

# Report Sustainability 2016



# 2016 SUMMARY





➤ MESSAGE FROM THE  
**ADMINISTRATION**

# MESSAGE FROM THE ADMINISTRATION

**Issao Mizoguchi**  
President of Honda South America



## Letter from the President

[G4-1, G4-2]

### Balance and continuity

The auto industry in South America is undergoing one of the most challenging moments in its history. The smaller growth rate for the Chinese economy in the global macro-economic scenario, coupled with internal political instability in the main countries in the region, compromises the business environment, leading to currency devaluation, rising levels of inflation and interest rates, especially in the largest market in the region: Brazil.

In 2015, amidst a strong recession, Brazilian GDP dropped by 3.8% compared with the previous year, greatly affected by the level of industrial activities, and our industry was among the most sensitive to this scenario. Automakers in the

◻ We celebrated 45 years operating in Brazil. ◻

country faced the challenge to maintain their operations in a scenario of weakening domestic consumption and greater restriction to credit.

This year, we celebrated 45 years in Brazil, 40 of which as a manufacturer of motorcycles and, despite a solid background in the country, we did not emerge unscathed from this challenging scenario. Not only in Brazil, but also in other South American countries we faced a reduction in sales of our products.

In the market for two-wheel vehicles, a more traditional segment with great focus on addressing the needs of more vulnerable social classes in the local economy, we recorded the fourth consecutive year with reduction in sales in the Brazilian market. The drop was 19% compared with the previous fiscal period (from April 1, 2014 to March 31, 2015), which was also followed by our performance in the remainder of the region: Argentina (-30%), Chile (-18%), and Peru (-8%).

Additionally, the decline of activities in the domestic industry also led to a significant impact in sales of power products. Pegged to the behavior of industry sectors such as agriculture and construction, sales dropped in Brazil and Peru by 6% and 8% in Chile compared with the previous fiscal period, and having Argentina as the exception, with a growth of 12%. Our sales of power products in the Argentine market resumed growth in the first months of 2016 as a result of the stability of the currency against the dollar and the increased consumer confidence after the presidential elections in the country.

“ Our sales of power products in the Argentine market resumed growth in the first months of 2016

Despite the adverse outlook, we must keep in mind that our quality differentials, with a focus on respect for consumers, represent the company's major assets. If, on one hand, the

segments of motorcycles and power products suffered significant reductions in production and sales volumes, on the other hand we obtained important victories in the areas of product financing and automobiles.

“ Quality differentials and a focus on respect for consumers are the company's major assets.

Financial services contributed to our operations through Banco Honda and Consórcio Honda. In the last fiscal year, we celebrated record sales of quotas for cars, representing an increase of 86% compared with the previous year. In the motorcycle segment, despite the decline registered in the 12-month period, our actions through the financial area was important to compensate for the decreased availability of credit in Brazil and thus fulfill the demand for a considerable portion of our customers.

For cars, we reached the mark of 163,269 vehicles sold in South America in the last fiscal period, representing 98% of the goal established for the region, which can be viewed through a positive outlook considering the turbulent economic scenario in the various countries where we operate. Highlights were the sales of the HR-V.

163,269  
Vehicles sold in  
South America

“ We believe that a production with lower environmental impact, focused on respect for people, is the basis of an important legacy for future generations. ”

Despite these victories, throughout the last fiscal year, the impact of the economy persisted in all business segments. Demand in the automotive sector, especially in Brazil, was not sufficient to justify the beginning of operations of our new auto plant in the city of Itirapina, in the state of São Paulo, where we invested more than BRL 1 billion. Despite being ready to operate, our strategic decision was to wait for a better market outlook prior to beginning production.

In terms of environmental initiatives, the performance of our Xangri-lá windfarm, in Rio Grande do Sul, should be highlighted.



### Xangri-lá Wind farm

“ We were extremely pleased to supply 100% of the plant in Sumaré (SP) with energy generated in our windfarm.”

Throughout last year, we were happy to supply 100% of the plant in Sumaré (SP) with energy generated in our windfarm, which encourages us to continue to pursue this clean and efficient source of energy.

This achievement represents an important advance in the application of our vision

concerning sustainable development.

We believe that a production with lower environmental impact, focused on respect for people, is the basis of an important legacy for future generations. In the motorcycle segment, for example, we work to anticipate the service of Control Program of Air Pollution by Motorcycles and Similar Vehicles (Promot) in PROMOT-4 version.

And this vision includes our commitments to traffic safety, an essential topic for society that we promote through a series of institutional programs and initiatives, and the development of technologies that contribute to safety. Our motorcycle CG 160 Titan, for example, has the brake system CBS, known as Combi-Brake, which distributes the braking force between the two wheels automatically making the driver reduce the speed more effectively and securely.

Looking ahead, we also celebrated in 2015 the beginning of our sales operation of the HondaJet in Brazil. Additionally, the aircraft production unit of HondaAircraft, located in the United States, delivered its first model to a North American customer. It is a milestone in our journey in the aviation segment, which contributes to the continuity of the company after 68 years of history and renovates the Honda brand for the future.

Finally, we expect that in 2016, South America may firmly advance towards overcoming a difficult political and economic scenario of the past year. This is a critical condition for us to resume our full business potential, as well as the activities of the entire industry on the continent.

**Issao Mizoguchi**  
*President of Honda South America*



Relatório  
**Sustentabilidade**  
2016

Honda

**HONDA**  
The Power of Dreams

**HONDA**  
The Power of Dreams

» ABOUT THE  
**REPORT**

# ABOUT THE REPORT



Headquarters Honda South America - Sumaré (SP)

## Reporting Process

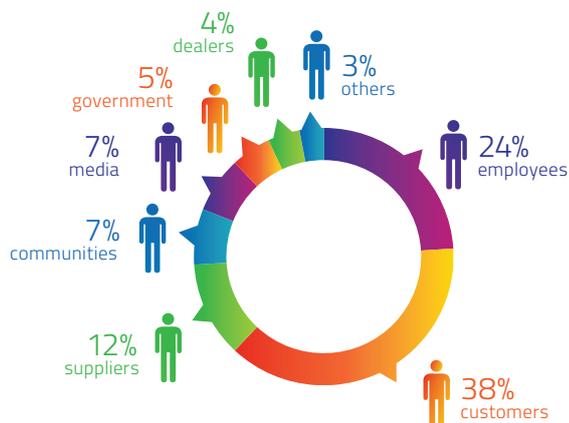
[G4-17, G4-18, G4-19, G4-20, G4-21, G4-22, G4-23, G4-24, G4-25, G4-26, G4-27, G4-28, G4-29, G4-30, G4-31, G4-33]

Honda South America (HSA) begins to adopt the same fiscal year as Japan, the company's country of origin, as a reference for the publication of the Annual Sustainability Report for its operations in the South American continent. Therefore, this document contains information pertaining to the period between April 1, 2015 and March 31, 2016 as common scope to all regional subsidiaries of the South American holding, located in Brazil, Argentina, Peru and Chile.

In this document, readers will find a comprehensive report of the economic, social, environmental and governance performance of the company throughout the last fiscal period, guided by the principles of transparency and ethics that represent its operation in the South American region.

The framework follows the guidelines of the Global Reporting Initiative (GRI G4), which is a standard methodology adopted worldwide by major companies on the market in order to produce and publish Sustainability Reports.

## Survey with stakeholders Honda



*In 2015, the first process to develop the materiality matrix was completed for reporting and management with a focus on sustainability, which was divided into three phases:*

**01**

**Identification of potentially material aspects**

Identification of relevant social, environmental, and governance aspects for the automotive industry, defining the scope of potential material aspects for Honda. This study was conducted through the analysis of industry references such as the GRI survey, reputational risk tools, material aspects for the sector according to SASB, and analysis of other companies in the industry.

**02**

**Prioritization of material aspects**

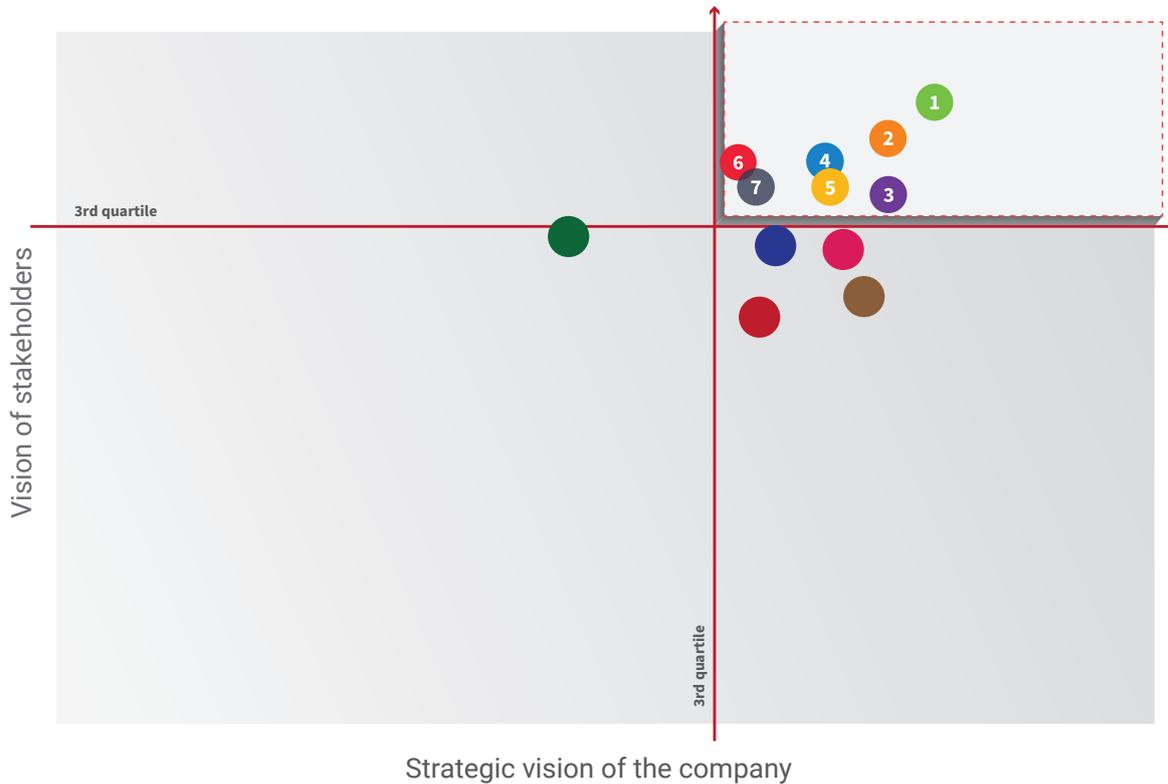
Determination of the material aspects for the Honda business, and that address the interests of its stakeholders. This phase involved interviews with 18 business leaders at Honda and a consultation to internal and external stakeholders, via online questionnaires sent to 478 people, of which 143 responded. Among the answers received, 38% are from customers, 24% from employees, 12% from suppliers, 7% from local communities. The rest of the sample corresponds to representatives of media, government, dealers, and others.

**03**

**Validation by leadership**

Validation of the results of Phase 2 by managers of the sustainability area, executive board, and president of Honda South America (HSA).

*The results of the survey determined the most relevant aspects for HSA's management in terms of sustainability, whose approach is connected to a single vision and objectives that permeate all operations of the group in South America.*



- 1** Product | Quality and Safety
- 2** Environmental Performance of Products
- 3** Customer Satisfaction
- 4** Innovation
- 5** Corporate Governance
- 6** Environmental Performance in Business Activities
- 7** Raw Material Supply
- Supplier Chain
- Human Resources
- Future Mobility and Urban Mobility
- Occupational Health and Safety
- Relationship with Neighboring Communities

Based on these results, the core aspect for this report is “Balance and Continuity of the Business,” reflecting the fundamental aspects that differentiate the company within the challenging scenario of the automotive and power products industry in South America throughout 2015.

The 2015 Sustainability Report is available through the link:





 ABOUT  
**HONDA**

# ABOUT Honda

[G4-4, G4-5, G4-6, G4-7, G4-8, G4-9, G4-10, G4-13, G4-15, G4-16]

Honda has been operating in South America for 45 years with focus on manufacturing and marketing cars, motorcycles, ATVs and power products (such as generators, brushcutters, pumps and stationary engines). Starting in 2015, the company also began marketing executive jets in Brazil.

With production units in Argentina, Peru, and Brazil, and an importing unit in Chile, the company ensures its presence in other South American countries through a network of approximately 2,000 points of sale, in addition to independent representatives of the brand.

This operating structure in the region is under the Honda South America (HSA) umbrella, with central office located in the city of Sumaré, 119 km from the capital city of São Paulo, the Brazilian state where the company initiated its motorcycle importing activities in Brazil in 1971, as a beachhead in South America.

Today, the South American region forms one of the seven administrative blocks of Honda's global operations and which are divided into Japan, North and Central America, Europe, Middle East and Africa, Asia and Oceania, and China, in addition to South America itself. This coverage relies on 457 subsidiaries and affiliated companies worldwide.



## Honda in History: Growth Driven by the Power of Society

A company with a young and entrepreneurial spirit, Honda is committed to producing where there is demand, so that, in addition to offering high quality technological products, it can contribute to the local economic development. It wasn't by chance that a small Japanese motor plant created 68 years ago became a global conglomerate that focuses on developing mobility solutions.

The company's motorcycles, which began to be imported into Brazil in 1971, found a captive market in a developing country. Five years after beginning its activities in Brazil, in 1976, the company began its local production of motorcycles in its plant in the Manaus Free Trade Zone, in the state of Amazonas, where the first Brazilian model for the brand was produced: the CG 125. At the same time, the company began to expand its operations in South America, with the inauguration of a subsidiary in Peru, in 1975, and in Argentina, in 1978.

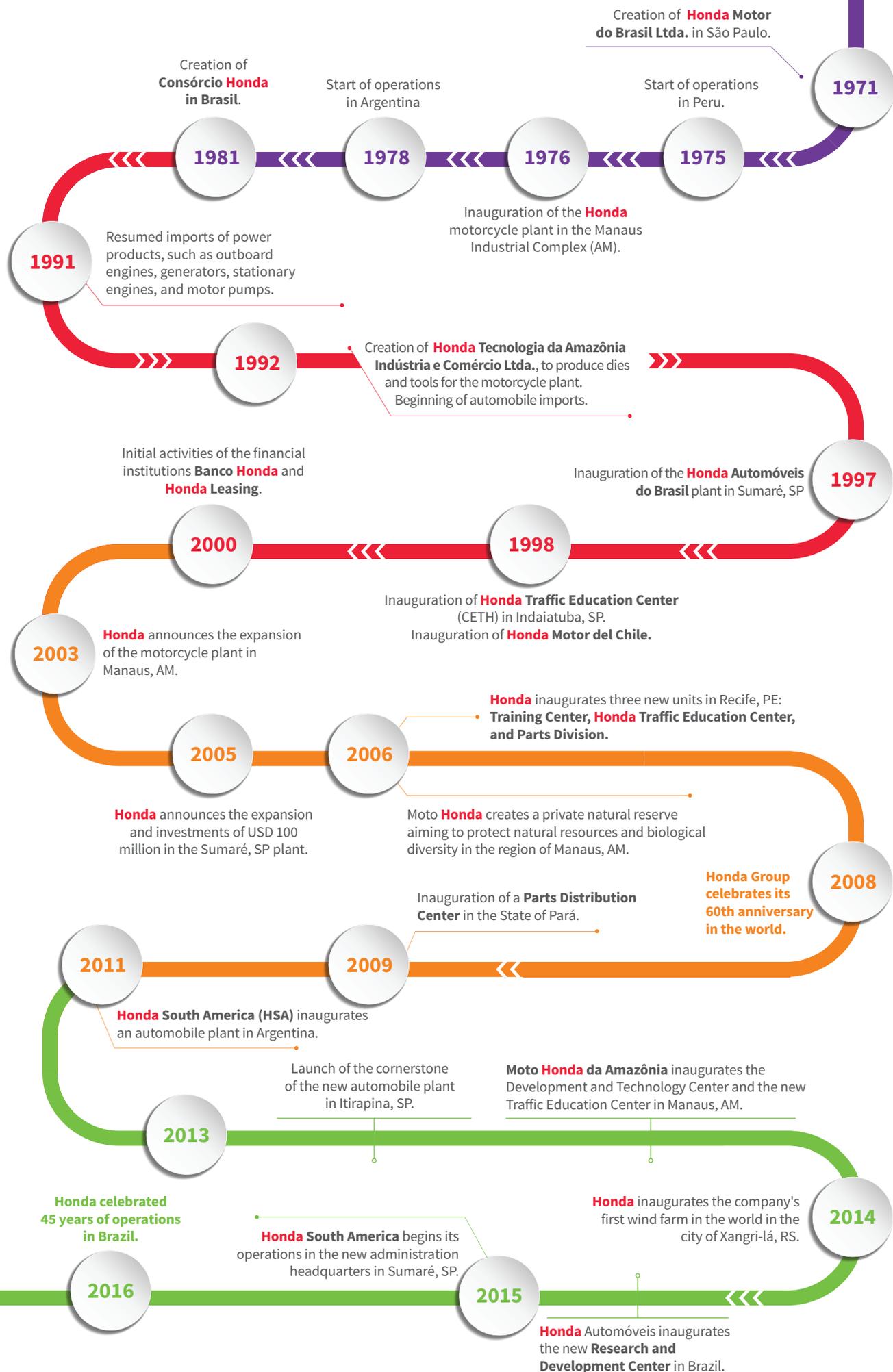
Sales of automobiles as a new business front in the region was initiated in 1992, with the importing of the Civic, Accord, Prelude, and Legend models. Five years later, the company initiated its local production with the inauguration of its plant in Sumaré, SP. Concurrently, Honda also advanced its expansion to South America, with the opening of a subsidiary in Chile in 1998.

With more operating muscle in the region, in 2000, the company created the holding Honda South America Ltda. (HSA), which invested in the acquisition of shareholding interest in companies manufacturing components in the region, thereby concentrating the role of development for the group's operations throughout the entire

**It all started when Soichiro Honda, founder of the company, believed in the possibility of improving people's lives. Since then, the belief in the power of dreams continues to influence everyone where Honda products pass.**

South American block. With HSA, the company began producing cars in Argentina, through a plant in Campana, province of Buenos Aires.

In 2014, Honda South America (HSA) initiated a new phase to strengthen its structure in the region by transferring the South American headquarters from the city of São Paulo to Sumaré, in the upstate region, at the Honda Automóveis do Brasil (HAB) plant. The purpose of the change was to promote greater synergy between the sales, administration, product development, and manufacturing areas, further increasing agility in decision-making and efficiency in the company's operation.

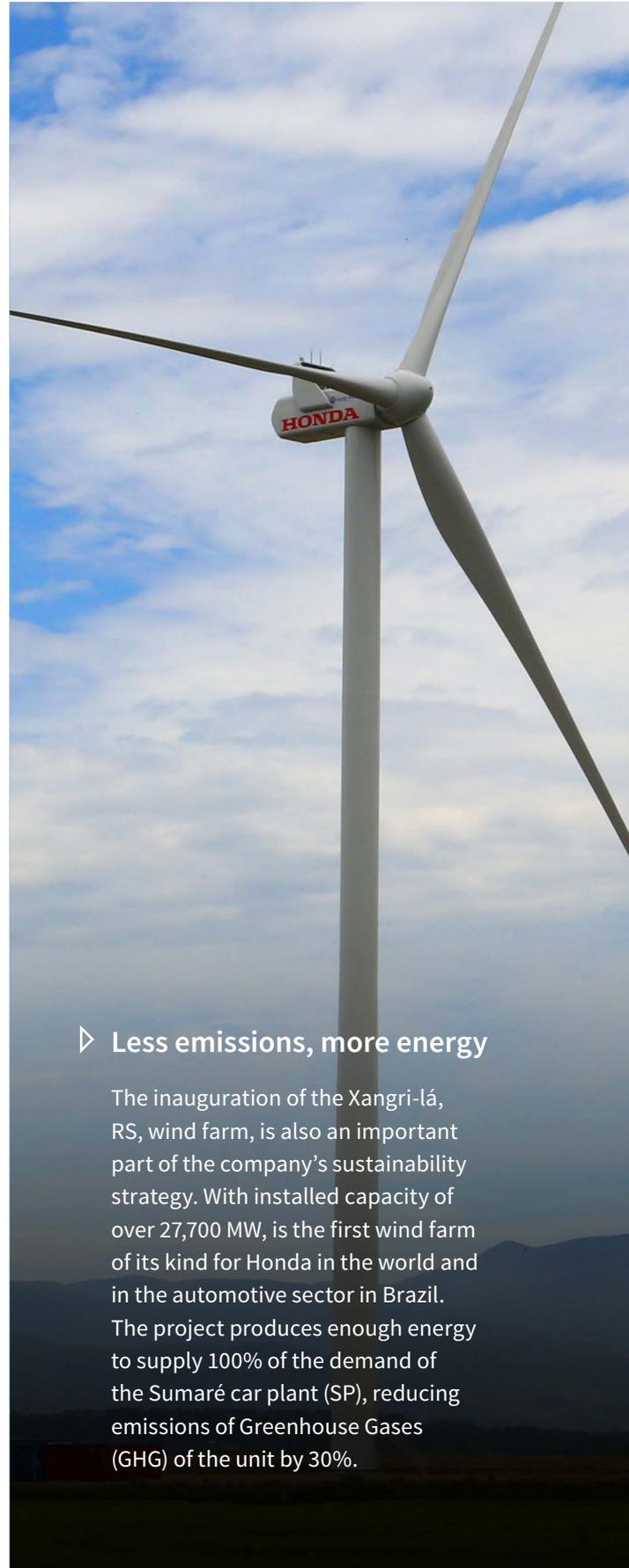


## Cutting-edge technology

With focus on innovation, in 2013 Honda invested in the construction of its first Development and Technology Center (CDT) for motorcycles in the city of Manaus, and in the following year, inaugurated its Research and Development Center for automobiles, adjacent to the new company headquarters in Sumaré, SP. Both constantly strive to develop new technologies to cater to global demand for more environmentally friendly products, maximizing efficiency in fuel consumption and that allow for the use of cleaner and renewable energy sources, in addition to focusing on safety and meeting consumer expectations in terms of design, comfort, and quality.

## Honda's Traffic Education Center

Concerns with customer safety is one of the values constantly associated with product development at Honda. Additionally, the company believes in awareness towards traffic laws and dissemination of safe riding techniques as a way to contribute to the safety of all. Consequently, in 1998, the company invested in the creation of its first Honda Traffic Education Center (CETH), in the city of Indaiatuba, SP, focusing on motorcycle riders of company fleets and public agencies that use motorcycles on a daily basis. The market potential and the social demand in the country for more traffic safety led the company to inaugurate a second unit in the city of Recife, PE, in 2006, and a third unit in Manaus, in 2013.



### ▶ Less emissions, more energy

The inauguration of the Xangri-lá, RS, wind farm, is also an important part of the company's sustainability strategy. With installed capacity of over 27,700 MW, is the first wind farm of its kind for Honda in the world and in the automotive sector in Brazil. The project produces enough energy to supply 100% of the demand of the Sumaré car plant (SP), reducing emissions of Greenhouse Gases (GHG) of the unit by 30%.

Wind turbine of the wind park in the Honda Xangri-Lá plant

# South American Context

[G4-EC7, G4-EC8]

## Cars

The automotive industry is one of the main sectors of the global economy. With high levels of competition, the companies operating in this market need to gather the capacity to invest in technology as a way to differentiate its products and services, which in turn requires scale to market the production and high level of technical expertise.

In most cases, companies in this sector are transnational. These companies operate on a global scale or in serving specific geographies, through multi-plants which normally produce the same types and models of vehicles in different locations.

In this sense, multinational companies such as Honda started to develop a global operations model with increasingly greater autonomy among its subsidiaries located in the various regions in the world. With this, the company gains efficiency in manufacturing products with high-level competitiveness, by modeling an organization capable of generating specific adjustments to the reality of each regional market where it operates.

This is a characteristic that has reflected Honda's operation since the beginning of its local automobile production, in 1997, in the city of Sumaré, SP. The plant began its operations with capacity to produce 20 cars per day, and throughout its 18 years of activities, expanded this production capacity to more than 500 units per day. In March 2016, the company reached the milestone of 1.5 million cars produced in the Sumaré plant.

The global macro-economic outlook, marked by adjustments caused by the deceleration of the Chinese economy in addition to domestic political instability in most South American countries - most notably Argentina and Brazil - added to this challenging scenario faced by the automotive industry in the region since 2014.

**1,500,000**  
cars were produced in the  
Sumaré plant by March 2016.

In 2015, sales in this sector dropped by 20% throughout South America, compared with the previous year, mainly affected by the weak performance of the Brazilian economy, the largest market on the continent, according to data published by the International Organization of Automobile Manufacturers (OICA)<sup>3</sup>. The number of cars licensed in the country in the past year was reduced to the 2005 and 2006 levels. Nevertheless, despite this challenging outlook, the different economic scenarios of other South American countries and the different Honda models and services helped reduce drops in sales through the strategy of regional operations. Honda Automóveis reached the milestone of 163,269 vehicles sold in South America in the last fiscal year, which can be viewed as positive considering the turbulent economic scenario in the various countries in which the company operates. In Brazil alone, 151,843 cars were sold in this period, representing a historical record in the country, with highlights for the performance of the HR-V. This model was launched in March 2015, and in few months, became Honda's best sold car in the country, and leader in its category.

Honda  
HR-V



<sup>3</sup>OICA data presented in the last Auto Show in Geneva, March 2016.  
<http://www.oica.net/wp-content/uploads/OICA-March-2016-press-conference-Geneva.pdf>

## Motorcycles

In the motorcycle segment, the major driver for the development of production in Brazil occurred with the inauguration of the Honda Motor Brasil plant in 1976, when the company joined the Manaus Free Trade Zone allowing Honda to significantly expand its activities. Today, motorcycle production is an important item in the Brazilian GDP, and the country ranks sixth among global manufacturers.

Given the economic growth in the region in the past 10 years, demand for motorcycles increased in Brazil and other South American countries. According to data from the Ministry of Development, Industry and Commerce (MDIC), considering data for the domestic market alone, the share of motorcycles in the overall vehicle fleet in Brazil grew from 11.5% in 1998, to 26.5% in 2014. Data published by ABRACICLO (Brazilian Association of Motorcycle, Moped, Scooter, Bicycle Manufacturers) indicate that Brazil currently has a fleet of 24 million motorcycles.

In this market, Honda is the largest manufacturer in South America, with a production that has already exceeded 21 million units. The extensive product catalog varies from 110 cc motorcycles to 1,800 cc, between domestic and imported models. At the end of the last fiscal year, Honda recorded the fourth consecutive year of reduction in sales

*The Manaus plant is Honda's largest motorcycle production unit in the world.*

volume in the Brazilian market, with 19% drop compared with the previous fiscal period, selling 943,794 units. This reduction also affected the performance in the rest of the region: Argentina (-30%), Chile (-18%) and Peru (-8%).

Combined, all motorcycle manufacturers in Brazil closed 2015 with a drop of 16.8% in sales and production compared with the previous year (data from ABRACICLO). Gross volume totaled 1.26 million units, equivalent to the production level of the previous decade (2005), when production reached 1.2 million motorcycles, which is a long way from the peak of production of 2 million units recorded in 2011 in Brazil.

The main challenge for the sector in Brazil is still in access to credit, aggravated by political and institutional problems in the domestic market - something that also reflects in the lack of confidence of consumers to acquire capital goods that compromise income. This scenario led the company to change certain relationship processes with the network of dealerships, allowing for better sales forecast, more agile adjustment of production planning, and reduction in stock volumes.

In response to the drop in sales of motorcycles in recent years in Brazil, Honda's production is undergoing frequent adjustments in order to adapt to a new market scenario. In March 2016, the company announced the temporary suspension of one of its production lines in the Manaus plant and a Voluntary Resignation Program (PDV) for employees of Moto Honda, HTA Indústria e Comércio, and Honda Componentes, in the Manaus, Morumbi and Indaiatuba units.



Motorcycle Production Line

## Power Products

In 2001, Honda added to the plant in Manaus, AM, the production of stationary engines, currently producing 23 models, three of which are produced locally. In this segment, the company also markets products imported from other units worldwide, such as: generators, pumps, brushcutters and knapsack sprayers.

Honda's Power Products Division has over 1,000 points of sale throughout the South American continent, of which 613 are in Brazil, 135 in Argentina, 214 in Peru and 55 in Chile, in addition to owning subsidiaries and multi-brand distributors in other South American countries.

The market for power products is associated with the country's GDP, since they are in high demand by production sectors such as agribusiness and civil construction. In the last fiscal year, Honda had aggregate sales of more than 117,000 units of power products in South America.

# 1,000

Honda's Power Products division has over 1,000 points of sale across the South American continent.

Given the recession in industry sectors such as agriculture and construction, sales dropped in Brazil by 6% and 8% in Chile compared with the previous fiscal period. Argentina was a specific case, since the country posted growth in sales of 12% as a result of stabilization of the US dollar exchange rate and increased consumer confidence after the presidential elections in the country.

## **HONDA** Serviços Financeiros

Honda's financial services front has Consórcio Honda, Banco Honda and Seguros Honda. Present in all dealerships of the brand in Brazil, these companies seek to facilitate consumer access to products based on financing plans and specific solutions for the motorcycle, automobile, and power products lines.

Given the country's economic scenario, Honda's financial services became even more attractive as a way of overcoming restrictions to credit, resulting from high interest rates and higher levels of unemployment.

### Consórcio Honda

Operating locally for 35 years, the largest operator of consortium in the country gained visibility by offering plans that were more adjusted to the budget of customers and with the benefit of providing a more efficient planning for the purchase and exchange of vehicles. In the 2015 fiscal period, the number of quotas sold by consortium, in the automobile segment, grew by 86% compared with the previous fiscal year. In the motorcycle segment, despite a reduction recorded by the market in 12 months, this option still represents a considerable portion of sales, with 802,000 quotas marketed by Consórcio Honda, representing 80.2% of the market share in the subject period, according to data from Brazil's central bank - BACEN.



## HONDA Consórcio

*The largest administrator in the country came to prominence by offering plans that were more adjusted to the budget of customers.*

### Banco Honda

Founded in July 2000 to provide financial support to end customers, during the period covered by this report, Banco Honda financed 114,000 motorcycles and 34,000 automobiles. Adopting the Direct Credit to Consumers mode (CDC), the bank is responsible for financing approximately 12.1% of the motorcycles and 22.6% of the automobiles sold by the Honda network.

## HONDA Banco

「 12.1%  
of the motorcycles  
22.6%  
of the automobiles  
financed 」

### Seguros Honda

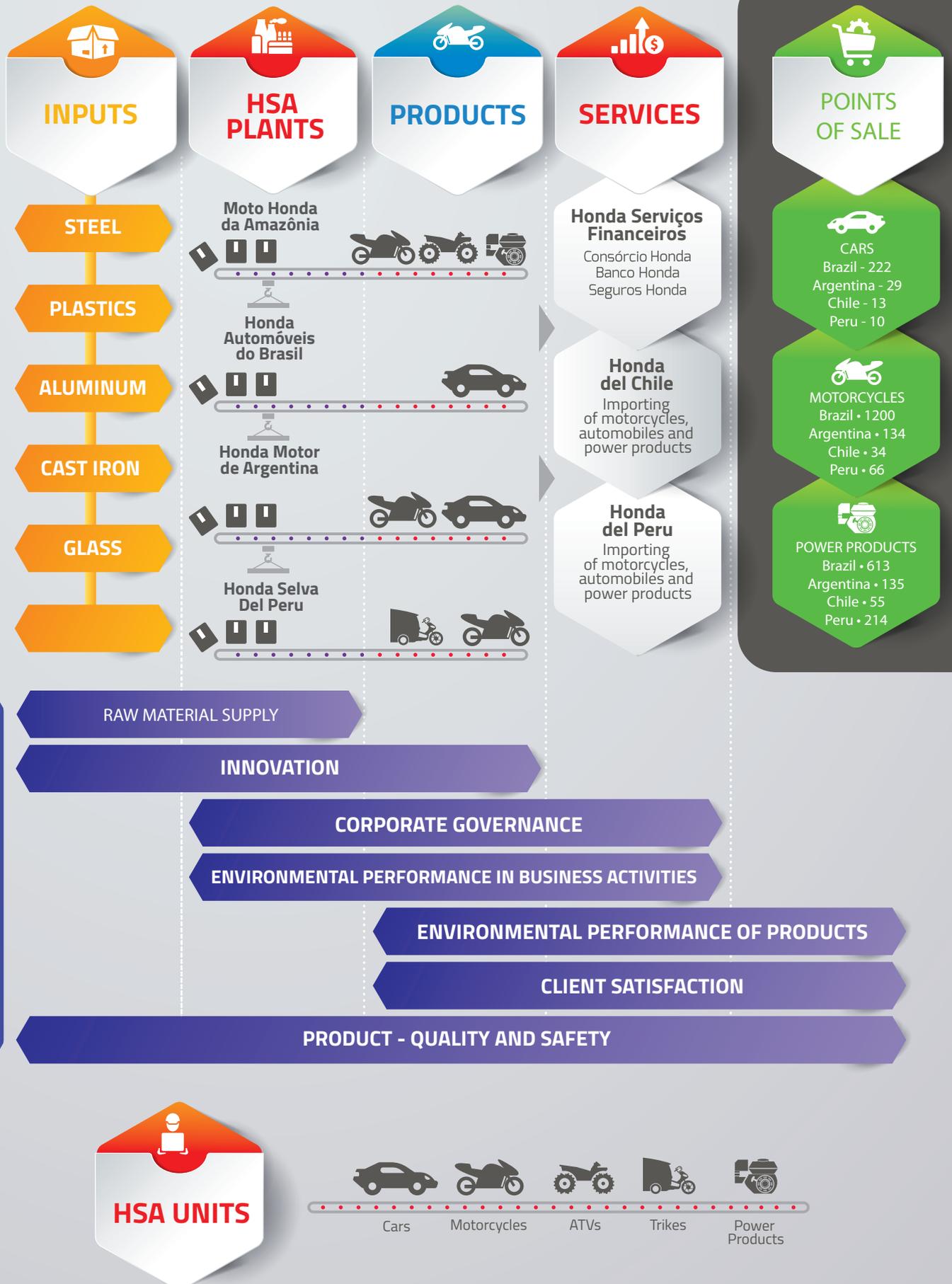
Since 1987, Seguros Honda has been responsible for providing insurance policies with competitive coverage and affordable rates to customers of the brand. The company was the first to offer insurance in the motorcycle sector. The launch of the insurance plan called Moto Consumidor took place 14 years ago and was especially developed for this audience. The pioneering spirit of the company in this sector helped exceed, in the 2015 fiscal period, the milestone of 1 million insurance policies sold in the country.

## HONDA Seguros

「 Over  
1 MILLION  
policies sold 」

# Operating model

[G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-9, G4-17]



# Strategy and objectives

[G4-14]

Respect for consumers has always been the brand's signature operation in the various markets where it is present. The company maintains this firm commitment to a close and constant relationship with its partners - from suppliers of components to dealerships that market our cars, motorcycles and power products - to offer high-quality products and services, and to give customers the satisfaction of buying a Honda product.

That's why the company has a specific sales team for each region, develops a closer relationship and evaluates the points of sale to ensure quality services to customers. In addition to certifications and assessment of standards of excellence in items such as physical facilities and sales and after-sales services, Honda created Service Training Centers in the cities of Sumaré, SP, and Recife, PE, which promote training and constant improvement of employees in their dealerships.

The consolidated after-sales services network, recognized for its excellence, efficient structure for parts distribution, high-quality products, reliability, efficiency, and high resale value, result

**To offer high quality products and services and provide customers the satisfaction of buying a Honda product.**

**Its planning focuses on constant renovation of products and diversification of the line-up, across all consumer profiles.**

in the added value perceived by consumers of the brand in South America. This operation strategy seeks to maintain high levels of loyalty to the brand, reflecting in a reduction of impacts arising out of challenging scenarios such as those South America experienced throughout 2015, in sales.

Another area of strategic focus considers product accessibility, which is a goal achieved through the creation of financial services that are increasingly more attractive and personalized for each consumer profile through Consórcio Honda, Banco Honda, and Seguros Honda.

In its internal structure, Honda focuses on the high performance of its technological development, on efficient production and development of a solid organizational culture as the main elements of its strategic planning. This model focuses on constant renovation of products and diversification of the line-up, across all consumer profiles.

## Cars

In the automobile sector, Honda prioritizes development of models that combine modern design and high technology in performance, represented by the concept “maximum for people, minimal for machine,” with maximum internal space available for passengers and minimal unnecessary space for mechanical components. Honda manufactures products with the highest level of safety and efficiency in fuel consumption, which are submitted to evaluation by specialized and independent entities such as Latin NCAP and Inmetro.

## Motorcycles

For motorcycles, one of Honda’s main businesses in South America, meeting demands for a wide variety of customer profiles is the big highlight. The company has one of the most extensive product lines in the world, which includes vehicles ranging from 110 cc, up to 1,800 cc, for different uses. The products meet the needs for mobility in urban centers up to areas of difficult access, performing professional activities (such as motorcycle freight or motorcycle taxi) and on- and off-road leisure.



**In 2008, Honda created the Honda Conduz Certification, which provides recognition to dealerships and points of sale that have an adequate infrastructure and an exclusive team to cater to these customers.**

## Excellence in serving people with special needs

In the automobile sector, Honda is a reference in serving people with special needs (PcD, in the Brazilian acronym). Since 1997, the company has maintained the Honda Conduz program, which promotes specific training to sales teams in order to provide detailed information about vehicles and guidance concerning tax exemption in the acquisition of new models, as provided for in the applicable legislation.

In addition, as a way of promoting continuous improvement in services, Honda created in 2008 the Honda Conduz Certification, which provides recognition to dealerships and points of sale that have an adequate infrastructure and an exclusive team to cater to these customers. In the last fiscal period, the company recorded the best year in sales to this audience.

## Power Products

In the power products segment, Honda offers items according to the production needs of the various regions where it operates. In this sense, different consumer profiles are included, from riverside dwellers that need stationary motors to power their rudimentary boats, up to executives who acquire luxury boats with high level of comfort using our outboard engines. In Brazil, Honda produces three models of stationary motors, including the GX generation, used by several industry sectors, such as civil construction and agribusiness. Furthermore, the company supplies generators, pumps, knapsack sprayers, outboard engines, brushcutters, and lawn mowers. The company’s strategy is to expand the product line portfolio, helping to grow and develop the economy of the countries in the region.

## Executive jets

The company advanced in a new business front in the South American continent with the beginning of sales in Brazil of the HondaJet, the most advanced executive jet in the world. In 2015, Honda Aircraft Company, responsible for the production of the model in the USA, delivered the first unit of the jet. HondaJet has revolutionary technology differentials and innovations in design, including an exclusive engine configuration over the wings (OTWEM - Over-the-Wing Engine Mount), which provides gains in aerodynamics, greater speed and efficiency in fuel consumption, in addition to a more spacious cabin in relation to conventional aircraft of its category. In Brazil, Líder Aviação is the exclusive sales representative for HondaJet. The company is a market leader in executive aviation in Latin America and has operating basis in all major Brazilian airports.



Honda executive jet

*In 2015, Honda Aircraft Company, responsible for the production of the model in the USA, delivered the first unit of the jet.*

## Honda Energy

Inaugurated in 2014, the wind farm of Honda Energy do Brasil is the company's first wind farm, a pioneer in the domestic auto industry and in the Honda group worldwide. The project produces enough energy to meet all demand for electricity of the Honda Automóveis plant in the district of Sumaré, SP, with its annual production capacity of 120,000 cars.

**100%**  
of the electricity demand of the automobile plant was supplied from the generation of clean energy wind farm in Shangri-Lá (RS) in 2015.

## Financial Services

Aiming to expand access to different audiences through its product portfolio, Honda offers financial services support through a structure formed by Consórcio Honda, Banco Honda and Honda Seguros. In challenging moments for the economy, such as 2015, where access to credit was more restricted in markets such as Brazil, the company's financial products represent an option. In the 2015 fiscal year, Honda facilitated the public's access through the reformulation of the portal that combines the financial services, of the launch of the app, in addition to informing the public about the expansion of the payment term from 72 to 80 months for the acquisition of quotas in the motorcycle purchase pool.

# Honda Sustainability

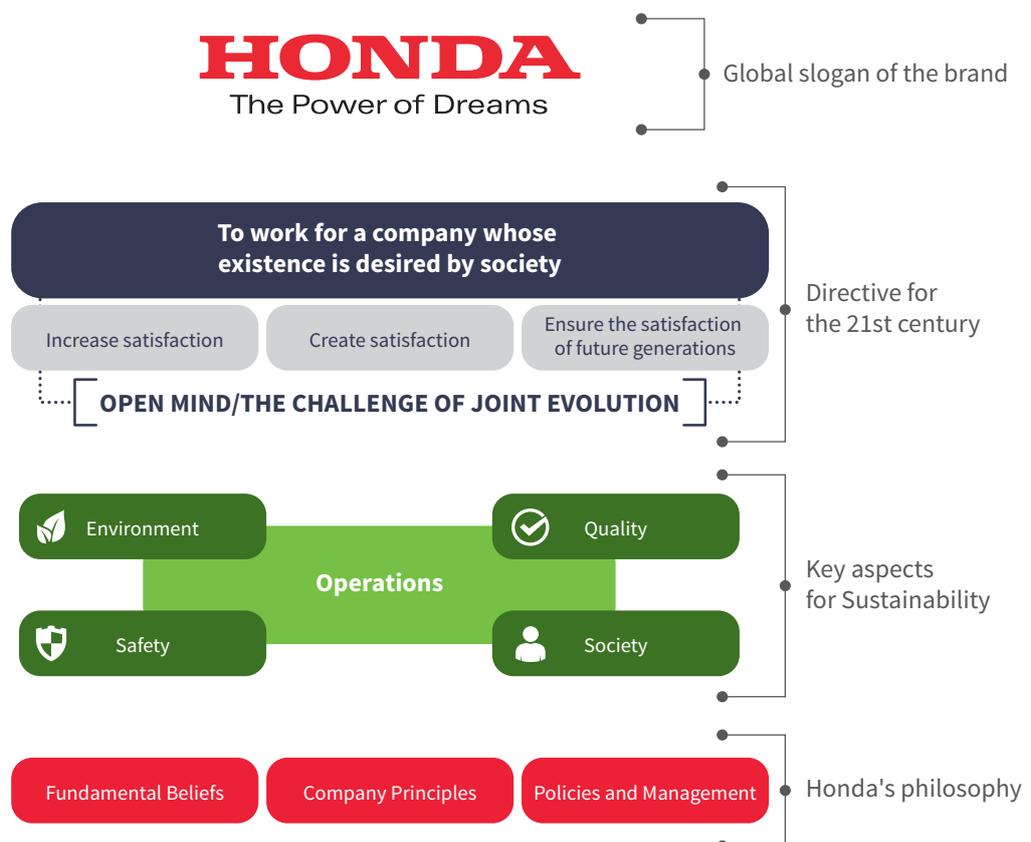
[G4-15, G4-16]

More than a mere word, at Honda, sustainability is put into practice on a daily basis as part of the values that form the ideals for the company's activities. Founders Soichiro Honda and Takeo Fujisawa left a legacy of fundamental beliefs that highlight the importance of respect to individuals and the value of the satisfaction generated by experiencing contact with the brand. These ideals, besides being considered in the daily activities of the business and management, also extend to project development geared toward understanding and mitigating the impacts generated by industrial production in the social and environmental area.

In this aspect, Honda defined four strategic pillars to address sustainability within its operations: environment, safety, quality, and society. These are aspects that interrelate in

the company's operating chain in its role to expand mobility as a business platform. This perspective can be seen in the commitment defined by the company to continuously improve quality and safety of the products, minimizing impacts to the environment, and also contributing to the cultural and educational development of people.

The company's sustainability vision is also associated with closely and transparently operating throughout its entire production chain - especially suppliers and dealers. Aware of the importance of its role in the sector and in those locations where it operates, Honda seeks to engage its partners in all of the brand's commitments and recognizes those who work to reduce the environmental impacts of their activities and contribute to the wellness of society.





## Environment

The objective of Honda is to provide mobility. However, its activities can result in the emission of CO<sub>2</sub>, one of the gases responsible for global warming. For this reason, the company has the responsibility to actively contribute to the solution of environmental problems that have concerned the international community. Among the company's main objectives is to reduce CO<sub>2</sub> emissions by 50% by the year 2050, compared to the levels of 2000, and its stance in terms of environmental issues and energy consumption. At the same time, the company is also developing efforts to improve efficiency in the use of these resources.



## Quality

Amidst globalization of suppliers, it is vital that development, procurement, production and other departments join efforts to seek quality and safety, and thus Honda can continue supplying products and services of the highest quality and that satisfy its customers worldwide.



## Safety

While improvement in mobility and transport infrastructure provides contributions to society, it also contributes to increasing traffic and number of accidents in traffic. The needs of people in terms of safety is also growing. In this sense, Honda works to develop safety technologies, education toward traffic safety and safety in driving. Additionally, the company disseminates information that can support safety programs in order to ensure an accident-free society.



## Society

Given the diversity of social problems, in order to contribute to sustainability, the company needs to understand the expectation of its stakeholders involving a variety of issues. To this end, resources are necessary to stand up to the challenge. According to the fundamental belief concerning respect for individuals, Honda seeks to take maximum advantage of its numerous global human resources in order to bring out the individual capacities. Concurrently, the company recognizes diversity, respect and cooperation among individuals in order to increasingly become a corporation with great skills in seeking solutions.



# PRODUCTS

# Honda PRODUCTS



Production line at Honda Automóveis in Sumaré, SP

## Trust in everything we do

Respect to consumers is the core principle of Honda's strategy. The company believes that business continuity is ensured through client trust, obtained from the very first contact and constantly perceived throughout the entire relationship with the brand.

The company also seeks to materialize this commitment through manufacturing products with high levels of excellence in terms of quality and safety, offered at fair prices, and enabled

through guidelines and management goals applied in the industrial units, in addition to constant investments in research and development towards innovation.

Honda extends these values and commitments to the rest of the production chain, involving suppliers of parts and raw materials, in addition to dealerships, distributors of the brand's products and services to end consumers.

### Honda's principle

In a global spirit, we dedicate ourselves to offering products with the highest quality, at a fair price, for our customers' satisfaction worldwide.

## Innovation

Honda seeks to be a desired and respected company for the trust of customers when acquiring the brand's products and services. The company believes that winning and maintaining this recognition can only be achieved through technological advances made possible by investments in innovation.

These results can be achieved through three areas: management of innovation, technological development structure, and attention to the desire of customers and society.

In order to remain innovative, Honda invests in studies of consumer demand and expectations, crossing this information with competitive

analysis. These assessments also take into account practical aspects, such as access to raw materials available in the supply chain and the economic-financial feasibility required for the implementation of a new product. The results serve as input for the selection of priority items for innovation to be tested in the process to develop new models and improvements in cars, motorcycles and power products.

This assessment is also used to define launching schedule pursuant to positioning strategies set forth for each market. New products are periodically revised by senior management of the company in the region, based on guidelines from headquarters.



### TRAINING TO INNOVATE

Training of employees is essential to maintain Honda's innovative work line. To this end, the company frequently invests in training courses, such as the GAP (Global Assignment Program). It is an international strategic development program that focuses on training of professionals to perform in a globalized environment and lead Honda's strategic changes. Training courses are associated with the following objectives:

- Technical and management training (leadership).
- Acquisition of know-how.
- Benchmarking of Honda's global operations.
- International experience and networking.
- Learning new processes that may be applied in Brazil.

Investments in the program are part of the local development commitments carried out by subsidiaries worldwide.

# Innovation Structure



Honda Fit 2015

## Cars

Since 2001, Honda Automóveis do Brasil (HAB) has maintained in its plant in Sumaré, SP, a Research and Development Center dedicated to the South American region, which was expanded in 2014 with the inauguration of new facilities. The project is one of the main development centers for the company outside the Japan-United States hubs. Capable of housing 300 engineers, the center consists of laboratories and technical equipment that allow for the development of components and engine and transmission systems, in addition to performing durability tests, emissions and consumption tests.

The unit also has a materials laboratory dedicated to the validation of local raw materials within the company's quality standards to be used in the production of cars. The structure is dedicated to researching solutions from new inputs with a focus on minimizing environmental impacts and reducing production costs - without neglecting the highest quality standards, design, comfort, and safety of the products.

Among the patents generated by management and innovation structure of the company,

**In terms of innovating cars, during the 2015 fiscal period, Honda Automóveis do Brasil (HAB) analyzed a total of nine innovation aspects, of which two were canceled for financial reasons, four were finalized and introduced into new models, and three continue in the development and test phases for implementation in new products to be launched.**

Honda submitted four patent requests to the competent agencies during this reporting period, two of which were approved and continue under analysis. Patents filed in the past year refer to projects that have not yet been launched, therefore reporting in details is restricted.



Logo Flex One

## Highlights in car innovation

Among the company's technological advances in recent years, examples such as the FlexOne technology can be highlighted, which solved the problem of starting engines running under low temperature conditions. The technology works based on the set of

heaters in the fuel line that are activated as soon as the doors are unlocked through the key control. This improvement increases the air/fuel mixture temperature to ensure a quick and safe start even when the engine is cold.

**In the past three years, Honda has invested BRL 219 million in research, development and engineering to contribute to the innovation of its products.**

During this period, the company completed the development of improvements that resulted in reduction in fuel consumption for the Fit model compared with the previous version. In this same line, Honda Automóveis do Brasil (HAB) also achieved reductions in fuel consumption for the City and Civic models, compared with their previous versions. All Honda models manufactured in Brazil (HR-V, Fit, City and Civic) received an A certification from the Conpet program from Inmetro, which measures vehicle efficiency in terms of fuel consumption.

## Motorcycles



### Honda has a Development and Technology Center (CDT) to cater to the South American market in the motorcycle segment



Honda XRE 190 motorcycle

The CDT, inaugurated in 2013, is installed adjacent to the plant in Manaus, AM, and was conceived as a multidisciplinary technological park. A total of 200 company professionals work in the structure under the “one floor” concept, in which Research and Development, Engineering and Manufacturing, and Procurement work in synergy, from conception, development, product validation up to production, in order to streamline decision-making processes and results. The idea is to join different competencies to overcome expectations of customers with high-quality products.

The center has the infrastructure to evaluate products, such as a test field with several different types of test tracks to simulate the various use conditions for vehicles, as well as engine laboratories to test engines, gas emissions, and motorcycle durability.

Among the highlights for the 2015 fiscal period, Honda worked on the development of new models, such as the XRE 190 - a new on-off trail motorcycle - in addition to the renovation of its entire line-up and the extension of the warranty period to three years.

## Innovation highlights in motorcycles

In the motorcycle sector, Honda has been a leader in the development of several innovations that take into account specific needs for South America. Examples of this are the global leadership in the development of flex technology for motorcyclists, aiming to address the potential supply of Brazilian biofuel (ethanol), and the application of a CBS\* system for bikes with smaller engines, focusing on gains in safety for the use of motorcycles in the region.



### Global leader in the development of flex technology for motorcycles.



Furthermore, Honda implemented technological innovations for motorcycles such as electronic fuel injection, exhaust systems with new catalytics, new engines, and injection maps aiming to reduce the levels of emissions.

\*Combined Braking System. A combined braking system that allows distribution of braking force to both wheels of a motorcycle through a single command.

## Achievement by Moto Honda

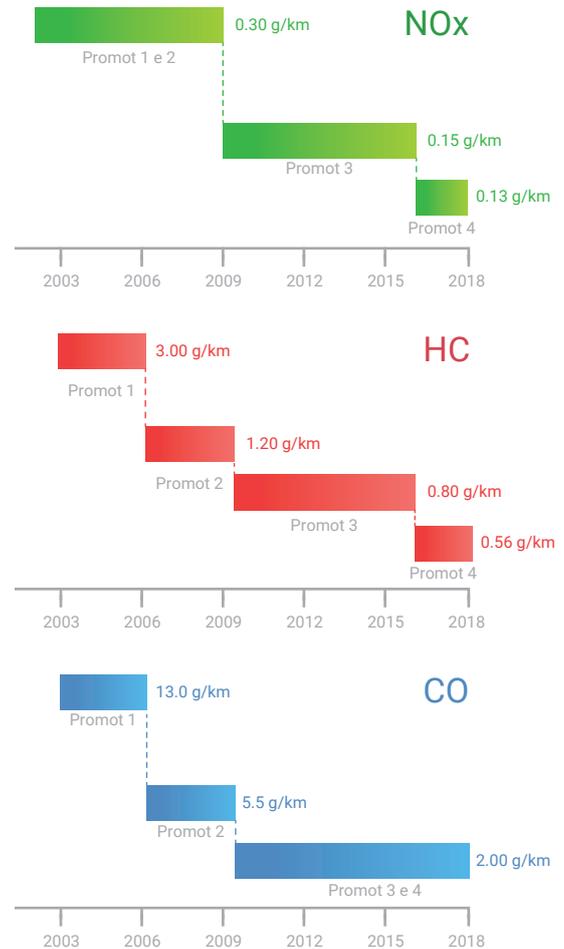
In the 2015 fiscal period, Honda renovated its line-up of motorcycles (100% of the models) complying with vehicle emission requirements from Promot 4 (fourth phase of the Air Pollution Control Program for Motorcycles and Similar Vehicles). In order to comply with this rigorous emissions control program, Honda motorcycles went beyond requirement and achieved values much lower than the threshold established by the legislation (nearly half of the limits).



**100% of the models comply with all vehicle emission requirements set forth by Promot 4**

Advancing in emissions control (CO, HC and NOx) over time, the thresholds became increasingly stringent up to the Promot 4 phase, which establishes the current limits for control.

### Motorcycle models with maximum speed >= 130km / h



## Power Products

In this segment, the focus for innovation is on the development of new products with maximum efficiency, practicality, lower fuel consumption and noise level, always keeping in mind the specific demands for the markets where the company operates. In Brazil's north and northeastern regions, the company has focused mainly on the market for stationary engine used for river boats. In this aspect, the company invests in the GX200 Super stationary engine, launched at the end of 2015, targeting riverside populations that use fishing as their main source of income. In the south and southeastern regions, the idea is to expand business in the agricultural market and maintain presence in civil construction, an important segment for this part of the country.



GX200 Super stationary engine

# Quality and Safety

[G4-DMA, G4-PR2, G4-PR3, G4-EN30]



Honda considers quality and safety of the product as one of the brand's core attributes. Concerns with this aspect dates to the origin of the company and is an integral part of the philosophy of its founder, Soichiro Honda, who defined the concept will production goal of 120% in the quality in manufacturing products. For Honda, 99% perfection in quality and safety of products is unacceptable, since the remaining 1% gives margin for flaws in production and risk of generating faulty products, which could result in a large number of unsatisfied customers.

In Honda's work philosophy, products with a goal for high quality are associated with the company's fundamental approach: to contribute to become a company desired by society. In this sense, Honda extends its concerns with the product beyond the direct customers of the brand. The company's objective is to offer quality and safety attributes of the vehicles to protect pedestrians, which is translated by the slogan "Safety for everyone," used in the communication of the brand.

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*In Honda's work philosophy, products with a goal for high quality are associated with the company's fundamental approach: to contribute to become a company desired by society.*

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This is an aspirational concept that represents the company's desire to achieve a society free of traffic collisions and in which roads and highways are shared in harmony.

Honda's factory operations have in place a policy that defines indicators applied to the quality and safety standards of the products. All Honda motorcycles and cars (100%) undergo quality assessments. In order to ensure compliance with all requirements, the company adopts a management system that promotes systematized monitoring, where indicators are submitted to monthly control and assessments, confirm goals met, with a constant focus on new solutions and improvements.

Involvement of senior management is a key element in this process and ensures immediate corrective decision-making (in case of problems identified) or the need for improvement of preventive actions.

In order to drive improvements, the quality indicators are internally communicated with a focus on defining new challenges to overcome goals. Furthermore, Honda has in place an external audit program (conducted by an independent certifying organization) to monitor and enhance the quality management system, pursuant to the guidelines of the ISO 9001\* certification.

After vehicles leave the Honda plants, the company's policy is to maintain a performance monitoring process of its products in the field. If any problem is identified, the company proactively works with customers to recall vehicles, which can be done through recall campaigns, conducted in compliance with the strictest market standards.

**Involvement of senior management is a key element in this process and ensures immediate corrective decision-making.**

### Market assessment for safety standards

The results of Honda's operating model are shown in quality and safety indicators of products made locally. For cars, Honda appears in the best positions in the assessments by the New Car Assessment Program for Latin America and Caribbean (Latin NCAP), which provides consumers with independent and transparent information about the safety levels for various models.

## Latin NCAP award

### Honda HR-V



### Honda Fit / City



In the car segment, in 2015, Honda once again achieved a five-star assessment for protection of adults (HR-V, City and Fit), five-star assessment for children (HR-V), and four-stars for children (Fit and City).

In cases of collision, Honda is concerned with the preservation of life of passengers in its vehicles and of others involved. The Latin NCAP award evaluates safety of the vehicle in case of collision, however it is important to point out that Honda invests in the development of active

safety items to prevent collision, among which are VSA technologies (stability control) and Lane Watch (cameras for blind spots) in cars, in addition to the CBS brake systems and airbags for motorcycles.

### Learn a bit about each of them:

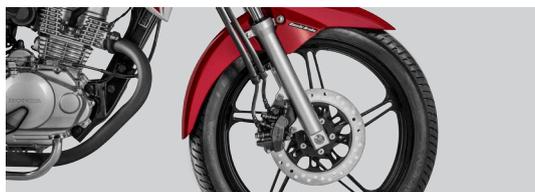


#### VSA: Vehicle Stability Assist (stability control)

An innovative technology that helps the driver escape situations of loss of adherence of the front or back wheels, which could lead to total loss of control of the vehicle. The system monitors movement of the car through sensors and identifies situations in which the vehicle tends to escape the expected/correct trajectory. When this situation occurs, the VSA applies the brakes on the wheels (each wheel independently), as well as controls the power generated by the engine, bringing the car back to the correct and safe trajectory.

#### Lane Watch

Using a camera, Honda's unique system captures real-time images of the car's blind spot (very hard to be monitored using only rearview mirrors). When activating the turning lights, the region is shown on the car's display, ensuring that the driver can safely change lanes and avoid collision with other vehicles.



#### CBS brake systems

A brake technology that automatically distributes the braking force between two wheels, and, consequently, it is known as the Combi-Brake. The system allows the rider to reduce speed more safely and efficiently.

#### Airbags for motorcycles

Launched in 2006 by Honda Motor Co, it was the first airbag system for motorcycles in the world. The mechanism equips the GL 1800 Gold Wing, marketed in Brazil.

# Supply Chain

[G4-DMA, G4-12, G4-EN1, G4-EN2, G4-EN23, G4-EN25, G4-EN28]

An important part of the quality and safety standard for Honda lies in the raw materials used by the company and in the choice of its suppliers. To this end, the company follows international guidelines defined by the Japanese headquarters and technical specifications, as principles that determine the purchase of inputs used in the brand's products.

Suppliers are chosen through a viability study that checks their production capacity, quality and competitive cost. They are also assessed through other points, such as financial analysis and management, conducted by the Procurement department, and the risk assessment that measures the vendor's potential to interfere in

Honda's production in any natural or market event, in addition to requesting environmental and quality certifications.

Additionally, partners are required to achieve a minimum qualification of 80 points in terms of quality, of a total 100 possible, as a condition to work with the company. In the prospecting phase, suppliers are consulted prior to the assessment and hiring decision to supply materials. Under the responsibility of the Procurement department, the process includes several aspects that comprise Honda's standard defined by the acronym QCDEMS, for the Portuguese acronym that stands for Quality, Cost, Delivery, Environment, Management and Safety.

## Honda's assessment of suppliers

Criteria	Aspects
Risk management	Assesses the vendor's financial health, timely delivery, and amount required.
QAV1* Audit	Checks whether the quality management system of the vendor complies with standards in place.
QAV2* Audit	Checks the production process to ensure the required quality and compliance with legal requirements.

\*QAV - acronym for Quality Audit Visit

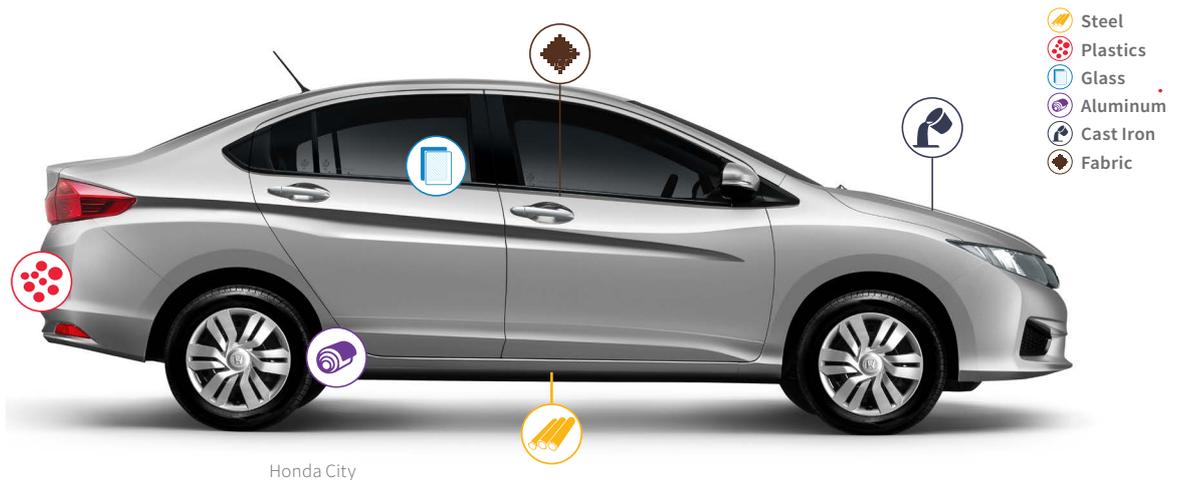
Results of the assessment serves as a parameter to consolidate indicators that result in a ranking of suppliers. These indicators are reviewed on a monthly basis through the PDCA\* cycle. It is a model used to conduct critical analysis of results, establishing action plans for improvement or correction in cases of deviations.

In order to maintain control of production costs, the department also has specific indicators to measure cost reduction goals defined by the company's directors.

These indicators are continuously evaluated, and in case of deviation of the goal for cost, the

Procurement department can use certain tools to adjust goals to the values established, including:

- Proposals for technical modification that result in cost reduction, provided the quality standards are maintained.
- Approval of raw material equivalent to specification and that results in cost reduction.
- Local sourcing of imported items.
- Regionalization through the use of local market specifications.



Honda City



GX200 Super stationary engine



Honda CG Titan 150

Nevertheless, the company understands that assessment alone is not enough. It is necessary to provide support and opportunities for the development of those comprising the production chain of the business. Therefore, Honda annually promotes the “New Honda Circle - Suppliers,” a program designed to encourage suppliers to improvements of quality, costs, delivery, management and enhancement of services. To

participate, one simply needs to register and form a working group with focus on improving processes and developing employees.

Aware of its responsibility, the company also requires its suppliers to comply with labor legislation, environmental and quality regulations, and is reviewing its agreements in order to include clauses associated with human rights and social and environmental responsibility.

### One of the New Honda Circle

Suppliers results in 2015 was the aluminum heating process improvement, which resulted in a saving of 5% in energy consumption. The measure contributed to the reduction of 140 tonnes of CO<sub>2</sub> released into the atmosphere.

## CARS

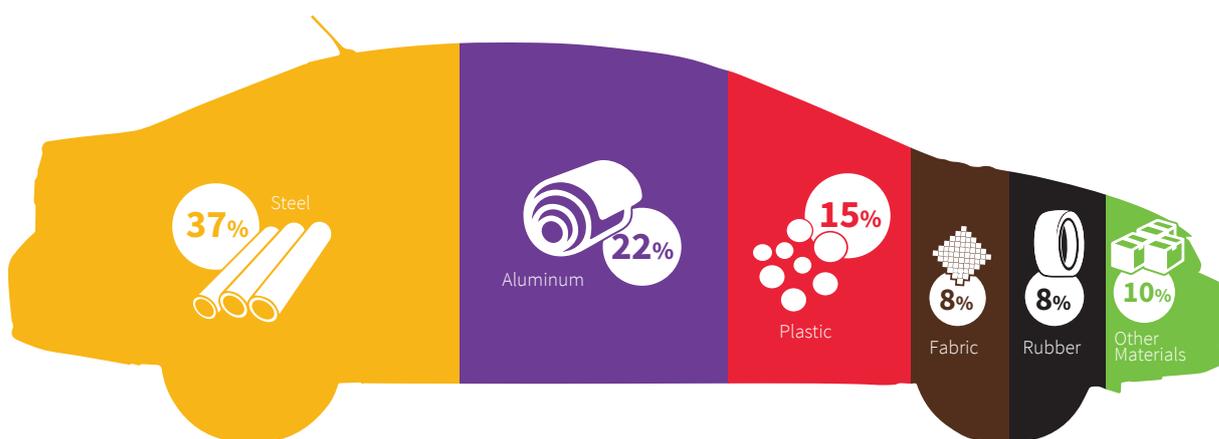
The supply chain for automobile production involves 140 direct companies for parts, components, raw material, and secondary materials for the production of vehicles. These partners are classified according to the characteristics of the products, and can be: raw materials, stamped parts, plastics,

electrical, components, cast, forged, and machined. Local suppliers participate with an average 60% of purchases of items required for the assembly of a vehicle. In the 2015 fiscal year, 50% of the suppliers were hired based on environmental criteria.

### ACTIVE SUPPLIERS

Total number of active suppliers	140
New suppliers hired in the 2015 fiscal year	18

### What is a Honda automobile made of?



### Reduction of CO<sub>2</sub> emissions by the supplier chain

Since 2008, Honda plants in Brazil have carried out a CO<sub>2</sub> emissions inventory of its suppliers, which today involves at least 70% of the chain in terms of amounts purchased. There is an annual goal for each supplier to achieve 1% reduction in emissions, and the goal is measured through a system developed by Honda in Japan for all units worldwide.

Honda has promoted, since 2014, a project with suppliers participating in this inventory to develop environmental improvement work. Companies with the best work and results are recognized through an Environmental Award.

As an example, Honda Automóveis developed work to improve the process to heat the aluminum alloy resulting in electric energy savings of 5%, preventing the release of 140 tons of CO<sub>2</sub> into the atmosphere. At Moto Honda, energy monitoring was installed in the forging equipment (machines with high energy consumption) in order to reduce consumption by 10% and, consequently, prevent the emission of approximately 9 tons/year of CO<sub>2</sub>.

## MOTORCYCLES

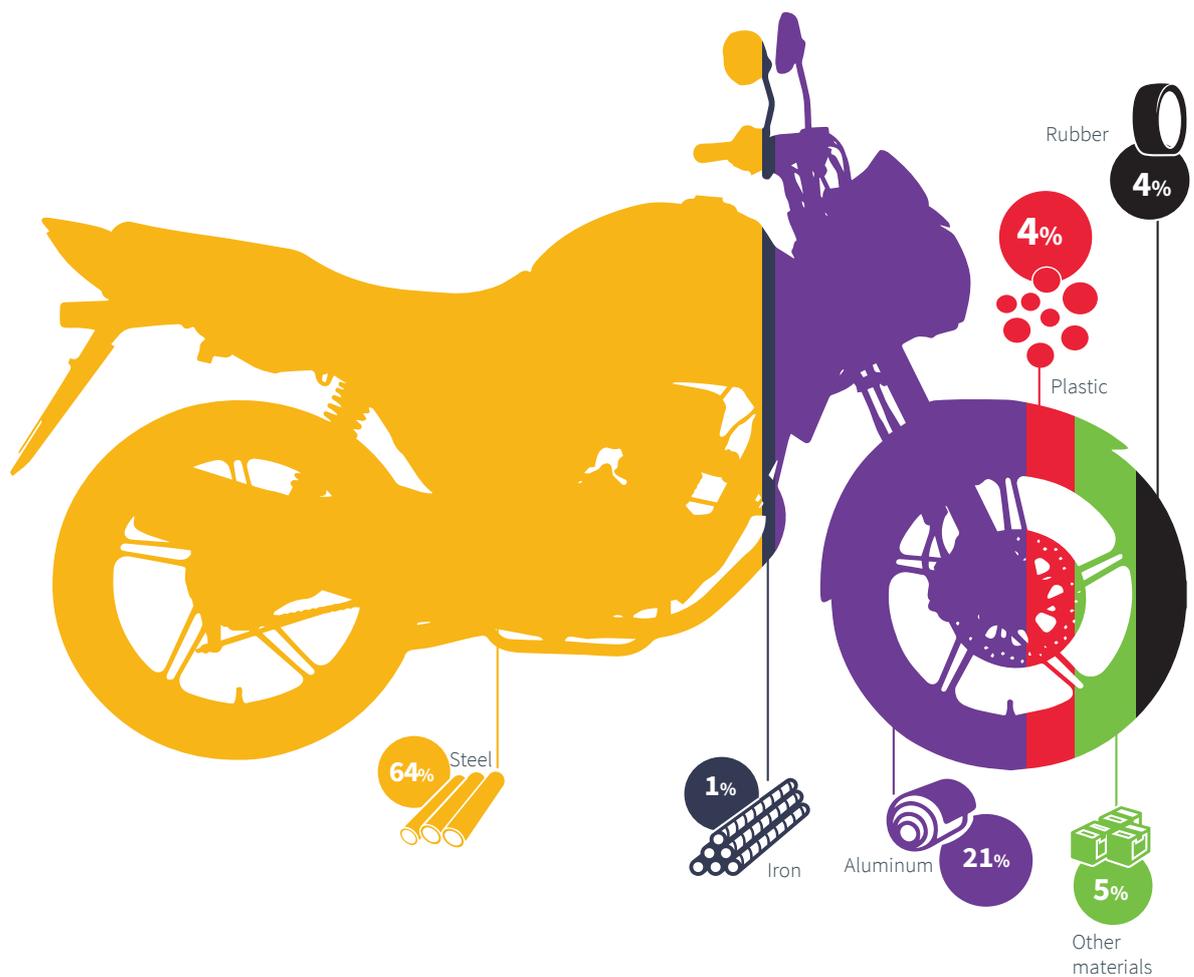
The unit has a chain of 115 direct suppliers of parts, components, raw material, and secondary materials for the production of motorcycles. Similar to the automobile area, these partners are also classified based on the characteristics of their products, which can be stamped, plastics, electrical, components, cast, forged, and machined.

Suppliers located in Manaus, AM, account for 25% of the total for Moto Honda and represent approximately 67% of the total purchase for items required for the assembly of motorcycles. It should be noted that the plant's supplier chain does not represent significant environmental impacts given the type of process carried out.

### ACTIVE SUPPLIERS

Total number of active suppliers	115
New suppliers hired in the 2015 fiscal year	3

### What is a Honda motorcycle made of?



# Customer Satisfaction

[GRI-DMA, G4-PR5, G4-PR8]

The essence of Honda's philosophy is in providing joy and wellness to those directly and indirectly involved in its business. In this spirit, the company is dedicated to offering products with the highest quality, at fair prices, aiming to achieve full local and global customer satisfaction throughout their entire experience with the brand.

In order to achieve these results, Honda has in place sales and after-sales teams dedicated to establishing a close relationship with the dealer network, which is an important point of contact between consumers and company values and products. Honda employees also take on the role of assessing

points of sale in order to ensure the quality of services to customers, checking items such as physical facilities, sales and after-sales services. The information collected is parameterized according to a predetermined standard of excellence and serves as a basis for granting certificates for the dealerships in the network.

In order to strengthen the relationship with the dealership network, Honda maintains annual meetings with the administration of dealers, explaining about the company's strategic business lines in the domestic and South American markets.

## Honda enhances the relationship system with end consumers

Throughout the last fiscal year, Honda made advances in the development of a new relationship system with customers. With implementation planned to begin in 2016, the MyHonda project consists in the creation of a CRM platform that allows for greater proximity, agility in communication, and efficient customer relationship management in all segments where the company operates. The project aims to offer an excellent brand experience in all contact points, and consequently, increase customer satisfaction. The system will bring to Brazil the most advanced technological model for CRM systems, the first of its kind in the automotive sector in South America.

In addition to increasing efficiency and effectiveness in measuring customer satisfaction indices, MyHonda will be an important tool to receive suggestions for the development of new products. The policy of the company is to conduct constant surveys in order to guide decision-making in terms of investments in innovation and launch of new products. These surveys help analyze actual needs and consumption characteristics of the target audience.



**Honda has an internal team for direct relationship with customers formed by highly trained professionals.**

For motorcycles, Honda made an important change in its relationship structure with dealerships. In 2015, the national sales department, centralized in São Paulo, was broken down into two departments. A regional office was created, located in Recife, PE, dedicated to the relationship with the dealerships in the north and northeastern regions of the country. The team is formed by eight sales representatives, in addition to one

supervisor and one manager. The idea is to increase the level of specialization of Honda employees in markets in these regions. For after-sales services, in addition to dealerships, Honda has an internal direct customer relationship team comprised of highly qualified professionals for technical services suitable for the demands of consumers of motorcycles, cars and power products.



Honda Car Dealership

**Protection of product value**

Concerns with protecting the value of goods acquired by customers is another of Honda's concerns. The company makes efforts to always maintain its production volume close to the actual market demand, thereby avoiding aggressive sales strategies that ultimately lead to depreciation of products in circulation.

As one such example of these efforts, in the motorcycle segment, Honda consolidated,

in 2015, the adoption of a Collaborative Sales Planning, which presupposes the joint establishment - Honda and dealerships - of sales goals for a six-month time frame, with continuous monthly revisions. The new methodology acts to prevent imbalance in supply of products, thereby reducing the risk of generating overstock and contributing to maintain the value of the products in the market.

## Respect and transparency in relationship with customers

Honda maintains an operating structure dedicated to the assessment of problems after its products leave the plants. If problems that affect safety of users are detected, the company proactively responds through recall campaigns, conducted in compliance with the strictest standards in the market and comprehensive communication in media and providing information on the brand's website. All components affected are replaced or repaired and the dealerships are reimbursed. It should be noted that the rate or return to the dealer is affected by the significant number of

vehicles with up to 13 years of use, which makes it difficult to identify their location for a more agile engagement of the owner and subsequent correction of the problem. Another constant challenge is the availability of parts in sufficient volume to address these recall campaigns, especially given that the market is increasingly globalized, with suppliers having to cater to different brands worldwide. Nevertheless, in this sense, Honda has not measured efforts to quickly provide replacement parts to readily service its customers.

## Recall campaigns of the 2015 fiscal year

### Brazil

In the 2015 fiscal year, of the six recall campaigns for Honda Automóveis were conducted, three were associated with repair of the frontal airbag modules supplied by the

Japanese manufacturer Takata\*. Failures in these components involved models of many automakers worldwide, with the most severe cases identified in the United States.

### Cars

Models	Reason	Number of vehicles
Fit and City	Replacement of airbag on the driver	164,076
Fit, City, Civic and CR-V	Replacement of airbag on the driver	477,580
Fit and CR-V	Replacement of airbag on the driver	314,945
HR-V	Bolts of the wheels	3,889
Fit	Update of the CVT transmission software	13,965
Fit, City, Civic and CR-V	Fuel gauge	423,217

### Motorcycles

Models	Reason	Number of vehicles
VFR 1200	Driveshaft	489
Shadow 750	Inclination sensor	2,842
GL1800 Gold Wing	Master brake cylinder	667
10 models	Magnetic ignition kill switch	11,922
CB500F / CBR500R	Fuel gauge	9,801
XRE300 / CRF230F	Rear fork	11,819

## Chile

Also affected by the problems in the frontal airbags supplied by Takata, Honda Motor del Chile conducted a preventive recall campaign in 2015 for several models manufactured between 2001 and 2009.

### CARS

Models	Reason	Number of vehicles
Accord	Replacement of airbag on the driver and passenger sides	880
Civic	Replacement of airbag on the driver and passenger sides	4,381
CR-V	Replacement of airbag on the driver and passenger sides	9,420
Fit	Replacement of airbag on the driver and passenger sides	376
Pilot	Replacement of airbag on the driver and passenger sides	699
Ridge-line	Replacement of airbag on the driver and passenger sides	14
City	Replacement of airbag on the driver and passenger sides	570
Pilot	Odometer - reprogramming module	77
Accord	Side airbags - reprogramming module	387

### MOTORCYCLES

Models	Reason	Number of vehicles
Shadow 750	Inclination sensor	47
VFR 1200	Driveshaft	96
GL1800 Gold Wing	Master brake cylinder	55
24 modelos	Magnetic ignition kill switch	1,135
CB500F CBR500R	Fuel gauge	224
XRE300 XR250 CRF230	Rear fork	40

## Argentina

In September 2015, Honda Motor de Argentina recalled the HR-V (2016) model for verification and possible exchange of the bolts of the wheels. In November, the global Takata recall was made to owners of Accord, City, CR-V, Fit and Civic models. In the motorcycle segment a recall was made for preventive maintenance and replacement of the rear suspension fork of the 2015 XR 250 model.

### CARS

Models	Reason	Number of vehicles
Civic	Replacement of airbag on the driver and passenger sides	31,252
CR-V	Replacement of airbag on the driver and passenger sides	32,908
Accord	Replacement of airbag on the driver and passenger sides	1,341
City	Replacement of airbag on the driver and passenger sides	19,504
FIT	Replacement of airbag on the driver and passenger sides	38,586
HR-V	Bolts of the wheels	2,402
Accord	Side airbags - reprogramming module	291

### MOTORCYCLES

Models	Reason	Number of vehicles
XRE300 XR250 CRF230	Rear fork	2,071
VFR 1200	Driveshaft	1
GL1800 Gold Wing	Master brake cylinder	12

## Peru

In Peru, Honda also implemented a preventive recall to replace the airbag actuator as a reflex of the global Takata recall and also a preventive recall for various motorcycle models.

### CARS

Models	Reason	Number of vehicles
Civic	Replacement of airbag on the driver and passenger sides	2,053
CR-V	Replacement of airbag on the driver and passenger sides	8,558
Accord	Replacement of airbag on the driver and passenger sides	572
Pilot	Replacement of airbag on the driver and passenger sides	229
City	Replacement of airbag on the driver and passenger sides	1
Fit	Replacement of airbag on the driver and passenger sides	1
Pilot	Odometer - reprogramming module	37
Pilot	Warning light - reprogramming module	175
Accord	Side airbags - reprogramming module	201

### MOTORCYCLE

Models	Reason	Number of vehicles
Shadow 750	Inclination sensor	7
VFR 1200	Driveshaft	10
GL1800 Gold Wing	Master brake cylinder	2
24 modelos	Magnetic ignition kill switch	350
CB500F CBR500R	Fuel gauge	64

# Satisfaction Survey

Among Honda’s main policies is the preparation of a survey to track customer satisfaction subsequent to after-sales services. Through a proprietary indicator, the Total Satisfaction Index (TSI), the survey begins three or four days after any major maintenance or repair service is provided. The process works through direct contact by the dealership, which updates customer data and submits a questionnaire via the Internet. After completion of the survey, 100% consolidated by the dealerships, Honda receives the data, generates managerial reports for the network, and if required, can directly contact unsatisfied customers to establish conclusive analysis and generate actions for improvement.

In the results of the customer satisfaction analysis for the last fiscal period, Honda maintained a stable overall satisfaction level, with a positive variation of 1% compared with the indicator for the previous year.

*For the total determined in the period, 99.7% of customers claimed to be satisfied with products and services of the company, considering the gross amount of 70,530 evaluations.*

In the survey, Honda also collects comments about customer experience. In the car dealership network, more than one third of the total (35%) were compliments. In the motorcycle dealership network, the results were even more positive, with complimentary comments reaching 57% of the total.

## Market assessments

In a survey with 1,470 people in eight regions of the country, Honda Automóveis was evaluated as the “company that most respects consumers.” The survey was conducted by the editorial publication “Consumidor Moderno” in partnership with the company Shopper Experience. Among the main attributes analyzed are good quality products and services and thoughtful employees, available and kind in dealing with the public.

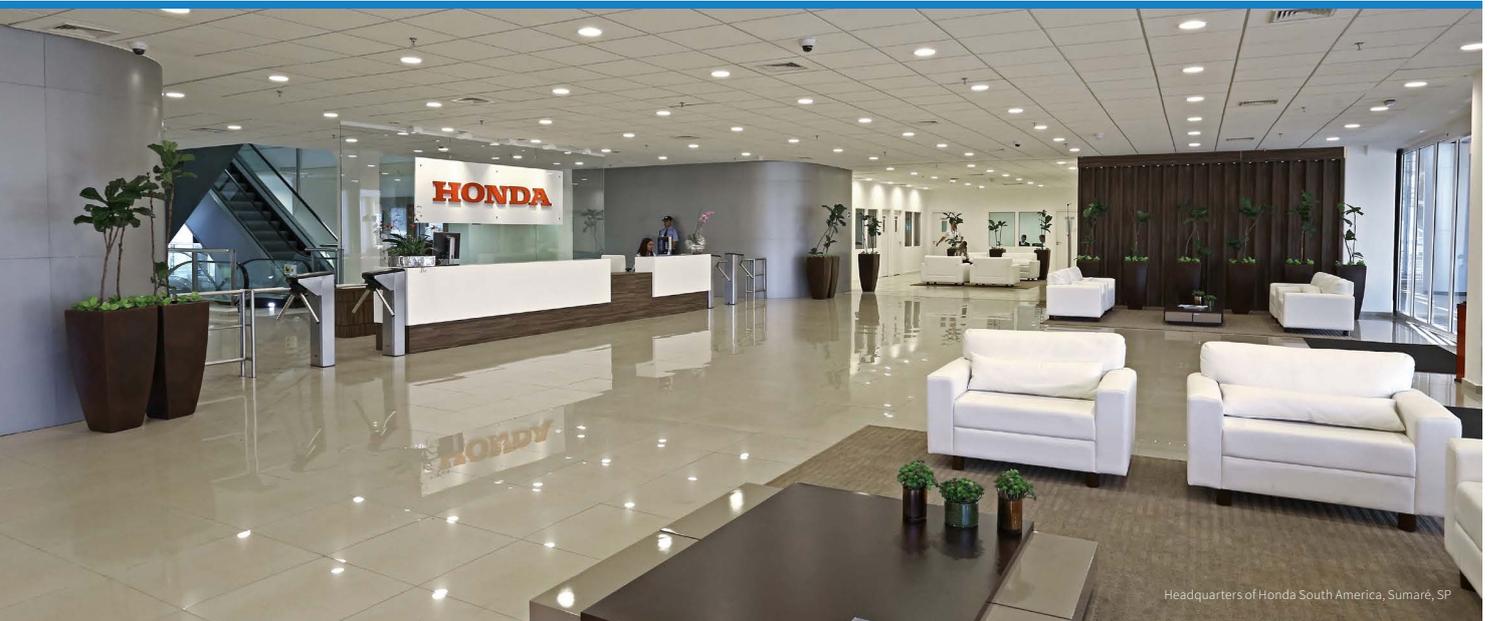




## › GOVERNANCE



# GOVERNANCE



Headquarters of Honda South America, Sumaré, SP

## Solid Structures for Long-Term Operations

[G4-34, G4-38, G4-39, G4-56]

Honda South America (HSA) adopts rigorous corporate governance principles. This is an issue considered by the company to be strategic for business development based on different perspectives. Sound governance rules offer the necessary conditions to achieve results, ensuring safety of operations in light of internal and external risks. Additionally, it gives subsidiaries greater independence and autonomy to operate, allowing for quick response to local market changes and trends.

Corporate governance for Honda South America (HSA) is embedded in the framework known as ESG, which is an acronym for Environment, Social Responsibility and Governance.

The company breaks down the Corporate Governance area using three management tools, which act as pillars for operation: governance, risk and compliance. Each of these pillars has well-defined functions, individual teams and assistance from specific consulting services.

# Honda Corporate Governance

## Pilar

Governance	Conduct and business ethics standards
Corporate risks	Identification and monitoring of business risks and definition of mitigating actions, disposal or transfer of risks.
Compliance	Compliance with legal requirements, regulations, and with policies, norms and internal procedures.

The company has in place standards and procedures applied across the company to the various departments and business areas. These standards include, for example, corruption prevention policies, prevention and fight against money laundering, risk and crisis management, information security, corporate governance and management of salaries and benefits. This is a system that defines the responsibility of the employees (segregation of roles through authorization, registration and custody), purview (limits for approval of investments and expenses) and risks or areas of risks that are subject to monitoring by Governance. In 2015 fiscal year, a policy to prevent bonded or compulsory labor and child labor was also developed and approved.

## Governance

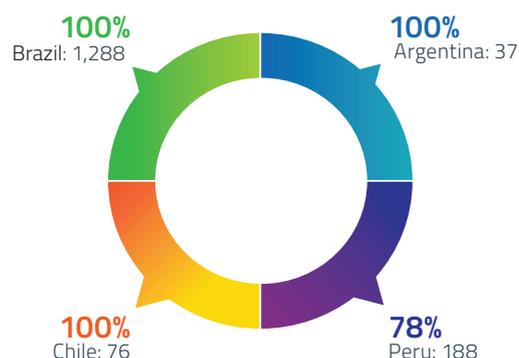
The work of employees is guided by Honda South America's Code of Conduct, which sets forth the guidelines concerning laws, regulations and norms, traffic safety, environmental protection, information management, human rights, among other relevant aspects for the company.

In 2014, the Integrity Program (which helps adapt processes to Anticorruption Law) was implemented, and all areas that should undergo training on this aspect were mapped. The program, which proceeded throughout 2015, includes specific actions on corruption, such as the implementation of a corruption prevention policy, identifying critical areas\*, training of employees, and acceptance of suppliers concerning compliance with local anticorruption law.

For the companies located in Brazil, internal training is conducted through personal login into an e-learning system. For other locations, training is on-site.

In order to ensure that possible violations of the Code of Conduct are reported, all employees have a direct communication channel with the board, the Guichê HCG, through which employees can communicate via e-mail, letter, or through suggestion boxes located in strategic points in the units, with total secrecy.

### Percentage of managers, employees and partners trained in critical areas such as anticorruption policies and fight against corruption (HSA)



### Noncritical/Overall

Brazil	938
	36%

For the 2016 fiscal year, 100% training is expected for managers, employees and partners in terms of corruption prevention policies in Peru, and in noncritical areas in Brazil.

## Corporate risks

Honda instated a global risk management policy that defines the guidelines to be adopted by the regional operations. Potential corporate risks include strategic risks, economic downturn, recession, changes in consumer preference, increase in fuel prices, financial prices, or other factors that lead to a reduction in demand for automobiles, motorcycles and power products, adversely affecting the results of Honda's operations.

In order to strengthen management practices in the various regions, in 2013, a new risk management model was adopted in order to identify, assess and address potential risks and reduce impacts - or turn them into opportunities - through preventive measures. It is expected that these practices should be fully in place by the end of the 2016 fiscal year.

## Compliance

Honda South America (HSA) works to remain in compliance with laws and regulations in the sector, as well as to define policies, standards and internal procedures that guide business activities in a clear and ethical manner.

In order to ensure that the guidelines associated with the area of Compliance are followed, the company relies on internal assessment of its procedures, according to the North American Sarbanes-Oxley Act (SOX), which seeks to ensure the implementation of reliable auditing and safety mechanisms. Processes are submitted to senior management (Corporate Risks, Self-Assessment, Internal SOX Controls, Reporting Channel) and reported to headquarters in Japan on a semiannual and annual basis.

The Corporate Governance area annually assesses the implementation and efficiency of the management systems and operation through the application of a questionnaire to managers of all areas, with analysis and approval by an immediate supervisor. All governance assessments are formal in order to emphasize the commitment of those involved.

## Governance assessment systems used by Honda

- ▶ Corporate metrics system: self-assessment by managers (100% for managerial level and above) on systems and operation of governance processes.
- ▶ Specific metrics system: internal SOX controls over relevant business processes and technologies (more than 90 processes documented and revised annually) which are submitted for SOX certification by an independent auditor.
- ▶ Standards and conduct system: corporate policies and procedures, available on the intranet or proprietary directories (restricted norms) for access by internal audiences. Framework of the Code of Ethics, secrecy of information, formal content standards disseminated through training and governance management.

┌  
**91**  
corporate risks

**171**  
managers  
involved in the  
self-assessment  
process

**94**  
SOX processes  
└

It should be noted that in the last three years, 100% of the direct sales operations of motorcycles and cars have undergone risk assessment concerning corruption.

# Corporate Structure

## Business Planning Office

Consolidates strategic planning and centralizes control over objectives and goals of each business unit. This area concentrates information and is responsible for the organization of an integrated strategic plan for all Honda's businesses in the region.

## Commercial

Markets products made in Brazil both domestically and abroad. The area is responsible for aligning regional sales strategies, sharing best global practices and developing new markets in South America.

## Development

Honda Research Brazil's (HRB) units for automobiles, motorcycles and power products centralize the research and development function for products and components in South America.



## Institutional Relations, Public Relations and Product Regulation:

These three areas operate throughout South America through communication and development of good relations with the various stakeholders in order to strengthen the brand and the presence of Honda in the continent. This relationship is also maintained with the main entities that are relevant to the business.

## Sustainability

In place since the beginning of Honda's activities, sustainability is thought as a strategy of the company's businesses. The ongoing commitment to preservation of the environment, constant collaboration with communities surrounding its units and strict compliance with laws and regulations for risk management have significantly matured in recent years. These actions led to the creation of the ESG Department (Environment, Social Responsibility and Governance), which aims to understand and attends stakeholder expectations, integrating them into the definition of the organizational strategy.

# Corporate Structure

## Administration

The administration area is structured to work in key processes in Human Resources, Information Technology, Comptrollership, Sustainability and Legal Department. This area is responsible for unification of policies and processes that allow for gains in scale from centralization, guaranteeing uniformity and strengthening the corporate culture across South American continent.

## Engineering

Each Honda segment has its own engineering area that provides support to the specific needs of all countries in the region. The corporate role played by Engineering area is to ensure alignment between each local operation and the business objectives, in addition to providing technical support to plants. Today, Engineering at Moto Honda da Amazônia (HDA) has a corporate function for motorcycles and power products, while Engineering at Honda Automóveis do Brasil (HAB) focuses on the company's automobile line.

## Production

Manufacturing products with the standard of quality Honda, according to the projects developed by the Research & Development and local market demand.

## Internal audit

Checks the compliance of all processes of the operation aligning them to the Governance standards.

## Customer Services

Formed by After-Sales and Parts and with a structure focused on best market practices, this area works to guarantee best services after purchase and ensure customer satisfaction not only with the product, but with the Honda brand in general. Furthermore, through the Parts unit, the company focuses on improving sales results and streamlining distribution of replacement parts, thereby strengthening its presence throughout the continent.



# Participation in Associations

[G4-16]



## Argentina

› **ADEFA**  
(Asociación de Fabricantes de Automotores)

› **CAFAM**  
(Cámara de Fabricantes de Motovehículos)

## Chile

› **ANIM**  
(Asociación Nacional de Importadores de Motocicletas)

## Brazil

### › **ABRACICLO**

#### Presidency

(Associação Brasileira dos Fabricantes de Motocicletas, Ciclomotores, Motonetas, Bicicletas e Similares)

### › **SIMEFRE**

#### Vice presidency

(Sindicato da Indústria de Materiais e Equipamentos Ferroviários, Rodoviários e Duas Rodas)

### › **ANFAVEA/SINFAVEA**

#### Vice presidency

(Associação Nacional dos Fabricantes de Veículos Automotores / Sindicato Nacional da Indústria de Tratores, Caminhões, Automóveis e Veículos Similares)

### › **AEA**

#### Executive Board

(Associação Brasileira de Engenharia Automotiva)

### › **FIEAM**

#### Executive Board

(Federação das Indústrias do Estado do Amazonas)

### › **CIEAM**

#### Executive Board

(Centro da Indústria do Estado do Amazonas)

### › **AFICAM**

#### Executive Board

(Associação dos Fabricantes de Componentes da Amazônia)

### › **Japanese-Brazilian Chamber of Commerce and Industry for the States of Amazonas and São Paulo** Executive Board

The company also participates in discussions at ABIMAQ, AMCHAM, CIESP, ABEEólica, SINDIEÓLICA, ABNT and SINDIPEÇAS



**» SOCIAL AND ENVIRONMENTAL PERFORMANCE**

# SOCIAL AND ENVIRONMENTAL PERFORMANCE



Honda Energy do Brasil's wind farm in Xangri-lá, RS

## Responsibility with the Future of Next Generations

In line with headquarters in Japan, Honda South America (HSA) addresses safety and environmental preservation as core aspects of its industrial operating model and of its relationship with society.

To this end, the company constantly invests in reducing environmental impacts associated with its business. Through innovations that provide

gains in efficiency in consumption and reduction in emission of greenhouse gases, Honda stands out in the market with initiatives that include the diversification of its energy matrix using renewable sources. Furthermore, the company integrates into its sustainability strategy social development actions in communities through projects that support economic, educational and cultural development.

# Honda Environment Statement

In 1992, Honda headquarters in Japan established Honda Environmental Statement, which is adopted as a basis for environmental management in all Group subsidiaries worldwide.

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 then will we be able to count on a successful future not only for our company, but for the entire world. We should pursue our daily business interests under the following principles:

**1** We will make efforts to recycle materials and conserve resources and energy at every stage of our products' life cycle from research, design, production and sales, to after-sales services and disposal.

**2** We will make every effort to minimize and find appropriate methods to dispose of waste and contaminants that are produced through the use of our products, and in every stage of the life cycle of these products.

**3** As members of the company and of society, each one of us, employees, will focus on the importance of making efforts to preserve human health and the global environment, and will do our share to ensure that the company as a whole operates responsibly.

**4** We will consider the influence that our corporate activities have on the local environment and society, and endeavor to enhance our company's social reputation.

Written and announced in June 1992

**Environmental Vision and Security Honda**  
Achieve the joy and freedom of mobility and a sustainable society where people can enjoy life

# Environmental Performance of Business Activities

[G4-EC2, G4-EN3, G4-EN4, G4-EN5, G4-EN6, G4-EN7, G4-EN8, G4-EN9, G4-EN10, G4-EN11, G4-EN13, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN21, G4-EN22, G4-EN31]

Honda's sustainability vision reflects throughout the company's production chain through concepts.

Considering climate change, energy issues and the use of efficient resources, the company establishes goals and perspectives to minimize

the environmental impact of its products and services. This way, the company works with eight concepts that ensure environmental responsibility initiatives throughout the entire production chain:



**Green Factory**  
This concept establishes sustainability goals and guidelines to reduce environmental impact in the production process, which includes waste management, energy efficiency, rational use of water and reduction of air emissions.



**Green Logistics**  
This concept ensures the constant reduction of impacts caused in the transport process of the company's products and parts.



**Green Office**  
Seeks alignment of offices with the company's guidelines, through action toward recycling, sorting of waste and rational use of electricity, water and paper.



**Green Dealer**  
This concept encourages Honda's dealerships to correctly dispose of 100% of the waste generated in after-sales services to customers.



**Green IT**  
This concept joins cutting-edge technology and environmental preservation through measures such as optimization and transformation of servers and creation of printing centers.



**Green Purchasing**  
The objective of this concept is to optimize consumption of energy and resources, in addition to reducing CO<sub>2</sub> emissions from the production processes of parts and components that supply the plant.



**Recycling (3R's)**  
This concept works in recyclability since the choice of product components to the proper disposal at the end of its useful life.



**Green Laboratories**  
This concept involves the development and implementation of environmental and energy efficient technologies to improve the performance of Honda engines, reduce air emissions, and develop products powered by alternative energies.

## Green Factory

### Moto Honda da Amazônia (HDA)

Commitment to environmental protection measures started to be implemented in South America with the beginning of the company's industrial operations in Brazil, with the inauguration of the motorcycle plant in Manaus, in 1976. Since 1998, the plant has received ISO 14001 certification and, in 2000, the Green Factory concept was implemented. Since 2013, the unit has integrated the Brazilian GHG Protocol Program, having received the Gold Award for two consecutive years, in 2014 and 2015.

### Honda Selva del Perú

The motorcycle and trike plants located in the cities of Iquitos conducted a series of activities focusing on environmental responsibility. These initiatives involve the rational use of natural resources and reduction of CO<sub>2</sub> emissions, in addition to awareness campaigns for employees.

### Honda Automóveis do Brasil (HAB)

Since the beginning of automobile production in 1997, Honda has been promoting environmental protection at its plant in Sumaré, SP. These initiatives prepared the unit for the ISO 14001 environmental certification, obtained in 2005, and, in 2008, for the criteria of the Green Factory global concept, under guidance of the company's own headquarters in Japan. In 2011, the company joined the Brazilian GHG Protocol Program, which manages gas emissions, and since then the company has received the Gold Award.

### Honda Motor de Argentina

The environmental commitment is present in the other company operations in South America. In 1978, Honda Motor de Argentina S.A. was created, and in 2011, began the production of cars in the city of Campana, which also produces motorcycles. In 2014, the plant received the ISO 14001 certification.



Aerial view of the motorcycle plant in Manaus (AM) and assembly line of car plant in Sumaré (SP)

## Emissions

The drive to constantly reduce greenhouse gas (GHG) emissions is part of Honda's actions. The company has aggressive goals to reduce CO<sub>2</sub> emissions in its production chain, in industrial operations and in its products.

A milestone of this commitment was the implementation of the first wind farm by Honda Energy do Brasil, in Xangri-lá, RS. The project completed its first operating cycle in the 2015 fiscal year, already with capacity to supply 100% of the production of the plant in Sumaré, SP, by generating **71,403 MW** of energy, representing a reduction of **8,007 tons of CO<sub>2</sub>** throughout the reporting period.

The project is the only one in the sector to obtain the Renewable Energy Certificate granted by ABEEólica (Brazilian Association of Wind Power) and by ABRAGEL (Brazilian Association of Clean Energy Generation).

In Manaus, in order to optimize the energy matrix for Moto Honda da Amazônia, the Infrastructure Department implemented the use of natural gas as fuel in the process to dry parts in the Paint Shop, in the sintering furnace, and in preparing meals for employees, replacing LPG (liquefied petroleum gas). With this improvement, the plant managed to **reduce CO<sub>2</sub> emissions by 1,453 tons** per year.

## Honda's sources of emissions, according to classification of the Brazilian GHG Protocol Program

### Scope 1 - Direct emissions from nonrenewable sources

- › Mobile combustion
- › Stationary combustion
- › Solid waste and liquid effluents
- › Fugitive
- › Agricultural (only Moto Honda da Amazônia)

### Biogenic Emissions - Direct emissions from renewable sources

- Ethanol
- Biodiesel

### Scope 2 - indirect emissions from the use of electricity

- Purchase of electricity

## GHG emissions of the plants in Brazil

Direct emissions from renewable sources tCO<sub>2</sub>e



Direct emissions from nonrenewable sources tCO<sub>2</sub>e



Indirect emissions from the use of electricity tCO<sub>2</sub>e



- Honda Automóveis do Brasil
- Moto Honda da Amazônia

(1) Calendar year (January 1 to December 31)

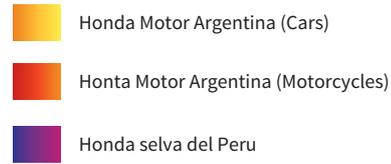
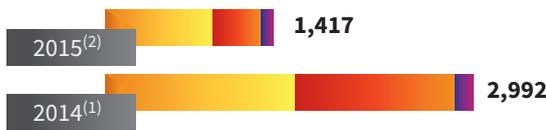
Greenhouse gas emissions from the plant in Brazil are calculated according to the methodology set forth by the Brazilian GHG Protocol Program and were externally assured.

The methodology of the Brazilian GHG Protocol Program determines the use of the national gridemission factor for the calculation of indirect emissions from electricity use, therefore the emission reductions related to wind farm in Xangri-Lá it is not reflected in the emissions inventory of the Honda Automóveis.

Honda Automóveis do Brasil also calculates the indirect emissions from Scope 3, according to the Brazilian GHG Protocol Program for the transportation and distribution (upstream), waste generated in the business operations and business travel categories. In 2015 the scope 3 emissions of Honda Automóveis amounted to 1,424 tCO<sub>2</sub>e.

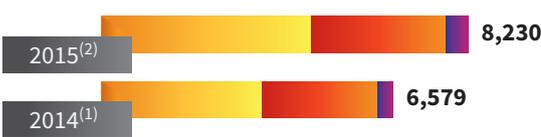
## GHG emissions of the plants in Argentina And Peru

Direct emissions from renewable sources tCO<sub>2</sub>e



(1) Calendar year (January 1 to December 31)  
(2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

Indirect emissions from the use of electricity tCO<sub>2</sub>e



In the plants in Argentina and Peru, emissions are calculated using a proprietary methodology.

Moto Honda da Amazonia had an increase in the consumption of refrigerant gases due to the HVAC system of new work stations and new plants of components, in addition to the intensification of preventive maintenance of equipment due

to the high temperature in the city of Manaus (AM). These factors impacted the GHG emission volumes, however, are not reflected when converted into energy consumption in GJ.

## Energy efficiency

Within the Green Factory concept, in addition to seeking the use of renewable sources of energy, Honda's industrial plants advance annually in initiatives and processes to expand their levels of energy efficiency.

Honda Automóveis do Brasil (HAB) internally developed electronic mechanisms for engines and burners used in the Paint Shop to be partially shut off during non-production periods, without compromising the quality of the process. The project allowed for a reduction of

**113,566 m<sup>3</sup>/year** in consumption of natural gas and of **710 MWh/year** in electricity consumption used in these processes. These savings in electricity are equivalent to the monthly consumption of 300 households in Brazil.

The Paint Shop and Assembly-Line areas at Moto Honda da Amazônia (HDA) had their screw and piston chillers replaced with centrifugal models that offer greater energy efficiency. The initiative resulted in a reduction of **242,476 kWh** per month.

## Energy Consumption at the plants

Direct emissions from renewable sources GJ



Consumo de energia indireta pelo uso de eletricidade GJ



Indirect emissions from the use of electricity GJ



(1) Calendar year (January 1 to December 31)  
(2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

### Rational use of water

Water savings also contributed to intelligent consumption of this scarce natural resource. At the company plants, different types of initiatives were adopted in this area.

Honda Automóveis do Brasil implemented a solution that resulted in 50% savings of the water generated by the HVAC system, eliminating the loss of **1,400 liters** of water per hour. This was possible due to the reduction by 50% in the number of nipples, and replacing the remaining nipples with a model with a smaller diameter, which also resulted in 30% savings in energy consumption. In another initiative in the Sumaré unit, in the Internal Logistics sector, the

implementation of a system to harvest and reuse rainwater made it possible to reduce consumption of drinking water by **22,400 liters** per year.

Aiming to reduce consumption of drinking water from the artesian well, the Parts division of Moto Honda, located in Sumaré, SP, implemented a system to reuse water condensate from air conditioning units. Now, the water is stored in tanks to be used in the cleaning of sidewalks and watering plants, instead of being discharged. The tanks were salvaged from the scrap of the automobile plant. This initiative reduced monthly consumption of water by **12,5 m<sup>3</sup>**.

### Water withdrawn at the Plants by source and acquired

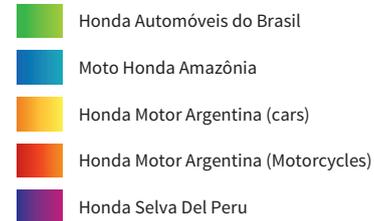
Consumption of water withdrawn from surface sources (m<sup>3</sup>)



Consumption of water withdrawn from underground sources (m<sup>3</sup>)



Consumption of recycled water (m<sup>3</sup>)



(1) Calendar year (January 1 to December 31)  
 (2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

At Honda Automóveis do Brasil, the water consumption in 2014 was atypical due the execution of works for the construction of new buildings (such as the administrative headquarters of Honda South America). In the following year, the consumption returned to normal levels. In 2015, the interconnection network of wells for water distribution to meet isolated points and high consumption of the plant was carried out, providing more independence in relation to water supply through external supply (water trucks).

## Waste

The company is committed to improving its waste management system and encouraging its proper disposal, according to the legislation in force, in addition to investing in measures that contribute to reduction of waste generation. By implementing initiatives for reuse of materials, the company endeavors to complete the lifecycle of all materials involved in the production process. To this end, the company develops technology that allows for the reduction, reuse, and recycling of waste, which, in the 2015 fiscal year, included actions in the stamping and assembly line for automobiles, at the waste water treatment stations, in the production of motorcycles, among others.

The Stamping Department at Honda Automóveis do Brasil (HAB), responsible for producing the largest parts for automobiles, such as the hood, roof and doors, developed a way to optimize consumption of raw materials and reduce disposal of waste. After a few tests conducted, an initiative was implemented to reduce the size of the plates received from the supplier, without altering the quality of the product. Consequently, less scrap is generated after trimming, which avoided generation of **163 tons** of scrap annually.

In the motorcycle sector, all waste generated by the production processes are taken to the Sorted Collection Center at the Moto Honda da Amazônia (HDA) plant, in Manaus, AM.

In 2015, the company started to recycle steel sheet scraps from the production of components for the manufacture of engine cylinder. With the initiative, about 20 tons of steel were recycled.

**SAVINGS IN DISPOSAL  
OF 163 TONS OF  
SCRAP ANNUALLY.**



Engine of the Honda CB 1000

33%

Each engine has approximately 33% recycled material. Currently, the motorcycle plant produces 85,500 engines per month.

In this aspect, aluminum and shell sand allow for a certain degree of use of recycled material in their composition, pursuant to thresholds specified in order to ensure the required mechanical properties for safety of the products. Each engine, for example, has approximately 33% recycled material and, currently, the plant produces **85,500 engines** per month. In the case of shell sand, the company sends the waste to a partner company

that is responsible for recycling and subsequent return to the plant for reuse in the mold production process.

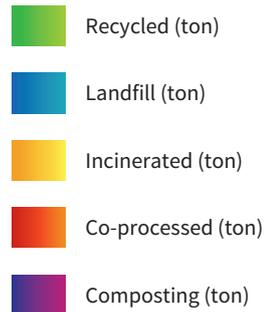
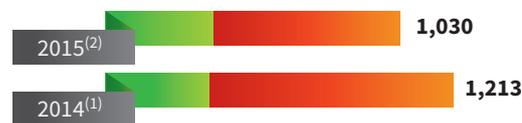
The Distribution Center in Peru began to recycle and reuse cardboard packaging. This initiative allowed for a reduction of **7 tons** per year in consumption of this material. The same process was also adopted by the trike plant, reducing consumption by **54 tons** per year.

### Honda Automóveis do Brasil

Non-hazardous waste (ton)



Hazardous waste (ton)



(1) Calendar year (January 1 to December 31)

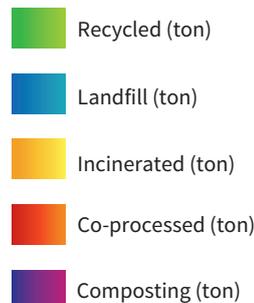
There was an increase in non-hazardous waste, mainly recyclable scraps of stamping and parts of packaging, due to the start of production of the HR-V model, which, in relation to other manufactured cars, is significantly higher proportions.

### Moto Honda da Amazônia

Non-hazardous waste (ton)



Hazardous waste (ton)



(1) Calendar year (January 1 to December 31)  
 (2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

### Honda Motor de Argentina (Cars)

Non-hazardous waste (ton)



Hazardous waste (ton)



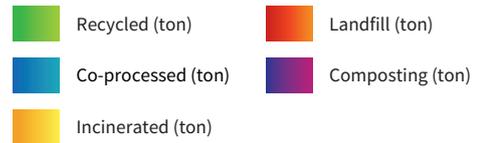
(1) Calendar year (January 1 to December 31)  
(2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

### Honda Motor de Argentina (Motorcycles)

Non-hazardous waste (ton)



Hazardous waste (ton)



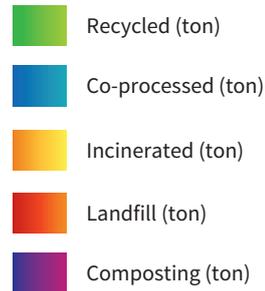
(1) Calendar year (January 1 to December 31)  
(2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

### Honda Selva del Perú

Non-hazardous waste (ton)



Hazardous waste (ton)



(1) Calendar year (January 1 to December 31)  
(2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

Honda Selva del Peru discards waste considered hazardous, batteries and oil, which account for less than 1% of its total waste, to landfills controlled and monitored according to local law.

## Green Office

The administrative headquarters for Honda South America (HSA), located in the city of Sumaré, SP, was designed with eco-friendly resources, such as light fixtures with reflective aluminum adapted to expand luminosity and environments with ample windows to take advantage of sunlight. The windows also optimize natural ventilation - the unit activates the air-conditioning in peak hours with higher concentration of people. For proper disposal of waste, the office has waste bins for recyclables throughout the building.

The building in the city of São Paulo, where the sales departments for motorcycles, power products, and Honda Serviços Financeiros are located, has similar initiatives. Furthermore, an automated system turns off all building lights during lunch hour and at the end of workdays. Air conditioning is also a smart system, increasing its operation only when the temperature outside rises.



 **Green IT**

In order to achieve Honda's global premise for reducing environmental impact in all its business activities, the IT department develops every year improvement projects to provide high-technology to employees in order to optimize resources such as electricity. The data center outsourcing project at the administrative headquarters in the district of Morumbi, in São Paulo, SP, began in 2014 and was completed in 2015. In that same year, the project was extended to the plant's data center in Sumaré, SP, increasing from 50% to 90% the level of server virtualization. This initiative allows for the use of less physical space, since multiple applications can run on the same server. Consequently, the initiative allows for reduction in energy consumption, since there is less energy demand to maintain the server operating and cooling the environment. Additionally, at the end of their useful life, there will be fewer servers to be discarded, resulting in a reduction of discharge of toxic material into the environment.

## GHG Emissions by the Offices

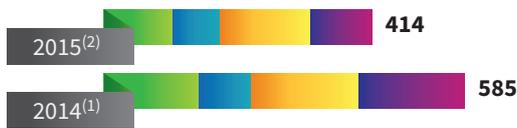
Direct emissions from renewable sources tCO<sub>2</sub>e



Direct emissions from nonrenewable sources tCO<sub>2</sub>e



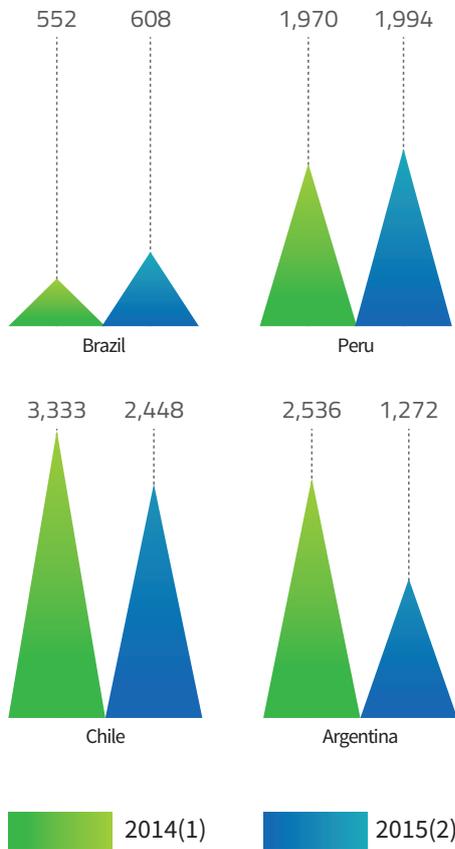
Indirect emissions from the use of electricity tCO<sub>2</sub>e



(1) Calendar year (January 1 to December 31)  
 (2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

## KPI EMISSIONS

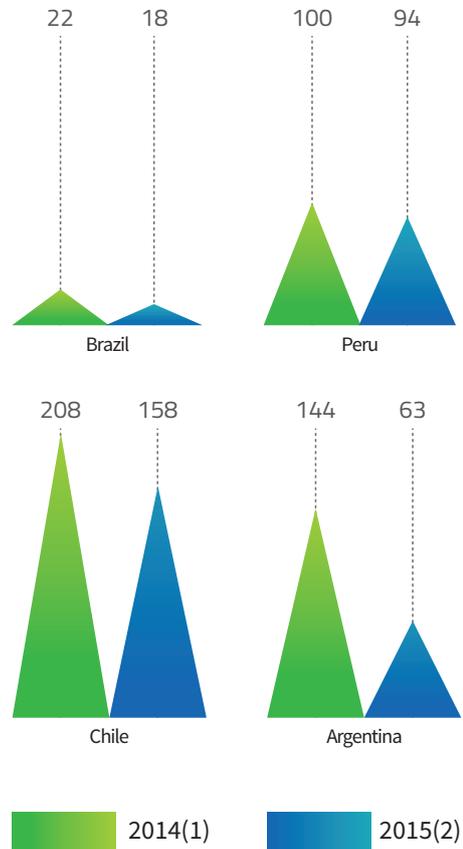
GHG Emissions by the Offices  
KPI 1 (Kg CO<sub>2</sub>e/person)



(1) Calendar year (January 1 to December 31)  
 (2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

## KPI EMISSIONS

GHG Emissions by the Offices  
KPI 2 (Kg CO<sub>2</sub>e/m<sup>2</sup>)



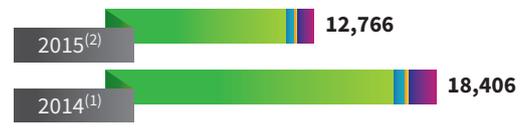
(1) Calendar year (January 1 to December 31)  
 (2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

## Energy consumption by the Offices

Direct emissions from renewable sources GJ



Indirect emissions from the use of electricity GJ



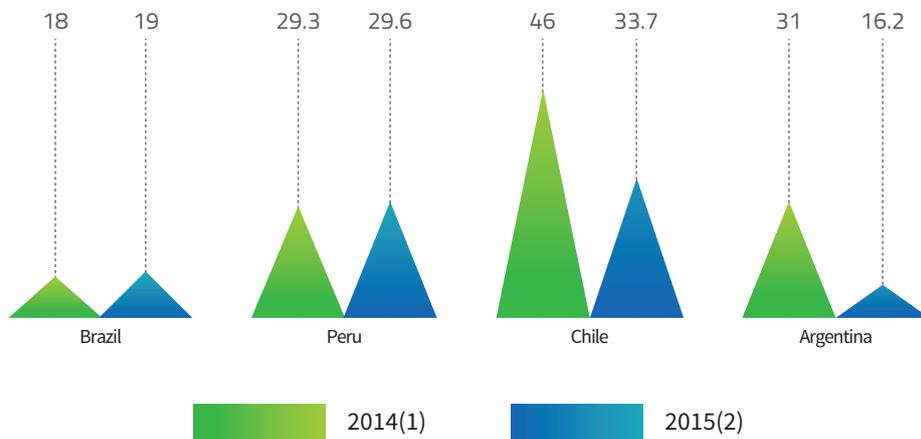
Direct emissions from nonrenewable sources GJ



(1) Calendar year (January 1 to December 31)  
 (2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

## KPI Energy Consumption

GHG Energy Consumption by the Offices  
 KPI 2 (Kg CO<sub>2</sub>e/m<sup>2</sup>)



The administrative headquarters for Honda South America (HSA) identified energy waste in the lighting system and implemented a system to turn off lights during idle periods,

such as lunch hours. This system reduced energy consumption by **89 kWh** per person, and prevented the emission of **6.3 tons of CO<sub>2</sub>** per year.

### Water Withdrawn by the Offices by Source

Total consumption of water by the Offices (m<sup>3</sup>)



(1) Calendar year (January 1 to December 31)  
 (2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

The administration units in São Paulo, SP, developed the project to reduce consumption of drinking water, especially due to the water shortage crisis in the city. Since most of the drinking water was used to supply sanitary bowls and urinals, a goal was established to reduce consumption by 30%. To reach this

objective, the solution found was to harvest water from the aquifer, treat and store the water to supply the restrooms. Furthermore, in order to ensure the quality of the water, treatment with ozone gas was used to eliminate bacteria, allowing for reuse.

### Waste from Offices

Recycled waste (ton)



(1) Calendar year (January 1 to December 31)  
 (2) 2015 fiscal year (April 1, 2015 to March 31, 2016)

Waste sent to landfills (ton)



Waste from the cafeteria at Honda South America (HSA), in Sumaré, SP, was sent for external treatment, generating costs for treatment and freight, consequently generating CO<sub>2</sub> emissions during transport. Currently, waste is shredded in the sink and sent in liquid form to the Biological Waste Treatment Station, located inside the

Honda plant. Food waste is rich in organic matter, serving as food for microorganisms responsible for treatment of effluents. This initiative made it possible to reduce by **two tons** the external disposal of waste.

## Green Dealer

With the continuous growth of its dealership network and the increase in waste generated in providing services, Honda began, in 2003, the development of an initiative to reduce the environmental impacts resulting from after-sales services. The result was the creation of the Eco-Friendly Dealership Program (Green Dealer), a certification issued by Honda to motorcycle and car dealerships that correctly and efficiently dispose of 100% of the waste generated.

After proof of correct destination of the waste generated in providing services, the dealership receives a certification valid for one year and, as support, receives a reference guide for the facilities, procedures, training of team and partnerships with specialized suppliers in waste management. Since its implementation, significant progress was noted in the correct disposal of waste.

		<b>Tires (kg)</b>	<b>Batteries (kg)</b>	<b>Solid waste (Kg)</b>	<b>Oil, lubricants, and fuel (l) (kg)</b>
					
<b>CARS</b>	2009	134	1,518	162,642	342,601
	2010	535	6,073	650,657	1,370,403
	2011	8,328	11,808	1,264,992	2,664,672
	2012	40,184	31,030	1,135,222	2,769,198
	2013	96,304	33,518	1,442,008	2,830,134
	2014	280,471	35,914	1,966,955	3,133,930
	2015	308,556	37,847	2,057,711	3,163,021
	<b>ACCUMULATED</b>	<b>734,612</b>	<b>157,708</b>	<b>8,680,097</b>	<b>16,273,959</b>
<b>MOTORCYCLES</b>	2008	17,748	1,102	327,555	1,454,304
	2009	36,443	2,262	672,580	2,986,171
	2010	70,993	4,407	1,210,221	5,817,216
	2011	92,291	5,729	1,703,287	7,562,381
	2012	89,960	138,072	2,097,953	5,166,412
	2013	200,651	105,009	1,971,018	5,011,355
	2014	383,403	85,467	2,596,906	5,474,612
	2015	298,966	111,563	2,700,930	5,308,322
	<b>ACCUMULATED</b>	<b>1,190,455</b>	<b>453,611</b>	<b>13,280,450</b>	<b>38,780,773</b>



# Green Logistics

[G4-EN30]

In the transport of parts and products, guided by the Green Logistics Concept, Honda reduced the level of greenhouse gas emissions (GHGs) in the 2015 fiscal year through the following initiatives:

## › Priority to waterway transportation

Honda uses the structure of Brazil's bodies of water to achieve efficiency in the transport of products using coastal shipping. The company seeks to expand the waterway transport mode as a way to gain efficiency in logistics for distribution of products from the motorcycle plant in Manaus, AM, as far as points of distribution support throughout the country.

In 2015, the company developed a project to maximize the use of this type of transportation, focusing on larger volume of distribution of motorcycles to service centers in the cities of Camaçari (BA), Fortaleza (CE), Recife (PE) and Campinas (SP). Additionally, the company invested in studies of this type of transportation encouraging six suppliers to adopt the coastal shipping system for delivery of products, expanding from 2 to 8 the number of partners.

With the first project, Honda managed to reduce emissions by **61 tons of CO<sub>2</sub>** per month in the 2015 fiscal year. In the following year, the company managed to capture emissions of **113 tons of CO<sub>2</sub>** per month.

## › Return of racks via coastal shipping

In the 2015 fiscal year, the logistics department implemented certain changes that allowed for the return of 60% of the transportation racks for motorcycles from the PADs (Distribution Support Points) from Fortaleza (CE), Recife (PE) and Camaçari (BA), to the plant in Manaus, AM, via the coastal shipping system. Previously, the racks returned to the plant via highway and this initiative made it possible to prevent emission of **65 tons of CO<sub>2</sub>eq** per month.

## › Truck haul optimization

Re-adapting practices made it possible to optimize the transport of parts via highway from the plant in Manaus, AM. The initiatives resulted in increased occupation of 90% of the useful space on trucks – instead of 75%, as before. With this, the company reduced the number of trips required for the transport of parts, generating a reduction in emissions of approximately **63 tons of CO<sub>2</sub>eq** per month.

Similar measures were adopted at Honda del Perú. Technical personnel at the Replacement Parts department noticed that trucks were being shipped with 80% of their capacity, and managed to further optimize this space. This initiative reduced the number of daily trips of automobile and motorcycle parts from five to two, from the plants to dealerships. The smaller number of trips generated savings of **6,138 L** of fuel per year, preventing emission of **15.6 tons of CO<sub>2</sub>eq**.

## Recycling

Honda Automóveis do Brasil (HAB) uses fabric made from recycled PET bottles as input in the production of owner’s manual storage pouch for cars sold to customers. In a balance for the current fiscal year, along with the supplier of recycled plastic fabric, Honda recorded **127,56 recycled PET bottles** between 2011 and 2016, corresponding to 7 tons of plastic materials. This number was achieved after changes in the owner’s manual storage pouch made by Honda in 2013. In the initial model, each 11 recycled PET bottles yielded 21 pouches. By changing the shape of the product, this input was optimized and the same 11 PET bottles now produce 41 pouches.



### Recyclability of products

Honda, under its global strategies, has strived to expand the level of recyclability of its products, maintaining the brand’s standard of quality and safety. As a result of this initiative, the company maintained a recyclability rate for its new vehicles sold in the 2015 fiscal year

in excess of 90% in the case of automobiles, and more than 95% for motorcycles, in addition to the reuse of components and materials in excess of 95% for the power products line.

### Recyclability rate of the main products



# Employees

[G4-10, G4-11, G4-LA1, G4-LA8, G4-LA9, G4-LA10, G4-LA11]

Balance and continuity of Honda's businesses are ensured by its employee management policy. The company adopts five basic principles that value individual dreams and harmony in the workplace as core elements of its operating model. The idea is to maintain the company's youthful, challenging, and constantly evolving spirit.

### Five Topics of Honda's Philosophy

- 1 Always keep the dreams and the young spirit.
- 2 Value the theories, ideas and time.
- 3 Love your work and value communication.
- 4 Create, constantly, a harmonious workflow.
- 5 Always keep in mind the values of research and perseverance.

## Total number of employees, by type of employment and gender

	Male	Female
Temporary	476	120
Permanent	10,130	1,309

\* Temporary: apprentices and interns. Permanent: sum of Full-Time + Part-time.  
The numbers reported in this table consider only the operations in Brazil, Chile and Peru.

## Total number of permanent employees, by type of employment and gender

	Male	Female
Full-time	10,086	1,248
Part-time	44	61

\* Full-time: Working hours/month > 200h. Part-time: Working hours/month < 200h.  
The numbers reported in this table consider only the operations in Brazil, Chile and Peru.

### Total workforce by own employees and contractors and by gender

Total workforce	Male	Female
Own	10,606	1,429
Contractors	730	90

\* Employees = temporary + permanent.  
The numbers reported in this table consider only the operations in Brazil, Chile and Peru.

### Total workforce by region and gender

Region	Male	Female
Brazil (North)	6,461	622
Brazil (Southeast)	3,861	758
Argentina	1,117	94
Chile	63	14
Peru	221	35

\* workforce = employees

### Total number of new hires

	Male	Female
Under 30 years of age	588	61
30 to 50 years of age	111	23
Over 50 years of age	0	1

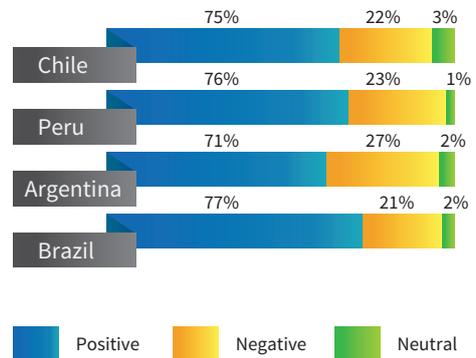
\*The numbers reported in this table consider only the operations in Brazil, Chile, and Peru.

In this aspect, the company's turnover rate is higher among employees under 30 years of age. In the 2015 fiscal year, turnover reached 21.83% for men and 16.57% for women, considering permanent employees.

### Employee turnover rate (%)

Brazil	Male	Female
Under 30 years of age	21.83%	16.57%
30 to 50 years of age	5.05%	5.47%
Over 50 years of age	8.45%	5.93%
Peru	Male	Female
Under 30 years of age	22%	2%
30 to 50 years of age	27%	4%
Over 50 years of age	0	0

## 2015 CLIMATE SURVEY



Company’s management of human resources is based on the results of a climate survey conducted every year in the units in South America. In 2015, Honda maintained the good results in all the countries in the bloc.

Inspiration of dreams and conservation of the young and challenging spirit of its employees are made possible through a corporate structure geared toward continuous development. Honda encourages the freedom of teams to exercise their potential and interest in acquiring new competencies.

As part of this strategy for personal development and dissemination of the Honda Philosophy to all employees and managers, the company has an internal Development and Training framework that includes technical, management and leadership training, as well as programs for strengthening the organizational culture.

**Global Assignment Program (GAP):** International strategic development program, the GAP focuses on empowering the next generation to act in a globalized environment and lead Honda’s strategies and changes. Development objectives are associated with technical training and management (leadership); acquisition of know-how; benchmarking of Honda’s global operations; international experience and networking; and learning of new processes that

may be applied in Brazil. In the 2015 fiscal year, 16 employees of Honda participated in the GAP in development periods that varied from one to six months in Japan, the United States and other countries.

**Executive Development Program:** To strengthen the role of local leadership and prepare the development of the next generation of Honda leaders for South America, the EDP (Executive Development Program) was created in 2014. Developed in partnership with the ISE Business School, the program offers a diversified range of activities that ensures complete training to participants. Executives from various business areas interact with each other to obtain a view of the macro-environment of the automotive industry to make an in-depth financial analysis of the organization. The agenda is organized into three pillars: Honda Philosophy and Culture, Leadership and People Management, and Business Strategy. Among the development tools used are the 360° evaluation, Personality Assessment (MBTI), Individual Development Plan (PDI), and Professional Coaching with sessions that seek to support the implementation of PDIs.

In the 2015 fiscal year, women were the highlight in training courses held by the company. In addition to training, internal opportunities to work in other areas are offered through internal recruitment and the practice of job rotation.

**Average number of training hours per employee**

[G4-LA9]	Male	Female
Directors	6	0
Managers and general managers	32	67
Employees - administration	20	18
Employees - plant	4	8

\* Data reported in this table consider the operations in Brazil, Argentina and Chile.

**NHC**

Another important initiative that contributes to the development of employees is the NHC (New Honda Circle). It is a global program for the company that aims to promote sharing of experiences and contribute with ideas to optimize resources and improve internal processes, and the quality of the workplace environment. NHC brings together every year groups of employees formed from all

company units in Brazil and worldwide. In 2015, a total of 1,784 groups were registered from the units in Manaus, AM, Sumaré, SP, and São Paulo, SP, and 57 of which were among the finalists. In addition to gains in visibility and learning, the winning groups participate in conventions and have the opportunity to see their work implemented in the company's routine.

**Incentive to dreams in the beginning and in the end of careers**

Honda South America (HSA) has a program in place called **Programa Novos Caminhos** (New Ways program), which aims to prepare employees who are nearing retirement. The company helps these professionals to remain healthy and productive even after retirement. The program lasts five years and, throughout this period, several training courses are held encompassing finance and career.

At the other extreme, a work is done to attract young professionals seeking job opportunities in the market. Through the

program called **Jovens Talentos**, (Young Talents), Honda offers to new interns and trainees a special cycle of activities and training courses to contribute to their professional development and to build a solid career with the company. Participating in the program, young professionals can understand the operation and sheer size of the business as a whole, and know closely the company's main activities and strategies, visiting the areas of administration, sales, customer service, product research and development, and production.

## Remuneration policy

Honda's remuneration policy is based on two premises: internal equity, ensuring that people with similar responsibilities have equivalent remuneration; and external competitiveness, ensuring fair remuneration in relation to the market.

In 2014, the project Restructuring of Positions and Salaries was implemented in order to ensure an increasingly meritocratic remuneration program and, above all, capable of laying the foundations to support continued growth of the business in a highly competitive scenario.

The work was done with the support of a specialized consulting firm and brought the most modern practices in the area of remuneration to Honda South America (HSA). To this end, a broad assessment of positions was conducted by examining the level of technical expertise, the scope of activities, responsibilities and the impact of each of these positions for the organization.

Thus, it was possible to have a clear vision of the structure for the development of specific strategies for each of the positions and consistent with the business priorities. Wage developments and payment of variable salaries are based on the performance of the employee depending on assessments of goals and competency.

The company also has various forms of benefits, including participation in profits and results and bonus programs that vary according to the results of the business and individual performance evaluation.

In addition, the company offers merit and performance-based promotions. To be eligible for merit, it is necessary to have worked one year at the company, be at least a year without a salary increase, and have good performance review in the last 12 months.

## Equality

Honda values an open work environment, offering autonomy and equity among all. Therefore, no employee, not even the directors and members of the Presidency, have separate offices. In the units, the refectory and the locker room are

shared by all, regardless of area of operation or hierarchical level. In addition to highlighting the principle of equality, this practice seeks to facilitate communication between all levels and the integration between areas and co-workers, fostering teamwork.

To reinforce the image of parity between employees of HSA, all those based in manufacturing plants use the white uniform, including the administration area and senior management, reinforcing the concept of organization, cleanliness and quality. The employees also have the possibility to make free use of the industrial laundry for washing the uniforms.

In the area of Human Rights, the company remains firm in its commitment for its activities not to promote or condone any type of violation or exploitation.

## Safety and quality of life

Another very important aspect in labor relations refers to health and safety. These aspects are given special attention with constant investments in safety, ergonomics and occupational health, always complying with industry laws and regulations.

To meet the regulatory standards, all safety training required by law is conducted, such as: training and retraining of the emergency brigade; safety in the operation of presses, simulators and injectors; work in confined spaces; work at heights; operation of forklifts; overhead crane; safety course on electric installations and services; operation of lift platforms; among others.

It is worth mentioning that the main occupational diseases liable to occur in Honda's activities are related to ergonomics. Thus, in addition to compliance with regulatory standards, Honda strengthens preventive measures and treatment in this area. The company has in place an Internal Ergonomics Committee, whose team operates based on the Ergonomic Analysis of Work (AET), using ergonomic tools, reach and force standards, interviews with employees and consultation with occupational physician to eliminate and reduce risks in the workplace.

All company's production processes are mapped in order to identify opportunities for improvement. The actions are managed by the ergonomics team in the Occupational Safety sector, with assistance from the Internal Ergonomics Committee and direct involvement of the representatives of the areas.

In addition, Honda invests in initiatives that include events to promote sports, health services, training and awareness campaigns, such as a week of lectures to strengthen the importance of safety and other topics related to health among employees.

It is worth mentioning that various areas of the company have representatives in the Health and Safety Committee, which centralizes sector data and addresses relevant aspects for employees involved in the various activities carried out by Honda. The results are presented to the Board of Directors on a monthly basis and the activities have greater focus on the production area, although there are representatives in the administration area.

Each representative is responsible for receiving the information from the Occupational Safety department, disseminate it to their teams, centralize sector data, prepare reports and return them to the safety department to consolidate the information and prepare the presentation to the Executive Board.

*Honda invests in initiatives that include events to promote sports, health services, training and awareness campaigns, such as a week of lectures to strengthen the importance of safety and other topics related to health among employees.*

## Policy to prevent e accidents in the workplace

Honda has a solid policy in place to prevent accidents in the workplace. The company constantly monitors risks of accidents through a proprietary system and determination of evaluation indicators. The system treats the data and performs the classification of degrees: trivial, tolerable and, at most, moderate. Its application aims to control risks in work environments, eliminating them or keeping them under constant observation.

## Union relations

Within the principles of respect, ethics and transparency, Honda values compliance with laws, labor regulations and collective agreements negotiated with unions in each location in which it operates. The company values, guided by the relationship of trust with employees, guarantee freedom of trade union association and open-door policies to promote constant dialogue.

After a 4-year retraction in the motorcycle market in the country, which reflects restrictions to credit, exchange rate variations, inflation, in addition to the economic and political crisis, Honda had to adapt the company to the reality of the sector. In this sense, the company announced the suspension of one of the assembly lines of its the plant in Manaus, AM, and a voluntary resignation program (PDV) for employees. Nearly 500 people joined the program, which also included employees of the units in São Paulo and Indaiatuba, SP. Currently, Honda is monitoring the evolution of the market, confident in a resumption in the medium term so that it can resume its production levels. For Honda, adjustments in personnel are always a last resort, after all other possibilities have been exhausted.

**100%**  
All employees  
of Honda South  
America are covered  
by union agreements. 



## Together for Tomorrow

### Together for Tomorrow

Following global principles, under the motto Together for Tomorrow, Honda clearly demonstrates the importance of the relationship it maintains with society. Based on four pillars (Environment, Education, Community and Traffic Safety), the company believes that the union with the surrounding community, in addition to providing social, economic and environmental development, is the right path to help build a better and more egalitarian world for future generations.

### Vision

Honda values sharing joy with people throughout the world through its socially responsible activities.

### Basic principles

With a global vision, the company contributes to the well-being of local communities worldwide through products and technologies that benefit society. Thus, Honda further strengthens its commitment to all communities where it conducts businesses, promoting a society where persevering and dedicated individuals actively participate in socially responsible activities.

### Global guidelines

Working to create a future society where everyone can pursue their dreams, Honda:

- › Supports education of young adults for the future.
- › Works to preserve the global environment.
- › Promotes traffic safety through education and training.

*Believing in relationships of trust as a fundamental part for continuity of business, Honda contributes to the social and economic development of the communities close to its industrial operations through various social projects.*

# Education



Graduation Class of 2015 of Honda Professional Training Course

## Pioneers in motion

For the third consecutive year, Honda Motor de Argentina has promoted workshops in primary schools in the cities where it is installed, encouraging children to develop a critical spirit to build a better future. Students from the 1st to 6th grades of Campana, Florencio Varela, Pacheco, and Vicente López participated in activities based on the four principles for social contribution of Honda (environment, education, community and traffic safety). The event was attended by 41 volunteer employees from Honda.

## Professional Training Course

In 2015, a total of 16 students graduated in the 9th class of the Honda Professional Training Course, educational project maintained by After-Sales Training Center in Recife, PE, in partnership with Honda Serviços Financeiros, and were given the first job in one of the brand's dealers in the region, where they will have the opportunity to develop professionally.

With this project initiated in 2007, Honda has benefitted 165 young adults in socially vulnerable situation in the capital city of the state of Pernambuco. More than 85% of them remain active in the labor market. The initiative targets residents of the region aged between 18 and 20 and who are currently attending or

have completed high school. With more than 800 hours of training, divided into modules covering health, family relations, information technology, environment and job behavior, the course offers personal guidance and technical training in the sectors of automobiles and motorcycles to young students, and teaches them about the importance of volunteer work.

## Plant tour

In 2015, Honda plant in Iquitos, Peru, opened its doors for students from local schools and universities to see how the main means of transport in the region is produced: the motorcycle. The 126 visitors in 2016 learned about the production processes and the rigorous international quality standard adopted by Honda.

# Community



Project to music education and training of instrumentalists in Paraisópolis, south region of São Paulo, SP.

## Prato Fácil and Prato Cidadão

For only BRL 1.00, the low-income population of Manaus, AM, has available nutritious and balanced meals in the restaurants of the projects **Prato Cidadão** - a partnership of Honda with the Amazonas State Government – and **Prato Fácil** – coordinated by the City Hall of Manaus in partnership with Honda.

## Recycling Smiles

The Garrahan Children's Hospital is supported by all units of Honda Motor de Argentina. The main activities of the partnership are the campaigns to collect recycled materials to assist in the treatment of children treated in the hospital. In 2015, a total of 7,157 kg of paper were recycled (equivalent to 121 trees) and 373 kg of plastic bottle caps were collected, preventing 673 kg of CO<sub>2</sub> from entering the atmosphere.

## Project for music education and training of instrumentalists

Honda's partnership with the Orquestra Bachiana Filarmônica, of conductor João Carlos Martins, has been ongoing more than five years. The company is supportive of the music education project and training of instrumentalists in poor communities, an initiative that serves the community of Paraisópolis, south region of São Paulo, SP, under the leadership of the conductor and his orchestra.

Every year, the initiative caters to nearly 90 socially vulnerable young adults with

classical music lessons. Participants have the opportunity to learn to play instruments and develop as professionals of art, if they so wish.

## Community mobilization

Believing in the power of dreams and turn them into reality. This was the goal of the community mobilization project, promoted by Honda Energy do Brasil in partnership with the city of Xangri-lá, RS, under the methodological guidance of the Elos Institute. The initiative suggested that, in just two days, members of the community of the district of Figueirinha became agents of transformation of the local condition through the realization of a collective dream in just two days. After choosing the desired square, around 250 residents and volunteers of Xangri-lá and region participated in the construction of the dream.

## Incentive to culture

In the last fiscal year, Honda Automóveis supported a number of social and cultural activities for the local community. Photography workshops, film festival and free plays completed the program of the city residents. In addition to cultural activities, the company encourages the practice of sports. Honda sponsored the Running Circuit of Sumaré and the plan for the next fiscal year is to support the project that offer free judo lessons to 60 children and adolescents from an underprivileged neighborhood in the city. In total, about 37,000 people from the local community were benefited.

# Environment



16ª Environmental Contest in Manacapuru (AM), sponsored by Honda.

## Science Circuit

Conducted by the National Institute of Amazonian Research (INPA), with sponsorship by Moto Honda and support from the Amazonas State Government, the Science Circuit is the largest environmental socialization project between an institute and the Manaus public schools. The purpose of the initiative is to have students learn the importance of respect to the environment while playing. Educational workshops, games and exhibitions about malaria and dengue fever, leishmaniosis, aquatic insects, Ecoethos of the Amazon project, were some of the activities offered to public school students in 2015. In 16 years of existence, the circuit has received nearly 60,000 students of Municipal and State schools. Each year, there are approximately 2,800 students from 40 public schools.

## Agricultural project

With an area of 1,000 hectares, of which 580 are of native forest reserve maintained by Moto Honda in Manaus, AM, the project aims to plant

more than 26,000 trees of endangered species (mahogany, rosewood, copaíba and andiroba), in addition to fruit trees (coconut, peach-palm, amazon cherry, lemon, papaya and banana). As a result, nearly a ton of food is produced monthly, with part of the crop being consumed by employees at the Manaus plant and the other part is donated to institutions of assistance to children and the elderly in the region. In 2015, due to the strong summer, planting of fruit was damaged, affecting donations. With temperatures back to normal, service to the entities will be resumed.

## Environmental Contest

In 2015, Honda supported the sixteenth edition of Environmental contest, event held in Manacapuru (AM) aiming to educate the local riverside community about the importance of preserving the lakes Parú and Calado, who were being polluted by improper waste disposal. About 1,200 people participated in this year edition and learned how to take care of the resource to the main activity of the region: fishing.

# Traffic safety

[G4-S01]



Honda's Traffic Education Center (CETH)

Honda believes that providing quality and high-tech products alone is not enough. To provide a satisfactory experience to consumers, it is necessary to ensure the conditions for vehicles to be used safely.

As a national reference in raising awareness of motorcyclists concerning traffic safety, Moto Honda has invested in educational programs and traveling activities since the 1970s, when it started its activities in Brazil.

In the country, the company has three Honda Traffic Education Centers (CETH), in Indaiatuba, SP, Recife, PE, and Manaus, AM. All units have highly qualified teams and structure to provide free riding lessons to customers, fleet companies and public agencies, such as the police force and firefighters, responsible for agile service to the population.

CETH training is divided into theoretical and practical classes that make it possible to experience different traffic situations and be prepared to react safely. The topics presented include riding the motorcycle, preventive inspection, protective equipment, riding techniques and strategies, safe riding in the rain and at night time.

The teams of the three units conduct educational lectures, test rides and traveling educational activities throughout Brazil. In addition, in order to take the safety riding concepts and techniques to end customers across the country, Honda has the support of 42 Traffic Education Centers of the Dealers (CETCs), whose instructors are certified by the CETHs. In the last fiscal year, approximately 49,000 people participated in the initiatives promoted by Honda in favor of safer traffic.

## Harmony in Traffic

To further expand the dissemination of safe riding concepts, the company offers the Harmony in traffic portal ([honda.com.br/harmonianotransito](http://honda.com.br/harmonianotransito)). In it, users have access to free content for motorcycle riding, in addition to videos, exercises and 3D animations with traffic tips for drivers, motorcyclists, cyclists and pedestrians. It is also possible to download primers about basic and advanced techniques for riding safely on- and off-road and ATVs.



## Advanced riding course for public agents in Ecuador and Colombia

In 2015, the public agents in Ecuador and Colombia took the Honda advanced riding course, intended for professionals who use the motorcycle in extreme situations. 681 riders were trained in 22 courses, among security agents (police force) and agents of other public agencies.

## Development course for instructors of Centro de Formação de Condutores (CFC)

Honda Traffic Education Center (CETH), Detran-SP and the Union of Driver Education Schools of the State of São Paulo (Sindautoescola) established a partnership, in 2014, to train the thousands of motorcycle instructors from driver education schools across the State. The purpose of the project is to improve the riding techniques of those who have recently taken

In South America, Honda has five CETH units; three in Brazil, one in Argentina, and one in Peru.

their driver's license through professionals responsible for the first contact of future motorcyclists with the vehicle.

The following are among the topics covered in the course: posture and protective equipment, riding in expressways and highways, safety strategies, braking and changing directions, behavior in curves, riding in the rain and at night time, riding in groups, adversities, procedures in riding with passengers, and defensive riding. In 2015, the CETH team held 59 courses. In all, more than 1,100 instructors from 238 cities in the State of São Paulo were trained.

## Mobile Riding Unit

In 2015, the CETHs of Indaiatuba, SP, Manaus, AM, and Recife, PE, in partnership with Honda's Field Operations Department, took Honda's mobile riding unit to nine states in Brazil. The unit provides courses, lectures, education

programs and test rides for motorcyclists who live in municipalities that are located further from CETH units. In 2015, a total of 10,344 people participated in the traveling activities in 14 Brazilian states. Since 2013, more than 20,000 people have benefitted from the initiative.



Mobile Riding Unit



Kid's town Clubinho Honda in the Honda Traffic Education Center (CETH) of Manaus, AM.

## Traffic education since the early years

Aware of the importance of education for construction of a better world, Honda created, in 1992, the project **Clubinho Honda – Trânsito Amigo**. The purpose of the initiative is to teach the importance of coexistence in traffic among pedestrians, cyclists, drivers and motorcyclists, in a light-spirited and fun manner.

In 2009, the digital version was presented to children. At [honda.com.br/clubinhohonda](http://honda.com.br/clubinhohonda), parents, teachers and children have available manuals, comic books, movies and games. In all materials, a superhero and his gang simulate real traffic situations teaching important lessons about safety.

In 2012, the Honda Traffic Education Center (CETH) of Indaiatuba, SP, inaugurated the kid's town of Clubinho Honda in its premises. The area, open to children from public and private schools in the municipality, reproduces a town



with the purpose of conveying educational concepts in traffic. At the site, the little students have practical classes using electric toy bikes. During the period covered by this report, the CETHs of Recife, PE, and Manaus, AM, were completing the preparation of their kid's towns to inaugurate them in the first half of 2016.

The project is also shared with communities from other regions in Brazil and has the support of Honda dealership network that promotes, periodically, educational activities, distributing comic books and play books to children across the country.



 INDEX

# **GRI CONTENT**

# INDEX GRI CONTENT

[G4-32]



INDICATOR	PAGE	SECTION	OMISSION/NOTE
<b>Strategy and Analysis</b>			
G4-1	4	Message from the Administration	
G4-2	4	Message from the Administration	
<b>Organizational Profile</b>			
G4-3	20	About Honda	
G4-4	12, 20	About Honda	
G4-5	12, 20	About Honda	
G4-6	12, 20	About Honda	
G4-7	12, 20	About Honda	
G4-8	12, 20	About Honda	
G4-9	12, 20	About Honda	Data on employee profile is currently controlled by HSA in accordance with the determination period of the Japanese fiscal year (4/1/14 to 3/31/15).
G4-10	12, 71	About Honda Social and Environmental Performance	Social and Environmental Performance
G4-11	71	Social and Environmental Performance	In Brazil, all employees working in Sumaré are part of the Metallurgist Trade Union of the city of Campinas. In Argentina, the employees are part of the SMATA (Sindicato de Mecánicos y Afines del Transporte Automotor), and in Chile no employees are affiliated to trade unions and all rules imposed by the governing body (Dirección del Trabajo) are fulfilled.

INDICATOR	PAGE	SECTION	OMISSION/NOTE
<b>Organizational Profile</b>			
G4-12	36	Honda Products	
G4-13	12	About Honda	
G4-14	21	About Honda	
G4-15	12, 24	About Honda	
G4-16	12, 24, 51	About Honda Governance	
<b>Identified Material Aspects and Boundaries</b>			
G4-17	8, 20	About the Report	
G4-18	8	About the Report	
G4-19	8	About the Report	
G4-20	8	About the Report	
G4-21	8	About the Report	
G4-22	8	About the Report	
G4-23	8	Sobre o Relatório	
<b>Stakeholder Engagement</b>			
G4-24	8	About the Report	
G4-25	8	About the Report	
G4-26	8	About the Report	
G4-27	8	About the Report	
<b>Report Profile</b>			
G4-28	8	About the Report	
G4-29	8	About the Report	
G4-30	8	About the Report	

INDICATOR	PAGE	SECTION	OMISSION/NOTE
<b>Report Profile</b>			
G4-31	8	About the Report	
G4-32	85	GRI Content Index	Core
G4-33	8	About the Report	There was no external assurance
<b>Governance</b>			
G4-34	47	Governance	
G4-38	47	Governance	
G4-39	47	Governance	The Chairman of the Board of Directors does not hold the position as executive director
<b>Ethics and integrity</b>			
G4-56	47	Governance	
<b>Economic Aspect</b>			
<b>Economic Performance</b>			
G4-EC2	56	Social and Environmental Performance	
<b>Indirect Economic Impacts</b>			
G4-EC7	16	Honda	
G4- EC8	16	Honda	
<b>Environmental Aspect</b>			
<b>Energy</b>			
G4-EN1	36	Honda Products	
G4-EN2	36	Honda Products	
G4-EN3	56	Social and Environmental Performance	

INDICATOR	PAGE	SECTION	OMISSION/NOTE
<b>Energy</b>			
G4-EN4	56	Social and Environmental Performance	
G4-EN5	56	Social and Environmental Performance	
G4-EN6	56	Social and Environmental Performance	
G4-EN7	56	Social and Environmental Performance	
<b>Water</b>			
G4-EN8	56	Social and Environmental Performance	
G4-EN9	56	Social and Environmental Performance	
G4-EN10	56	Social and Environmental Performance	
<b>Biodiversity</b>			
G4-EN11	56	Social and Environmental Performance	
G4-EN13	56	Social and Environmental Performance	
<b>Emissions</b>			
G4-EN15	56	Social and Environmental Performance	
G4-EN16	56	Social and Environmental Performance	
G4-EN17	56	Social and Environmental Performance	
G4-EN18	56	Social and Environmental Performance	
G4-EN19	56	Social and Environmental Performance	
G4-EN20	56	Social and Environmental Performance	
G4-EN21	56	Social and Environmental Performance	

INDICATOR	PAGE	SECTION	OMISSION/NOTE
<b>Effluents and Waste</b>			
G4-EN22	56	Social and Environmental Performance	
G4-EN23	36	Honda Products	
G4-EN25	36	Honda Products	
G4-EN28	36	Honda Products	
<b>Compliance</b>			
G4-EN29			During the reporting period, there were no significant fines or non-monetary penalties.
G4-EN30	33, 68	Social and Environmental Performance	
G4-EN31	56	Social and Environmental Performance	
<b>Supplier environmental assessment</b>			
G4-EN32			
<b>Environmental grievance mechanisms related to environmental impacts</b>			
G4-EN34			During the reporting period, there were no significant fines or non-monetary penalties.
<b>Social Aspect</b>			
<b>Occupational Health and Safety</b>			
G4-LA1	71	Social and Environmental Performance	
G4-LA8	71	Social and Environmental Performance	

INDICATOR	PAGE	SECTION	OMISSION/NOTE
<b>Training and Education</b>			
G4-LA9	71, 74	Social and Environmental Performance	Data on training hours is currently controlled by HSA in accordance with the determination period of the Japanese fiscal year (4/1/14 to 3/31/15).
G4-LA10	71	Social and Environmental Performance	
G4-LA11	71	Social and Environmental Performance	
<b>Local Communities</b>			
G4-SO1	81	Social and Environmental Performance	
<b>Product Responsibility</b>			
<b>Product Safety</b>			
G4-PR2	33	Honda Products	
<b>Labeling</b>			
G4-PR3	33	Honda Products	
<b>Product and Service Labeling</b>			
G4-PR5	40	Honda Products	
<b>Privacy</b>			
G4-PR8	40	Honda Products	



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