

Honda Europe's Modern Slavery and Human Trafficking Statement for the Financial Year 2021/22

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 companies¹ (together being "Honda Europe") during the financial year ending 31 March 2022 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 Group² 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 Fundamental 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 (as of 31 March, 2022) and operates in six global regions (Japan, China, Asia & Oceania, North America, South America and Europe, Middle East & Africa). The following diagram indicates the Honda Group's global presence.

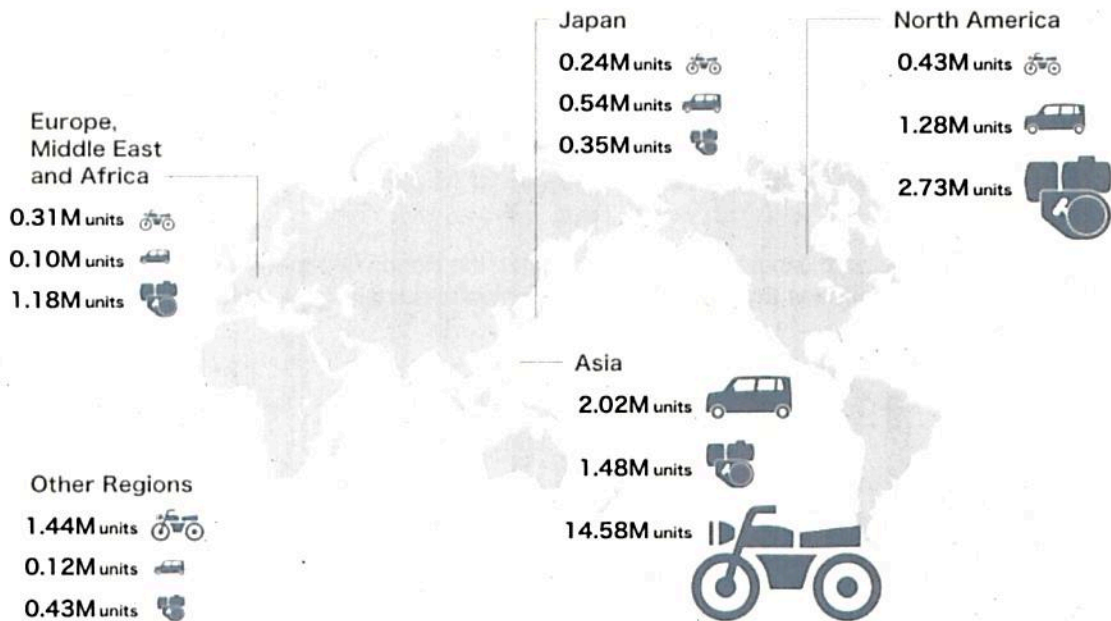
¹ This statement sets out the steps taken by the UK operations of Honda Motor Europe Limited ("HME"), Honda Finance Europe Plc ("HFE"), Honda of the U.K. Manufacturing Limited ("HUM"), Honda R&D Europe (U.K.) Limited ("HRE-UK") and Honda Motor Europe Logistics NV ("HMEL").

² 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 Honda Europe.

Worldwide unit sales for the fiscal year ended March 31, 2022 (Automobiles: retail, motorcycles and power products: wholesale)

Global total units **27.30** million units

 **17.02** million units +  **4.07** million units +  **6.20** million units
Motorcycles + Automobiles + Power Products



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

- research and development;
- manufacturing³;
- distribution and logistics services;
- sales;
- connectivity services;
- smart charging 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 (both "Direct Suppliers" and "Indirect Suppliers")⁴ based in the UK and all over the world. For example, in respect of the manufacture of a car (which can contain in the

³ Honda Europe ceased to carry out automobile manufacturing activities from Honda of the UK Manufacturing Limited (Swindon) as of 30 July 2021.

⁴ Direct supplier means a supplier of items sourced for the purpose of forming a direct part of our products for sale. Indirect suppliers are suppliers of goods and services to support the operation of the Honda Europe business in general.

order of 2,500 sub-assemblies/ 30,000 components) each component will have a number of tiers of supply and for a complex part, may contain up to 40 tiers of supply⁵.

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. It endeavours to ensure its suppliers are equally committed to preventing modern slavery as Honda Europe is and encourages them to have suitable measures in place to prevent and detect such situations. Measures that Honda Europe has taken, or plans to take, are set out below.

(a) Honda Supplier Sustainability Guidelines (“Sustainability Guidelines”)

HMEL issue Sustainability Guidelines to suppliers (and HUM also issued these whilst in operation), which set out minimum expectations towards suppliers on business ethics, working conditions and human rights and also aligned with the JAMA “*Supplier Corporate Social Responsibility Guidelines*”

Through these Sustainability Guidelines, HMEL seek (and HUM whilst it was in operation sought) to ensure that all their suppliers share the Honda Group’s values and take a zero-tolerance approach to modern slavery by making it clear that the Honda Group will not allow any unlawful business practices including:

- use of child labour;
- use of conflict minerals in smelters;
- human trafficking;
- workers receiving less than minimum wage;
- work hours exceeding legal limits; and
- forced or compulsory labour.

HMEL ask (and HUM whilst it was in operation asked) their Direct automobile suppliers to read the Sustainability Guidelines and to confirm, by signing a “Sustainability Acknowledgement Declaration”, that they have understood and accepted: (a) the content; and (b) that Honda would not tolerate action contrary to their guidance.

Whilst still in operation HUM received responses from 100% of its Direct Suppliers returning the Sustainability Acknowledgement Declaration, signed and confirmed. A similar communication including a copy of the Sustainability Guidelines was sent by HMEL to all of its new Direct Suppliers. Where suppliers have not signed a Sustainability Acknowledgment Declaration, HMEL follow-up with the supplier to understand their reasons including whether they have, and commit to follow, their own guidelines or code of conduct. HMEL also asks its Indirect Suppliers that have an annual turnover exceeding 100.000 EUR, to complete and return a Sustainability Guidelines Acknowledgement.

(b) Supplier Contracts

Honda Europe is determined to ensure its suppliers comply with the MSA and puts contractual obligations on its suppliers to ensure that modern slavery is not present in its supply chain. Honda Europe has continued this activity and ensured that all MSAs with new suppliers include contractual provisions that prevent modern slavery.

All new contracts and all contract renewals between HME and 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

⁵ Honda Europe has not engaged in automobile manufacturing activities since 31 July 2021.

- 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 HME may terminate the contract with that supplier.

HRE-UK continues to review their supplier contracts and identify any further work to be done to ensure similar clauses are incorporated into their contracts.

All of HMEL's new contracts with Direct Suppliers contain appropriate anti-slavery clauses.

(c) Potential New Suppliers

Honda Europe 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

Honda Europe 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, HUM (until its operations ceased) and HMEL have issued an annual survey to their suppliers, which seeks to confirm the origin of conflict minerals in order to improve the knowledge of HUM and HMEL's supply chain and encourage responsible sourcing. HMEL continue to issue the survey specifically to their Tier 1 suppliers who are then requested to cascade the survey through their supply chain to smelter level. Honda Motor Co., Ltd report the results from these surveys annually to the U.S. Securities and Exchange Commission and have made them available online.

(e) Supplier Ethics Line

Launched by HUM in December 2016, the Supplier Ethics Line provides an ongoing method for suppliers of HMEL to report (anonymously, if they wish) any suspected breach of the Sustainability 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 Sustainability Guidelines and the Sustainability Acknowledgement Declaration (referred to at Section 3(a), above), in addition to this, the Supplier Ethics Line details are included in the email signatures of a number of key HMEL employees that work closely with suppliers (including all members of the Product Compliance & Sustainability Team).

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

(f) EU Key Performance Indicator ("KPI") Reporting Structure

HMEL report (and HUM whilst it was in operation reported) against compliance KPIs to their Compliance and Ethics Committees on a quarterly basis. Compliance KPIs measure, amongst other matters, how effective they have been overall in ensuring that modern slavery and human trafficking are not taking place within its supply chain or any other part of its business. Examples of the compliance KPIs reported to the Compliance and Ethics Committee include, for example:

- the number and nature of non-compliance issues reported (if any) which could include modern slavery related issues;
- details of any reported suspicions received relating to modern slavery; and
- the number and the nature of calls received from suppliers via the Supplier Ethics Line.

The Committee discusses appropriate countermeasures in response to poor results against KPIs. Appropriate actions are agreed upon and results are reported back to the Committee.

4. Internal Measures

(a) Honda's Code of Conduct

Honda's Code of Conduct applies to all Honda Group 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"*. Honda's Code of Conduct is publicly available for download on its global website (for a copy of the Honda's Code of Conduct, please click [here](#))

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. On an annual basis, Associates are required to read and refresh their knowledge on the Code of Conduct.

(b) Ethics Proposal 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 and Guidance

In March 2022, Honda Europe's Regional Compliance Officer approved the Anti-Slavery Policy, which replaced the previous Policy dated 2019. The policy will be reviewed and (where necessary) updated annually. The policy is designed to complement the existing Code of Conduct and Ethics Proposal Line Policy.

The Anti-Slavery Policy applies to all Honda Europe personnel including contractors and sets out Honda's anti-slavery commitments. Any breach of the policy will constitute a disciplinary offence.

In October 2019, HME issued a new Guidance on Modern Slavery Reporting and Investigation document. This guidance document complements Honda Europe's Regional Anti-Slavery Policy and sets out, for example, what HME personnel are required to do, should they become aware of, or suspect, that Modern Slavery is taking place within Honda Europe's business or supply chain. This guidance was shared with other Honda Europe entities so that similar guidance, applicable to each individual business, could also be issued. The guidance was reviewed and approved in April 2022.

(d) Training

Honda Europe provides an E-learning module on modern slavery to Honda personnel. 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

is available to Honda personnel employed or engaged by HME and HFE. Its completion is mandatory for all relevant personnel, who must complete it within six months of joining Honda.

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

(e) Additional activities for the Financial Year ending 31 March 2023

To further Honda Europe's commitment to preventing modern slavery in its supply chain, Honda Europe is proposing to take the following actions in the current Financial Year:

- HME and HMEEL are considering the possibility of drafting a questionnaire to all their current and new suppliers as part of their procurement process to enquire as to the Anti-Slavery practices conducted by suppliers and their supply chains.
- HME will be issuing a new Modern Slavery awareness e-learning module designed to enhance Associate's awareness of Modern Slavery.

Honda Europe is considering the possibility of expanding the supplier ethics line to Indirect Suppliers.

<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 2022.</p>

HONDA

Approved by the Board of Directors of Honda Motor Europe Ltd

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

Name:.....Katsuhisa Okuda.....

Director of the Board

Date:..........

Approved by the Board of Directors of **Honda Finance Europe Plc**

Signed: **Masahiro Iketsu** Digitally signed by
Masahiro Iketsu
Date: 2022.09.26
13:21:16 +02'00'

Name:.....

Director of the Board

Date:.....

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

Signed: *Shinichi Arie*.....

Name:....Shinichi Arie.....

Director of the Board

Date:....28/09/2022.....

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

Signed:.....

Name:.....ERIK CHABOT.....

Director of the Board

Date:.....22/09/2022.....