

Honda Europe's Modern Slavery and Human Trafficking Statement for the Financial Year 2016/2017

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 with HME being "Honda Europe") during the financial year ending 31 March 2017 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.

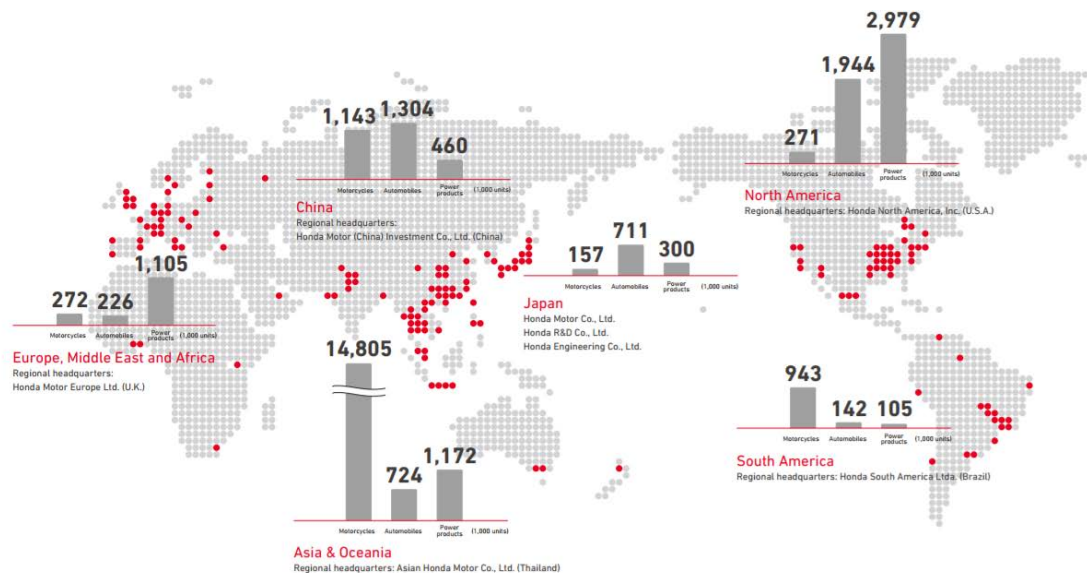
1. Honda Philosophy

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, CEO & Representative Director: Takahiro Hachigo
 Capital: 86,067 million yen (as of March 31, 2017)

*The graphs show unit sales (retail) of motorcycles, automobiles and power products (in units of 1,000) in each of the six regions. [April 2016 to March 2017]
 The symbol ● represents the approximate locations of Honda Group companies.

¹ This statement sets out the steps taken by Honda Motor Europe Limited ("HME"), Honda Finance Europe Plc ("HFE"), Honda of the U.K. Manufacturing Limited ("HUM"), Honda Trading Europe Limited ("HTE") 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 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 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) Additional actions taken in the Financial Year ending 31 March 2017

To build on the progress made in the Financial Year ending 31 March 2016, 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 March 2017, HUM sent out a communication to all of its direct suppliers, as well as suppliers of HME-L and suppliers of Honda Europe's manufacturing entities in France, Italy, Spain and Turkey. 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 (of which Honda is a member, and a copy is available [here](#)) (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 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 Guidelines, and return this to Honda Europe.

By taking this action, Honda Europe 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, Honda 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.

ii) Introducing the Supplier Ethics Line

In December 2016, HUM launched its "Supplier Ethics Line". The Supplier Ethics Line provides a method for all suppliers of Honda Europe to report (anonymously, if they wish) any suspected breach of the Guidelines, or any other unethical conduct, so that Honda Europe can take appropriate remedial action.

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

The Supplier Ethics Line therefore 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 by HME's Compliance & Ethics Committee.

(f) Ongoing Commitment

To further Honda Europe's commitment to eradicating modern slavery in its supply chain, HUM is proposing to take the following actions in the coming Financial Year (ending 31 March 2018):

- issue the Honda Supplier CSR Guidelines to service providers of HUM, as well as to service providers of HME-L;
- introduce a Self-Assessment Questionnaire on CSR Guidelines and Sustainability for all HUM Tier 1 suppliers; and
- undertake a pilot supply chain mapping exercise to identify potential risk areas.

4. Internal Measures

(a) Honda's Code of Conduct

Honda's Code of Conduct applies to all of its employees (and other workers).

First published in 2003, the Code of Conduct requires Honda Group employees 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 employees 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. For a copy of the Code of Conduct please click [here](#).

(b) Ethics Line

Each Honda Group entity has access to an "Ethics Proposal Line"; a telephone number and e-mail address that allows any employee (or other worker) 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 by HME's Compliance & Ethics Committee.

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

(c) Additional internal actions taken in the Financial Year ending 31 March 2017

To build on the progress made in the Financial Year ending 31 March 2016, Honda Europe 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) 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 employees (including contractors/other workers) for Honda Europe 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 employees (including other workers) and any breach of the policy will constitute a disciplinary offence.

(ii) Training

In March 2017, Honda Europe also 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 2017, the E-learning has been rolled out to employees of HME (including those based in HME's European branches) and HFE. The E-learning module is mandatory for HME and HFE employees.

In addition, HME's Legal Team also carried out training sessions for certain individuals in HUM and HME-L prior to the E-learning module being made available for these entities.

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.

(d) Ongoing Commitment

(i) Training

To further Honda Europe's commitment to eradicating modern slavery in its supply chain, Honda Europe intends to roll out the E-learning module to employees at HUM. The E-learning will be mandatory for those employees whose role involves supply chains or contracts.

In addition, in-house training sessions will be carried out at those remaining Honda Europe entities which do not have access to E-learning.

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 2017.

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

Signed: 

Name: KATSUSHI INOUE

Director of the Board

Date: SEP. 20, 2017

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

Signed: M. Kobayashi

Name: Masamitsu Kobayashi

Director of the Board

Date: 20/Sep./2017

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

Signed:.....*Soichi*.....

Name:.....*SOICHI YAMAMOTO*.....

Director of the Board

Date:.....*25 Sep 17*.....

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

Signed: .....

Name: YOSHIYUKI KURACHI

Director of the Board

Date: 26TH SEP 2017

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

Signed: 

Name: *Yasundo Ono*

Director of the Board

Date: *September 14, 2017*