



Honda ENVIRONMENTAL ANNUAL REPORT

2014

GLOBAL REPORT



BLUE SKIES FOR
OUR CHILDREN

- G01▷ INDEX
- G02▷ Introductory Information : About Honda Environmental Annual Report / Regional unit sales and environmental reports (FY2014)
- G03▷ Company Overview / Financial Information
- G04▷ Third-Party Verification
- G05▷ Key Indicators of Honda's Environmental Performance / Environment-Related External Relations Activities

Top Message

- G06▷ **Top Message**
Striving to realize the joy and freedom of mobility and a sustainable society where people can enjoy life
- G08▷ **Roundtable Meeting of the Six Regional Environmental Committee Chairs**
Making the world a happier place for everyone—through our products, as a company

Special

- G15▷ **Environmental Frontrunner Yorii Automobile Plant Starts Production!**

Direction INDEX▷G17

- G18▷ **The Road to a Healthier Environment**
- G19▷ **Honda Environment Statement / Honda Environmental and Safety Vision**
- G20▷ **Pursuing the Honda Environmental and Safety Vision**
Assessment of environmental issues and current recognition of their importance
Assessment of risks and opportunities relating to environmental issues
Triple Zero: Toward a zero-impact society
Reducing environmental impact from products
HEPS-compliant models in FY2014
Reducing environmental impacts from business activities
- G26▷ **Biodiversity Initiatives**
Honda Biodiversity Guidelines
- G27▷ **Progress in Meeting Environmental Targets**
2020 Product CO₂ Emissions Reduction Targets
Mid-term plans for environmental initiatives (FY2012–FY2014)
Mid-term plans for environmental initiatives (FY2015–FY2017)

Products INDEX▷G31

- G32▷ **Next-Generation Technology**
Honda Smart Home System: High living comfort and low emissions at the same time
Testing Honda Smart Homes around the world
Fuel cell electric vehicles: The ultimate in next-generation personal mobility
- G34▷ **Motorcycle**
Message from the Head of Motorcycle R&D
New Mid Concept series
eSP engine for next-generation compact scooters
ASEAN -made 125 cc-class models going global
Fuel-efficient Dream Neo 110-cc motorcycle
PGM-FI models expanded in Indonesia
Dunk 50-cc scooter
- G37▷ **Automobiles**
Message from the Head of Automobile R&D
Third-generation Fit
Latest hybrid models
Lightweight 1.6-liter diesel engine
New eco-cars in Asia
VTEC Turbo direct-injection engines
N-WGN and N-WGN Custom mini-vehicles
- G41▷ **Power Products**
Message from the Head of Power Products R&D
EU7000is generator with inverter and FI
BF100 and BF80 four-stroke outboard engines
HSL2511: the snow blower with FI

Management INDEX▷G44

- G45▷ **Global Environmental Management**
Environmental management organization / Environmental management at Honda business sites / Disclosure of total GHG emissions / Economic benefits of environmental conservation activities
- G50▷ **Global Environmental Impact**
- G51▷ **Regional Environmental Topics**
North America / South America / Europe / Asia & Oceania / China / Japan
- G54▷ **GRI Guideline Index**
- G56▷ Publication data: Editorial concept, Design concept / Domain coordinators / Environmental Annual Report production staff / About the Honda global environmental slogan and symbol / Contact information

Reporting period: Fiscal year (FY) 2014 (Monday, April 01, 2013 - Monday, March 31, 2014). Note: The report also refers to activities in FY2015, as well as to previous ongoing initiatives. Publication of last year's report: June, 2013.
Organizational scope: This report covers the entire Honda Group, including Honda Motor Co., Ltd. and its 469 consolidated subsidiaries and affiliates (381 consolidated subsidiaries, 88 equity-method affiliates). All reported data covers the entire Honda Group unless otherwise noted. Detailed information about the main companies covered by this report can be found in the financial statements issued in June 2014. (The number of companies covered in this report changed throughout the course of fiscal 2014 due to company mergers and other developments.) This report features detailed information on environmental initiatives in Japan by major consolidated group companies (listed below), with a special focus on initiatives by Honda Motor Co., Ltd. / Honda R&D Co., Ltd. / Honda Engineering Co., Ltd. / Honda Access Corporation
Guideline used: G3 Guidelines, Global Reporting Initiative / G4 Guidelines, Global Reporting Initiative / Environmental Reporting Guidelines (2012), Ministry of the Environment, Japan / Note: Guidelines and methods used to calculate specific categories of data are noted individually in the report.

Introductory Information

About the Honda Environmental Annual Report

● A regional approach to business and the environment

Guided by a philosophy of building products close to the customer, Honda has manufacturing operations in six regions worldwide. In fiscal 2014, these activities brought joy to people worldwide through the sale of roughly 27 million products.

To continually create competitive products that anticipate customer needs in all six regions, we've shifted to a new global operational structure that gives each region more autonomy for doing its job. This also applies to environmental management: Each region is now implementing initiatives it deems most effective for meeting local environmental laws and standards and tackling local challenges.

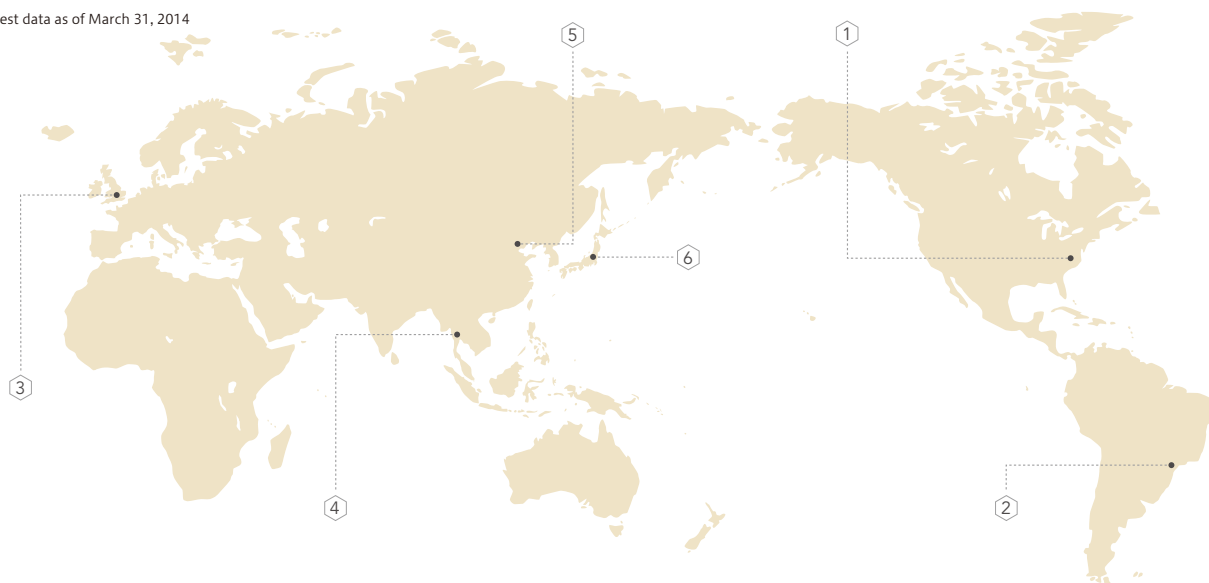
● Global report and six regional reports

For reporting on the environmental activities across our global organization, we've broken down our annual environmental report into one global report and six regional reports.

Honda Environmental Annual Report 2014 conveys our global stance on environmental issues, our vision for a better future, and the results of efforts to make our products and business activities more environmentally responsible. The regional reports provide a more in-depth look at these activities in each region. By issuing all seven annual reports, we are making an active effort to disclose information on initiatives and results in every corner of world.

Regional unit sales and environmental reports (FY2014)

Latest data as of March 31, 2014



	Global	1 North America	2 South America	3 Europe/Middle East/Africa	4 Asia & Oceania	5 China	6 Japan
Environmental reports							
Motorcycles	17,041,000	289,000	1,647,000	312,000	13,260,000	1,305,000	225,000
Automobiles	4,362,000	1,751,000	161,000	252,000	560,000	788,000	848,000
Power products and other	6,036,000	2,718,000	137,000	1,155,000	1,129,000	582,000	312,000

*Report covers from 2013 are shown for all regions except Japan. The 2014 editions of these reports will be published soon in 2014.

Company Overview/Financial Information

Company overview

Company name: Honda Motor Co., Ltd.

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

Established: September 24, 1948

President & CEO: Takanobu Ito

Capital: ¥86.067 billion (as of March 31, 2014)

Sales: Consolidated: ¥11.842 trillion Unconsolidated: ¥3.488 trillion
(results of FY2014)

Number of associates: Consolidated: 198,561 (as of March 31, 2014) Unconsolidated: 23,467 (as of March 31, 2014)

Consolidated subsidiaries: 365 (as of March 31, 2014)

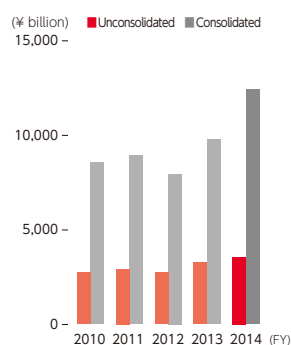
Major products: 〈Motorcycles〉 Scooters, mini-bikes, motorcycles, and ATVs

〈Automobiles〉 Standard-sized vehicles, compact vehicles, and mini-vehicles

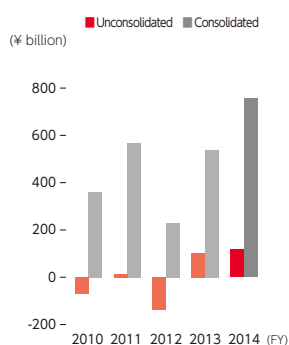
〈Power products〉 Tillers, Generators, Power product engines, lawnmowers, marine outboard engines,
Snow blowers, and household gas engine cogeneration units

Financial information

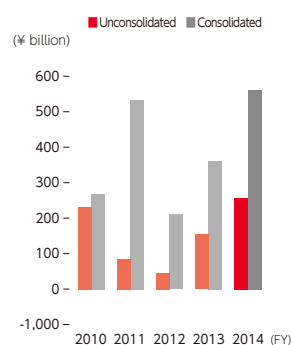
Net sales



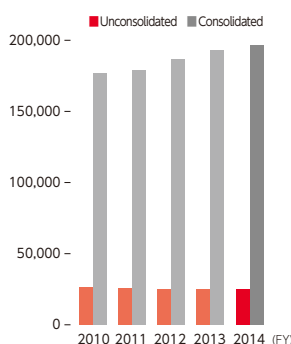
Operating income



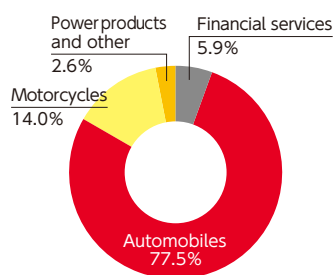
Net income



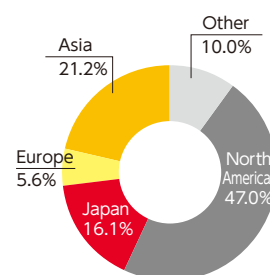
Number of associates



Net sales by operational area
(consolidated: FY2014)



Net sales by region
(consolidated: FY2014)



*See Honda Annual Report (PDF) for detailed financial information.

Third-Party Verification



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

〈Organizational scope of verification〉 Environmental impact data from Honda Motor Co., Ltd., and 469 consolidated and affiliated companies in Japan and overseas.

Environmental impact data verified: Energy consumption, greenhouse gas emissions, water use, wastewater volume, waste generated, waste recycled, waste directly landfilled, waste sold for reuse,² atmospheric pollutant emissions (NO_x, SO_x), VOC emissions,² PRTR emissions,² CO₂ emissions from product use (scope 3, category 11³)

**Honda Environmental Annual Report 2014
Independent Verification Report**

To: Honda Motor Co., Ltd.

June 10, 2014

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

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Honda Motor Co., Ltd. (Honda) to conduct an independent verification of its environmental data selected for inclusion in the Honda Environmental Annual Report 2014 (the Report), issued under the responsibility of Honda. The aim of this verification is to consider the accuracy of environmental data detailed in the Report and to provide verification opinion based on objective evidence.

1. Verification Outline

1) Environmental impact data generated through business operations in FY2013 (April 1, 2013 through March 31, 2014)

Scope of Verification	Site Visited	Verification Methodology
Environmental impact data generated through business operations of Honda and its 469 consolidated subsidiaries and affiliates (*1)	- Honda's Head Office - Honda Tochigi Factory - Honda Production Planning Office - Honda R&D Co., Ltd. Automobile R&D Center - Honda Auto Parts Manufacturing Co., Ltd. - Honda Automobile (Thailand) Co., Ltd.	- Review of documentary evidence produced by Honda's head office and the sites visited - Interviews with relevant personnel of Honda's head office and the sites visited - Site inspection and review of data monitoring procedures - Comparison between the reported data and supporting documentary evidence

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

2) CO₂ emissions generated through the use of products sold by Honda in FY2013 (April 1, 2013 through March 31, 2014)

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

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

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

2. Findings

1) Environmental Impact data generated through business operations in FY2013

- According to the environmental impact data that Bureau Veritas verified, the information stated in the Report is consistent with the data collected and consolidated by Honda's head office.
- No significant errors were detected in the environmental data reported by sites that were not connected to Honda's head office.

2) CO₂ emissions generated through the use of products sold by Honda in FY2013

- There is no evidence that the CO₂ emissions reported by Honda:
- is not materially correct and is not a fair representation of the CO₂ emissions data and related information.
- is not prepared in accordance with the methodology for calculating CO₂ emissions established and implemented by Honda.

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

GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: Honda Motor Co., Ltd.

June 10, 2014

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

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by Honda Motor Co., Ltd. (Honda) to conduct verification to a limited level of assurance of the greenhouse gas (GHG) emissions reported in the Honda Environmental Annual Report 2014 for the period of April 1, 2013 through March 31, 2014.

1. Scope of Verification

Honda requested Bureau Veritas to verify the accuracy of the following GHG information, to a limited level of assurance:

1) Scope 1 and Scope 2 GHG emissions:

- GHG emissions through business operations of Honda and its 469 consolidated subsidiaries and affiliates

2) Scope 3 GHG emissions according to the GHG Protocol's 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard':

- CO₂ emissions through the lifetime use of automobiles, motorcycles and power products sold by Honda (more than 90% of worldwide sales as stated by Honda)

2. Methodology

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

As part of Bureau Veritas' assurance, the following activities were undertaken:

- Interviews with relevant personnel of Honda responsible for the identification and calculation of GHG emissions;
- Review of Honda's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of a sample of source data to check accuracy of quantified GHG emissions.

3. Conclusion

Based on the verification work and processes followed, there is no evidence to suggest that the GHG emissions assertions shown below:

- are not materially correct and are not a fair representation of the GHG emissions, as per the scope of work;
- are not prepared in accordance with the methodology for calculating GHG emissions established and implemented by Honda.

Verified greenhouse gas emissions		
Scope 1 1,409,000 t-CO ₂ e	Scope 2 3,798,000 t-CO ₂ e	Scope 3 228,137,000 t-CO ₂ e

[Statement of Independence, impartiality and competence]

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 150 years history in providing independent assurance services. No member of the verification team has a business relationship with Honda, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes.

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

2. Data from Japan only

3. Scope 3, category 11 calculations cover the emissions of about 90% of all motorcycles, automobiles, and power products sold worldwide under the Honda brand name. These emissions are calculated using the following formula for each model and adding the results: CO₂ emissions × Annual distance traveled (for power equipment: annual usage in hours) × Product lifetime in years × Annual unit sales

Key Indicators of Honda's Environmental Performance

CDP Global 500 Climate Change Report 2013

1st in Japan

In the Carbon Disclosure Project's 2013 survey¹ of Global 500 companies,² Honda earned the highest disclosure score among Japanese corporations. We were also among 12 leading global corporations for earning exceptionally high marks in areas related to both disclosure content and results. Furthermore, we were included in the Climate Disclosure Leadership Index (CDLI) for the third consecutive year, and was also among 56 companies included in the Climate Performance Leadership Index (CPLI), an index of companies selected for demonstrating leadership in combating climate change, in which we earned a performance score of A, the highest.

1. Carbon Disclosure Project (CDP) is an international non-profit managing the world's largest database for companies and other organizations to disclose, manage, and share information related to climate change mitigation. The group also publishes its own analysis of this data.

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

17th Nikkei Environmental Management Survey

4th place

Honda ranked fourth out of 1,729 manufacturers examined in the 17th Environmental Management Survey by news publishing company Nikkei Inc.

Buna-no-Mori Environmental Survey 2013

Rank A

Honda earned the highest rank, rank A, in the 2013 Buna-no-Mori environmental survey by Sompo Japan Nipponkoa Risk Management Inc. and was also selected as a component of the Buna-no-Mori eco-friendly investment fund.

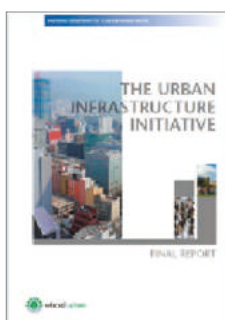
Environment-Related External Relations Activities

Honda is a member of the World Business Council for Sustainable Development (WBCSD), and a member of the WBCSD's Urban Infrastructure Initiative (UII) Core Group. We took part in the UII Core Group, which released its final report on April 7, 2014, by drawing up plans for sustainable mobility infrastructure.

We also are participating in Sustainable Mobility Project 2.0.



wbcd member



UII Final Report

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

Public-Private Partnerships:

E-Kizuna Project (Saitama Prefecture, Japan), California Fuel Cell Partnership (California, U.S.), and others

Top Message

Striving to realize the joy and freedom of mobility and a sustainable society where people can enjoy life

In 2010, Honda announced its direction for the decade leading up to 2020: to provide "good products to customers with speed, affordability, and low CO₂ emissions." The Honda Environmental and Safety Vision—to realize "the joy and freedom of mobility and a sustainable society where people can enjoy life"—was established based on this direction.

Providing the joy and freedom of mobility has been Honda's aim in the development of personal mobility products since its founding. The joy of mobility is not just the pleasure of driving your own car or motorcycle. It's also the excitement of making discoveries and realizing dreams through the freedom that mobility provides.

Realizing a sustainable society where people can enjoy life, a more formidable challenge, will require us to focus corporate resources on addressing climate change issue and energy issue as top priorities. To realize the two components of our Environmental and Safety Vision, we will lead the industry in offering outstanding environmental and safety performance with products and technologies that proudly bear the Honda name.



Photo: No. 1 Balancing Reservoir, Kumamoto Factory

A step closer to truly globalized operations

Last year, I expressed our commitment to increasing the autonomy of Honda operations across all six regions,¹ and explained that this would help us adapt the structure and management of our business to the environmental rules and issues that are unique to each country and region. Much has happened since then. Last year, we launched or began construction of new, more environmentally friendly production facilities in Japan, India, China, Mexico and other countries. We started operating a wind farm in North America, and broke ground on a new wind farm in South America, with plans to complete the project by fall 2014. In Europe, we released new models equipped with cutting-edge environmental technologies, and made steady progress on business reform.

And while Japan has always functioned as a global command center, to better distinguish domestic business from global business, we launched a new headquarters for Japan Operations and separated it from the part of our organization with global management responsibilities.

All of these changes will give each region greater leeway in executing their assigned roles. Organically linking these independent operations will have the effect of maximizing Honda's overall strength, and bring us that much closer to being a truly globalized company.

1. Honda organizes its global operations into six regions: Japan, North America, South America, Europe, China, and Asia & Oceania. See page G02 to learn more.

Awareness of the challenges at the start of a new three-year plan

At Honda, we strive to minimize CO₂ emissions and the various other environmental impacts that come from our products and business activities. These efforts are systematically outlined in a mid-term environmental action plan that is updated every three years.

For products, we are intensifying efforts to increase energy efficiency; to improve the ease with which products can be dismantled, and the components reused and recycled; to reduce emissions; and eliminate and responsibly manage the use of potentially harmful chemical substances. And for business activities, we are taking concrete steps to realize the Honda Environmental and Safety Vision based on a clear awareness of the size of impacts generated by these activities.

2014 marks the start of a new mid-term plan for environmental initiatives at Honda, and is also the midway point on our path to achieving the 2020 Product CO₂ Emissions Reduction Targets announced in the Honda Environmental and Safety Vision. We have thus chosen "Sustain and Strengthen" as the slogan for this critical three-year period.

In the spirit of this slogan, we have set two priority policies for the new mid-term plan: to sustain CO₂ emissions reduction initiatives proposed in the last three-year period and leverage them for our global strategy, and to strengthen environmental management across our value chain by incorporating all three scopes of corporate activity designated in the Greenhouse Gas Protocol, from upstream suppliers to downstream customers.

June 2014

Takanobu Ito

President & CEO

Chairman, Honda World Environment and Safety Committee



BLUE SKIES FOR
OUR CHILDREN

Top Message Roundtable Meeting of the Six Regional Environmental Committee Chairs

Making the world a happier place for everyone —through our products, as a company

Honda manages its global production and sales networks through an organization divided into six regions: North America, South America, Europe, Asia & Oceania, China, and Japan. Six regional environmental committees, one for each region, set their own policies and plans for environmental initiatives, based on the global direction, and supervise and evaluate the divisions that carry out those plans. As Honda moves to realize truly globalized operations, how will each region tackle its own environmental challenges? The six regional environmental committee chairmen share their outlook on the coming year.

Interviewer: Michio Shinohara, General Manager,
Environment & Safety Planning Office

Issao Mizoguchi
Honda South America
Regional Environmental
Committee Chairman

Toshiaki Mikoshiba
Honda European
Regional Environmental
Committee Chairman

Sho Minekawa
Honda Japan
Environmental
Committee Chairman

Takuji Yamada
Honda North America
Regional Environmental
Committee Chairman

Seiji Kuraishi
Honda China
Regional Environmental
Committee Chairman

Noriaki Abe
Honda Asia & Oceania
Regional Environmental
Committee Chairman



"We'll continue working to keep the air blue,
the water clear, and the land green."



Takuji Yamada

Honda North America
Regional Environmental Committee Chairman



Region introductions and recent developments

Please tell us what characterizes your region in terms of economics and the environment, and also what developments have taken place in the last year.

Yamada: In North America, the U.S. market has been on a moderate recovery trend. Housing starts are rising and the economy is gaining back its normal strength. Honda automobile sales have also started to recover, with sales increasing year over year. On the environmental front, while North America has always been an environmentally progressive region with a keen awareness of environmental issues, a number of extreme weather events last winter hit home the fact that the global environment is changing—Niagara Falls freezing over and Georgia issuing a state of emergency because of a snowstorm, to name a few.

Mizoguchi: The South American economy has been growing steadily for the last decade with the support of increased credit, which has also pushed up sales of motorcycles and automobiles. The balance on this debt has grown too large, however, and it's starting to weigh on market growth. Environmentally speaking, one positive development was the switch last year from S50 to S10 diesel fuel, which brought the sulfur limit down to 0.001% from 0.005% and resulted in significantly cleaner exhaust gas and emissions from trucks and buses. One negative development has been the decline in rainfall in Brazil over the last several years, which has driven a rise in thermal power generation despite the country's extensive hydropower infrastructure.

Mikoshiba: Europe is home to a number of key players in the automotive market and poses a challenge to foreign brands like Honda that are looking to enter or grow in the market. On top of that, the economy has been stagnant since the 2008 financial crisis; the automobile market has contracted from 16 million to 12 million units per year. These economic conditions have led people to become increasingly sensitive to the environment and fuel efficiency, accelerating the move to small turbocharged engines and diesel engines. Right now, diesel models make up more than 50% of all unit sales. Meanwhile, the toughest emission regulations in the world will go into effect in 2020, which will require us to reduce average CO₂ emissions per vehicle to 95 g/km.

Abe: Asia & Oceania is an extremely large region that includes more than 20 countries and region. Economic conditions vary by country, and people's awareness of environmental issues and their response to them are vastly different. Last fiscal year was a difficult time in places like India and Thailand, huge automobile markets that experienced a slowdown in economic growth. Nonetheless, we sold a record-setting 560,000 units, thanks in part to the launch of our much-awaited fuel-efficient diesel models in India. Environmental awareness seemed to rise across Asia as a whole, with countries like Thailand and Indonesia issuing policies that favor fuel-efficient low-emission vehicles, and Malaysia moving toward incentives for foreign manufacturers to produce energy-efficient vehicles.

Kuraishi: China is the largest mobility market in the world, with automobile sales exceeding 20 million units a year. Last year, the market continued its momentum by growing more than 10%. Honda grew by more than 25%, partly because of new models introduced in the second half of the fiscal year. As for the environment, however, the air pollution problem is getting serious. The issue has become a hot topic across the country, and our customers are becoming increasingly concerned about the environment. And of course, China, like Europe, will soon issue its own CAFE regulations,¹ which will be the toughest in the world.

"We're going to raise the value of our company and products by further increasing our utilization of renewable energy."

Minekawa: Japan has been implementing a series of economic policies, dubbed Abenomics, to overcome a long period of deflation that has continued since the bubble collapsed in the early 1990s. The economy is now back on a modest recovery track, but high fuel prices and electricity rates remain unchanged, with little prospect for improvement. Within this environment, we got a real sense this year that more and more consumers are turning to energy-efficient and fuel-efficient products.

Fiscal 2014 in review

Major themes of the past year, then, include the spread of diesel technology to regions other than Europe, its main market, and the rise of environmental awareness in Asian countries. Next, please tell us how environmental initiatives fared in fiscal 2014, and any other important topics related to Honda's products or business activities.

Yamada: In North America, the Accord Hybrid was named Green Car of the Year, and Honda was recognized by the U.S. Environmental Protection Agency for having the highest fleet-average fuel economy among 11 automakers for 2012 models. In production, we built two wind turbines that will supply around 10% of the annual



Issao Mizoguchi

Honda South America
Regional Environmental Committee Chairman



1. Corporate Average Fuel Economy. Regulations that place a limit on the average fuel efficiency of all vehicles sold by an automaker.

electricity needs of our automobile transmission plant in Ohio. The number of dealers who started contributing to environmental conservation through the Green Dealer program also increased significantly. At the end of fiscal year, we were left with the impression that environmental awareness drove significant actions on all fronts—for the products themselves and in production and sales.

"We'll use a new series of products to strengthen Honda's brand image."



Toshiaki Mikoshiba

Honda European
Regional Environmental Committee Chairman



Mizoguchi: In South America, we produced our 3 millionth flex-fuel¹ motorcycles, and also released flex-fuel versions of the Civic and CR-V, which—for the first time at Honda—don't require a secondary tank and can start without gasoline. In logistics, we introduced the double-trailer truck, in which a single tractor truck hauls two containers, allowing us to transport twice the cargo volume using nearly the same amount of energy. And of course there is the wind power facility we are currently building for our automobile plant in Brazil. We broke ground in March 2013 and expect to complete the project in September 2014. We will have nine 3-megawatt (MW) wind turbines—a total of 27 MW in generation capacity—which is enough to cover all of the electricity needs of our automobile plant in Sumaré.

Mikoshiba: In Europe, we expanded the application of our 1.6-liter i-DTEC diesel engine, initially released in the Civic 5-door, to the CR-V and Civic Tourer, giving us our first lineup of Earth Dreams Technology vehicles. In corporate initiatives, we have continued to ramp up renewable energy use in production, and have also built a system to collect and recycle used hybrid batteries. Another key topic in Europe was our participation in fuel cell vehicle projects, such as the H2Mobility project² in the U.K. and the Pan-European HyFive project.³

Abe: In Asia & Oceania, we introduced in India our long-awaited Amaze and City diesel vehicles, which achieved a record of more than 130,000 vehicles in combined annual sales. Both have received outstanding reviews from customers, and have become a topic of discussion even inside the industry because of their high fuel economy. In Malaysia, we had the best-selling hybrid vehicle for the second year running, and we have received a positive response for our decision to begin localized hybrid production ahead of our competitors. For motorcycles, we installed electronic fuel injection (FI)⁴ in all production models in Indonesia, the second country after Thailand where we've achieved this. Aside from products, in India, Malaysia, and Indonesia, we began operating new plants fitted with the latest environmental technologies for reducing CO₂ emissions.

1. A vehicle that can run on varying proportions of more than one type of fuel, in this case gasoline and bioethanol.

2. A partnership of UK industry leaders and central and local governments, working to make hydrogen-fueled transport a reality.

3. See page G52 to learn more about HyFive project.

4. Programmed Fuel Injection (PGM-FI)

Kuraishi: In China last year we introduced the new Accord, Crider, and Jade. Going forward we will further expand the Earth Dreams Technology series to improve fuel efficiency and continue meeting market needs. Expanding our green vehicle lineup, including hybrid vehicles, will be a critical factor in meeting China's CAFE regulations. That's why we started using the name FUNTEC to designate Honda's advanced environmental and safety technologies and succinctly express the idea that Honda engines are both fuel efficient and fun to drive. Since environmental regulations in China are getting tougher on motorcycles as well, last year we started considering ways we can provide FI at lower costs. This will help us stay ahead of the competition in terms of having the highest FI adoption rate.

"We need to demonstrate environmental leadership
in all aspects of our business."

Minekawa: The biggest topic in Japan last year was the opening of our new Yorii Automobile Plant. The plant started operations at the forefront of production worldwide, cutting per-unit CO₂ emissions by 30% compared to existing Honda plants. For products, we rolled out hybrid and plug-in hybrid models of the Accord amidst a growing consumer preference for green cars. The new Fit Hybrid's outstanding fuel performance of 36.4 km/liter also drew attention. I think we made a big step forward as a company by delivering products that met the market's expectations regarding fuel efficiency as it trended toward smaller cars. Another big achievement was capturing new market needs through the launch of the environmentally advanced Dunk 50 cc-class scooter, and a new two-stage snow blower with FI technology.



Noriaki Abe
Honda Asia & Oceania
Regional Environmental Committee Chairman



Future initiatives and aspirations

Thank you very much. Lastly, as Honda moves toward truly globalized operations, please tell us the direction your region is headed and what aspirations you have for tackling environmental issues.

Yamada: This is not limited to North America of course, but Honda has always developed products with a focus on fuel efficiency and environmental performance. Honda was the first to meet the requirements of the U.S. Clean Air Act for automobiles, and was also the first company to introduce four-stroke engines for motorcycles and power equipment. Honda's mobility lineup today runs the entire gamut of possibilities—from on road to off-road, to over the water and through the air. It's probably safe to say that Honda can take you anywhere you want to go. We went even further last March when we opened up a concept home in the U.S. called Honda Smart Home. That project is an experiment to see if we can use Honda technologies to also help preserve the environment in the places we all live. We all know that the Earth is blue when seen from space. To keep the air blue, the water clear, and the land green, it's important that we create products that are environmentally responsible in all

aspects of our business. We're committed to being a company that thrives on contributing to a beautiful world for future generations.

Mizoguchi: In South America this year, we plan to eliminate the secondary tank from all flex-fuel automobiles. We will also add fuel injection to more low-emissions motorcycles. Once our wind power facility starts operating in September and succeeds as a business, we will start looking into expanding this project to our motorcycle plant in Manaus, Brazil. This plant is already equipped with cutting-edge wastewater treatment facilities, so the use of renewable energy in this plant will shrink its environmental footprint even further. When you consider these initiatives, South America has the highest proportion of renewable energy utilization of all regions in Honda's global operations. In other words, Honda is doing some amazing things to conserve the environment in South America, but not many people know this to be the case, even people within Honda. We're going to make sure everyone knows about our initiatives, and raise the value of our company and products.

"We will promote our FUNTEC campaign so customers can easily recognize Honda's environmental and safety technologies."



Seiji Kuraishi

Honda China
Regional Environmental Committee Chairman



Mikoshiba: The economic environment in Europe will remain challenging, so the first item on our agenda is to make sure more customers benefit from our Earth Dreams Technology series. We will also do everything we can to promote the new series of products that will be coming out, such as the Civic Type R and NSX, two models that symbolize Honda's efforts to evoke a sporty and advanced image in Europe; the Jazz (Fit), a globally strategic model; and the European version of the diesel-equipped Compact SUV (sold as Vezel in Japan). We also plan to re-enter Formula One racing competition starting next year. F1 has incorporated hybrid technology into its engine regulations, so we can expect environmental technologies to play a larger role in competition going forward. F1 can also have an incredible influence on the value of a company's brand in Europe, so we'll push hard to promote Honda's brand image. We're hoping to pioneer initiatives that fit Honda's reputation as an environmental leader.

Abe: Likewise in Asia & Oceania, we need to continue improving our environmental performance from the standpoint of being a company society wants to exist. As the automobile market expands with the rise of the middle class, we need to demonstrate environmental leadership in all aspects of our business. One way we can do that is by making all Honda gasoline vehicles compliant with Euro 4¹ or higher emissions standards before our rivals. So it's important that we use our popular diesel models and CNG vehicles to fully communicate Honda's ambitions regarding fuel economy and the environment. As the world's leading manufacturer of motorcycles, we will expand the all-FI campaign we started in Thailand and Indonesia to Vietnam, and also include our Idling Stop System in all major scooter models. We also hope to enhance our presence in the rapidly growing Indian market, and maintain our lead in providing fuel-efficient motorcycles by introducing new low-friction technologies.

1. Exhaust emission regulations introduced in Europe in 2005.

Kuraishi: A major task in China will be to see how quickly we can meet the world's toughest environmental regulations. I myself live in Beijing, so I personally understand the significance of air pollution caused by fine particulate matter and yellow dust. Awareness of these issues will only get stronger. That said, tackling environmental issues is what Honda does best. We should see the current state of affairs as an opportunity, and try various things to resolve them. The first thing we can do is use hybrid and turbocharging technologies to provide better fuel economy along with fun driving performance, and be the first company to meet China's CAFE regulations. To do that, we will continue to promote our FUNTEC campaign¹ so customers can easily recognize Honda's hybrid and other environmental and safety technologies. Honda's environmental slogan, "Blue Skies for Our Children," fits China perfectly. Realizing this slogan in a place with such horribly polluted air would be a dream come true. This idea will inspire us to keep pressing forward.

"Japan must continue to stand out
and play a vital role in Honda's global business."

Minekawa: Honda is increasing the autonomy of each region in order to accelerate operations and become a more competitive company worldwide. As part of this effort to realize truly globalized operations, we launched a new headquarters for Japan Operations last April. Honda was raised by Japan into a globally competitive corporation. We believe the new headquarters is the perfect way for Japan to operate so that it continues to stand out and play a vital role in all aspects of Honda's global business. That means Japan needs to lead the world and stay at the cutting edge of environmental technology as well. For example, we want to be the first to offer a solution to the recycling of used lithium-ion batteries from hybrid vehicles. When the world comes to us with problems, we want to have answers. In that spirit, let's keep moving forward, one step at a time.

You've offered some inspiring messages as chairmen of the regional environmental committees and Chief Operating Officers of each region. Thank you.



Sho Minekawa

Honda Japan
Environmental Committee Chairman

A handwritten signature in black ink that reads "Sho Minekawa".



1. See page G53 to learn more about FUNTEC campaign.

Special

Environmental Frontrunner Yorii Automobile Plant Starts Production!



Saitama Factory's new Yorii Automobile Plant, the first Honda automobile assembly plant to be built in Japan in 23 years, started production on July 9, 2013. Specially engineered for building compact models such as the Fit and Vezel in partnership with the nearby Engine Plant (Ogawa-machi, Hiki-gun), the Yorii Automobile Plant is one of the world's most energy-efficient plants. As a global pioneer in sustainable manufacturing, its innovative production technologies make it one of only a few plants that serve as a launch pad for transmitting environmental technologies to Honda factories around the world.



To reduce environmental impacts from production, we focus on conserving energy and resources and achieving zero waste and emissions through our "green factory" initiative. The new Yorii Automobile Plant, one such green factory, has been equipped with a vast array of cutting-edge technologies to achieve these goals.

● Stamping: 40% higher production efficiency



High-speed servo stamping press

Four high-speed servo stamping presses and a synchronized transport system for conveying workpieces between the presses make up the Yorii Automobile Plant's high-speed, high-throughput sequential stamping line. This line works at up to 20 continuous strokes per

minute, twice the speed of conventional presses,¹ realizing a 40% improvement in production efficiency.

CO₂ E W

● Welding: 70% lower CO₂ emissions



Roller hemming method

Hemming, or the welding together of inner and outer panels to make closure parts such as doors, is carried out using a new roller hemming method. Using this method in place of large conventional hemming presses has saved space, lowered costs, and cut CO₂ use by 70%.¹

CO₂ E W

● Coating: Industry-first technology saves resources, cuts emissions



Honda S.E. Paint eliminated the need for a middle coat

The introduction of a new proprietary coating technology called Honda Smart Ecological Paint (Honda S.E. Paint) and a wall-mounted painting robot system has shortened the coating process from the conventional 4-coat/3-bake method to a 3-coat/2-bake method.² These innovations helped shorten the coating line by 40% and cut CO₂ emissions by 40%.¹

CO₂ E W

● Coating: New air-recycling technology introduced

Instead of a conventional water washing system, the dry spray booth used to paint car bumpers employs a dry filter system and a calcium carbonate adsorbent called a pre-coat layer to collect

1. Relative to Saitama Factory's Sayama Automobile Plant in Japan.

2. For example, a 4-coat/3-bake process uses four coats of paint and three drying steps. Therefore, a 3-coat/2-bake process saves one paint coat and one drying step.

Special Environmental Frontrunner Yorii Automobile Plant Starts Production!



Dry spray booth installed for bumper coating

overspray. This eliminated the need to dehumidify the process air when recycling it, resulting in a 42% reduction in CO₂ emissions,¹ and also made it possible to recycle the adsorbent—a world first.²

CO₂ E W

● Reducing energy waste from compressed air

The Yorii Automobile Plant has taken various steps to reduce the amount of energy used to produce compressed air for vehicle assembly processes. These steps include making sure air



Leak-resistant hose joint (left) and assembly work using compressed air (right)

supply is stopped during non-production times, using leak-resistant hose joints to reduce pressure loss, and monitoring air consumption for each process.

CO₂ E W

● Corporate park dramatically improves transport efficiency

The Yorii Automobile Plant was built with a corporate park for suppliers to produce and process parts for Honda automobiles on site, a smart alternative to having suppliers produce and process parts remotely and transport them to the Honda plant



A corridor passing through the Yorii Corporate Park. Behind the partitions on both sides are work areas designated for Yorii Automobile Plant suppliers

for assembly. The elimination of secondary processing sites and relay points for distribution has resulted in a dramatic improvement in transport efficiency and is expected to yield a 500-ton reduction in annual CO₂ emissions.

CO₂ E W

● Super-high-efficiency cogeneration system

To cut down on fossil fuel-generated utility power and reduce CO₂ emissions, the Yorii Automobile Plant was fitted with an 8.7 MW natural gas-powered cogeneration system. This has resulted in a 45% reduction in peak power. By using the steam, hot water, and waste-heat byproducts, the plant also aims to achieve a combined electrical and thermal energy efficiency of 85%.

CO₂ E W

● Largest solar array for an automobile plant in Japan

Photovoltaic panels installed on the Yorii Automobile Plant's roof have a total generation capacity of 2.6 MW—the largest of any automobile plant in Japan.² This is enough electricity



2.6 MW solar array

to power about 460 typical Japanese homes,³ and translates into an annual reduction of 1,200 t-CO₂ when compared to using the same amount of power from the grid.

CO₂ E W

● Energy-saving displacement ventilation



Air diffuser installed on the lower end of a pillar inside the factory

The Yorii Automobile Plant's displacement ventilation system uses the buoyancy of heated air inside the plant to drive air distribution. This reduces the amount of energy needed for ventilation while also conditioning the lower spaces occupied by workers more efficiently, realizing a 40% reduction in energy use, or 2,360 t-CO₂ annually.

CO₂ E W

● Factory energy management system

The Yorii Automobile Plant's factory energy management system (FEMS) measures energy consumption in each area of production in real time. This allows energy to be optimally controlled and delivered reliably to all machinery by automation technology, and enables production workers to more quickly discover and resolve issues and sources of waste, making it possible to manage CO₂ emissions reductions from energy use throughout the plant.

CO₂ E W

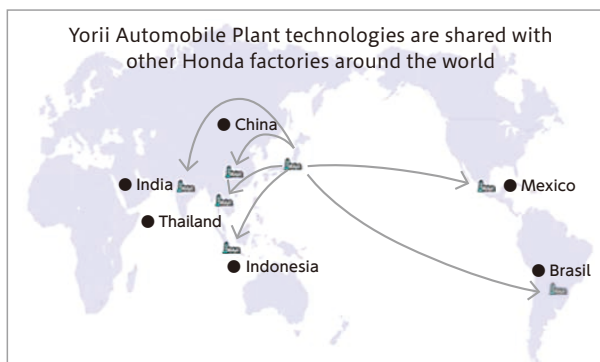


FEMS is used for centralized energy management of the entire plant (right: FEMS control screen)

● Next-generation technologies from Yorii to the world

As the above examples illustrate, the Yorii Automobile Plant was equipped with some of the most advanced and environmentally responsible production technologies in the world. Introducing these innovations has allowed Honda to achieve a 30% reduction¹ in energy use per automobile produced compared to a conventional Honda automobile plant.

To realize our vision of producing low-impact products at low-impact factories, we will transfer an increasing number of the next-generation production and environmental technologies developed at the Yorii Automobile Plant to our production operations worldwide.



Roughly 34% of the Yorii Automobile Plant site is devoted to life-harboring land and wetland, including around 16,000 m² of biotope. See Honda Environmental Report 2013 to learn more about the Yorii Automobile Plant's community and environmental conservation initiatives.

1. Relative to Saitama Factory's Sayama Automobile Plant in Japan.

2. Honda internal data

3. Honda estimate (ordinary household electricity use: 5,650 kWh annually, CO₂ emission factor: 0.464 t-CO₂/MWh, Tokyo Electric Power Co., Ltd. FY2011)



Direction

To realize "the joy and freedom of mobility and a sustainable society where people can enjoy life," Honda strives to reduce environmental impacts from its products and business activities.

G18 The Road to a Healthier Environment

G19 Honda Environment Statement / Honda Environmental and Safety Vision

G20 Pursuing the Honda Environmental and Safety Vision

[G20](#) Assessment of environmental issues and current recognition of their importance
Assessment of risks and opportunities relating to environmental issues

[G22](#) Triple Zero: Toward a zero-impact society

[G23](#) Reducing environmental impact from products

[G24](#) HEPS-compliant models in FY2014

[G25](#) Reducing environmental impacts from business activities

G26 Biodiversity Initiatives

[G26](#) Honda Biodiversity Guidelines

G27 Progress in Meeting Environmental Targets

[G27](#) 2020 Product CO₂ Emissions Reduction Targets

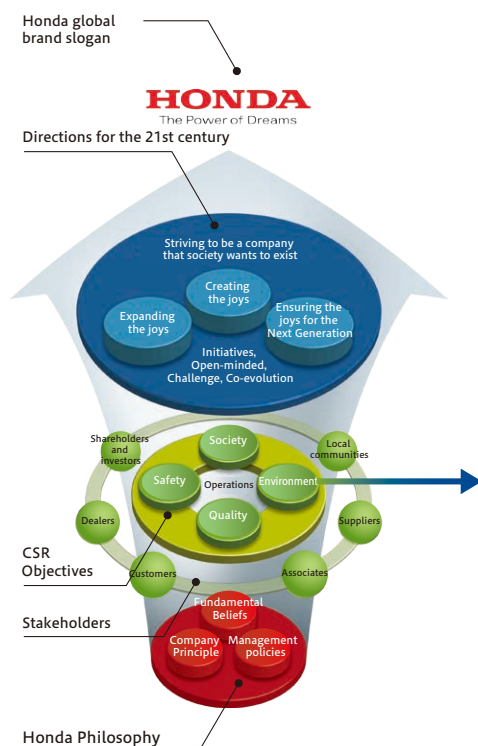
[G28](#) Mid-term plans for environmental initiatives (FY2012–FY2014)

[G30](#) Mid-term plans for environmental initiatives (FY2015–FY2017)

The Road to a Healthier Environment

In striving to be a company society wants to exist in the 21st century, we view environmental stewardship as a key social responsibility alongside safety and quality. By setting clear objectives and advancing concrete environmental initiatives in line with the Honda Environment Statement and Honda Environmental and Safety Vision, we will work to exceed the expectations of our customers and society.

Honda's approach to environmental initiatives



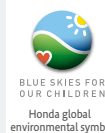
Honda's approach to CSR

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

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

1. Honda Environment Statement

2. Honda Environmental and Safety Vision
Realizing the joy and freedom of mobility and a sustainable society where people can enjoy life



3. Assessment of environmental issues

Greatest challenges
Climate change issue
Energy issue

Major challenge
Resource issue

Concern
Biodiversity

4. Honda's vision for future operations

Triple ZERO

Zero CO₂ emissions using renewable energy

CO₂ Emissions

Energy Risk

Zero energy risk

Waste

Zero waste

5. Product-based initiatives

HEPS
Honda Environmental Performance Standard

Hi Efficient Products

Innovative Products

Revolutionary Products

6. Operations-based initiatives



Honda Environment Statement

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

Today, this Honda Environment Statement is the foundation upon which we carry out all of our environmental efforts.

Honda Environment Statement

As a responsible member of society whose task lies in the preservation of the global environment, the company will make every effort to contribute to human health and the preservation of the global environment in each phase of its corporate activity. Only in this way will we be able to count on a successful future not only for our company, but for the entire world.

We should pursue our daily business interests under the following principles:

1. We will make efforts to recycle materials and conserve resources and energy at every stage of our products' life cycle from research, design, production and sales, to services and disposal.
2. We will make every effort to minimize and find appropriate methods to dispose of waste and contaminants that are produced through the use of our products, and in every stage of the life cycle of these products.
3. As both a member of the company and of society, each associate will focus on the importance of making efforts to preserve human health and the global environment, and will do his or her part to ensure that the company as a whole acts responsibly.
4. We will consider the influence that our corporate activities have on the local environment and society, and endeavor to improve the social standing of the company.

Established and announced in June 1992

Honda Environmental and Safety Vision

We announced that our direction in the years leading up to 2020 would be to provide "good products to customers with speed, afford ability, and low CO₂ emissions." We dreamed of a society where everyone can safely and confidently go anywhere and the Honda Environmental and Safety Vision was set. The vision expresses our passionate desire to contribute to the sustainable growth of society and harmony between people so that we can continue to deliver excitement through products and services that support personal mobility and a better life in general.

Honda Environmental and Safety Vision

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

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

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



We established "Blue Skies for Our Children" as a global environmental slogan expressing our commitment to do more to realize our environmental and safety vision. The graphic on the left symbolizes the global environmental slogan.

Pursuing the Honda Environmental and Safety Vision

In working toward the Honda Environmental and Safety Vision, we objectively assess current environmental problems, analyze the kinds of risks and opportunities they represent for our business, and respond in various ways. We are promoting environmental initiatives in both business activities and product development, with the aim of eventually becoming a company with zero environmental impact.

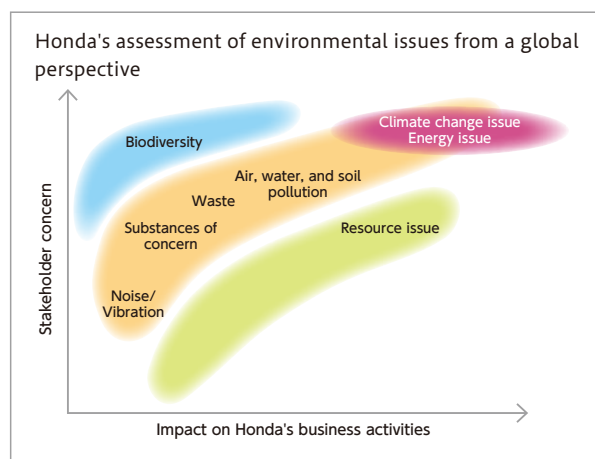
Assessment of environmental issues and current recognition of their importance

● Assessment from a global perspective

To ensure the long-term continuity of our global business, we at Honda consider it essential to contribute to the growth of society and harmony between people and nature through the realization of the Honda Environmental and Safety Vision. To realize this vision, we must correctly assess the environmental issues that exist in the world today, as well as their impact on our business, and then adequately respond to them.

Accordingly, we have evaluated various environmental issues from two perspectives—stakeholder concern and impact on Honda's business activities—and identified issues that pose the greatest risk to our stakeholders and business.

As a company supplying mobility products, we see climate change issue and energy issue as the greatest environmental challenges we face, followed by resource issue. We also recognize biodiversity as an issue warranting serious concern.



● Assessment process

Collection

To reach our current recognition of today's environmental issues, we first gathered information on environmental issues through interviews with stakeholders and by electronic means from within the company.

Analysis

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

Evaluation

We comprehensively evaluated the selected environmental issues based on causal proximity, economic impact, urgency, influence on Honda's competitive strength, priority in relation to realizing the Honda Environmental and Safety Vision, degree of social concern, and other factors.

Priority setting

Finally, we determined the priority of the environmental issues along the two axes of stakeholder (social) concern and impact on Honda's business activities. We classified environmental issues into three categories (issues closely related to stakeholder expectations, issues closely related to Honda's business issues, and those closely related to both) to define Honda's current recognition of environmental issues.

● Assessment from a regional perspective

We arrived at our current recognition of environmental issues, detailed above, by evaluating their importance in each of the six regions where we operate (North America, South America, Europe, Asia & Oceania, China, and Japan) and viewing them holistically from a global perspective. Regional assessments of these issues are described in the annual environmental reports issued by each region.

Assessment of risks and opportunities relating to environmental issues

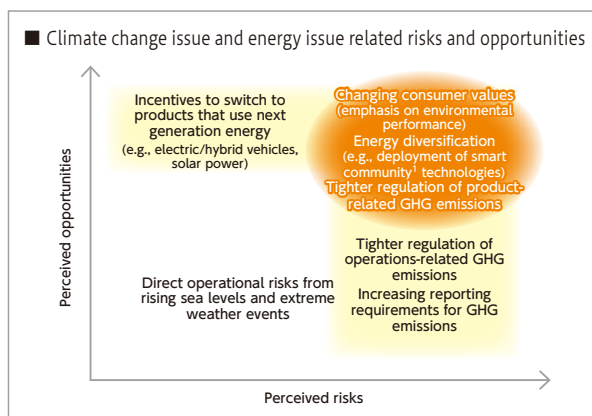
● Climate change issue and energy issue related risks and opportunities

While environmental issues pose risks that could seriously impact our business activities, they also present opportunities to create and expand new business—as long as we anticipate and appropriately respond to them.

We see climate change issue and energy issue as our greatest

challenges. To engage in business activities while sufficiently assessing the risks and opportunities these issues present, we have set degrees of priority for our response. As a result, we identified changing consumer values, diversification of energy, and tighter regulation of product-related greenhouse gas (GHG) emissions as three areas where our response is particularly important.

Pursuing the Honda Environmental and Safety Vision



Changing consumer values

As climate change issue and energy issue escalate globally, consumers are becoming increasingly conscious of fuel efficiency, CO₂ emissions, and other environmental performance indices as factors influencing their purchasing decisions.

We perceive such changes in consumer values and market needs as a risk and have created the Honda Environmental Performance Standards (HEPS) to respond and take advantage of opportunities for business expansion (see page G23). We are driving the development of fuel efficiency technologies, electromotive technologies, and other environmental technologies and expanding their application in our products, with the ultimate goal of realizing zero product CO₂ emissions.

Energy diversification

Global warming, resource depletion, and other issues will likely compel society to shift from its heavy dependence on fossil fuels toward a more diverse energy mix.

To seize new business opportunities and avert risks posed by a delayed response to energy diversification, we are advancing development of products that utilize alternative energy sources, such as EVs, FCEVs,² and the Honda Smart Home System (SHS).

We are also promoting energy diversification by actively introducing large-scale solar and wind power generation at our facilities, as we work toward ultimately reducing our energy risk to zero.

Tighter regulation of product-related GHG emissions

As regulations of product-related GHG emissions grow more stringent worldwide, Honda as a global corporation must provide products that meet local regulatory rules while also effectively meeting market needs.

We are seizing new business opportunities and responding to the risk posed by these tightening regulations by actively expanding our lineup of products powered by Earth Dreams Technology,³ among other initiatives.

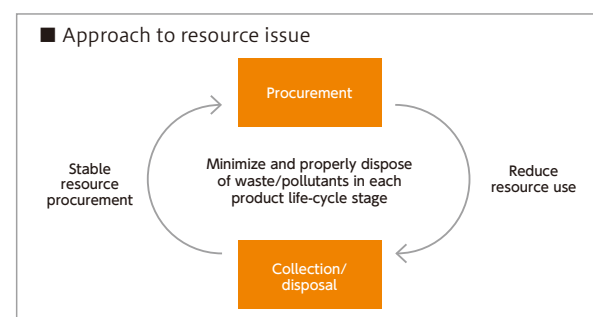
● Resource scarcity-related risks and opportunities

Honda sees resource issue as the greatest environmental risk after climate change issue and energy issue.

The depletion and resulting difficulty of obtaining rare metals and other resources used in our products poses a huge risk to our business continuity.

In response, we are promoting stable procurement and effective utilization of resources by reducing our use of rare metals, developing alternative technologies, and developing material recycling technologies to extract rare earth metals from used products and reuse them as raw material. Through this effort, we are aiming for stable business operations and to create opportunities for business expansion.

We are also aware of the various risks associated with collection, disposal, and recycling processes, and are building systems suited to each country.



● Biodiversity

We recognize the impacts our products and business activities can have on biodiversity, and believe that minimizing these impacts is the greatest contribution to biodiversity we can make. This awareness challenges us to develop more environmentally responsible technologies and make continuous improvements to the environmental performance of our operations (see page G26).

● Environmental management system

We have constructed a comprehensive global management system that allows us to continually collect information and update our understanding of these environmental issues and the risks and opportunities they present; to organize and analyze in a timely manner the impacts of these issues, particularly climate change and energy; and to develop and execute specific measures for addressing them (see page G45).

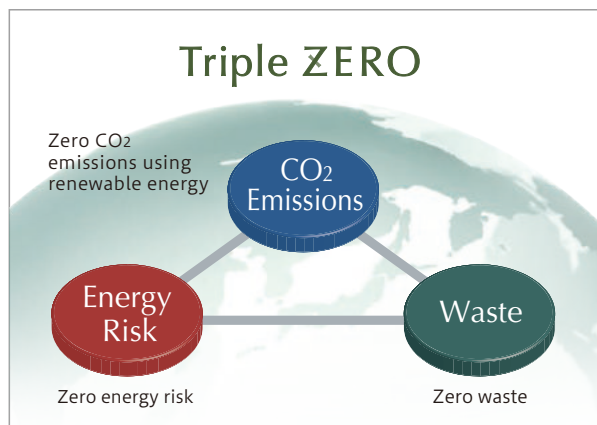
Our risk management process, which we conduct every six months and as needed, is as follows: The Honda World Environment and Safety Committee identifies risks and opportunities from a global perspective and analyzes them from three different perspectives: by product categories (motorcycles, automobiles, and power products), with a focus on our business and product development operations; by region, which is based on our unique regional management structure; and by function, such as production and sales. Our regional environmental committees, business operations, and functional operations then use the findings of this analysis to formulate various management policies and strategies, such as our mid-term plans for environmental initiatives.

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

2. EV: electric vehicle, FCEV: fuel cell electric vehicle

3. A next-generation powertrain series that greatly enhances both driving performance and fuel economy, building on advancements in environmental performance for internal combustion engines, transmission efficiency, and electromotive technologies to pursue a joy of driving unique to Honda.

Triple Zero: Toward a zero-impact society



● Giving shape to the Honda Environmental and Safety Vision

To realize the Honda Environmental and Safety Vision and ultimately play a key role in the creation of a zero-impact society, we will leverage our proprietary technologies and business activities to combat climate change issue, energy issue and resource issue. We formulated the Triple Zero concept as an expression of these goals in more substantial terms.

● Zero CO₂ emissions using renewable energy

We are addressing climate change issue by shifting to renewable energy with the aim of achieving zero CO₂ emissions from our products and business activities. We are steadily lowering CO₂ emissions by improving existing technologies while expanding our use of renewable energy and developing new zero-emission technologies for the future. As an interim objective, we are currently working to achieve our 2020 Product CO₂ Emissions Reduction Targets (see page G27) to lower average emissions per unit of motorcycles, automobiles, and power products worldwide by 30% from the 2000 base-year level. We will then aim to halve total company emissions by 2050.

Initiatives currently under way in each product area include expanding our lineup of HEPS-compliant Hi Efficient Products,¹ developing and promoting market penetration of electric vehicles (EVs) and fuel cell electric vehicles (FCEVs), and building the infrastructure for EVs to be powered by solar, wind, and other renewable energy sources.

We are also reducing the carbon intensity of our manufacturing operations. The recently completed state-of-the-art Yorii Automobile Plant at the Saitama Factory uses 30% less energy per unit than conventional plants.

● Zero energy risk

We are addressing energy issue by diversifying energy sources used in our products and business activities with the aim of completely eliminating energy risk from fossil fuels. We have set an interim target to establish technologies

that diversify home energy sources and reduce CO₂ emissions from personal mobility and home living to half of 2000 levels. We are developing the Honda Smart Home System (SHS) to help us realize this goal (see page G32).

Other product-related initiatives include expanding our line-up of Innovative Products and Revolutionary Products,¹ products designed with the dual aims of achieving zero CO₂ emissions and reducing energy risk.

We are also introducing renewable energy to diversify the energy resources used by our operations, including the scheduled start of operations in 2014 of a wind farm² expected to generate 85,000 MWh of electricity per year and cover all of the power needs of the automobile plant of Honda Automóveis do Brasil Ltda. in South America.

In Japan, we plan to take steps to reduce the environmental impact of our business activities by entering the electricity retail business to diversify our energy procurement sources. This will reduce our energy risk and enable us to select power sources with smaller carbon footprints.

● Zero waste

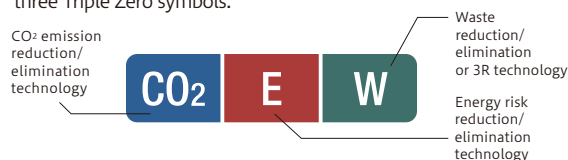
We are addressing resource issue by striving to close the loop on all materials and recycle them completely, eliminating waste altogether. Initiatives directed toward this goal include developing alternatives to precious resources; developing and refining technologies to enable increased reduction, reuse, and recycling (3Rs); and reducing water use.

Moreover, by realizing continuous reductions in the use of substances of concern, we will aim to eliminate all environmental pollutants from our products and business activities.

Specific initiatives currently underway are aimed at developing recycling technologies and systems to promote recycling. We are building a system, for example, to extract and reuse rare earth metals from nickel-metal hydride batteries used in hybrid vehicles.

Triple Zero symbols

In this year's report, technologies, products, and initiatives that contribute to the realization of Triple Zero are marked with one of three Triple Zero symbols.



1. Products that are compliant with the Honda Environmental Performance Standards (HEPS). Hi Efficient Products are HEPS-compliant products that emit less CO₂ through improved internal combustion engine efficiency. Innovative Products emit less CO₂ because they use an environmentally innovative technology or alternative energy source. Revolutionary Products reduce or eliminate CO₂ emissions by harnessing renewable energy sources or facilitating total energy management (see page G23).

2. Nine 3-MW wind turbines (27 MW in total)

Reducing environmental impact from products

● Reducing CO₂ emissions in three stages

To achieve zero CO₂ emissions, one of the three objectives of Triple Zero, our aim is to eliminate the life-cycle emissions (emissions from all stages in the life of a product, from its manufacture using raw materials, to customer use, to disposal) of all Honda products, including through strategies such as renewable energy carbon offsets. However, given that many mobility products today still run on fossil fuel burned in an internal combustion engine, zero CO₂ emissions is not something we can achieve immediately.

That is why we have developed three scenarios to guide us through steady reductions, ending with the complete elimination of CO₂ emissions. These scenarios, which are to be pursued in parallel, are: 1) Reducing emissions through efficiency improvements of internal combustion engines, 2) Reducing emissions by environmentally innovative technologies and introducing energy-diversification, and 3) Eliminating emissions through the use of renewable energy and total energy management (see figure below).

● Honda Environmental Performance Standards

To move our products along these scenarios, in 2011 we established the Honda Environmental Performance Standards (HEPS), an independent product classification and certification system designed to shed light on how Honda products are contributing to achievement of the three scenarios outlined above. Under HEPS, products are grouped into three categories, each with its own requirements for certification.

By making all new Honda products compliant with one of the three standards, we will make steady progress toward realizing zero CO₂ emissions.

HEPS Hi Efficient Products

Products that emit less CO₂ emissions because of improved internal combustion engine efficiency. This category includes products that incorporate technologies for improving fuel combustion and transmission efficiency and reducing friction between engine parts.

Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared to preceding models.

HEPS Innovative Products

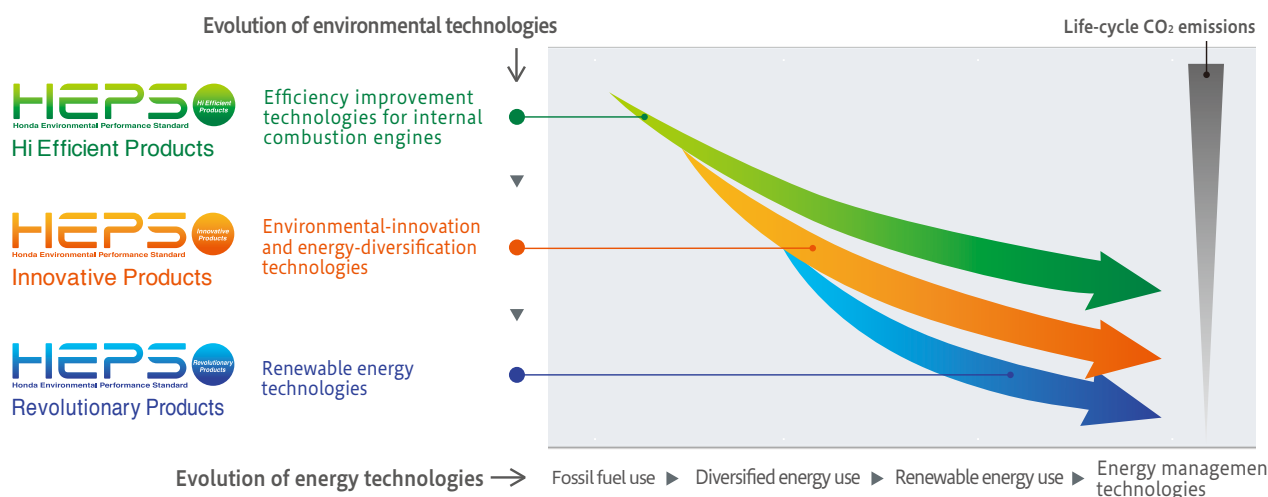
Products that emit less CO₂ because they use an environmentally innovative technology or an alternative energy source. This category includes motorcycles that incorporate Honda's patented Idling Stop System, automobiles that incorporate hybrid technologies or direct-injection engine technologies, and power products with electronic fuel injection (FI). Alternative-energy technologies include motorcycles and automobiles that can run on ethanol, and power products that can run on gaseous fuels.

Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared to preceding models.

HEPS Revolutionary Products

Products that reduce or eliminate CO₂ emissions by harnessing renewable energies or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies for generating or using renewable energy.

Product-based scenarios addressing climate change issue and energy issue



Pursuing the Honda Environmental and Safety Vision

HEPS-compliant models in FY2014















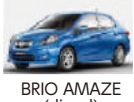













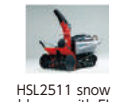



●34 HEPS-compliant models released in FY2014

We reviewed products to understand how many met the HEPS requirements. In fiscal 2014, 17 motorcycle models, 15 automobile models, and 2 power products—a total of 34 models—were HEPS-certified.

Cumulatively, this brings the number of HEPS-compliant

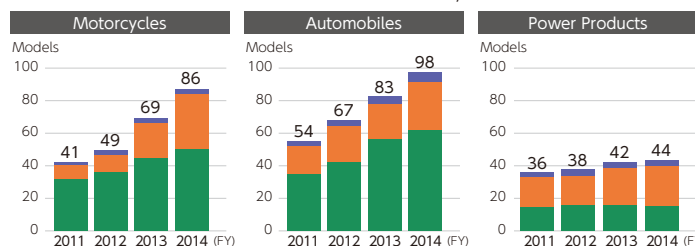
products to 86 motorcycle models, 98 automobile models, and 44 power product models, or 228 models in total. By region, 76 models in Japan, 57 models in North America, 65 models in Europe, 32 models in South America, 73 models in Asia & Oceania, and 27 models in China are now HEPS-certified.

Examples of HEPS-compliant models in FY2014

	 Hi Efficient Products	 Innovative Products	 Revolutionary Products
Definition	Products with a more efficient internal combustion engine that emits less CO ₂	Innovative environmental technologies or unconventional energy sources that emit less CO ₂	Products designed to reduce or eliminate CO ₂ emissions by harnessing renewable energies or facilitating total energy management
Performance parameter	CO ₂ emissions from product use		
Compliant products (examples)	Motorcycles		
	 Super Cub C50  Dunk  CBR125R  Zoomer-X	 NC750S  Sh mode  CBR400R  Air Blade	 EV-neo  Kushi
	Automobiles		
	 VEZEL  BRIO AMAZE (diesel)  City  Civic Tourer	 Fit Hybrid  Accord Hybrid  RLX Sport Hybrid SH-AWD  CR-V Flex	 Fit EV  FCX Clarity
Compliant products (examples)	Power Products		
	 GX390 engine  GX690 engine	 EU9iGP LPG generator  EU7000iS generator with FI  Salad CG FFV300 gas-powered tiller  HSL2511 snow blower with FI	 Graspa HRE330 electric lawnmower  Monpal ML200 scooter  Miimo300 robotic lawnmower

Global number of HEPS-compliant models

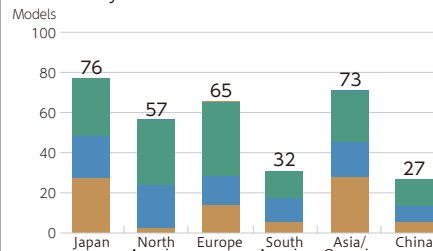
■ Hi Efficient Products ■ Innovative Products ■ Revolutionary Products



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

Number of HEPS-compliant models by region (FY2014)

■ Motorcycle ■ Automobiles ■ Power Products



Pursuing the Honda Environmental and Safety Vision

Reducing environmental impacts from business activities

● Reducing impacts across product life cycles

In order to realize our Triple Zero concept—to reduce to zero all environmental impacts stemming from our products—we need to minimize environmental impacts throughout the life cycles of our products. This means not only reducing impacts that occur during use, through improved fuel efficiency and the use of electromotive technologies, but also lowering impacts that arise

from raw material procurement, product transportation, disposal of end-of-life products, and so forth. Based on this concept, we are striving to reduce environmental impacts in every domain of our operations.

In Japan, for instance, we categorize business activities into eight domains and consider all factors in each domain that impact the environment. Each domain sets its own policies and targets to reduce impacts, and implements measures to achieve them.

■ Eight domains of business activities in Japan



■ Reduce environmental impacts from business activities in Japan

Business activities	Factors believed to impact the environment	Major initiatives
Product development	Greenhouse gases Exhaust emissions Raw materials Noise/Vibration Substances of concern	<ul style="list-style-type: none"> ● Promote "green laboratories" ·Energy and resource conservation ·Zero waste and emissions¹ initiatives
Purchasing	Greenhouse gases Raw materials Waste Water use/Wastewater Exhaust emissions Noise/Vibration Substances of concern	<ul style="list-style-type: none"> ● Promote "green purchasing" ·Environmental management ·Energy and resource conservation at suppliers ·Zero waste and emissions¹ activities at suppliers
Production	Greenhouse gases Raw materials Waste Water use/Wastewater Exhaust emissions Noise/Vibration Substances of concern	<ul style="list-style-type: none"> ● Promote "green factories" ·Environmental management ·Energy and resource conservation ·Zero waste and emissions¹ initiative
Transportation	Greenhouse gases Waste	<ul style="list-style-type: none"> ● Promote "green logistics" ·Environmental management ·Increase transportation efficiency ·Use less packaging
Sales and Service	Greenhouse gases Removed parts CFCs Waste	<ul style="list-style-type: none"> ● Promote "green dealers" ·Environmental management ·Increase energy efficiency ·Take action to promote environmental conservation
Product recycling (3Rs)	Greenhouse gases End-of-life products	<ul style="list-style-type: none"> ● Increase parts collection, reuse, and recycling ● Properly process end-of-life products ● Provide technical support for recycling
Administration	Greenhouse gases Waste	<ul style="list-style-type: none"> ● Promote "green offices" ·Environmental management ·Energy conservation ·Use resources effectively
IT	Greenhouse gases	<ul style="list-style-type: none"> ● Promote "green ICT" ·Environmental management ·Energy conservation

■ Global initiatives

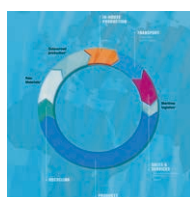
We strive to reduce the environmental impacts of our business activities worldwide. As in Japan, we categorize overseas business activities into several domains and set each region's policies and targets for reducing product life-cycle impacts based on market characteristics and other local conditions. Each region's initiatives are reported in its own regional annual environmental report. The domains of each region's business activities in fiscal 2014 are shown below.



North America



South America



Europe



Asia & Oceania



China

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

Biodiversity Initiatives

Climate change issue and energy issue are not our only concerns. We also pay close attention to biodiversity as an issue relating to environmental conservation, because our business activities can have an impact on vital natural resources. Tree-planting and water-recycling initiatives at our plants in the 1960s, and our Community Forest program launched in 1976, demonstrate the deep roots of our commitment to environmental conservation and living in harmony with local communities.

In 2011, we created the Honda Biodiversity Guidelines as part of the contributions we strive to make to global environmental conservation, a goal set forth in our Honda Environment Statement.

Honda Biodiversity Guidelines

Basic Statement

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

Priority Activities

1. Development of Environmental Technology

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

2. Initiatives Based on Corporate Activities

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

3. Cooperation with Communities

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

4. Disclosure and Sharing of Information

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

Established in May 2011

● Our greatest contribution: reducing environmental impacts from products and operations

Resource exploitation, runaway development, pollution, Climate change—these and many other impacts of human activities threaten biodiversity. As a manufacturer of personal mobility products, we see our business activities as being most closely associated with the growing environmental impacts resulting from emissions of greenhouse gases (GHGs) and various other pollutants.

We believe that minimizing the environmental impacts that result from our business activities and products represents the greatest contribution we can make to protecting Earth's myriad life forms. We created the Honda Biodiversity Guidelines to set priorities in this effort, focusing our energies on developing environmental technologies and reducing impacts in our business activities, alongside initiatives to operate in harmony with local communities.

1. Develop technologies to reduce impacts on the environment

We will develop technologies to reduce the environmental impacts of personal mobility, since this represents the greatest contribution we can make. Technologies include fuel-efficient

and next-generation vehicles, and technologies that harness alternative energy.

2. Make business activities species-friendly

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

3. Work to protect nearby ecosystems

We have already gained a wealth of knowledge about how to maintain and restore ecosystems through our Community Forest and Hello Woods initiatives.

We will use this knowledge and experience to implement programs, such as HondaWoods¹ activities launched in 2014, that help protect local species and make our business activities friendlier to them, for our benefit and the benefit of local communities.

4. Communicate openly with the public

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

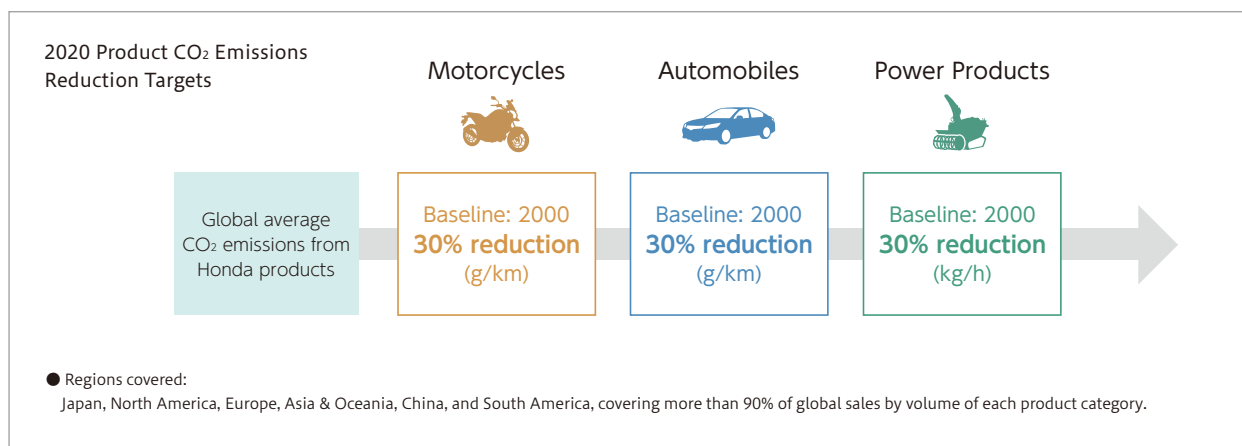
1. See page J62 of Japan Report to learn more about HondaWoods.

Progress in Meeting Environmental Targets

2020 Product CO₂ Emissions Reduction Targets

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

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



● Progress update

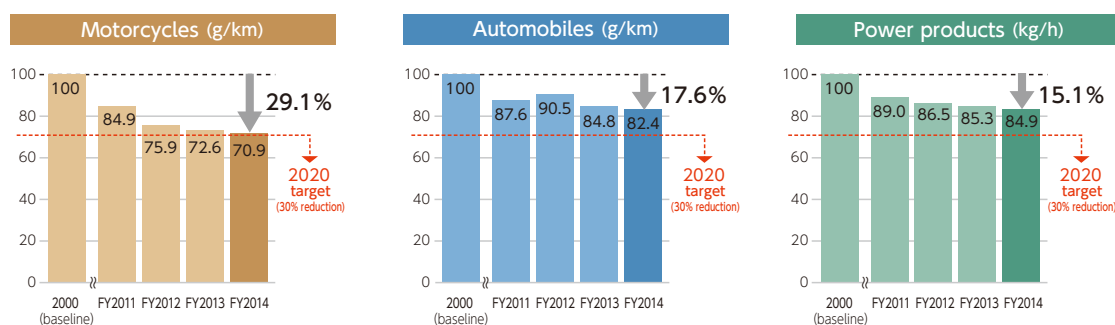
In fiscal 2014, we continued our momentum from fiscal 2013 and cut per-unit CO₂ emissions from motorcycles even further as a result of increased sales of fuel-efficient commuter models in the Asian market, including the Vario (Indonesia), Air Blade (Vietnam), and Activa (India).

Likewise, we achieved a further reduction in per-unit CO₂ emissions from automobiles. This was due in part to increased sales of models that saw fuel efficiency improvements as part of a complete redesign, such as the Fit Hybrid and Odyssey in

Japan, and the Accord, which underwent redesign the previous year, in the U.S. market.

And lastly, we achieved a modest reduction in per-unit CO₂ emissions from power products compared to fiscal 2013 levels despite a decline in sales of household cogeneration systems, which have low per-unit emissions, and robotic lawnmowers, which emit zero exhaust gas. Increased sales of 1-kW generators with relatively low per-unit emissions, and the release of new highly efficient water pumps contributed to this reduction.

Progress in meeting the 2020 Product CO₂ Emissions Reduction Targets



Progress in Meeting Environmental Targets

Mid-term plans for environmental initiatives (FY2012–FY2014)

● Three-year plans updated for FY2015

Honda renews its business and sales-related plans every three years, a period designated as a mid-term. We follow this process for environmental initiatives as well, setting new plans and actions to reduce impacts from our products and business activities at the start of every mid-term.

● Close of the current mid-term

Fiscal 2014 was the final year of the mid-term that began in fiscal 2012, bringing the three-year plan we created for environmental initiatives during that period to a close. Overall, we accomplished everything in the plan.

We will continue in the next mid-term to make steady progress in reducing the environmental impacts of our products and business activities.

Product-related environmental initiatives and results (FY2012–FY2014)

Milestones on the road to 2020		Mid-term plans for product-related environmental initiatives (FY2012 – FY2014)	
Climate change and energy	Achieve global targets for reducing average product CO ₂ emissions, with the end goal of steadily reducing product life-cycle emissions over the long term	1	Achieve best-in-industry fuel efficiency and accelerate technology penetration: Motorcycles: Expand use of electronic fuel-injection (PGM-FI) and low-friction engines, especially in commuter vehicles Automobiles: Phase in upgrades to engine and transmission lineups, starting in 2012 Power Products: Expand application of new electronic self-tuning regulator (STR) governor technology, developed for the iGX engine
		2	Establish and deploy next-generation electromotive technologies: Motorcycles: Launch electric motorcycles that meet local needs in developed countries (Japan: loaned) and emerging countries (China) Automobiles: Launch multiple models (especially compact vehicles) equipped with IMA hybrid technology in Japan; currently developing mid-size and larger plug-in hybrid and battery electric vehicles, with plans to launch products in Japan and the U.S. and commence production in China in 2012 Power Products: Improve electric lawnmowers and expand lineup through additional model, especially in Europe
	Market new products to reduce CO ₂ emissions from mobility and other products	3	Launch new thin-film solar cell modules with world's highest module conversion efficiency and deploy technology globally · Conduct demonstration testing of next-generation personal mobility systems in cities in Japan, the U.S. and China · Through joint-implementation of the E-KIZUNA Project with Saitama City, Japan, conduct demonstration testing of the Honda Smart Home System (HSHS) with an aim to cut household CO ₂ emissions by 50% from 2000 levels by 2015
Material and water resources	Ramp up 3R efforts	4	Products: Continue to promote structural design with an emphasis on weight reduction; higher throughput yields; easier recycling and maintenance; and sustainable design with an emphasis on easily recycled materials and use of recycled resins
Substances of concern	Reduce exhaust emissions	5	Steadily reduce exhaust emissions to comply with tighter emissions regulations in various countries
	More strictly manage substances of concern used in products	6	· Promote management of substances used in products and find alternatives to substances of very high concern · Operate global management systems for substances used in products to comply with applicable regulations in various countries

Results of FY2014 initiatives

Climate change and energy	1	Motorcycles · Launched the Grom motorcycle powered by an air-cooled four-stroke OHC 125-cc single-cylinder engine featuring electronic fuel-injection and low-friction technologies (offset cylinder, roller rocker arm) delivering exceptional fuel performance (May 2013) · Launched the Sh mode, a stylish fuel-efficient scooter that employs a water-cooled four-stroke OHC 125-cc single-cylinder engine with electronic fuel-injection and an Idle Stop System (August 2013) Automobiles · Launched an all-new Fit powered by a new Earth Dreams Technology powertrain that provides class-leading fuel efficiency (September 2013) · In Indonesia, launched the Brio Satya equipped with a 1.2-liter four-cylinder i-VTEC engine that delivers class-leading power output and outstanding fuel efficiency (September 2013) · Developed the new VTEC Turbo line of turbocharged direct-injection engines, providing class-leading power performance and exceptional fuel economy in the same machine (November 2013) Power Products · Unveiled in the U.S. the EU7000is, Honda's first inverter generator to incorporate fuel injection (FI) technology, which runs longer thanks to a 20% improvement in fuel efficiency (January 2014)
	2	Motorcycles · Continued leasing the EV-neo electric scooter · Continued sales of the Kushi, an electric bicycle for the Chinese market Automobiles · Launched the Accord Hybrid with a Sport Hybrid i-MMD hybrid system (June 2013) · Also began leasing in Japan a limited number of units of the Accord Plug-in Hybrid to individual customers in December 2013, following the start of leasing in the U.S. · Launched an all-new Fit Hybrid equipped with a Sport Hybrid i-DCD hybrid system (1.5-liter Atkinson cycle engine, high-output built-in motor, seven-speed DCT, and lithium-ion battery) offering the highest fuel efficiency in Japan (September 2013) Power Products · Continued sales of Miimo, a robotic lawn mower equipped with a lithium-ion battery, in the European market (April 2013)
	3	· Delivered FCX Clarity fuel cell electric vehicle with external power supply capability to Kitakyushu City, Japan and initiated demonstration testing in V2H application (April 2013) · Began test-driving the MC-β micro EV using renewable energy-powered chargers (January 2014) · Opened the Honda Smart Home US in the U.S., offering Honda's vision for zero-carbon living and mobility (March 2014)
Material and water resources	4	· Established a parts-to-parts recycling scheme to reuse components other than rare earths from disassembled nickel metal hydride batteries as components for new products (April 2013) · Reused rare earths extracted from used nickel-metal hydride batteries from hybrid vehicles in the manufacture of new hybrid vehicle motors (June 2013)
Substances of concern	5	· Made steady progress in reducing exhaust emissions to comply with tighter emissions regulations in various countries
	6	· Continued to promote management of substances used in products and employ alternatives to substances of very high concern · Continued to operate global management systems for substances used in products to comply with applicable regulations in various countries and reduce risk

Progress in Meeting Environmental Targets

Operations-related environmental initiatives and results (FY2012–FY2014)

Milestones on the road to 2020		Mid-term plans for operations-related environmental initiatives (FY2012 – FY2014)	
Climate change and energy	Strengthen initiatives that span entire product life cycles	1	Global operations: Reduce CO ₂ emissions per unit of production by 5% by FY2014 (baseline: FY2009) ¹
		2	Purchasing domain: ·Promote measurement and reduction of suppliers' GHG emissions under the revised Green Purchasing Guidelines
		3	Production domain: ·Install cutting-edge environmental technologies at the Yorii Automobile Plant in Japan (production scheduled to begin in 2013) and make preparations to deploy the technologies globally ·Set benchmarks for energy use and set higher efficiency standards
		4	Transportation domain: ·Increase transportation efficiency in each region by implementing modal shifts, deploying more fuel-efficient trucks, etc.
		5	Sales and services, administration, product development domains: ·Promote energy conservation by encouraging eco-etiquette and more efficient use of facilities
Material and water resources	Ramp up 3R efforts	6	Production domain: ·Strengthen resource-use-reduction initiatives by increasing throughput yields to reduce by-products ·Collaborate with suppliers to increase use of metal scraps ·Maintain zero landfill waste performance (Japan and Europe)
	Minimize water use	7	End-of-life product recycling: ·Make steady efforts to comply with end-of-life vehicle recycling laws in various countries
Substances of concern	Reduce VOC ² emissions from production processes	8	Production domain: Reduce use according to conditions in each region, for example by conserving water and using recycled water in production processes
Biodiversity	Local conservation initiatives in accordance with the Honda Biodiversity Guidelines	9	Production domain: Develop VOC emissions-reduction technologies for coating processes and expand application to overseas facilities and motorcycle coating processes
		10	Corporate initiatives: ·Educate suppliers on the destructive impacts of hazardous substances and water use on ecosystems Collaboration with local communities: ·Conduct biodiversity surveys at business sites in Japan ·Develop policies, guidelines, and practical know-how at each business site ·Assess possibilities of introducing biodiversity initiatives at overseas business sites
Environmental management	Strengthen global/regional promotional frameworks and increase disclosure of environmental data	11	Strengthen independent, voluntary promotional frameworks in each region, and strengthen global collaboration
		12	Expand Honda Environmental Annual Report into a global report, and increase disclosure of environmental data in each region

Results of FY2014 initiatives

Climate change and energy	1	Global operations	Reduced average per-unit CO ₂ emissions by 6% in FY2014 (baseline: FY2009)
	2	Purchasing domain	Expand and promote measurement of GHG gas emissions from suppliers in a broader range of activities covering product life cycles Asia & Oceania: Deployed the Energy Conservation Caravan to visit suppliers and monitor energy consumption
	3	Production domain	·Introduced advanced environmental technologies at the Yorii Automobile Plant in Japan, which began operations in 2013 ·Installed a megawatt-scale photovoltaic system at the Yorii Automobile Plant in Japan ·Measured and monitored energy use for each process to revise production systems for higher efficiency ·Set benchmarks for energy use and set higher efficiency standards North America: Installed two 1.7-MW wind turbines at a transmission plant in Ohio China: Installed a 10-MW solar photovoltaic system at a new plant at Guangqi Honda Automobile Co., Ltd. Asia & Oceania: Made progress in switching from diesel generators to natural gas cogeneration systems
	4	Transportation domain	·Promoted transportation modal shifts in each region ·Improved logistics efficiency by moving certain supplier operations on-site at the Yorii Automobile Plant South America: Switched to coastal shipping routes to minimize truck transportation of motorcycles Asia & Oceania: Shifted from truck and other modes of transportation to rail for shipping of parts between Thailand and Malaysia
	5	Sales and service, administration, product development domains	·Promoted energy conservation by raising awareness, encouraging eco-etiquette, using facilities more efficiently ·Install high-efficiency devices (LED lighting, compressors, HVAC systems, IPM motors ³) North America: Installed solar photovoltaic systems at dealerships
Material and water resources	6	Production domain	·Implemented measures to improve throughput yields in the design stage ·Increase use of stamping press scrap metal
	7	End-of-life product recycling	·Continued efforts to comply with the automobile recycling regulations of each country Europe: Established a system for recycling batteries from hybrid vehicles
Substances of concern	8	Production domain	·Promoted use of recycled water and water-conservation activities in each region Asia & Oceania: Installed a 20,000-ton rainwater storage facility for industrial use at a new plant in India
	9	Production domain	·At the Yorii Automobile Plant in Japan, adopted water-based Honda Smart Ecological Paint, enabling the elimination of a middle coat and switch from 4-coat/3-bake coating process to 3-coat/2-bake process ·Started using low-VOC coatings in coating processes ·Used low-VOC coatings for prototype models in product development
Biodiversity	10	·Conducted biodiversity surveys at business sites in Japan	
Environmental management	11	Convened Regional Environmental Committees and trained and held meetings of environmental officers in all regions	
	12	Issued a fiscal 2014 regional environmental report in each region (North America, South America, Europe, Asia & Oceania, China, and Japan)	

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

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

3. Internal permanent magnet (IPM) motor: a synchronous alternating-current motor that has permanent magnets embedded in its rotor, known for its energy-saving capability due to its high efficiency and high torque.

Progress in Meeting Environmental Targets

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

● Plans for the new mid-term

At the start of the new mid-term which begins in fiscal 2015, we drew up a new set of plans to guide the reduction of environmental impacts from our products and business activities over the next three years.

Product-related initiatives during this period will be aimed at minimizing all forms of impacts arising from products, and will

include enhancing energy efficiency, improving our systems to reduce, reuse and recycle waste, reducing exhaust emissions, and carrying out stricter management of substances of concern. Operations-related initiatives will include intensifying efforts to reduce product life-cycle CO₂ emissions, minimizing water use, and actively promoting environmental management across the supply chain.

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

Milestones on the road to 2020		Mid-term plans for product-related environmental initiatives (FY2015–FY2017)
Climate change and energy	Achieve global targets for reducing average product CO ₂ emissions, with the end goal of steadily reducing product life-cycle emissions over the long term	Achieve best-in-industry fuel efficiency and accelerate technology penetration:
		Motorcycles · Expand use of programmed fuel-injection system (PGM-FI) and low-friction engines, especially in commuter vehicles
		Automobiles · Continue deployment of Earth Dreams Technology started in the previous 3-year mid-term · Continue global release of 2.0-liter, 1.5-liter, and 1.0-liter turbocharged direct-injection engines providing class-leading power output and environmental performance
	Market new products to eliminate CO ₂ emissions from mobility and daily living	Power Products · Accelerate use of compact engines and advance energy diversification
		Establish and deploy next-generation electromotive technologies
		Motorcycles · Market electric motorcycles that meet local needs in developed (Japan: loaned) and emerging (China) countries
Resource efficiency	Ramp up 3R efforts	Automobiles · Expand lineup of models equipped with i-MMD, i-DCD hybrid systems · Introduce in Acura models the SPORT HYBRID SH-AWD, a three-motor hybrid system with seven-speed DCT with built in motor for the front wheels, and independent motors for the left and right rear wheels · Release a production FCEV model in Japan in 2015, and the U.S. and Europe thereafter, to advance the popularization of FCEVs
	Reduce exhaust emissions	Power Products · Improve robotic lawnmowers and expand lineup of electrically driven products
Substances of concern	More strictly manage substances of concern used in products	· Using demonstration test houses in Japan, verify the operation and practicality of technologies developed to realize zero-carbon mobility and living by 2020, in collaboration with entities in other business sectors · Work with local governments in Japan to carry out demonstration testing of the MC-β micro EV with the aim of developing next-generation vehicles that minimize environmental impacts while spreading the joy and freedom of mobility, and to offer community development solutions that are suitable for each location
		Products: Continue to promote structural design with an emphasis on weight reduction, higher throughput yields, easier recycling, and maintenance; and sustainable design with an emphasis on easily recycled materials and use of recycled resins Maintain an automobile shredder residue (ASR) recycling rate of more than 70%, and improve the motorcycle recycling rate to more than 95% by year-end 2015
Substances of concern	More strictly manage substances of concern used in products	Make steady progress in reducing exhaust emissions to comply with tighter emission regulations in various countries
		· Continue to promote management of substances used in products and employ alternatives to substances of very high concern · Continue to operate global management systems for substances used in products to comply with applicable regulations in various countries and reduce risk

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

Milestones on the road to 2020		Mid-term plans for operations-related environmental initiatives (FY2015–FY2017)
Climate change and energy	Strengthen initiatives that span entire product life cycles	Global operations: Reduce CO ₂ emissions per unit of production ¹ by 10% by FY2017 (baseline: FY2009)
		Purchasing domain: · Promote measurement and reduction of supply chain GHG emissions in each region based on the Green Purchasing Guidelines
		Production domain: · Disseminate advanced environmental technologies developed at the Yorii Automobile Plant in Japan, which began operations in 2013, to other production sites worldwide · Set benchmarks for energy use and set higher efficiency standards
		Production domain: Install renewable energy systems · South America: 27-MW wind power system · China: Megawatt-scale photovoltaic system · Japan: Megawatt-scale photovoltaic system at new test course in Sakura, Tochigi Prefecture
		Transportation domain: · Increase transportation efficiency in each region by implementing modal shifts, improving truck fuel efficiency, etc. · Spread packaging specifications without exterior containers worldwide
		Sales and service, administration, product development domains: · Promote energy conservation by encouraging eco-etiquette and using facilities more efficiently
Material and water resources	Ramp up 3R efforts	Production domain: · Intensify efforts to reduce resource use, e.g., by increasing throughput yields to reduce by-products · Collaborate with suppliers to increase use of metal scraps · Maintain zero landfill waste performance (Japan and Europe)
	Minimize water use	End-of-life product recycling: Make steady efforts to comply with end-of-life vehicle recycling laws in various countries
Substances of concern	Reduce VOC ² emissions from production processes	Production domain: · Develop VOC emissions-reduction technologies for coating processes and expand application to overseas production sites and motorcycle to coating processes · Spread Honda Smart Ecological Paint introduced at the Yorii Automobile Plant in Japan to other new production site worldwide
		Corporate initiatives: · Address hazardous substances and water use that lead to ecological degradation · Educate suppliers and other business partners
Biodiversity	Local conservation initiatives in accordance with the Honda Biodiversity Guidelines	Collaboration with local communities: · HondaWoods ³ activities
		Strengthen independent, voluntary promotional frameworks in each region, and strengthen global collaboration
Environmental management	Strengthen global/regional promotional frameworks and increase disclosure of environmental data	Advance sustainability reporting of environmental, social, and legal compliance

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

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

3. See page J62 of Japan Report to learn more about HondaWoods.

Products

Honda develops mobility technologies in pursuit of superior environmental performance and markets products catered to the specific needs of customers in each region around the world.

G32 Next-Generation Technology

[G32](#) Honda Smart Home System: High living comfort and low emissions at the same time

[G33](#) Testing Honda Smart Homes around the world

Fuel cell electric vehicles: The ultimate in next-generation personal mobility

G34 Motorcycle

[G34](#) Message from the Head of Motorcycle R&D

[G35](#) New Mid Concept series

eSP engine for next-generation compact scooters

[G36](#) ASEAN-made 125 cc-class models going global

Fuel-efficient Dream Neo 110-cc motorcycle released in India

PGM-FI models expanded in Indonesia

Dunk 50-cc scooter

G37 Automobiles

[G37](#) Message from the Head of Automobile R&D

[G38](#) Third-generation Fit

[G39](#) Latest hybrid models

Lightweight 1.6-liter diesel engine

New eco-cars in Asia

[G40](#) VTEC Turbo direct-injection engines

N-WGN and N-WGN Custom mini-vehicles

G41 Power Products

[G41](#) Message from the Head of Power Products R&D

[G42](#) EU7000is generator with inverter and FI

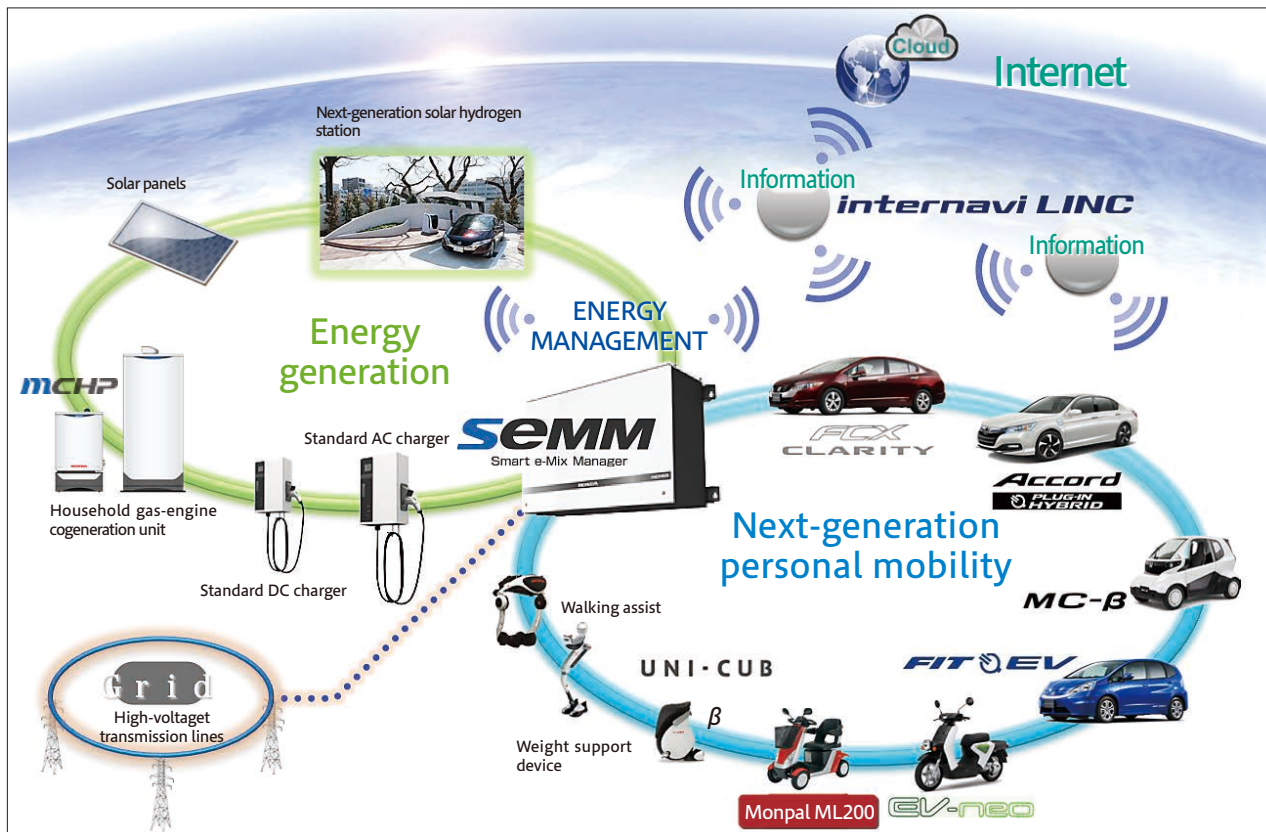
BF100 and BF80 four-stroke outboard engines

[G43](#) HSL2511: the snow blower with FI

Next-Generation Technology

Honda is developing next-generation technologies that will enable comprehensive management of personal mobility products and energy generation systems.

Honda Smart Home System: High living comfort and low emissions at the same time

CO₂ E W


Honda's double-loop model links energy and next-generation personal mobility technologies

● Integrating personal mobility with energy generation technologies

Comprehensive management and optimization of energy supply and demand is crucial to achieving our mission to realize "the joy and freedom of mobility and a sustainable society where people can enjoy life." This applies not only to the energy used by mobility products but also energy used by households and entire communities.

To make this happen, we're developing devices that will make up what we call the Honda Smart Home System (HSHS), a system focused on using ICT technologies to link next-generation personal mobility devices, mainly electric vehicles, with local electric grids and distributed energy generation equipment.

● Honda Smart Home System

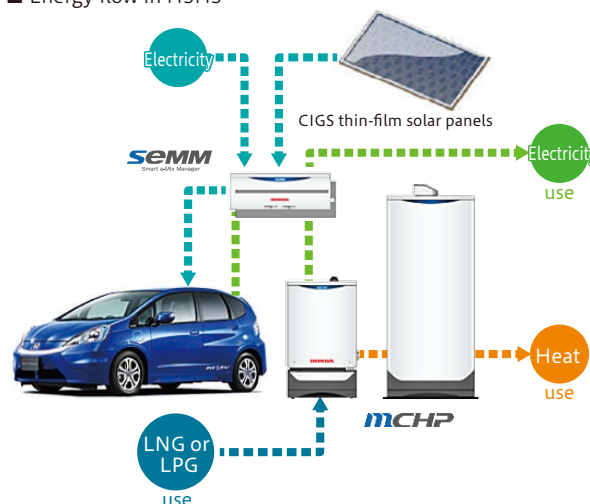
At the heart of Honda Electric Mobility Synergy is the Honda Smart Home System (HSHS).

This energy management system comprehensively controls household energy to achieve the highest efficiency and lowest CO₂ emissions. It also enables individual homes to be energy self-sufficient during emergencies such as during power outages and natural disasters.

Since April 2012, we've been pilot testing the HSHS in

Japan. The results of these tests will be used to develop, by 2015, technologies that help achieve a 50% reduction in CO₂ emissions (compared to 2000 levels) from household and vehicle energy use. Ultimately, we are aiming to completely eliminate household CO₂ emissions.

■ Energy flow in HSHS



* EVs and FCEVs stand in for home battery units.

Next-Generation Technology

Testing Honda Smart Homes around the world

CO₂ E W

● Test house built in Saitama City, Japan in three-company partnership

Sekisui House, Ltd., Toshiba Corporation, and Honda have built a new demonstration test house in the city of Saitama and begun verifying the use of advanced energy management technologies in new styles of living. The house features technologies that enable comprehensive control of IT, personal mobility, and other devices, as well as the supply and demand of energy used in the home, for mobility, and within the local community. Occupied by real tenants during testing, the test home is a duplex-style house that allows the sharing of energy resources, such as electricity and hot water, between households; for example, one household can use surplus electricity generated by the solar panels while other household members are out during the day. Through various technical innovations and initiatives—such as a contact-less charger for cordless EV charging, vehicle-to-home and vehicle-to-community electricity supply applications, and the designing of living spaces that facilitate use of personal mobility devices—Honda will work



Duplex test house built in Saitama City

with Sekisui House and Toshiba to refine, in a real-world environment, technologies that support lifestyles of the future.

● Honda Smart Home US built in California, U.S.

In California, we built and opened the Honda Smart Home US (HSH US), a demonstration test house featuring a home energy management system (HEMS¹) independently developed by American Honda Motor Co., Inc.

HSH US was fully furnished and equipped with household appliances, as well as a Fit EV battery electric vehicle for commuting, to enable testing by occupants.

The house generates more electricity from renewable sources than it consumes in a year, including the energy needed to charge the Fit EV for daily commuting. It is also extremely efficient: it uses less than half the energy for heating, cooling, and lighting than a similarly sized home in the area, and uses a third of the water consumed by the average American household.²



Test house built on the campus of the University of California, Davis

Fuel cell electric vehicles: The ultimate in next-generation personal mobility

CO₂ E W

Honda is actively engaged in research and development of the fuel cell electric vehicle (FCEV)—a vehicle that runs on hydrogen and offers the same comfort, cruising range, and driving performance as a gasoline vehicle but without creating any carbon emissions—as the ultimate eco-car.



FCEV Concept

● FCEV Concept

In 2013, Honda unveiled the FCEV Concept, a next-generation concept car designed to realize better performance at a lower cost than the FCX Clarity, aiming for release in 2015, when the first production FCEVs are expected to hit the Japanese market.

The FCEV Concept is equipped with a 70 MPa high-pressure



Honda's newly developed FC Stack delivers an output of more than 100 kW and power output density of 3 kW/liter while being 33% smaller than the previous technology.

hydrogen storage tank that provides a cruising range of more than 300 miles (around 480 km). The tank can be refilled in about 3 minutes, making refueling as quick and easy as today's gasoline vehicles.

External power supply capability, developed through demonstration testing of the FCX Clarity, is also optional on all Japanese-market models, providing backup power that can be supplied to the home in disasters and other emergencies.

We plan to release a production FCEV model based on this concept vehicle in Japan in 2015, and in the U.S. and Europe thereafter. We also will move forward with various initiatives to drive the popularization of FCEVs by 2020, including working with General Motors to develop a fuel cell system and hydrogen storage tank that are smaller, lighter, perform better, and are more affordable.

1. Home Energy Management System
2. Honda internal data

Motorcycles

Message from the Head of Motorcycle R&D

"Driving innovation that makes environmental technologies affordable is our highest priority."

Yoshishige Nomura Director and Managing Officer, Motorcycle R&D Center, Honda R&D Co., Ltd.

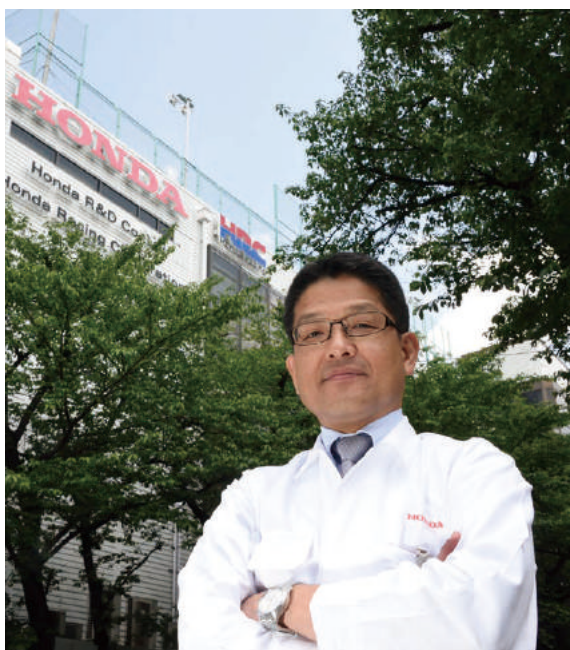


Photo: Motorcycle R&D Center, Honda R&D Co., Ltd.

Meeting new needs in emerging markets

Looking back on fiscal 2014, it's best we start with emerging markets, the main driver of Honda's thriving motorcycle business in recent years.

In the ASEAN countries of Southeast Asia, changes in consumer preferences have emerged in tandem with economic growth. Utility is starting to lose its standing as the most desired attribute in a bike, with scooters accounting for a larger share of the market and demand for fun-to-ride models also growing.

I think Honda has made the right moves to capture this new demand. We expanded our lineup of compact scooters powered by eSP, a next-generation global engine that delivers high environmental performance. We also unveiled in Thailand the CBR300R motorcycle, which has a larger engine displacement than the model it replaces.

In India, a country with enormous potential for Honda, unit sales had declined due to our dissolving a joint venture with a local manufacturer in 2011. Nonetheless, we grew sales in fiscal 2014 by rolling out the Dream Neo, which boasts class-leading fuel efficiency, and the Activa-i for the emerging female demographic. Going forward, we will aim to quickly take back

our position as the best-selling brand in India.

In developed markets, meanwhile, some interesting changes have been taking place in North America. The market for four-wheel utility vehicles, also known as side-by-sides, is expanding rapidly; Honda responded by launching the Pioneer 700. In mature markets, customer preferences have diversified, requiring more recreational and distinctive products. Honda has successfully met these changes in developed markets by leading the industry in developing products tailored to diverse consumer segments.

Environmental leadership is no longer an option

While other motorcycles makers around the world have languished, Honda has greatly increased its sales volume, reaching 1.7 million units in fiscal 2014.

For Honda to remain a market leader in major growth economies such as India, Indonesia, and Africa, achieving—and maintaining—the highest environmental performance is no longer an option. We're carrying out a number of R&D initiatives to realize further improvements in the environmental performance of our motorcycles—from the expansion of friction-reducing technologies, our Idle Stop System, and PGM-FI for engines, to the application of fuel-efficient technologies from Honda automobiles.

Most important, however, is our ability to deliver these cutting-edge technologies at affordable prices. There's no point in sharing environmental benefits with only a few. I believe it's Honda's responsibility as a market leader to get advanced environmental technologies in the hands of more and more people. I'll see to it that we take bold steps to commercialize these technologies so we can achieve this.



Motorcycles

Honda is driving the market penetration of models and engines with advanced environmental performance, especially in the rapidly growing Asian region.

New Mid Concept series offers both enhanced riding and fuel efficient performance ● Global CO₂ E W



NC750X



NC750S



Integra

● Evolution of the New Mid Concept series

In January 2014, we announced and began sales of the NC750X, NC750S, and Integra, large sport motorcycles equipped with water-cooled, four-stroke overhead cam, straight two-cylinder 750-cc engines boasting powerful torque characteristics, easy handling, and outstanding fuel efficiency.

These three models are the next step in the evolution of the NC700X, NC700S, and Integra, the first New Mid Concept models released in 2011. The original series adopted fuel efficiency technologies from Honda automobiles to realize a 40% improvement in fuel economy compared to other engines in the same class. This time around, we improved fuel efficiency and added more features while also upsizing engine capacity. With this enhanced product appeal, we will aim to further increase the popularity of mid-size bikes with advanced environmental performance.

● Better fuel performance in a larger engine

To obtain more powerful output characteristics from the new engine installed in the New Mid Concept series, we increased displacement by expanding the cylinder bore by 4.0 mm. This resulted in a 3-kW increase in maximum output and 7-N·m increase in maximum torque from the previous model. To support the increased cylinder volume, we switched from one balance shaft to two. We also adopted taller transmission gear ratios to boost fuel efficiency, up 1.0 km/liter from the previous model when tested at a constant speed of 60 km/h on a flat surface.

We view the New Mid Concept series as a way to raise the environmental performance of mid-size motorcycles worldwide, and will install this new engine in a growing number of models to realize further reductions in our global environmental impact.

Expansion and evolution of the eSP global engine for next-generation compact scooters ● Global CO₂ E W



Click with eSP (Thailand, etc.)



SH with eSP (Europe, etc.)



Global engine for next-generation compact scooters (cut-away model)

● eSP: Powering in nine models in more than 30 countries

The eSP, a global engine developed for a new generation of compact scooters, realizes 25% higher fuel efficiency than existing engines in the same class. Since releasing the engine in 2011, we've ramped up global sales of compact scooters fitted with the eSP for higher environmental performance, selling 2.08 million units in the two years since 2012.

We have also introduced a newly developed eSP engine for the 50-cc class to complement those in the 125-cc and 150-cc classes. This engine has been installed in nine models in more than 30 countries. Going forward, we will further refine this engine and expand its use to improve the environmental performance of compact scooters worldwide.

● Redesigned PCX fitted with improved eSP engine



PCX

In January 2014, we released a completely redesigned PCX and PCX150 in markets worldwide, including ASEAN countries, Europe, and North and South America. In addition to being powered by an improved eSP engine, these models also feature

various body-related improvements that provide a further boost to fuel efficiency, including all LED lamps, which provide a 60% improvement in electrical efficiency, and a fuel-efficient rear tire boasting 20% less rolling resistance.

Motorcycles

ASEAN-made 125 cc-class models going global

● Global

CO₂ E W

● A class of motorcycles with universal appeal

There's no reason the many 125 cc-class bikes we've marketed in ASEAN countries and other parts of Asia can't be the perfect commuters in other regional markets, given their exceptional fuel performance, space efficiency, and maneuverability.

In Japan, we've made use of these globally-made models to augment our lineup by introducing the LEAD125, Sh mode,

CBR125R, Grom, Cross Cub, Zoomer-X, and various other models.



LEAD125

Fuel-efficient Dream Neo 110-cc motorcycle released in India

● India

CO₂ E W

Dream Neo

● Most fuel-efficient Honda motorcycle in India

In April 2013, we released the Dream Neo, the most affordable and most fuel-efficient Honda motorcycle released in India to date. The Dream Neo is powered by a new air-cooled four-stroke 110-cc engine that delivers the highest output and torque among Honda motorcycles in the equivalent class. And with a fuel economy of 74 km/liter, it's also the most fuel-efficient Honda bike marketed in India.

PGM-FI¹ models expanded in Indonesia

● Indonesia

CO₂ E W

● PGM-FI models expanded in Indonesia

Since issuing the All-FI Declaration, a pledge to install our fuel-saving PGM-FI electronic fuel injection system in all motorcycles produced in Indonesia by the end of 2013, we have gradually expanded our lineup of models with PGM-FI. In fiscal 2014, with the release of such models as the Supra X 125 FI and Mega Pro FI, we reached our target of 100% adoption of PGM-FI in all models produced.



Supra X 125 FI



Mega Pro FI

Setting a new standard with the release of the new Dunk 50-cc scooter

● Japan

CO₂ E W

Dunk, the first 50 cc-class Honda scooter in 12 years



Newly developed eSP, a water-cooled, four-stroke overhead cam, single-cylinder 50-cc engine

● eSP engine debuts in 50 cc-class model

In February 2014, we released the Dunk, our first new 50 cc-class scooter in 12 years.

The Dunk is based on a "premium sneakers" concept that seeks to provide riders with the joy of an elegant ride that's also easy to use. The model offers a new standard in scooter riding that adds an extra level of fun to daily activities for a wide demographic, including young adults.

To give it the power and environmental performance befitting a new standard scooter, we equipped the Dunk with a newly developed eSP engine featuring extensive low-friction technologies—the first time in a 50 cc-class scooter. This resulting fuel economy of 56.4 km/liter (when tested using the Worldwide-harmonized Motorcycle Test Cycle²) is 10% higher than existing bikes in the equivalent class, while also boosting output by 18% and torque by 11%, also compared to bikes in the same class.

1. Programmed Fuel Injection

2. Fuel efficiency value measured using the WMTC test cycle, an international standard stipulating the method for testing exhaust gas under conditions that better reflect real-world vehicle driving patterns, such as startup, acceleration, and stopping.

Automobiles

Message from the Head of Automobile R&D

Striving for products that offer high environmental performance and exciting value unique to Honda

Jiro Yamaguchi Director and Senior Managing Officer, Automobile R&D Center, Honda R&D Co., Ltd.

Optimizing our global product lineup led to industry-leading environmental performance in each region



Photo: Automobile R&D Center (Tochigi), Honda R&D Co., Ltd.

One great achievement of fiscal 2014 was the global launch of a new generation of compact vehicles. We completely redesigned the Fit series to provide class-leading fuel performance in both gasoline and hybrid vehicle variations, and also released the Vezel SUV and City sedan based on the same high-efficiency powertrain. This trio of efficient vehicles put us in the right place to deliver a new generation of compact vehicles to customers worldwide.

In North America, we finished development of the Acura RLX, featuring SPORT HYBRID SH-AWD (Super Handling All-Wheel Drive), Honda's first three-motor hybrid system. Combined with the one-motor hybrid system, SPORT HYBRID i-DCD (Intelligent Dual Clutch Drive), and two-motor hybrid system, SPORT HYBRID i-MMD (Intelligent Multi-Mode Drive), these three models complete our hybrid vehicle lineup.

We also released a variety of new models in other regions across the globe, including the Civic Tourer wagon in Europe, the Amaze sedan in India, and the Mobilio MPV with third-row seating in Indonesia.

Behind these successes was the impressive growth of our local product developers in emerging countries. In fiscal 2014, we got significantly closer to what we see as the ideal process for global product development: to develop core technologies in Japan and support overseas developers as they incorporate them into models

optimized to each region. This approach helped us realize industry-leading environmental performance in each region.

New-generation VTEC Turbo engines lead the way to more affordable environmental technologies

In emerging markets like China, India, Brazil, and Africa, motorization is advancing at a pace many times faster than post-war Japan. The fate of our business in these countries will hinge on how economically we can deliver environmentally advanced products. One technology that offers a solution is engine downsizing, the approach of using forced induction and other efficiency technologies to deliver more power with less displacement. We developed VTEC Turbo, a new-generation downsized turbo engine that delivers higher fuel performance at a lower cost, as well as power performance that lives up to Honda's reputation for fun driving. We plan to fit this engine in a number of global models from fiscal 2015, so be on the lookout.

One important task from a longer-term perspective is workplace development. While low-carbon technology is an essential part of future mobility, customers won't buy our products if they don't come with an added element of excitement, an appeal that only Honda can provide. Honda's identity is rooted in the creation of amazing products no one has ever seen before. To continue developing exciting, mold-breaking products, we need exciting, mold-breaking workplaces for our developers. By returning to a work environment and culture that fearlessly takes on new challenges, we will lay the foundation for launching products that are the first and best of their kind. It will also help us raise the next generation of developers who will lead Honda—and the world—in environmental innovation, and to realize the zero-impact society we all strive for. I hope to share this passion with our young developers and show the world what Honda is truly made of by conceiving a long line of new, appealing products that embody the perfect combination of environmental performance and enjoyment.



Automobiles

Honda makes the most of advanced technologies to develop automobiles that balance driving fun with environmental performance.

Redesigning a globally strategic model: the third-generation Fit

Global

CO₂ E W


Fit Hybrid

● A compact car with global proportions

Since its launch in 2001, the Fit has sold an impressive 4.87 million units in 123 countries worldwide.¹ We released a completely redesigned model—the first in seven years—in Japan in September 2013. To make this third-generation compact model more convenient, user-friendly, and appealing to customers worldwide, we loaded it with advanced technologies, including an Earth Dreams Technology² powertrain and new platform.

● Newly developed Sport Hybrid i-DCD hybrid system

The Fit Hybrid features Sport Hybrid i-DCD,³ a newly developed lightweight and compact one-motor hybrid system. Paired with a newly developed 1.5-liter Atkinson cycle engine, these systems automatically select the most efficient of three driving modes depending on operating conditions, thereby achieving an exceptional fuel efficiency of 36.4 km/liter⁴ (JC08 test cycle).

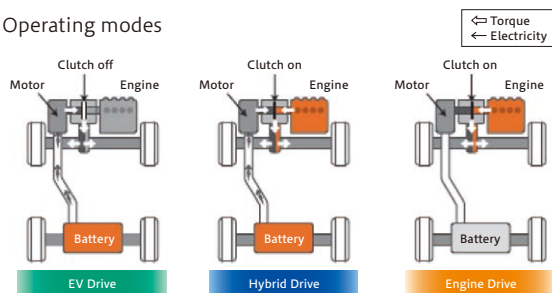
■ Sport Hybrid i-DCD


1.5-liter Atkinson Cycle
DOHC i-VTEC engine

7-speed DCT with
built-in motor

IPU⁵ with built-in
lithium-ion battery

■ Operating modes



● Even gasoline engine model boasts class-leading fuel economy

The 1.3-liter gasoline engine Fit employs a newly developed Atkinson cycle engine and an optional continuously variable transmission for dramatically enhanced transmission efficiency. These result in a fuel economy of 26.0 km/liter⁶ (JC08 test mode), which rivals that of early hybrid models.



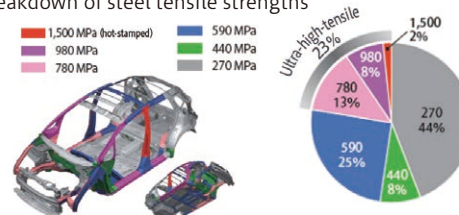
Fit


1.3-liter
Atkinson Cycle
DOHC i-VTEC
engine

● Rigorous weight reductions boost fuel performance

Around 23% of the Fit's body is made of ultra-high-tensile steel, steel that is stronger and lighter than high-tensile steel, defined as having a tensile strength⁷ of 780 MPa or more. This trimmed approximately 9 kg of weight and provided an additional boost to fuel efficiency, while also enhancing collision safety.

■ Breakdown of steel tensile strengths



● Rollout of the Global Compact Series

The powertrain series that premiered in the new Fit will be gradually expanded to upcoming models in Honda's Global Compact Series, which includes the Vezel SUV released in Japan in December 2013, the City sedan released in India, and the North American version of the Fit produced at our new automobile plant in Mexico.


Vezel SUV in the
Global Compact
Series

New City Sedan (India) in the
Global Compact Series

Fit for North America, produced at
a new automobile plant in Mexico

1. As of March 31, 2013. 2. A next-generation powertrain series that greatly enhances both driving performance and fuel economy, building on advancements in environmental performance for internal combustion engines, transmission efficiency, and electromotive technologies to pursue the joy of driving unique to Honda. 3. i-DCD: Intelligent Dual Clutch Drive. 4. Testing of the Fit Hybrid (FWD) by the Japanese Ministry of Land, Infrastructure, Transport and Tourism. 5. Intelligent power unit. 6. Testing of the Fit 13G (FWD/CVT) by the Japan's Ministry of Land, Infrastructure, Transport and Tourism. 7. Tensile strength: The strength of a material to resist being stretched or pulled apart.

Automobiles

The latest hybrid models and lightweighting technologies

● North America

CO₂ E W

● Acura RLX newly developed three-motor sport hybrid system

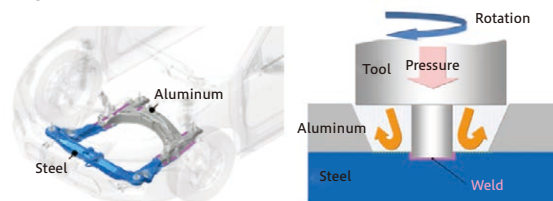
The 2014 RLX announced in North America is powered by the Sport Hybrid SH-AWD,¹ Honda's first three-motor hybrid system. A 3.5-liter direct-injected V6 engine, paired with a seven-speed DCT with built-in motor, controls torque to the left and right wheels independently, and simultaneously delivers the acceleration performance of a V8 engine and the fuel economy of an in-line four-cylinder engine.

2014 Acura RLX
SPORT HYBRID SH-AWD

● Honda-exclusive metal joining technologies

What do the 3D Lock Seam used in the door panels of the RLX and friction-stir welding (FSW) used in the front subframe of the Accord have in common? Both take advantage of a new welding technology for joining aluminum and steel, two metals with vastly different material properties. They also represent an advancement in broadening the application of lightweight aluminum, which contributes to lighter, more fuel-efficient vehicles.

■ FSW



Expanding application of our lightweight 1.6-liter diesel engine

● Europe

CO₂ E W

● Civic Tourer released in February 2014

We're expanding the application of our 1.6-liter i-DTEC diesel engine, released in January 2013 in the Civic 5-door as the first Earth Dreams Technology component introduced in Europe. The engine now powers the Civic Tourer, a new wagon model launched in February 2014 that was specifically developed for the European market. This lightest-in-class² compact diesel engine delivers a powerful and fun driving performance, along with a CO₂ emissions performance of just 99 g/km.³



Civic Tourer



Civic 5-door

1.6-liter i-DTEC diesel engine
(cut-away model)

New eco-cars released in India and China

● Asia & Oceania ● China

CO₂ E W

● New City world premiere held in India

In January 2014, we unveiled in India the all-new City, a sedan model in our Global Compact Series of vehicles developed for markets worldwide.

As an embodiment of our "man maximum, machine minimum" (M/M)⁴ philosophy, it offers the most spacious interior of any City thus far.⁵ In India, the City is available with either a 1.5-liter four-cylinder i-DTEC diesel engine or a 1.5-liter four-cylinder SOHC i-VTEC gasoline engine, both of which deliver high fuel efficiency and power output. The City will be rolled out in a growing number of markets worldwide.

All-new City, a sedan model in
our Global Compact Series of
vehicles developed for markets
worldwide

● Earth Dreams Technology debuts in China

In a press announcement in June 2013, we expressed our commitment to proactively introducing environmental, safety, and comfort technologies to the Chinese market to provide our customers there with greater fun, satisfaction, and convenience in line with our founding belief that "technology is for people." Soon after, in September 2013, we unveiled the new Accord, the first model in China to feature Earth Dreams Technology. We plan to continue expanding these innovative powertrains to new models in China to achieve even higher levels of fun-to-drive performance and to be the first automaker to satisfy China's strict fuel economy regulations.

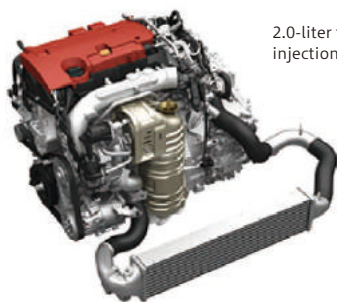
The Accord has sold
1.5 million units in
China since 1999. The
new model features an
exterior tailored to the
Chinese market

1. Super Handling-All-Wheel Drive 2. Honda internal data (as of September 30, 2012) 3. Honda internal data (Civic Tourer, as of September 2013)
4. A basic Honda design philosophy that seeks to maximize space and comfort for people and minimize space occupied by the product and its components
5. Honda internal data

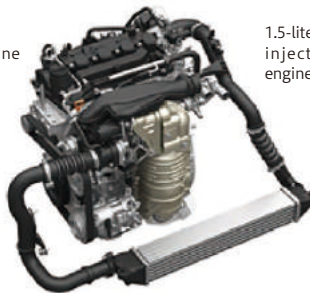
Automobiles

New VTEC Turbo line of turbocharged direct-injection engines

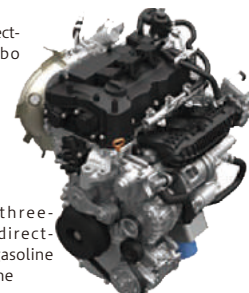
● Japan

CO₂ E W

2.0-liter four-cylinder direct-injection gasoline turbo engine



1.5-liter four-cylinder direct-injection gasoline turbo engine



1.0-liter three-cylinder direct-injection gasoline turbo engine

This engine makes the most of our proprietary VTEC system, a high-output turbocharger, direct injection, and a high-performance cooling system to realize high power output and high responsiveness. It delivers a maximum power output of more than 205 kW and a high environmental performance compliant with EURO 6, European emission regulations that will come into force in September 2014.

This next-generation compact engine features a newly designed framework and VTEC variable valve timing system with radically reduced friction, combined with direct-injection technology and a high-response turbocharger with a low moment of inertia. These technologies offer a superior combination of fuel economy and power output and torque, both of which exceed that of conventional, naturally aspirated engines.

● Class-leading power and environmental performance

Honda has developed VTEC Turbo, a new series of direct-injection gasoline turbo engines in our Earth Dreams Technology series.

These engines, adapted for compact and medium-sized cars, take advantage of our proprietary VTEC system and the increased output provided by direct-injection

and a turbocharger along with highly fluidized combustion to allow for reduced engine displacement. Rigorous friction-reduction measures also provide class-leading power and environmental performance. Sized in three classes—2.0, 1.5, and 1.0 liters—the engines will be increasingly deployed worldwide, with each engine selected to match the vehicle it powers as well as local market needs.

N-WGN and N-WGN Custom extend popularity of the N series

● Japan

CO₂ E W

N-WGN

● Raising the bar on the "basic" mini-vehicle

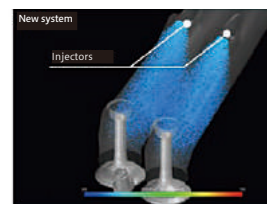
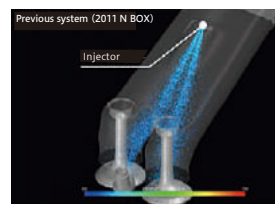
In November 2013, we released the N-WGN and N-WGN Custom, the fourth installment in our popular N series of mini-vehicles.

The N-WGN, developed with the aim of setting a new standard for the "basic" mini-vehicle, offers better comfort, safety, fuel economy, design, and driving performance than ever before. A comfortable interior and great features such as Vehicle Stability Assist (VSA), which helps prevent the loss of vehicle control, come standard on all types, while a newly developed engine and CVT provide smooth, stress-free driving and a high fuel economy of 29.2 km/liter² (JC08 test cycle). The adoption of a lightweight yet rigid body and dedicated suspension system facilitate stable driving performance and quiet operation.

● Twin injection system

For the first time in a mini-vehicle, the N-WGN employs a

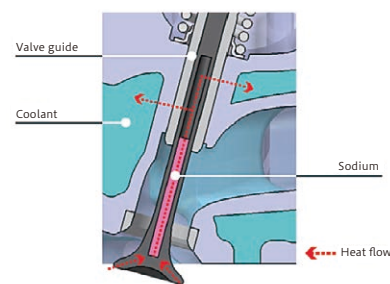
twin injection system, a system that uses two fuel injectors per cylinder instead of one. This system mixes fuel and air more evenly, leading to improved drivability and fuel economy.



Twin injection system atomizes fuel and distributes the air-fuel mixture more evenly

● Sodium-filled exhaust valves help suppress knocking

The N-WGN engine employs sodium-filled exhaust valves—the first time in a Honda passenger vehicle. These valves transport and dissipate heat more efficiently than conventional valves, lowering the surrounding temperature and suppressing engine knocking.



1. Testing of the N-WGN G, N-WGN G A Package, N-WGN Custom G, and N-WGN Custom G A Package (FWD vehicles) by the Japan's Ministry of Land, Infrastructure, Transport and Tourism

Power Products

Message from the Head of Power Products R&D

Building in environmental performance for reduced impact

Takao Nishida Director and Managing Officer, Power Products R&D Center, Honda R&D Co., Ltd.



Photo: Power Products R&D Center, Honda R&D Co., Ltd.

FI and efficiency upgrades provided enhanced environmental performance and utility in FY2014

In fiscal 2014, we equipped a two-stage snow blower in Japan and a large generator overseas with FI,¹ realizing a roughly 15% improvement in fuel efficiency as well as enhanced utility for users. FI is already a common technology in automobiles and motorcycles, but cost has been a major hurdle to its adoption in power equipment. Our success in surmounting this hurdle in fiscal 2014 thus has huge significance for future product development.

In emerging markets, we unveiled a water pump for agricultural applications that, due to enhanced pumping efficiency, is more fuel-efficient. We also released in 2014 a four-stroke backpack power sprayer—a device for spraying agricultural chemicals that users can carry on their back—as a fuel-efficient alternative to mainstream two-stroke models, as well as other products that contribute to reduced agricultural emissions in emerging countries.

"We want to create tools customers will use with affection for 10, 15 years."

Turning to the future, we're developing products that offer new value. These include not only extremely fuel-efficient engine models, but also products that run on alternative fuels such as alcohol and gas, as well as those powered by electricity. Electric products are quiet, emit zero CO₂ during use, and also offer more precise control. As long as we can fully leverage the convenient qualities of electricity, these products are an effective option for improving environmental performance and user friendliness simultaneously. We're already using electricity in Honda automobiles and motorcycles, but creating electric products with the performance customers seek but at appealing prices will require one more step forward in innovation. We need to upgrade our technologies by pursuing all of the qualities power products are expected to have as tools—from comfortable and efficient control and operation, to even having the most convenient size and weight—and then refine them to the point where we can include them in products at an attractive price.

Price is the hard part about electrification in particular, but also power products in general. That's why we're working to realize products that not have superior environmental performance but are also surprisingly easy and fun to use.

In fiscal 2015, we plan to get the ball rolling by releasing the first model in our product electrification strategy in developed countries. We're basing this product on an existing gasoline engine model so customers can still feel at home with the new setup.

In emerging countries, we want to continue pursuing our current strategy of delivering products at more affordable prices. For most customers in emerging countries, power products are work tools: they are a means of securing a livelihood and improving one's quality of life. As such, they don't need fancy features. By practicing *sangen-shugi* (a Japanese manufacturing philosophy that emphasizes focusing on the actual place, source, and facts of a problem) in the marketplace and reducing products to their essential functions, we hope to develop products that are appealing by every measure, price included. Spreading the joy of utility in this way will be a major theme going forward.

At the same time, we have to consciously build in environmental performance according to the unique characteristics of each product. No one will buy a tool whose only selling point is that it's good for the environment. We need to create tools with the kind of utility that everyone desires, tools that people will use with affection for 10, 15 years—and to include in them environmental performance that's still relevant after those 10, 15 years have passed. At Honda, that's our mission as a company striving to build a sustainable society.



1. Electronic fuel injection

Power Products

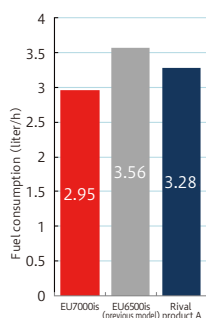
Honda develops an extensive line of power products and is constantly working to improve their environmental performance to raise the quality of life for everyone.

EU7000is generator with inverter and electronic fuel injection

● Global

CO₂ E W

EU7000is



● More efficient and more powerful

In January 2014, we unveiled in the U.S. the EU7000is, Honda's first inverter generator to incorporate fuel injection (FI) technology. Compared to the model it replaces, the EU7000is runs longer thanks to a 20% improvement in fuel efficiency, while also delivering 8% higher power output. The use of fuel injection eliminates the need for a choke valve, dramatically improving operation at start-up and also enhancing the generator's long-term storability. The adoption of FI and a three-way catalytic converter also results in exhaust emissions that meet the U.S. Environmental Protection Agency's (EPA) Phase 3 standards, the most stringent emission standards for small gasoline equipment in the world. From a portability, quietness, and size standpoint, the EU7000is has all the right qualities to make it suitable for use across a range of scenarios and settings, including for backup power in emergencies, at construction sites, and for camping.

BF100 and BF80 four-stroke outboard engines delivering exceptional fuel and power performance

● Global

CO₂ E W

● Higher output in the same lightweight, compact design

For Europe and other markets outside Japan, we released the BF100 (100 horsepower) and BF80 (80 horsepower), medium-sized four-stroke outboard engines combining high fuel efficiency with advanced power performance.

These new models build on the BF90 and BF75 (90 and 75 horsepower) 1.5-liter straight four-cylinder engines by offering higher efficiency and power output in the same lightweight, compact design. Incorporating programmed fuel injection (PGM-FI)¹ with an O₂ sensor has enabled lean burn control during cruising,² resulting in a higher fuel efficiency.

The two engines are also compliant with emission regulations in various countries, including the latest U.S. EPA regulations (EPA's fiscal 2010) and California Air Resources Board exhaust emission regulations.

They are also compliant with NMEA 2000, the communications standard for marine electronics set by the U.S. National Marine Electronics Association (NMEA), enabling networking with a variety of marine electronic devices. This means that, in addition to providing electronic output on engine speed, running time, and other real-time performance data, these models also deliver an Eco lamp signal which, when connected to a compatible display gauge, will illuminate a lamp to indicate lean burning and notify the driver of fuel-efficient engine operation.

All Honda outboard engine models with 40 or more horsepower and PGM-FI incorporate lean burn control technology that combines with Eco lamp display capability to facilitate fuel-efficient driving.

Since releasing our first four-stroke outboard engine, the GB30, in 1964, we have consistently developed four-

stroke outboard engines in the spirit of founder Soichiro Honda's philosophy that nothing that runs on water should contribute to its pollution. Fifty years later, we're introducing cutting-edge technology as the pioneer of the four-stroke outboard engine.



BF100 (left) and BF80 (right)

NMEA 2000-compliant gauge
Example of Eco lamp illumination

1. PGM-FI is a registered trademark of Honda Motor Co., Ltd.

2. Cruising speed range when the throttle is kept open at around 50 to 80%.

Power Products

HSL2511: the world's first snow blower with FI technology ● Japan

CO₂ E W

● World's first auger assist function

In November 2013, we released the HSL2511, the first snow blower in the world¹ to incorporate fuel injection (FI) technology.

This two-stage snow blower employs the Honda Smart Auger System, which has three auger settings (auger assist, auger lift, and auger reset) that make heavy snow-throwing work simple and easy. The world-first² auger assist function³, that can be turned on and off with the flip of a switch, makes simple work of snow-clearing jobs that require more advanced techniques, such as clearing high banks of snow in a step-wise fashion. The model's new four-stroke V-twin engine, which includes a Honda-original electronic governor for regulating engine speed and electronic fuel injection (first in the world² for a gasoline engine-powered snow blower), delivers high fuel economy and exceptional ease of starting and operation.

● Simple operation, powerful results

The adoption of a Honda-exclusive STR Governor and powerful new V-twin engine provide class-leading² snow clearing performance of 140 tons per hour. Two operating modes provide different engine output characteristics depending on the situation: Standard mode uses powerful torque to achieve quick and easy snow removal, while Distance mode uses high speed, high output to throw snow higher and farther—in fact, as far as 26 meters, the farthest in this class.² The HSL2511 also includes a teaching function, which features a speed guide monitor to help the operator adjust the driving speed and obtain the highest work efficiency in each mode.

At Honda, we develop snow blowers based on the philosophy that easier, more efficient operation not only reduces stress for users but also reduces energy use through shorter work times, thus shrinking our impact on the global environment.

● Pursuing reliability, comfort, and ease of use

The inclusion of FI eliminates the need for choke operation, providing smooth starts even in frigid temperatures and high fuel economy. This also made the carburetor obsolete, along with the associated need for altitude correction and after-use maintenance.

● Environmental performance

A new GX690H V-twin engine (displacement 688 cm³) not only delivers better practical fuel efficiency⁴ but also less noise⁵ and fewer emissions.



HSL2511 two-stage snow blower (front)

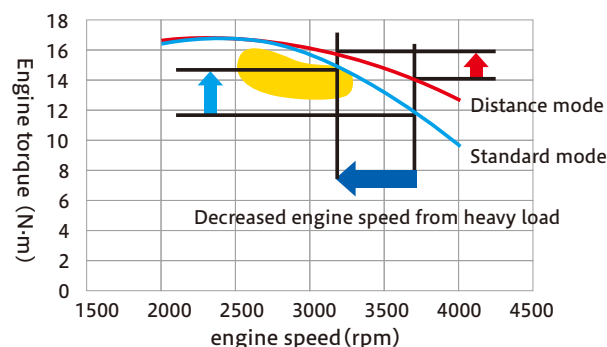


HSL2511 two-stage snow blower (back)

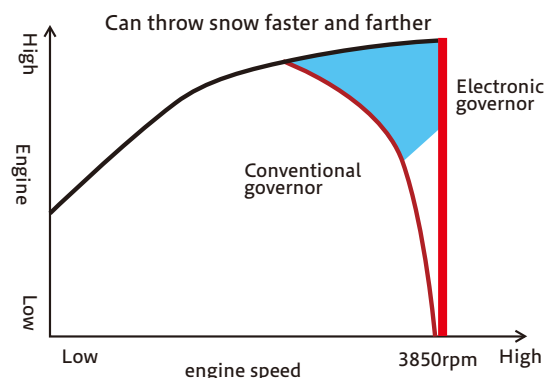


HSL2511 control panel

Engine torque comparison between Distance and Standard modes



*The engine is designed to provide much higher torque when the engine slows down, making operation easy.



1. For petrol engine engine snow blower (Honda internal data, as of July 31, 2013)

2. Honda internal data, as of July 31, 2013 3. J-type only

4. Approximately 15% better compared to the previous model in the same class, despite 20 cm³ larger engine displacement

5. When operated in Standard mode

Management

Honda has built a globally integrated environmental management system for advancing environmental conservation on a local level across all regions globally.

G45 Global Environmental Management

- G45 Environmental management organization
- G46 Environmental management at Honda business sites
- G47 Disclosure of total GHG emissions
- G49 Economic benefits of environmental conservation activities

G50 Global Environmental Impact

G51 Regional Environmental Topics

- G51 North America
- G51 South America
- G52 Europe
- G52 Asia & Oceania
- G53 China
- G53 Japan

Global Environmental Management

Honda has created an institutional framework to put into practice the environmental principles articulated in the Honda Environment Statement, and has expanded it globally. In addition to creating environmental management systems at the global and regional levels, we are also actively working to establish these systems and to obtain ISO 14001 certification at all business sites.

Environmental management organization

● Organizational structure

In December 1991, Honda created what is now the Japan Environmental Committee and assigned it a central role in governing the environmental affairs of the company. Since then, this structure has been expanded into a global environmental management system with regional environmental committees in North America, South America, Europe, Asia & Oceania, and China.

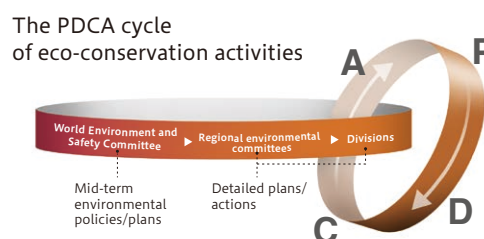
In March 1995, the World Environment and Safety Committee was established to manage environmental as well as safety initiatives,¹ through which Honda aims to create a motorized society that is safe for all people. The committee discusses, determines, and reviews annual plans for implementing environmental conservation activities at the global level based on mid-term business plans, and has created an environmental management system that integrates activities on the global level with those on the factory floor.

In April 2014, Honda established the Japan Headquarters and separated global functions from operations in Japan. Prior to this, Honda's organizational structure was established globally from its foundation in Japan, but regional roles and responsibilities have been clarified, and we have now taken on a truly globalized operational structure, with six organically linked regional organizations. The company president and CEO currently chairs the committee, a reflection of Honda's recognition that environmental issues such as climate change issue, energy issue, and resource issue, are critical to Honda's business operations.

● The PDCA cycle of eco-conservation activities

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

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



Honda's organizational structure for environmental management



1. For information on safety initiatives, see the Honda CSR Report and Honda Driving Safety Promotion Activities.

Global Environmental Management

● Regulatory compliance

In accordance with the Honda Environment Statement, Honda introduces environmental management systems at all business sites and in each division, promotes continuous efforts to improve environmental performance, and strives to comply with voluntary environmental standards that are more stringent than national and local regulations. We revised the Honda Conduct Guideline in April 2013 (formulated 2010) and are implementing it throughout the Honda Group in Japan and worldwide. The document calls on Honda associates to comply with laws and regulations, company rules, and social norms and, for the purposes of environmental conservation, to strive to reduce environmental impacts in their work

by conserving and recycling resources and energy in accordance with environmental laws and regulations, company policies, and internal standards. We have appointed corporate directors to serve as Compliance Officers, and work systematically to enhance compliance and risk management under the supervision of directors in charge of each part of the organization.

Honda Conduct Guideline

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

● Emergency protocols

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

Environmental management at Honda business sites

Along with development of environmental management systems at the global and regional levels, we have been introducing such systems at each business site in order to continuously improve their environmental performance and to control environmental pollutants.

● ISO 14001-certification status worldwide

We have been working actively to acquire ISO 14001, an international certification for environmental management, particularly at our production facilities. Presently, more than 90% of all Honda vehicle assembly and product assembly plants worldwide are certified.

After acquiring certification at each of our five major production facilities in Japan, we combined their certification for integrated operation of their management systems. Going

forward, we plan to promote acquisition and expand our integrated system to include environmental management of the Saitama Factory's Yorii Automobile Plant, newly completed in March 2013. We also combined in fiscal 2012 the certification registration for nine office buildings in Japan, including the Honda head office buildings in Aoyama and Wako.

● Implementation of third-party verification

In order to ensure that society and stakeholders recognize a high level of transparency and reliability in the environmental impact data released by Honda, we have been obtaining third-party verification of our data from Bureau Veritas Japan Co., Ltd. (see page G04). Since fiscal 2012, we also have been conducting a series of on-site sampling surveys at business sites in Japan and overseas, with consideration given to necessity and balance from a public perspective.

■ Business sites covered by third-party verification



Third-party data verification by Bureau Veritas Japan Co., Ltd.

Disclosure of total GHG emissions

● Honda GHG emissions in FY2014

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

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

of end-of-life products.²

Honda continues to calculate and report its emissions, and is making improvements to get a more accurate assessment of emissions from our entire value chain. We are doing this in scope 3 (other indirect emissions), for example, by widening the boundaries of data collection³ for categories that account for the largest proportion of estimated emissions, and improving the accuracy of calculation methods. The calculations for FY 2014 show that GHG emissions from Honda business activities were 5.21 million t-CO₂e, and total emissions from the value chain, including other indirect emissions, were 281.16 million t-CO₂e. We hope to leverage these improvements in data measurement and management to devise more effective emissions reduction strategies.

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

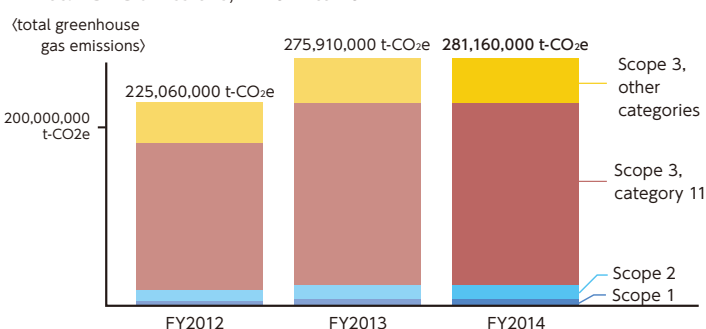
2. Read more about Honda's GHG emissions disclosure efforts in Case 19 of "Environmental Documentary—Honda Face." (<http://world.honda.com/environment/face/>)

3. The scope of data collection was broadened in fiscal 2013, capturing additional greenhouse gas emission amounting to 7% of total emissions. We will consider ways to further broaden this scope in fiscal 2014 and beyond.

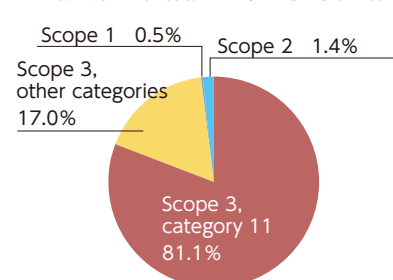
● Honda's total greenhouse gas emissions

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

■ Total GHG emissions, FY2012 to 2014



■ Breakdown of total FY2014 GHG emissions



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

Global Environmental Management

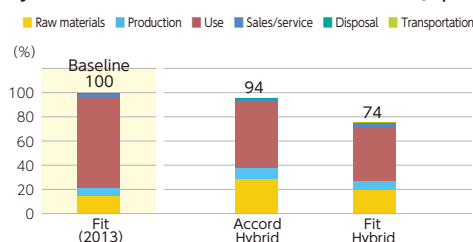
● Promoting lifecycle assessment (LCA)

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

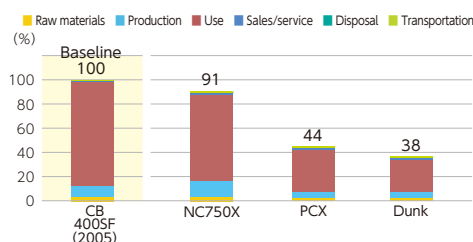
In March 2002, we built the Honda Life-Cycle Assessment (LCA) Data System, a system for measuring CO₂ emissions from all business activities, and since then have been making focused efforts to meet reduction targets set for each domain—production, purchasing, sales and service, administration, transportation, and so forth.

We are also calculating and assessing CO₂ emissions across product life cycles—from raw material procurement to product disposal—and making use of this information in our efforts to reduce CO₂ emissions for each model. This information is also important when considering applications for the many next-generation technologies we are developing, so we are using to develop low-carbon solutions at the development stage.

LCA results for
major automobile models released in FY2014 (Japan)



LCA results for
major motorcycle models released in FY2014 (Japan)



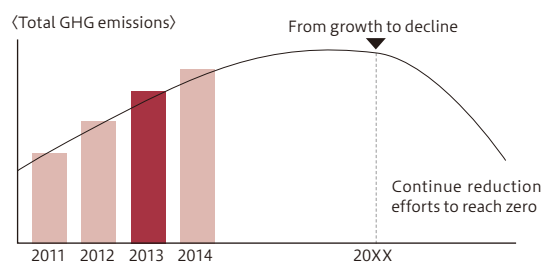
● Reducing GHG emissions from use of sold products

Scope 3, category 11 emissions (emissions from use of products sold to our customers), accounted for more than 80% of GHG emissions from Honda's entire value chain. This means the greatest challenge to reducing emissions from our value chain is finding ways to reduce emissions related to customer use of Honda products. To this end, we've established the target of reducing global average product CO₂ emissions 30% from 2000 levels by 2020, and are working to improve the fuel efficiency of our products. For the foreseeable future, however, our production volume is likely to outpace expected improvements in fuel efficiency, so even if we achieve this target, we still predict an increase in scope 3, category 11 emissions. Nevertheless, it is essential for us to find ways to reverse this rising trend. We are certain that our ultimate aim is to reduce total emissions from our products, even as production expands.

● Reducing total GHG emissions

Honda's ultimate aim is to achieve zero GHG emissions from its products and business activities. To achieve this, we have adopted the Triple Zero concept, a vision of the future that sees us shrinking three types of environmental impact down to zero. On the path to this future, we will aim to cut Honda's total GHG emissions in half by 2050. To realize this target, we have adopted our own Honda Environmental Performance Standards (HEPS), and by applying them to Honda products we aim to reduce GHG emissions through improvements in fuel efficiency, the use of renewable energy, and other approaches.

Emissions from Honda operations: Conceptual projection

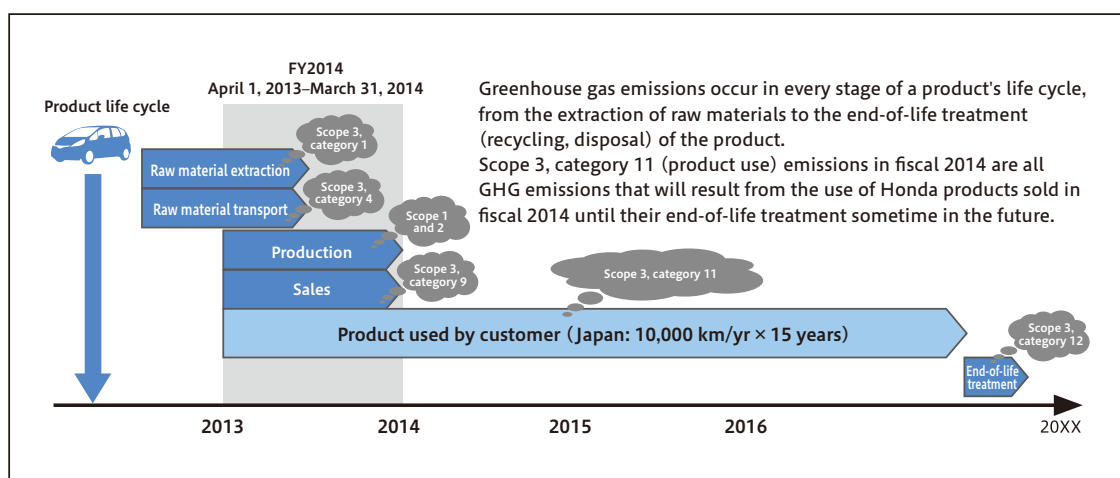


Global Environmental Management

● The thinking behind scope 3, category 11 (emissions from product use)

Scope 3, category 11 emissions, CO₂ emissions from the use of products sold to our customers, accounted for more than 80% of emissions that took place across our value chain. The reason category 11 is so large is because it includes not only the CO₂ that Honda products sold in fiscal 2014 emitted in fiscal 2014, but also the CO₂ those products will emit in the future. In other words, when a customer in Japan purchases a Honda vehicle, we expect that customer to drive the vehicle 10,000 km a year for 15 years.¹ Scope 3, category 11 is where we calculate all the CO₂ that will be emitted during that time.

Scope 3 includes future emissions because it is based on an accounting method that counts emissions not when they occur but when the business activities that will result in those emissions occur. The approximately 27 million automobiles, motorcycles, and power products that Honda sold to customers around the world in fiscal 2014 will continue emitting CO₂ as they are used and until they are disposed of at some point in the future. Scope 3 says that these emissions are the result of Honda having sold its products in fiscal 2014.



1. Annual distance traveled, product lifetime in years: Based on the WBCSD's SMP Model developed by the International Energy Agency

Economic benefits of environmental conservation activities

Honda strives to measure cost savings and revenue associated with its environmental conservation activities in order to maximize their effects.

Economic benefits

		(yen)	
		FY2014	FY2013
Income from sale of valuable waste materials		3.8 bil	2.4 bil
Cost reductions from saved energy	Installed technologies	0.1 bil	0.2 bil
	Behavioral changes, etc.	0.05 bil	0.1 bil
Total		3.9 bil	2.7 bil

* Effect on revenue and expenses in Japan

In fiscal 2014, we calculated these economic benefits by tallying revenue from the sale of valuable materials resulting from waste and emissions processing, together with costs saved through energy conservation measures.

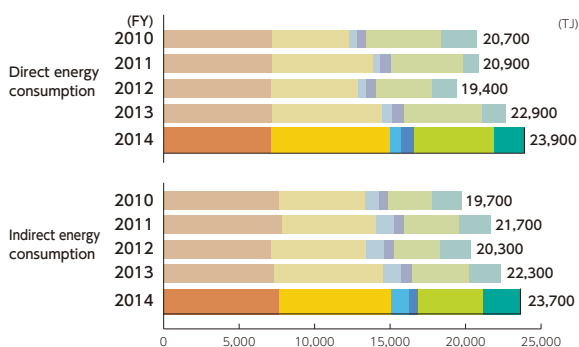
We not only disclose these data to external stakeholders as indicators of our corporate value, but also use them as a reference for making administrative decisions regarding environmental innovation. Going forward, we will continue working to improve the accuracy of data collected from operations in Japan, while also verifying methods for collecting data from overseas business sites that are suitable for global disclosure.

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.

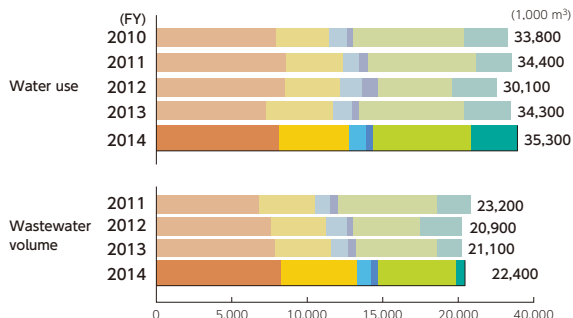
Japan North America South America Europe Asia/Oceania China

Energy consumption



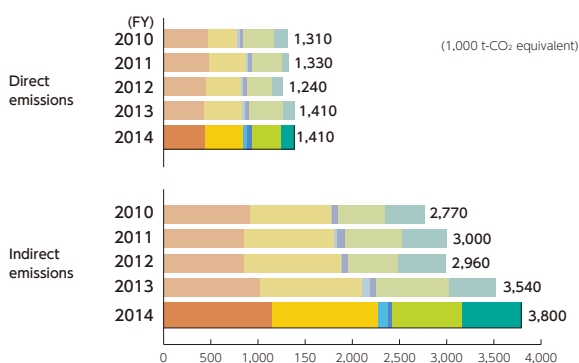
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
 • Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.
 • Calculations are based mainly on energy consumed by stationary sources.
 • A terajoule (TJ) is a unit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

Water use, wastewater volume



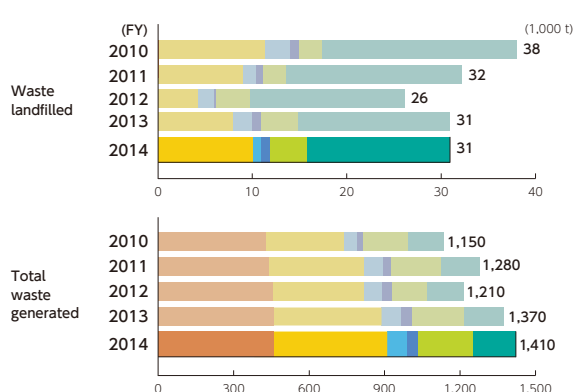
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
 • Disclosure of wastewater volume begun in fiscal 2011.

Greenhouse gas emissions



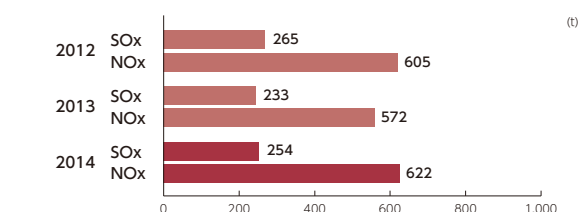
Companies covered: Nearly all consolidated subsidiaries and affiliated companies of the Honda Group
 • Greenhouse gas emissions were calculated while referring mainly to the WRI and WBCSD's 2004 "The Greenhouse Gas Protocol (Revised Edition)."
 • Calculations are based mainly on emissions from stationary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

Waste generated, landfilled



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

Atmospheric pollutants



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

Environmental data for manufacturing, by region (FY2014)

		Japan	N. America	S. America	Europe	Asia & Oceania	China
Energy	Purchased electricity (1,000 MWh)	1,590	1,900	320	128	1,170	686
	Natural gas (1,000 GJ)	82	7,010	333	662	1,370	1,190
	Liquefied petroleum gas (1,000 GJ)	813	120	301	6	1,380	67
	Diesel (1,000 GJ)	7	95	23	20	717	65
Waste	Landfilled Waste (t)	0	9,000	1,100	0	3,700	15,400
	Volume recycled (t)	445,000	406,000	60,000	40,000	197,000	118,000
Water use	Municipal Water (1,000m³)	3,740	3,140	220	600	5,830	4,450
	Groundwater (1,000m³)	4,280	2,350	1,480	10	3,420	0
	Rainwater (1,000m³)	50	10	0	0	40	0

* LNG is not included.

* The data of companies added to Honda's consolidation during the reporting year and companies that have been excluded from the consolidation due to a merger, liquidation, or other change, are not included.

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

Regional Environmental Topics

North America

CO₂ E W

"Green Dealer" program continues to contribute to GHG reduction

American Honda's "green dealer" program helps encourage independently owned and operated Honda and Acura automobile dealers in the U.S. quantifiably to reduce their environmental impact.

The program gives Honda Environmental Leadership and Acura Environmental Leadership Awards to dealers who have significantly reduced their impact on the environment. The awards are based on a rigorous points system that incorporates relevant environmental improvement measures, as well as a demonstrated reduction in energy consumption.

In fiscal 2014, dealer enrollments increased nearly 600%, from 40 dealers to 238, while the number of award recipients increased from 19 to 29. In addition, Rossi Honda of Vineland, New Jersey, became the first dealer to achieve Electric Grid Neutral status. Rossi combined a 223 kW solar PV system with the addition of LED lamps on its parking lot light poles and the system now generates more than 100% of the dealership's annual electricity from solar power.



Rossi Honda's solar PV system

Wind turbines begin providing renewable energy at Honda transmission plant in Ohio

CO₂ E W

In January 2014, Honda Transmission Manufacturing of America Inc., a Honda subsidiary that produces automobile transmissions, began operations of two 1.7 MW wind turbines on its property in Ohio. The wind turbines are operational year-round and, on average, provide approximately 10 percent of the plant's electrical needs.

Based on average electrical consumption in Ohio, these wind turbines could supply electricity to approximately 1,052 homes.¹

The installation and operation of the turbines makes Honda the first automaker in North America to get a substantial amount of energy for one of its plants from wind turbines located on its own property.

1. per Public Utility Commission of Ohio data – average home in Ohio consumes 9600 kWh/year



Two 1.7 MW wind turbines provide about 10% of the plant's electrical needs

South America

CO₂ E W

Implementing cabotage system to optimize transportation in Brazil

Moto Honda da Amazônia Ltda., a Honda motorcycle production and sales subsidiary in Brazil, transports 1.3 million motorcycles made in Manaus to all corners of Brazil, and 515 thousand tons of parts are transported from suppliers to the plant.

In order to optimize transportation and lower environmental impacts from logistics, the company has been developing environmental management systems together with partners.

A coastal ship-based system was implemented in 2012 at the company, taking advantage of the Brazilian geography, which favors the use of ships for transporting loads. This modality has enabled the company to cut the average CO₂ emissions for each motorcycle transported by 12.5 kilograms. Currently, this modality comprises 18% of the total number of transported motorcycles, while the remainder is transported via roads and rivers.



Introduction of a coastal ship-based system to motorcycle transportation reduces CO₂ emissions.

Honda wins the Gold Seal in Brazilian GHG Protocol for 3 Years in a row

CO₂ E W

For the third consecutive year, Honda Automóveis do Brasil Ltda. (HAB), a Honda automobile production and sales subsidiary in Brazil, was granted the Gold Seal in the Brazilian GHG Protocol program. The program was created by the World Resources Institute (WRI) to quantify the greenhouse gas emission and is currently the most used methodology to prepare GHG emission inventories.²

The company was the first company in the automotive business to publish the inventory of CO₂ emissions in the three scopes assessed (sources of direct emission, indirect for use of energy, and indirect for generation of customers and suppliers).

Moto Honda da Amazônia was presented the recognition for the first time and received the Bronze Seal based on its partial inventory of greenhouse gas emissions.



Gold Seal earned in Brazilian GHG Protocol program

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

Regional Environmental Topics

Europe

CO₂ E W**Honda joins HyFive project to develop hydrogen cars**

In April 2014, Honda and other leading motor manufacturers, hydrogen fuel suppliers and energy consultancies from around the globe signed a €38.4 million agreement coordinated by the Mayor of London's Office, to develop and demonstrate technology and infrastructure that will help fuel cell electric vehicles (FCEVs) to become a viable and environmentally responsible option for European motorists in the future. The pioneering deal, known as the HyFive project (Hydrogen For Innovative Vehicles), is the largest of its kind in Europe. Honda is one of five manufacturers who have agreed to deploy a total of 110 hydrogen fuel cell vehicles at several European locations and develop new clusters of hydrogen refueling stations. The potential for FCEVs to become widely available is now seen as increasingly likely as the cost of the technology is reduced and refueling infrastructure is improved. Honda's next generation FCEV will be launched in Europe in early 2016.



Staff from the companies joining the HyFive project

Honda signs agreement for recycling of batteries from hybrid vehicles in EuropeCO₂ E W

In September 2013, Honda Motor Europe Ltd., a Honda subsidiary that manages the import and sales, production and logistics of Honda products in Europe, formalized the long-term partnership with SNAM (Société Nouvelle d'Affinage des Métaux), based in France, which will be responsible for the European-wide collection and recycling of Honda's hybrid vehicle batteries (high voltage Nickel Metal Hydride (NiMH) and Lithium Ion (Li-Ion) industrial batteries).

The two companies have worked together to establish a European system to ensure the traceability of end-of-life batteries from the moment they are collected from Honda dealers and end-of-life vehicle centers through to the recycling of the batteries. Every battery collected at the end of its life will be processed at SNAM's facilities. Each collection point within the Honda network will work closely with SNAM to manage the treatment of NiMH and Li-Ion batteries in accordance with European environmental standards EU Battery Directive 2006/66/EC.



Partnership with SNAM in recycling of Honda's hybrid vehicle batteries

Asia & Oceania

CO₂ E W**HMSI installs rain water harvesting system**

Honda Motorcycle & Scooter India Pvt. Ltd. (HMSI) installed a highly efficient rainwater harvesting and groundwater recharging system at its new plant, launched in May 2013. As one of Honda's Green Factory initiatives, the new system collects rainwater from rooftop of the building and stores it in an underground tank to be utilized as industrial water after quality control. Excessive ground water consumption caused by rapid industrial growth is one of the serious environmental issues in India. The rainwater harvesting system is expected to reduce groundwater use by 20,000 tons per year.



Rain-water harvesting system reduces groundwater use by 20,000 tons per year

Honda Malaysia switches to railway to transport parts between Thailand and MalaysiaCO₂ E W

In December 2013, Honda Malaysia Sdn. Bhd. switched to using a rail-based transport system for delivery of parts between Thailand (using Thailand National Railways (SRT)) and Malaysia (using Keretapi Tanah Melayu (KTM)).

Anticipating that its production volume will double by 2016, the company made research and trials to reform its transportation system and found that changing the mode of transportation from trucks and ships to rail has numerous benefits. The use of rail is expected to reduce CO₂ emissions by up to 60% and logistic costs by 50% within two years, as well as shorten delivery time to 2.5 days, compared to 3 days for goods transported by trucks and 7 days for goods transported by ship.



Modal shift to railway reduce CO₂ emissions and delivery time

Regional Environmental Topics

China

CO₂ E W

FUNTEC unveiled at tech strategy press conference

In June 2013, Honda Motor (China) Investment Co., Ltd., Guangqi Honda Automobile Co., Ltd., and Dongfeng Honda Automobile Co., Ltd., jointly held a press conference in Beijing to announce their future technology strategy for the region. One key announcement was the introduction of FUNTEC, new technologies delivering advanced environmental, safety, and comfort performance.

Going forward, we will use the distinctive FUNTEC label to distinguish these technologies and succinctly convey to Chinese customers our intentions in developing them: to provide fun, satisfaction, and convenience to all who use Honda products.



Associated companies unveil FUNTEC in Beijing press conference

Guangqi Honda begins construction of new eco-conscious production facilities

CO₂ E W

Guangqi Honda Automobile Co., Ltd., an automobile production and sales joint venture in China, began construction in May 2013 on a third automobile assembly line and new engine plant at its Zengcheng Plant.

The new assembly line will be powered by a 10-MW solar array, the largest among automakers in China¹, and will employ new technologies for painting and stamping processes, including a short-process, high-performance painting system and high-efficiency laser welder. The innovative, high-efficiency production line, scheduled for operational launch in 2015, also draws on new environmental technologies from the Yorii Automobile Plant in Japan. It will start with an initial annual production capacity of 120,000 units, with the ability to scale up to 240,000 units in the future.

1. Honda internal research



Guangqi Honda's production capacity will grow from 480,000 to 600,000 units in 2015

Japan

CO₂ E W

Honda Green Conference honors three years of environmental progress

The triennial Honda Green Conference was held in fiscal 2014, gathering associates from across Honda to share and promote the most successful environmental projects in each operational domain. Eight teams selected from seven annual domain conferences presented their achievements, which ranged from the design and construction of a major facility, to smart behavioral changes that yielded significant improvements without costing a single yen. The Best Presentation Award, chosen by the audience, went to Hamamatsu Factory for its adoption of a new gear cutting method².

2. Learn more in "Environmental Documentary—Honda Face." (<http://world.honda.com/environment/face/2012/>)



Awards were handed out after a summary evaluation by President Ito

Yorii Automobile Plant wins ministerial award for global warming reduction

CO₂ E W

The Yorii Automobile Plant, a new facility at Saitama Factory that began operations in July 2013, is one of the most energy-efficient plants in the world, using its cutting-edge production and environmental technologies to achieve a 30% reduction in per-unit energy use compared to other Honda plants. The project was applauded for its pioneering use of numerous technologies and products that help curb greenhouse gas emissions, earning the 2013 Environment Minister's Award for Global Warming Prevention Activity in the "countermeasure technology introduction and dissemination" award category. Environment Minister Nobuteru Ishihara presented the award certificate and trophy to Jun Nishimoto, General Manager of Saitama Factory for Automobile Production Department, Automobile Operations, at a ceremony on December 4, 2013.



General Manager Jun Nishimoto (holding the award certificate) alongside Environment Minister Nobuteru Ishihara

The table below indicates the pages in the Honda Environment Annual Report that correspond to the General Standard Disclosures and the Specific Standard Disclosures (Category: Environmental) in the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI).

Profile			Page
Strategy and Analysis	1	Provide a statement from the most senior decisionmaker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	G06-14
	2	Provide a description of key impacts, risks, and opportunities.	G20-21
Organizational Profile	3	Report the name of the organization.	G03
	4	Report the primary brands, products, and services.	G03
	5	Report the location of the organization's headquarters.	G03
	6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	G02
	7	Report the nature of ownership and legal form.	G03
	8	Report the markets served.	G02
	9	Report the scale of the organization.	G02-03
	10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	□
	11	Report the percentage of total employees covered by collective bargaining agreements.	□
	12	Describe the organization's supply chain.	G47
	13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.	G45
	14	Report whether and how the precautionary approach or principle is addressed by the organization.	G19,G21,G45
	15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	G05,G28,G30,G32-33
	16	List memberships of associations (such as industry association) and national or international advocacy organizations in which the organization holds a position on the governance body.	G05
Identified Material Aspects and Boundaries	17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	□
	18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	G20-21
	19	List all the material Aspects identified in the process for defining report content.	G54-55
	20	For each material Aspect, report the Aspect Boundary within the organization.	G01
	21	For each material Aspect, report the Aspect Boundary outside the organization.	G01
	22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	G01,G50
	23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	G01
Stakeholder engagement	24	Provide a list of stakeholder groups engaged by the organization.	G18
	25	Report the basis for identification and selection of stakeholders with whom to engage.	G20-21
	26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	G20-21
Report Profile	27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	G20-21
	28	Reporting period for information provided.	G01
	29	Date of most recent previous report (if any).	G01
	30	Reporting cycle.	G01
	31	Provide the contact point for questions regarding the report or its contents.	G56
	32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the external Assurance Report if the report has been externally assured. GRI Content Index for 'in accordance' - Core GRI Content Index for 'in accordance' - Comprehensive	G54-55 (Comprehensive)
	33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	G04
	34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	G45
Governance	35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	G45
	36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	G45
	37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	G45
	38	Report the composition of the highest governance body and its committees by: ·Executive or non-executive ·Independence ·Tenure on the governance body ·Number of each individual's other significant positions and commitments, and the nature of the commitments ·Gender ·Membership of under-represented social groups ·Competences relating to economic, environmental and social impacts ·Stakeholder representation	□
	39	Report whether the Chair of the highest governance body is also an executive officer.	G06-G14
	40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	□
	41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	□
	42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	G45
	43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	G08-G14

Page numbers that begin with G indicate pages in the Global report.

Page numbers that begin with J indicate pages in the Japan report.

□: Indicators related to non-environmental categories

For further information on EN-Web, see the Honda Worldwide website's environmental section. <http://world.honda.com/environment/>

GRI Guideline Index

Governance	44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	<input type="checkbox"/>
	45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	G20-21
	46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	G21,G45
	47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	G21,G45
	48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	G45
	49	Report the process for communicating critical concerns to the highest governance body.	G45
	50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	G20-21,G45
	51	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration.	<input type="checkbox"/>
	52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	<input type="checkbox"/>
	53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	<input type="checkbox"/>
	54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	<input type="checkbox"/>
	55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	<input type="checkbox"/>
Ethics and Integrity	56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	G18-19,G26
	57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	<input type="checkbox"/>
	58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	<input type="checkbox"/>

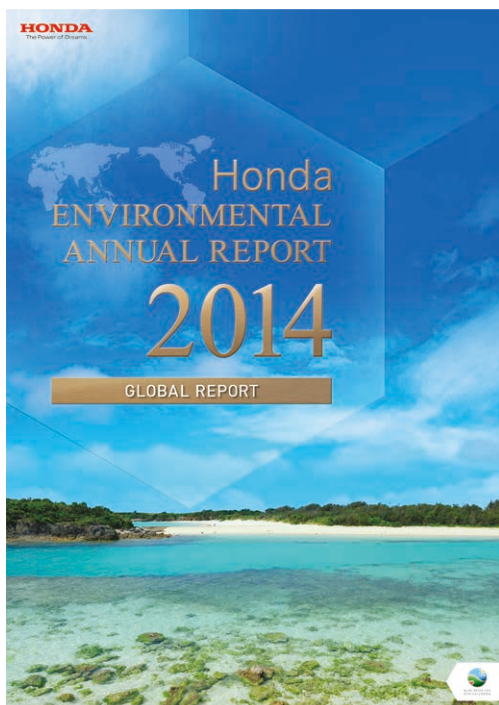
Environmental Performance Indicators			Page	Disclosure level			
				Non-consolidated		Consolidated	
			Partly	Fully	Partly	Fully	
		Disclosures on Management Approach (DMA)	G18-30,G45-49		<input type="radio"/>		<input type="radio"/>
Materials	EN-1	Materials used by weight or volume.	(J36)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	EN-2	Percentage of materials used that are recycled input materials.	—		Not disclosed		
Energy	EN-3	Energy consumption within the organization.	G50		<input type="radio"/>		<input type="radio"/>
	EN-4	Energy consumption outside of the organization.	G50		<input type="radio"/>		<input type="radio"/>
	EN-5	Energy intensity.	—		Disclosed as CO ₂ equivalent		
	EN-6	Reduction of energy consumption.	G50		<input type="radio"/>		<input type="radio"/>
	EN-7	Reduction in energy requirements of products and services.	G27,G31		<input type="radio"/>		<input type="radio"/>
Water	EN-8	Total water withdrawal by source.	G50		<input type="radio"/>		<input type="radio"/>
	EN-9	Water sources significantly affected by withdrawal of water.	EN-Web	<input type="radio"/>			
	EN-10	Percentage and total volume of water recycled and reused.	(J39)			<input type="radio"/>	
Biodiversity	EN-11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	G16		<input type="radio"/>		
	EN-12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	G16		<input type="radio"/>		<input type="radio"/>
	EN-13	Habitats protected or restored.	G16,(J60,J62)		<input type="radio"/>		<input type="radio"/>
	EN-14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	G16		<input type="radio"/>		
Emissions	EN-15	Direct greenhouse gas (GHG) emissions. (Scope 1)	G50		<input type="radio"/>		<input type="radio"/>
	EN-16	Energy indirect greenhouse gas (GHG) emissions. (Scope 2)	G50		<input type="radio"/>		<input type="radio"/>
	EN-17	Other indirect greenhouse gas (GHG) emissions. (Scope 3)	G47		<input type="radio"/>		<input type="radio"/>
	EN-18	Greenhouse gas (GHG) emissions intensity.	G27,G29		<input type="radio"/>		<input type="radio"/>
	EN-19	Reduction of greenhouse gas (GHG) emissions.	G51-53		<input type="radio"/>		<input type="radio"/>
	EN-20	Emissions of ozone-depleting substances. (ODS)	—		Not disclosed		
	EN-21	NO _x , SO _x , and other significant air emissions.	G50		<input type="radio"/>		<input type="radio"/>
	EN-22	Total water discharge by quality and destination.	G50		<input type="radio"/>		<input type="radio"/>
Effluents and Wastes	EN-23	Total weight of waste by type and disposal method.	G50		<input type="radio"/>		<input type="radio"/>
	EN-24	Total number and volume of significant spills.	(J21-22)		<input type="radio"/>		
	EN-25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	—		No waste transported		
	EN-26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	EN-Web		<input type="radio"/>		
	EN-27	Extent of impact mitigation of environmental impacts of products and services.	G19-25,G27-40		<input type="radio"/>		<input type="radio"/>
Products and Services	EN-28	Percentage of products sold and their packaging materials that are reclaimed by category.	(J43,J51)		<input type="radio"/>		
Compliance	EN-29	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	(J21-22,J24)		<input type="radio"/>		
Transport	EN-30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	G29,G47-48		<input type="radio"/>		<input type="radio"/>
Overall	EN-31	Total environmental protection expenditures and investments by type.	(J24)		<input type="radio"/>		
Supplier Environmental Assessment	EN-32	Percentage of new suppliers that were screened using environmental criteria.	(J32-33)	<input type="radio"/>		<input type="radio"/>	
	EN-33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	(J32-33)	<input type="radio"/>		<input type="radio"/>	
Environmental Grievance Mechanisms	EN-34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	(J21-22)		<input type="radio"/>		

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☐: Indicators related to non-environmental categoriesFor further information on EN-Web, see the Honda Worldwide website's environmental section. <http://world.honda.com/environment/>

Honda Environmental Annual Report 2014 (Global Report)



Editorial concept

Developed around a "people's passion" concept, this year's environmental report features appearances from an array of Honda associates, including the company president, chairmen of the six regional environmental committees, R&D managers, and many more. Each expresses his or her own aspirations from a unique position within the company, allowing readers to more vividly sense the varied but united passion Honda associates bring to environmental issues and their mission to make Honda a truly globalized company.

Design concept

Honda operates its manufacturing business with concern for the environment and with the mission of keeping our skies blue, our water pure, and our land green. The clear hexagon on the cover evokes the image of sunlight and symbolizes Honda's six operating regions worldwide, while the natural landscape in the background embodies what Honda is driven to protect. Radiant sunlight also represents the intention of our six regions to proactively and organically drive reductions in environmental impact.

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Production

mode2 COMPASS

Photo

Kosuke Tsuruta, Hisashi Kato

● About the Honda global environmental slogan and symbol



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

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You can read this report, the latest news and updates on the Honda Worldwide website.

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

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