

Honda Trading Europe’s Modern Slavery and Human Trafficking Statement for the Financial Year 2020/21

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”) and other relevant branches (together being “Honda Trading Europe”) during the financial year ending 31 March 2021 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”. 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.

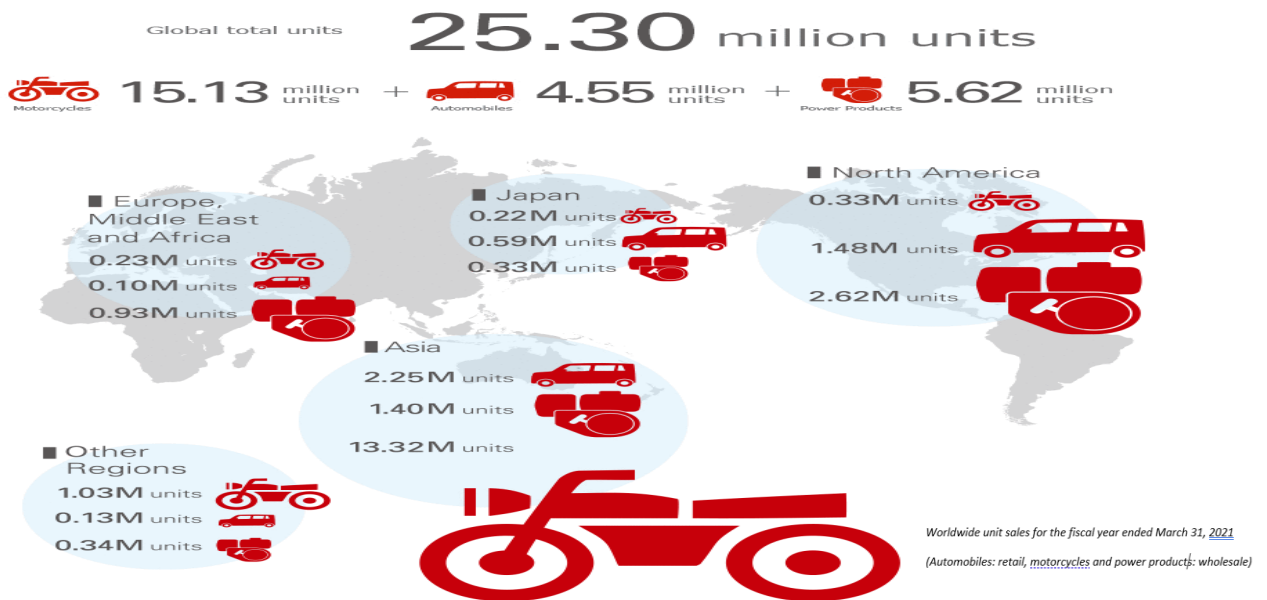
1. Honda Philosophy

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.



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

- Import/Export

- distribution;
- sales and;
- logistics services

As a result of Honda Trading 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 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) Honda Supplier Sustainability Guidelines (“Sustainability Guidelines”)

The Honda Group issued Sustainability Guidelines, 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, Honda Trading Europe 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;
- use of non-conflict free smelters;
- human trafficking;
- workers receiving less than minimum wage;
- work hours exceeding legal limits; and
- forced or compulsory labour.

Honda Trading Europe sent a communication to all of its existing direct and indirect suppliers, which included a copy of the Sustainability Guidelines. Suppliers were 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.

A similar communication including a copy of the Sustainability Guidelines is sent by Honda Trading Europe to all of its new direct suppliers. Where suppliers have not signed a Sustainability Acknowledgement Declaration, Honda Trading Europe will follow-up with suppliers to understand their reasons including whether they have, and commit to follow, their own guidelines or code of conduct.

(b) 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. Honda Trading 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 Honda Trading 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 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.

(c) Potential New Suppliers

Honda Trading 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 Trading Europe will place on them if they are successful in bidding to be one of its suppliers.

(d) 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 (for a copy of the Honda Group's most recent report please click [here](#)).

(e) 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.

Details of the Supplier Ethics Line are included in the Sustainability Acknowledgement Declaration (referred to at Section 3(a), above),

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"*. 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 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.

(d) Training

Honda Trading Europe provides induction training that includes 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 Honda.

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.


(e) Additional activities for the Financial Year ending 31 March 2022

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:

- HTE plan to provide modern slavery training sessions to specific employees, who are in close contact with suppliers at all levels by December 2021.

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 2021.
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Approved by the Board of Directors of **Honda Trading Europe Ltd**

Signed: 

Name: Hiroshi Arai

Director of the Board

Date: 30 September, 2021