

Honda Trading Europe’s Modern Slavery and Human Trafficking Statement for the Financial Year 2018/2019

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 Trading Europe Limited (“HTE”) during the financial year ending 31 March 2019 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 Group¹ 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.

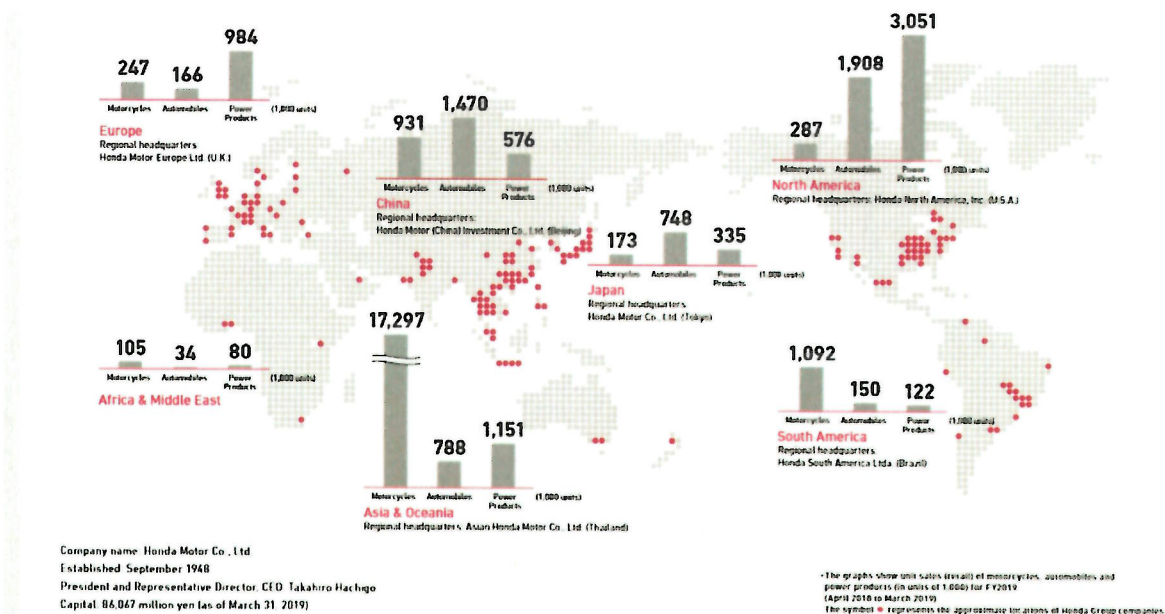
1. Honda Philosophy

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. HTE is part of the Honda Trading 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).



HTE carries out a wide array of business activities including:

- Import/Export;
- distribution;
- sales; and

¹ The “Honda Group” includes the global affiliates of, and all companies directly or indirectly owned or controlled by, Honda Motor Co., Ltd. The Honda Group includes HTE.

- logistics services

As a result of HTE'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, HTE 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 make it clear that it will not allow any unlawful business practices including:

- use of child labour;
- human trafficking;
- 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 their suppliers share their values and take a zero tolerance approach to modern slavery.

(b) Supplier Contracts

HTE 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 and all contracts that require renewal entered into between HTE 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; and
- Comply with the MSA.

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

(c) Potential 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 HTE 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 have made them available online.

(e) Additional actions taken in the Financial Year ending 31 March 2019

To build on the progress made in the Financial Year ending 31 March 2018, HTE 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) Supplier Ethics Line

Launched by Honda Trading Europe in March 2019, the Supplier Ethics Line provides a method for all suppliers of HTE to report (anonymously, if they wish) any suspected breach of the Sustainability Guidelines, or any other unethical conduct, so that HTE can take appropriate remedial action.

The Supplier Ethics Line gives all suppliers of HTE 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 HTE Compliance & Ethics Committee.

4. Internal Measures

(a) Honda Trading's Code of Conduct

Honda's Code of Conduct applies to all of Honda Group's 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

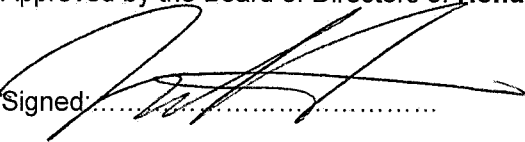
Each Honda Group entity has access to an "Ethics Proposal Line"; a telephone number and e-mail address that allows Honda Trading personnel to report (anonymously, if they wish) any breach, suspected breach or anticipated breach of Honda's Code of Conduct or any other unethical or fraudulent conduct.

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

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

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 2019.

Approved by the Board of Directors of **Honda Trading Europe Ltd**

Signed: 

Name: Haruo Maeda

Director of the Board

Date: 26-9-19