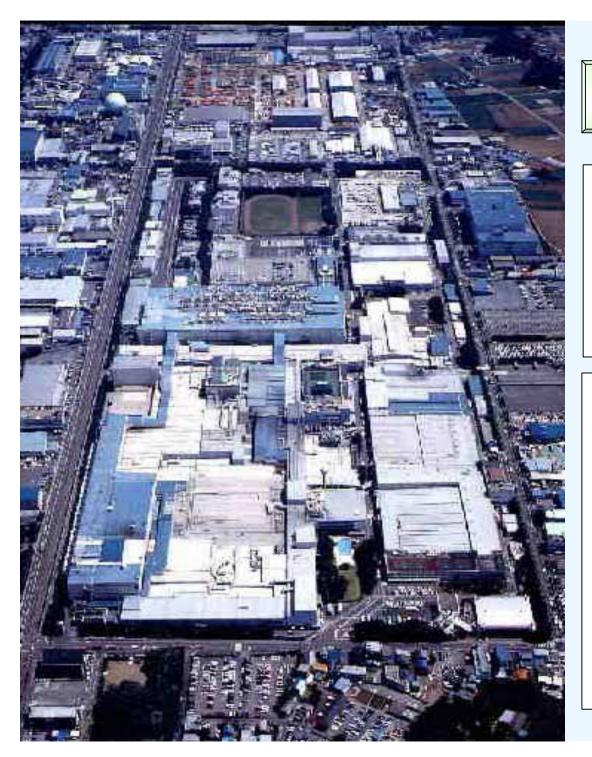
Energy Saving Efforts Saitama Works Honda Motor Co., Ltd.



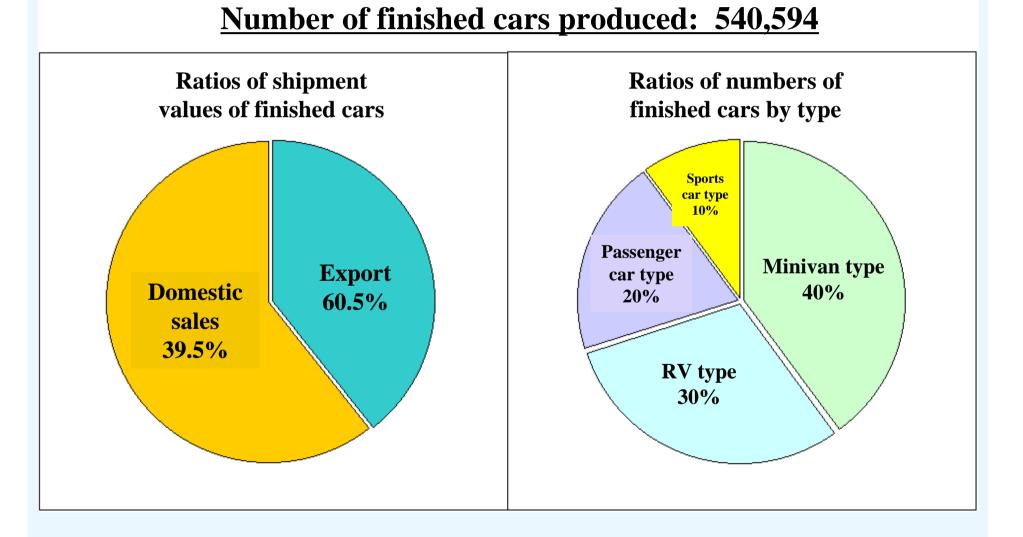
Outline of Saitama Works

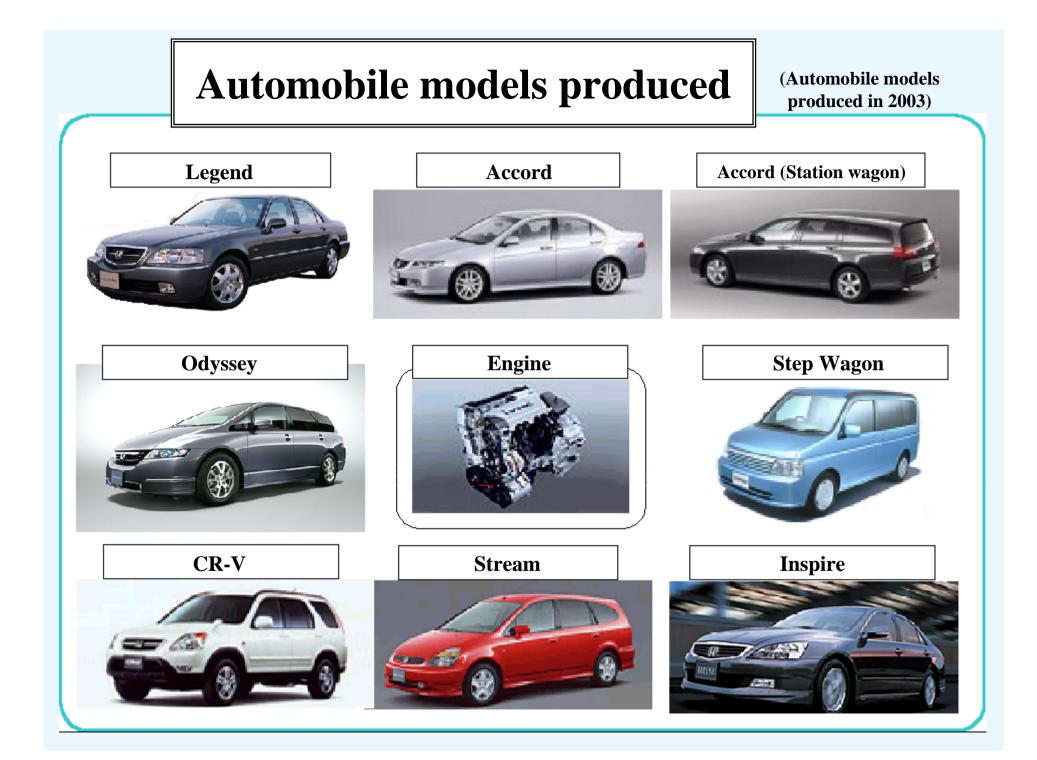
Location:

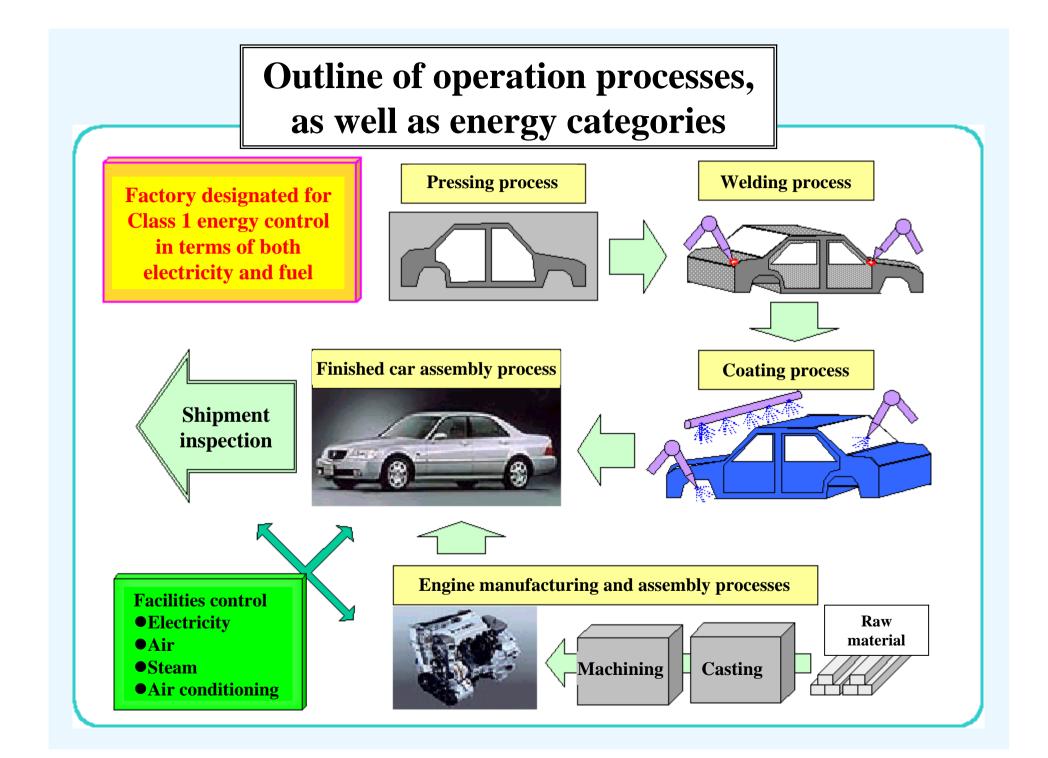
- 1-10-1 Sinsayama, Sayama City, Saitama Prefecture 350-1392 Japan Phone: 04-2953-4111
- Month and year of foundation: May 1964
- Intended use: Automobile manufacturing factory
- Factory lot area: 385,000 square meters
- Total building floor area: 415,000 square meters
- Number of employees: About 5,310 (As of March 2003)

Production records

Fiscal year 2002







Honda's Declaration on Environment

Date of issue: June 1, 1992

"Guidelines for activities"

- 1. We make efforts in recycling materials, as well as <u>in saving</u> materials and <u>energy</u>, at each stage of life cycles comprising research, development, production, sale, service, and scrapping of products.
- 2. We make efforts in minimizing and appropriately treating wastes and pollutants generated at each stage of life cycles of products.
- 3. We, each of whom is a member of an enterprise as well as of society, recognize that it is important to strive for the maintenance of human health and the conservation of environment, and will take positive actions.
- 4. We recognize the effects exercised on people in relevant local areas by activities of business establishments, and will make efforts in such a way as to receive a high evaluation from society.

Environmental Policy of Saitama Works

Basic philosophy

This Works, which, as a member of society, regards global environmental conservation as an important task: will build a business establishment (as an important base of a green company) on which people and society will continue to place their hopes; will aim at being always progressive in its action; and will make efforts to achieve the above.

Basic policy

This works will conduct the following environmental management activities on the basis of the fact that parts of four-wheeled automobiles are processed and manufactured at this works, as well as in keeping with the environmental declaration and action guidelines of our company.

- 1. Environmental evaluation will be conducted in business activities. With regard to important items, it will be so arranged that environmental objectives and goals will be set within the limits feasible in terms of technology and economy, thereby carrying out maintenance and improvement. Furthermore, efforts will be made to continuously improve the environmental management system.
- 2. Related environmental laws, regulations, standards, and other requirements will be observed. In addition, voluntary standards will be established to prevent environmental pollution.
- 3. Attempts will continue to be made to achieve goals for alleviating environmental load, and efforts will be made with the aim of conducting business activities based on circulation.
 - Reduction of byproducts due to production activities
 - Making sure that chemical substances are controlled.
 - Prohibition of use of substances destroying ozone layers
 - Discovery of alternative raw materials, curbing of quantities of raw materials used, thoroughgoing reuse, and reutilization
 - Effective use of energy by utilizing LCI (manufacturing LCA) technique, as well as implementation of energy saving.
- 4. Social activities regarding environment will be actively participated in, thereby aiming at symbiosis with society.
- 5. Environmental education and in-house activities will be carried out, thereby having all employees understand environmental policies and making sure that environment information is universally known.
- 6. Environmental policies will be disclosed to people outside our company at request.

Kazuo Sagawa Head Saitama Works, Honda Motor Co., Ltd April 1, 2003

Action Slogan for "2002, 2003, and 2004"

We are going to accumulate actions of individuals, thereby building "environment" at our top-ranking production base!

= Environmental conservation activity items =

1. Efforts to control environment (Application of environmental management system)

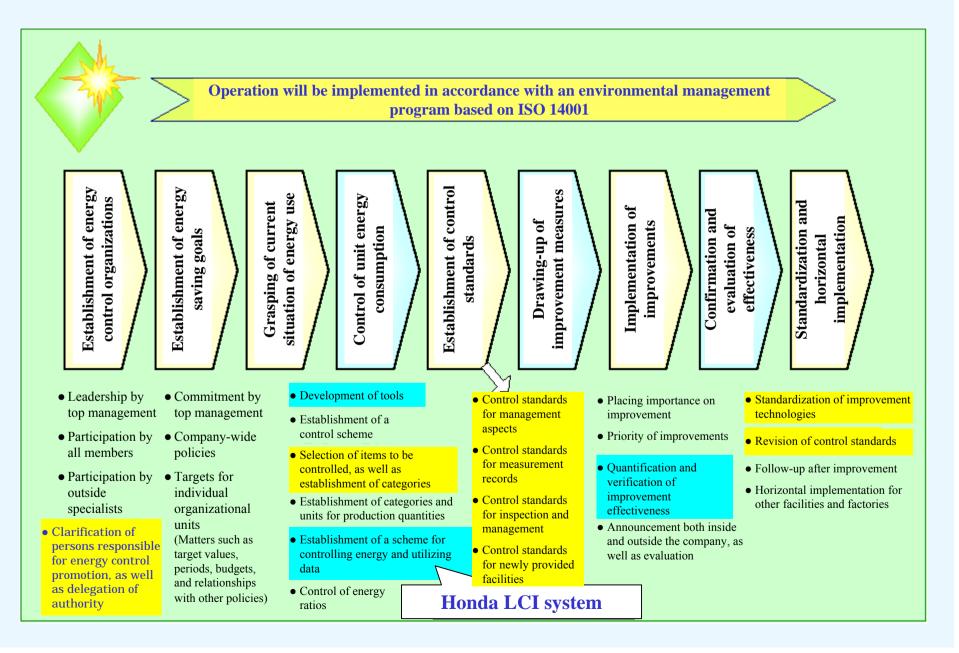
2. Efforts to grapple with energy saving (Promotion of countermeasures against global warming due to "carbon dioxide emissions")

3. Efforts to address environmental conservation (Promotion of environmental load reduction activities and relevant control)

History of environment and Honda's moves

Moves in the world	Honda's moves
1962: • Rachel Carson published "Silent Spring."	1975: • Measures were taken to address emission control.
1972: • The Club of Rome Club published	CVCC engines were installed.
the "Limits to Growth" on the "World	1976: • "Home town building" was started.
Environment Day."	1990: • Organizations exclusively handling
1987: • The "Montreal Protocol" was adopted.	environmental issues were established.
	1992: • Honda's declaration on environment
1993: • EU enacted "EMAS" (Eco-	was issued.
Management and Audit Scheme), which	1995: • The world Environment Conference
started to be implemented in 1995.	was held.
	1997: • Green factory efforts were
1996: • "ISO 14001" took effect.	implemented.
1997: • "COP3 (Kyoto Conference)" was held.	A goal was set such that the unit energy
Emissions of greenhouse gases are to be	consumption should be reduced 30% by
reduced by 5% worldwide by the period	2010 as compared with 1990.
2008 - 2012.	1998: • ISO 14001 certification was obtained.
• Japan is to achieve 6%.	2000: • Operation of cogenerator No. 1 was
• EU is to achieve 8%.	started.
	2002: • Operation of cogenerator No. 2 was
	started.

Method of implementing energy control



Application of environmental management system

ISO 14001 Standard

<Plan>

4.2 Environmental policies

4.2 Plans

- 4.3.1 Environmental aspects
- 4.3.2 Legal and other requirements
- 4.3.3 Objectives and targets
- 4.3.4 Environmental management program <Do>
- 4.4 Implementation and application
- 4.4.1 Framework and responsibilities
- 4.4.2 Training, awareness, and ability
- 4.4.3 Communication
- 4.4.4 Environmental management system documents
- 4.4.5 Document control
- 4.4.6 Application control
- 4.4.7 Preparations for emergencies and handling thereof

<Check>

- 4.5 Inspection and corrective action
- 4.5.1 Surveillance and measurement
- 4.5.2 Nonconformity, as well as correction and preventive measures
- 4.5.3 Records
- 4.5.4 Auditing of environmental management system <<u>Action</u>>
- 4.6 Review by management

Essentials of environmental conservation activities

<Program>

- (1) Environmental policies: The management will declare a resolve to conserve environment.
- (2) The present situation will be investigated, environmental aspects will be identified, and effects on environment will be evaluated.
- (3) Legal and other requirements will be clarified.
- (4) A management program will be prepared. (Establishment of objectives and targets will be included as well.)
- <Implementation / application>
- (5) The framework and responsibilities in terms of organizations and business will be clarified.
- (6) Education / training will be planned and implemented.
- (7) The method of communication inside and outside the company will be established.
- (8) Various operating procedures will be standardized, prepared, and controlled.
- (9) The implementation status of the management program will be controlled.
- (10) Emergencies will be identified, preparations will be made for handling them, and training therefor will be conducted.
- (11) The way application is implemented will be checked, and the system will be surveiled and measured.
- (12) Nonconformity will be clarified and corrected, and measures will be taken to prevent recurrence.
- <Verification / analysis>
- (13) Items such as environment, education, measurement, and corrective action will be recorded.
- (14) Internal environmental auditing will be planned and implemented. <Standardization / correction>
- (15) The management will conduct reviews. (Internal auditing results / target achievement status / other information)

What is the Energy Saving Law?

The Energy Saving Law is a comprehensive law for promoting effective use of energy and elimination of waste thereof. This law, which has been applied for about 20 years since enacted in 1979, is contributing to the realization of our country's energy use efficiency that is said to be at the highest level in the world.

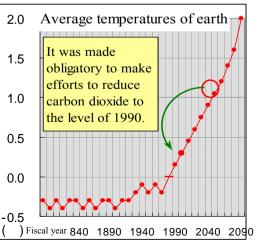
Energy is indispensable to daily life and business activities. It is important to utilize energy as effectively as possible in our country, which depends on overseas sources a great deal of energy including petroleum.

The Energy Saving Law is one in which are incorporated all measures to thoroughly rationalize the use of energy as a means to curb quantities of energy uses as far as possible, while maintaining rich daily life and vigorous economic activities.

* Failure to save energy

leads to the following! Consumption of energy causes carbon dioxide to increase, and global warming takes place, resulting in abnormal weather giving rise to disasters.





[Basic policies]

The basic policies specify basic matters to be implemented by entities such as users of energy, for the purpose of rationalizing the use of energy.

[Obligation to strive hard on the part of energy users]

Voluntary efforts are required of all entities using energy, including consumer nationals as a whole, entrepreneurs, and local governments.

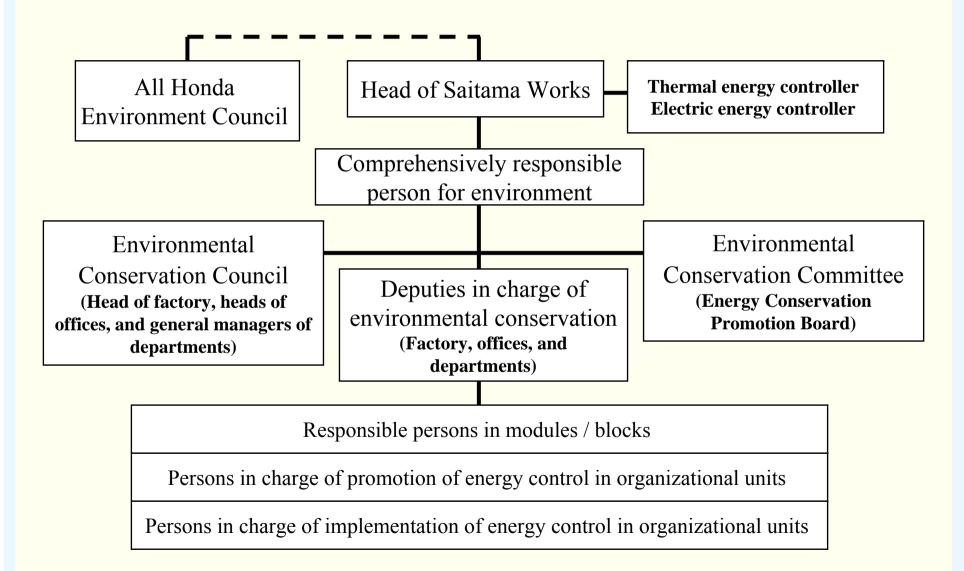
The planned goal to strive for in energy saving is <u>a reduction of 1%</u> of the record of the previous year in terms of unit consumption.

[Measures regarding factories]

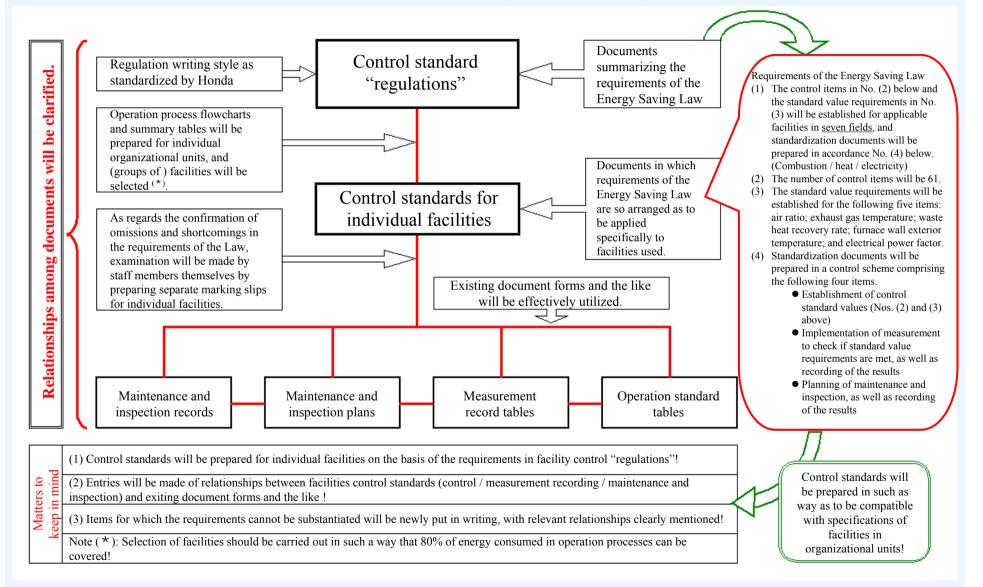
Factories are obliged <u>to formulate "control standards"</u> for the purpose of appropriately and effectively rationalizing the use of energy.

Types of designated factories	Description
Designation of factories for Class 1 energy control	The quantity of energy used is not less than 3,000 kiloliters per year as converted in terms of crude oil, or the quantity of electric power used is not less than 120 thousand kilowatt- hours per year.
	<measures> (1) Selection of energy controller (2) Periodic reporting of energy use status (3) In the event that the rationalization of energy use is significantly insufficient, the State will give instructions /make public announcements / issue orders regarding the implementation of "rationalization programs" to be carried out under directions of the State.</measures>

Energy control organization framework

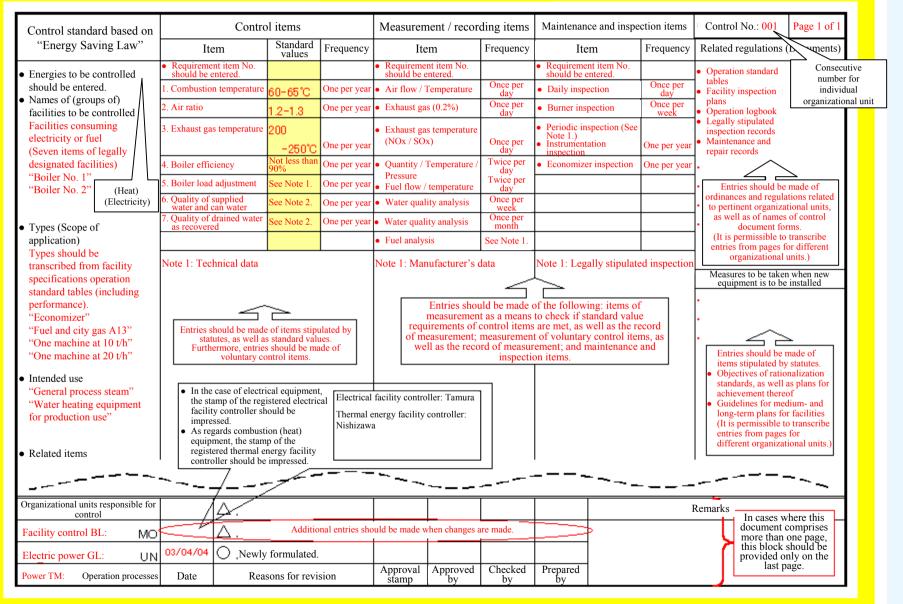


Scheme for control standard documents as required by Energy Saving Law

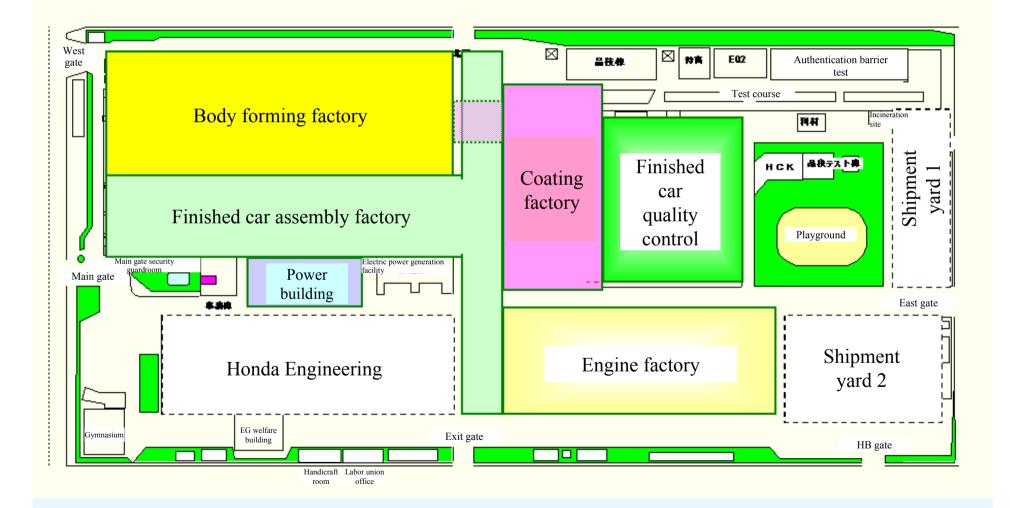


Examples of entry

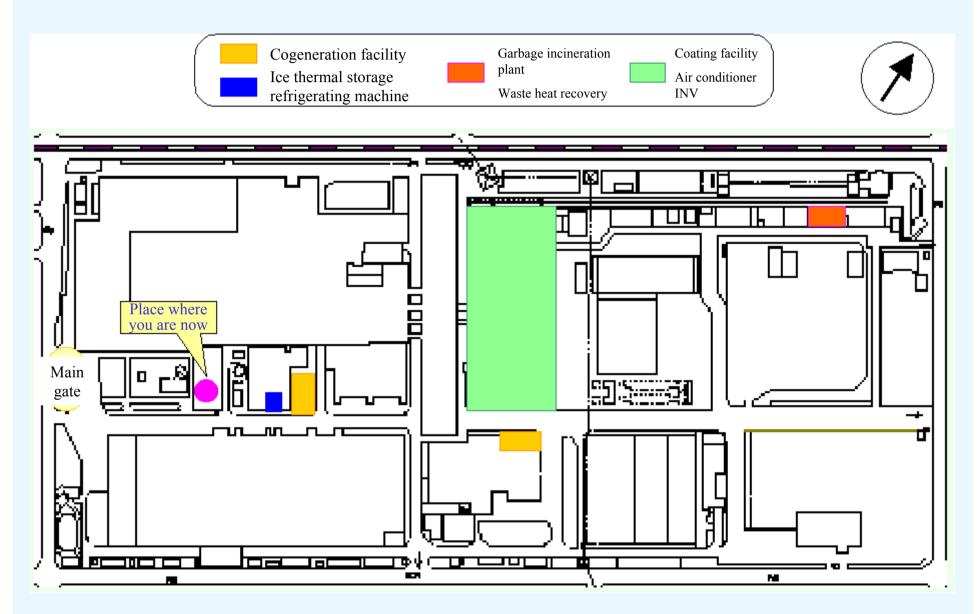
Control standard



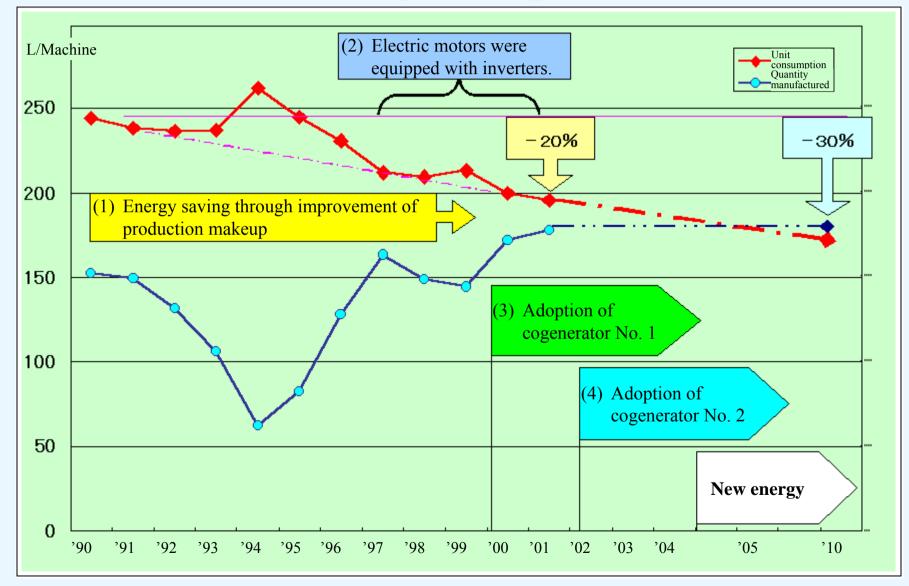
Operating processes subject to application of control standards



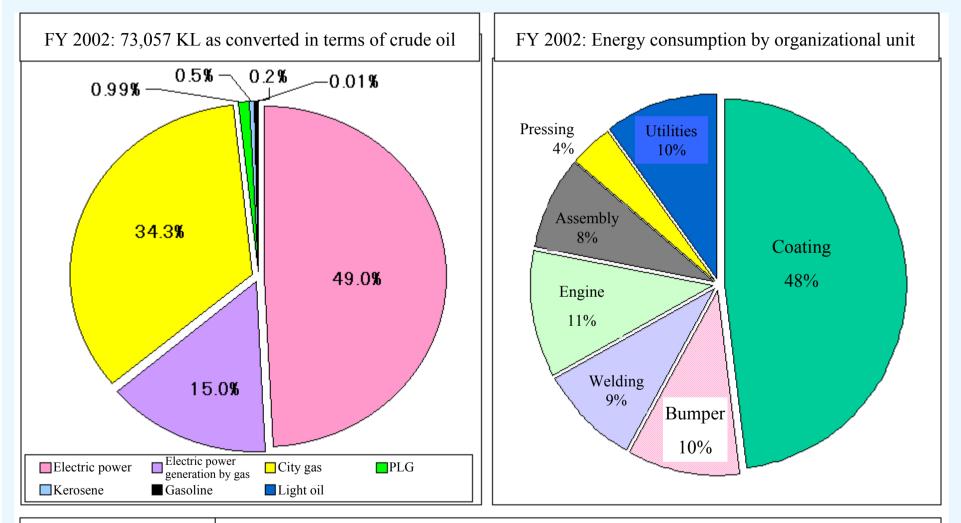
Energy saving facilities installation locations



Past records of energy saving, as well as plans up to 2010



Past records of energy consumption

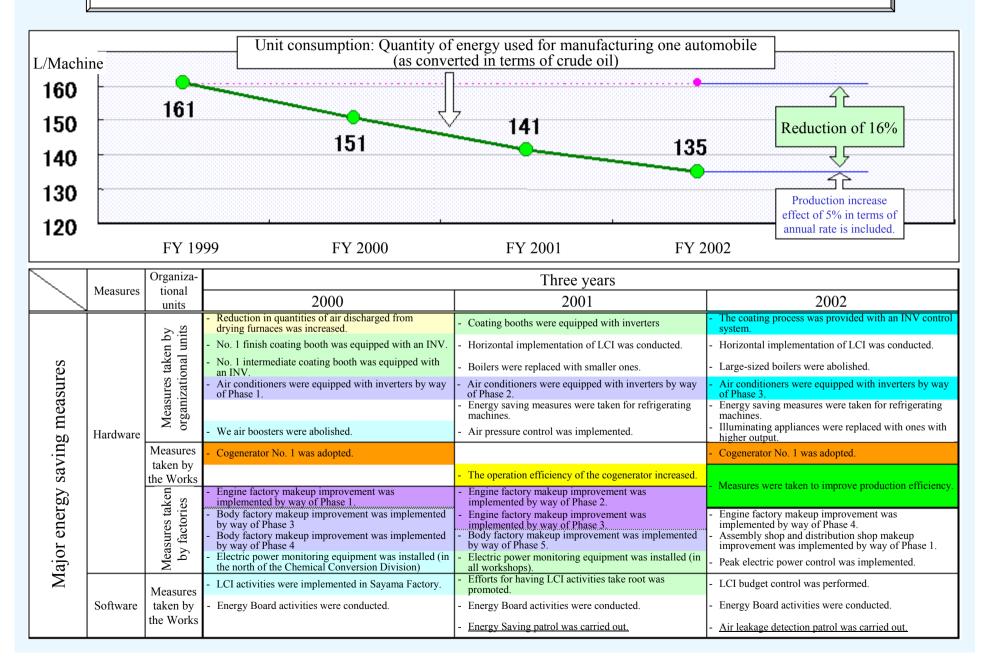


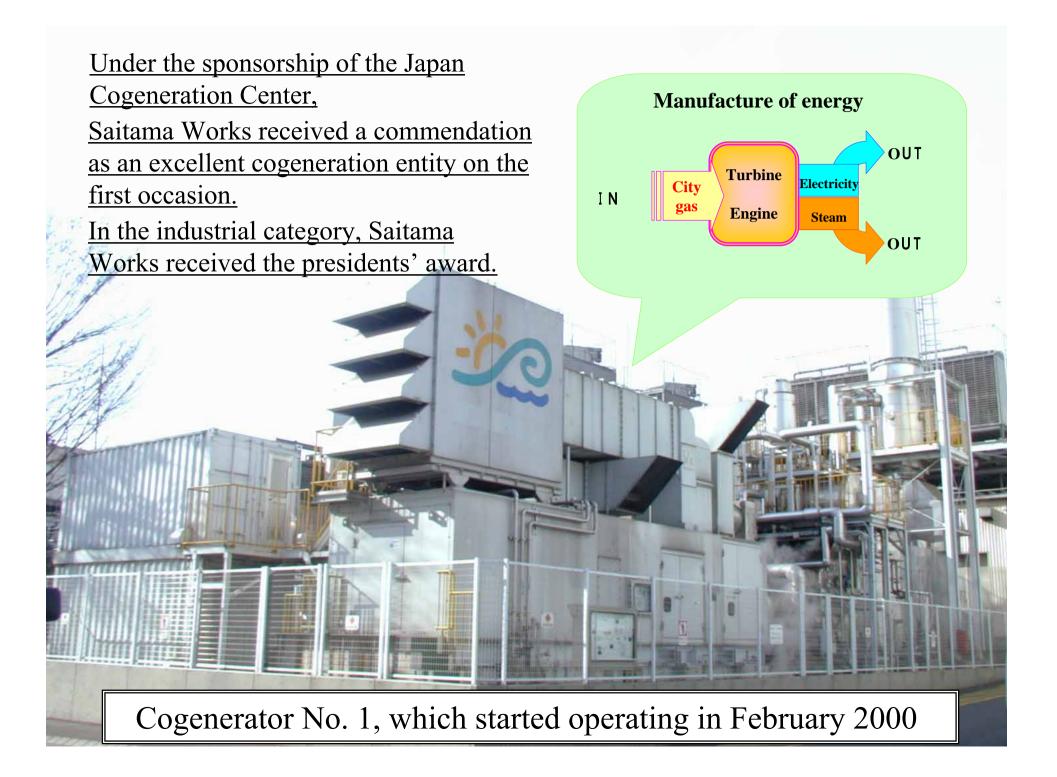
Main points of past records of energy consumption

(1) Electricity accounts for 64% of all energy, and gas accounts for 34% thereof.

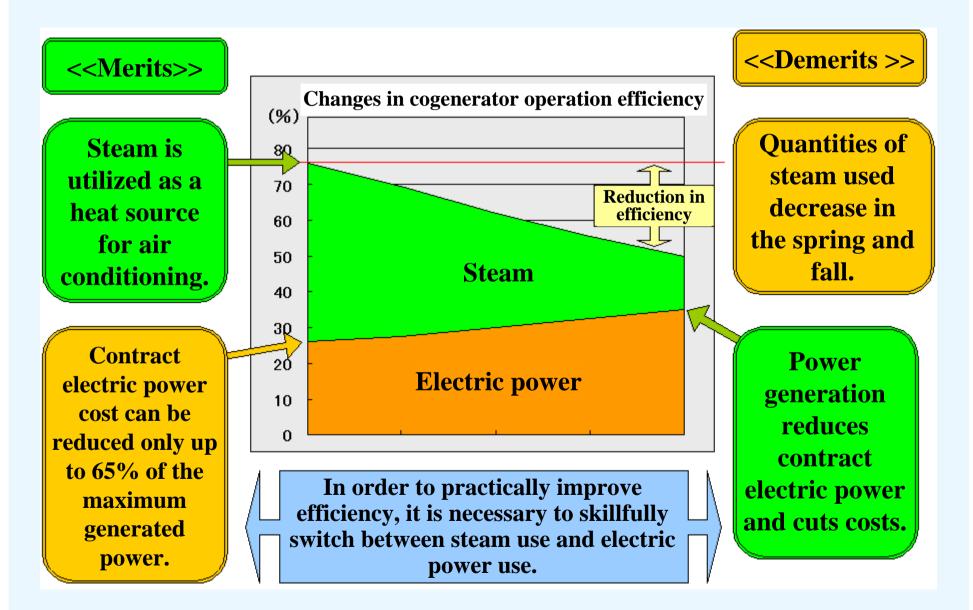
(2) About half of energy consumed is used in the coating process.

Past records of energy saving at Saitama Works





Merits and demerits of operation



Records of operation in 2001

Operation efficiency <[Actual output] / [LHV Standard value]>

- Maximum efficiency = 76.0% (Test)
- Overall efficiency = 69.4%

- Power generation efficiency = 29.9%



[Steam generation efficiency = 39.5%]

[Operating efficiency]

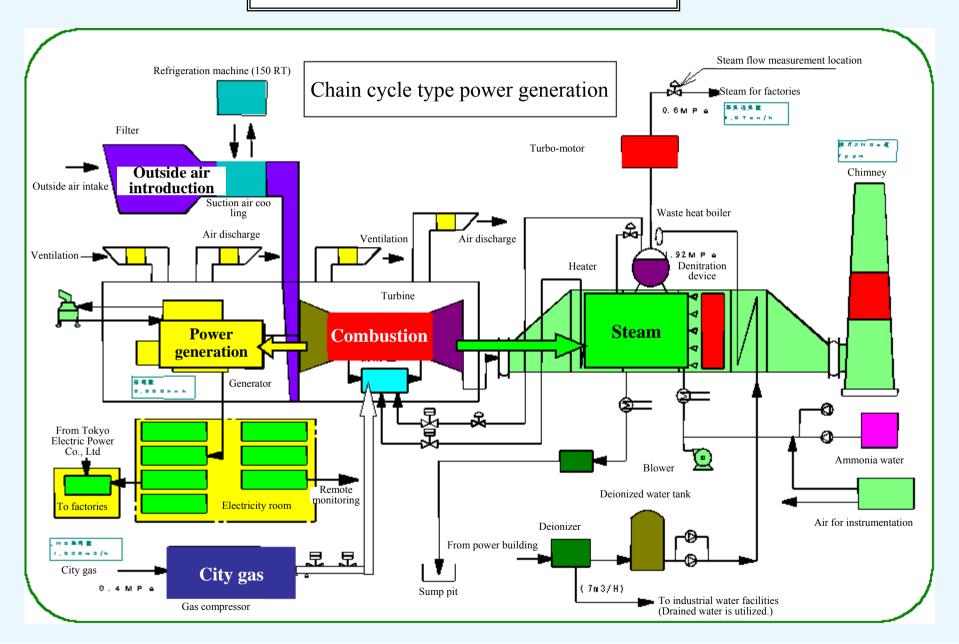
[69.4% / 76%] = 91.3%

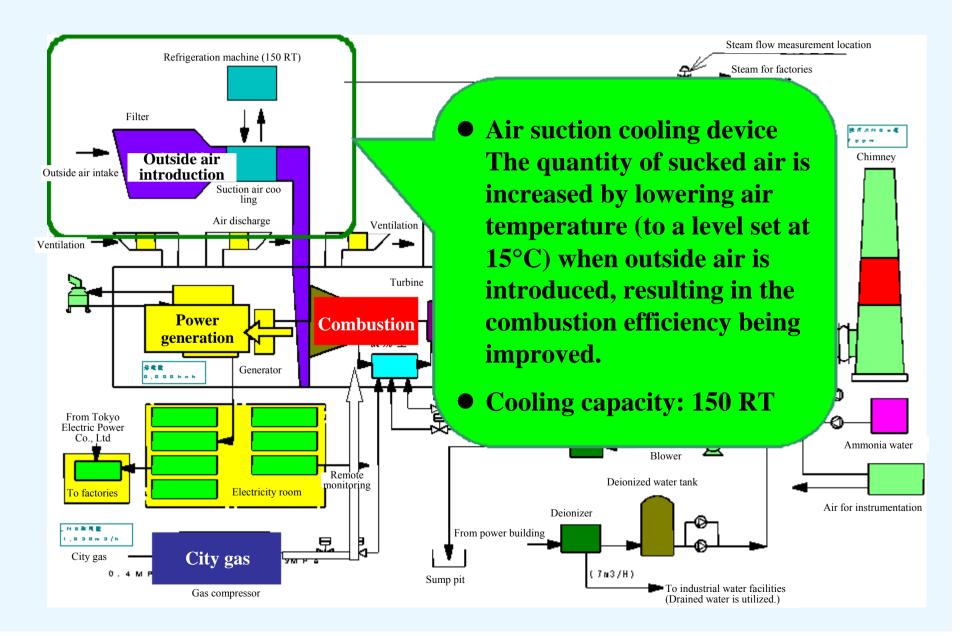
Facility functions for which commendation was awarded

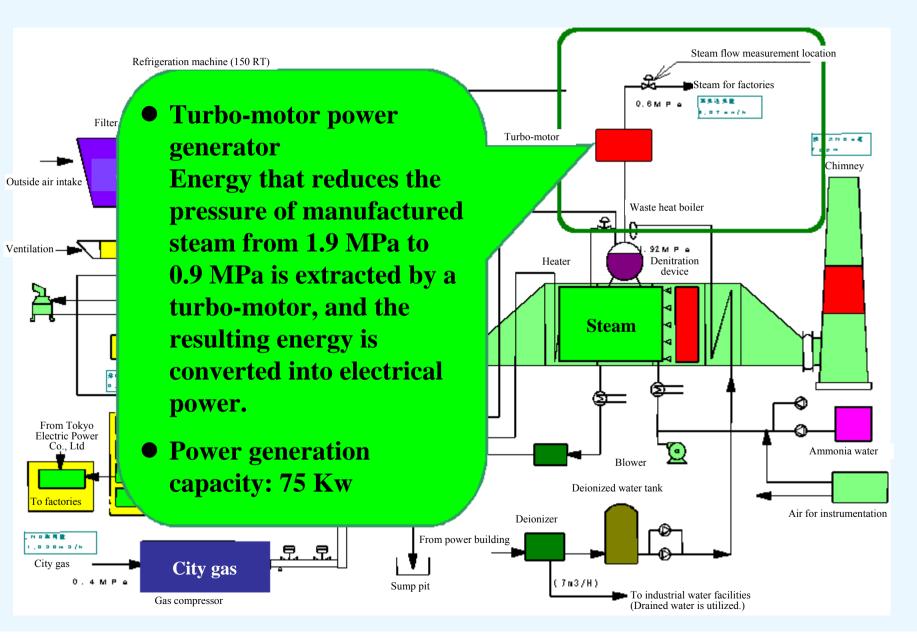
- (1) Energy saving features
 - 1. Air suction cooling device
 - 2. Turbo-motor power generator
 - **3. Steam suction type refrigerating machine**
 - 4. Small-sized through flow boiler

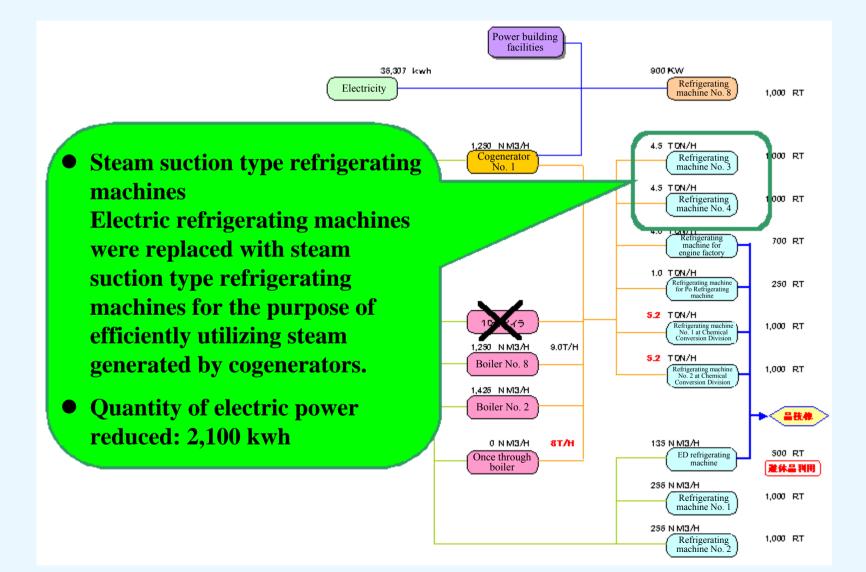
- (2) Environmental conservation features
 - 1. Abolition of large- sized through flow boiler
 - 2. Exhaust gas denitration device
- **(3) Novelty features**
 - 1. Single-cycle breaker
 - 2. Contract electric power control

System schematic



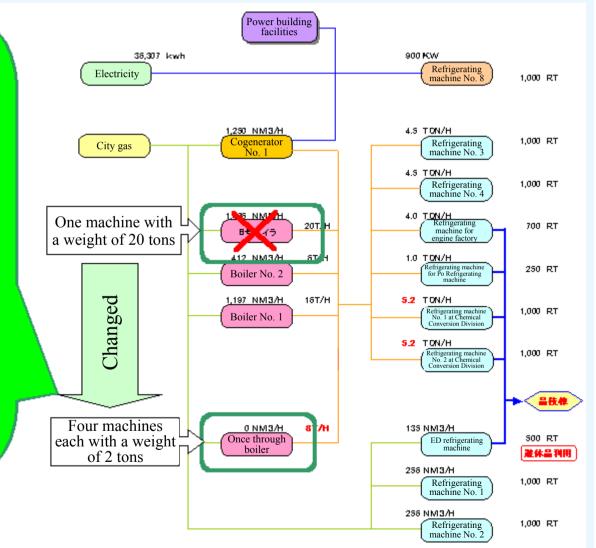






Energy saving features, Part 4 Environmental conservation features, Part 1

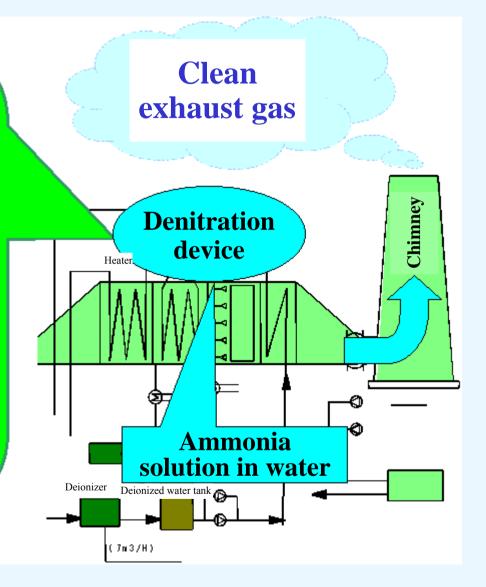
- Replacement of boilers City-gas-heated largesized boilers were abolished and replaced with small-sized through flow boilers.
- Boiler capacity:
 76 tons 54 tons
- Quantity of reduction in combustion exhaust gas: 14,880 Nm³



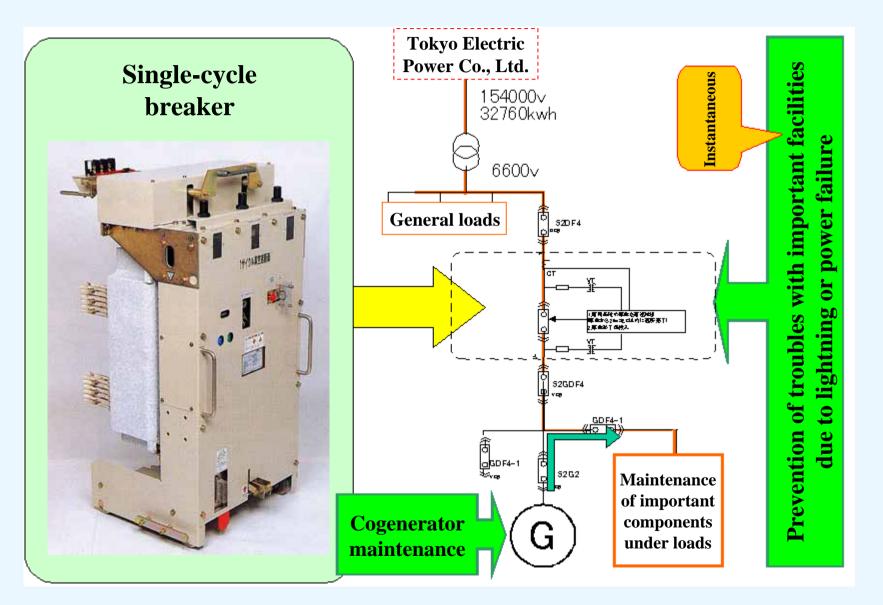
Denitration device

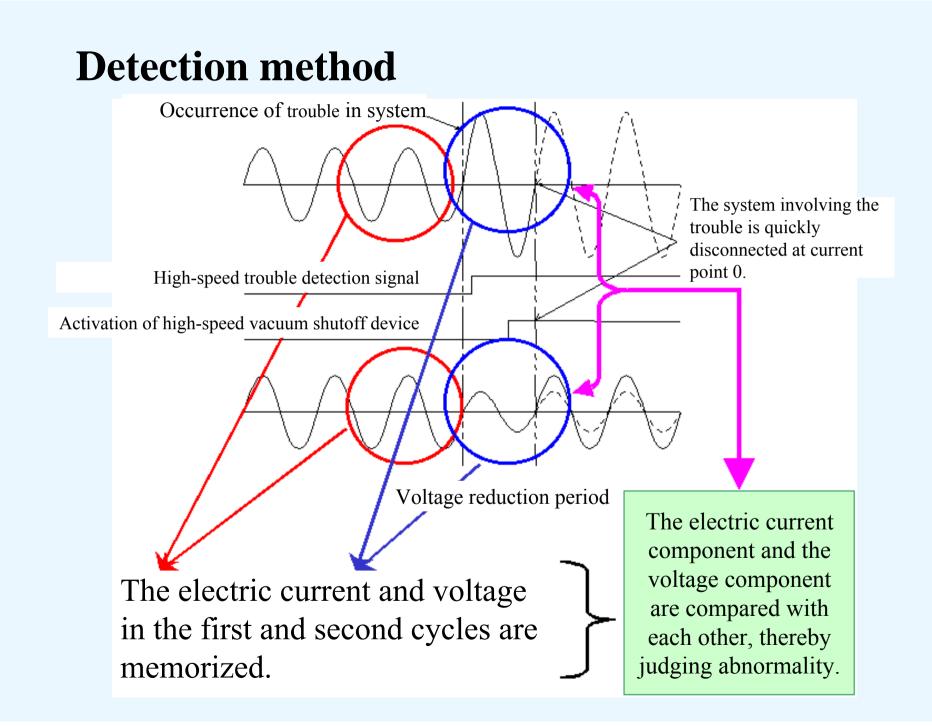
 A denitration device
 was installed for the
 purpose of meeting the
 requirement stipulated
 by the State regarding
 the NOx value of
 combustion gas, which
 requirement is such
 that the limit of "70
 ppm is lowered to one tenth."

NOx value: 7 ppm

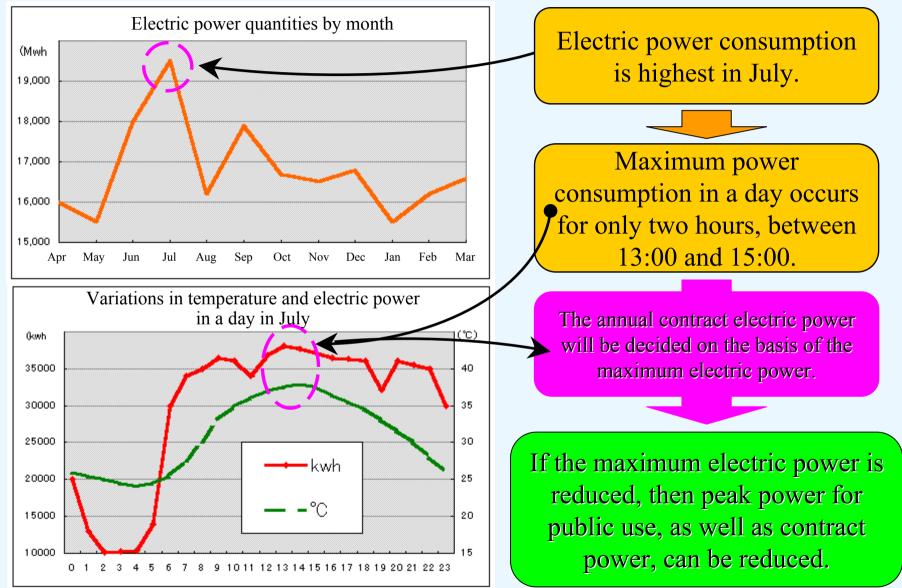


Novelty features, Part 1

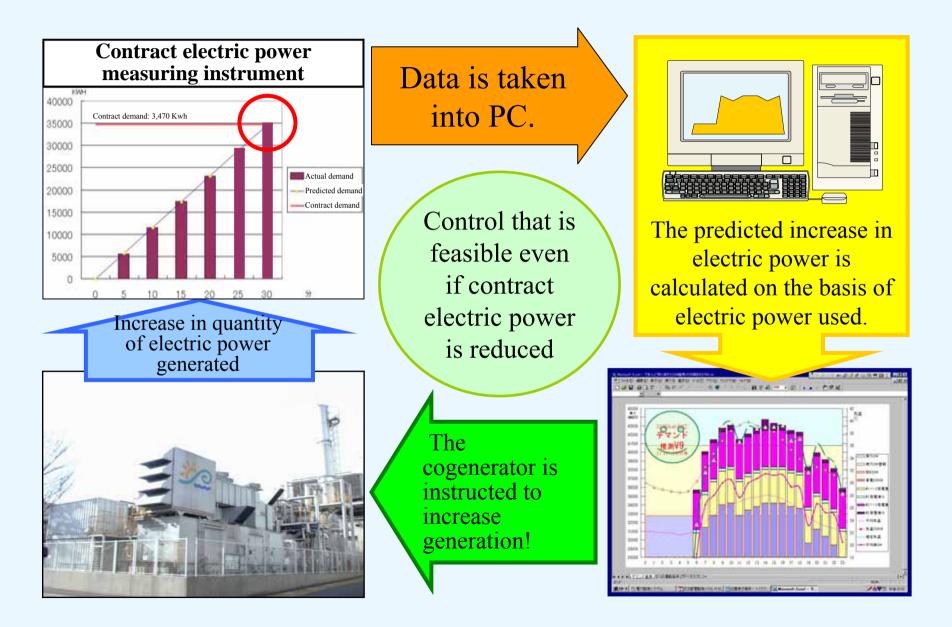




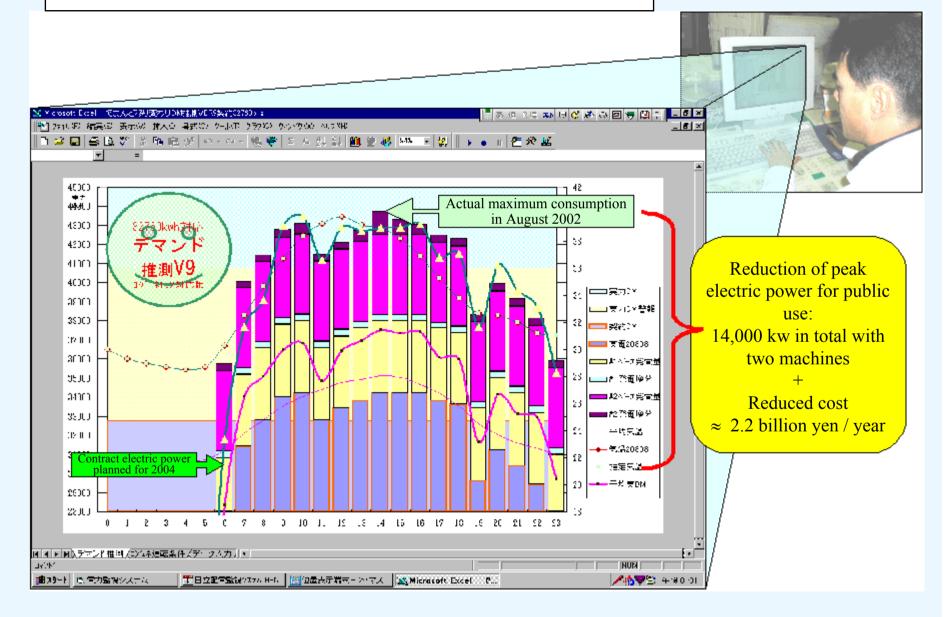
Reduction of contract electric power by utilizing cogenerators

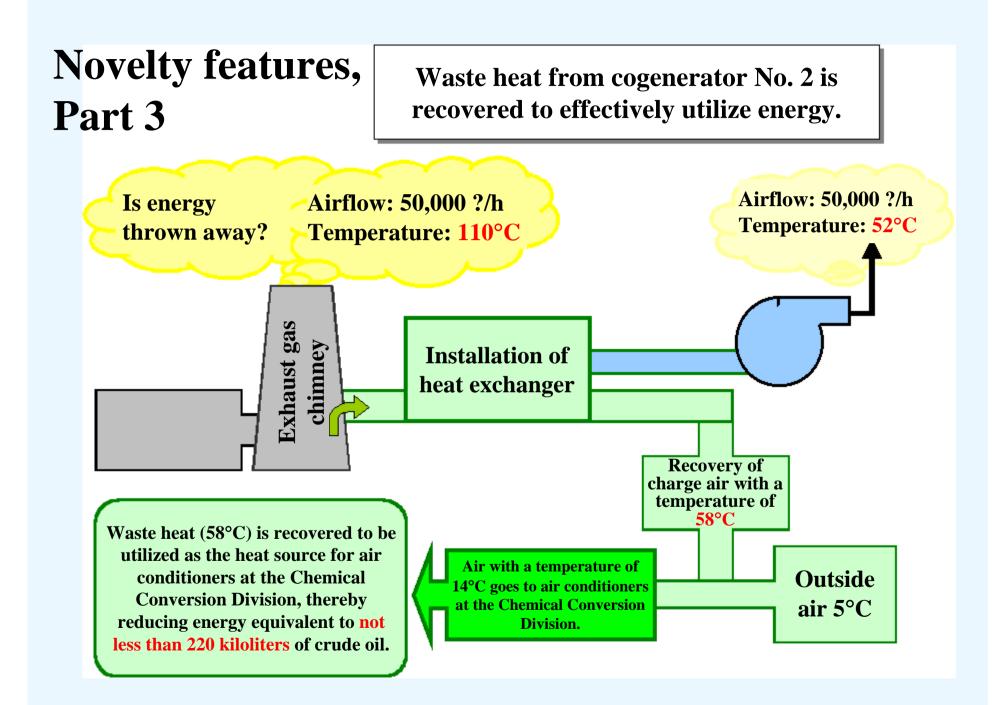


Novelty features, Part 2



Contract Electric power control





LCA and LCI

From determination of present situation to analysis

What is LCA (Life Cycle Assessment)?

This is a technique whereby the resource energy used by a product throughout its life cycle (raw materials design / manufacture / use / recycling final disposal), as well as the environmental load discharged, is calculated periodically to evaluate potential effects on environment (that is, to determine the present situation).

<Note>

LCA is a mere evaluation technique (for determining the present situation).

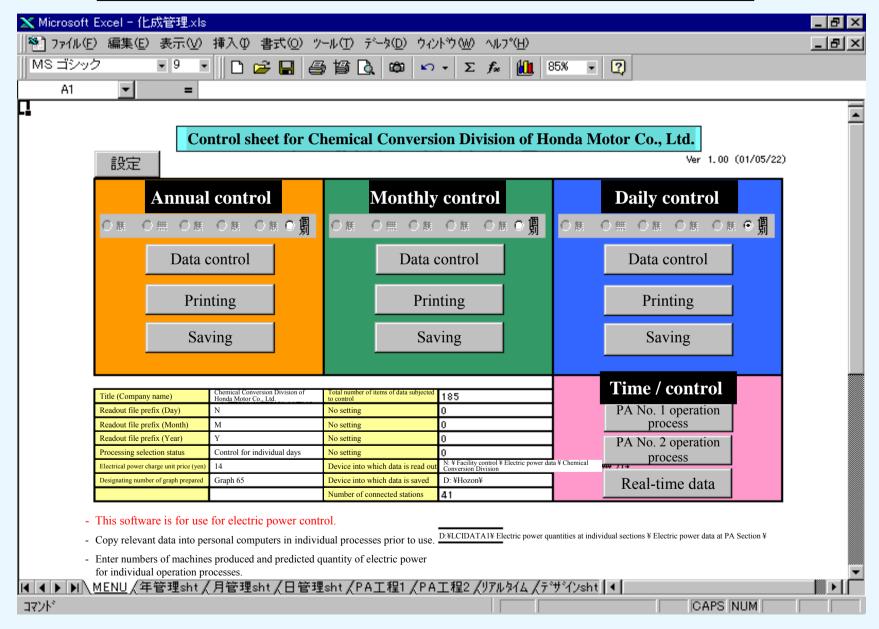
Establishment of Honda LCA System

What is LCI (Life Cycle Inventory)? <Purpose of implementation> Data in all manufacturing stages and data on all events (in / out) are collected and analyzed. For the purpose of concentrating on reduction of environmental load, loss will be brought to light, and problems will be extracted, then countermeasures will be implemented to bring about improvement. <Implementation method> (1) Ouantitative control will be conducted for individual areas on the basis of daily data. Decisions will be made as to which items are to be targeted in (2)areas where countermeasures are to be taken (it is permissible to start with any item). (Sections / subsections / teams / operation processes / machines / time / cycles) Problems brought to light from measured data will be extracted. (3)Relevant organizational units will utilize data to work out (4)countermeasures. Saitama Works has established the relevant system, which is being horizontally spread to other works.

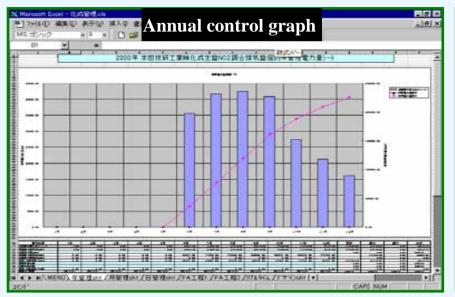
Adoption of electric power measurement system

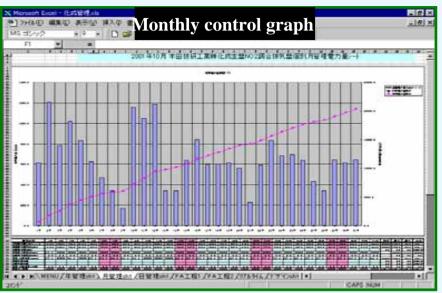
○ An electric power monitoring system will be adopted to share data by LAN, thereby permitting all sections (Mo / UN) to implement control / analysis. AF Mo WEMo Data totalizing personal computer MO office MO office Unit (Operation^L Unit (Operation process) process) PrMo POMo Information system LAN PAMo DC MMb Data sharing Type of data Remarks Item Application area Purpose (1) Electric power integration data by the Each individual organizational Control of budgets and actual Each module and unit expenditures for electric power charges minute unit / operation process will control energy Each individual organizational Electric power charges (Budget (2) Monthly integration data by the day 1) Shared data on electric unit / operation process control) consumption on an Each individual organizational (3) Monthly data by the day Efficiency control individual basis, and will power unit / operation process continuously promote Each individual organizational Standard electric power / loss (4) 24-hour data by the hour analysis unit / operation process energy saving activities Each individual organizationa This is a procedure whereby the Elicitation of electric power loss by utilizing the LCI unit / operation process 2) LCI analysis technique above data are analyzed to bring Confirmation of energy saving technique. loss to light. Each individual process effectiveness

Electric power consumption indication control for individual operation processes, Part 1



Electric power consumption indication control for individual operation processes, Part 2

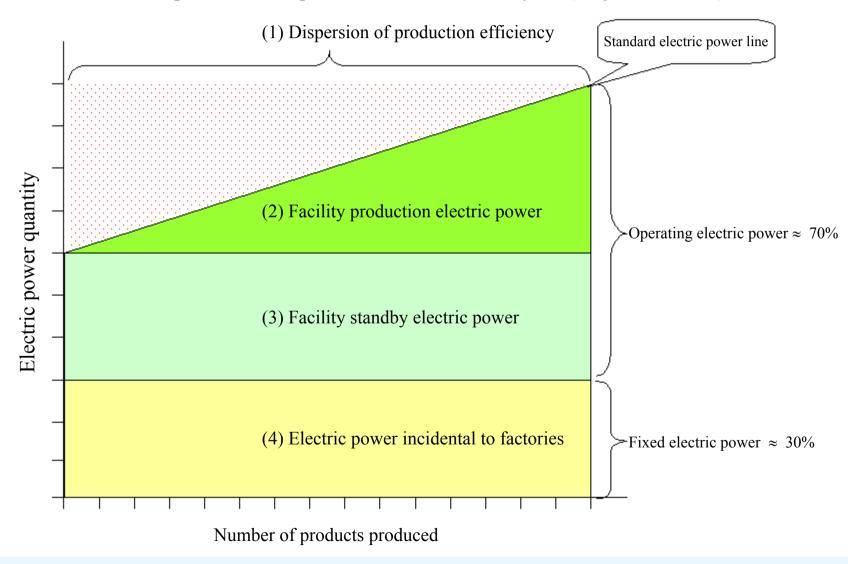






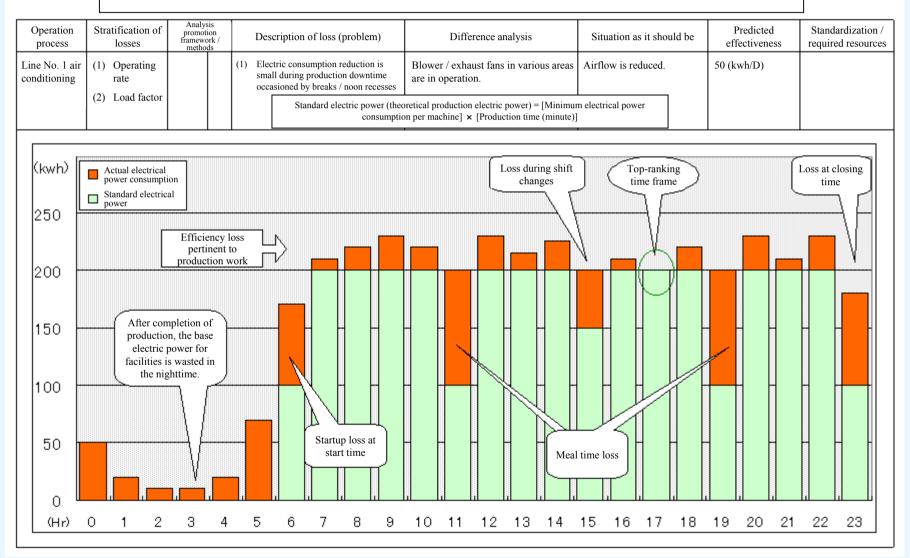
Method of grappling with energy saving

Electric power consumption is stratified and analyzed (subjected to LCI).

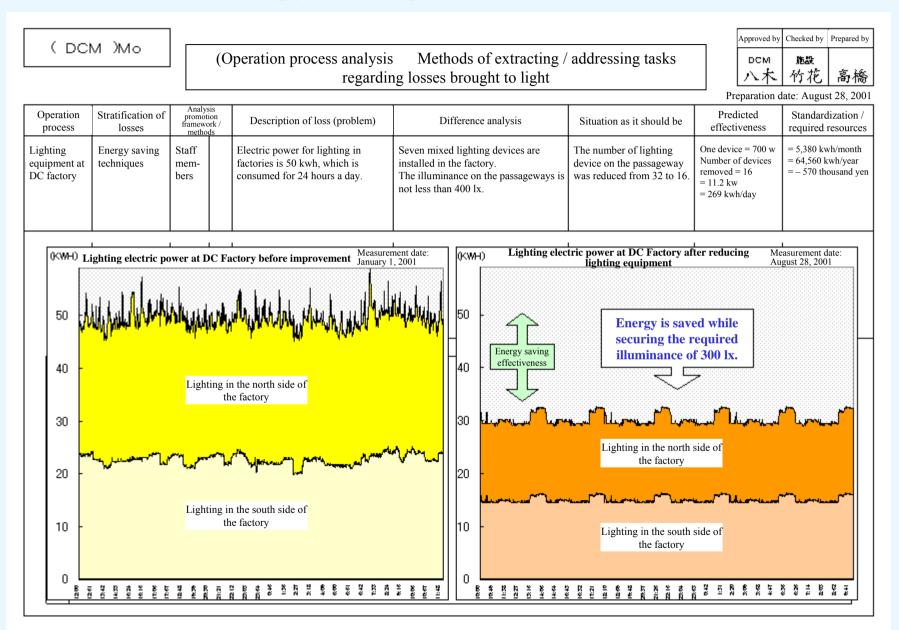


Analysis of electric power consumption per day

(Operation process analysis Methods of extracting / addressing tasks regarding losses brought to light

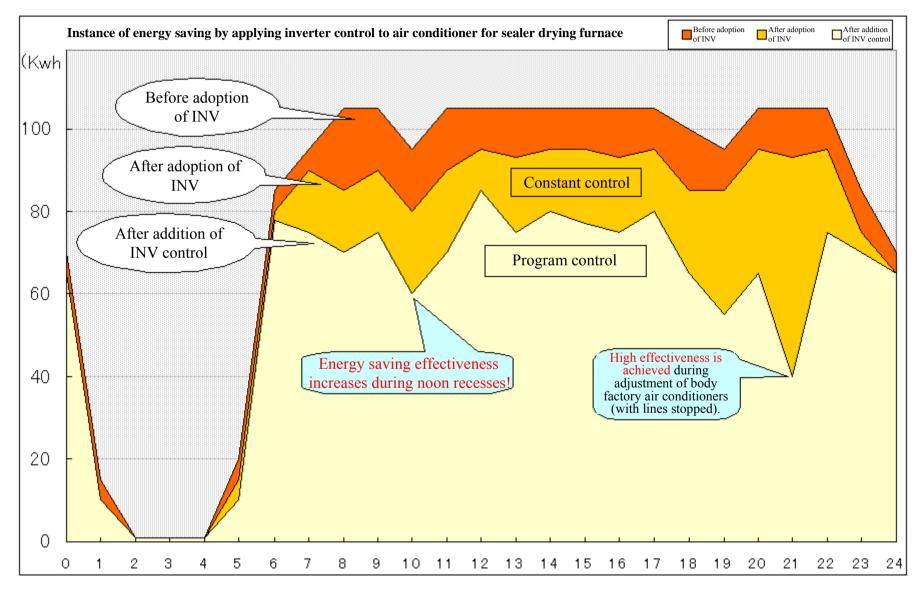


Instance of energy saving, Part 1 (Reduction of lighting equipment)



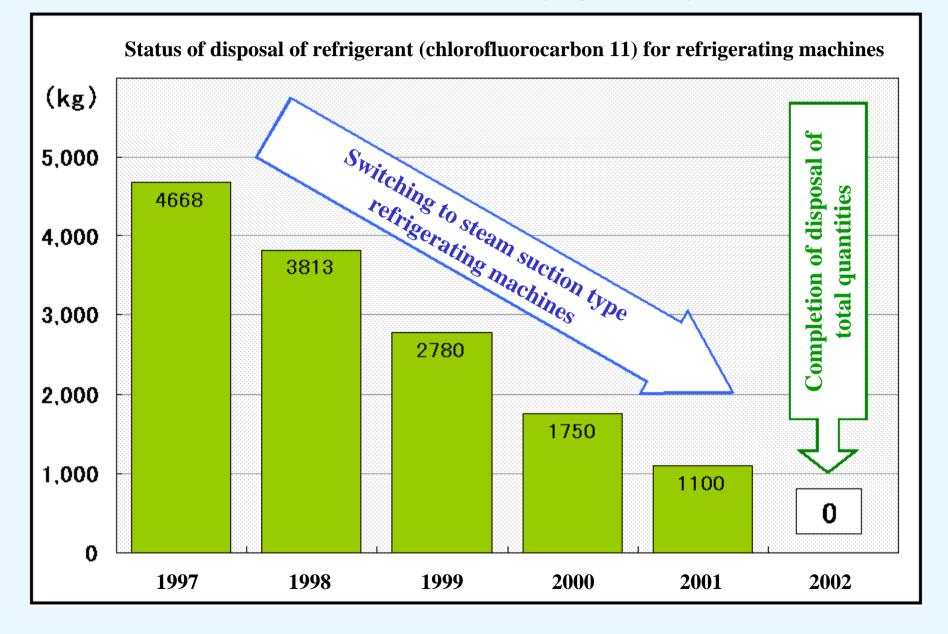
Instance of energy saving, Part 2

1) Improvement of the system in such a way as to provide high-efficiency inverter control



Promotion of use of non-chlorofluorocarbon

(Reduction of substances destroying ozone layers)



Adoption of "ammonia refrigerant" in ice thermal storage refrigerating machine

Background

- The production of specific chlorofluorocarbons was discontinued in December 1995.
- Specific chlorofluorocarbons have a significant effect on the global environment.
- Of all the relevant facilities at Saitama Works, only one facility still uses a specific chlorofluorocarbon.
- A refrigerant other than a chlorofluorocarbon is required for new facilities.

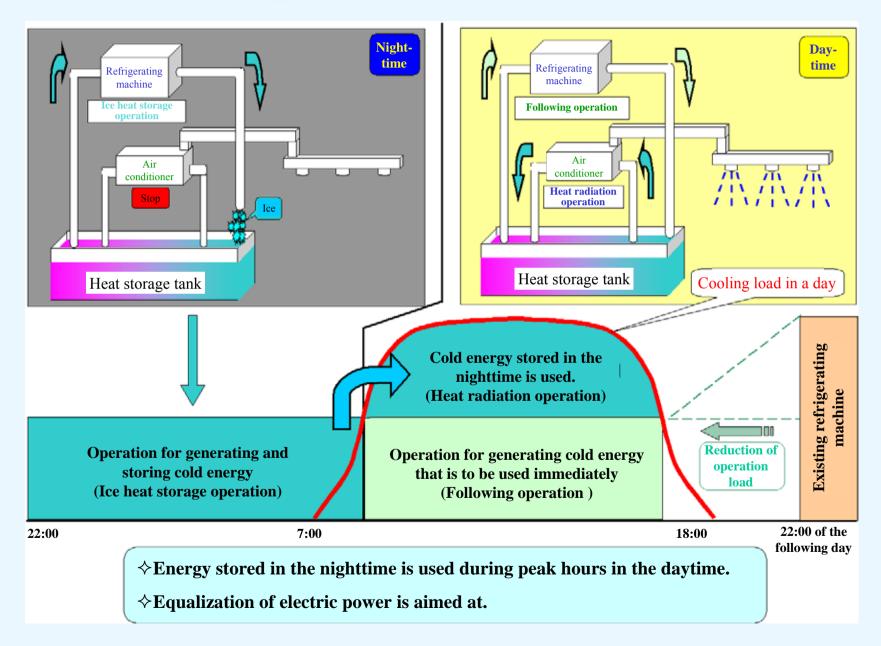
Purpose

- A selection will be made of a refrigerant which replaces any of the specific chlorofluorocarbons and which does not impose a heavy load on the global environment.
- Quantities of electric power used will be equalized, thereby alleviating burdens on public energy.

Effects

- 1. By abolishing chlorofluorocarbon, the load on the global environment was reduced, and "carbon dioxide was decreased by 28 tons per year."
- 1,400 kw of electric power was equalized, and "the electric power cost was reduced by 30 million yen per year."

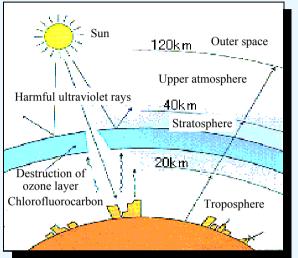
Concept of heat storage system



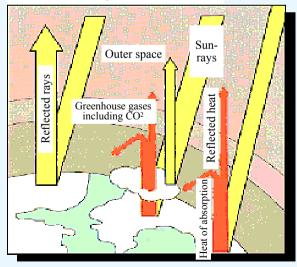
Chlorofluorocarbon control and ammonia refrigerating machines

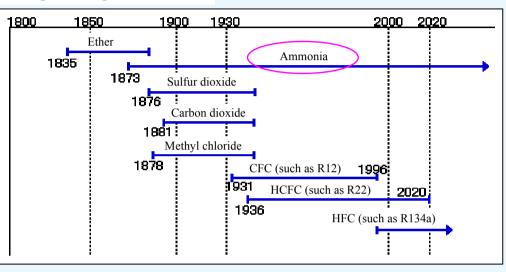
• Substances destroying ozone layers

•Changes of refrigerants



•Global warming issue

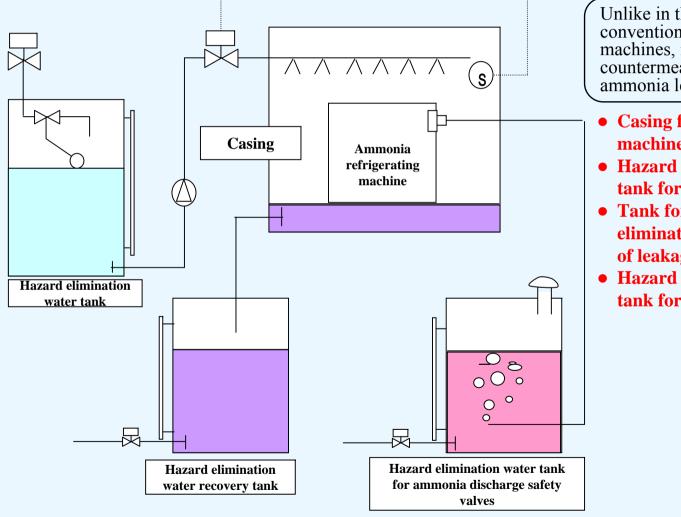




•Characteristics of refrigerants

Refrigerant	Ammonia	HCFC-123	HFC-134a
Ozone depletion potential (ODP)	0	0.02	0
Global warming potential (GWP)	0	93	1,300
Toxicity	Toxic (highly poisonous)	Toxic (highly poisonous)	Toxic (weakly poisonous)
Flammability	Flammable (Flame- retardant)	Not flammable (noncombustible)	Not flammable (noncombustible)
Related laws and regulations	High-Pressure Gas Law Fire Defense Law		High-Pressure gas
Others	Hazard elimination facilities are required	Emission control is imposed, which is to be newly abolished in its entirety in 2010.	Emission control is imposed.

Ammonia refrigerating machine hazard elimination facilities

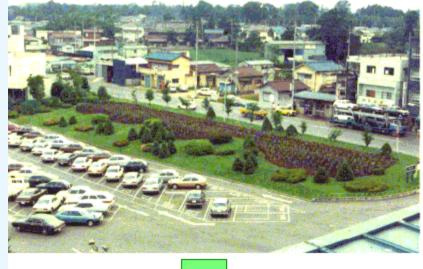


Unlike in the case of conventional refrigerating machines, it is necessary to take countermeasures against ammonia leakage.

- Casing for refrigerating machine room
- Hazard elimination water tank for dilution
- Tank for recovering hazard elimination water in the event of leakage
- Hazard elimination water tank for safety valves

Implementation of creation of a forest in the home province

Area beside the safety gate as it was when trees were planted (1976)



Area beside the safety gate as it is today (2004)

Trees were planted in 1976 under the slogan "Let's create a forest in the home province with trees of the same province."

- Planted area: 57,000 square meters
- Number of trees planted: 57,834

Predicted CO² absorption effect ≈ 460 tons/year (One tree: 8 kg/year)

Sound insulation effect: 5 dB

Trees have grown to form a forest rich in green.



Saitama, a Land of Rich Colors Fiscal year 2003

Business Establishment Implementing Environmental Conservation

Saitama works, Honda Motor Co., Ltd.

Declaration on Enhancement of Ecology



Saitama, a Land of Rich Colors

Business Establishment Excellently Implementing Environmental Conservation

This is to certify that your business establishment is a "Business Establishment Excellently Implementing Environmental Conservation in Saitama, a Land of Rich Colors" in that your business establishment has produced superb results in such a way as to be a model for other business establishments that made a declaration on enhancement of the ecology of Saitama, a land of rich colors, by way of addressing global environmental conservation activities.

February 27, 2004

Kiyoshi Ueda Governor, Saitama Prefecture

