

# Preparing for the Future

In the global economy, there are concerns of economic slowdowns in the U.S., Europe and Japan. In addition, the pace of economic expansion in Asia outside Japan is expected to decline. Moreover, the global business environment in which Honda's management operates still remains uncertain because of global political and economic uncertainties, fluctuations in oil and raw material prices, and movements in currency, finance and capital markets. As a result, Honda expects the operating environment to remain difficult.

It is under these circumstances that Honda seeks to strengthen its corporate structure quickly and flexibly to meet the requirements of its customers and society and the changes in its business environment. Also, in order to improve the competitiveness of its products, Honda will endeavor to enhance its R&D, production and sales capabilities. Furthermore, Honda will continue striving to earn even more trust and understanding from society through companywide activities. Honda recognizes that further enhancing the following specific areas is essential to its success:

## 1. Research and Development

Along with efforts to develop even more effective safety and environmental technologies, Honda will enhance creativity in its advanced technology and products, and will create and swiftly introduce new value-added products that meet specific needs in various markets around the world. Honda will also continue its efforts to conduct research on future technologies.

## 2. Production Efficiency

Honda will establish and enhance efficient and flexible production systems and expand production capacity at its global production bases, with the aim of increasing its capability of supplying high-quality products.

## 3. Sales Efficiency

Honda will remain proactive in its efforts to expand product lines through the innovative use of IT and to upgrade the sales and service structure, in order to further satisfy its customers.

## 4. Product Quality

Responding to increasing customer demand, Honda will upgrade its quality control through enhancing the functions of and coordination among the development, purchasing, production, sales and service departments.

## 5. Safety Technologies

Honda is working to develop safety technologies that enhance accident prediction and prevention, technologies to help reduce the risk of injuries to passengers and pedestrians from car accidents, and technologies that enhance compatibility between large and small vehicles, as well as expand its lineup of products incorporating such technologies. Honda will reinforce and continue to advance its contribution to traffic safety in motorized societies in Japan and abroad. Honda also intends to remain active in a variety of traffic safety programs, including advanced driving and motorcycling training schemes provided by local dealerships.

## 6. The Environment

Honda will step up its efforts to create better, cleaner and more fuel-efficient engine technologies and to further improve recyclables throughout its product lines. Honda will also work to advance fuel cell technology and steadily promote its new solar cell business. In addition, Honda will further its efforts to minimize its environmental impact. To this end, we set global targets to reduce the environmental burden as measured by the Life Cycle Assessment\* in all areas of business, spanning production, logistics and sales.

\*Life Cycle Assessment: A comprehensive system for quantifying the impact Honda's products have on the environment at the different stages in their life cycles, from material procurement and energy consumption to waste disposal.

## 7. Continuing to Increase Society's Trust in and Understanding toward Honda

In addition to continuing to provide products incorporating Honda's advanced safety and environmental technologies, Honda will continue striving to earn even more trust and understanding from society by, among other things, undertaking activities for corporate governance, compliance, and risk management and contributing to society.

Through these Companywide activities, Honda will strive to materialize Honda's visions of "Value Creation (Creating New Value for Our Customers)," "Glocalization (Expanding Regional Operations)," and "Commitment to the Future (Developing Safety and Environmental Solutions)," with the aim of sharing joy with Honda's customers, thus becoming a company that society wants to exist.