

Honda's Modern Slavery and Human Trafficking Statement for the Financial Year 2015/2016

This statement is made and published pursuant to section 54 of the Modern Slavery Act 2015 ("MSA") and sets out the actions taken by Honda Motor Europe Limited ("HME") and other relevant group companies¹ ("Honda Europe") during the financial year ending 31 March 2016 to ensure slavery and human trafficking are not taking place in any part of its business or supply chain.

Honda Philosophy

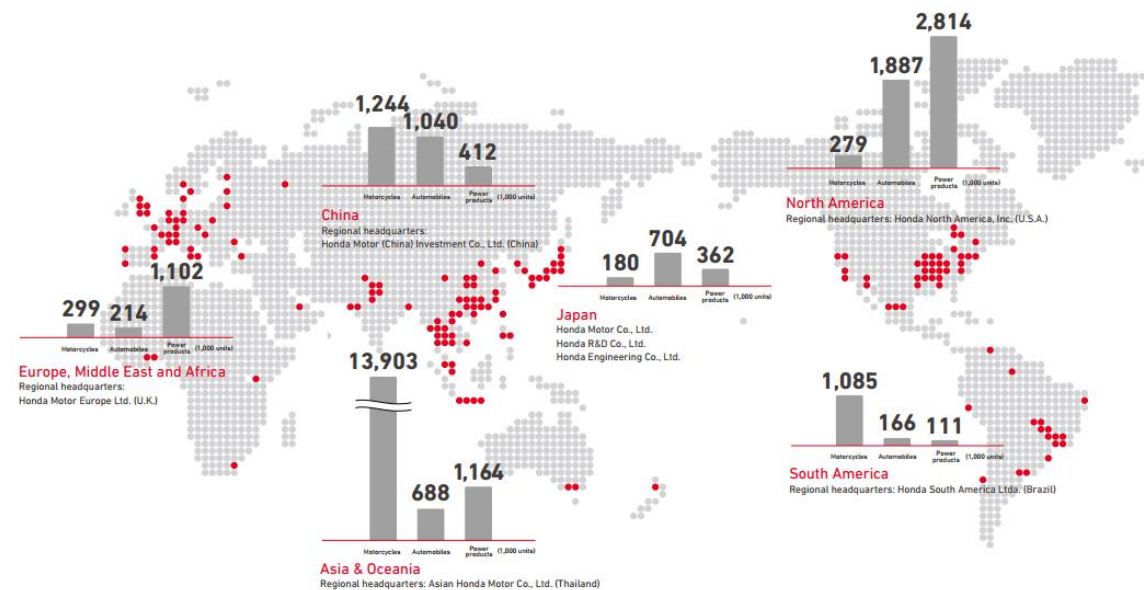
Honda strives to be "a company that society wants to exist". Honda appreciates that, through its diverse array of products and the processes required to manufacture and sell them, it impacts society in many ways. Honda seeks to be a responsible and ethical company and community partner.

One of Honda's fundamental philosophies is "Respect for the Individual". This philosophy leads Honda to value and respect the unique contributions of each individual. Accordingly, Honda 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, Honda will therefore not engage in business practices or activities that compromise fundamental human rights including all aspects of modern slavery.

Our Business

Honda is a global manufacturer and distributor of automobiles, motorcycles and power products. 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).



*The graphs show unit sales (retail) of motorcycles, automobiles and power products (in units of 1,000) in each of the six regions. (April 2015 to March 2016)
The symbol ● represents the approximate locations of Honda Group companies.

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

¹ This statement sets out the steps taken by Honda Motor Europe Limited, Honda Finance Europe Plc, Honda of the U.K. Manufacturing Limited, Honda Trading Europe Limited and Honda Motor Europe Logistics NV.

- 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.

Supply Chain

Although each supplier has its own approach towards and responsibility for running its business ethically, Honda Europe will not tolerate modern slavery in its business or supply chain.

Supplier Corporate Social Responsibility ("CSR") Guidelines

Honda has published Supplier CSR Guidelines which set out Honda's minimum expectations towards suppliers on business ethics, working conditions and human rights.

Through these guidelines Honda 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 these Guidelines Honda seeks to ensure that all of its suppliers share its values and take a zero tolerance approach to modern slavery.

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 with suppliers will include a specific anti-slavery clause. These clauses will:

- 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 modern slavery clauses, then Honda Europe may terminate the contract with that supplier.

New Suppliers

Honda Europe also draws its ethical approach, including modern slavery, to potential new suppliers when tendering for new 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.

Conflict Minerals

Honda 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 has surveyed its

suppliers worldwide concerning the use of conflict minerals, to ensure that Honda is not contributing to these violations. The results from these surveys are reported to the U.S. Securities and Exchange Commission as well as made available online (for a copy of Honda's most recent report please click [here](#)).

In the event that the survey reveals any minerals of concern, regardless of source country, Honda works with the supplier to take appropriate measures. Honda is also dedicated to improving the accuracy of its surveys year on year.

Ongoing Commitment

Honda Europe is dedicated to eradicating modern slavery in its supply chains. Honda Europe is planning to amend the existing Supplier CSR Guidelines by extending access to Honda Europe's Ethics Line (described below) to suppliers. This will allow suppliers to confidentially (and anonymously if they wish) report any breaches or suspected breaches of the Supplier Code of Conduct. By providing access to the confidential Ethics Line it is hoped that suppliers will feel comfortable reporting any incidents of modern slavery to Honda Europe.

Internal Measures

Honda's Code of Conduct

Honda's Code of Conduct applies to all employees of Honda.

First published in 2003 the Code of Conduct requires Honda 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 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.

Ethics Line

Each Honda entity has 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.

Ongoing Commitment

Honda Europe is currently developing a specific anti-slavery policy to complement the existing Code of Conduct and Compliance & Ethics Policy. This will set out in clear detail what behaviours constitute modern slavery, how to spot modern slavery, how to reduce the risk of modern slavery occurring in Honda Europe's supply chain and how to report concerns. Any breach of this policy by an employee or worker of Honda Europe will constitute a disciplinary offence.

During the 2016/2017 financial year, Honda Europe also plans to make mandatory for all relevant staff specific training on modern slavery. This will reinforce Honda's approach to the MSA and

business ethics generally and will complement its existing e-learning materials and training sessions that include corruption and anti-bribery.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Honda Europe's slavery and human trafficking statement for the financial year ending 31 March 2016.

Approved by the Board of Directors of Honda Motor Europe Ltd and also on behalf of Honda Finance Europe Plc, Honda of the U.K. Manufacturing Limited, Honda Trading Europe Limited and Honda Motor Europe Logistics NV.

Signed: 

Name: *IAN HOWELLS*

Director and Senior Vice President

Honda Motor Europe Limited

Date: 23 September 2016