

Third-Party Comment

Evaluation of the Honda Environmental Annual Report 2007

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Received Ph.D. (Business Administration) from the Graduate School of Business, Osaka City University. Has held current position since 2001. Established the Institute for Environmental Management Accounting in 2003 to apply his research findings. Has served as the chairperson of Japan's Ministry of Economy, Trade and Industry's Material Flow Cost Accounting Development and Promotion Committee and as a member of the Environmental Reporting Guidelines Study Committee of Japan's Ministry of the Environment. Publications include *Kankyo Keiei, Kaikei* (Environmental Management Accounting), published by Yuhikaku Publishing.



•Worthy of scrutiny by environmental specialists

One of the main features of Honda's Environmental Annual Report is the editorial policy that ensures the report provides answers to the kinds of questions specialists ask about environmental issues. While many reports go too far in the effort to simplify, which paradoxically can result in a lack of clarity, this Honda report deserves high marks for its substance. Its structure, which focuses on the targets and results of environmental conservation initiatives in seven different domains, makes this comprehensive report accessible.

•Environmental impact reduction targets for 2010

Last year, Honda became the first automaker to publicly announce CO₂ emissions reduction targets for all its products and production activities worldwide. This year, in addition to reporting on progress toward those targets, Honda also announced its environmental impact reduction targets in Japan for 2010. This commitment to environmental conservation is worthy of special mention. The fact that Honda has set targets for both products and production is of vital importance. In my view, Honda is comprehensively addressing the environmental impact of the automotive industry.

•Information disclosure covering the Honda Group and the global organization

Although Honda's report primarily focuses on its operations in Japan, it also devotes considerable attention to its global operations. Also, this year's report features disclosure of the activities of individual Group affiliates in Japan. In the future, expanded disclosure of environmental information and more comprehensive information on Japan affiliates and overseas operations would further enhance this publication.

Honda also publishes a North American environmental report; therefore, this can be considered the Japan report. If in the future Honda published a global report, I believe it would serve as a model of environmental reporting for global corporations.

•Management in support of environmental conservation

Honda has set its own ambitious environmental targets and is proactively working to attain them. This global undertaking requires implementation of forward-looking policies and procedures. I am confident that Honda is implementing its own distinctive measures to ensure that organization-wide objectives filter down to individual departments, to maintain consistency in the analysis of gross and unit-based results, to balance environmental and economic objectives, and to raise awareness of environmental conservation among its employees. A more comprehensive explanation of these measures would help to clarify and demonstrate a cohesive approach to the management required to realize Honda's lofty objectives.

•Including customers in environmental conservation

Automobiles have a considerable impact on the environment during the product use phase, so customer cooperation is essential in order to reduce environmental impact. More emphasis should be placed on raising customer awareness. Facilitating bilateral communication with all stakeholders and engaging in environmental conservation initiatives that involve customers directly will be of great importance in furthering the cause of the environment. I look forward to seeing Honda continue to show leadership in global environmental conservation.

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