



CSR Report 2014

Striving to be a company society wants to exist



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Publishing Policy

About the Honda Corporate Report

Honda is involved in a variety of corporate social responsibility (CSR) activities to fulfill its goal of being a company that stakeholders worldwide want to exist. We offer reports on these activities in each of the five categories listed below.

Honda Corporate Reporting Map <http://world.honda.com/csr/library/>

Honda's myriad efforts to be a company society wants to exist are reported in five major categories: Investor Relations, Corporate Social Responsibility, Safety, Philanthropy, and Environment. By engaging our stakeholders in clear, active communication, we hope to increase their understanding and appreciation of who we are and what we do. As always, we look forward to hearing from you about how we can be a better company.



Media used to report CSR information

CSR information for FY2014 is available on this website and in the Honda CSR Report 2014 PDF edition. The web edition provides detailed reporting about the company's latest activities, while the PDF edition presents information in the form of an annual report. It is our hope that this website and the Honda CSR Report 2014 PDF edition will deepen stakeholders' understanding of Honda's CSR activities.

Scope, Period

Scope

This report focuses primarily on the activities of Honda Motor Co., Ltd., with some coverage of Honda Group companies in Japan and elsewhere. As used throughout this document, "Honda" identifies initiatives of companies subject to the same labor contract as Honda Motor Co., Ltd.

Period

This report primarily covers activities from April 1, 2013 to March 31, 2014. Some historical background of these activities and references to events up to the time of publication, as well as forecasts and plans, may also be included.

Disclaimaer

In addition to factual information regarding the past and present status of Honda Motor Co., Ltd., this report contains plans, perspectives, and forecasts based on corporate philosophy and management strategies as of the date of publication. Future forecasts represent assumptions or judgments based on information available at the time indicated. The results of future business activities and future events may differ from forecasts due to changes in the conditions on which they were based.

Publication date

Current edition: June 2014
Next edition: June 2015

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Published by

CSR Planning Office, Corporate Planning Division,
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Message from the President and CEO



**Honda will continue
with its strategy to deliver
joy around the world.**

Takanobu Ito
President, Chief Executive Officer and
Representative Director

Aiming to become a true global company

"Bring joy to everyone. Be useful to everyone." It is with these strong ambitions that Soichiro Honda founded the company in 1948. Since then, as Honda has built up its three business segments of motorcycles, automobiles, and power products all over the world, we have kept these ambitions at our core.

Although our dedication to these ambitions is universal, and has remained unchanged since the founding of the company, the makeup of the world economy has changed in the period post-Lehman shock, with customer expectations in different regions becoming increasingly divergent; Honda must respond by working to fully understand these expectations, and then addressing them with speed and agility. In 2010, we set out our 2020 vision of "providing customers good products with speed, affordability, and low CO₂ emissions," and have since been engaged in activities geared towards realizing this vision.

For example, in April of 2014 we carried out a significant organizational restructuring. Where Japan had previously been placed at the center of our global operations planning, we created a new Japan Headquarters, separate from the global operations departments, to clarify and separate the different roles and responsibilities of our Japanese business from our overall global operations.

As a result, it is hoped that each of our seven global regions* will be able to fulfil its remits beyond current levels, while at the same time maximizing Honda's total strength through the seven regions coming together to coordinate, leading to faster response to customers' needs. We believe that this is the way a true global company should be.

* (The seven global regions in which we operate consist of Japan, North America, South America, Europe, China, Asia/Pacific, and Africa/Middle East)

Working to address our Key Issues

We work with the four key issues of the environment, safety, product quality, and society. Within these four issues, we have taken the environment and safety to be our most important areas, and have set out the 'Honda Environmental and Safety Vision' as "Realizing the joy and freedom of mobility and a sustainable society where people can enjoy life." With regards to the environment, we are monitoring our operational environmental impact, and pushing forward with concrete policies based around our plan for reducing CO₂ emissions. In 2013, a study was conducted on the CDP (Carbon Disclosure Project) Global 500,* in which Honda scored the highest among Japanese companies.

Subsequently, we were selected as one of twelve global leaders for climate change disclosure and performance. Furthermore, with the winning of the 'Commendation for Preventative Measures against Global Warming by the Minister for the Environment' by the Yorii Plant at our Saitama Factory, we have gratefully received recognition both nationally and internationally for our environmental efforts.

* Global 500: The largest 500 companies by market capitalization included in the FTSE Global Equity Index Series

We believe that, in order to keep reducing our environmental impact, improvements in our products' energy efficiency will become increasingly important. Therefore, with our target, entitled "2020 global CO₂ emissions reduction targets for products," of a 30% CO₂ reduction for all motorcycles, automobiles, and power products' usage emissions compared to levels in the year 2000, we have adopted the slogan of "Continuation and evolution" towards realizing our environmental and safety vision" for the next three year period starting in 2014. We will continue to strengthen the linkage between the management and execution of our environmental measures and our global strategy, in order to realize the Honda environmental and safety vision.

For our safety related activities, we adopted the slogan "Safety for Everyone" in April 2014. Embodying this concept are the three pillars of 'people' - safety educators, 'technology' - the mechanics of safety, and 'communication' - safety information. In order to work towards the safety of everybody who is part of the mobility society, we have vigorously engaged in the likes of industry pioneering safe driving practices, and numerous examples of groundbreaking safety technology. We strive for a collision-free mobile society, with these three pillars working in unison towards an overall evolution towards such a goal.

Addressing our key issue of product quality is crucial for Honda to earn and retain trust. As we increase localization of manufacturing and global procurement of parts, we will deliver high quality products and services to satisfy customers worldwide - a level of quality attained through the fusion of all of our development, manufacturing, and procurement capabilities.

| Aiming to be “a company society wants to exist”

The Honda Philosophy is made up of our fundamental beliefs, the Honda company principle, and Honda management policies . Using this philosophy as a base, we have been engaged in CSR activities centered on our key issues.

One of the fundamental concepts of the Honda Philosophy is 'respect for the individual.' The concept comprises of the three pillars of 'Initiative,' 'Equality,' and 'Trust,' with the thinking that all people can fulfil their potential and share joy by respecting each other's differences, treating each other equally, and trusting one another. The source of Honda's competitive strength is in its people. Based on the principle of 'respect for the individual,' we will continue to nurture and utilize a wealth of talented people from all over the world.

While, up until now, we have engaged in many initiatives (not only in human resources) born out of our Philosophy through the likes of Honda company principle and Honda management policies , we understand that society's expectations of Honda are shifting towards a long term, sustainability focused perspective. In response to these changes, for the three year period starting in 2014, we will take on the highest caliber ESG (Environment, Society, and Governance) activities, to ensure that Honda continues to be a sustainable business.

By responding to such change with speed and flexibility in this way and by continuing to put forward products of visionary and progressive value, we aim to forge mutually joyous relationships with everyone involved in our business operations, and thus remain “a company society wants to exist.”

Takanobu Ito
President, Chief Executive Officer and
Representative Director
June 2014

CSR Management

Honda's CSR is based on the Honda Philosophy. We identify the objectives and key priorities for CSR through communication with all stakeholders. We also maintain the management and promotional framework needed to implement our sustainability strategy on a global level.

Honda CSR

We establish CSR objectives and identify each key priority based on the Honda Philosophy.

Stakeholder Engagement

We engage with stakeholders through communication to understand the concerns and expectations of customers, dealers, shareholders and investors, local communities, suppliers and associates.

Management Approach

We maintain the promotional framework needed to study, implement and publicize Honda's sustainability strategy on a global level.

Honda CSR

Honda's CSR is based on the Honda Philosophy, the corporate philosophy left to us by founders Soichiro Honda and Takeo Fujisawa. In addition to the Honda Philosophy, we have established environmental, safety, quality and social objectives through communication and other engagement with dealers, suppliers, and customer opinions. The concerns and expectations of stakeholders are always changing, so we periodically review our objectives and key priorities.

Honda Philosophy and CSR

Honda undertakes CSR activities based on the Honda Philosophy, which consists of fundamental beliefs, company principle and management policies.

Material issues in Key CSR Themes

We identify key priorities and promote initiatives for each.

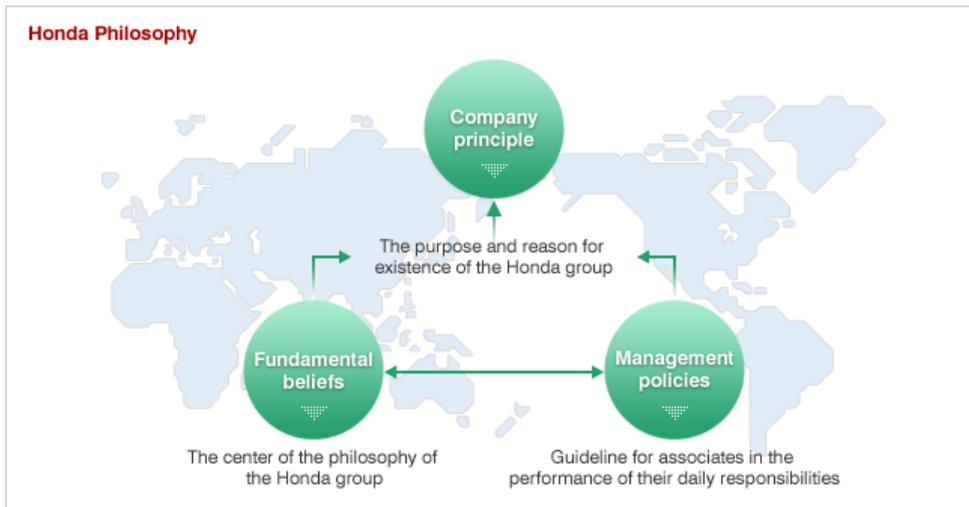
Key CSR Themes

Environment, safety, quality and society - these are the objectives we establish for CSR.

Honda Philosophy and CSR

Honda's Roots, "Honda Philosophy"

Our CSR initiatives are based on the "Honda Philosophy". Crafted by Soichiro Honda and Takeo Fujisawa, the Honda philosophy forms the basis for all of our corporate activities. It comprises a set of values that are shared by all Group companies and their employees, where everyone at Honda works to realize this philosophy and regard it as not only words, but as the foundation of their actions and decisions. Specifically, it consists of fundamental beliefs in terms of respect for the individual and the Three Joys, the company principle, and management policies.



Fundamental beliefs

Respect for the individual

Initiative

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

Equality

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

Trust

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

The Three Joys

The joy of buying

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

The joy of selling

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

The joy of creating

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

Company principle

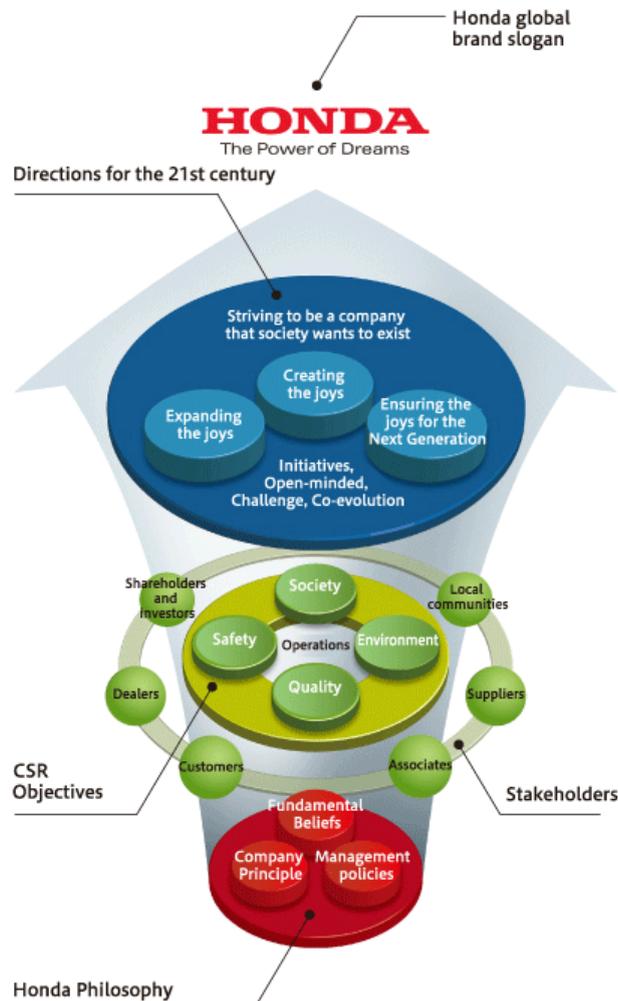
Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction.

Management policies

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

Honda has defined its strategic direction, based on the Honda Philosophy, to strive to be "a company society wants to exist" through sharing joy with the people of the world. To achieve this, we have engaged in corporate activities that are geared towards "Creating the Joys," "Expanding the Joys," and "Ensuring the Joys for the next generation." "Creating the Joys" is to enhance The Three Joys: to depict dreams, creating visionary new value with a freedom of expression. "Expanding the Joys" is to spread The Three Joys: to realize dreams with as many people as possible, and contribute to local communities. "Ensuring the Joys for the next generation" is to connect The Three Joys with the next generation: to realize the highest standards in environmental and safety performance, towards the sustainable development of society.

The cornerstone of our thinking behind our corporate activities is "Open-minded, Challenge, Co-evolution" - Honda's corporate culture of "taking up the challenge without fear of failure, free from the prejudice of preconceived ideas, and with a foundation of teamwork based on trust." Society's expectations of Honda are constantly evolving, and we will continue to strive to be "a company society wants to exist," by rapidly responding to the changing environment in which we operate. To allow us to do this, we must communicate with all stakeholders around us - our customers, dealers, shareholders and investors, local communities, suppliers, and associates - and conduct our business with an understanding of both their interests and expectations of Honda. We believe that by engaging in corporate activities that are based around the Honda Philosophy as outlined above, we will be in a position that allows us to fulfil our social responsibilities and contribute towards the building a sustainable society.



Key CSR Themes

As part of our drive to be “a company society wants to exist,” Honda has drawn from a wide array of sources-including direct customer feedback, customer satisfaction surveys, reader questionnaires appended to Honda corporate reports, communications with suppliers and dealers, dialogue with outside experts, various business performance indicators, and associate awareness surveys-to identify material issues under the four key CSR themes of Environment, Safety, Quality, and Society.

With respect to Environment and Safety, Honda has articulated its dream of a society in which anyone can move about freely in the Environmental and Safety Vision, “Realizing the joy and freedom of mobility and a sustainable society where people can enjoy life,” as well as the overarching 2020 Vision adopted in 2010, which calls for “maximizing customer joy” by providing “good products to customers with speed, affordability, and low CO2 emissions.” The Honda Environmental and Safety Vision expresses our passionate commitment to provide products and services that enhance personal mobility as part of our ongoing mission of “delivering excitement” to customers while contributing to the development and harmony of society. Honda’s initiatives in the Environment category include a long track record of product research and development aimed at enhancing emission performance and fuel diversity-from the CVCC engine of the 1970s to our current pioneering work on fuel cell electric vehicles-as well as ongoing efforts to minimize our environmental impact at every stage of the value chain, including manufacturing operations at our factories, transport of components and finished goods, and business activities at our offices and dealerships.

In the area of Safety, Honda has continued to develop and incorporate technologies aimed at preventing accidents and minimizing injury in the event of an accident, whilst vigorously pursuing safe-driving initiatives in countries around world. In April 2013, Honda adopted “Safety for Everyone” as its global safety slogan. As we see it, the three pillars of auto safety are Human, Technologies, and Communication, with Honda’s safety initiatives geared not only toward strengthening each of these individually, through safety education, safety technology, and safety information, but also to enhancing the interconnections between them with the ultimate goal of achieving a collision-free mobile society. From the very beginning, Honda has striven to manufacture products that exceed customer expectations so as to achieve optimum quality, with particular emphasis on safety and the environment. As our production system evolves in the direction of localized manufacturing with globalized component procurement, we continue to integrate Honda quality requirements into each stage of development, procurement, and production in order to provide customers all over the world with the kind of top-quality products they expect and deserve.

Moreover, we believe that CSR under the category of Society is vital if Honda is to remain “a company society wants to exist” going forward. CSR programs under this theme are wide ranging, from customer satisfaction initiatives to social philanthropy and internal training and education. Ever since its early history, Honda has embraced its responsibilities as a corporate citizen and has endeavored to give back to society in keeping with the Honda philosophy. We will continue to maintain close and open communication with all our stakeholders to ensure that their concerns and expectations are reflected in Honda’s social initiatives and business activities in the years ahead.



Key CSR Themes

Material issues in Key CSR Themes

We have identified material issues relating to our Key CSR Themes: "Environment", "Safety", "Quality" and "Society".

Environment

Honda has been vigorously pursuing environmental initiatives since the 1960s, and in the 1970s, created the CVCC engine which was able to fully comply with the "Muskie" Clean Air Act in the U.S. - a feat thought of as impossible at the time. In 1992, we defined our fundamental approach of "reducing our environmental impact at every stage of our products' lifecycles" in writing, in "the Honda Environmental Declaration." In March 1995, we established the World Environment and Safety Committee, deliberated over and established a plan for environmental conservation on a global scale, and have conducted a program of annual performance reviews ever since thereby establishing an environmental management system that functions on all levels, from a global scale to that of local communities. The environment is an important issue, and has an effect on Honda's corporate operations. In line with this thinking, we have recently assigned the role of chairperson of the World Environment and Safety Committee to the President and CEO, while all Chief Operating Officers for Regional Operations have been designated as chairpersons of their respective regional environmental committees.

Having considered, through the World Environment and Safety Committee, the types of environmental issues that the world faces today, and how these issues relate to and impact our business operations, we reached the conclusion that, in order for Honda to address safety and the environment on a global basis and make our own operations sustainable, we must focus on the three issues of climate change, energy, and resources.

Main environmental initiatives

- Countermeasures against climate change
- Countermeasures against energy scarcity
- Countermeasures against resource scarcity

Safety

In Japan, the number of traffic accident victims who died within 24 hours of their accident declined in 2013 for the 13th consecutive year to 4,737, the number of injuries and the number of accidents also decreased for the ninth straight year. Globally, a rapid increase in demand for personal mobility products in developing countries is predicted by the World Business Council for Sustainable Development (WBCSD) "Mobility 2030" project, in which Honda participated. In order to prevent an increase in traffic deaths in these countries, it will become necessary for auto makers and other stakeholders, such as local governments, to cooperate in making traffic safety provisions.

Honda has always pursued initiatives aimed at not only car and motorcycle users, but all users of the road, including pedestrians and cyclists. In line with the changing environment in which we operate, with emerging technologies and new legislation, we aim for a "zero-collision" mobility society, and as such, adopted the slogan of "Safety for Everyone" in April 2014. To realize these ideas, we have identified three key components: 'Human' - safety education, 'Technologies' - the mechanics of safety, and 'Communication' - safety information. By advancing these concepts and at the same time promoting collaboration between the three areas, we are able to create new value.

Main safety initiatives

- Providing knowledge and skills for safe driving under the "Human" pillar
- Developing 'Technology' to ensure safety
- "Communicating" essential information to raise traffic safety awareness

Quality

Our product quality activities play an important role in earning our customers' trust. Through our approach of "Providing the convenience and amenity of personal mobility to as many people as possible", Honda has been in a position that allows it to rapidly expand overseas. In order to achieve our objective of "120% product quality" everywhere we operate, we follow our global quality guarantee rules.

As we increase localization of manufacturing and global procurement of components, we will create dependable products through the development, procurement, and manufacturing stages, and continue to respond to customers' trust in us by sustainably improving our products through the Honda Quality Cycle.

Main quality initiatives

- Realization of products of the highest quality

Society

The theme of Society affects a great many stakeholders. A large number of suppliers provide us with tens of thousands of automobile components. Those components are then assembled into finished products at factories employing thousands of Honda associates. Honda dealerships deliver our products to customers and ensure customer satisfaction through ongoing maintenance and repair services. As a good corporate citizen, Honda also needs to work hand in hand with local communities and governments in order to deepen its commitment to all local communities where it does business.

By maintaining close communications with these stakeholders, Honda strives to ascertain and respond to their expectations as it addresses various issues. Where the customer is concerned, we are constantly striving to boost customer satisfaction by improving our products and services, so as to deliver value that not only meets but surpasses expectations. In terms of philanthropy, with the aim of coexisting with the local communities where it operates Honda has been involved in social initiatives tailored to local needs since the 1960s when the company was still in an early growth phase. When it comes to suppliers, Honda's procurement programs are grounded in equal opportunity and the principle of treating all our suppliers as equals. Where our associates are concerned, we are dedicated to creating a healthy work environment in which each member of our highly diverse workforce can find job satisfaction by making the most of his or her abilities.

To promote a fuller understanding of Honda's business activities, including our broad range of CSR activities, we place a high priority on public information, targeting not only shareholders but as many investors as possible. The focus of our investor relations program is twofold: (1) ensuring timely, accurate, and fair disclosure of business information, and (2) communicating the true state of the company's operations in a straightforward manner.

Main social initiatives

- Enhancing customer satisfaction
- Philanthropic initiatives designed to strengthen ties with local communities
- Fair relationships with business partners
- Healthy working environment so that associates can make the most of their abilities
- Investor relations

Review of Key CSR Themes and Material Issues

As society changes, so do the concerns and expectations of Honda's diverse stakeholders. For this reason, Honda periodically reviews the key CSR themes and material issues that we focus on.

Stakeholder Engagement

If Honda is to be “a company society wants to exist,” it must anticipate social change and respond to desires and needs as they evolve. In each corporate unit that has direct involvement with stakeholders—from sales departments and the Customer Relations Center, which interact with customers, to purchasing departments, which deal directly with suppliers—Honda takes every opportunity to maintain awareness of stakeholder concerns and expectations. Important matters are submitted to the Board of Directors or the Executive Council for deliberation. Of the information gathered through stakeholder engagement, matters of major importance, including those relating to Honda’s medium- or long-term business strategy from the sustainability perspective, are brought before the World Environment and Safety Committee.



Our Stakeholders

	Our Stakeholders	Examples of occasions to understand their expectations	Contact
Customers	Total annual unit sales including motorcycle, automobiles, and power products and others 27,380,000	Customer satisfaction survey Customer feedback Traffic safety initiatives held by dealers Customer events such as Motor Shows	Sales Division Customer Relations Center Dealers Corporate Communication Division
Dealers (Domestic)	Honda Cars Dealerships: 2,000 Honda Dream Stores: 110 * Dealers of power product and others: 2,800	Dealer Conferences Certification system briefings and site visits	Sales Division in each Business Operations
Shareholders and Investors	Shareholders: 215,555	General meetings of shareholders IR meetings	General Affairs Division IR Division
Local Communities	Total: 448 Consolidated subsidiaries (include variable interest entity): 365 Equity method affiliates: 83	Meeting with local residents Factory tours and events for children and students Philanthropic activities with participation of Honda associates Industry organizations activities and international initiatives	General Affairs Division Each division in Functional Operations
Suppliers	Parts and Raw materials of Domestic and international: Approximately 7,000	Suppliers Conferences of the region in the world/Suppliers Meetings	Purchasing Division
Associates	Total: 198,561 (Employed workers of Honda Group)	Employee satisfaction surveys Direct Communication (Dialog with executives) Intranet Off-the-job training programs	Personnel Division

*At the end of June 2014

Examples of our stakeholder engagements

Through continuous interaction with all stakeholders groups, we at Honda work hard to stay in touch with society's expectations and incorporate them into our management policies and business activities.

With local communities: the Hello Woods Symposium

In 2000, as part of our forest rejuvenation initiatives, we opened a nature experience center named Hello Woods in the Twin Ring Motegi grounds (Motegi-town Haga-county, Tochigi prefecture), as a "place of recreation and learning" through the richness of nature. Hello Woods plays an important role in demonstrating how we put the first two of the three pillars of our community activities - "Preservation of the environment, nurturing the next generation, and traffic safety" - into practice. We use the facility to hold forums, where people such as experts and members of NGOs can share their thoughts regarding the subject of the children of the next generation, and the environment that will be left for them. The knowledge and perspectives gained from this process helps us to not only connect with members of the general public, but also plays a useful role in the development of our community initiatives.



Date and Location	Theme	Speakers
19th Oct. 2013 Hotel Twin Ring (Twin Ring Motegi)	The Life and Emotions that Forests Nurture	Mr. Akira Sakata, Jazz musician, Visiting Professor of Tokyo University of Pharmacy and Life Sciences, Dr. Minoru Taketazu, veterinarian, photographer, and essayist Ryuichiro Sakino, Hello Woods Forest Producer Yoshikazu Kigoshi, General Manager of Design Division, Automobile R&D Center, Honda R&D Co., Ltd.
13th March 2013 Hotel Twin Ring (Twin Ring Motegi)	Linking Healthy Forests and Healthy Kids	Professor Emeritus Takeshi Yoro, University of Tokyo Takashi Sugiyama, Research & Development Division Manager, Fumakilla Limited Ryuichiro Sakino, Hello Woods Forest Producer Takanobu Ito, President and CEO, Honda Motor Co., Ltd.
1st and 2nd March 2012 Aoyama Building, Honda Head Office(Aoyama)	Day 1: Healthy Forests Day 2: Healthy Kids	Yoshihisa Suyama, Associate Professor, Graduate School of Agricultural Science and Faculty of Agriculture at Tohoku University Ryuichiro Sakino, Hello Woods Forest Producer Takanobu Ito, President and CEO, Honda Motor Co., Ltd.
30th October 2010 Hotel Twin Ring (Twin Ring Motegi)	Healthy Kids and Healthy Forests: Sustainable Forest Development	Dr. Minoru Taketazu, veterinarian, photographer, and essayist Mayor Tatsuya Koguchi, Town of Motegi, Professor Tatsuhiro Ohkubo, Faculty of Agriculture Department of Forest Science at Utsunomiya University Shingo Noi, Associate Professor, Faculty of Education at Saitama University Ryuichiro Sakino, Hello Woods Forest Producer Takanobu Ito, President and CEO, Honda Motor Co., Ltd.

With Dealers: Certification system to meet customers' needs

To exceed our customer's expectations, we operate a certification system for automobile dealers built around our own standards for environment, safety, and welfare performance.

Orange Dealers

Honda has a program of certifying some Honda Cars dealerships as "Orange Dealers" that take on the role of supporting local communities through the sale of special-needs vehicles. It is very important that customers test these vehicles to enable them to fully understand the equipment, function, size and its operation. Orange Master Dealerships display the complete range of special-need vehicles*1 which are also available for test drives.

Orange Dealers also provide barrier-free showrooms, and parking places and restrooms suitable for wheelchair users, as well as taking measures such as ensuring that there are no steps between the parking lot and the entrance to the dealership to facilitate access for all customers. Sales personnel provide guidance regarding special-needs vehicles, making sure that customers can select the most appropriate vehicle for them.

Annual unit sales of special-need vehicles are 8,390*2 as of the end of March 2014.

*1 Passenger swivel seat vehicle, passenger lift-up seat vehicle, side lift-up seat vehicle and wheelchair-accessible vehicles *2 including vehicles driving assist systems

Features of Orange Dealers



Provision of barrier-free showrooms



Display of Honda special-needs vehicles which are available for test drives



Sales personnel can provide guidance regarding special-needs vehicles

With industry groups: Providing training for business partners

Honda strives to conduct business in an ethical manner, working to attain the highest standard in business integrity.

Constructive dealings with our business partners are essential. Given the diversity of our partners, whether in terms of size, industry grouping, or geographical distribution, Honda seeks to be a responsible company and community partner, working to ensure that all dealings are being held to such standards.

We are collaborating with other companies: for example, Honda*1 is actively involved with the automobile industry organization AIAG (Automotive Industry Action Group), where we are part of four work groups, focusing on Conflict Minerals*2, Global Working Conditions Training, Greenhouse Gases and Chemical Management and Reporting. We serve as co-chair of the Global Working Conditions Training group, in which companies participating in the AIAG collaborate to advance training in emerging countries; we have taken part in training sessions in China and Mexico, educating the supply chain on business ethics, environmental standards, working conditions, and human rights. These sessions are open to all tier one suppliers and any interested sub tier suppliers, and through these kinds of activities, we are striving to attain the highest standards in the automobile manufacturing industry.

Furthermore, the AIAG is a partner association of the Conflict Free Sourcing Initiative (CFSI); through our participation in the CFSI, we are providing support for third party auditing of conflict mineral smelters and refiners.

*1 Participation by Honda North America Inc.

*2 For further information regarding our activities on Conflict Minerals, please visit the following page 78.



With Industry Groups: Guest Lecturing on Campus

The Japan Automobile Manufacturers Association organized the "Guest Lecturing on Campus: Top Executives Explain the Allure of Automobiles," a program in which the CEOs of Japanese automakers gave university presentations in an effort to convey the excitement of automobiles and manufacturing to a generation of young people for whom cars have lost some of their former appeal. Honda President and CEO Takanobu Ito took part in the program, returning to his alma mater Kyoto University on October 16, 2013 to deliver a presentation titled "Realizing the Joy and Freedom of Mobility and a Sustainable Society Where People Can Enjoy Life."

Ito began by congratulating the Kyoto University team on its first-place overall finish at the 2013 Student Formula Japan competition.* By relating his own involvement in the development of the NSX sports car and the thrill of solving the problems involved in designing an all-aluminum body, he conveyed the importance of setting challenging goals and highlighted the special appeal of cars and the world of manufacturing.

Ito explained that advancing R&D programs aimed at building the next generation of clean motor vehicles and developing renewable-energy manufacturing systems is one of the most urgent tasks in the fight against global warming. He also discussed Honda's development of the world's first commercial onboard navigation system and the company's ongoing work in developing navigation systems that use interactive communication to prevent accidents and help drivers avoid traffic congestion. He concluded by urging all his listeners to pursue their dreams with total commitment and passion. Honda will continue exploring opportunities to connect with members of the younger generation, on whom we are counting to build the Hondas of tomorrow.

*Student Formula Japan is an annual national engineering competition launched in 2003 in which students plan, design, and build their own racing cars.

With Our Associates: Direct Communication

At Honda we place priority on good two-way internal communication, recognizing that it is essential to a healthy organization. In April and May 2013, following our fiscal 2012 corporate reorganization, President and CEO Takanobu Ito toured Honda's major worksites around Japan to engage in direct communication with Honda associates.

During the program, Ito and other executive officers spoke face-to-face with Honda associates about Honda's vision and strategy for the future, covering such core themes as the meaning of true globalization and the evolution of manufacturing, and they listened carefully to the views of participants. In a survey of participating associates carried out after the program, 90 percent of respondents answered that the experience had deepened their understanding.

At our overseas worksites, meanwhile, the chief operating officers of Honda's Regional Operations (all of whom are executive officers of Honda Motor Co., Ltd.) took the lead in implementing direct communication programs adapted to the needs and conditions of their respective locales.



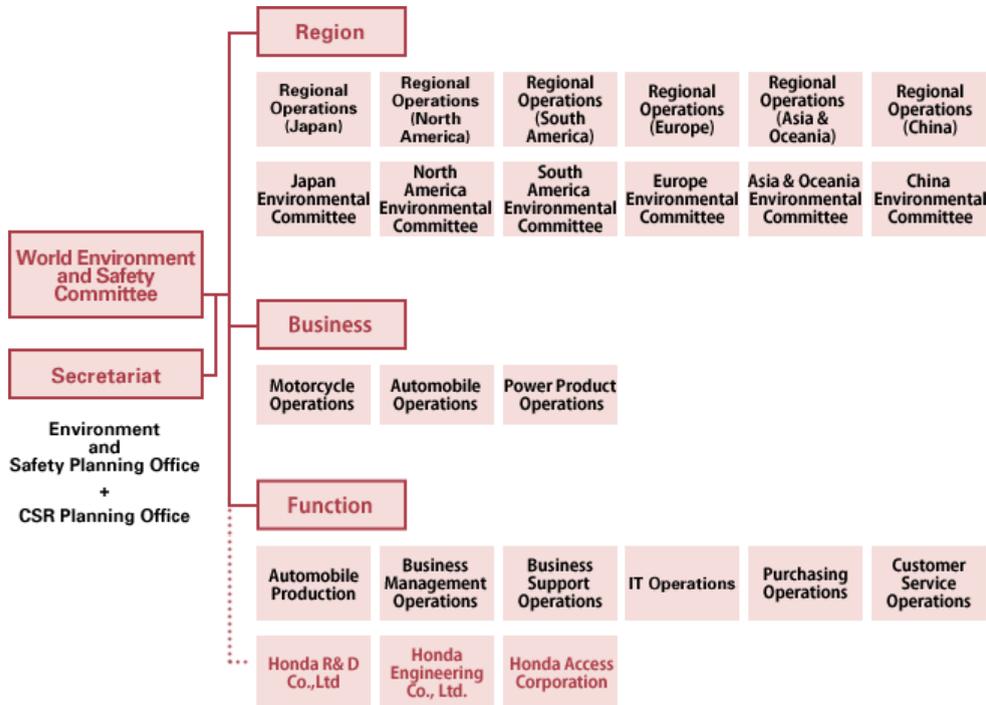
Management Approach

CSR Management Framework

In fiscal 2014, cognizant of the growing global emphasis on evaluating business activity from a long-range perspective, Honda expanded the scope of the World Environment and Safety Committee to include matters under the heading Society and Governance, as well as Environment, thereby creating a framework for global deliberation, implementation, and communication of Honda's sustainability strategy.

In addition, in April 2014 Honda transferred jurisdiction over CSR management functions from Business Support Operations to the newly established CSR Planning Office under the Corporate Planning Division, in recognition of the importance of CSR management. The new organization strengthens Honda's central CSR planning capabilities and creates a framework in which the CSR Planning Office reports planning and progress on Honda's sustainability strategy directly to the World Environment and Safety Committee along with the Environment and Safety Planning Office, previously established under the Corporate Planning Division.

Honda CSR Management Framework



Management

In fiscal 2014, Honda began prioritizing material issues on ESG and setting targets for addressing those issues. Concrete plans are drawn up within each regional, business, and functional division, submitted to top management for review, and formally adopted upon approval. Each year after a plan goes into effect, an evaluation is carried out to assess progress toward the plan's targets, and the results are reflected in the targets and planning for the following year. This PDCA* cycle provides a mechanism for ongoing ESG initiatives within each region, business, and corporate function.

* plan-do-check-act

Benchmarking

We view outside feedback and evaluations as essential criteria for monitoring the quality and progress of our initiatives. We will continue enhancing our efforts throughout Japan and the world while also working actively to provide full, meaningful disclosure of all our activities and data.

In the CDP (Carbon Disclosure Project)'s survey of Global 500 companies*, Honda scored the highest among Japanese companies. Subsequently, we were selected as one of twelve global leaders for climate change disclosure and performance.

*Global 500: The largest 500 companies by market capitalization included in the FTSE Global Equity Index Series



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

Many models have received the highest score from third party evaluations worldwide in FY2014. Notable examples include being awarded the Top Safety Pick+ by IIHS in the United States for the most number of models, five stars for all models assessed by Euro-NCAP, and a five-star J-NCAP rating in Japan for the CR-V.F



Customers



Honda's approach to customer satisfaction

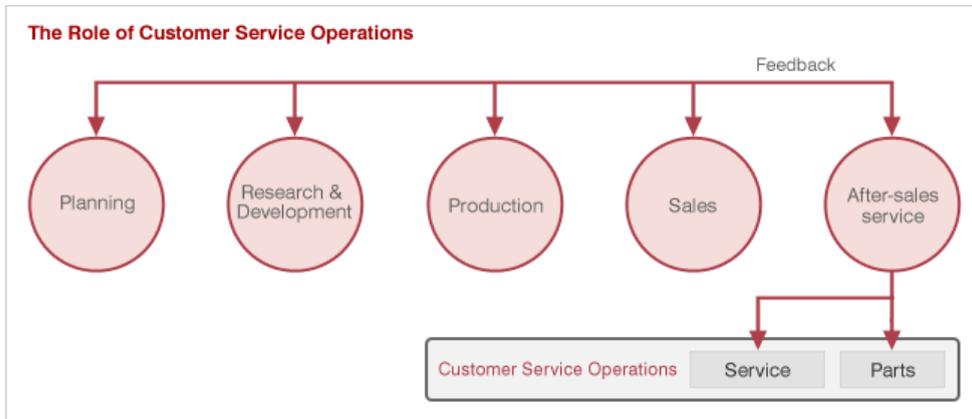
In accordance with the Honda philosophy of respect for the individual and the Three Joys of buying, selling, and creating, Honda has always worked closely with its dealerships to maximize customer satisfaction. Every step of the way, from purchase to after-sales service, dealerships work together with Honda to earn and maintain the trust of customers.

Systems and objectives designed to enhance worldwide customer satisfaction

In order to "Provide good products to our customers with speed, affordability and low CO₂ emissions." as stated in Honda's 2020 vision, the Customer Service Operations is striving to realize optimal service operations in markets worldwide to pursue the priority goal of creating and expanding customer joy worldwide through service. In order to achieve this, we set our goals to be the undisputed No. 1 in customer satisfaction.

"Undisputed no. 1 in customer satisfaction" refers to the creation of customer joy and excitement by providing a level of value that not only satisfies the expectations that customers have when they receive services based on their past experiences and information, but also exceeds them. The experience of excitement through these services forges an emotional connection between customers and Honda, ensuring that the company remains a mobility manufacturer that customers choose based on their high expectations.

To attain this goal, services and parts divisions have adopted an activity policy of offering service in a friendly, timely, reliable, affordable, and convenient manner; developing an advanced service environment; and maximizing business efficiency and expanding business operations. They are also focused on creating an environment allowing regional dealers—Honda's point of contact with customers—to address customer satisfaction enhancement more effectively and efficiently.



Enhancing customer satisfaction



Honda is pursuing measures in every product segment to provide lifelong satisfaction to as many customers as possible.

Implementing customer satisfaction



In all of our areas - motorcycles, automobiles, and power products - Honda is involved with a variety of initiatives to improve customer.

Maintenance support initiatives



In an effort to provide more extensive maintenance support, we are working to develop support tools and to foster the development of experts at overseas subsidiaries.

Enhancing customer satisfaction

Conducting customer satisfaction surveys

Aiming to establish lifelong relationships with satisfied customers, Honda takes a proactive approach to conducting customer satisfaction surveys in all product segments: motorcycles, automobiles, and power products. Carefully analyzed survey results are fed back to the departments involved and dealerships in the form of practical suggestions for improvement and put to use in day-to-day activities.

In Honda's overseas automobile operations, for example, survey results are used to compile a Customer Satisfaction Index (CSI) for each product and region. In Japan, an initial questionnaire is distributed to purchasers of new automobiles, and, since FY2004, a questionnaire has also been distributed to purchasers of pre-owned automobiles. In FY2008, a survey was introduced to query customers whose automobiles will soon be due for the periodic automobile inspection required by the Japanese government.

Earning a No. 1 rank in customer satisfaction surveys around the world

In its overseas automobile business, Honda's activities focus on the "3Ps" in order to meet diverse customer expectations.

These initiatives involve increasing the quality of service provided to customers by looking at things from the customer's point of view and identifying and resolving local issues in each of the three points of contact between Honda and its customers: "Premises/Process," "People," and "Product."

Customer satisfaction initiatives and the 3Ps

- Voice-of-the-Customer programs at dealerships
Gathering customer feedback and bringing it to bear on operations
- Process efficiency improvement programs
Improving work efficiency by eliminating wasteful operations at individual dealerships
- Single repair programs
Ensuring that most customer issues are properly solved with a single repair

- Development of a comprehensive dealership training system
Strengthening training programs to enhance human resources and skill levels



- Pre-emptive prevention, mis-delivery prevention, and expansion prevention
Boosting product service quality

We have pursued these activities in earnest for several years at sites worldwide, with the result that service quality has improved measurably.

Going forward, we will not rest on these laurels, but will rather further enhance our activities in an effort to continue to inspire customer joy worldwide, by, for example, introducing new surveys that focus on the satisfaction of individual customers and accelerating the global application of activities to emerging nations. In this way, we will strive to delight customers worldwide by providing services that exceed their expectations.

Customer Relations Center

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

The Center receives feedback in the form of customer questions, suggestions, requests and complaints 365 days a year, and during FY2014 it processed 258,196 inquiries. To ensure that this valuable information is put to good use in Honda's operations, the facility shares it in a timely manner with the company's R&D, manufacturing, service, and sales departments in compliance with laws and regulations as well as Honda's own policies concerning the handling of personal information.



Sharing customer feedback among departments

Implementing customer satisfaction

Motorcycle initiatives

Establishing service frameworks for dealers in emerging nations

Honda has, with minimum investment and facilities, been quick to set up plants and start business in emerging markets (such as in Africa and Southwest Asia) dominated by Indian and Chinese manufacturers.

A lack of social infrastructure and education meant that general motorcycle dealers in these markets were unable to provide the level of service that Honda was looking for.

As a latecomer to such markets, Honda works constantly to highlight points of differentiation with competitors, and consequently increase its share of sales, by delivering to customers and subsidiaries the Three Joys (the Joys of Buying, Selling and Creating), as stated in the Fundamental Beliefs.

In particular, we believe it is our mission, using the limited management resources available, to manufacture and sell competitive, high-quality Honda products and to build frameworks for providing satisfaction to the customer through after-sales service.

Specific initiatives include developing a 'maintenance invoice' for use in emerging nations where educational levels are low. These have been provided to dealers along with guidance on how to apply them. Invoices come with simple illustrations and diagrams have been included on the invoices to explain, in a format anyone can understand, procedures for visual and operational confirmation of vehicles on delivery after purchase, and procedures taken when the customer brings in a vehicle for maintenance or repair.

Easier to grasp and serving as an aid for ensuring sound after-sales service delivery, the result is satisfaction for both customer and dealer personnel. Furthermore, the exchange of maintenance invoices, containing details of customer complaints and repair work and other valuable information, puts in place a process at overseas subsidiaries for properly gathering data on market quality for feedback to manufacturing and product development divisions even in circumstances where it is not possible to invest sufficiently in information infrastructure.

The invoices were introduced to two markets, Kenya and Bangladesh, in FY2014 and similar initiatives will be pursued in other emerging nations as we continue efforts to bring the Three Joys to customers.



Creation of a maintenance invoice at a dealer in Kenya



Guidance on maintenance invoices being given at a dealer in Bangladesh

Pre-delivery maintenance invoice explaining procedures with illustrations followed by descriptions

General maintenance invoice explaining procedures with transparencies

Automobile initiatives

Japan: Ensuring motorists can drive Honda vehicles safely

Highly skilled service personnel with extensive knowledge of Honda vehicles provide high-quality after-sales service at Honda Cars and Honda Auto Terrace, Honda's automobile dealerships: they make use of proprietary tools developed by Honda, electronic diagnostic devices, and other systems along with extensive vehicle quality information gathered from dealerships across Japan.

As of March 2014, about 1.8 million customers had taken advantage of bundled services including regular inspections and oil changes, and more than half of all new vehicle purchases included Honda's extended warranty, helping the company achieve a high level of customer satisfaction.

Dealers work hard to ensure that customers can enjoy their Honda vehicles with confidence and peace of mind under the best possible conditions by offering a wide range of services to provide a pleasant ownership experience, including by enhancing Honda's menu of car maintenance services, a reasonably priced selection of ways to refresh vehicles inside and out.



Honda Maintenance Station

Japan: Customer support via the Honda C-card

Honda offers the Honda C-card to provide an optimal level of service to customers at all times. As of March 2014, the card, which combines a point-based cash rewards program, preferred service for members, a charitable donation program, and other benefits with basic credit card functionality, had been issued to a total of some 2.89 million members since the start of service in October 1995. Additional "Honda C-card Members" services were added in October 2006, including the ability to reference a vehicle's maintenance history and the ability for cardholders to notify Honda of their address changes 24 hours a day. We've also added a Honda C-card without credit card functionality as an additional choice for customers.



Honda C-card

Donating funds based on Honda C-card usage

Each year since its introduction in 1995, Honda has donated a fixed percentage of customers' Honda C-card usage to the Japanese Red Cross Society and the Japan Committee for UNICEF. In 2014, these donations totaled ¥822 million.



Left: General Manager Kato of Marketing Operations (right) receives Donation Certificate Appreciation from Executive Director Ken Hayamizu of the Japan Committee for UNICEF (left) at a charitable donation presentation ceremony
Right: General Manager Kato of Marketing Operations (right) presents Catalog of gifts to the Vice President Otsuka (left) of Japanese Red Cross Society at a charitable donation presentation ceremony.

Increasing service staff members' technical skills

A unique service education system

Honda offers a range of training for dealer service staff through the Honda Automotive Service Education System. The program is based on Honda Automotive Service Training System (HAST), which incorporates not only technical but also customer service content in order to foster the simultaneous development of both technical and customer service skills. The program, which includes training in specialized subjects as well as training for full-time workers, meets the needs of a broad range of field staff.

Honda also offers the Body Paint (BP) Training Program for body repair and painting staff in order to foster the development of specialists in those areas.

Recently, we have been working to enhance the technical skills of service staff by increasing the percentage of these workers who hold Service Engineer certifications*¹ and expanding a trainer program*² designed to bring HAST training to the prefectural and corporate levels.



Training in classroom session and practice

*1 Trainer program: A program that builds on HAST training in order to offer trainer education to exceptional staff at the prefectural and corporate levels.

*2 Service engineer certification: A series of service engineer certifications (grades 1 through 3) reflecting level of training have been established under the HAST Program and the BP Training Program.

Giving service personnel a chance to hone their skills at the Honda Automobile Service Skill Competition

Honda holds the Honda Automobile Service Skill Competition to provide an opportunity for service personnel from across Japan to put their service skills, knowledge, and hospitality to the test at a venue designed to stimulate participants to hone their skills while fostering the development of the next generation of service professionals.

The competition consists of three events: the Service Engineer Course, where individuals compete to gauge the precision with which they can diagnose malfunctions and replace parts; the Corporate Team Course, where teams of three compete in a simulated customer service from reception to delivery as well as malfunction diagnosis; and the Reception Staff Course, where participants compete in a role-playing format that tests their ability to serve customers as reception staff. A maintenance contest where participants compete to see who can disassemble, measure, and assemble functional parts with the greatest speed and precision is held at the same time. Through the Service Skill Competition, Honda is striving to train its service personnel to a higher level.

Through their participation in an event that allows them to exhibit the skills they have developed through their daily work, service personnel both increase their awareness of the importance of building skills and help improve service quality at Honda.



Participants compete at the Corporate Team Course of the Service Skill Competition

Overseas: Products that bind customers to Honda

Honda strives to deliver an optimal level of service to customers worldwide based on its philosophy of creating and expanding customer joy worldwide through service. The company shares advanced service activities and approaches from different countries with personnel worldwide through Customer Service Operations in Japan as it works to expand its program of initiatives in ways designed to complement each country's market characteristics.

To provide a pleasant ownership experience for customers, Honda dealers offer a range of regular inspection packages with various payment and service options as well as extended warranties designed to ensure customers are able to enjoy their products over the long term. These products continue to evolve on a daily basis in each market in response to customer needs, which are diversifying worldwide. As of January 2014, they were being offered by dealers in more than 30 countries.

Going forward, we will strive to expand customer joy to include all countries as we create strong bonds linking customers and Honda in markets worldwide by bringing these activities to emerging markets.

Power product initiatives

Enhancing the way we provide service information to customers and dealerships: Consumer products edition

In emerging nations, where demand is growing rapidly, products are carried by businesses other than Honda dealers, making it necessary to provide appropriate service information to general retailers. Even as we've been building a service network linking Honda stores, we've also enabled the direct distribution of the minimum amount of service information needed by general retailers and customers via the Internet. Specifically, we improved our engine information website to add consumer products information.

We also asked for local feedback about the types and categories of service information that should be provided, and we selected, compiled, and otherwise prepared information based on that input. As a result, we began offering service information for generators and outboard engines in addition to engine information in fall 2010.

As of March 2014, this information was available in 43 countries, and it was being accessed about 13,000 times each month. (From access logs, we found that while the information was made available in 43 countries, it was actually accessed by users in a total of 139 countries.)

Additionally, the website incorporates a mechanism for soliciting market feedback about needs related to information dissemination, site content, and product serviceability. These questionnaires make it easy for customers to submit requests and opinions to Honda.



Power products service information website



Service information at an African dealership workshop

Expanding an initiative to reduce complaints

Thanks to an initiative to address complaints by soliciting customer feedback that was launched in Japan in June 2006 and subsequently implemented in Europe and the United States, the complaint rate (obtained by dividing the number of complaints per month by the number of power products sold over the last year) has been falling.

About eight years of experience with this initiative has taught us that customer complaints and requests concerning our products exhibit great variety as a result of regional differences in culture, climate, and lifestyle, revealing significant differences in how products are used. Recognizing the breadth of those differences, we began developing similar systems in China and Thailand in April 2012 and in India in October so that we could better gather customer feedback in those countries as well.

Specifically, a regular meeting to reduce customer complaints is held in each country on a monthly basis. In addition to facilitating the sharing among relevant departments of information about every piece of customer feedback received by customer service hotlines concerning our business operations, including products as well as sales and service activities, and the examination of improvement measures, these meetings provide a venue for reviewing the progress and results of those measures and ensuring that they are incorporated into a growing feedback database. We also work to eliminate customers' complaints at the source by investigating the root causes of complaints, identifying issues that need to be resolved, and implementing measures as the departmental level to do so.

Customer complaints that go beyond the regional level and have the potential to impact the power products business as a whole are identified and shared along with information about effective countermeasures among facilities worldwide.

Including a quick reference guide in product packaging

In order for customers to be able to use the products they purchase in their original condition as long as possible, it is critical that they operate them properly and inspect them regularly. Honda Siel Power Products in India packages a quick reference guide with generators sold in emerging nations. Designed so that they will be available for use whenever they are needed.

These guides incorporate following characteristics:

1. Operating instructions on the front and a description of how to perform a regular inspection on the back,
2. Illustration-based explanations,
3. All on a color-printed A4-size sheet (designed so that it can be reproduced clearly as a black-and-white copy), and
4. Uses paper that will not tear even if it gets wet.



Maintenance support initiatives

Initiative to streamline environmental responsiveness: Introducing water-based paint at Asian dealers

Honda recognizes the need to minimize the environmental impact of industrial waste such as the used tires and oil and scrap cars that are generated as part of its after-sales business activities. Emissions of volatile organic compounds (VOCs) during painting work are one such area since atmospheric emissions of compounds such as toluene and xylene from paint act as photochemical oxidants to cause photochemical smog. These compounds also cause acid rain, contributing to the destruction of forestland and interfering with absorption of CO₂ to accelerate global warming.

Along with Europe and South Korea, California and a number of other states in the U.S. have prohibited the use of paint mixed with solvents or thinners, leading to broad use of water-based paint.

By contrast, use of solvent-based paint remains common in Southeast Asia, which lacks legal regulations prohibiting their use, and very few dealers have pursued use of water-based paint on their own due to the higher cost.

Honda Automobile (Thailand), a Honda automobile subsidiary in Thailand, took the initiative in 2008, deciding to introduce water-based paint at automotive dealers in the country. The Customer Service Education Branch's Body Repair and Painting Team in Japan was asked to help prepare for the change, but the team lacked the necessary expertise at the time since use of water-based paint was unusual in Japan due to the lack of similar regulations there. At the same time, there has been a tendency in the industry to avoid use of water-based paint due to its high cost.

We then conducted an exhaustive trial of water-based paint and upon reviewing their properties found that water-based paint contains more pigment (i.e., it "covers" better) than solvent-based paint that has been cut with thinner, with the result that less paint is needed to complete a given job. The use of existing techniques to apply water-based paint leads to the use of more paint than is needed, increasing costs. We realized that it was overuse of paint that was fueling the view that water-based paint is more expensive. Using the appropriate amount of paint not only saves on total paint consumption, but also streamlines work by shortening the number of hours needed to complete a given painting job, increasing the amount of work that can be finished each day and boosting body repair revenue. As a result, dealers in Thailand welcomed the introduction of water-based paint, and we were able to bring it to all of the more than 100 body repair and painting shops in the country. Having incorporated these techniques into training materials, introduction of water-based paint in China is underway, while its introduction in Indonesia was completed in 2012. We have also started introducing it in Vietnam, while studies into doing the same in the Philippines are underway. In Asia, where there are no regulations prohibiting solvent-based paint, and China, where such regulations are comparatively weak, Honda's environmental responsiveness in this area places is a step ahead of other companies. We will continue this program of activities to ensure that those who implement environmental measures come away happy, based on our global environmental slogan, "Blue Skies for Our Children."



Training in how to use water-based paint

Quality Initiatives



Aiming for 120% products quality

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

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

Implementing the Global Honda Quality Standard (G-HQS)

As Honda's production and parts and materials sourcing expand globally, a shared global quality assurance standard is essential to ensuring that all Honda facilities continue to support 120% product quality.

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

As of March 2012, all 46 Honda production facilities around the world have attained ISO certification.

The G-HQS is designed to enhance the quality of Honda-brand products manufactured and sold worldwide. By ensuring that all facilities comply with these standards, we can better facilitate the interoperation of quality assurance systems at different worksites, contributing to quality assurance not only in production activities, but also in distribution and service.

*1 ISO 9001: An international quality control and quality assurance standard

*2 ISO/TS16949: An international quality management system standard for the automotive industry

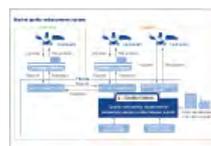
Honda's quality cycle



By applying design and development expertise at the design and development, production preparation, and production (mass production) stages, we

are able to deliver a new level of outstanding quality through the creation of drawings designed to facilitate manufacturing and develop manufacturing control techniques that limit process variability.

System to enhance products quality



We established a Quality Center to bring together the various components of our organization that are concerned with product quality data, allowing

us to enhance our worldwide ability to both prevent quality issues and quickly detect and resolve them when they occur.

Handling quality issues



When we determine that product issues require action, we quickly report the issue to governmental authorities in accordance with

individual countries' regulations.

Quality management education



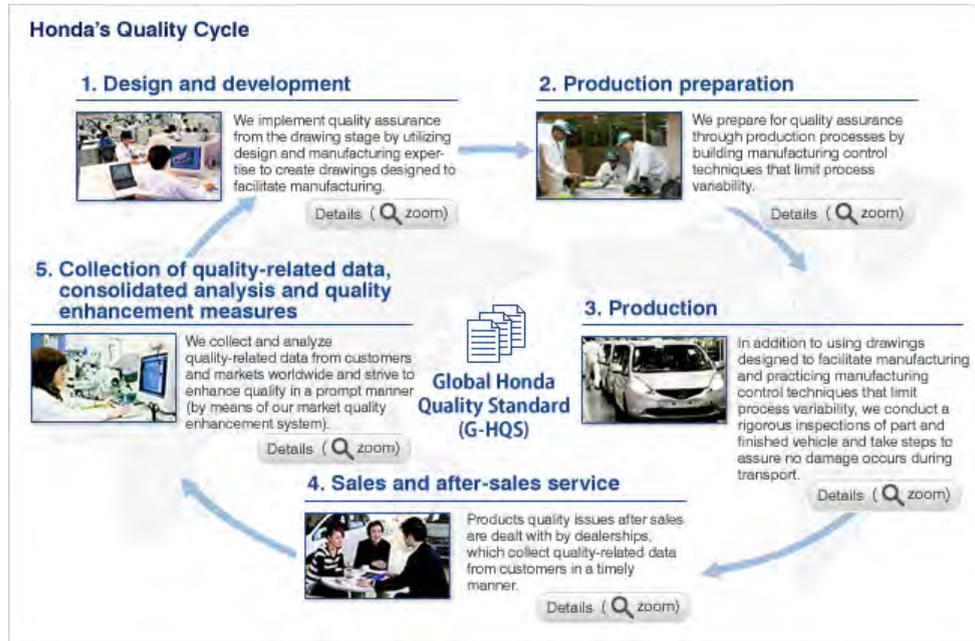
In Japan, Honda offers a training curriculum divided into four courses according to in-house qualifications and the extent of individual workers' quality control responsibilities in order to

improve associates' quality assurance skills.

Honda's quality cycle

Honda's quality initiatives for delivering new levels of outstanding quality

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



Independent Initial Quality Study

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

Results of the 2013 Initial Quality Study (IQS) for automobiles: J.D. Power Asia Pacific

By brand and production facility

Country	Brand and production facility	Ranking
U.S.	Honda	No.8
	Acura	No.6
	Honda of Canada Manufacturing Line 2	Bronze Award
	Honda	No.3

By model segment

Country	Segment	Model	Ranking
U.S.	Sub Compact Car	Fit	No.3
	Compact Car	Civic	No.1
		Insight	No.3
	Compact Crossover / SUV	CR-V	No.1
	Midsize Pickup	Ridgeline	No.1
	MiniVan	Odyssey	No.2
	Compact Premium Car	Acura TL	No.1
Compact Premium Crossover/SUV	Acura RDX	No.3	
Japan	Mini-vehicle	N-ONE	No.1
	Midsize Car	Fit shuttle	No.2
China	Entry Midsize Car	Fit	No.3
India	Upper Compact Car	Brio	No.1
	Entry Midsize Car	Amaze	No.1
	Midsize Car	City	No.1
Thailand	Compact Car	Brio	No.1
		Brio Amaze	No.2
	Entry Midsize Car	City	No.1
	Premium Midsize Car	Accord	No.3
	SUV	CR-V	No.1

*Includes top three vehicles in major markets from January to December 2013.

J.D. Power and Associates 2013 U.S. Initial Quality Study SM (based on responses from more than 83,400 owners who purchased or leased a new vehicle as surveyed from February to May 2013)
 J.D. Power and Associates 2013 Japan Initial Quality Study SM (based on responses from more than 11,200 owners who purchased a new vehicle as surveyed from May to June 2013)
 J.D. Power and Associates 2013 China Initial Quality Study SM (based on responses from more than 21,100 owners who purchased a new vehicle as surveyed from April to August 2013)
 J.D. Power and Associates 2013 India Initial Quality Study SM (based on responses from more than 9,000 owners who purchased a new vehicle as surveyed from May to September 2013)
 J.D. Power and Associates 2013 Thailand Initial Quality Study SM (based on responses from more than 5,000 owners who purchased a new vehicle as surveyed from April to September 2013)

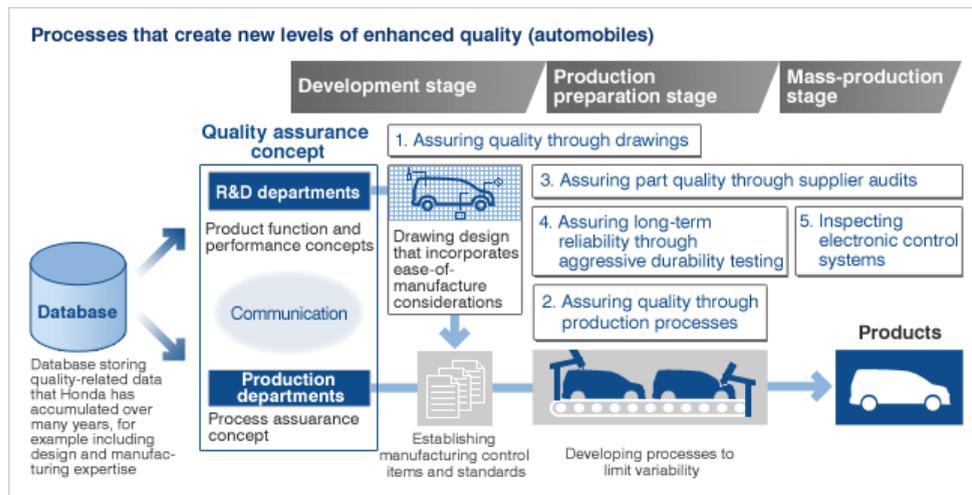
Activities for incomparable quality

Aggressively ensuring quality in both design and manufacturing

Working in partnership with suppliers, Honda is involved in a companywide effort to deliver products with a new level of enhanced quality.

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

In this way, we implement quality assurance from the dual perspectives of design and manufacturing in order to improve customer satisfaction.



1. Assuring quality through drawings

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

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

2. Assuring quality through production processes

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

3. Assuring part quality through supplier audits

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

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

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

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

4. Assuring long-term reliability through aggressive durability testing

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

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



Verification of a durability test vehicle

5. Using second-generation line end testers (LETs) to inspect electronic control systems

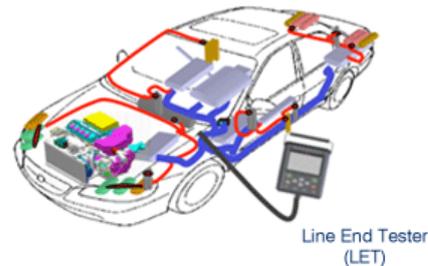
Use of electronic control systems in vehicles has grown dramatically in recent years as part of an effort to achieve more environmentally friendly designs and improve driver and passenger convenience and comfort, creating a need for efficient inspection methods to assure the quality of these components.

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

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

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

Overview of the LET system

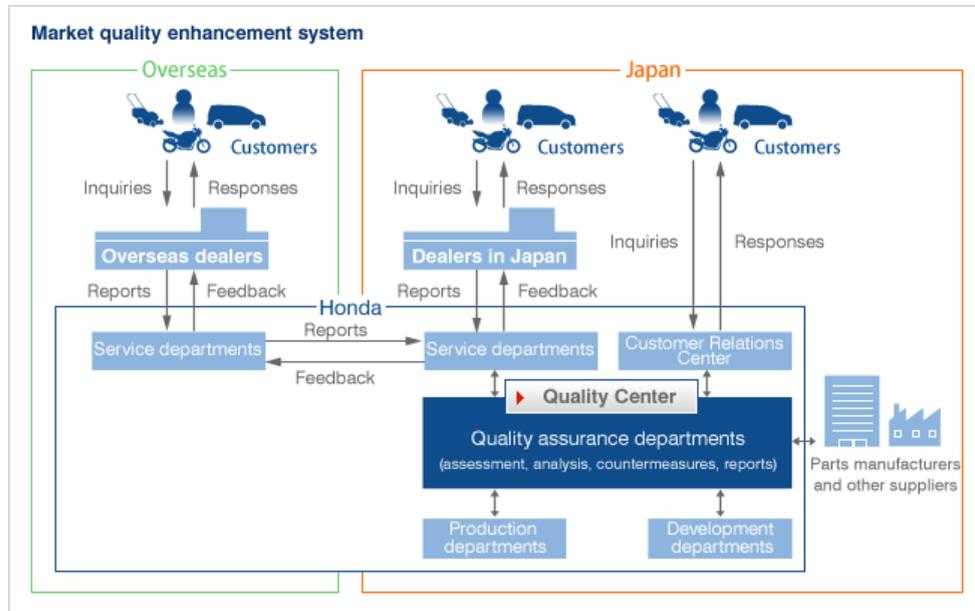


System to enhance Products quality

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

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

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



Quality Innovation Center Tochigi

This section uses automobiles as an example to describe the quality enhancement activities conducted by Quality Innovation Center Tochigi.

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



Quality Innovation Center Tochigi

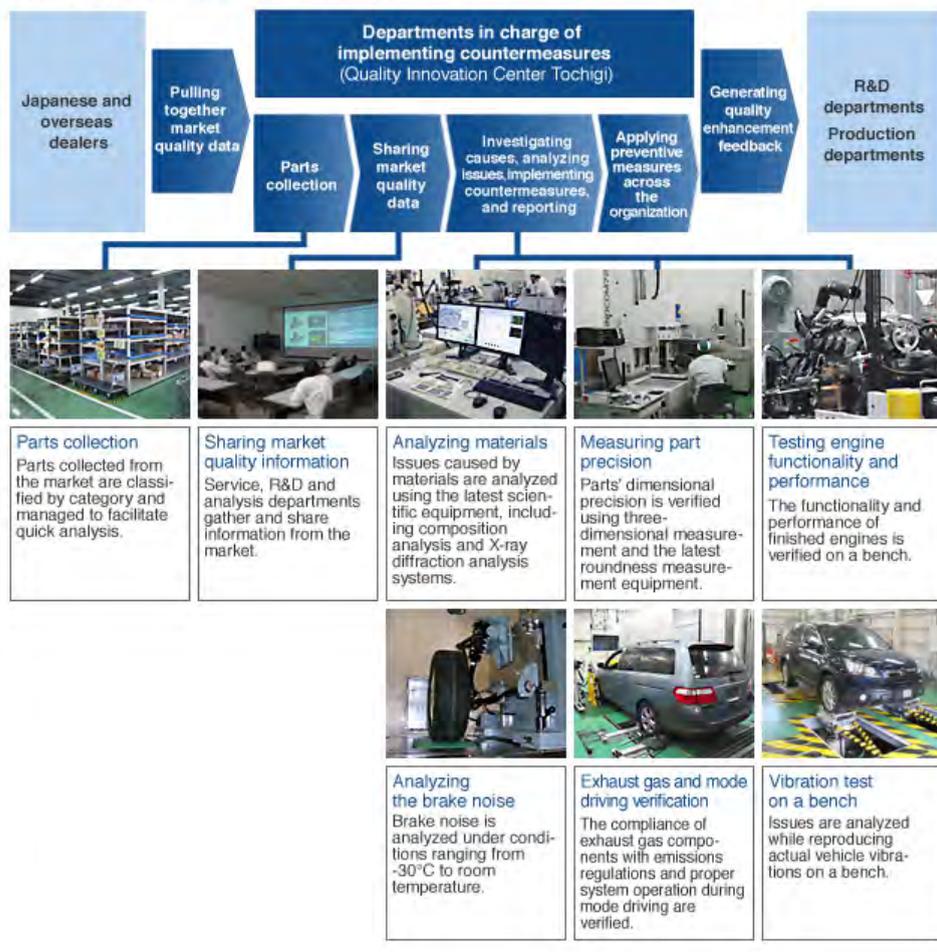
In particular, the colocation of quality and service departments facilitates effective analysis and countermeasures thanks to the ability to share information quickly.

Operations at Quality Innovation Center Tochigi

Quality enhancement operations at Quality Innovation Center Tochigi consist of pulling together market quality data and sharing information about collected parts and market quality issues. Personnel analyze such parts, investigate causes, and develop countermeasures and improvements in a timely manner.

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

Quality improvement operational process



Analysis in partnership with overseas entities

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

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



Handling quality issues

Recall system and other measures

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

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

Compliance with Japan's Consumer Products Safety Law

The Consumer Products Safety Law was amended in May 2007 to more strongly protect consumers from defects that could be life-threatening or cause personal injury. The amendment brought into force new regulations governing the manufacture and sale of certain goods. It mandates the compilation and publication of information relating to accidents associated with products and other measures designed to protect the rights of consumers. It also compels manufacturers and importers of specified products to report any serious accidents to Japan's Ministry of Economy, Trade and Industry. As a manufacturer offering consumer goods for sale, Honda is, of course, in full compliance with this law, gathering information via our own systems, which were established to help ensure the safety of our customers, and submitting reports to the designated authorities in a timely and precise manner, as required.

Quality management education

Implementing quality management education

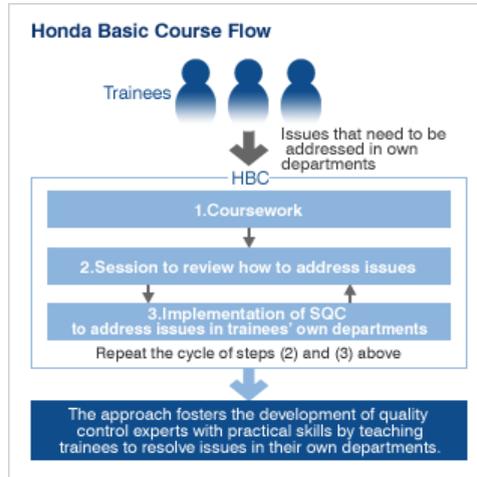
In Japan, Honda offers a training curriculum divided into four courses according to in-house qualifications and the extent of individual workers' quality control responsibilities in order to improve associates' quality assurance skills.

The Honda QC Basic Course (HBC), which was first offered in 1971, provides an example of how Honda is working to train its personnel to be leaders in improving quality, for example by opening the course to suppliers in addition to associates. Similar curricula for providing necessary training have been put in place at overseas production facilities.

The following diagram indicates the objective, duration, and number of trainees for each fiscal 2014 course:



Overseas quality control training



Quality control education objectives and number of participating trainees

	Objective	Period	No. of FY2014 trainees
QC Junior (QCJ) Course	Students study how to put into practice the basic approach and methods (in the form of quality control techniques) for satisfying customers by manufacturing better products faster and more reasonable, and providing better service.	Total of 1 day	237 participants
QC Foreman (QCF) Course (Intermediate)	Students study how to put into practice the quality control techniques and approaches needed in quality assurance activities in manufacturing.	Total of 2 days	440 participants
QC Foreman (QCF) Course (Advanced)	Students study how to put into practice the expert techniques and approaches needed to work in quality-related operations.	Total of 3 days	53 participants
Honda QC Basic Course (HBC)	Students become quality control experts capable of resolving difficult problems and achieving tasks by studying the approaches and techniques of statistical quality control (SQC*)	Total of 22 days	54 participants

* SQC: Statistical Quality Control is a general term to describe statistical concepts and scientific methods.

Environmental Initiatives

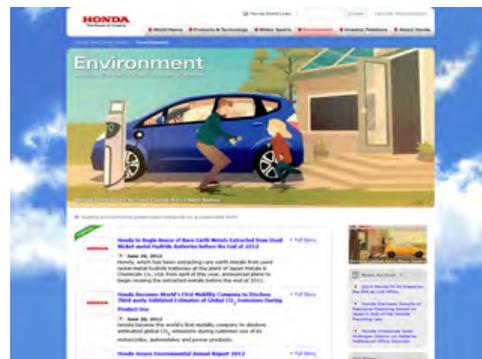
Honda takes a six-region approach to pursuing its business activities worldwide, and we are involved in a variety of initiatives to reduce our environmental footprint globally based on a consideration of how those activities impact the environment.

Driven by our philosophy of building products close to the customer, Honda has manufacturing operations in 6 regions worldwide.

In 2010, we established a new set of CO2 emission reduction targets for our products, aiming by 2020 to provide "good products to customers with speed, affordability, and low CO2 emissions." As we seek to realize the Honda Environmental and Safety Vision—to realize the joy and freedom of mobility and a sustainable society where people can enjoy life—based on these targets, we are accelerating global efforts to address climate change, energy issues, and other environmental challenges. And amidst increasing global pressure on companies to disclose their environmental impacts, we are actively working to disclose the environmental performance and initiatives of each region, the highlights of which are compiled yearly in regional environmental reports.

CSR reporting of environmental initiatives

Environmental initiatives is available on environmental initiative website.



Honda's approach to safety

In April 2013, Honda adopted "Safety for Everyone" as its global safety slogan in order to further the Honda Environmental and Safety Vision comprised of "Realizing the joy and freedom of mobility and a sustainable society where people can enjoy life." To achieve these goals, we have identified three key components: 1) human; that is safety education; 2) vehicle technologies to ensure safety and 3) communication on safety information. We advance these concepts and at the same time step up collaboration between the three areas to realize a collision-free mobility society.

Honda's Approach to Safety

Honda Environmental and Safety Vision

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

Honda's ultimate objective for safety

Realizing "a mobile society with zero collisions" through safe coexistence
Toward a safe coexistence that will enhance occupant safety while protecting other parties.

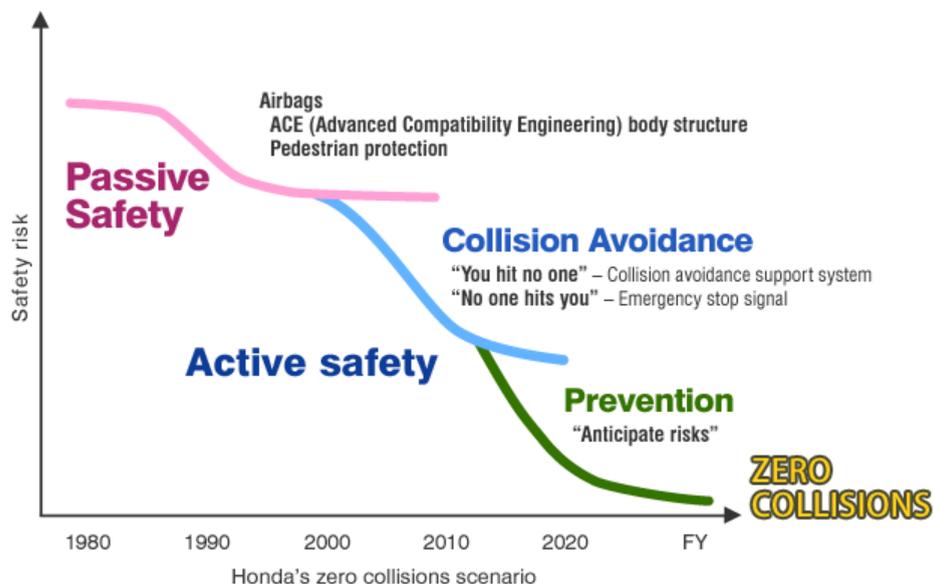
Honda Global Safety Slogan

Safety for Everyone

Honda dreams of a collision-free mobile society where our customers, and everyone sharing the road, can safely and confidently enjoy the freedom of mobility.
We are dedicated to identifying and implementing safety improvements through vehicle technologies, safety education and communication networks that can connect everyone sharing the road.

Honda's collision-free scenario

To achieve collision-free mobility society, Honda has devised what we call our "collision-free scenario." To do this we combine a "passive safety" component (air bags, pedestrian test dummies, etc.) and an "active safety" component (technology to avoid hitting or being hit by other vehicles), and popularize these with as many customers as we can. We are taking the lead in anticipating collision before they happen; that is steering clear of risk before it can develop into an accident. Our goal is a collision-free mobility society.



Safety Topics



This section showcases a list of commercialized safety technologies and major case study examples of safety initiatives from FY2014.

Third Party Evaluation



This section introduces a third party evaluation in FY2014 regarding the safety technologies of Honda.

Safety topics

FY2014 commercialized technologies

In FY2014, Honda introduced to the market and expanded application of four new technologies. In addition to our proactive work on introducing advanced safety equipment, we deployed our City-Brake Active System for the first time in the N-WGN mini-vehicle in order to bring safety features to as many of customers as possible and apply them to many models.

New technology	Models	
City-Brake Active System Low-speed collision avoidance braking with accidental acceleration prevention	N-WGN N-ONE N-BOX FIT VEZEL Odyssey	Japan
Collision Mitigation Brake System (CMBS) The activation range expands to include oncoming vehicles in addition to vehicles in front	Accord Odyssey Acura RLX	Japan U.S.
Traffic Sign Recognition A feature that recognizes and displays for the driver traffic signs corresponding to the lane the vehicle is in.	Civic Tourer	Europe
Whiteout Prediction The service sends information about low visibility due to blizzards	-	Japan



City-Brake Active System



Collision Mitigation Brake System (CMBS)

Safety Map wins ATTT Awards grand prize, Whiteout Prediction wins an excellence award

At the 5th Automotive Telecommunication Technology Tokyo (ATTT) exposition (hosted by the ATTT organizing committee), Honda's social map service, Safety Map, received the grand prize in the ATTT Awards, while the Whiteout Prediction feature, an initiative for preventing or mitigating disasters, won an excellence award in the disaster prevention solutions category.

Safety Map collects data from Internavi on frequent hard braking points, traffic accidents, and dangerous spots submitted by local users and others, and places it on a map to be used in safety activities by the local people, schools, companies and everyone else. During judging, the project received the grand prize for excellence in making data available widely to general users rather than for private business, and for a new initiative not previously undertaken by navigation system manufacturers and other companies.

Through the Safety Map service, Saitama Prefecture information was made publicly available in March 2013, with availability expanded nationwide in September of the same year. The service is currently being accessed and contributed to by many users around Japan. Data on traffic accidents up until the end of March 2014 has been received from police department headquarters in nine prefectures, and that data will be used to provide richer information through Safety Map. Saitama Prefecture has used Safety Map to trial a traffic safety measure in December 2013 that incorporates additional road markings at three locations within the prefecture, and it plans to continue implementation next fiscal year.

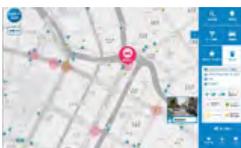


Image of Safety Map for PCs



Traffic safety measure - Before



Traffic safety measure - After



Whiteout Prediction (Screenshot from in-vehicle Internavi system)

Traffic safety initiatives in FY2014

Under the slogan "Safety for Everyone," Honda's traffic safety initiatives aim to achieve safety not only for drivers, but all people sharing the road, including pedestrians, cyclists and the elderly.

Fostering correct attitudes for using the road

Honda, with the understanding and support of related government authorities, commenced traffic safety education for high school students in 2012 believing that learning opportunities were needed to get schools and students thinking for themselves about traffic safety, and acting of their own accord to lower the number of accidents involving children of high school age.

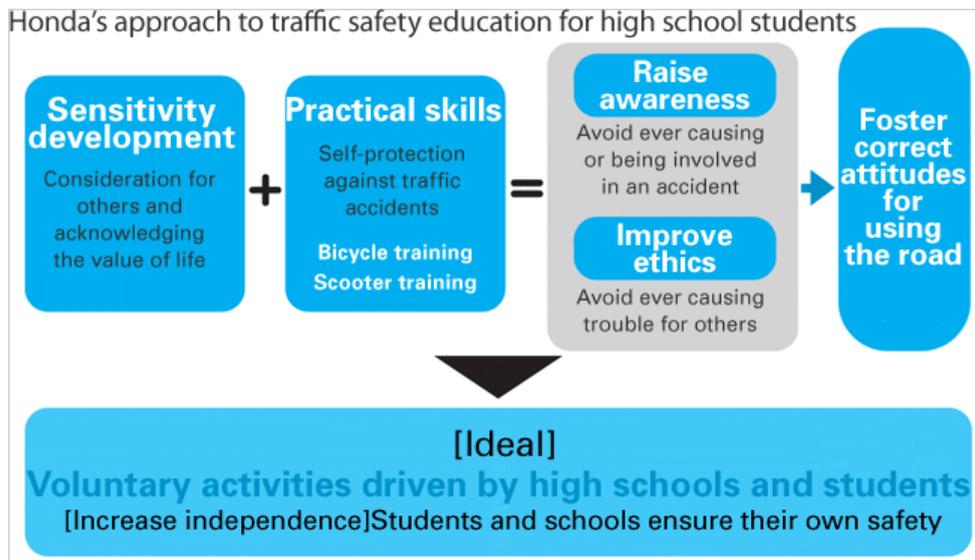
In 2013, the initiative was extended throughout Japan, being implemented for 102 schools, or around 66,000 high school students. Furthermore, teachers and students are increasingly taking the instructor's role and Honda is working to ensure that schools together with communities, can continue to implement traffic safety education in which those parties play a central role.



Sensitivity training conducted at a High School



Bicycle education conducted at a High School



Safe mobility for the physically disabled

An important aspect of creating a society where all people who make use of road transport can move around in safety and with peace of mind is support for people with physical disabilities and people looking to overcome challenges and return to driving. During the three-year period from 2011 to 2013, Honda has developed and introduced driving competence evaluation software for rehabilitation use, a hand-operated driving assistance system for Honda Safety Navi, and safe driving programs for disabled and care drivers.

The Safe Driving Program for Disabled Drivers, a safe driving education initiative adopted by Honda's five Traffic Education Centers across Japan, provides an opportunity for people with disabilities to learn how to ensure safety while driving a vehicle and helps people in rehabilitation recover their driving skills. The program is being gradually expanded with conditional licenses having already been granted to participants.



Social Welfare Safe Driving Program: Safe Driving Program for Disabled Drivers

Third Party Evaluation

Models earned the highest scores in FY2014 third-party evaluations (as of end of March 2014)

Many models have received the highest score from third party evaluations worldwide in FY2014. Notable examples include being awarded the Top Safety Pick+ by IIHS in the United States for the most number of models, five stars for all models assessed by Euro-NCAP, and a five-star J-NCAP rating in Japan for the CR-V.

Country	Third Party Evaluation		List of Models
Japan	J-NCAP	5☆	CR-V*1
		6☆	CR-V / Fit / Odyssey / Freed / Stream / Elysion
Europe	EURO-NCAP	5☆	CR-V*2/Jazz / CR-Z / Civic / Insight / Accord
China	C-NCAP (2012 governing regulations)	5☆	CR-V / Elysion / Crider
		5☆+	Accord 4door
	C-NCAP (2009 governing regulations)	5☆	Civic 4door / Fit / Odyssey / Spirior
South Korea	K-NCAP	5☆	Accord*3 / CR-V*3
U.S	US-NCAP	5☆	Accord 4door / Accord 2door / Accord Hybrid / CR-V/Civic 4door / Civic Hybrid/ Odyssey /Acura MDX /Acura RDX / Acura ILX 4door / Acura ILX Hybrid
		TSP+	Accord 4door*4 / Accord 2door*4 / Civic 4door*4 / Civic 2door Odyssey*4 /Acura TL /Acura RLX*4 /Acura MDX*4
		TSP	Honda: Crosstour / CR-V / CR-Z / Fit / Insight / Pilot / Ridgeline / Acura: ILX / Acura RDX / Acura TSX
Australia	A-NCAP	5☆	CR-V / Civic 5door / Civic 4door / CR-Z / Jazz /City / Insight
Southeast Asia	ASEAN-NCAP	5☆	Civic / City

*1 J-NCAP: CR-V was tested under the 2013 standard.

*2 Euro-NCAP: CR-V was tested under the 2013 standard.

*3 K-NCAP: Accord (09MY) obtained the highest scores on front/offset/side collision and on protection of the neck region. CR-V (08MY) obtained the highest scores on front/offset/side collision, pedestrian protection, and rollover.

*4 IIHS: 2014 standard.



United States : IIHS TSP+ rating received for the most number of models, Odyssey was the first minivan to receive a TSP+ rating



Japan : CR-V was awarded five star



Europe : All models tested earned Euro-NCAP five-star ratings

Local Communities

Honda Philanthropy

Since the company's foundation, Honda has sought to contribute to society by creating quality products and technologies while coexisting harmoniously with the communities that host its operations. In the 1960s, while the company was still in a period of early growth, Honda began to launch philanthropic initiatives designed to strengthen ties with local communities. We actively encourage the autonomy of its local operations, especially. We also strive to undertake initiatives that reflect local circumstances in our corporate activities overseas. We seek to share joy while communicating with customers and local residents in a total of six regions, including Japan. We at Honda will continue to act as a company society wants to exist by pursuing various philanthropic initiatives.

Our fundamental approach

Honda has pursued a variety of group-wide philanthropic activities in order to pass down a rich natural environment and a safe transportation-oriented society to the next generation. The basic principles and global directions that guide Honda's philanthropic initiatives serve as the foundation for these efforts. Based on community initiatives, Honda will continue to take advantage of its unique management resources to step up group-wide efforts in the areas of education, the environment and traffic safety and help create a future society in which everyone can pursue their dreams.

Honda philanthropy: Vision

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

Honda philanthropy: Basic principles

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

Global directions

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

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



Areas of philanthropic initiatives

**[TOPICS 1] From Community Forests to Honda Woods
Forests start to undergo an evolution that will please everyone**

Environment

In keeping with the view of founder Soichiro Honda that no concrete walls should be built to separate local communities from the grounds of Honda facilities, Honda launched its Community Forests initiative in 1976. The program involved planting trees indigenous to the region at each facility in Japan, with the objective of cultivating forests to serve in place of walls.

But the Community Forests had their problems. For example, growth exceeded initial expectations with trees projecting into facilities or outside the premises, obstructing passage, and large quantities of leaves accumulating in the vicinity.

A decision was consequently made to switch from our original policy of managing the forests like groves of sacred shrines, in other words leaving them as untouched as possible, to a policy based on satoyama practices involving hands-on cultivation to create sustainable forests that are full of vitality.

And so in 2014, a new phase is underway as we instigate a "Satoyama Approach" to forest cultivation, adopting traditional Japanese satoyama ideas, and look to create forests that are unique to Honda.

Our aim is to create sustainable forests that are resilient to change and which will prosper alongside the local community. We have named these forests that will bring happiness to people and the community, "Honda Woods." Ideally people will come together to cultivate Honda Woods and enjoy them as a place of recreation and relaxation.

Honda plans to implement projects such as this, addressing both the environment and the next generation to enable sharing of joys with the local community, in six regions worldwide, including Japan.



Artist's conception of Honda Woods

**[TOPICS 2] U.S. Government and U.S.-Japan Council
Collaborate on U.S.-Japan Cultural Exchange Program**

Education

Launch of TOMODACHI Honda Cultural Exchange Program - Experiential Cultural Exchange Between U.S. and Japanese Students Kicks Off in 2015 -

As part of its social activities, Honda is supporting the TOMODACHI Initiative being led by the United States government and the U.S.-Japan Council, a Public Interest Corporation (Koeki Zaidan Hojin). As one of the initiative's Strategic Partners, Honda is operating the TOMODACHI Honda Cultural Exchange Program during the three-year period between 2015 and 2017 to promote exchanges between the next generation of Japanese and American leaders.

As a test run ahead of the official start of the program in 2015, American Honda Motor Co., Inc. (Headquarters: Torrance, California), which is the Presenting Sponsor of the 2014 Rose Parade, made it possible for former TOMODACHI program students in Southern California to participate in the 2014 parade. Students joined with American Honda Motor in the parade and carried the banner, where they conveyed a message of gratitude for the kind reconstruction assistance given to Japan by the American people after the Great East Japan Earthquake.

Honda's program in 2015 will invite music and other students to Los Angeles from the disaster-affected region of Tohoku. It will allow them to experience the traditions and culture of the United States in order to foster the young leaders of the next generation and develop cultural exchange between the two countries.

* Detailed application guidelines for participation in the first year of the program in 2015 will be announced when available.

Through this program, Honda will be guided by the corporate slogan "The Power of Dreams" as it forges friendships and mutual understanding between the people of the United States and Japan, and continues to carry out next generation development activities to inspire the young to build their dreams and strengthen hope for the future.



TOMODACHI Honda Cultural Exchange Program

Japan

Since its founding, Honda has sought to coexist with the local community by blending in with the regions in which it conducts business. This philosophy is embodied in our basic principles, and it drives us to pursue a variety of activities that are carefully matched to the characteristics of each local community in partnership with domestic worksites, dealerships, group companies, and facilities worldwide.

Honda Beach Clean-up activities Environment

Honda pursues environmental conservation activities worldwide in order to pass down the Honda pursues environmental conservation activities worldwide to the next generation. One such effort is our beach clean-up activities, which draw on Honda's technologies and manpower. Honda Group associates and local communities work together to clean beaches using a simple, compact, lightweight, and easy-to-operate towable Beach Cleaner designed by Honda with a view to leave behind clean beaches that the next generation can walk on barefoot. Launched in May 2006, beach clean-up activities have been implemented on a total 300 occasions at more than 100 beaches across Japan.

During FY2014, the clean-up activities were carried out together with more than 6,000 people from local communities. Honda also holds environmental education classes for children that are appropriate for the needs of communities. Volunteers from Honda use picture cards to convey to children that the sea is littered by large quantities of household waste, that a lot of the waste flows out to the sea from rivers, and that the waste has a negative impact on marine life. In this way, we help the next generation to learn about the importance of preserving the environment.

Honda Group associates are also assisting efforts by local authorities and residents in Tohoku to return the region's beaches to their former state of prior to the earthquake and tsunami of March 2011.

Going forward, Honda will continue to pursue beach clean-up activities as part of its corporate citizenship program in partnership with group company associates and local residents.



The Honda Beach Clean-up Activities

Examples of Honda Beach Clean-up activities in FY2014

Beach Clean-up at Kamoike Beach in Imabari, Ehime Prefecture, on June 19, 2013



Before the Clean-up



After the Clean-up



Environmental education program for children

Watershed preservations in Japan Environment

Water, a resource we tend to use without much thought, is carried by rivers from the mountains to the sea. Forests near river headwaters create not only clean water and rich ocean environments, but also clean air. Additionally, they help prevent natural disasters by providing stability to the ground.

In efforts stemming from the Community Forests initiative, which began in the 1970s, Honda is hoping to expand the scope of afforestation across Japan by working to maintain forests near watersheds in eight locations nationwide that provide precious water resources to areas around Honda facilities. Ongoing activities include not only tree-planting, but also clearing of underbrush, thinning, improvement cutting and other maintenance. During FY2014, about 380 volunteers participated in a total of 13 projects at 6 worksites.



Watershed forest conservation activities at Mt. Akagi, Gunma Prefecture, on November 16 hosted by Saitama Factory. Volunteering current and former associates came together to plant young broadleaf trees.

Dream Hands[Corrugated fiberboard craft activity]

Education

Dream Hands refers to Honda's original program communicate the joys of making something to the children. Honda volunteer associates support each child in challenging to make creative crafts made by putting together corrugated fiberboards with glue, no scissors required! During FY2014, some 9,300 children participated at 230 such events at 8 worksites.

Host's report Mr.Shimozawa children's center employee

A program based on a simple activity but packed with the joys of monozukuri (craftsmanship)

"At a glance, this corrugated fiberboard craft activity involving cutting out patterns and gluing them together appears very simple, but that very activity is packed with the joys and difficulties of monozukuri (the Japanese term for craftsmanship and making things by hand). Through the task of making a 'mini ASIMO,' the children gained valuable experience about making things, including how fun it is to focus on something and the joy felt when it is complete."



The children's center in Shirokanedai, Minato Ward, Tokyo on February 22, 2014

Nature Wagon

Education

Nature Wagon is a traveling environmental learning program that takes Step Wagon and other Honda cars filled with forest thinnings, nuts and cones, river stones and other materials from nature to children along with Honda's strong desire to increase the number of children who value nature.

Taking the materials in their hands, the children get to see, feel and taste nature. Using all five senses, they gain knowledge about nature, while also having a go at making something.

During FY2014, around 9,600 children participated in a total 215 Nature Wagon sessions at five Honda facilities, with 2,100 former associates volunteering as staff.

Nature lecture

Each program opens with a lecture using picture cards and other methods to communicate the importance of environmental conservation.



Four Workshops



Forest Dreams Workshop

Equipped with saws and hammers, children have a go at making whatever they please using thinnings, nuts, cones and other natural materials from nearby forests. Through this workshop making use of forest materials, children learn the importance of environmental conservation and forests.



Stone painting

A fun exercise in which children paint stones of various shapes and colors taken from a local river, imagining what they look like. Touching the stones, the children learn about the power and importance of rivers.



Natural salt making

Deep ocean water is boiled down to make natural salt which is rich in minerals. By learning how to make salt, children gain knowledge about the importance of the sea and water.



Dyeing with plants

Making use of natural materials like camellia from satoyama woodlands and normally discarded onion skin, children have a go at shibori tie-dyeing. This teaches them the link between our lives and nature.

Parent's comment on viewing Forest Dreams Workshop

"My child doesn't usually get to try real crafts using a saw at home and so was delighted. I also think it was a great experience to receive instruction from people who used to carry out manufacturing at Honda. And in this region, nuclear families are on the rise, so there are not many opportunities for children to come in contact with elderly people. I think the children will have benefited from interacting with people of that generation."

Children's Idea Contest

Education

In the Children's Idea Contest, elementary school students create works depicting products they wish existed, taking the future as their theme. The program was launched in 2002 based on a desire to have children experience how fun it can be to pursue one's dreams and how interesting it can be to make things. More than 29,000 children have participated so far in the program, which marks its 11th year in 2013. In late March 2014, we held an international exchange event at Twin Ring Motegi. Children who had participated in a similar contest in Thailand were invited to interact with children in Japan who had won grand and runner-up prizes.



Lower-grade children present the "Ugokun" Ugokufuku, which was a runner-up in the 11th Final Judging Session

Traffic safety education and promotion activities

Traffic safety

For more information about Honda's traffic safety education and promotion activities, see website.

Community initiatives (local communities)

Community

Honda dealers and other group companies are involved in a variety of community initiatives as corporate citizens.

Monthly clean-ups around dealer neighborhoods by all Honda Cars employees in Saga Prefecture

At the start of work on the second Friday of each month, all employees of Honda Cars dealers belonging to the Saga Honda-kai (an organization of Honda Cars dealers in the prefecture) carry out clean-up activities in the community around dealer premises. This initiative has been implemented regularly ever since it was originally conceived five years ago. Generally speaking, activities with full employee participation are difficult to continue, but considerations, such as uniform renewals, are made to prevent a decline in motivation. There has been a great response to these clean-up activities from people in the community, giving employees awareness of how closely their activities affect the local community.



Monthly clean-up activities around dealer neighborhoods by the Saga Honda-kai

Bicycle simulation traffic safety education

Honda Cars Tokyo Chuo uses Honda's bicycle simulator for traffic safety education. While traffic safety sessions were already carried out for corporations, the dealer implements this activity at community events, for example, believing it necessary to provide a broader range of people the opportunity to learn about bicycle safety. In addition to simulator-oriented education, instruction is given on legislation relating to bicycles. Participants have commented on how useful the program was, noting they were surprised how much they didn't know. By teaching correct rules for riding bicycles, the dealer hopes to contribute through these sessions to the creation of a safe, collision-free mobile society.



Traffic safety education using the bicycle simulator

North/Central America

USA: Sea turtle conservation program Environment

American Honda Motor has been supporting a sea turtle conservation program at the Gladys Porter Zoo. The program, a joint effort by the U.S Fish and Wildlife Service and the Mexican government, seeks to monitor and conserve the habitat of the Kemp's Ridley sea turtle, an endangered species. Project members use ATVs to patrol more than 100 miles of shoreline on South Padre Island in Texas and in the Mexican state of Tamaulipas. Since 1978, more than 70,000 turtles have laid their eggs in the area. More than 4.5 million eggs have hatched, and those hatchlings set out for the Gulf of Mexico. Honda has provided ATVs and otherwise cooperated with the program since 1978, and plans to continue supporting it in the future.



Volunteers use ATVs to conserve the sea turtle population.

USA (Ohio): Supporting the National Robotics Challenge Education

Held in Marion, Ohio, the National Robotics Challenge is an educational program dedicated to cultivating the ability to think and use technology to solve problems as well as leadership skills through the process of creating a robot and giving a presentation about it.

Teams from across the Midwest, particularly Ohio, participate in the program, which has been held every year since 1986. In 2014, more than 1,400 elementary, middle school, high school, and college students participated in the event. Honda of America Manufacturing is a supporter of the program, and more than 30 associates served as judges on the day of the event. The company also held an exhibit on the theme of using robotics for mobility and manufacturing. Going forward, Honda of America Manufacturing plans to continue to support the National Robotics Challenge as a way to contribute to the development of the robotics field.



The National Robotics Challenge in Marion, Ohio

USA: Offering a course on how to drive ATVs safely for the Boy Scouts Traffic safety

American Honda Motor loans all-terrain vehicles (ATVs) to several individual local councils of the Boy Scouts of America to support the ATV Safety Institute (ASI) courses on how to operate the vehicles safely. The course is designed to give participants an understanding of how to operate an ATV safely while taking environmental concerns into account and to let them experience the joy of driving an ATV. The company has been offering products for use in the special Boy Scouts ASI course since 2009, and more than 5,000 scouts have been trained. Going forward, the company plans to continue to support the Boy Scouts of America.



Volunteers teach participants from the Boy Scouts of America how to operate an ATV safely.

USA (Alabama): Conducting community service activities on Martin Luther King, Jr. Day Community

The third Monday of January each year in the U.S. is designated as Martin Luther King, Jr. Day, a day of celebration close to his birthday on which a range of community service activities is held. Since 2012, Honda Manufacturing of Alabama has partnered with the Hands on Birmingham organization to conduct community service activities around this day. With this being the third year of these activities, the team helped develop a community garden for the residents of Roebuck Springs neighborhood. On the day, over thirty associates and their families cleared debris and trash from a derelict vacant lot, installed planting areas, refurbished old tables, and rejuvenated the whole area into a garden. The newly created garden area will be planted out with flowers and other greenery to provide the neighborhood residents with a place for recreation and interaction.



Community service activities held on Martin Luther King, Jr. Day in January 2014

South America

Argentina: United in case of catastrophes

Education

Honda Motor de Argentina S.A. has begun providing support to schools in isolated areas that suffer greatly from flood and other natural disasters. From 2013, we have been donating learning materials and equipment to isolated schools in La Plata, the capital of Buenos Aires Province, that have been affected by flood. We will continue to provide this support to enable children to have an education and a dignified childhood so they can grow toward a better future.



Support Activities of Honda Motor de Argentina

Brazil: Holding a junior orchestra in Paraisópolis

Education

Honda South America has held a music-related project in Paraisópolis, the second-largest favela (shanty town) in São Paulo, since March 2011. The project aims to teach young people how to play wind and string instruments as well as choral singing techniques while increasing their joy and motivation through exposure to classical music. In 2013, 90 students participated in activities held once a week in the neighborhood.



Young people from the Paraisópolis neighborhood of São Paulo play in a junior orchestra.

Brazil: Honda Social Project

Education

Honda South America is implementing a Honda Social Project at the traffic safety education center in the city of Recife. We launched this initiative in 2007 for the purpose of enabling young people to get a job and enjoy a healthy social lifestyle. By offering courses in automotive mechanics, we are providing opportunities for young people aged 17-19 to learn a profession that has a high employment rate, income and participation in society. Fourteen people attended classes during 2013.



Honda Social Project at the traffic safety education center

Brazil: Pursuing a traffic safety initiative targeting elementary school students

Traffic safety

Honda South America offers a traffic safety education program for elementary school students. The activity begins with associates volunteering to explain traffic rules and manners using models. Then, participants actually experience how to conduct themselves in an area that recreates city streets. In 2013, we handed out 11,500 sets of learning materials (including a pamphlet and traffic safety game), while 2,500 children participated in the program. Going forward, the company will continue to work to promote traffic safety education for children.



Students learn about traffic safety in a miniature city that recreates actual city streets.

Europe, Middle and Near East, and Africa

Spain: Repairing a shelter for poor children

Community

In March every year, HME-ES and HFS celebrate Honda Values day, an event where they carry out CSR activities mainly for disadvantaged children.

In 2014, they held the event at a home for children aged from 3 to 12 years.

On the day, fifty-five HME-ES and HFS associates volunteered to coach the children in different activities and games, to prepare nutritionally balanced food, and to read books, in addition to doing some repairs at the facility.

These activities are grounded in the Honda vision of "striving to be a company society wants to exist." The aim is not just to give joy to children in homes, but to provide every associate with valuable opportunities for contributing to their local communities through their own actions.



Associates at HME-ES and HFS

Poland: Hosting a children's health event on Children's Day

Community

In June 2013, the VFR Poland Motorcyclists Association organized an event on Children's Day to lift the spirits of sick children. This charitable activity to support the health of children began in 2009 with the hope of helping children forget the burden of being in hospital, if even for a short while.

On the day, more than one hundred motorcyclists and local people gathered to give the seriously ill children presents of balloons and sweets. Honda also presented a number of fun experiences for the children, including practicing on riding trainers (a motorcycle traffic safety device), watching stunt shows, and riding on character-themed motorcycles.



Children enjoy rides on motorcycles at the event in June 2013

Asia and Oceania

Vietnam: Honda Vietnam Company organizes "Tree Planting Day"

Environment

Honda Vietnam Company (HVN) organized "Tree Planting Day," to preserve the green of Vietnam, in Bac Kan Town in April 2014.

After the success of the Afforestation and Reforestation Clean Development Mechanism (AR-CDM) tree-planting project in Hoa Binh Province during 2003-2011, HVN began "Tree Planting Day" in Bac Kan Province from 2013. As the only sponsor of the project, HVN is providing support in the amount of VND 4.9 billion over eight years from 2013 to 2020.

The total duration of the project is eight years, with the first four years from 2013 to 2016 being used to plant trees on 490 ha of land across the two communes of Nong Thuong and Xuat Hoa in Bac Kan Town. The next four years will be spent caring for, thinning and otherwise protecting those trees, while tree harvest will start from 2020. It is estimated that the project will yield 73,500m³ of wood, and sell trees as lumbers which would return a profit of about VND 50 billion. "Tree Planting Day 2014" attracted more than two hundred HVN associates and Honda-related partners in Bac Kan, together with a large number of local people, and started with an area of 2 ha. In the second year, the estimated total area for planting will be 161 ha. Going forward, HVN will remain active within Vietnam as it continues "striving to be a company society wants to exist."



Tree Planting 2014

Thailand: Eco Mileage Challenge

Education

In 29 Nov - 1 Dec 2013, the Honda Eco Mileage Challenge, an event that is organized by AP Honda, was held at the Thailand Circuit in the Thai province of Nakhon Pathom. Participants in the event, which aims to improve and promote the technology used in the new PGM FI engine (which uses electronically controlled fuel injection) and to prevent global warming through energy conservation, compete to see which team can drive the farthest on one liter of gasoline. A total of 481 teams competed in the event, which was the 16th of its kind. The winning team was able to drive 1,641 kilometers per liter. AP Honda will continue to hold the event in the future.



Teams compete in the Eco Mileage Challenge in Thailand in 29 Nov - 1 Dec 2013

Thailand: Honda Super Idea Contest

Education

In 2013, Honda Automobile (Thailand) Co., Ltd., organized the "Honda Super Idea Contest" social activity to encourage elementary school students in Thailand to exercise their creativity and the power of dream. This ninth contest sought to promote activity in two areas.

The first was creating a hand book for elementary school teachers and holding a professional workshop. Teachers exchanged opinions in a lively to be aimed to study "Teaching techniques to boost the development of creativity and creative thinking in children." at this workshop.

The second was a contest itself, carried out under the theme "Stimulating the Power of kids, Conquering the Power of Dreams. Forty ideas were selected from over 50,000 entries, with the owners of the ideas attending the "My Dreams Come True Workshop" and award ceremony held in November.

From that, twenty children with outstanding works joined the final round in January 2014 to make their presentations on stage in front of an audience. Winners were awarded with Princess Sirindhorn plaques and a study trip to Japan. Held in March 2014, the study trip provided winners with an opportunity to exchange creative ideas and establish friendships with winners of the Children's Idea Contest in Japan.



HATC Holds Kids Workshop under the Honda Super Idea Contest 2013

Honda Cars India Ltd. (HCIL) has been conducting Health Camps since 2004 as part of its corporate social responsibility (CSR) activities. These camps provide assistance such as medical examinations, hygiene and nutrition advice and pharmaceutical prescriptions free of charge to people in towns situated near HCIL's Greater Noida and Tapukara plants. These camps, which welcome approximately 200 to 300 visitors each month in each area, have helped many people who, for various reasons, have limited opportunities for medical care.

HCIL industrial physicians gave easy-to-understand guidance to elementary school students regarding the importance of brushing their teeth and washing their hands at the July Health Camp (Tapukara) in addition to the regular assistance provided at the camps. Along with other initiatives such as tree-planting activities and operational support for the regional Industrial Technical Institute (ITI), HCIL will continue to actively engage in CSR activities in order to exist in harmony with local communities.



Honda Cars India Ltd. (HCIL)
Conducts Health Camp Activities

China

China (Inner Mongolia): Holding a tree-planting project in Inner Mongolia

Environment

Honda has been engaged in a tree-planting scheme known as the Joyful Forest Project in Hebei Province and the Horqin Desert in the Inner Mongolia Autonomous Region since 2000. During Phase 1 of the tree-planting project, which took place during the five-year period from 2008 to 2012, volunteers planted 700,000 seedlings in an area of around 467 hectares near Youyi Dam in Xinghe County of Ulanqab, a prefecture-level city in Inner Mongolia. In July 2012, a tree-planting event was held to mark the completion of Phase 1 of the project, with associates of 14 Honda joint ventures in China and members of the media among the 200-odd participants.

A new five-year joint tree-planting project got underway in 2013. The new project will involve afforestation of 467 hectares of land along National Highway 110, also in Xinghe County. The number of participating joint ventures is up from 14 to 16 and funds to cover planting over the five years have increased to a total of RMB 20 million. In 2013, the first year of Phase 2, around 170,000 young trees were planted on 120 hectares with a survival rate of 96.1%.



Associates dig dirt to build an embankment and carefully plant seedlings one at a time.



Site of the Phase 1 tree-planting project (photo taken in 2013)



Site of the Phase 2 tree-planting project (photo taken in 2013)

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

Education

In October 2013, the Honda China Eco Mileage Challenge Fuel Economy Contest was held at the Guangdong International Circuit. In the contest, participants compete to see who can travel the farthest with only a small amount of energy. From 2011, a new EV division was created for teams to see who could travel the greatest distance using a battery as the only power source, and a Honda-related team, Wuyang-Honda (WHM) won.

A record 150 teams took part in the contest in 2013. In the gasoline division, the Honda Group performed well, with Dongfeng Honda Automobile Co., Ltd. (WDHAC) coming first with 1,931.275 km/L, followed by Honda Automobile (China) Co., Ltd. (CHAC) and Dongfeng Honda Engine Co., Ltd. (DHEC) in second and third places respectively. The overall winner of the contest, with a new Chinese record of 2,689.621 km/L, was the Tongji University team. While continuing to support young people as they take up technological challenges, Honda in China will help China address environmental issues and contribute to the development of a mobility society.



Chief Operating Officer Seiji Kuraishi waves the start flag



The Tongji University team receiving their prize as the overall winners

Corporate Governance

Honda considers the enhancement of its corporate governance structures to be a key management issue and engages in a program of associated initiatives in keeping with its fundamental beliefs in order to increase the level of trust of shareholders, investors, customers, and the general public so that it can be a company society wants to exist.

Honda's approach to corporate governance

This section introduces Honda's basic approach to corporate governance and the structures through which it pursues that approach.

Risk Management

We are involved in a number of initiatives related to risk management, including putting in place risk management structures and reviewing our information management rules.

Compliance

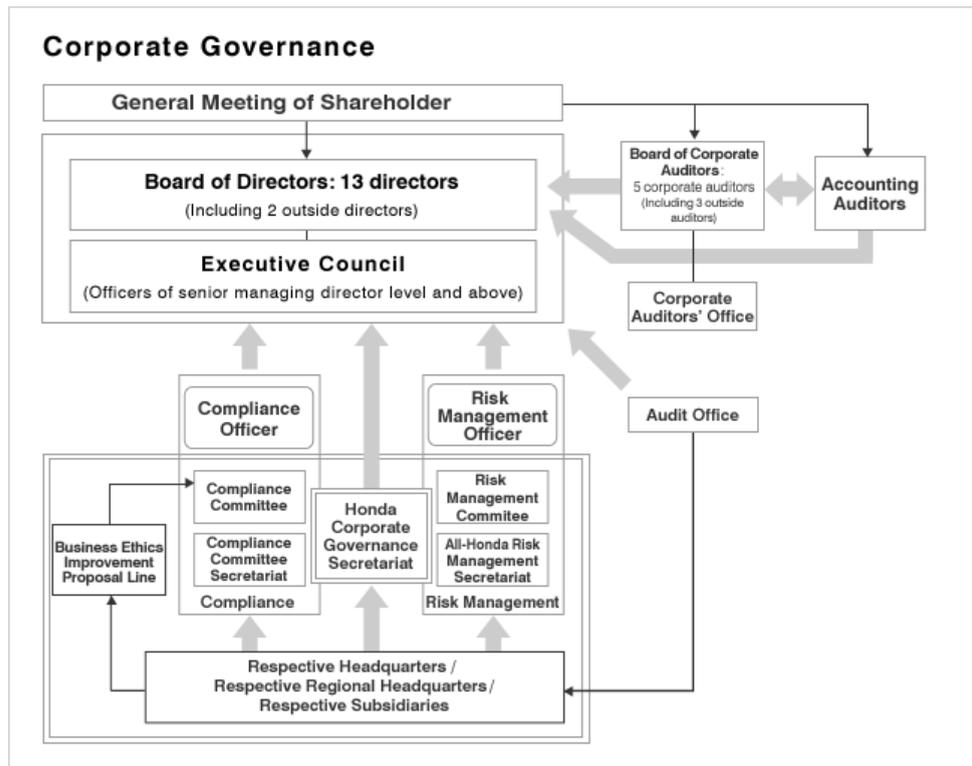
We have put in place a series of compliance-related structures, including a series of Honda Conduct Guidelines and a Compliance Committee.

Honda's approach to corporate governance

Basic stance on corporate governance

Honda considers the enhancement of its corporate governance structures to be a key management issue, and engages in a program of associated initiatives in keeping with its fundamental beliefs in order to increase the level of trust of shareholders, investors, customers, and the general public so that it can be a company that the society wants it to exist, and achieve its goal of continually increasing its corporate value over time. Going forward, we will continue to strive to realize robust and highly transparent management, through, for example, the timely and accurate release and disclosure of quarterly financial results and management policies, in order to increase the level of trust and understanding of shareholders and investors, customers, and the general public.

Corporate Governance Structure



Compliance

Honda has established various mechanisms to ensure compliance is practiced within the organization. These mechanisms include a Compliance Committee, a Business Ethics Improvement Proposal Line, and the appointment of a Compliance Officer to advance compliance-related activities.

Honda Conduct Guideline

The Honda Conduct Guideline is a set of action guidelines that are shared throughout the Honda Group worldwide. In following these guidelines, we pursue locally oriented business activities worldwide through the autonomous actions of all Honda associates.



Honda Conduct Guideline

The Compliance Committee

This committee, led by a Compliance Officer appointed as the Compliance Committee Chairperson, consists of Directors and Operating Officers appointed by the Executive Council. The Committee supervises whether the Business Ethics Improvement Proposal Line is properly operated, for example, how improvement suggestions received by the Business Ethics Improvement Proposal Line are being handled. The Committee also examines issues in regard to compliance policy and compliance enhancement.

Business Ethics Improvement Proposal Line

The Business Ethics Improvement Proposal Line is designed to facilitate the improvement of Business Ethics. When there is a case of behavior in the workplace violating any laws, regulations, or internal rules where associates would find it difficult to discuss the issue with their superiors, or where it would be difficult to resolve the issue there and then in the workplace, the line accepts proposals /provides consultation from a fair and neutral standpoint. Consulting employees are protected to ensure that they are not treated in a detrimental manner, and employees can make active proposals using their real names or proposals anonymously.

Bribery Prevention Actions

Honda has established the Honda Policy on the Prevention of Bribery, which sets a basic policy of efforts by the Honda group to prevent bribery, and the Honda Guideline for the Prevention of Bribery, which sets forth requirements and restrictions. The bribery prevention system is further strengthened through internal training and other measures.

Risk Management

Streamlining the risk management structure

Honda promotes the management of risk that requires corporate-wide attention in line with the Corporate Crisis Management Policy and Honda Risk Management Rules. In order to further reinforce our risk management structure, we established the Risk Management Committee to handle all types of risk, ranging from natural disasters to the risk inherent in business. In addition, we solidified our structure to enable more effective identification of risk and necessary countermeasures that became apparent after the Great East Japan Earthquake. Thus, we thoroughly revised the Honda Crisis Response Rules and renamed it the Honda Risk Management Rules.



Honda Risk Management Rules

Furthermore, we formulated a Business Continuity Policy (BCP) with the objective of ensuring continuity of operations throughout the Honda Group in times of crisis. In addition, activities for identifying key risks within each region and operations segment using risk templates were introduced in October 2013. Global-oriented key risk identification activities were commenced with a goal to firmly establish them by the end of FY2017.

Information management

To ensure ample protection of the personal information of our customers and employees, and the proper handling of sensitive company information, we established the Confidential Information Management Committee for our offices and major subsidiaries in Japan. A director is assigned as the committee representative responsible for sensitive information management throughout the year.

During FY2014, efforts were made to bolster information management further, for example by building upon the Honda Security Policy(HSP)-Honda's information management rules-to create a Global Confidentiality Policy(GCP) that will ensure a consistently high standard of information management worldwide.



Global Confidentiality Policy(GCP)



Suppliers

Fundamental approach to suppliers

Honda strives to realize a sustainable society with consideration for the environment, safety, human rights, compliance and social responsibility, along with all the suppliers. To develop long-term, mutually beneficial relationships aimed at achieving these goals, Honda's purchasing division takes care to provide equal opportunity to any supplier who seeks to do business with us. We choose suppliers via fair processes, while respecting their independence. Seeking to foster the trust of our suppliers worldwide, we adhere to all prevailing laws and regulations while securing free competition, respecting the independence of suppliers in accordance with our three purchasing principles.

Seeking to foster the trust of our business partners worldwide, we maintain fairness in our relationships by respecting all prevailing laws and regulations while securing free competition, treating all suppliers as equals and respecting the independence of suppliers in accordance with our three purchasing principles.

Purchasing guidelines and the three purchasing principles

Our purchasing guidelines

Our objective: To foster long-term relationships through the timely procurement of high-quality goods at reasonable prices.

Our three purchasing principles

1. Procurement based on free competition

- Through free competition, we will build greater global competitiveness.
- We will open our doors to all suppliers around the world.
- We will seek to realize stable procurement of quality goods in the right volumes, at the right times, and at the right prices.

2. Equal treatment of all suppliers

- We will treat all suppliers as equals, regardless of their size.

3. Respect for the independence of suppliers

- We will respect the independence, policies, technology, and expertise of our suppliers.
- We expect suppliers to compete vigorously and choose their own business path.

Providing good products to our customers with speed, affordability, and low CO₂ emissions

Honda has adopted "Best possible QCDDDE* : Sensing worldwide, acting worldwide, creating worldwide" as the 2020 Vision for purchasing operations. We are communicating closely with business partners around the world to implement this policy in order to achieve our goal of providing customers with good products that maximize the joy of customers with speed, affordability and low CO₂ emissions.

*QCDDDE: Quality, Cost, Delivery, Development, and Environment

We choose suppliers via fair processes. We select optimal suppliers for parts and raw materials from multiple candidates based on an evaluation of such factors as technical capability; quality, cost, and delivery (QCD); financial position; and compliance, environmental conservation, and information security initiatives.

Bringing CSR to suppliers

Our Supplier CSR Guidelines, based on the Honda Philosophy, clearly define our standards in areas such as safety, quality, legal compliance, environmental protection, human rights, and labor. These guidelines are shared with all parts and materials suppliers to encourage them to undertake active CSR programs based on a shared understanding of their significance. At the same time, we issued a CSR Checklist for suppliers to use in the in-house application of their initiatives as well as in their secondary application to upstream suppliers.

Furthermore, we issued a revised guideline in 2013 adding our standards on conflict minerals*.

*Conflict materials: Minerals that originated in the Democratic Republic of the Congo or adjoining countries which are thought to be contributing to the funding of armed groups or to the abuse of human rights in that region.

▶ Enhancing partnerships

We maintain close communication with all suppliers around the world.

▶ Strengthening compliance with purchasing policies

We strive to enhance compliance through associate training and aggressive observance of all applicable laws and regulations.

▶ Human rights and environmental considerations

We are involved in a range of initiatives based on the Honda Philosophy that seek to ensure that the autonomy and human rights of all employees and business partners are respected. We are also striving to reduce environmental impacts throughout the supply chain.

▶ Supply chain risk management

Viewing all phenomena that can impact production (natural disasters, fires, labor problems, financial issues, etc.) as a risk, we perform inspections and utilize various other strategies on an ongoing basis to reduce such risks and minimize their impact on our supply chain.

Enhancing partnerships

Holding Suppliers Conference

With global transactions increasing and purchasing activities becoming more diversified in the business environment, Honda makes an effort to build constructive partnerships with its suppliers by holding various conferences and meetings, aimed at sharing Honda's business directions and purchasing policies. At one such meeting in January 2014 attended by the top management of 324 suppliers, President Takanobu Ito outlined Honda's companywide policies, and Naoto Matsui, Chief Operating Officer of Purchasing Operations, discussed the company's purchasing policies.

Honda also presented letters of appreciation in recognition of its gratitude to suppliers who made outstanding contributions to the company's business throughout the year in the respective areas of cost, quality, development, parts, and environmental. The event provided an opportunity for Honda and its suppliers to strengthen their partnership and reaffirm their understanding of the need to work together closely to achieve Honda's mid-term business objectives starting in April 2014.



President and CEO Tsuneo Tanai of Keihin Corporation (right) accepts cost, development, and environmental awards from Honda President Takanobu Ito.

Human rights and environmental considerations

Initiatives regarding the issue of conflict minerals

Honda has been making a survey of suppliers about usage situation of conflict materials. We take appropriate measures in cooperation with our business partners concerning conflict materials.

Honda seeks the cooperation of its business partners in this regard, asking them to make the same level of effort regarding the issue of conflict minerals.

Please see page 78 about Honda's efforts of conflict materials.

Procuring environmentally responsible materials and parts

Striving to build a low-carbon global supply chain

Honda is committed to various environmental activities aimed at realizing business activities all over the world for promoting symbiosis and co-prosperity with local communities in order to further evolve QCDDE exceeding customers' expectations.

In accordance with this mission, we share the Honda Green Purchasing Guidelines with suppliers worldwide, in an effort to realize low-carbon societies by monitoring and reducing environmental impacts across our global supply chain. To realize this low-carbon global supply chain, we have created an Environmental Grand Design, for which we are taking the following three steps with suppliers:

1. Disseminating Honda's environmental initiatives
2. Promoting the preparation to manage greenhousegas emissions reduction
3. Reducing greenhousegas emissions

Meanwhile, to comply with the laws and regulations in each country on the use of hazardous chemical substances, we have published our own standards on chemical substancemanagement in Honda products and ask all parts suppliers to abide by them.

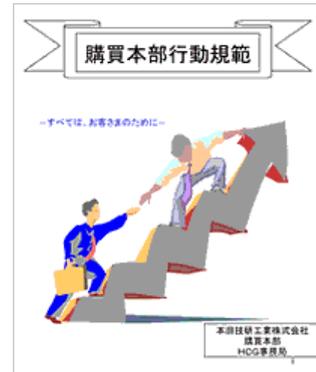
Measures concerning Pickup Transportation

Honda procures many of the parts that make up its products from suppliers. Previously, suppliers transported parts and delivered them to each Honda production facility, but Honda has initiated pickup transportation to increase transport efficiency by handling transportation itself and picking up the parts from suppliers nationwide.

Strengthening compliance with purchasing policies

Instruction and training for associates

To ensure every associate involved in Honda's purchasing operations engages in purchasing that is fair, honest, and in keeping with Honda's three purchasing principles, Honda has prepared training and reference manuals that detail standards of purchasing staff behavior and explain applicable laws and regulations. In addition, to maintain strict compliance with anti-trust laws, Japan's Act Against Delay in Payment of Subcontract Proceeds, and other laws of special relevance to purchasing, newly hired associates receive special training during orientation, and Honda associates review these important topics at periodic seminars. In FY2014, we prepared an additional manual and held a seminar to explain to all members of relevant divisions specific content in the Act on Special Measures for Addition of Consumption Tax, brought into force in 2013, and the METI Guidelines on Proper Trade in the Automotive Industry, revised in 2014, they need to consider in Honda purchasing activities. Additionally, the standards of purchasing staff behavior as well as associated manuals are available on the corporate intranet to facilitate easy access by associates at any time.



Standards of Purchasing Staff Behavior published on the intranet

Taking an aggressive approach to ensuring legal compliance by suppliers

The basic agreements covering part transactions into which Honda enters with suppliers ensure legal compliance by prohibiting suppliers from infringing on third parties' intellectual property rights through their parts or manufacturing methods, and by including provisions that require suppliers to give due consideration to safety, disaster prevention, environmental conservation, and resource protection in their operations, comply with anti-trust laws and all other applicable laws and regulations, and cooperate with audits conducted in accordance with these laws. In addition, Honda and its suppliers mutually pledge to eradicate organized crime.

Supply chain risk management

Reducing supply chain risk and minimizing impacts

We strive to reduce supply risk, so that we can continue to provide good products to our customers with speed, affordability, and low CO2 emissions at all times.

We view all phenomena that can impact production (natural disasters, fires, labor problems, financial issues, etc.) as a risk, and define all parts that are either produced at one plant or whose components or raw materials are over dependent on production at one facility as a mission-critical part. We perform inspections and utilize various other strategies continually around the world to reduce supply risk and minimize its impact.

Associates



Fundamental personnel policy

Honda is proud of the spirit of independence, fairness, and trust that emerges from our Management policy of respect for the individual. We believe this spirit should permeate all our relationships, not only with those in the Honda Group, but also everyone in all companies with which we do business. And as a corporation with global operations, we respect the Universal Declaration of Human Rights and other international standards.

Honda also believes that human beings are born to think, create, and express their individuality, thus realizing their hopes and dreams. We strive to attract individuals who share this belief and who will respect one another's individuality. We seek to foster an atmosphere of mutual trust and fairness in which our associates are able to realize their potential and share in the joy of creating new value for society. Our goal is to maintain organizational structures and personnel policies in areas such as recruitment, training, evaluation, and assignments that foster a free and open atmosphere, encouraging each associate to face new challenges and achieve new successes. We seek to create an environment in which each person's ambitions, abilities, and potential can be fully developed.

Three principles of personnel management

1. Respecting independence

Honda expects associates to express their individuality and independence. As our founder said, "He who knows best should speak up, and he who can do best should act." In that spirit, today's associates are encouraged to think for themselves, take action, and accept responsibility. As reflected in our qualification system where associates interested in earning new qualifications volunteer to take on that challenge, and our two-way communication that allows associates to assert a vision for their own future professional development, the independence and ambitions of individual associates are accorded respect in all things.

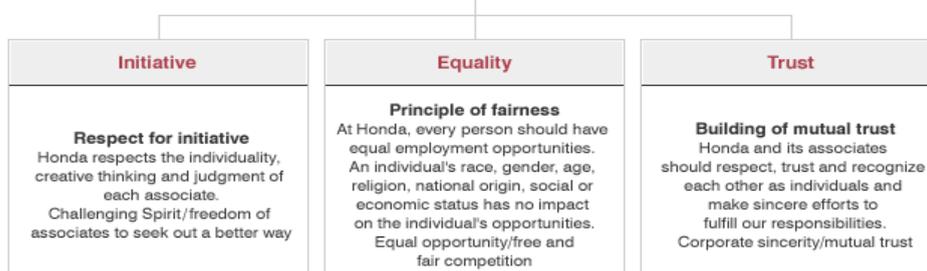
2. Ensuring fairness

Honda offers a simple compensation system with the same fair rewards for anyone with similar abilities handling similar work with similar results, without regard for race, nationality, or gender. This system makes no distinction on the basis of educational associations or career history and objectively assesses each person's individual strengths and aptitude. Honda is careful to handle appointments and personnel deployment issues fairly and in a manner appropriate to the individual's abilities and aptitude.

3. Fostering mutual trust

Honda believes that the building of the foundation of trust that binds the company to its employees and employees to one another starts with tolerance and mutual respect.

The Three Human Resources Principles of Honda



Associate Relations Policies

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

1. Respecting individual human rights.

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

2. No discriminations

- Based on the principle that all human beings should have equal employment opportunities, we will strive to create opportunities for free and fair competition.
- We will not tolerate discrimination or harassment of any form in the workplace on base of an individual's race, ethnicity, national origin, religion, or gender, among other characteristics.

3. Complying with laws and ordinances.

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

4. Creating an environment of free, open-minded dialogue.

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

5. Maintaining a working environment where each associate can work with a sense of security.

- The company will provide a safe and healthy workplace where all associates can concentrate on work with a sense of security.

Promoting diversity

Honda pursues initiatives to promote diversity based on the principle of Respect for the Individual, part of the Honda Philosophy.

Building healthy working environments

Honda seeks to create a healthy working environment so that associates can make the most of their abilities.

Communication with labor unions

To maintain good labor relations, Honda works to build on mutual trust and diligence while respecting differences in perspective and approach.

Developing abilities and human resources

Honda fosters the development of associates' abilities through such means as on-the-job training, off-the-job training, two-way communication, NH Circle activities, and improving suggestion system.

Initiatives for occupational health and safety

In keeping with Honda's Fundamental briefs of respect for the individual, ensuring associates' physical and mental health is one of the company's most important responsibilities.

Keeping everyone healthy

In keeping with its policy of helping associates enjoy a healthy, balanced lifestyle, Honda provides a range of information sources and opportunities for associates to get and stay healthy.

Promoting diversity

Rooted in our basic principle of Respect for the Individual, as part of the Honda Philosophy, Honda maintains an environment in which members of a diverse workforce can make the most of their abilities, while recognizing and respecting individual differences. Honda defines the promotion of diversity in this way, and we have been working on a series of ongoing, companywide initiatives since 2007.

Expanding opportunity for participation by women

Honda has been pursuing awareness-raising activities, through the likes of company magazines, lectures, and training sessions, since a 2008 decision to focus on expanding opportunities for participation by women, as a way of strengthening initiatives to benefit from diversity.

Percentage of women in the Honda workplace: FY2014

Cross-section of the organization	Proportion
Entire workforce	6.66%
All management positions	0.43%
Assistant manager positions	1.98%
Director, Operating Officer positions*	0.00%

(March 2014 data)

*From June 2014, a female director will be assigned

Offering a Career Support Program as a major awareness-raising activity

Honda launched its Career Support Program, which enhances two-way communication with supervisors for young and mid-level female associates, in October 2009. We also held career development training for both female associates and their supervisors in order to encourage opportunities for discussing career plans and goals from a career development perspective. In 2010, we augmented this and other training with career consultation meetings to accommodate individual conversations about female associates' career development as part of a larger effort to provide opportunities for increasing awareness of career development and to help associates realize their career plans.

Employment of people with disabilities

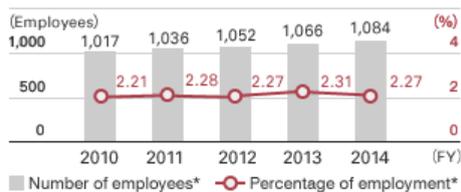
Honda provides jobs to people with disabilities at its facilities in Japan in an effort to expand their employment opportunities. We also offer employment at affiliates Honda Sun co., Ltd., Honda Sun R&D co., Ltd., and Kibounosato Honda co.,Ltd.. We strive to create an environment that allows associates with and without disabilities to work alongside one another, while also making adaptations to ensure that workplaces and opportunities are fully accessible.

As a result of these efforts, in 2013 Honda Sun co., Ltd. earned the FY2014 Health, Labour and Welfare Minister's Award for Outstanding Employer of People With Disabilities. Employment of individuals with disabilities* at Honda group companies in Japan in FY2014 stands at some 2.27%, or 1,084 individuals, well above the legally mandated level of 2.0%.

Designated affiliates

Company name	Established	Operations
Honda Sun Co., Ltd.	1981	Manufacturing of components for motorcycles, automobiles, and power products (speedometers, glove-compartments, etc.)
Kibounosato Honda Co., Ltd.	1985	Assembly of pistons, case covers, knuckles, and other automobile components
Honda Sun R&D Co., Ltd.	1992	Research and development into CAD design and transportation and rehabilitation equipment

Employment of individuals with disabilities



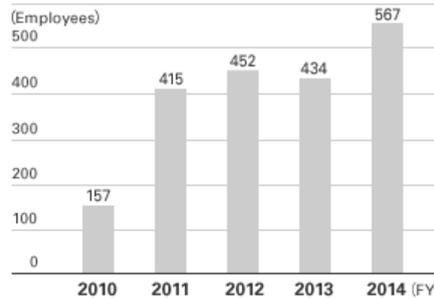
*Laws governing the employment of people with disabilities stipulate that employment of one individual with a serious disability is equivalent to employing two less severely disabled individuals for purposes of calculating the number of disabled employees and percentage of employment. Data depicted in the graph is current as of June 1 of each year.

Rehiring retirees

In view of dwindling birth rates, the need to reinforce the social insurance system in Japan, and the importance of passing on the technical expertise required to maintain a functioning workplace, Honda introduced a series of policies in April 2003 to create opportunities for those associates who reach the retirement age of 60. Our proactive approach preceded the introduction of laws governing the employment of retired individuals.

Honda instituted changes in April 2010 to create a new re-employment program designed in principle to offer re-employment to all interested associates until the age of 65 in operations that utilize each individual's specialized knowledge; a move that ensures that associates can live their post-60 lives with peace of mind, in an environment where they can make the most of the skills they have gained over a lifetime. About 60% of all associates faced with mandatory retirement at age 60 have expressed an interest in re-employment, which allows them to draw on their extensive experience and specialized knowledge to contribute actively in a variety of workplaces throughout the company.

Re-employment of retirees



*Number of retirees who were re-employed in the relevant fiscal year.

Global employment

With our business becoming increasingly globalized, we are working to diversify our human resources in an aim to raise the comprehensive strength of our global workforce. As part of this effort, we started a global employment program where some of the new graduates who join our company are hired directly from overseas labor markets. By creating a work environment where the knowledge and values of diverse people are mutually recognized and respected, we aim to increase our flexibility, agility, and creativity as a company.

Number of global hires

Year of entry	No. of people
FY2014	15
FY2015 (planned)	15

Building healthy working environments

Rooted in our basic principle of Respect for the Individual, as part of the Honda Philosophy, Honda seeks to create a healthy working environment so that each and every member of its diverse workforce can make the most of his or her abilities.

Optimizing work hours

Honda has always been an industry leader in introducing shorter workweeks. The company instituted a five-day workweek in alternating weeks in 1970, followed by a true five-day workweek in 1972. Other initiatives enjoyed by associates for more than 30 years include the banning of overtime on Wednesdays and some Fridays and the introduction of a policy encouraging all associates—both labor and management—to use their allotted vacation time in full*.

As a result, total working hours averaged 1,900 per associate in 2013, and associates averaged 19.2 paid vacation days, putting Honda at the top level of the automobile industry in terms of reducing actual working hours.

To encourage our associates to take regular annual paid vacations and use their vacation time effectively to refresh themselves and increase motivation, Honda has introduced a system whereby associates are accorded blocks of three to five consecutive paid holidays, depending on their years of continuous service.

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

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

Honda works actively to provide programs that help associates balance the demands of work and personal life.

Honda distributes the Guidebook on Balancing Work and Family Life Care Responsibilities, which summarizes the programs available for balancing work, parenting, and nursing care, not only to associates with such responsibilities, but also to management-level associates so that those associates will have a good understanding of available programs and be able to utilize them to maximum effect. This information was placed on the corporate intranet in 2010, making it available to all associates.

Additionally, in 2008, we began offering temporary childcare for preschoolers whose parents had to work on holidays in all worksites. As a result of these initiatives, Honda has been certified as a company that supports child-raising by the Japanese Minister of Health, Labour and Welfare.

Furthermore, in April 2014, we introduced a selection-based welfare program giving associates the options of support for nursing care, as well as life events such as childbirth and childcare, including babysitter agent services and childcare item rental. Honda will continue provision of services that allow associates to work with a sense of security.

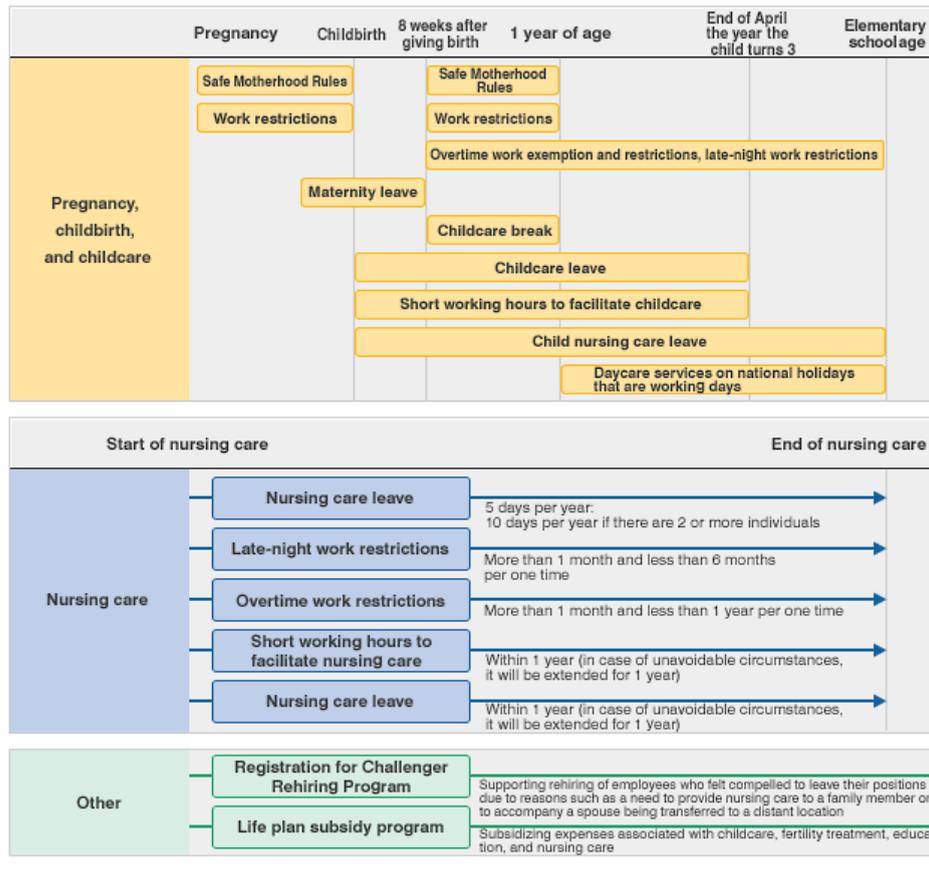


Temporary childcare is offered to associates working on holidays



Kurumin Certification Mark

Programs that help associates balance work and family life



Counseling hotlines

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

Counseling hotlines dedicated to balancing work, parenting, and family life responsibilities

Honda created a counseling hotline at each worksite's general affairs department in January 2010 in order to accommodate counseling requests from associates striving to balance work and family responsibilities and to promote awareness and utilization of the company's support programs. Each hotline is staffed by a pair of male and female counselors who field counseling requests from both targeted associate groups and supervisors.

Sexual harassment counseling hotline

Honda has operated a sexual harassment counseling hotline for all associates since 1999 in order to prevent sexual harassment and to facilitate the rapid and appropriate resolution of incidents.

Life planning seminar hotline

Honda offers life planning seminars to give associates and their spouses an opportunity to start thinking about life purpose, health, and economic planning so that they will be able to lead a rich and fulfilling life after age 60. In FY2014, we progressively lowered the target age to accommodate an increase in the gap in public pension coverage by offering the seminars for 53-year-old, and 54-year-old regular employees.

In-house seminar instructors and a secretariat offer one-on-one counseling for associates who have participated in the seminar.

Additionally, in April 2014 we started providing individual consultations with financial planners and other consulting services with qualified professionals from outside the company, as part of the selection-based welfare program.

Communication with labor unions

Honda values effective communication with associates and strives to bring their views to bear on a broad range of personnel policy.

Building good labor relations

Honda and the Honda Motor Workers' Union have enjoyed cordial, mutually supportive relations, engaging regularly in frank exchanges on key issues such as employment security, working conditions, occupational health and safety, and production and sales activities at group negotiations, labor-management committee meetings, and other venues.

Both the company and union respect differences in each other's perspectives and approaches, and strive to maintain a strong labor-management relationship so that sustained company growth and improved working conditions can be simultaneously achieved through mutual trust.

Associate awareness survey

Once every three years, Honda conducts an associate awareness survey to solicit worker feedback for building a healthier work environment. The surveys include a variety of questions designed to gauge associate views on organizational culture, the company's personnel system, and management. Associate awareness survey, which is conducted once every three years, was carried out in March 2013. Survey results are fed back to associates through in-house publications and are also incorporated into HR-related initiatives, such as management training and changes to the personnel system.



Awareness survey results distributed to associates in 2013 (left)
Management guide incorporating issues raised by the associate awareness survey (right)

Associate awareness survey (Level of satisfaction: Working at Honda)

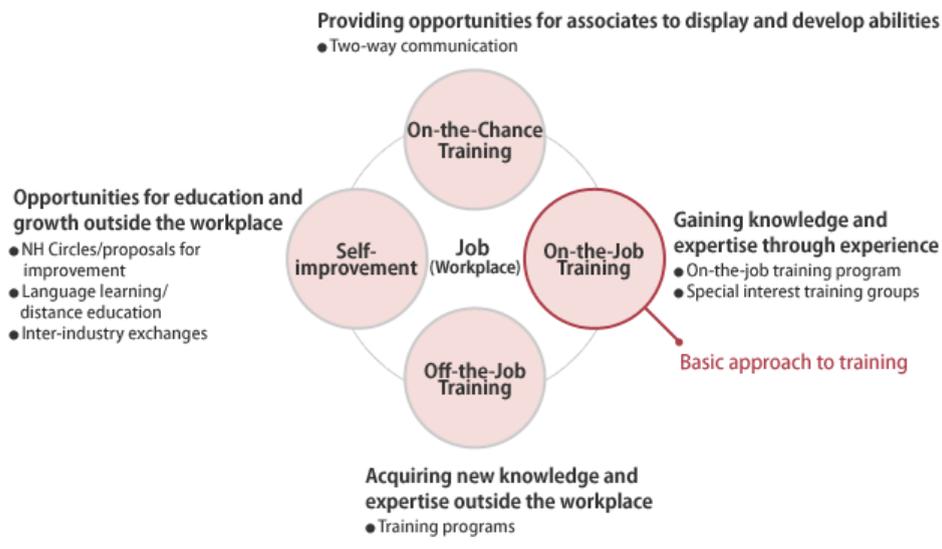
Level of satisfaction	FY2011	FY2014
All	80.8%	80.0%
Male	81.0%	80.2%
Female	79.5%	77.9%
Percentage of respondents for all employees	95.1%	94.3%

Developing abilities and human resources

An approach based on on-the-job training

Honda's approach to personnel education is based on on-the-job training: building specialized skills and professional capabilities through direct experience. Honda has established on-the-job training programs for every job description, setting qualitative and quantitative targets for the knowledge and skills to be acquired. These programs provide an opportunity for associates to acquire specialized skills and managerial capabilities, while helping supervisors assess and foster the aptitude of the associates they manage. To supplement these on-the-job training programs, Honda also offers off-the-job training designed to provide associates an opportunity to enhance their careers by developing new specialized skills or management capabilities. To support associates who wish to take the initiative to learn new skills, acquire knowledge, and cultivate themselves in order to fully realize their own potential, Honda offers opportunities for language learning, distance education, and inter-industry exchanges.

Basic approach to personnel training



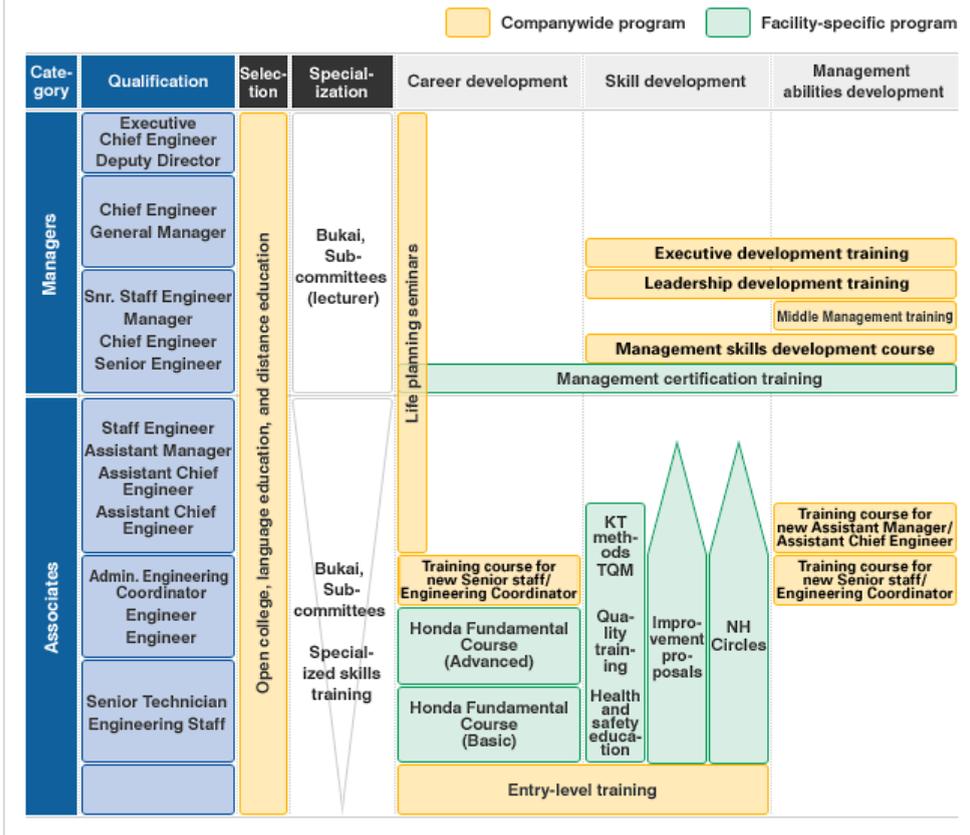
Principal off-the-job training programs

At Honda, we match a combination of on-the-job and off-the-job training to our associates' aptitudes and aspirations in an effort to help them improve their abilities. Our off-the-job training program is divided into three main areas, with separate training programs for each level:

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

In particular, a new leadership training program was launched in 2012 as part of efforts to strengthen development of global leaders who will drive Honda's global operations. From 2013, associates from around the world were chosen to take part in the training alongside participants from Japan.

Honda's off-the-job training programs



Respecting associates' opinions and independence

Honda fosters each associate's drive and independence, and has put in place a number of systems designed to harness and direct those attributes towards the ongoing reorganization and growth of the company.

Associate development and evaluation through two-way communication

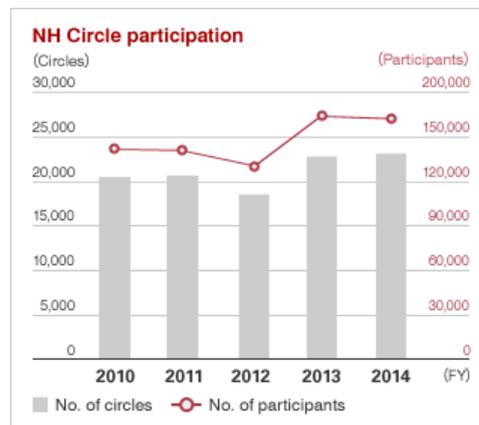
Honda places emphasis on two-way communication with supervisors in associate development and evaluation, and all associates have at least three interviews with their supervisors each year. During the first interview in April, associates describe their future in their own words (including aspirations, personal objectives, etc.) and come out with a clear vision for the future and their direction going forward through their supervisor's advice. They then work out their individual role based on the organization's business goals for the fiscal year in question.

During interviews in June and December, supervisors evaluate associate performance during the preceding six months, explain the reasoning behind their judgments, and share an assessment of each associate's strengths and weaknesses. By facilitating a discussion of subjects such as future objectives and career directions, the interviews pave the way for associates' skill development.

NH Circle

In NH Circle activities, associates take the initiative to get together and discuss ways to improve their work, their workplace and their company. The abbreviation "NH" stands for "Now, Next and New Honda." The phrase embodies the concept of taking new steps now toward creating the next great Honda improvement.

The activity, rooted in the Fundamental briefs of respect for the individual and valuing independence, fairness and trust, seeks to: create dynamic, forward-looking workplaces where individuality is respected; utilize the potential of each and every associate by encouraging them to make the most of their abilities; and contribute to the overall health of the company and its continued development. Together with Regional Contests that are held in six regions worldwide, a World Convention featuring circles selected from each of the Regional Contests provides a venue for participants to showcase the results of their activities, raise mutual awareness, and



exchange views and ideas. The scope of the program's activities has expanded each year since its launch in 1973. During FY2014, a total of 168,140 associates and employees participated in 22,980 circles in 32 countries worldwide, including at suppliers, affiliates, and dealers.



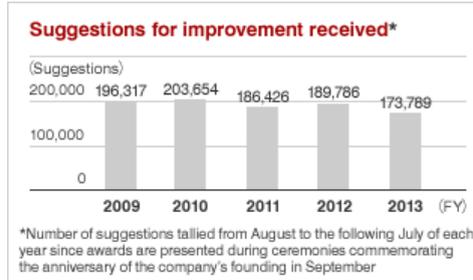
An NH circle's presentation

Associates presented the results of their activities in 2013 at a Japan Regional Contest held from October 18 to October 20 at the Kumamoto Factory. A total of 288 associates representing 48 circles that had won their district contests gathered to participate in the event.

Improvement suggestion system

Honda has a system in place to encourage all associates to propose ways in which the company's operations could be improved, whether in large ways or small. Launched in 1953, this initiative is one way Honda seeks to encourage a spirit of independence and innovation, fostering the development and refinement of skills and capabilities. Each year, large number of suggestions are received and implemented.

During FY2014, more than 160,000 improvement suggestions were received from Honda worksites. Of these, 8 proposals chosen to receive the President's Award, 16 proposals similarly chosen to receive the Excellence Award and 8 proposals similarly chosen to receive the Excellence Award for safety were announced and recognized at the Improvement Suggestion No. 1 Convention, which was held at the Hamamatsu Factory.



Award winners of the Improvement Suggestion No. 1 Convention present their theme to company executives (at their work station at the Hamamatsu Factory).

Initiatives for occupational health and safety

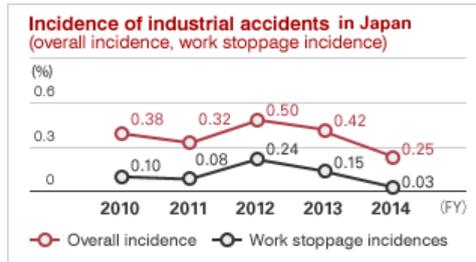
Honda's approach to occupational health and safety

"No safety, no production": as a company that holds respect for the individual as one of the basic tenets of its philosophy, Honda considers the mental and physical health of associates to be one of its most important responsibilities, alongside workplace and traffic safety. Besides making these views explicit in our basic policy on occupational health and safety, Honda engages in initiatives designed to ensure that its workplaces are among the safest and most comfortable in the industry.

Creating safer workplaces

In addition to implementing an Occupational Health and Safety Management System to help prevent occupational accidents, Honda is involved in continuous activities including risk assessment practice, enhancing health and safety education, and raising associates' safety awareness. These activities are carried out in accordance with our policy of nurturing a safety-first culture and building organizational infrastructure to instill safety assurance as part of our corporate foundations. They focus on measures geared towards: building up safety support systems for global operations; sales, production, development, purchase, management and so on instigating area-specific initiatives aimed at totally eliminating industrial accidents; standardizing fire prevention management systems; totally eliminating traffic accidents through strengthening of safe driving management and thorough implementation of awareness-raising activities; and strengthening self-implementation of health promotion and preventive activities. With sights set on realizing Honda's 2020 vision of being a company that society wants to exist by delivering worldwide satisfaction, we are taking steps to build safety support systems for global operations. During FY2015, a period in which we must firmly entrench last year's measures for strengthening safety functions, we will work to ensure stable implementation of our tripartite approach* and deploy activities to prevent industrial accidents.

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



Keeping everyone healthy

Approach to associate health

Honda has adopted a policy of helping associates lead healthy, well-balanced lives.

As a company, we work to discover health problems early on through medical checkups, and treat them appropriately. Associates whose checkup indicates a health issue are given individual guidance and counseling.

For their part, associates continuously aim to adopt healthy lifestyle habits by paying close attention to their own physical and emotional health, making adjustments to improve their exercise habits, diets and other lifestyle aspects.

To ensure associates greater independence healthwise, Honda will look into and push ahead with initiatives focused on prevention of illnesses.

Medical checkups

Honda has implemented a program of medical checkups for new hires, regular checkups, and special checkups as required by law. In addition, we offer government-designated checkups for VDT workers and other checkups as needed. Targeted checkups for associates aged 35 or older began in 2008. We make every effort to ensure that all eligible associates undergo these checkups.

Mental health initiatives

Honda has implemented a number of companywide policies designed to foster associates' mental health through rules that address the prevention of mental health problems and improvement of individual motivation, their early discovery and appropriate treatment, and support for associates returning to work after a mental health-related leave of absence.

The company, its associates, and its managers all play a role in helping to create an environment where all associates can take pride in their work, approach their jobs with enthusiasm and passion, and maintain an energetic outlook by valuing individual diversity and communication.

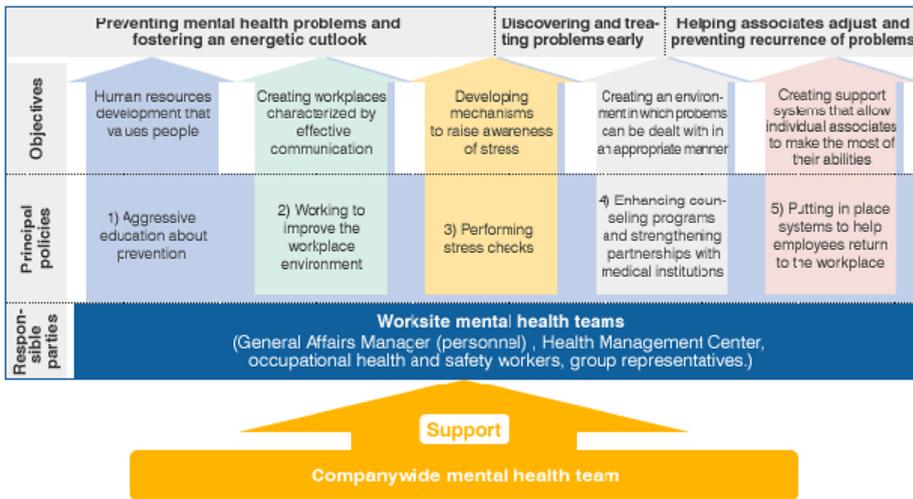
In October 2009, we distributed leaflets and pamphlets to associates in an effort to help create a work environment conducive to both physical and mental health.



Leaflets and pamphlets distributed to associates

Overview of companywide mental health policies and programs

Creating an environment where all associates can take pride in their work, approach their jobs with enthusiasm and passion, and maintain an energetic outlook.
Honda's fundamental policy of respect for the individual



Preventing muscoskeletal disorders*

Honda is incorporating the perspective of ergonomics into the creation of work environments in line with its concept of people-friendly production processes. Under this approach, worker movements are analyzed and improvements made in order to ensure optimal work position and scope. We are also working to reduce the burden imposed on associates by physically intense labor. For example we have installed assistive devices and auxiliary lifts for work that involves lifting heavy objects. We are also undertaking new improvement activities by adopting new analytical techniques to identify areas where further improvements can be made, and having site personnel study them at the likes of in-house classes

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



Class held at the Kumamoto Factory

Total Health Promotion Plan (THP)

In 1988, as part of a health and welfare program designed to help associates enjoy healthy and satisfying lives, Honda established a THP Committee and formulated a Total Health Promotion Plan offering ongoing, systematic support to encourage associates to maintain and improve their health. Consisting of a series of companywide policies aimed at raising awareness and motivating associates to take the initiative to live healthily, the plan encourages associates to prevent adult-onset diseases, track their physical fitness, participate in "Try Walk" events, and quit smoking. We also offer instruction in exercise and nutrition with related training programs, and are currently working to further activities addressing exercise habits, fitness, and lowering the smoking rate - areas that are all the more important, given the ongoing aging of our associates.

Guidance for preventing adult-onset diseases

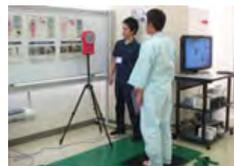
Honda offers guidance in how to prevent adult-onset diseases based on the results of associates' regular medical checkups. We began offering targeted health guidance in 2009, with at-risk associates receiving advice on improving their life rhythm, nutrition guidance that proposes improvements in diet, and exercise instruction with a daily exercise regimen.

Holding physical fitness measurement sessions, "Try Walk," and other events to improve exercise habits

Honda holds, among other related initiatives, a walking event conceived to spur associates to develop good exercise habits. We also hold events such as physical fitness measurement and health measurement sessions on an ongoing basis to give associates an opportunity to review their own physical fitness and health.



A walking event for associates at the Saitama Factory and their families



Measuring associates' physical fitness



Health measurement event

No-smoking activities

In 2011, we shifted the focus of these activities from the segregation of smoking to its prohibition and are working to achieve the companywide goals of eliminating the dangers of second-hand smoke, while dramatically reducing the percentage of associates who smoke. As a no-smoking measure, good progress has been made on prohibiting smoking indoors, and while meeting with other companies to exchange information on no-smoking measures, we are strengthening educational activities. For example we prohibited smoking at specific hours, held events to coincide with World No Tobacco Day, and made the 22nd day of each month a no-smoking challenge day.



Educational event on World No Tobacco Day



Activities of no-smoking seminar

Shareholders and Investors

Honda's history on stock exchanges

Established in 1948, Honda Motor Co., Ltd. was listed on the Tokyo over-the-counter stock market in 1954. After being listed on the Tokyo Stock Exchange in 1957, the company was listed on all Japanese national exchanges. Overseas, American Honda Motor Co., Inc. issued American Depositary Receipts in 1962, and in 1977 was listed on the New York Stock Exchange. As Honda's overseas development proceeded, Honda affiliates were listed on major exchanges worldwide: in 1981 on the London Stock Exchange, in 1983 on the Swiss Stock Exchange, and in 1985 on the Paris Stock Exchange (now known as Euronext Paris).

As stock exchanges and investors worldwide embraced increasingly "borderless" financial transactions, we withdrew from the Swiss Stock Exchange and Euronext Paris in 2007. The same year in Japan, we also withdrew from stock exchanges in Nagoya, Fukuoka, and Sapporo. In 2013, we withdrew from the London Stock Exchange.

Protecting the rights of shareholders and investors

Our fundamental approach to investor relations

Our investor relations activities for shareholders and investors have two focuses: ensuring timeliness, accuracy, and fairness, and communicating the true state of the company's operations in a straightforward manner. In order to help our shareholders and the broader investor community reach an even deeper appreciation of Honda's activities, we are proactive in providing forums for communication. To ensure that our communications are not unilateral, we work hard to remain attuned to the voice of the market. We also work to promote close dialogue, maximum understanding and mutual communication in our relations with shareholders and investors through general shareholders' meetings, investor seminars and other activities. By continuing to build and maintain an atmosphere of trust and respect, we hope to receive a fair recognition of our corporate value by the market.

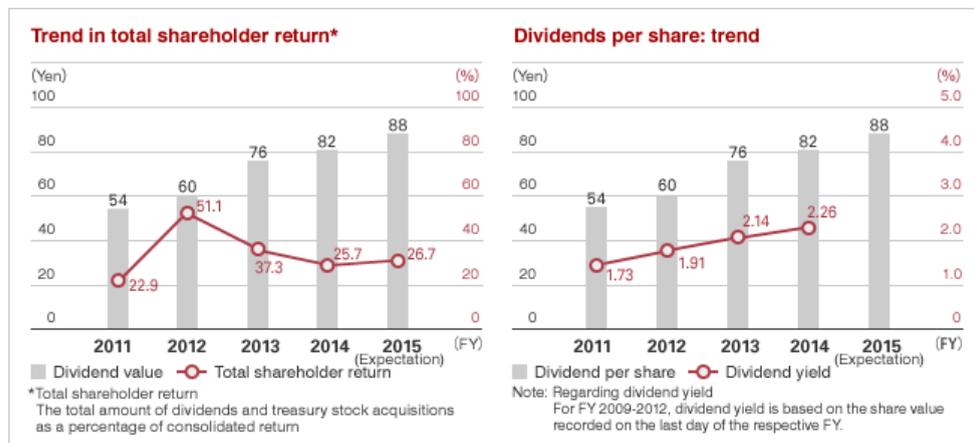
Profit distribution policy

Conducting operations from a global perspective, Honda strives to maximize corporate value throughout its worldwide organization.

With respect to the redistribution of corporate profits to shareholders—one of the company's most important responsibilities— Honda's basic policy for dividends is to make distributions after taking into account our long-term consolidated earnings performance. Honda will also acquire its own shares at optimal times with the goal of improving the efficiency and dynamism of the company's capital structure.

The present goal is to maintain a shareholder return ratio (dividends + share buyback) of approximately 30%.

With regard to capital reserves, Honda aims to strengthen its balance sheet by working on improving its financial performance. The company plans to do this by stepping up its investments in R&D and operational expansion, both of which are essential for future growth.



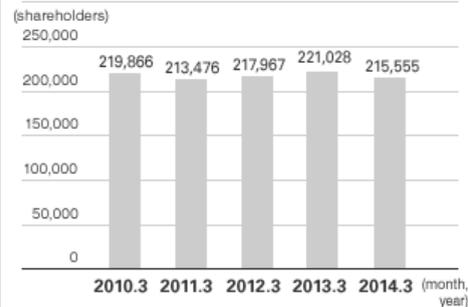
IR communication

Implementing timely and appropriate IR initiatives

As a law-abiding corporate citizen, Honda always maintains good communications with shareholders and investors worldwide. This is accomplished by publishing accurate information that is useful for investment decisions, as it becomes available, and by representing the company's operations and financial situation in a clear, factual manner.

To fulfill these objectives, we, in addition to an annual report, publish separate reports and a shareholders' bulletin on a quarterly basis. We hold quarterly meetings with analysts and institutional investors. To provide our institutional investors with a deeper understanding of Honda as a company, we offer corporate briefings where we present our financial performance and business strategy, provide information on the General Shareholders' Meeting and ESG initiatives, and engage in open discussion. These publications and material from briefings and financial results meetings can be found at the IR section of the Honda website (<http://world.honda.com/investors>), which also includes information for our shareholders provided as and when required.

Number of Honda shareholders



Communicating with shareholders

Honda considers its annual Ordinary General Meeting of Shareholders a vital opportunity to optimize communications with all its shareholders. We strive to present all company information as clearly as possible, using images and slides, and field the broadest possible range of questions and opinions.

Displays of Honda automobiles, motorcycles, and power products provide an opportunity for shareholders to examine our products firsthand. To facilitate the participation of shareholders who are unable to attend in person, Honda has set up a system enabling shareholders to cast their votes by post, or on the Honda website via computer or mobile phone. Non-Japanese shareholders are notified in English of upcoming shareholders' meetings. These are just a few examples of Honda efforts to facilitate voting. We also hold inspection visits, including tours of manufacturing plants. By inviting shareholders to see for themselves where and how Honda products are created, we hope to give them a better understanding of what goes on at the company and to create a sense of familiarity with the company and its products.



Shareholders participate in a tour of the Hamamatsu Factory (November 2013)

Disaster relief aid

Honda offers relief aid to help stricken areas recover from disasters, natural or otherwise.
--We take this opportunity to extend our condolences to everyone who has been affected by such a disaster----

Overview of disaster relief aid

Relief aid in response to the Typhoon Haiyan that struck the Philippines on November 8, 2013

【Description】
Relief funds

【Recipient】
A charity organization operated by two major television stations in the Philippines, via local Honda Group companies

【Value】
Total of PHP 10 million (approx. ¥23 million at PHP 1 = ¥2.3) from Honda Motor Company, Limited and Honda Group companies in the Philippines

Relief aid in response to Typhoon Wipha, which struck the island of Izu-Oshima, Tokyo, on October 16, 2013

【Description】
Relief funds

【Recipient】
Bureau of Social Welfare and Public Health, Tokyo Metropolitan Government

【Value】
5 million

Relief aid in response to heavy rains in Yamaguchi and Shimane Prefectures in July 2013

【Description】
Relief supply of eight pressure washers, with a total value of ¥1.3 million, for washing away dirt and mud from affected homes

【Recipients】
• Yamaguchi Prefecture: Hagi (4 units), Yamaguchi (2 units)
• Shimane Prefecture: Tsuwano (2 units)

Relief aid in response to an earthquake that occurred in Sichuan Province, China, on April 20, 2013

【Description】
Relief funds and supplies

【Recipient】
Ministry of Civil Affairs of the People's Republic of China

【Value】
Total of RMB 10 million (about ¥160 million at the rate of RMB 1 = ¥16) from Honda Motor Company, Limited, and Honda Group companies in China

Relief activities in response to the Great East Japan Earthquake

Special classes by ASIMO

Honda has been holding special classes taught by ASIMO, for elementary and junior high school students in regions affected by the Great East Japan Earthquake, since June 2011. The classes introduce the history of ASIMO up until the realization of the developers' vision of a robot that could walk on two feet, and are provided to have children realize the importance of not giving up in spite of setbacks, and the importance of having dreams for the future.

Between 2011 and 2013, the program was implemented at 106 schools, with around 20,000 children taking part.

The response was enormous with participating children saying afterwards that they wanted, for example, to play soccer with ASIMO and for ASIMO to be their teacher, while school staff commented that the program managed to get across the importance of persevering towards attainment of one's dreams. Classes will be held again in FY2015, focusing on elementary schools in Fukushima Prefecture that have reopened following decontamination in the wake of the nuclear plant accident.



ASIMO and associate staff members teaching a special class in a disaster-stricken area

Honda beach-cleaning activities in disaster-stricken areas

On June 19, 2013, Honda parts manufacturing partner Keihin Corporation, which has facilities in Miyagi Prefecture, and the Miyagi Honda-kai, comprising 19 Honda Cars dealers in the prefecture, carried out a fifth Honda beach-cleaning activity at Tsukihama Beach in Higashimatsushima, following on from a similar event the previous month. Around 260 volunteers with connections to Honda took part. Even though the amount of litter on the beach has fallen with successive activities, and glass fragments and debris are now scarce, the participants managed to collect around 50 bags of litter in an intensive clean-up.

Thanks to efforts so far by members of the community, Tsukihama Beach was last year opened for swimming on Sundays only. This was a result of the tremendous energy generated through a united, powerful community commitment to cleaning up the beach.

Besides its normal beach-cleaning activities, Honda will continue to carry out beach-cleaning activities which contribute to the recovery of disaster-hit areas.



A beach-cleaning activity at Tsukihama Beach

Selling fruit from Fukushima, a fruit paradise

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An internal fruit sale at the Headquarters Aoyama Building

Supporting sales of cloth sandals

Since 2012, Honda has been supporting handiwork such as cloth sandals and woven yoga mats made by residents of disaster-stricken areas. T-shirts and polo shirts are collected from associates for use as raw materials in making products. Honda supports the entire process, from production to sale, for example through cooperation in-house sale of cloth sandals woven from the supplied T-shirts.

Around 10,000 T-shirts and polo shirts have been supplied to date, and in FY2014 as many as 300 cloth sandals were sold in-house. Associates who purchased sandals commented that the sandals were very robust and could be worn for a long time, and also that they now realized how cloth sandal production led to develop of communities in disaster-hit areas.

This activity, which began in 2012, will continue in FY2015.



Photo stands were set up at sales venues as a reminder that disaster-hit areas mustn't be forgotten and to bring the people who made the products closer to associates

Associate-led volunteer aid programs

Since April 2012, Honda has supported associates' activities, for example by helping defray transportation expenses for associate-led volunteer efforts in response to a natural disaster such as the Great East Japan Earthquake. Honda offers support through this program based on a belief that the independent activities of individuals were an effective way to supplement corporate relief efforts and provide assistance for ongoing and more particular, small scale needs.

Examples of activities supported by this program

Listening to disaster-affected people tell their stories while giving massages

"I have been carried out volunteer activities in disaster-hit areas since October 2011. Still even now, three years after the Great East Japan Earthquake and tsunami, I meet people who talk vividly about that day and how tough it was during the evacuation period, and I realized that people in those areas had suffered deep wounds inside that would take a long time to heal. I then thought that I could volunteer individually to listen to people tell their stories and let out painful feelings, and perhaps help them come to terms with their situation while giving them hand and foot massages. I intend to continue my own volunteer activities, making use of this program supporting the independent volunteer activities of associates.



Volunteer activity listening to disaster-affected people tell their stories while providing hand treatment (massages)

Conflict Minerals

Honda Conflict Mineral Policy

The U.S. Securities and Exchange Commission (SEC) has adopted a final rule for disclosure mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) that requires companies that file certain reports with the SEC to disclose their usage of conflict minerals, so as to confirm that the purchase and usage of such minerals that originated in the Democratic Republic of the Congo or adjoining countries are contributing neither to the funding of armed groups nor to the abuse of human rights in that region.

Honda has adopted concrete measures in relation to conflict minerals, including a policy of monitoring supply chains, in collaboration with domestic and international industry organizations. In the event that there are concerns regarding any particular minerals, Honda will take appropriate measures to work with our suppliers to encourage responsible sourcing.

In addition, Honda seeks the cooperation of its business partners in this regard, asking them to make the same level of effort regarding the issue of conflict minerals.

Organizational Framework and Cooperation with Industry Group

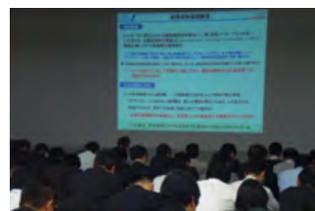
Honda established an internal committee for conflict minerals, comprised of individuals from various areas within the company. In addition, Honda has formed working groups in each region where Honda is operating its business. Honda manages its business by region, such as North America, South America, Europe, Asia Pacific, and China, as well as Japan.

Honda supports the Conflict-Free Smelter Program ("CFSP") through our membership in the Japan Automobile Manufacturers Association, Inc. ("JAMA"), and active support in the Conflict Free Sourcing Working Group in the Japan Auto Parts Industrial Association ("JAPIA"). These industry groups have accumulated industry-wide knowledge on conflict minerals' supply chains, and share such knowledge with the Conflict-Free Sourcing Initiative ("CFSI"), EICC/GeSI, and OECD. One of Honda's subsidiaries in the U.S., Honda North America, Inc., has joined CFSI as a company that is a member of a CFSI partner association, the Automotive Industry Action Group ("AIAG"). We support independent third-party audits of conflict minerals smelters and refiners through our participation in the CFSI.

2013 Survey

In 2013, the first year that Honda has been required to disclose information regarding conflict minerals, we conducted a survey of national and international tier 1 suppliers covering the motorcycle, automotive and power products business.

In relation to the survey, we held a seminar aimed at tier 1 suppliers, made a manual to aid those filling in the survey forms, and provided support at a seminar co-hosted by JAPIA and the Japan Electronics and Information Technologies Association (JEITA).



Honda Supplier Meeting

Reports

We disclosed the results of the survey to the U.S. Securities and Exchange Commission in the Form SD and a Conflict Minerals Report. These reports are available on our website.

Company Overview

Company Name ■ Honda Motor Co., Ltd.

Head Office ■ 1-1, 2-chome, Minami-Aoyama, Minato-ku, Tokyo 107-8556, Japan
Tel : +81-(0)3-3423-1111

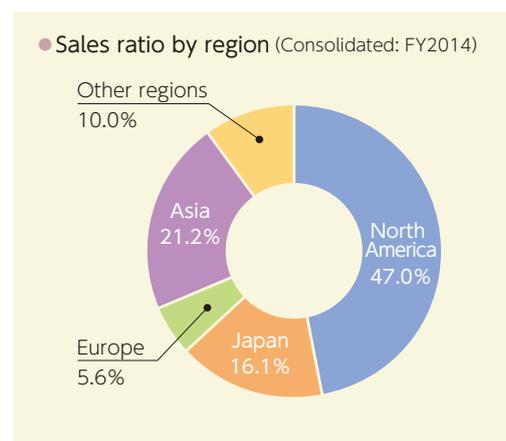
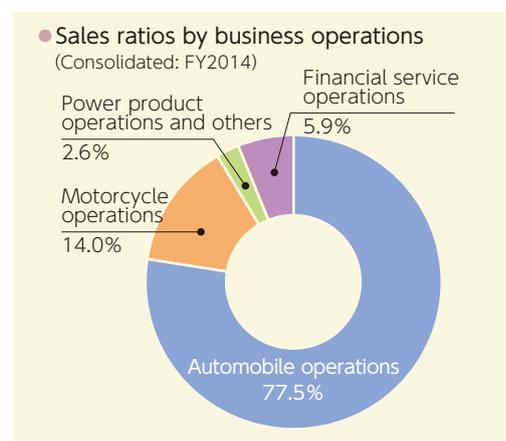
Established ■ September 1948

President & CEO ■ Takanobu Ito

Capital ■ ¥86 billion (as of march 2014)

Business ■ Motorcycles, automobiles, financial services, power products and other businesses

Major financial highlights (consolidated)





CSR Report 2014

Honda Motor Co., Ltd.

2-1-1 Minami-Aoyama, Minato-ku, Tokyo 107-8556, Japan
Published in June 2014