

HONDA MOTOR CO LTD  
Form 6-K  
June 02, 2015  
Table of Contents

No.1-7628

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF MAY 2015

COMMISSION FILE NUMBER: 1-07628

## HONDA GIKEN KOGYO KABUSHIKI KAISHA

(Name of registrant)

## HONDA MOTOR CO., LTD.

(Translation of registrant's name into English)

1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo 107-8556, Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):



**Table of Contents**

Contents

**Exhibit 1:**

On May 8, 2015, the Company filed its Documents on Corporate Governance with the Tokyo Stock Exchange.

**Exhibit 2:**

The English translation of Report of Independent Directors/Auditors of the Company.

**Table of Contents**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HONDA GIKEN KOGYO KABUSHIKI KAISHA

(HONDA MOTOR CO., LTD.)

/s/ Shinji Suzuki  
Shinji Suzuki  
General Manager  
Finance Division  
Honda Motor Co., Ltd.

Date: June 2, 2015

**Table of Contents**

CORPORATE GOVERNANCE

HONDA MOTOR CO., LTD.

Last updated: May 8, 2015

Honda Motor Co., Ltd.

Takanobu Ito

Contact and telephone number: Legal Division

Telephone: 03-3423-1111 (main number)

Securities code number: 7267

<http://www.honda.co.jp>

The status of corporate governance at Honda Motor Co., Ltd. (hereinafter, Honda, the Company) is as follows.

**I. Basic Approach to Corporate Governance, and Capital Composition, Corporate Attributes and Other Basic Information**

**1. Basic Approach**

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

**Table of Contents**

Honda will continue to strive to realize robust and highly transparent management, by conducting accurate release and disclosure of corporate information, including the timely and accurate release and disclosure of quarterly financial results and management policies, to increase the level of trust and understanding of shareholders and investors, customers and the general public.

**2. Capital Composition****Percentage of shares held by foreign investors: 30% or more****Principal Shareholders**

<b>Name or Designation</b>	<b>Number of Shares Held (thousands)</b>	<b>Percentage of Total Shares Issued (%)</b>
Japan Trustee Services Bank, Ltd. (Trust Account)	117,059	6.46
The Master Trust Bank of Japan, Ltd. (Trust Account)	85,359	4.71
Moxley & Co. LLC	55,964	3.09
Meiji Yasuda Life Insurance Company	51,199	2.83
Tokio Marine & Nichido Fire Insurance Co., Ltd.	42,553	2.35
State Street Bank and Trust Company 505223	40,472	2.23
JPMorgan Chase Bank 380072	37,288	2.06
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,686	2.03
Nippon Life Insurance Company	30,883	1.70
Mitsui Sumitomo Insurance Company, Limited	25,739	1.42

**Table of Contents**

**Existence of controlling shareholders (excluding the parent company):**

**Existence of a parent company:** None

**Supplementary explanation:**

**3. Corporate Attributes**

**Stock Exchange Listings and market classification:** Tokyo Stock Exchange, First Section

**Annual closing of accounts:** March

**Industry classification:** Transportation equipment

**Number of employees (on a consolidated basis) on the closing date of previous fiscal year:** 1,000 or more

**Net sales (consolidated) in the previous fiscal year:** ¥1 trillion (1,000,000,000,000) or more

**Number of consolidated subsidiaries on the closing date of the previous fiscal year:** 300 or more

**4. Guidelines for Measures for Protection of Minority Shareholders when Conducting Transactions, Etc., with Controlling Shareholders**

**5. Other Special Situations That Might Have a Major Influence on Corporate Governance**

The Company has two subsidiaries that are listed companies. The Company respects the independence of these listed companies and other subsidiaries.

**Table of Contents**

**II. Overview of Management Supervisory Organization Related to Decision Making, Execution and Supervision and Other Corporate Governance Systems**

**1. Matters Related to Governance Units and Their Operation, Etc.**

Form of governance organization: Company with corporate auditors

**Information on Directors**

Number of directors specified in the Articles of Incorporation: 15

Term of directors specified in the Articles of Incorporation: 1 year

Chairperson of the Board of Directors: Chairman

Current number of directors: 13

Appointment of outside directors: Appointed

Number of outside directors: 2

Number of directors specified as independent directors: 1

**Relationship with the Company (1)**

Name : Nobuo Kuroyanagi

Affiliation : From another company

Relationship with the Company : d/h \*1

Name : Hideko Kunii

Affiliation : Scholar

Relationship with the Company : h\*1



**Table of Contents**

**\*1: Options for Categories of Relationship with the Company**

- a. From the parent company
- b. From another affiliate company
- c. Principal Company shareholder
- d. Also holds concurrent position of outside director and/or outside corporate auditor of another company
- e. Executive officer and director, executive officer, etc., of another company
- f. Spouse, relative within the third degree of consanguinity, or a person of similar status of an executive officer and director, executive officer, etc., of the Company or of a related business that has a special relationship with the Company
- g. Person with some financial interest relationship with the Company, including receipt of remuneration as a director of the parent or a subsidiary of the Company
- h. Person who has concluded a limitation of liability contract with the Company
- i. Other

**Relationship with the Company (2)**

Name : Nobuo Kuroyanagi

Status as independent director : No

Supplementary explanation of applicable items :

Outside director Nobuo Kuroyanagi held the position of director and chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd. until March 2012. The Company has transactions with The Bank of Tokyo-Mitsubishi UFJ, including deposits, foreign and domestic exchange, etc.

**Table of Contents**

Reasons for the selection of this outside director (In the case a director is specified as an independent director, include information on the reasons for selection as an independent director ) :

Based on his abundant experience and considerable knowledge regarding corporate management, the Company wishes to receive his advice regarding the Company's operations from an objective and highly sophisticated perspective.

There are no special conflicts of interest between the Company and Nobuo Kuroyanagi, and the Company's judgment is that no conflicts of interest will arise with the Company's shareholders in general.

Name : Hideko Kunii

Status as independent director : Yes

Supplementary explanation of applicable items :

Reasons for the selection of this outside director (In the case a director is specified as an independent director, include information on the reasons for selection as an independent director) :

Based on her abundant experience and considerable knowledge regarding corporate activities and the software field in Japan as well as overseas and her active involvement in the area of gender equality, the Company wishes to receive her advice regarding the Company's operations from an objective and highly sophisticated perspective.

There are no additional matters which fall under the requirements for disclosure regarding her independence.

There are no conflicts of interest between the Company and Hideko Kunii, and the Company's judgment is that no conflicts of interest will arise with the Company's shareholders in general.

**Table of Contents**

**Information on Corporate Auditors**

Existence of a Board of Corporate Auditors: Established

Number of corporate auditors specified in the Articles of Incorporation: 7

Current number of corporate auditors: 5

**Collaboration among the Corporate Auditors, Accounting Auditors and the Audit Office**

During fiscal year 2013, the Corporate Auditors and Accounting Auditors held 10 meetings. The Accounting Auditors explained and reported to the Corporate Auditors their auditing plans, results of their auditing activities, etc., and exchanged opinions.

The Corporate Auditors receive periodic reports from the Audit Office (with 34 staff members), which is the internal auditing department of the Company, regarding auditing policies, auditing plans and the results of audits. In addition, the Corporate Auditors and the Audit Office implement internal audits independently and in collaboration with one another.

Appointment of outside corporate auditors: Appointed

Number of outside corporate auditors: 3

Number of outside corporate auditors specified as independent outside corporate auditors: 2

**Relationship with the Company (1)**

Name : Hirotake Abe

Affiliation : Certified public accountant

Relationship with the Company : d/h \*1

**Table of Contents**

Name : Tomochika Iwashita

Affiliation : From another company

Relationship with the Company : d/h \*1

Name : Toshiaki Hiwatari

Affiliation : Attorney at law

Relationship with the Company : d/h \*1

**\*1: Options for Categories of Relationship with the Company**

- a. From the parent company
- b. From another affiliate company
- c. Principal Company shareholder
- d. Also holds concurrent position of outside director and/or outside corporate auditor of another company
- e. Executive officer and director, executive officer, etc., of another company
- f. Spouse, relative within the third degree of consanguinity, or a person of similar status of an executive officer and director, executive officer, etc., of the Company or of a related business that has a special relationship with the Company
- g. Person with some financial interest relationship with the Company, including receipt of remuneration as a director of the parent or a subsidiary of the Company
- h. Person who has concluded a limitation of liability contract with the Company
- i. Other

**Table of Contents**

**Relationship with the Company (2)**

Name : Hirotake Abe

Status as independent Auditor : Yes

Supplementary explanation of applicable items :

Reasons for the selection of this Outside Corporate Auditor (In the case a Corporate Auditor is specified as an independent Auditor, include information on the reasons for selection as an independent Auditor.) :

Based on abundant experience and considerable knowledge as a certified public accountant, he conducts auditing activities from a broad and sophisticated perspective.

There are no additional matters which fall under the requirements for disclosure regarding his independence.

There are no conflicts of interest between the Company and Hirotake Abe, and the Company's judgment is that no conflicts of interest will arise with the Company's shareholders in general.

Name : Tomochika Iwashita

Status as independent Auditor : No

Supplementary explanation of applicable items :

Outside Corporate Auditor Tomochika Iwashita held the position of director and deputy president of Tokio Marine & Nichido Fire Insurance Co., Ltd., until June 2006. The Company has transactions with Tokio Marine & Nichido Fire Insurance, including insurance contracts.

Reasons for the selection of this Outside Corporate Auditor (In the case a Corporate Auditor is specified as an independent Auditor, include information on the reasons for selection as an independent Auditor.) :

**Table of Contents**

Based on abundant experience and considerable knowledge regarding corporate management, he conducts auditing activities from a broad and sophisticated perspective.

There are no conflicts of interest between the Company and Tomochika Iwashita, and the Company's judgment is that no conflicts of interest will arise with the Company's shareholders in general.

Name : Toshiaki Hiwatari

Status as independent Auditor : Yes

Supplementary explanation of applicable items :

Reasons for the selection of this Outside Corporate Auditor (In the case a Corporate Auditor is specified as an independent Auditor, include information on the reasons for selection as an independent Auditor.) :

Based on abundant experience and considerable knowledge as a legal affairs specialist, he conducts auditing activities from a broad and sophisticated perspective.

There are no additional matters which fall under the requirements for disclosure regarding his independence.

There are no conflicts of interest between the Company and Toshiaki Hiwatari, and the Company's judgment is that no conflicts of interest will arise with the Company's shareholders in general.

**Matters Relating to Independent Directors and Auditors**

Number of independent directors and auditors: 3

**Table of Contents**

**Other Matters Related to Independent Directors and Auditors**

**Provision of Incentives**

Status of measures to provide incentives to directors: Introduction of a performance-linked remuneration system.

**Supplementary Explanation of Matters Related to This Item**

The Company pays bonuses to Directors that reflect performance in each fiscal year.

**Persons Eligible for Stock Options :**

**Supplementary Explanation of Matters Related to This Item :**

**Matters Related to the Remuneration of Directors**

Status of Disclosure of Remuneration of Individual Directors: Disclosed only for certain individuals

**Supplementary Explanation of Matters Related to this Item**

The total Directors' remuneration paid to the 14 Directors in fiscal year 2013 was ¥570 million. Of this amount, the two Outside Directors received a total of ¥23 million. The six Corporate Auditors received ¥181 million in total, and the three Outside Corporate Auditors were paid ¥47 million. Thus, the total remuneration for all Directors and Corporate Auditors was ¥751 million. Also, regarding Directors' bonuses, the 13 Directors were paid a total of ¥283 million. Of this amount, the two Outside Directors received a total of ¥8 million.

Additionally, in fiscal year 2013, Director and President Takanobu Ito received Director's remuneration of ¥102 million and a Director's bonus of ¥48 million, a total of ¥150 million, Director and Chairman Fumihiko Ike received Director's remuneration of ¥74 million and a Director's bonus of ¥33 million, a total of ¥107 million, and Director, Executive Vice President and Executive Officer Tetsuo Iwamura received Director's remuneration of ¥112 million and a Director's bonus of ¥29 million, a total of ¥141 million. Director's remuneration for Tetsuo Iwamura was paid by American Honda Motor Co., Inc.

**Table of Contents**

**Existence of Policies Determining the Amount of Remuneration or Method of Calculating Remuneration:**  
Exists

**Disclosure of Policies Determining the Amount of Remuneration or Method of Calculating Remuneration**

Remuneration of Directors and Corporate Auditors is made up of the following components. Remuneration of Directors comprises payment for their conduct of duties as Directors and Directors' bonuses, which are linked to Company performance during the fiscal year. Remuneration of Corporate Auditors includes only remuneration for their conduct of duties as Corporate Auditors.

Remuneration of Directors and Corporate Auditors is paid from a maximum allocation for this purpose approved by the General Meeting of Shareholders. Payments to Directors are made within the limits of this allocation based on the remuneration criteria approved by the Board of Directors. Payments to Corporate Auditors are made based on deliberations of the Corporate Auditors.

Directors' bonuses are paid from a maximum allocation for this purpose approved by the General Meeting of Shareholders. Payments to Directors are decided by the Board of Directors within the limits of this allocation, based on Company performance during the fiscal year to which they apply, Directors' bonuses in previous years and other considerations. Bonuses to Corporate Auditors were eliminated in 2010, and remuneration for Corporate Auditors is paid only for their conduct of duties as Corporate Auditors.

In addition, all Directors and Corporate Auditors contribute a specified amount of their remuneration to the Directors and Corporate Auditors' shareholder association, purchase Company shares, and hold these shares throughout their tenure.



**Table of Contents**

**Support Systems for Outside Directors (Outside Corporate Auditors)**

The Corporate Auditors Office has been formed as a staff organization directly under the Board of Corporate Auditors to provide support, and it reports directly to the Board of Corporate Auditors. In addition, minutes of the meetings of the Board of Directors and other information are provided to the Outside Directors and Outside Corporate Auditors if necessary.

**2. Matters Related to Governance Functions, Including Execution of Management, Auditing and Internal Supervision, Nominations and Decisions on Remuneration Etc. (Current Corporate Governance System)  
Board of Directors**

The Board of Directors comprises 13 members (comprising of 11 Inside Directors and 2 Outside Directors, or 12 men and 1 woman). The Board of Directors is responsible for making decisions with respect to important management matters, including the conduct of important business activities and other matters as prescribed by law. Board decisions are made after deliberating such matters according to established criteria, assessing risks and giving such matters due consideration. The Board of Directors is also responsible for supervising and monitoring the conduct of duties. In fiscal year 2013, the Board of Directors met 9 times.

**Outside Directors**

The Company appoints outside Directors who can offer advice on its corporate activities from an objective and broad perspective based on their abundant experience and considerable knowledge. In selecting Outside Directors, in principle, the Company seeks to identify persons whose interests are not in conflict with those of its shareholders and persons who have a high degree of independence.

**Table of Contents**

**Board of Corporate Auditors**

The Board of Corporate Auditors comprises five members (including three outside Corporate Auditors). Each Corporate Auditor, through attendance at meetings of the Board of Directors, examination of status of Company assets and other activities, undertakes to audit the Directors in the conduct of their duties in accordance with the auditing criteria for Corporate Auditors, auditing policies and division of duties etc. determined by the Board of Corporate Auditors.

To provide timely and accurate reports to the Corporate Auditors, *Standards for Corporate Auditor Reports* has been established. Based on these standards, reports are made periodically to the Corporate Auditors on the status of the business operations of the Company and its subsidiaries etc., the design and operation of internal control systems and other matters. Also, when events occur that have a major impact on the Company, reports are prepared for the Corporate Auditors. Moreover, the Corporate Auditors attend the meetings of the Executive Council and other important meetings. In fiscal year 2013, the Board of Corporate Auditors met 9 times.

**Status of Activities to Strengthen the Functions of the Corporate Auditors**

The Company has formed the Corporate Auditors Office as a staff organization directly under the Board of Corporate Auditors to provide support to the Board of Corporate Auditors. Corporate Auditor Kunio Endo has had sufficient operating experience in the finance and accounting departments of the Company and its subsidiaries, and Corporate Auditor Hirotake Abe has abundant experience and considerable knowledge as a certified public accountant. Both of these Corporate Auditors qualify as persons with considerable knowledge of finance and accounting, as specified under Article 121-8 of the Implementation Regulations of Japan's Company Law. In addition, the Company's Board of Corporate Auditors has recognized Corporate Auditors Kunio Endo and Hirotake Abe as specialists in finance in the Board of Corporate Auditors as specified in the regulations of the U.S. Securities and Exchange Commission, based on Article 407 of U.S. Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act of 2002).

## **Table of Contents**

The Company has appointed Outside Corporate Auditors who can conduct auditing activities from a broad and sophisticated perspective based on their abundant experience and considerable knowledge. In selecting these Outside Corporate Auditors, in principle, the Company seeks to identify persons whose interests are not in conflict with those of its shareholders and persons who have a high degree of independence.

### **Decisions on Candidates for Director and Corporate Auditor**

Candidates for Director are determined by the decisions of the Board of Directors. Candidates for Corporate Auditor are selected by decisions of the Board of Directors with the approval of the Board of Corporate Auditors.

### **Organizational Operating System**

Under the Company's operating systems, to further develop its business operations with strong ties to regions around the world, based on its basic philosophy and from a long-term perspective, headquarters have been established in six regions. The Motorcycle Business, Automobile Business, Power Products and Other Businesses have developed medium- to long-term plans by product and are making adjustments to pursue optimal business operations globally. In addition, each of the Company's functional headquarters, including Business Management Operations, Business Support Operations, IT Operations, Purchasing Operations and Customer Service Operations, is providing support and making appropriate adjustments etc. to increase the effectiveness and efficiency of the Honda Group as a whole.

R&D activities are conducted mainly by independent subsidiaries. These activities are carried out on a free and competitive basis, centering around Honda R&D Co., Ltd., for products, and Honda Engineering Co., Ltd., for production technologies, with the goal of creating distinctive and internationally competitive product groups through the application of advanced technology.

## **Table of Contents**

### **Operating Officer System**

The Company appoints Operating Officers to regional, business and functional headquarters, R&D subsidiaries and other major organizational units. This management system facilitates the making of rapid and appropriate management judgments at the regional and working level.

### **Executive Council**

The Company has formed an Executive Council, which is composed of Operating Officers of senior managing officer level and above. This council conducts prior discussions of items that will be decided by the Board of Directors, and, within the limits of authority delegated to it by the Board of Directors, deliberates important management matters.

### **Regional Operating Boards**

To give greater autonomy to the regional level and make rapid management decisions, the Company has formed regional operating boards within each regional headquarters. Within the limits of authority delegated to them by the Executive Council, these regional operating boards deliberate important management matters within their respective regions.

### **Accounting Audit**

The Company has been audited from an accounting perspective by KPMG AZSA LLC as required under Japan's Company Law, Japan's Financial Instruments and Exchange Law and the Securities and Exchange Law of the United States.

Within KPMG AZSA LLC, a total of 113 staff conducted the audit. These accounting firm staff members comprised three certified public accountants (Sawaharu Kanai, Hiroyuki Yamada and Tsutomu Ogawa) who were in overall charge of the accounting audit, and 110 professional staff (including 58 certified public accountants, 5 accountants with U.S. certified public accountant status and 47 other staff members).

## **Table of Contents**

The total remuneration paid to KPMG AZSA LLC and its affiliated accounting firm, KPMG, in fiscal year 2013 for the preparation of the auditor's report, based on Japan's Company Law, Japan's Financial Instruments and Exchange Law, and the Securities and Exchange Law of the United States, which covered the Company and its consolidated subsidiaries, was ¥3,670 million. In addition, remuneration paid by the Company and its consolidated subsidiaries in fiscal year 2013 for services other than auditing services received from KPMG AZSA LLC and its affiliated accounting firm, KPMG, amounted to ¥120 million.

### **Method of Determining Accounting Auditor Remuneration**

In deciding the amount of remuneration for services provided by the Company's Accounting Auditor, various factors are taken into consideration in discussions with the accounting firm, including the Company's size, special features, the time schedule for the audit and other matters. In addition, to preserve the independence of the Accounting Auditor, remuneration to be paid is decided by the Board of Directors, with the prior approval of the Board of Corporate Auditors.

### **3. Reasons for the Selection of the Company's Current Corporate Governance System**

As a company adopting the board of corporate auditors system of corporate governance, the Company has elected internal members of its Board of Directors who have an in-depth understanding of the Company's business activities, and two outside directors who have objective, broad and highly sophisticated perspectives. In addition, the Company's Board of Corporate Auditors, which is independent of the Board of Directors, has more than a majority of outside Corporate Auditors. The Board of Directors and Board of Corporate Auditors are responsible for supervising and monitoring the conduct of management.

Management's judgment is that the current corporate governance system is functioning appropriately in supervising and monitoring the conduct of management.

**Table of Contents**

**III. Status of Implementation of Measures Related to Shareholders and Other Interested Parties**

**1. Initiatives to Reactivate the General Meeting of Shareholders and Facilitate the Smooth Execution of Voting Rights**

Earlier distribution of the notice of the General Meeting: No

**Supplementary Explanation**

Scheduling of the General Meeting on days to avoid conflicts with other companies' shareholder meetings

**Supplementary Explanation**

Holding the Regular General Meeting of Shareholders as early as possible, after considering preparation of schedules, etc.

Electronic exercise of voting rights

**Supplementary Explanation**

The Company is working to make it possible for shareholders to execute their voting rights via the Internet using PCs and mobile communication devices.

Participation in an electronic voting platform and taking initiatives to improve the voting environment for institutional investors

**Supplementary Explanation**

Participating in voting platform.

Offer an English-language version of the General Meeting notice (summary)

**Table of Contents**

**Supplementary Explanation**

Offering an English-language translation of the notice of the General Meeting for foreign investors.

Other

**Supplementary Explanation**

Preparing an easy-to-understand business report using slides and holding events adjacent to the auditorium where the General Meeting is held to display Honda products and others. Also, following the directives of Japan's Cabinet Office, concerning disclosing corporate information etc. announcing the results of the voting during the General Meeting.

**2. Status of Investor Relations (IR) Activities**

Hold periodic information meetings for analysts and institutional investors

**Supplementary Explanation**

Holding information meetings to announce quarterly results (four times a year), and, as necessary, holding press conferences with the CEO presenting.

**Explanation by Company Representatives**

Yes

Hold periodic information meetings for foreign investors

**Supplementary Explanation**

For key foreign institutional investors at appropriate times conducting to explain the Honda Group's business strategies etc..

**Explanation by Company Representatives**

Yes

Post IR materials on the Company website

**Table of Contents**

**Supplementary Explanation**

Posting various types of Company information for investors on the Company website (Japanese: <http://www.honda.co.jp/investors/> English: <http://world.honda.com/investors/>). Making timely disclosure of materials simultaneously in Japanese and English.

Appoint an IR Representative and create an IR department

**Supplementary Explanation**

The Company has appointed IR Representative in Japan and North America and is working to expand and enhance IR activities.

Other initiatives

**Supplementary Explanation**

Issuing a periodic publication for shareholders (*Kabunushi Tsushin*) that contains information on Honda's business, products, financial performance and other topics. In addition, holding on-site tours of Honda factories and other facilities in Japan and overseas for shareholders and investors.

**3. Initiatives Related to Respecting the Viewpoints of Stakeholders**

Require respect for the viewpoints of stakeholders through issuance of internal guidelines.

**Supplementary Explanation**

To solidify trust in Honda among customers and in society, a code of conduct has been issued to be shared by all personnel working in the Honda Group: *Honda Conduct Guidelines*.

Implement environmental preservation and other CSR activities, etc.



**Table of Contents**

**Supplementary Explanation**

Issuing a report on environmental preservation activities: *Honda Environmental Annual Report*, and a report on CSR activities, *Honda CSR Report*. In addition, information on safety is made available through the issuance of the *Honda Safe Driving Report*. These reports are available on the Honda website.

Establish policies, etc., for offering information to stakeholders.

**Supplementary Explanation**

To gain substantially increased trust and mutual understanding of all stakeholders, Honda emphasizes transparency to offer information proactively. For disclosure of corporate information through earnings and financial reports, a Disclosure Committee has been formed comprising the Operating Officer in charge and other personnel, which is in charge of deliberating the accuracy and appropriateness of disclosure content.

**Table of Contents**

**IV. Matters Related to Internal Control Systems**

**1. Basic Approach to and Current Status of Internal Control Systems**

- (1) Systems for ensuring that the execution of duties by Directors and employees complies with the law and the Company's Articles of Incorporation

The Company has prepared the Honda Conduct Guidelines which provide for conformity with applicable laws and internal rules and regulations as guidelines for conduct which should be shared by the Company's management and employees, and implements measures to ensure that all management personnel and employees are made aware of and follow these guidelines.

The Company establishes its compliance system such as by appointing a Compliance Officer, who is a director in charge of compliance-related initiatives and by establishing the Compliance Committee and the Business Ethics Improvement Proposal Line.

- (2) Systems related to retention and management of information on execution of duties by the Directors  
Information related to the execution of duties by the Directors, including minutes of Board of Directors meetings and other important meetings, is retained and stored appropriately in accordance with the Company's document management policy.

- (3) Regulations and other systems related to risk management  
Important management issues are taken up by the Board of Directors, the Executive Council and/or Regional Operating Boards, which discuss them in accordance with established rules of procedure, assess associated risks and make decisions after due consideration.

**Table of Contents**

A Risk Management Officer is appointed as a director in charge of promoting risk management initiatives. The Risk Management Officer playing the main role, risk information is collected and evaluated (of these risks, significant risk is promptly reported to the division in charge along with instructions on the countermeasures, and its progress is then monitored).

For large-scale disasters requiring Company-level crisis management, the Company organizes the system, such as by establishing the Corporate Crisis Management Policy and the Honda Risk Management Rules.

(4) Systems for ensuring that the execution of duties by the Directors is being conducted efficiently  
The Company has established a system for operating its organizational units that reflects its fundamental corporate philosophy. For example, separate headquarters have been set up for each region, business and function, and an operating officer has been assigned to each headquarters and main division. In addition, we have implemented a system that enables prompt and appropriate decision making by having the Executive Council and Regional Operating Boards deliberate on important management issues.

To conduct management efficiently and effectively, business plans are prepared on an annual basis and for the medium term, and measures are taken to share these plans.

(5) Systems for ensuring that the corporate group, comprised of the Company and its subsidiaries, conducts business activities appropriately

The Company and its subsidiaries share the Honda Conduct Guidelines and basic policies regarding corporate governance. In addition, each subsidiary works to promote activities that are in compliance with the laws of countries in which they operate and practices observed in their respective industries as they endeavor to enhance corporate governance.

**Table of Contents**

The Company appoints the directors in charge of supervising each of its subsidiaries.

As for the business execution of its subsidiaries, the Company helps with the establishment of account settlement rules. When it comes to important management issues, the Company requests the subsidiary to obtain prior approval from the Company or to report to the Company according to its internal rules. The business control division of the Company regularly receives reports on the subsidiary's business plans to confirm the appropriateness of the operation. Based on the Honda Risk Management Rules, the Company also receives reports on important risks from the subsidiary and requests the subsidiary to establish a risk management system in accordance with the corporate size and their respective industries. The Company then confirms the state of establishment and operation of the system.

The Business Ethics Improvement Proposal Line of the Company establishes an internal whistle-blowing and response system for the Company and subsidiaries and major subsidiaries have such internal reporting functions etc. These systems enable the Honda Group to discover and respond to issues that may arise at an early date.

The Audit Office, which directly reports to the president and CEO, is working to strengthen internal auditing functions within the Honda Group, internal auditing of all units, supervising and providing guidance to internal auditing units in major subsidiaries, conducting audits of subsidiaries directly when necessary.

In the case of a company accounted for by the equity method, the Company works to improve corporate governance throughout the Group by seeking the understanding and cooperation of such companies with Honda's basic corporate governance policies.

- (6) Provision of employees when assistance is requested by corporate auditors, independence of such employees from the Directors, and to ensure effectiveness of instructions which are given to such employees  
The Corporate Auditors' Office has been established as a supportive staff organization directly under the Board of Corporate Auditors to provide support to the Corporate Auditors.

**Table of Contents**

(7) Systems for ensuring Directors and employees report to Corporate Auditors and other systems related to the reporting to Corporate Auditors

In addition to regularly reporting the state of operations at the Company and its subsidiaries and the state of implementation and operation of internal control systems, including those related to compliance and risk management, any information that may have a significant impact on the Company's operations is also reported to the Corporate Auditors.

No one should suffer a disadvantage because of making such reports to the Corporate Auditor. The Company's subsidiaries are requested to show the same consideration.

(8) Other systems for ensuring the effectiveness of audits by Corporate Auditors

The Corporate Auditors work closely with the Audit Office, which serves as the Company's internal audit department, to conduct business audits of the Company and its subsidiaries. Additionally, the Corporate Auditors attend the Executive Council and other important meetings.

In order to make the Company to bear the necessary cost of the Corporate Auditors to conduct their duties, an annual budget is secured every accounting period based on the proposal from the Corporate Auditor.

**2. Basic Approach to and Current Status of Activities to Exclude Anti-Social Elements**

Honda's basic policy is to maintain a resolute attitude at all times toward anti-social elements that threaten social order and safety. An organizational unit has been formed to respond to these elements, and the Company works closely with the police and other outside organizations.

**Table of Contents**

**V. Other Information**

1. Adoption of anti-takeover measures  
Existence of anti-takeover provisions: None

Supplementary Explanation of Matters Related to this Item

2. Other matters related to corporate governance, etc.

Basic policy for timely disclosure

The Company regards the following as material information that should be disclosed and works to make such information available promptly, appropriately and fairly to shareholders, investors and other stakeholders.

Material information

- (1) Corporate information that must be disclosed under Japan's Financial Instruments and Exchange Law and the regulations of stock exchanges (as set forth in regulations regarding listed securities) and that will have a material impact on investment judgments.

- (2) Other corporate information that may have a material impact on investment judgments.

Internal systems for timely disclosure of corporate information

The Company has established systems for the management of corporate information under which, under the supervision of the officer in charge of handling information, the General Affairs, Legal, Finance and Accounting divisions collect corporate information which is expected to constitute information that is subject to timely disclosure from the Company's decision-making body, units that have principal responsibility (units with principal responsibility) for businesses relating to the relevant information and subsidiaries and manages such information..

Decisions on whether the information is material and should be disclosed and the manner in which it should be disclosed are made, in accord with the basic policy previously mentioned, through joint discussions led by the officer in charge of handling information together with the General Affairs, Legal, Finance and Accounting divisions; the representative directors; units with principal responsibility; and the officers who manage and supervise such units (officers in charge).

**Table of Contents**

**Table of Contents**



**Table of Contents**

[Translation]

**REPORT OF INDEPENDENT DIRECTORS/AUDITORS**

**1. Basic Information**

Company Name: Honda Motor Co., Ltd.

Securities Code Number: 7267

Submission Date: May 20, 2015

Date of Change of Position (scheduled date): June 17, 2015

Reason for Submission of Report of Independent Directors/Auditors: The election of a new outside corporate auditor will be included in the matters to be resolved at an Ordinary General Meeting of Shareholders.

The Company has selected all persons who are qualified to become independent directors/auditors as independent directors/auditors. ( 1): No

**2. Matters related to Independence of Independent Directors/Auditors and Outside Directors/Outside Corporate Auditors**

No: 1

Name: Nobuo Kuroyanagi

Outside Director/ Outside Corporate Auditor: Outside Director

Independent Director/Auditor: No

**Table of Contents**

Characteristics of Independent Directors/Auditors and Outside Directors/Outside Corporate Auditors ( 2 3)

a	b	c	d	e	f	g	h	i	j	k	l
No	No	No	No	No	No	No	No	No		No	No

Not Applicable: No

Details of Change of Position:

Consent of the Said Person:

No: 2

Name: Hideko Kunii

Outside Director/ Outside Corporate Auditor: Outside Director

Independent Director/Auditor: Yes

Characteristics of Independent Directors/Auditors and Outside Directors/Outside Corporate Auditors ( 2 3)

a	b	c	d	e	f	g	h	i	j	k	l
No	No	No	No	No	No	No	No	No	No	No	No

Not Applicable: Yes

Details of Change of Position:

Consent of the Said Person: Yes

---

**Table of Contents**

No.3

Name: Toshiaki Hiwatari

Outside Director/ Outside Corporate Auditor: Outside Corporate Auditor

Independent Director/Auditor: Yes

Characteristics of Independent Directors/Auditors and Outside Directors/Outside Corporate Auditors ( 2 3)

a	b	c	d	e	f	g	h	i	j	k	l
No	No	No	No	No	No	No	No	No	No	No	No

Not Applicable: Yes

Details of Change of Position:

Consent of the Said Person: Yes

No.4

Name: Hideo Takaura

Outside Director/ Outside Corporate Auditor: Outside Corporate Auditor

Independent Director/Auditor: No

Characteristics of Independent Directors/Auditors and Outside Directors/Outside Corporate Auditors ( 2 3)

a	b	c	d	e	f	g	h	i	j	k	l
No	No	No	No	No	No	No	No	No	No	No	No

Not Applicable: Yes

Details of Change of Position: Newly Appointed

Consent of the Said Person: Yes

**Table of Contents**

No.5

Name: Mayumi Tamura

Outside Director/ Outside Corporate Auditor: Outside Corporate Auditor

Independent Director/Auditor: Yes

Characteristics of Independent Directors/Auditors and Outside Directors/Outside Corporate Auditors ( 2 3)

a	b	c	d	e	f	g	h	i	j	k	l
No	No	No	No	No	No	No	No	No	No	No	No

Not Applicable: Yes

Details of Change of Position: Newly Appointed

Consent of the Said Person: Yes

**Table of Contents**

**3. Explanation of the Characteristics of the Independent Directors/Auditors and the Reasons for the Appointment**

No: 1

Explanation of the applicability of items ( 4):

Outside director Nobuo Kuroyanagi held the position of director and chairman of The Bank of Tokyo-Mitsubishi UFJ, Ltd. until March 2012. The Company has transactions with The Bank of Tokyo-Mitsubishi UFJ, including deposits, foreign exchange transactions, etc.

Reasons for the Appointment of the Independent Director/Auditor ( 5):

He is proposed as a candidate for an outside director because the Company wishes to receive his advice regarding the Company's operations from an objective, broad and highly sophisticated perspective, and based on his abundant experience and considerable knowledge regarding corporate management.

There are no special conflicts of interest between the Company and Nobuo Kuroyanagi, and the Company's judgment is that no conflicts of interest will arise with the Company's general shareholders.

No:2

Explanation of the applicability of items ( 4):

Reasons for the Appointment of the Independent Director/Auditor ( 5):

Based on her abundant experience and considerable knowledge regarding corporate activities and the software field in Japan as well as overseas and her active involvement in the area of gender equality, the Company wishes to receive her advice regarding the Company's operations from an objective, broad and highly sophisticated perspective.

There are no conflicts of interest between the Company and Hideko Kunii, and the Company's judgment is that no conflicts of interest will arise with the Company's general shareholders.

**Table of Contents**

No:3

Explanation of the applicability of items ( 4):

Reasons for the Appointment of the Independent Director/Auditor ( 5):

Based on his abundant experience and considerable knowledge as a legal affairs specialist, the Company would like him to conduct auditing activities from a broad and sophisticated perspective.

There are no conflicts of interest between the Company and Toshiaki Hiwatari, and the Company's judgment is that no conflicts of interest will arise with the Company's general shareholders.

No:4

Explanation of the applicability of items ( 4):

Reasons for the Appointment of the Independent Director/Auditor ( 5) :

Based on his abundant experience and considerable knowledge as a certified public accountant, the Company would like him to conduct auditing activities from a broad and sophisticated perspective.

There are no conflicts of interest between the Company and Hideo Takaura, and the Company's judgment is that no conflicts of interest will arise with the Company's general shareholders.

**Table of Contents**

No:5

Explanation of the applicability of items ( 4):

Reasons for the Appointment of the Independent Director/Auditor ( 5):

Based on her abundant experience and considerable knowledge regarding corporate management, the Company would like her to conduct auditing activities from a broad and sophisticated perspective.

There are no conflicts of interest between the Company and Mayumi Tamura, and the Company's judgment is that no conflicts of interest will arise with the Company's general shareholders.

**4. Supplemental Explanation:**

1 If, among the outside directors/outside corporate auditors, all of them who satisfy the qualifications which are required to become an independent director/auditor are notified as independent directors/auditors, please check the box.

2 Matters to check regarding characteristics of the Independent Directors/Auditors and Outside Directors/Outside Corporate Auditors:

- a. person who executes business of the listed company or its subsidiary;
- b. directors who are not executive personnel or accounting advisors of the listed company or its subsidiary (where outside corporate auditors are appointed as independent auditors);

**Table of Contents**

- c. directors who are executive personnel or non-executive personnel of a parent company of the listed company;
- d. corporate auditors of a parent company of the listed company (where outside corporate auditors are appointed as independent auditors);
- e. person who executes business of a fellow subsidiary of the listed company;
- f. party for which the listed company is a major customer or a person who executes its business;
- g. listed company's major customer or a person who executes its business;
- h. consultant, accounting professional, or legal professional who receives a large amount of money or other financial asset other than remuneration for directorship/auditorship from the listed company;
- i. listed company's major shareholder (where the said major shareholder is a company, a person who executed its business);
- j: person who executes the business of a customer of the listed company (where any of items f, g and h do not apply to such customer) (this item only applies to the independent directors/auditors himself/herself)
- k: person who executes the business of an entity whose outside director/outside corporate auditor is also a person who executes the business of the listed company (this item only applies to the independent directors/auditors himself/herself)
- l: person who executes the business of an entity to whom the listed company makes donations (this item only applies to the independent directors/auditors himself/herself)

Please note that expressions used in each of items a to l above are abbreviations of words used in items which are stipulated in the rules of the stock exchange.



**Table of Contents**

3 If any of the items above apply to the independent directors/auditors himself/herself now or recently, please mark with a  and, if any of the items above applied to the independent directors/auditors himself/herself in the past, please mark with a . If any of the items above apply to a family member or a close relative now or recently, please mark with a  and, if any of the items above applied to any of them in the past, please mark with a .

4 If any of the items a to l above apply, please provide an explanation (summary).

5 Please write down the reasons for appointing the independent director/auditor.