

ENVIRONMENT AND SAFETY

Honda established and announced the "Honda Environment Statement" in 1992, in which it announced that "as a responsible member of society whose task lies in the preservation of the global environment, the company will make every effort to contribute to human health and the preservation of the global environment in each phase of its corporate activity. Only in this way will we be able to count on a successful future not only for our company, but for the entire world."

Based on this statement and Honda's "Commitment to the Future" as one of the directions within Honda's 2010 vision, we continue our focus on the contributions to safety and the environment. Honda fulfills this commitment through its ongoing development of safety technology, its development of technology aimed at reducing emissions, its corporate activism, and its focus on developing alternative forms of energy. The following is a review of Honda's achievement in this area in FY2003.

Motorcycles

Cleaner exhaust gas

Goals for calendar year(CY) 2005:

By CY2005, Honda's goal is to reduce total hydrocarbon emissions to one-third of 1995 levels for all new motorcycles in Japan, the U.S., Europe and Thailand.

Progress report:

In fiscal 2003, ended March 2003, cleaner-burning four-stroke engines represented 70% of all Honda motorcycles sold in Japan, and hydrocarbon emissions from new motorcycles were cut to one-quarter of 1995 levels.

In Japan, the launch of the Today scooter, with its four-stroke engine, helped reduce hydrocarbon emissions to 19.1% of 1995 levels, down one percentage point from the year before. Honda ended production of two-stroke-engine vehicles in fiscal 2003, with the exception of a few specialty vehicles.

The 125cc Pantheon scooter, which went on sale in Europe in January 2003, features a combination of the compact PGM-FI (electronically controlled fuel injection system) and the HECS (Honda Evolutional Catalyzing System), which reduces CO emissions to one-third of the European standard, hydrocarbons to one-fifth, and NOx to half.

Improving fuel efficiency

Goals for CY2005:

By CY2005, Honda plans to improve average fuel efficiency by 30%, relative to 1995 levels, in Japan, the U.S., Europe and Thailand.

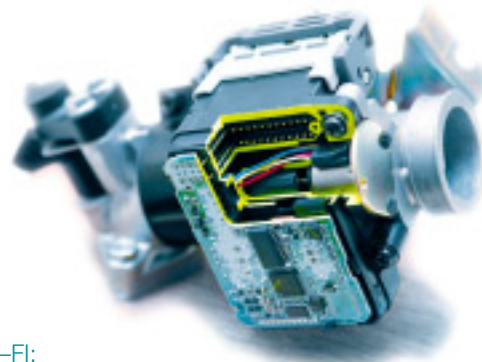
Progress report:

Honda has expanded its use of four-stroke engines in Japan and abroad.

Honda effectively completed the transition to four-stroke-engine vehicles in fiscal 2003, with the exception of a few specialty vehicles.

As a result of increased sales of cleaner four-stroke-engine vehicles, average fuel consumption improved by 29.5% in fiscal 2003, compared with 1995 levels.

With a CY2005 target of 30%, Honda plans to expand in stages its use of PGM-FI in smaller vehicles.



PGM-FI;

Electronically Controlled Fuel Injection System for Motorcycles

Automobiles

Cleaner exhaust gas

Goals for CY2005:

Honda plans to reduce new car exhaust emissions of hydrocarbons plus NOx by 75%, relative to 1995 levels.

Honda's goal is to have all of its vehicles in Japan designated as "green," by reducing emissions to less than 50% of the 2000 governmental standards – and have most of its passenger vehicles approved as "ultra-low-emission" passenger cars under the standards issued by the Ministry of Land, Infrastructure and Transport.

Progress report:

Both hydrocarbon and NOx emissions cut by 72.5%, excluding freight vehicles.

Exhaust emissions reduced to less than half of 2000 emissions standards for all models, required by the standards, excluding freight vehicles. 10% of Honda cars (7 types) are approved as "ultra-low-emission" vehicles under the standards issued by the Ministry of Land, Infrastructure and Transport, up from 6% (4 types).

Improving fuel efficiency

Goals for CY2005:

By CY2005, Honda's goal is to achieve 2010 governmental standards in all weight categories in Japan.

By CY2005, Honda plans to improve the average fuel efficiency by approximately 25%.

Progress report:

Honda has achieved above standards in six out of seven weight categories.

Average fuel efficiency has been improved by 41% relative to 1995 levels, achieving the CY2005 improvement target of 25% for the second consecutive year.

Safety

HiDS (Honda intelligent Driver Support System)

In October 2002, Honda introduced the Accord sedan and wagon in Japan equipped with technology that assists the driver

in maintaining the vehicle in the center of the lane, while maintaining a steady speed and a set distance from the car ahead.

CMS (Collision Mitigation brake System)

Honda has developed the world's first Collision Mitigation brake System (CMS) which determines the likelihood of a collision based on driving conditions, distance to the vehicle ahead, and relative speeds, and uses visual and audio warnings to prompt the driver to take preventative action. In the remodeled Inspire that went on sale in June 2003, Honda introduced the CMS with a new "E-pretensioner", which retracts the seatbelts in anticipation of impact.

Power products

Cleaner exhaust gas

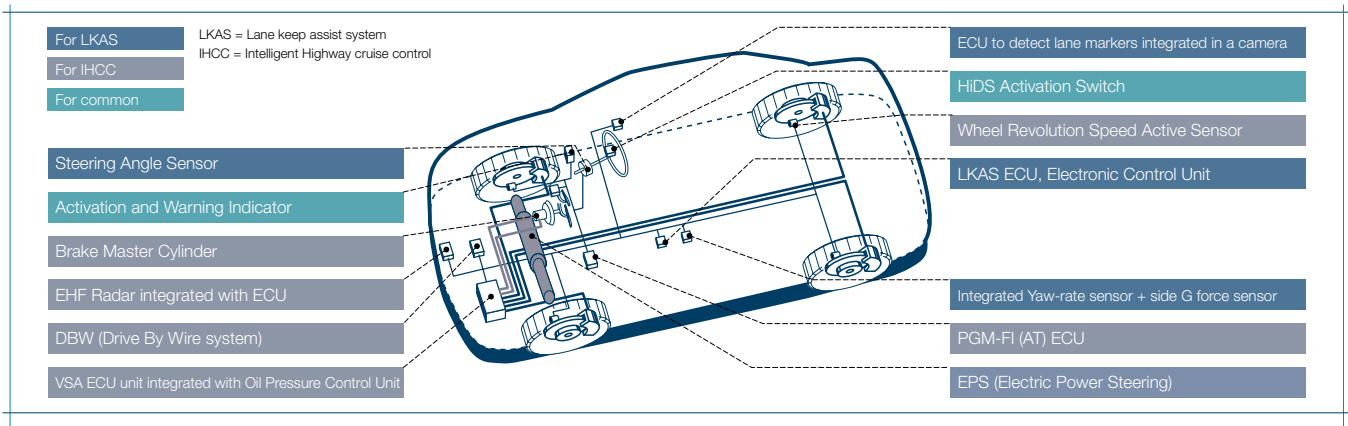
Goals for CY2005:

Honda's goal is to reduce the average hydrocarbon and NOx emissions globally by approximately 30% by 2005, relative to 1995 levels.

Progress report:

The goal of a 30% average reduction was met in fiscal 2002, followed by a further reduction of approximately 34% achieved by fiscal 2003.

Honda intelligent Driver Support System



Improving fuel efficiency

Goals for CY2005:

Honda's goal is to improve fuel efficiency by 30%, on average, by CY2005, relative to 1995 levels.

Progress report:

By the end of fiscal 2003, power products as a whole had achieved a 23% improvement in fuel efficiency by using digital CDI (Capacity Discharge Ignition), hemispherical combustion chambers, crossflow centered ignition plug technology, in out-board engines.

Fuel Cell Vehicles

On December 2, 2002, Honda delivered a Honda FCX fuel cell vehicle to the prime minister's official residence. The vehicle was to be leased to the Cabinet office. On the same day, a Honda FCX fuel cell vehicle built under U.S. specifications was also delivered to the City of Los Angeles. The Honda FCX was the first fuel cell car to receive certification from both the U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB). The Honda FCX represents a further realization of Honda's desire to contribute to the protection of the environment through products and technology.

Green factories

Goals for CY2005:

Honda's goal is to achieve an energy unit* goal of 22.4 CO₂ ton per ¥100 million for its plants in Japan, an 18.5% reduction from 1990 levels.

Progress report:

Honda surpassed its target, achieving an energy unit* of 22.2 CO₂ ton per ¥100 million, a 19.3% reduction from 1990 levels.

* Energy unit: energy consumption per unit of production output.



Vehicle delivery ceremony at the Prime Minister's Official Residence

Honda FCX

