



American Honda Foundation

Contributions' Policy

“To give away money . . . is an easy matter and in any man’s power. But to decide to whom to give it and how much and when, and for what purpose and how, is neither in every man’s power nor an easy matter.”

Aristotle

American Honda Foundation

A Statement of Corporate Responsibility

American Honda Motor Co., Inc. is a diversified manufacturer and distributor of Honda and Acura automobiles, Powersports (motorcycles, ATV's, scooters and watercraft) products, power and marine equipment in the United States, with its principal office in Torrance, California. American Honda Motor Co., Inc. has been in business in the United States since June, 1959, and through its corporate headquarters, subsidiaries, zone offices and dealerships provides jobs for several thousand persons.

Honda Motor Co.'s (Japan) basic philosophy of making its products acceptable to world markets has guided the Company and its subsidiaries' unique business development since its early days.

As customer acceptance of Honda products in key markets has increased, this philosophy has been expanded to a basic business strategy of manufacturing products wherever they were being sold in quantity. Through this approach, Honda has endeavored to contribute to the economic well-being of a growing number of countries hosting such production. An example of Honda's commitment to the people and countries in which its products are sold is Honda of America Manufacturing, Inc., located in Marysville, Ohio. This facility began U.S. production of motorcycles in 1979 and automobiles in 1981.

During its short history, Honda has established itself as the world's largest manufacturer of motorcycles, as well as one of the newest and one of the largest producers of automobiles in the world. Honda has also been able to significantly expand its power equipment and marine businesses and has built a worldwide reputation as a major manufacturer.

Honda's brand name is synonymous with quality the world over. With the successful transfer of technology from its original motorcycle business to automobiles, power and marine equipment, Honda has structured a unique development and manufacturing capability which produces a variety of consumer products built around compact, high-performance engines.

By developing, manufacturing and supplying quality products suited to local markets, employing local resources and reinvesting capital in those markets, Honda fulfills its goal of being a responsible and contributing corporate citizen.

As a major corporation enjoying the rights and responsibilities of the free enterprise system, American Honda Motor Co., Inc. is committed to leadership in the supplying of products and services and to the fulfillment of its responsibilities to shareholders, consumers, employees and society. The best way to meet these varied responsibilities is to provide quality products and services priced to represent good value to consumers.

Honda's continuing commitment to its "international and localization" philosophy will increase as additional business opportunities in the worldwide marketplaces are expanded.

The American Honda Foundation, a non-profit, philanthropic organization, was established in 1984 in conjunction with American Honda Motor Co., Inc.'s 25th Anniversary in the United States. In order to say "thank you" to the American people, for their support through the years, in a meaningful, long-lasting way, the American Honda Foundation has been founded to make grants to worthy, non-profit causes, programs and organizations which directly benefit the people of the United States.

Policy and Objectives

American Honda Motor Co., Inc. is committed to conduct an enterprise which is of real and continuing value to society. One of the most powerful ways American Honda Motor Co., Inc. can demonstrate this commitment is by effectively fulfilling its basic role as a business enterprise. This requires the provision of an organization where people can grow and thrive, where profits can be fairly won in the competitive marketplace, where customers are well served and where the business enterprise itself has the capacity to change as the needs and values of society change.

This corporate policy recognizes that the success of the business is affected by the vitality of the communities in which it operates and the society at large. Accordingly, the establishment of the American Honda Foundation is in the interests of the parent company, its employees, clients, stockholders and the general public. It is the policy of American Honda Motor Co., Inc. to be a good corporate citizen and to be responsive to the broad needs of society.

Therefore, in these interests, the American Honda Foundation will actively pursue the following corporate objectives:

- To apply to the Foundation's grantmaking program the same professionalism and creative management processes that characterize the other activities of American Honda Motor Co., Inc. Resources used in this program come from capital revenues and will be invested with the same care and planning that is applied to other uses of corporate funds.
- To identify within the very broad range of contributions' activities certain priority areas for special emphasis.
- To operate the Foundation in a flexible manner which responds to the changing needs of society and to opportunities for innovation and for catalytic leadership.
- To complement rather than to substitute for the role of public institutions and public funds.
- To increase positive awareness and goodwill for American Honda Motor Co., Inc. and the American Honda Foundation.
- To provide an annual level of contributions' funding which reflects the success of American Honda Motor Co., Inc.
- To insure that the Foundation's grants accomplish the most good as parts of structured programs - programs that balance the most pressing needs of youth and scientific education against the available Foundation funds.

Guidelines

The American Honda Foundation reflects the basic tenets, beliefs and philosophies of the Honda companies. It is, therefore, considered "Honda-like," which is characterized by the following:

- Dreamful (imaginative)
- Creative
- Youthful
- Foresightful (forward thinking)
- Scientific
- Humanistic
- Innovative

The American Honda Foundation will engage in grantmaking which is consistent with these characteristics. To be considered for possible funding, programs related to youth and scientific education should be:

- Dedicated to improving the human condition of all mankind (humanistic).
- Soundly managed and administered by enthusiastic and dedicated individuals who approach their jobs in a youthful way.
- Look to the future or foresightful programs.
- Innovative and creative programs that propose untried methods which ultimately may result in providing solutions to the complex cultural, educational, scientific and social concerns currently facing the American society.
- Broad in scope, intent, impact and outreach.
- Possess a high potential for success with a relatively low incidence of duplication of effort.
- Operate from a position of financial soundness.
- In urgent need of funding from a priority basis (not necessarily financial need); i.e., the relative importance of the program or project to the public.
- Represent a minimal risk in terms of venture capital investment.

The American Honda Foundation defines "youth" as pre-natal through 21 years of age. "Scientific education" encompasses both the physical and life sciences, mathematics and the environmental sciences.

Our priorities, levels of giving and the process of managing contributions have been carefully thought out to reflect the best interests of American Honda Motor Co., Inc., the American Honda Foundation and the American people.

Areas of Giving

Organizations working in the areas of youth and scientific education may be eligible for grants from the American Honda Foundation. Our policy is to seek out those programs and organizations with a well-defined sense of purpose, demonstrated commitment to making the best use of available resources and a reputation for accomplishing their objectives.

The American Honda Foundation will make grants in the field of youth and scientific education to:

- Educational institutions, K-12.
- Accredited higher education institutions (colleges and universities).
- Community colleges and vocational or trade schools.
- Scholarship and fellowship programs at selected colleges and/or universities or through selected national, non-profit organizations.
- Other scientific and education-related non-profit, tax-exempt organizations.
- Gifted student programs.
- Youth educational or scientific programs or institutions.
- Educational radio and/or television stations or networks.
- Films, movies, film strips, slides and/or short subjects concerning youth and/or scientific education.
- College, university or other non-profit laboratories engaged in scientific education.
- Private, non-profit scientific and/or youth education projects.
- Other non-profit, tax-exempt institutions in the fields of youth and scientific education.
- Programs pertaining to academic or curriculum development that emphasize innovative educational methods and techniques.

While the American Honda Foundation recognizes that there is a broad range of organizations worthy of support, budget limitations necessitate a focus on those with the broadest interest and support and, therefore, the highest potential for success.

Community support and support for service agencies, such as Boy and Girl Scouts, Boys and Girls Clubs, is channeled through the Community Relations Department at American Honda Motor Co., Inc. No application form is required. Proposals may be submitted to: American Honda Motor Co., Inc., Corporate Community Relations Division, 1919 Torrance Boulevard, Torrance, California 90501.

Organization and Procedures

To be considered for a grant, an organization must have an Internal Revenue Service designation as a non-profit, tax-exempt public charity.

The request should include:

- A statement of the organization's purpose.
 - Description of the program for which the grant will be used. (There are no minimum or maximum length requirements or restrictions. However, the program description should be clear, concise, precise and to the point.)
 - A copy of the Internal Revenue Service final determination letter, 501(c)(3), designating the organization as a non-profit, tax-exempt, public supported charity. Grants are not awarded to groups still in the advance ruling period as designated by the IRS.
 - A copy of the organization's most recent Form 990 to the Internal Revenue Service.
 - A list of the Board of Directors and a resolution from the Board which authorizes the request for a grant.
 - A copy of the current budget for the entire organization, with comparisons to the last previous budget. Significant changes should be reconciled.
 - A proposed budget utilizing the grant funds requested with line item detail.
 - Audited financial statements for the last two years.
 - A list of current contributions, with giving levels, particularly of other corporate sponsors and/or corporate foundations.
 - A three-to-five year plan from the organization.
 - Support materials (i.e., annual reports, press kits, brochures, flyers, press clippings, photos, etc.).
- A pre-printed grant application form is available by mail from the American Honda Foundation.

Please send a self-addressed label to:

American Honda Foundation
Post Office Box 2205
Torrance, California 90509-2205
Attn: Grant Application Request

Allow ten-days for delivery of your application.

Applications are also available on-line at Honda.com.

Applications without the required information and requested attachments listed will not be considered until all such material is made available.

The American Honda Foundation is administered by a Manager, and is subject to review by a Board of Directors, composed of senior officers of American Honda Motor Co., Inc. and Honda North America. In reviewing grantmaking opportunities, the following questions, among others, will be considered:

- Is the program broad in intent, impact, scope and outreach?
- Does the request fall within the scope of the American Honda Foundation's guidelines and grantmaking policies?
- Are the objectives and programs of the organization seeking funding clearly defined and reasonably capable of achievement?
- Does the program have merit?
- What is the specific need of this agency as related to the particular problem it seeks to address, compared with the needs of other similar programs?
- Are the organization's objectives and programs supportive of the public and the interests of American Honda Motor Co., Inc.?
- Does the proposed activity serve a needed function, without the creation of undesirable program duplication?
- Where will the program be and what is planned in the next three to five years?
- Has the organization and its leaders demonstrated, by past accomplishment, an ability to fulfill the stated objectives and successfully implement their pro-grams?
- Is the organization both efficiently and ethically managed?
- What is the maturity and competency level of the administrators of the program or agency?
- Who is on the organization's Board of Directors?
- Does the organization have an active governing Board and support from the community?
- What is the financial status of the organization and what are the sources of its income? Does it have a broad base of support?
- Does the program propose untried methods which ultimately may result in providing solutions to the complex cultural, educational, scientific and social concerns currently facing the American society?
- What are the potential risks to funding this program? What are the adverse consequences and/or potential problems involved?
- What are the "pros" and "cons" to funding?
- How urgent is the funding priority of this program?
- Is the program dreamful, imaginative, innovative, creative and humanistic?
- What is the potential impact of the program?

Types of Grants

The American Honda Foundation will consider all of the following possible types of grants to non-profit organizations:

- Seed
- Operating
- Project/program
- General support/continuing support
- Challenge
- Matching
- Conditional
- Scholarship and fellowship programs
- Proactive

Grant Ranges

In general, the following grant ranges will apply to requests of a one-time only basis, payable in one lump sum, within one quarter's (3 months) grantmaking: \$10,000 - \$100,000.

The average grant range is \$40,000 to \$80,000 per year.

Indirect Costs

It is inconsistent with the policy and philosophy of the American Honda Foundation to pay any indirect costs associated with the administration of a monetary grant made to a project or program conducted upon the campus of a college or university.

Therefore, when formulating a grant proposal to the Foundation, all junior colleges, colleges, universities, trade and vocational schools should be aware of this policy to allow no indirect costs.

Grant Schedule

The American Honda Foundation will make grants in accordance with the following quarterly schedule:

Procedure

To be considered for a grant, proposals must be in the hands of the Foundation staff on the deadline date to submit applications for the desired quarter. Proposals postmarked on the deadline date but not received in the Foundation's offices until after the deadline date has passed will not be considered until the following quarter. Proposals may not be submitted by FAX or on-line. To submit a proposal via Federal Express, address it as follows:

American Honda Foundation
1919 Torrance Boulevard
Mail Stop 100-1W-5A
Torrance, California 90501

The receipt of an application will be immediately acknowledged in writing.

The American Honda Foundation's grant proposal review process encompasses three full months characterized by the following activities:

First Month:

All proposals received by the appropriate deadline date are evaluated during the first thirty (30) days utilizing a rational decision making process. The various characteristics that the American Honda Foundation's Board of Directors and staff have identified as important and desirable are that every proposal be:

- Potential to be national in impact, scope, intent and outreach
- Scientific
- Youthful
- Broad in scope
- Soundly managed
- Financially sound
- A high potential for success
- Foresightful (forward thinking)
- Low in degree of duplication of effort
- Dreamful (imaginative)
- Creative
- Humanistic
- Urgently in need (by priority, not merely financially)
- Represent a minimal risk in terms of venture capital investment

These characteristics are weighted and each proposal scored against them with each solicitation emerging from the evaluation with a total point score.

At this time, only the top 10% of these proposals will continue on in the review process. After the first thirty (30) days, the remaining 90% will be immediately notified of the disposition of their proposals to allow them the necessary time to contact other possible funding sources.

Second Month:

Site evaluations will be conducted by the American Honda Foundation staff on the top 10% of proposals received. No grant is awarded without a site visit and review. However, the conducting of such an evaluation by the Foundation staff does not in any way guarantee or promise a forth-coming grant. Site evaluations are utilized to gather information and data, thereby providing a better and more complete perception of how the organization actually functions, rather than merely relying on what appears on the grant application form.

Organizations will be evaluated against their stated objectives and the policy of the American Honda Foundation. Particularly careful studies and investigations will be conducted of each organization, cause and program before any grant is made.

In particular, the American Honda Foundation staff utilizes site evaluations to better ascertain the ability, commitment and enthusiasm of each grantseeker, and to expand the staff's direct knowledge of the programs and people soliciting its grant funds.

Third Month:

The Board of Directors will meet at the end of each quarter to review and personally evaluate the top 10% of proposals. At this time, the Board will make its final funding decisions and each organization will receive an immediate response as to its disposition.

A proposal's continuance in the evaluation process through the third month does not guarantee or promise a forth-coming grant. The Board of Directors shall be the sole authority in determining to whom grants are made and how much they will receive. All decisions of the Board of Directors are final.

The American Honda Foundation has no discretionary funds and all grant applications must go through this three month review process.

Each grantee of the American Honda Foundation will be expected to report quarterly on their results and the extent to which their objectives have been achieved.

The Board of Directors of the American Honda Foundation will review its grantmaking policy no less often than every two years and will make such recommendations for change as it deems necessary.

General Limitations

The general thrust and results orientation of the American Honda Foundation's giving program requires that careful decisions be made about the kinds of programs or activities that will not be supported.

Grants are limited to organizations which are exempt from taxation under the Internal Revenue Code.

Areas which are not considered for grants, because of policy, budget limitations and/or State and Federal law include the following:

- Individuals
- Individual scholarships
- Organizations operating for profit
- Loans for small businesses
- Veterans' or fraternal organizations
- Labor groups
- Service club activities
- Propaganda statements (i.e., ballot initiatives, recalls, etc.)
- Arts and culture
- Health and welfare issues
- Research paper
- Social issues
- Medical research and/or educational research
- Programs outside the United States
- Disaster relief
- Trips or tours
- Direct support of churches, religious groups or sectarian organizations
- Attempts to influence legislation
- Advocacy
- Annual fund drives
- Advertising in charitable publications; advertising for fundraisers
- Operating funds for hospitals
- Private foundations
- Beauty or talent contests
- Youth recreational activities/playground equipment
- Student foreign exchange programs
- Social or other groups that serve the special interests of their constituency
- Any marathon-type fund raising activity
- Any sponsorships, for- or non-profit
- Political organizations, programs, campaigns or candidates running for public office
- Corporate memberships
- Conferences and/or seminars
- Building funds/capital campaigns
- Self-interested giving
- Fund-raising dinners, parties, receptions, auctions and/or charity balls

In addition, the American Honda Foundation does not make gifts or donations of any Honda products for any purpose, for a profit or non-profit organization.

Staff of the American Honda Foundation do not attend or participate in charitable fundraisers nor does the Foundation purchase corporate tables or sponsorship ads in programs at such events.

The American Honda Foundation's year end is March 31st. Organizations should not submit a grant application more than once in any 12-month period. Repeat requests will not be considered in the same year. Additionally, only one request per institution in any one quarter may be submitted. Multiple requests from the same institution or from departments, divisions, or schools of the same institution will be declined and returned. A grant does not necessarily indicate that continued support will be available. Commitments as to future grants are not pledged.

The American Honda Foundation will make this policy statement available on request and will provide appropriate information on its grantmaking procedures to interested organizations.

Summary

The American Honda Foundation has been charged with the responsibility of insuring that the grants it makes accomplish the most good as parts of structured programs – programs that balance the most pressing needs of youth and scientific education against the available Foundation funds. In addition, its resources must be invested in grantseekers utilizing the same care and planning that is applied to other investment uses of corporate funds.

With these responsibilities in mind, the decisions of to whom to give money, and for what purpose and how, are taken very seriously by the Board of Directors and the Foundation staff, and are made only after careful consideration of each grant application.

While the American Honda Foundation recognizes that there is a broad range of organizations worthy of support, budget limitations and policy necessitate a focus on those with the broadest interest and support and, therefore, the highest potential for success. Regrettably, the Foundation receives many more requests for support from worthwhile organizations than it can possibly fund each quarter and many are, therefore, declined, even though they meet all the requirements of the Foundation.

The American Honda Foundation will be innovative in its grantmaking, approaching the challenge of giving, and giving wisely, with a youthful and adventurous spirit.

By paving new roads in the field of corporate philanthropy, the American Honda Foundation intends to fulfill its basic mission, which is to give thanks to the American society in a meaningful, long-lasting way.

“ . . . All who have meditated on the art of governing mankind have been convinced that the fate of empires depends on the education of youth.”

Aristotle

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