

**Honda Europe’s Modern Slavery and Human Trafficking Statement for the Financial Year 2017/2018**

This statement is made and published pursuant to section 54 of the UK Modern Slavery Act 2015 (“MSA”). It sets out the actions taken by Honda Motor Europe Limited (“HME”) and other relevant group companies<sup>1</sup> (together with HME being “Honda Europe”) during the financial year ending 31 March 2018 to prevent slavery and human trafficking from occurring in its supply chains and business.

Honda strives to be “a company that society wants to exist”. The Honda Group appreciates that, through its diverse array of products and the processes required to manufacture and sell them, it impacts society in many ways. The Honda Group seeks to be a responsible and ethical group of companies and community partner.

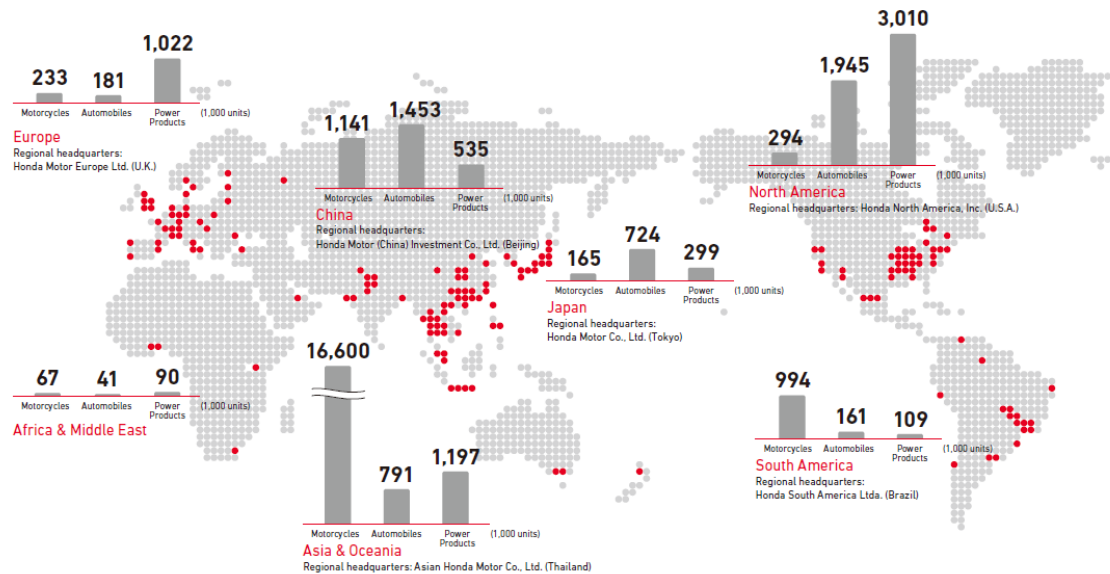
**1. Honda Philosophy**

As part of the Honda Philosophy, one of the Fundamental Beliefs is “Respect for the Individual”. This Belief leads the Honda Group to value and respect the unique contributions of each individual. Accordingly, the Honda Group is committed to ensuring that each person involved in the development, manufacture, distribution, sale and service of its products is treated with dignity and respect.

As part of its effort to conduct business in an ethical manner, the Honda Group will therefore not engage in business practices or activities that compromise fundamental human rights including all aspects of modern slavery.

**2. Our Business**

The Honda Group manufactures and distributes automobiles, motorcycles, power products and associated spare parts globally. Honda Europe is part of the Honda Group and its ultimate parent company is Honda Motor Co., Ltd., which has its head office in Japan. The Honda Group has over 200,000 employees worldwide and operates in six global regions (Japan, China, Asia & Oceania, North America, South America and Europe, Middle East & Africa).



Company name: Honda Motor Co., Ltd.  
 Established: September 1948  
 President and Representative Director, CEO: Takahiro Hachigo  
 Capital: 86,067 million yen (as of March 31, 2018)

\*The graphs show unit sales (retail) of motorcycles, automobiles and power products (in units of 1,000) for FY2018. (April 2017 to March 2018)  
 The symbol ● represents the approximate locations of Honda Group companies.

<sup>1</sup> This statement sets out the steps taken by the UK operations of Honda Motor Europe Limited (“HME”), Honda Finance Europe Plc (“HFE”), Honda of the U.K. Manufacturing Limited (“HUM”), Honda R&D Europe (U.K.) Limited (“HRE-UK”) and Honda Motor Europe Logistics NV (“HME-L”).

Honda Europe carries out a wide array of business activities including:

- manufacturing;
- distribution;
- sales;
- logistics services; and
- financial services.

As a result of Honda Europe's diverse operations and product base, it has a very complex supply chain with suppliers of goods and services based in the UK and all over the world. For example, in respect of the manufacture of a car (which can contain in the order of 2,500 components) each component will have a number of tiers of supply and for a complex part, may contain up to 40 tiers of supply.

### **3. Supply Chain**

Although each supplier has its own approach and responsibility towards running its business ethically, Honda Europe will not tolerate modern slavery in its business or supply chain.

#### (a) Supplier Corporate Social Responsibility ("CSR") Guidelines

The Honda Group has created Supplier CSR Guidelines which set out the Honda Group's minimum expectations towards suppliers on business ethics, working conditions and human rights.

Through these CSR Guidelines, the Honda Group makes it clear that it will not allow any unlawful business practices including:

- use of child labour;
- workers receiving less than minimum wage;
- work hours exceeding legal limits; and
- forced or compulsory labour.

Through the CSR Guidelines, the Honda Group seeks to ensure that all of its suppliers share its values and take a zero tolerance approach to modern slavery.

#### (b) Supplier Contracts

Honda Europe is determined to ensure its suppliers comply with the MSA and puts contractual obligations on its suppliers to confirm that modern slavery is not present in its supply chain.

All new contracts entered into between Honda Europe and direct suppliers which are governed by English law include specific anti-slavery clauses. These clauses:

- prohibit the supplier from engaging in any modern slavery practice (as defined by the MSA);
- require the supplier to report any incidents or suspected incidents of modern slavery to Honda Europe; and
- require the supplier to take any remedial action required by Honda Europe to remedy any modern slavery practices found within its supply chain.

If the supplier fails to comply with the anti-slavery clauses, then Honda Europe may terminate the contract with that supplier.

#### (c) New Suppliers

Honda Europe also draws attention to its ethical approach, including its approach to modern slavery, to potential new suppliers when tendering for new products and services. This ensures new suppliers are made aware at an early stage of the expectations and obligations Honda Europe will place on them if they are successful in bidding to be one of its suppliers.

#### (d) Conflict Minerals

The Honda Group has recognised that there is a high incidence of human rights violations (including modern slavery) in connection with the supply of conflict minerals. Since 2013, the Honda Group has

issued an annual supplier survey, which seeks to confirm the origin of conflict minerals in order to improve knowledge of the Honda Group's supply chain and encourage responsible sourcing. The Honda Group issues the survey to its Tier 1 suppliers who are then requested to cascade the survey through their supply chain to smelter level. The Honda Group has reported the results from these surveys to the U.S. Securities and Exchange Commission and has made them available online (for a copy of the Honda Group's most recent report please click [here](#)).

#### (e) Supplier Ethics Line

Launched by Honda of the UK Manufacturing Limited ("HUM") in December 2016, the Supplier Ethics Line provides a method for all suppliers of Honda Europe to report (anonymously, if they wish) any suspected breach of the CSR Guidelines, or any other unethical conduct, so that Honda Europe can take appropriate remedial action.

Details of the Supplier Ethics Line are included in the CSR Acknowledgement Declaration (referred to below) and in the email signatures of a number of HUM associates (including all members of the Product Compliance & Sustainability Team).

The Supplier Ethics Line gives all suppliers of Honda Europe a method to report incidents of modern slavery in a secure and confidential manner.

The Supplier Ethics Line is regularly checked and any reported incidents are dealt with on a confidential basis and reported to the Honda Europe Compliance & Ethics Committee.

#### (f) Drive Sustainability

Honda Europe is also a member of "Drive Sustainability", an automotive partnership integrating sustainability into procurement processes (for more information, please click [here](#)). The partnership provides Honda Europe with an insight into the CSR activities of competitors as best practice is shared.

#### (g) Additional actions taken in the Financial Year ending 31 March 2018

To build on the progress made in the Financial Year ending 31 March 2017, Honda Europe (acting primarily through HUM) has taken the following actions to further its goal of ensuring modern slavery is not taking place in any part of its supply chain:

##### i) CSR Acknowledgement Declaration

In September 2017, HUM sent out a communication to all of its indirect suppliers. The communication included a copy of the Honda Group's Supplier CSR Guidelines (as referred to at paragraph 3(a) above) and a copy of the Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain (collectively the "Guidelines").

The aim of the communication was to remind suppliers of the Honda Fundamental Belief of "Respect for the Individual". Suppliers were asked to read the CSR Guidelines and to confirm they understood and acknowledged that any breach of these Guidelines would not be tolerated.

The suppliers were required to sign a CSR Acknowledgement Declaration form, expressly stating that they had understood and accepted the CSR Guidelines, and return this to HUM.

By taking this action, HUM is receiving positive confirmation from its suppliers that they acknowledge and accept Honda Europe's position on modern slavery. Where suppliers have not signed a CSR Acknowledgment Declaration, HUM will follow-up with suppliers to understand their reasons including whether they have, and commit to follow, their own guidelines or code of conduct.

##### ii) Self-Assessment Questionnaire on CSR Guidelines and Sustainability

In August 2017, HUM sent out a communication to all of its Tier 1 suppliers. The communication required suppliers to answer a series of questions relating to sustainability in their business.

The aim of the questionnaire was to enable HUM to actively understand suppliers' overall sustainability performance which, in turn, could ultimately highlight any potential concerns regarding CSR or ethics.

Results of the questionnaire are assessed by HUM and followed up with suppliers to better understand the reasons behind their performance.

iii) Pilot Supply Chain Mapping Activity

In July 2017, HUM sent out a self-assessment questionnaire to selected suppliers and required them to answer a series of questions and provide sub-tier information to identify potential risk areas in the supply chain.

This was considered to be an effective method to ensure transparency in the supply chain and HUM intends to expand this trial in the future.

(h) Ongoing Commitment

To further Honda Europe's commitment to eradicating modern slavery in its supply chain, Honda Europe is proposing to take the following actions in the coming Financial Year (ending 31 March 2019):

- extend the issue of the Honda Supplier CSR Guidelines to indirect service providers of Honda Motor Europe Logistics NV ("HME-L");
- extend the issue of the Self-Assessment Questionnaire on CSR Guidelines and Sustainability to all Honda European Tier 1 Mass Production suppliers;
- ensure HME-L aligns its Key Performance Indicator reporting structure to HUM's monthly structure;
- continue to issue Self-Assessment Questionnaires to suppliers for risk-based analysis reporting; and
- trial supplier auditing based on risks identified in the Self-Assessment Questionnaire activity.

#### **4. Internal Measures**

(a) Honda's Code of Conduct

Honda's Code of Conduct applies to all of its personnel.

First published in 2003, the Code of Conduct requires Honda Group personnel to act in a way which allows Honda to strengthen its position as *"a company that society will want to exist"*.

Specifically, the Code of Conduct requires all Honda Group personnel to:

- ensure that their relationships and activities comply with applicable laws, rules and regulations, and the common sense of the community in which they operate;
- understand and abide by the words as well as the spirit of applicable laws and regulations, stay informed of relevant revisions to applicable laws and regulations and take necessary courses of action;
- whenever violations of laws and regulations or the risk of such an occurrence is noticed, report to or consult with their supervisor or the legal department; and
- respect human rights, and not treat any person in an unjust way.

Any failure by an employee to comply with the Code of Conduct is a disciplinary offence.

(b) Ethics Line

Each Honda Group entity has access to an *"Ethics Proposal Line"*; a telephone number and e-mail address that allows Honda personnel to report (anonymously, if they wish) any breach, suspected breach or anticipated breach of Honda's Code of Conduct or any other unethical or fraudulent conduct.

The Ethics Proposal Line is regularly checked and any reported incidents are dealt with on a confidential basis and reported to the Honda Europe Compliance & Ethics Committee, comprising of senior management.

The Ethics Proposal Line therefore gives all Honda Europe personnel a method to report incidents of modern slavery in a secure and confidential manner.

#### (c) Anti-Slavery Policy

In September 2016, Honda Europe issued an Anti-Slavery policy, designed to complement the existing Code of Conduct and Compliance & Ethics Policy.

The Anti-Slavery Policy applies to all Honda Europe personnel and sets out what behaviours constitute modern slavery and what procedure to follow when modern slavery concerns are identified (e.g. reporting, investigation, action). Compliance with the policy is compulsory for all Honda personnel and any breach of the policy will constitute a disciplinary offence for Honda employees.

#### (d) Training

In March 2017, Honda Europe completed the creation of an E-learning module on modern slavery. The E-learning module covers an overview of the MSA, as well as setting out the steps Honda Europe is taking to prevent modern slavery in its supply chain. The E-learning module contains an online assessment, which must be completed by employees, in order to pass the E-learning module.

As of March 2018, the E-learning has been rolled out to employees of HME (including those based in HME's European branches), HFE and HUM. The E-learning module is mandatory for all relevant HME, HFE and HUM employees.

By ensuring its employees are trained on modern slavery, Honda Europe is ensuring that its approach to modern slavery is practiced throughout Honda Europe, and by every level of management.

<p>This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Honda Europe's Modern Slavery and Human Trafficking Statement for the financial year ending 31 March 2018.</p>
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Approved by the Board of Directors of **Honda Motor Europe Ltd**

Signed: *K. Inoue*

Name: **KATSUSHI INOUE**

Director of the Board

Date: **SEP 7, 2018**

Approved by the Board of Directors of Honda Finance Europe Plc

Signed: M. Kobayashi

Name: Masamitsu Kobayashi

Director of the Board

Date: 21/Aug./2018

Approved by the Board of Directors of Honda of the U.K. Manufacturing Limited

Signed: *Jun Nishimoto*

Name: *JUN NISHIMOTO*

Director of the Board

Date: *5/sep/2018*



Approved by the Board of Directors of **Honda R&D Europe (U.K.) Limited**

Signed:  .....

Name: ADRIAN KILLHAM

Director of the Board

Date: 10<sup>th</sup> SEPT 2018

Approved by the Board of Directors of **Honda Motor Europe Logistics NV**

Signed:..........

Name:.....*Yasundo Ono*.....

Director of the Board

Date:.....*August 28th 2018*.....