motorcycle manufacturers and a number of motorcycle importers in Japan, Honda began voluntary recycling of motorcycles on October 1, 2004. The program is continuing to proceed smoothly. It is a pioneering initiative in regular, voluntary recycling of motorcycles, providing a dependable way for customers to dispose of their motorcycles. Under this program, motorcycles that customers want to dispose of are accepted at dealership or other specified facilities and appropriately processed and recycled at recycling facilities. Honda continually verifies the recycling routes that it established in FY2009 to recycle a portion of resin materials and a portion of aluminum from engines.

In FY2010, tests were conducted to verify recycling processes at a relocated recycling facility. Honda is actively involved in motorcycle recycling at both the administration and disposal levels.

FY2010 recycling results

All Honda motorcycles sold in Japan include the cost of recycling in their prices and bear a label indicating that no recycling charges will be levied at the disposal stage.

Of the end-of-life motorcycles accepted at designated facilities, 1,962 were Honda products, accounting for 66.8% of the total. Honda Dream Dealers are making an important contribution to motorcycle recycling, accounting for 52% of the total number of end-of-life motorcycles received from Honda Dream Dealers.

The recycling ratios for Honda products can be calculated from the quantities of each type of resource processed at 14 disposal and recycling facilities. On this basis, the ratios are 85.9% for Honda scooters (including three-wheelers and commercial-use scooters) and 87.1% for Honda motorcycles. Honda's overall motorcycle recycling rate for motorcycles and scooters was 86.5%.

End-of-life automobile bumper recycling



Used bumpers

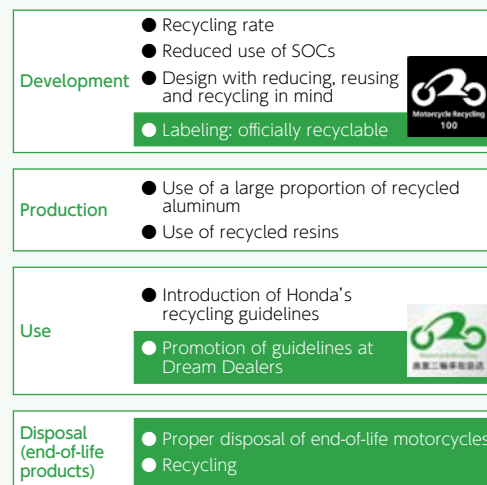


Shredded bumpers



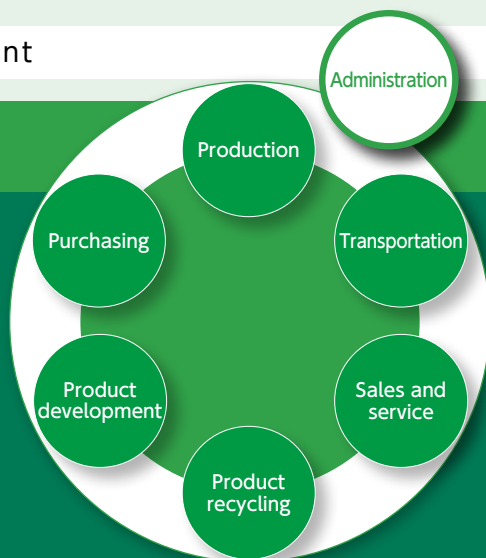
Reprocessed resin pellets

Outline of Honda's motorcycle recycling system

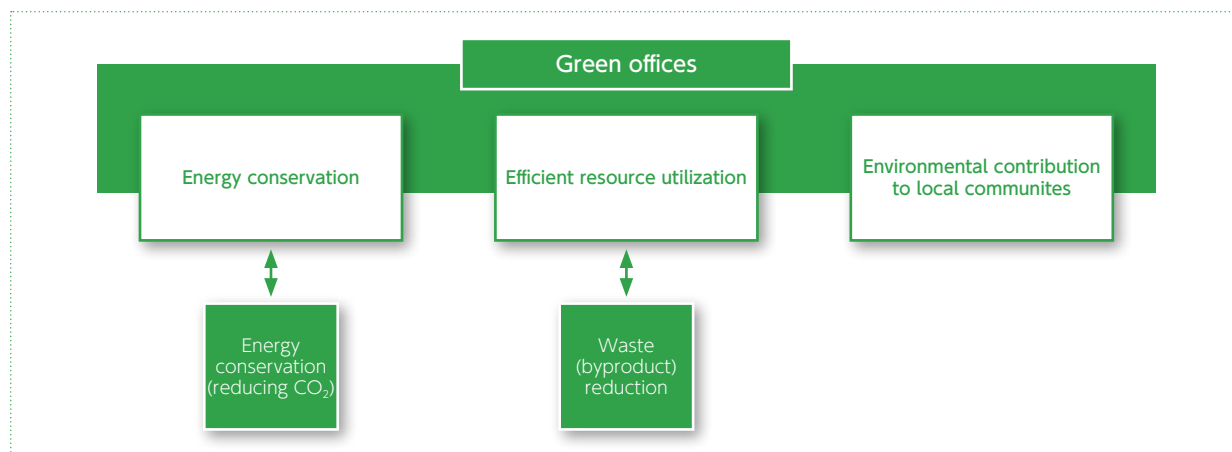


Administration

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



Administration initiatives



Annual targets and results

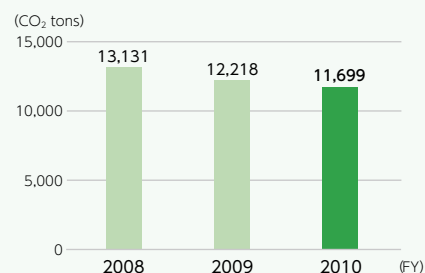
FY2010 targets

- CO₂ emissions at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2009)
- Waste generated at all facilities of 16 Honda Group companies in Japan: 1.0% reduction (baseline: FY2009)

FY2010 results

- CO₂ emissions at all facilities of 16 Honda Group companies in Japan: 7.9% reduction
- Waste generated at all facilities of 16 Honda Group companies in Japan: 1.1% reduction

CO₂ emissions of 9 office buildings



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

Honda initiatives

Energy conservation

In FY2010, CO₂ emissions from Honda Motor Co., Ltd.'s nine office buildings, including the Aoyama Building and the Wako Building, amounted to 11,699 tons, 397 tons lower than the target figure of 12,096 tons. Also in FY2010, Honda further raised environmental awareness by establishing 21 management items under its "Environmentally Responsible Manners," which encourages associates to reduce daily energy consumption. To ensure sustained efforts in each category, we also carry out biannual self-assessments to verify the rate of attainment of our objectives. The results show that the average attainment of objectives is 80%, compared with the target level of 70%.

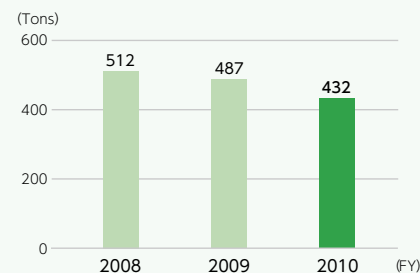
We will continue to study energy conservation measures, including the development of more efficient operating methods. We will also target further improvement in “Environmentally Responsible Manners” management items for which the attainment of objectives was low. Our ultimate goal is to achieve 100% attainment of objectives for all items.

Efficient resource utilization

In FY2010, waste from Honda Motor Co., Ltd.’s nine office buildings amounted to 432 tons, which is 50 tons lower than the target figure of 482 tons. This reduction was achieved with thorough waste separation policies implemented at each office, and through efforts to maximize the recycling of industrial waste. Specifically, waste plastic and paper were converted into a solid fuel known as “refuse paper and plastic fuel” (RPF)*. By converting incinerated materials into a solid fuel that can be used in place of fossil fuels, we achieved a net reduction in CO₂ emissions. The amount of material recycled was further increased by converting cigarette butts into RPF.

* RPF is a solid fuel produced mainly from waste paper and plastic unsuitable for other forms of recycling.

Waste generated by 9 office buildings



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

Honda Group Initiatives

Reducing CO₂ Emissions and Waste

The Business Support Operations Environmental Committee maintains a PDCA cycle for integrated initiatives in the administration domain by all 17 Honda Group companies in Japan. Business Support Operations is divided into three domains: the administration category, which encompasses head office functions; the service category, which includes circuit courses and driving schools; and the production category, which consists of aluminum smelting operations. We are working to reduce environmental impact in each of these categories.

Efforts to reduce everyday energy consumption under the “Environmentally Responsible Manners” take place in all three categories. The target for our ongoing initiatives under this policy is to reach 70% attainment of objectives. We are also working to identify areas in which we can reduce power consumption on holidays and nights, as well as standby power consumption. Any opportunities to reduce consumption are extended across all categories.

Companies in the production category previously treated scrap metal as industrial waste. However, they are now implementing a range of initiatives, including recovering scrap metal as a valuable resources.

Targets and results in Administration domain *1

| Item | FY2010 targets | FY2010 results | FY2011 targets |
|----------------------------------|----------------|-------------------------------|----------------|
| CO ₂ emissions (tons) | 35,229 | 32,806 (attainment 107.3%) | 32,349 |
| Waste generated (tons) | 1,780 | 1,818*2 (attainment 97.9%) | 1,762 |

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

Chu-o Air Survey Corp. was liquidated in FY2010.

*2 The target figure for landfill waste could not be achieved due to the unexpectedly large amount of waste generated by an F1 race at the Suzuka Circuit.

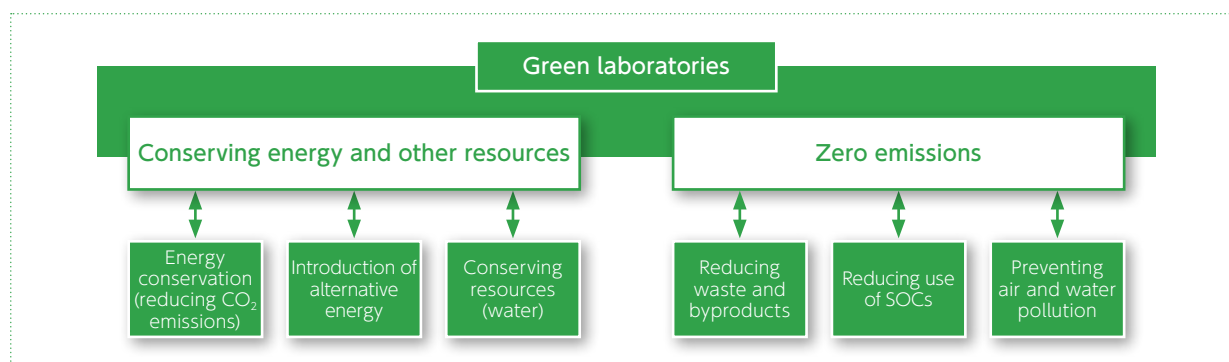
ISO 14001 certification of Honda

Honda has obtained certification under ISO 14001, the international standard for environmental management systems, for its head office buildings. Certification was achieved for the Aoyama Building in FY2000, the Wako Building in FY2006 and the Shirako Building in FY2009. In FY2010, certification was obtained for six regional Honda offices—in Sapporo, Sendai, Yaesu, Nagoya, Osaka and Fukuoka. Honda aims to gain certification for all offices as the basis for an environmental management system that will approach environmental protection in a unified manner across all office sites.

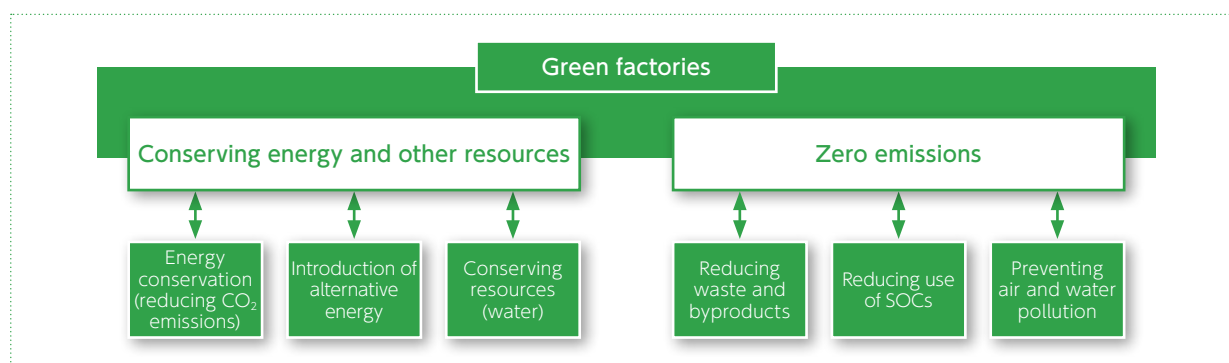
Principal Honda Group companies in Japan

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

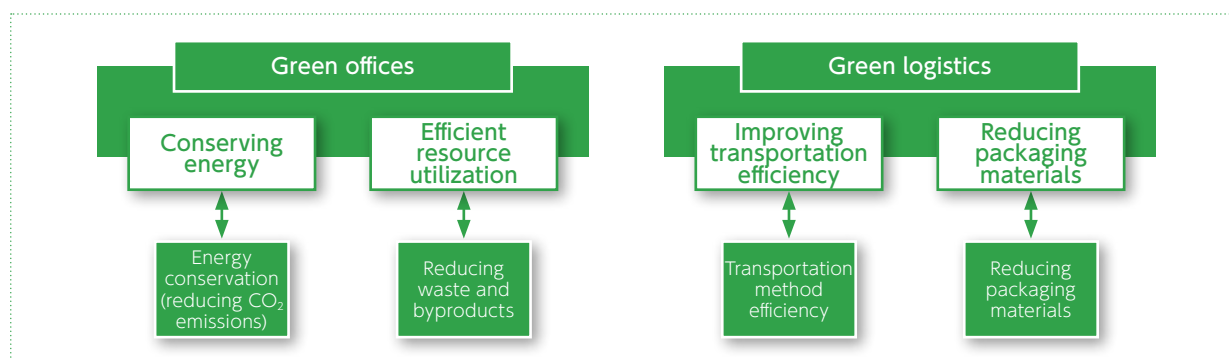
Honda R&D: principal initiatives



Honda Engineering: principal initiatives



Honda Access: principal initiatives



Honda R&D initiatives

Annual targets and results

FY2010 targets

- Total CO₂ emissions: 162,000 tons
- Per-unit CO₂ emissions: 6% reduction (baseline: FY2001)
- Total waste generated: 6,600 tons
- Per-unit waste generated: 30% reduction (baseline: FY2001)

FY2010 results

- Total CO₂ emissions: 150,000 tons
- Per-unit CO₂ emissions: increased 3% (baseline: FY2001)
- Total waste generated: 5,900 tons
- Per-unit waste generated: 25% reduction (baseline: FY2001)

In charge of research and development for the Honda Group, Honda R&D aims to apply its industry-leading environmental and energy technologies to develop products with outstanding environmental performance in environmentally responsible facilities.

Conserving energy and other resources

The company implemented energy conservation measures based on a shift from per-unit management that could be influenced by the current economic situation to management of total CO₂ emissions. Therefore, the company set a new target to reduce total CO₂ emissions in FY2011 to 10% below to the 2008 level.

Its target in FY2010 was a reduction to 162,000 tons of CO₂. This target was achieved, resulting in total CO₂ emissions in FY2010 of 150,000 tons.

A key achievement in FY2010 was an improvement in the utilization rate of a cogeneration system at the Automobile R&D Center. In addition, energy monitoring systems were established and operating procedures for air conditioning, lighting and other facilities were reviewed. Major improvements were achieved by including R&D sites in this review of operating procedures.

At its Takasu Proving Ground, on the northern most prefecture of Hokkaido, Honda R&D has used climatic conditions to reduce environmental impact. New technologies used at the facility include geothermal heat in the air conditioning system in winter, as well as free cooling, ice thermal storage, and cooling with outside air.

[See Case Studies and Supplementary Information](#)

Zero emissions

Reducing waste (by-products)

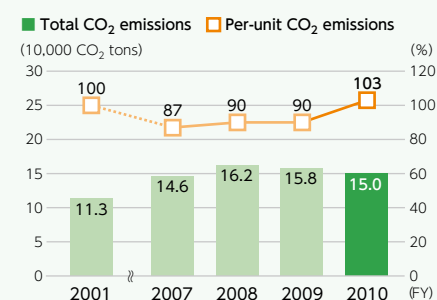
Honda R&D's zero emission target for FY2011 calls for the reduction of per-unit waste (by-product) quantities by 20% compared with the 2008 levels. In FY2010, Honda R&D implemented resource conservation activities with the goal of reducing total waste (by-product) emissions to 6,600 tons.

As a result of these initiatives, Honda R&D achieved its target of waste emissions for FY2010 of 5,900 tons.

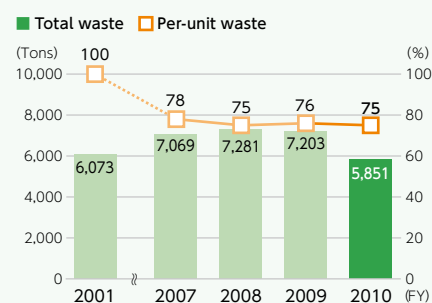
The company also strengthened its waste (by-product) sorting procedures and expanded its recycling efforts. In addition, it continued to recycle fuel remaining after test programs by using it as fuel for VOC generators that supply electricity to its facilities. It also extended these measures to additional facilities.

Honda R&D also took additional steps to ensure the appropriate disposal of waste and other items. Those steps included on-site inspections at the facilities of collection contracts and intermediate and final disposal sites.

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



Total and per-unit waste
(baseline: FY2001)



Honda Engineering initiatives

Annual targets and results

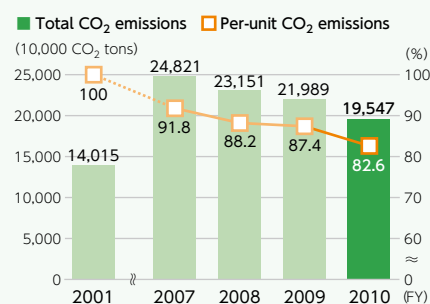
FY2010 targets

- Total CO₂ emissions: 21,210 tons
- Per-unit CO₂ emissions: 11.2% reduction (baseline: FY2001)
- Per-unit waste generated: 3% reduction (baseline: FY2007)
- Total waste generated: 1,984 tons

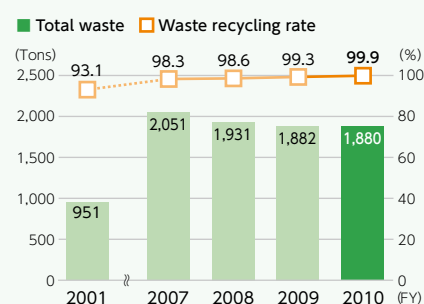
FY2010 results

- Total CO₂ emissions: 19,547 tons
- Per-unit CO₂ emissions: 17.4% reduction (baseline: FY2001)
- Per-unit waste generated: 20% reduction (baseline: FY2007)
- Total waste generated: 1,880 tons

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



Total waste and waste recycling rate



Honda Engineering, which is responsible for the development of production technology, aims to design factories with the world's lowest environmental impact while applying the same high standards to its own facilities.

Conserving energy and other resources

In FY2010, Honda Engineering reduced per-unit CO₂ emissions by 17.4% from the baseline FY2001 level, exceeding its target of an 11.2% reduction. The company also exceeded its target for total CO₂ emissions, which totaled 19,547 tons. Initiatives included partial shutdowns of plant facilities, including clean room air conditioners, as well as energy conservation patrols and the partial removal of vending machines and fluorescent lights.

All associates participated in an "Environmentally Responsible Manners" program, and the company also implemented an energy conservation action plan based on 39 themes in all areas of its operations. The aim of these activities was to achieve corporate certification under the ISO 14001 standard.

Wastewater recycling initiatives included the use of treated household wastewater as industrial water. In FY2010, Honda Engineering increased the volume of recycled water used by improving the operating rate for filtration facilities.

Zero emissions

Reducing waste (by-products)

For FY2010, Honda Engineering had set a target waste recycling ratio of 99.5%. That target was exceeded with an actual ratio of 99.9%. The company also reached its waste emission target with a total of 1,880 tons. A major priority was the reduction of liquid waste containing oil and grease, which makes up a large percentage of waste produced by Honda Engineering. The task of reducing waste oil and grease was approached as a joint effort by production divisions and facility management staff. The method used involved the operation of an oil and grease concentration system. Measures to improve the recycling ratio included the introduction of recycling for specially controlled waste.

Zero emission-related initiatives also included company-wide 3R activities based on the ISO 14001 standard. Recycling action programs based on 32 themes were implemented in all departments.

Reducing the use of substances of concern (SOCs)

Honda Engineering has a well-established management system for SOCs. Its purpose is to reduce emissions and improve the efficiency of handling and reporting procedures for these substances. In accordance with the ISO 14001 standard, the company worked to reduce emissions of PRTR substances and VOCs by implementing action plans based on 11 themes in all departments.

Honda Access initiatives

Annual targets and results

FY2010 targets

- Per-unit CO₂ emissions: 9% reduction (baseline: FY2001)
- Total CO₂ emissions: 1,596 tons
- Per-unit waste generation: 25% reduction (baseline: FY2001)
- Waste generated: 257 tons
- Packaging: 64.9% per-unit reduction (baseline: FY2001)
- Total packaging: 888 tons

FY2010 results

- Per-unit CO₂ emissions: 28% reduction (baseline: FY2001)
- Total CO₂ emissions: 1,232 tons
- Per-unit waste generation: 40% reduction (baseline: FY2001)
- Waste generated: 219 tons
- Packaging: 66.8% per-unit reduction (baseline: FY2001)
- Total packaging: 988 tons

Honda Access, which is responsible for the R&D and sale of genuine Honda parts, always strives to be environmentally responsible in providing parts and accessories in operating its own facilities.

Note: Honda Access has three facilities: the Niiza Headquarters, the Tochigi R&D Center, and the Hidaka Factory. Results for the Tochigi R&D Center are included in the section of this report that deals with Honda R&D's Automobile R&D Center (Tochigi); results reported here cover only the Niiza Headquarters facility and Hidaka Factory.

Energy conservation

In FY2010, Honda Access sought to reduce per-unit CO₂ emissions at its Niiza Head Office and Hidaka Factory by 9% compared with FY2001 level. This target was exceeded with an actual reduction of 28%, lowering total CO₂ emissions to 1,232 tons, below the target of 1,596 tons. CO₂ emissions at the Niiza Head Office were reduced dramatically through renovation work, including the installation of highly efficient air-conditioning and lighting equipment.

Efficient resource utilization

Honda Access exceeded its waste target for FY2010 by reducing per-unit waste emissions by 40% from the baseline FY2001 level, thereby far surpassing its goal of a 25% reduction. Contributing initiatives included switching to direct delivery of imported aluminum wheels to the factory, and the reduction and simplification of packaging materials used for imported parts.

Reducing packaging materials

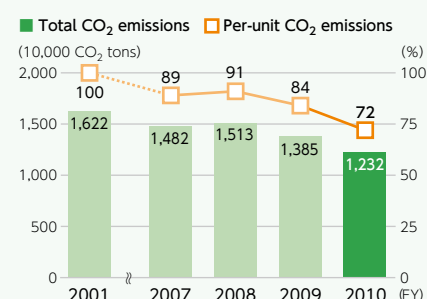
The FY2010 target for reduction in per-unit packaging was 64.9% from the baseline FY2001 level. This target was achieved with an actual reduction of 66.8%.

Contributing factors included reductions in the size and weight of products sold in large quantities, allowing the volume and weight of packaging materials to be reduced. Changes to the box for floor mats, which are used in large quantities, dramatically reduced the amount of packaging materials required. However, the target for total packaging could not be achieved. The total amount of packaging used amounted to 988 tons, compared with the target figure of 888 tons. This was due to the total number of accessories associated with new car sales exceeding the initial target, as well as an increase in unit sales.

Improving transportation efficiency

Honda began product exclusive transportation using its own transportation. In addition, it accelerated its initiative to reduce the size of transportation vehicles and used transportation companies that are strong locally to optimize routes.

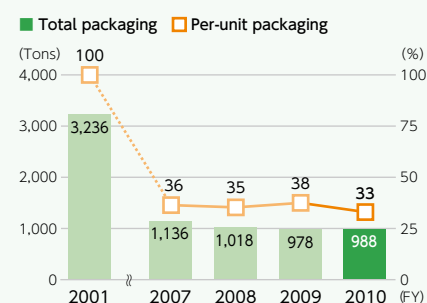
Total and per-unit CO₂ emissions



Total and per-unit waste



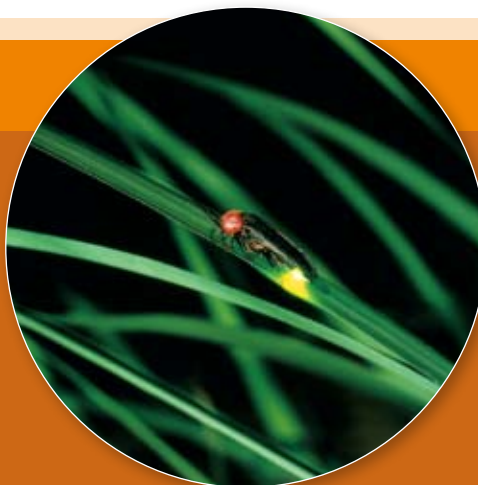
Total and per-unit packaging



Biodiversity initiatives

Honda has long been a pioneer of environmental protection initiatives designed to build harmony with local communities. The company began to plant trees around its factories in 1964, and introduced recycling of factory water in 1966. In 1976, it launched a new tree planting initiative known as "Community Forests."

These ideas were incorporated into the 1992 Honda Environment Statement. As part of the commitment to preservation of the global environment reflected in this report, Honda works to protect biodiversity in all aspects of its business activities, from R&D to manufacturing, procurement, transportation, sales and disposal, and administrative operations.



Long-term support for the Earth Rangers

Honda Canada, Inc. (HCI) undertakes a wide range of grant-making activities through its charitable foundation, the Honda Canada Foundation. Since 2004, HCI has been supporting the Earth Rangers, an Ontario-based non-profit organization that educates children about the importance of environmental conservation. The support includes grants for its outreach programs, and the leasing of hybrid vehicles.

In 2010, Honda Canada Foundation signed a three-year sponsorship agreement with the Earth Rangers. Under this agreement, Honda Canada Foundation will support "Bring Back the Wild," a campaign launched by the Earth Rangers and the Nature Conservancy of Canada (NCC) in April 2010 that aims to save endangered species. After signing up as Earth Rangers, children use their online avatars to collect donations. While learning about ecosystems and the threat of extinction facing many species, children also have fun, including opportunities to earn avatar items based on the amount of donations raised. Funds raised through the campaign are used to protect Canadian wildlife and run educational programs.

Currently, more than 400 Canadian species are at risk of extinction. Environmental initiatives by children will help to preserve ecosystems for the future.



Initiatives relating to biodiversity conservation

Spring Creek clean-up

The Spring Creek area near Honda of Canada Mfg Inc. in Alliston, Ontario, is home to environmentally sensitive species such as brook trout and increasingly rare birds. To help conserve their habitat, in 2000 Honda Canada began a program to help protect the area. On the first Saturday of May each year, approximately 100 volunteer associates and their families gather to clean up the creek. To help preserve biodiversity and protect the environment, birdhouses have been built for the local bluebirds, and several thousand trees and shrubs have been planted.

Big Darby Creek preservation

In Ohio, Honda is joining hands with The Nature Conservancy, a charitable environmental organization, to protect Big Darby Creek, a state and national scenic river that borders the grounds of the automobile plants of Honda of America Mfg., Inc. To help establish the Big Darby Headwaters Nature Preserve, Honda has provided grants for land acquisition. In addition, associate volunteers have joined in the restoration effort by removing invasive bush honeysuckle at the headwaters near the Marysville Auto Plant.

Watershed conservation in Japan

Honda is helping conserve precious watersheds near Honda locations throughout Japan, including the Aoyama and Wako Headquarters, and the five factories-located in Saitama, Suzuka, Hamamatsu, Kumamoto and Tochigi. Current and retired

Honda associates and their family members participate in forest conservation projects near Honda facilities, planting trees and thinning forests to improve sunlight penetration and support the growth of the remaining trees.

Watershed Conservation in Japan FY2010

| Facility | Events | Location | Tasks | Participants | Supporting entities |
|-----------|--------|---------------------------|--|--------------|------------------------------------|
| Wako | 2 | Yorii, Saitama Pref. | Planting trees, clearing brush | 103 | OISCA International |
| Saitama | 6 | Minakami, Gunma Pref. | Thinning trees, clearing brush | 34 | NPO CCC Creative |
| | | Fujimi, Gunma Pref. | Planting trees, clearing brush, thinning trees | 125 | Conservation Club |
| | | Kosuge, Yamanashi Pref. | Planting trees, clearing brush | 67 | OISCA International |
| Suzuka | 2 | Kameyama, Mie Pref. | Planting trees, thinning trees | 50 | NPO Morinokaze |
| Hamamatsu | 2 | Hamamatsu, Shizuoka Pref. | Thinning trees | 41 | Shizuoka Prefecture |
| Kumamoto | 3 | Ozu, Kumamoto Pref. | Planting trees, clearing brush | 153 | Kikuchi Forestry Union |
| Tochigi | 2 | Ashio, Tochigi Pref. | Planting trees, clearing brush | 57 | NPO CCC Creative/Conservation Club |
| Total | 17 | | | 630 | |



Birds of Prey and Woodland Environment Conservation Committee

In March 2007, Honda R&D Co., Ltd. created the Birds of Prey and Woodland Environment Conservation Committee to communicate within Honda and with government agencies about conservation measures to be implemented in the construction of a new test course in Sakura, Tochigi Prefecture. The committee also regularly communicates with NGOs and academia. Construction of the course began in November 2007, and partial operation began in 2009.

Cooperation in monitoring-site 1,000 by the Ministry of the Environment

Japan's Ministry of the Environment is gathering information about the natural environment in 1,000 rural locations through Monitoring-site 1,000 that covers village communities with priority ecosystems. Honda's Hello Woods facility*, which was established near the Twin Ring Motegi racing track to give children opportunities to experience nature, was selected in FY2009 as a general site for voluntary survey activities. It was registered for six of the nine categories in the Ministry's monitoring program: flora, birds, medium and large mammals, frogs, butterflies and fireflies. Fixed-point observations have been conducted since February 2009, and survey reports covering the Twin Ring Motegi facility are being compiled. Data covering the whole of FY2010 were submitted following the successful completion of a full-year survey in March 2010.

Frogs: Observers counted the number of egg batches during the spawning season.

Fireflies: The numbers of each type of firefly observed were counted.

Flora: Twelve monthly surveys were carried out. These resulted in numerous discoveries, including orchid varieties classified as endangered at the national level, and dogtooth violets, which rely on the *satoyama* (village woodland) environment for their survival.

Butterflies: Two surveys made during the flying season confirmed the presence of the *Argyreus hyperbius* and *Melanitis phedima oitensis*, which were not previously thought to exist in the area studied. Their presence could be the result of climate change.

Birds: Surveys made in the spring and fall revealed the presence of apex species, including birds of prey, such as kites, buzzards and marsh harriers, as well as numerous woodpeckers.

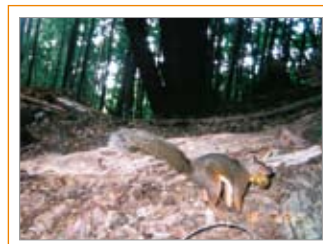
Medium and large mammals: Numerous mammals were observed by means of sensor-equipped cameras.

The Ministry of the Environment is currently aggregating data from monitoring programs around Japan. When the results are published, it will be possible to compare the natural environment at the Hello Woods facility with national statistics.

Environmental monitoring across the vast Twin Ring Motegi area resulted in the discovery of rare flora and fauna species classified as endangered by Tochigi Prefecture or the Japanese government. The Hello Woods facility is now transplanting and protecting these species.

By periodically thinning and pruning trees and removing undergrowth, Honda aims to develop healthy, sustainable forest areas at the site to absorb CO₂ emissions.

* Hello Woods is a facility at the Twin Ring Motegi racing track in Tochigi Prefecture, where visitors can experience nature first-hand in a rich natural environment.



Philanthropic environmental initiatives

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



The Honda Beach Clean-Up Project

Honda developed a lightweight, compact and easy-to-operate towable beach cleaner in response to a suggestion from associates, who wanted to ensure that future generations would still be able to walk barefoot on beaches. Current and retired Honda Group associates and retirees, together with people from local communities, are now cleaning beaches throughout Japan using Honda's towable beach cleaners and all-terrain vehicles (ATVs).



Environmental communications

As an integral part of environmental management, Honda is engaged in a wide range of communication initiatives to enhance mutual understanding between the company and its stakeholders—particularly customers and host communities. Honda provides a range of environmental information to the public through various media, including Honda websites. In addition, environmental liaisons coordinate communication at the local level, addressing concerns and requests from local residents.

Environmental Education

Nature Wagon

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

First launched in the Saitama area in 2000, the Nature Wagon program has been extremely popular. Today, it is implemented primarily in areas where Honda has business facilities, including Saitama, Suzuka, Hamamatsu, Kumamoto and Tochigi.



Nature Wagon events and participants (FY2010)

| Area | No. of events | Participants |
|-----------|---------------|--------------|
| Saitama | 72 | 3,257 |
| Suzuka | 74 | 2,529 |
| Hamamatsu | 49 | 3,628 |
| Kumamoto | 17 | 540 |
| Tochigi | 31 | 1,825 |
| Total | 243 | 11,779 |

The Honda Fuel Cell Electric Vehicle Classroom

Honda established the Honda Fuel Cell Electric Vehicle Classroom to encourage children to develop an interest in motor vehicles and the potential of future technologies. In FY2010, approximately 93 parent-child groups attended 10 programs at the Honda Welcome Plaza Aoyama. The program consisted of a lecture using animation based on traditional picture-card storytelling, and an experimental session in which participants produced hydrogen and then used a hydrogen-oxygen reaction to generate electricity that was used to power a motor. They also learned first-hand about the benefits of fuel cell electric vehicles through test-rides in an FCX.



Regional environmental communications

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

Environmental publications

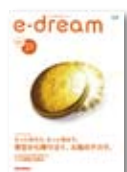
Brochures

The Honda Environmental Annual Report



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

For further information, please see: <http://world.honda.com/environment/report/>



e-dream

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



Eco Drive pamphlets

These pamphlets on energy-efficient driving are distributed at dealerships and events to raise consciousness about fuel-efficient driving.

Websites

The Honda Worldwide website's environment section

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





For further information, please see: <http://world.honda.com/environment/>

Honda Eco Lab Kids (only in Japanese)

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

For further information, please see: <http://www.honda.co.jp/ecolabo-kids/>

History of Honda environmental initiatives

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

Third-party comment



Toshihiko Goto Chair, Environmental Auditing Research Group

Toshihiko Goto serves as head of the Social Investment Forum Japan and the Sustainability Forum Japan, both NPOs. In addition to acting as chair of the Network for Sustainability Communication and co-chair of the Japan Council for Sustainable Development, he is also a part-time visiting professor at Takushoku University, a part-time lecturer at Tokyo Keizai University, and a trustee of several other organizations, including the Sustainable Management Forum of Japan. In addition, he participates on government and industry environmental committees.

The statement issued at the G8 L'Aquila Summit in 2009 included targets of a 50% reduction in world CO₂ emissions, an 80% reduction in CO₂ emissions by developed countries by 2050 and the limitation of global warming to 2°C or less. Moreover, the COP15 UN Climate Change Conference, though regarded as a failure by many, produced the Copenhagen Accord, in which delegates agreed to "take note of" certain goals, including the 2°C limitation.

As a company active in six regions worldwide, Honda needs to establish visions and strategies that anticipate not only moves by individual governments, but also international agreements.

The HELLO! projects announced in 2009 may be intended as an example of this, but it is not clear from this brochure. Honda's technological initiatives have been amazing, and I therefore believe that the company should present a "backcasting" perspective showing what kind of value it can offer and to what kind of society. I also hope that Honda will contribute to the development of social technologies as well as fundamental technologies. Clearly defined historical and social perspectives are also essential for the advancement of science and technology. In other words, because Honda has such superior capabilities, the need to develop clearly defined scientific and technological ethics is greater. Our expectations have been raised by the words of Honda's President, who said that a time of rapid change is also an opportunity to create new value.

ISO 26000, a new standard that focuses on supply chains but that will also be of great relevance to environmental and biodiversity issues, looks certain to be released this year. It was drafted by a wide-ranging group drawn from six sectors, including developing countries.

ISO 26000 is a new concept representing the next generation of ISO standards. It is also likely to have a major impact on business management. In this sense, I am a little concerned about whether the Honda Environment Statement, on which I have commented previously, is in harmony with the concept of building a recycling-oriented society, with the HELLO! concept, or with ISO 26000.

As a company that uses large quantities of resources, Honda has benefited hugely from ecosystem services. However, while biodiversity is cited in relation to environmental impacts in Honda's environmental management policy, it is difficult to find links concerning emissions resulting

in environmental impacts, or initiatives relating to biodiversity. Examples of questions that remain unanswered include Honda's position on ecosystem services in the production domain. The promotion of "3R design" appears to qualify as a direct initiative, but there are no descriptions of how specific initiatives are relevant to ecosystem services. I hope that Honda will provide visible evidence of biodiversity initiatives in its core activities.

Information about global initiatives has been enhanced, but it is still limited compared with descriptions about initiatives in Japan. Honda will also need to consider whether to publish a global version of the report with expanded content, or to publish separate versions for each of the six regions.

For example, China is considering the introduction of a system under which the publication of environmental reports will be legally required, and it may be necessary to produce a Chinese-language report focusing on activities there. I previously commented on the need to combine printed material with websites, and I would like to compliment Honda on their efforts in this area. However, there is always room for improvement in the way these media are combined, and I look forward to further refinement.

Excessive use of specialist terminology and industry jargon can harm public perceptions of reports. I have repeatedly advised companies to avoid technical terms wherever possible, and to provide explanations when they are used. A survey of annual report readers that I was involved in showed that clarity is seen as a sign of greater reliability.

The problem cited most frequently by survey participants regarding existing reports was the difficulty of making comparisons because of variations in the content and formats of different companies' reports. The next most common criticisms were that it was impossible to assess performance based on the numerical data provided, and that reports contained only positive information and lacked objectivity.

I hope that Honda will act on these criticisms, including the publication of negative data.

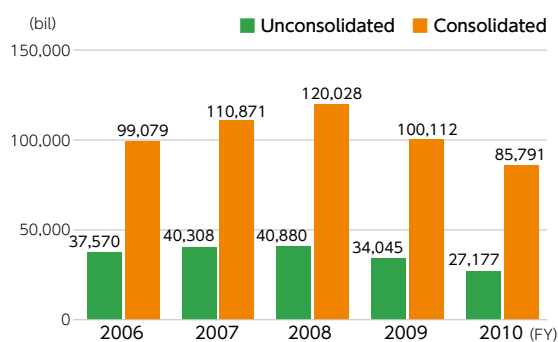
Toshihiko Goto

Company overview and financial information

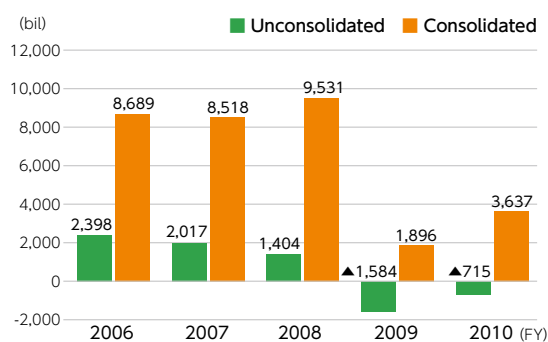
Company name: Honda Motor Co., Ltd.
Head office: 2-1-1 Minami Aoyama, Minato-ku
 Tokyo 107-8556, Japan
Established: September 24, 1948
President & CEO: Takanobu Ito
Capital: ¥86.067 billion (as of March 31, 2010)
Sales: Consolidated: ¥8.579 trillion
 (Results of FY2010) Unconsolidated: ¥2.7177 trillion

Number of associates: Consolidated: 176,815
 (as of March 31, 2010)
Unconsolidated: 26,121 (as of March 31, 2010)
Consolidated subsidiaries: 390 (as of March 31, 2010)
Chief products
Automobiles: Standard-sized vehicles, compact vehicles and mini-vehicles
Motorcycles: Scooters, mini-bikes, motorcycles, ATVs and personal watercraft
Power products: Power product engines, lawnmowers and marine outboard engines

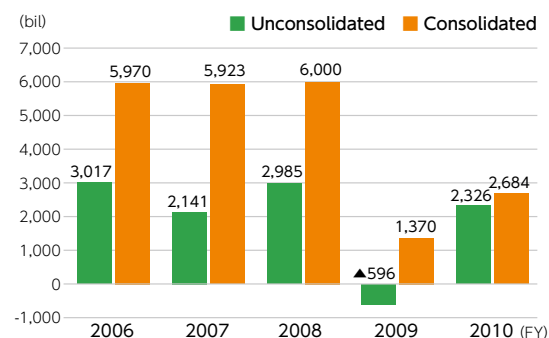
Net sales



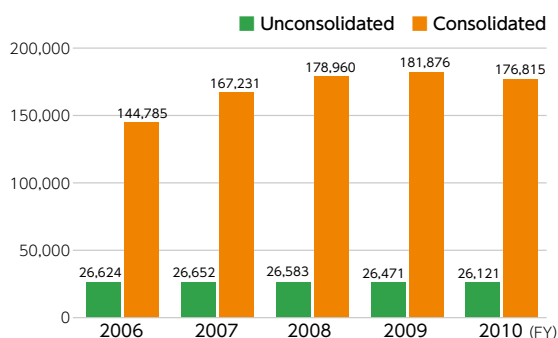
Operating income



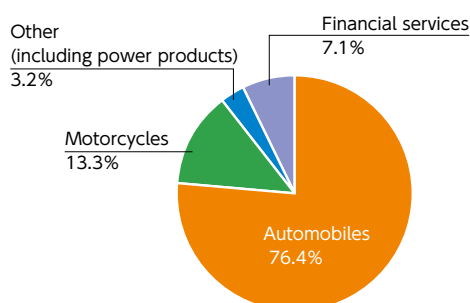
Net income



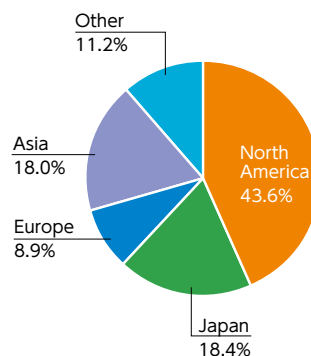
Number of associates



Net sales by operational area (consolidated: FY2010)



Net sales by region (consolidated: FY2010)



Persons responsible

Sales and services

Automobile..... Toshihiro Shiba
Naoyuki Sekiguchi
Motorcycle.....Masaharu Iuchi
Power Products.....Yoshihiro Onishi
Service • Parts.....Noriya Kaihara
Recycle Promotion Office.....Hideaki Kobayashi

Purchasing Osamu Yokoyama

Factory and office operations environmental administrator

| | |
|--|---------------------|
| Saitama Factory | Shigeo Ono |
| Tochigi Factory..... | Koichi Aonami |
| Hamamatsu Factory | Masamichi Matsumura |
| Suzuka Factory | Masaomi Ajikawa |
| Kumamoto Factory | Shinji Oketani |
| Automobile New Model Center | Koichi Ota |
| Quality Innovation Center Tochigi..... | Yukihiro Kariya |
| Head Office | Haruki Nagata |

Honda R&D Co., Ltd.
Automobile R&D Center (Wako)/
Fundamental Technology Research Center/
Aircraft Engine R&D Center.....Akira Aoyama
Motorcycle R&D Center/Power Products R&D Center
.....Fumihiko Nakamura
Automobile R&D Center (Tochigi)Jun Yanada
Automobile R&D Center (Takasu Proving Ground)
.....Koji Kawai
Honda Engineering Co., Ltd.....Masuhiro Sakurai

Logistics

Products and service parts sets.....Toshihide Nakai

Administration

Administration Haruki Nagata
Personnel Tetsuya Tsutsui
Corporate Communications Masaya Nagai

Secretariat

.....Michio Shinohara

Note: Current as of June 1, 2010.

Other key information disclosure

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

Honda is continuously working to enhance communication with its stakeholders by making the information about its various activities easy to understand, and would be happy to receive feedback. Honda regards full communication with all stakeholders as essential to further improving its activities.

● CSR Information

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

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

● Investor Information

Presents information on Honda's business performance.

Investor Information: <http://world.honda.com/investors/>

Annual Report: <http://world.honda.com/investors/annualreport/>

● Philanthropic Activities Information

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

Social activities Website: <http://world.honda.com/community/>

● Safety Information

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

Safety activities Website: <http://world.honda.com/safety/>

Honda Eco Mark



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

Please direct enquiries to:

● Environment & Safety Planning Office

Tel: +81-(0)3-5412-1155

Fax: +81-(0)3-5412-1154

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

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

HONDA

The Power of Dreams



This pamphlet is printed on paper recycled from excess copies of out-of-date product catalogues and other publications, and printed with 100% VOC-emissions-free soy ink using a printing process free of hazardous wastewater emissions

Honda Motor Co., Ltd.

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

Ⓔ Ⓚ Ⓐ 20001009