

Honda Trading Europe’s Modern Slavery and Human Trafficking Statement for the Financial Year 2019/20

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 (“HTE”) and other relevant branches (together being “Honda Trading Europe”) during the financial year ending 31 March 2020 to prevent slavery and human trafficking from occurring in its supply chains and business.

Honda Trading Europe strives to be “a company that society wants to exist”.¹ Honda Trading Europe appreciates that, through its diverse array of products and the processes required to manufacture and sell them, it impacts society in many ways. Honda Trading Europe seeks to be a responsible and ethical group of companies and community partner.

1. Honda Philosophy

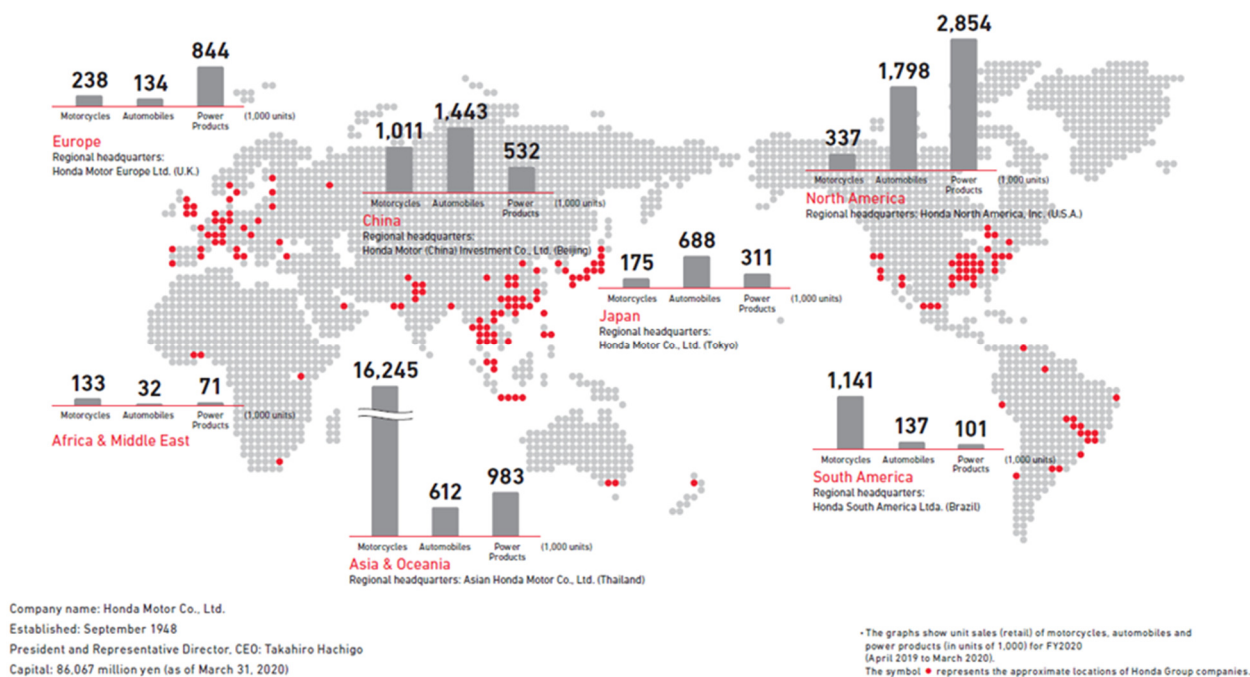
As part of the Honda Philosophy, one of the Fundamental Beliefs is “Respect for the Individual”. This Belief leads the Honda Group to value and respect the unique contributions of each individual. Accordingly, the Honda Group is committed to ensuring that each person involved in the development, manufacture, 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 Trading Europe 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).

The following diagram indicates the Honda Group’s global presence.



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 Honda Trading Europe.

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

- Import/Export
- distribution
- sales and
- 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 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 supply.

3. Supply Chain

Although each supplier has its own approach and responsibility towards running its business ethically, Honda Trading 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 Trading Europe is and encourages them to have suitable measures in place to prevent and detect such situations. Measures that Honda Trading Europe has taken, or plans to take, are set out below.

(a) Supplier Contracts

Honda Trading 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.

All new contracts and all contract renewals 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 (as defined by the MSA);
- require the supplier to report any incidents or suspected incidents of modern slavery to Honda Trading Europe; and
- require the supplier to take any remedial action required by Honda Trading Europe to remedy any modern slavery practices found within its supply chain.

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

(b) Potential New Suppliers

Honda Group 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.

(c) Conflict Minerals

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, Honda Group have issued an annual survey to their suppliers, which seeks to confirm the origin of conflict minerals in order to improve knowledge of Honda Group's supply chain and encourage responsible sourcing. Honda Group 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.

(d) 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 is checked regularly, and any reported incidents are dealt with on a confidential basis and reported to the HTE Compliance & Ethics Committee. We are pleased to confirm that there have been no ethical concerns regarding modern slavery reported during the last year.

4. Internal Measures

(a) Honda Trading'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"*.

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 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 Trading Europe Compliance & Ethics Committee, comprising of senior management.

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

(c) Additional actions taken in the Financial Year ending 31 March 2020

Training

Honda Trading Europe provides induction training that includes latest modern slavery to HTE personnel. The training material covers an overview of the MSA, as well as setting out the steps Honda Trading Europe is taking to prevent modern slavery in its supply chain. Its completion is mandatory for all relevant personnel, who must complete it within six months of joining HTE

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

(d) Additional activities for the Financial Year ending 31 March 2021

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

- Modern Slavery training obligatory for all associates
- Refresher training after any updates to Modern Slavery Statement
- Honda Supplier Sustainability Guidelines ("Sustainability Guidelines") The Honda Group issued ,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"* HTE will sent communication to all existing direct and indirect suppliers, which will include a copy of sustainability Guidelines. Suppliers will be asked to read the Sustainability Guidelines and to confirm, by signing a "Sustainability Acknowledgement Declaration", that they had understood and accepted: (a) the content; and (b) that Honda would not tolerate action contrary to their guidance. Through these Sustainability Guidelines, Honda Group seek 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;
- human trafficking;
- workers receiving less than minimum wage;
- work hours exceeding legal limits; and
- forced or compulsory labour.

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 2020.

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

Signed: 

Name:.....Haruo Maeda.....

Director of the Board

Date:...19th February 2021