

Honda in Europe's Modern Slavery¹ and Human Trafficking Statement for the Financial Year 2022/23

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 companies² (together being "Honda in Europe") during the financial year ending 31 March 2023 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 Group³ 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 motorcycles, power products and associated spare parts globally. The Honda Group also distribute automobiles and provide product sales with finance and other associated services. Honda in 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 just under 200,000 employees worldwide (as of 31 March, 2023) 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 Modern slavery is defined as "the recruitment, movement, harbouring or receiving of children, women or men through the use of force, coercion, abuse of vulnerability, deception or other means for the purpose of

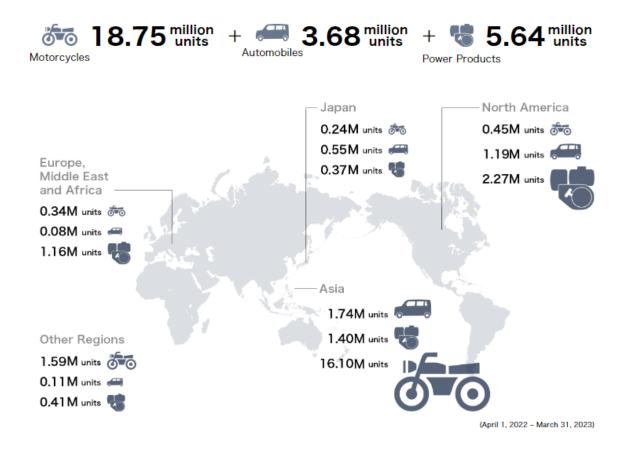
² This statement sets out the steps taken by the UK operations of Honda Motor Europe Limited ("HME"), Honda Finance Europe Plc ("HFE"), Honda R&D Europe (U.K.) Limited ("HRE-UK") and Honda Motor Europe Logistics NV ("HMEL").

³ The "Honda Group" includes the global affiliates of, and all companies directly or indirectly owned or controlled by, Honda Motor Co., Ltd.



Worldwide unit sales for the fiscal year ended March 31, 2023 (Automobiles: retail, motorcycles and power products: wholesale)

Global total units 28.08 million units



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

- · research and development;
- manufacturing⁴;
- distribution and logistics services;
- sales;
- connectivity services;
- · smart charging services; and
- financial services.

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⁴ Honda in Europe ceased to carry out automobile manufacturing activities from Honda of the UK Manufacturing Limited (Swindon) as of 30 July 2021.



As a result of Honda in 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**")⁵ based in the UK and all over the world.

3. Supply Chain

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

(a) Honda Supplier Sustainability Guidelines ("Sustainability Guidelines")

HMEL communicate updates to the Sustainability Guidelines to suppliers, 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 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 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. Where suppliers have not signed a Sustainability Acknowledgment Declaration, HMEL follow-up with their direct suppliers 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 in Europe is determined to ensure its suppliers comply with the MSA and puts in place contractual obligations with its suppliers to ensure that modern slavery is not present in its supply chain.

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 in Europe; and
- require the supplier to take any remedial action required 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.

⁵ 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 in Europe business in general.



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.

HFE carry out due diligence checks on a suppliers' financial status to assess whether there is any risk that the supplier is more likely to breach the Modern Slavery Act 2015 as companies that are not financially secure may attempt to cut costs through unethical practices. HFE will also carry out audits as required on all suppliers where necessary.

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

(c) Potential New Suppliers

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

(d) Conflict Minerals

Honda in Europe appreciates a prevalence of human rights violations (including modern slavery) in the field of conflict mineral supply. Since 2013, 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 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

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 in 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 in Europe's Compliance & Ethics Committee.

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

HMEL report 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 it's supply chain or any other part of it's 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.

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

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

(c) Anti-Slavery Policy and Guidance

In April 2023, Honda in Europe's Regional Compliance Officer approved the Anti-Slavery Policy, which replaced the previous Policy dated 2022. 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 in 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 in 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 in Europe's business or supply chain. This guidance was shared with other Honda in Europe entities so that similar guidance, applicable to each individual business, could also be issued. The guidance was reviewed, updated and approved in April 2023.

(d) Training

HME 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 in 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 when they join Honda and at least once every year afterwards.

By ensuring its personnel are trained on modern slavery, Honda in 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 2024

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

- HME will continue to update and review policies and ensure that modern slavery e-learning will be undertaken by personnel.
- HME will seek to test the implementation of an automated conflict minerals software which will allow for more efficient and wider reporting activities on this area.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Honda in Europe's Modern Slavery and Human Trafficking Statement for the financial year ending 31 March 2023.



